

EASTMAN KODAK CO
Form 10-K/A
April 01, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment Number 2)

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the year ended December 31, 2015**

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	Name of each exchange on which registered
Common Stock, \$0.01 par value	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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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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, 2015 was approximately \$302 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's common stock as of March 1, 2016 was 42,077,595 shares of common stock.

Explanatory Note

Eastman Kodak Company (the Company) is filing this Amendment No. 2 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 15, 2016 and amended by Amendment No. 1 thereto filed with the Securities and Exchange Commission on March 18, 2016 (as amended, the Original Filing), solely for the purpose of incorporating into the EDGAR version of the Consolidated Statement of Equity (Deficit) included in Item 8 of the Original Filing certain final edits thereto which were not captured during the original EDGAR filing process and to make a conforming change to the Interactive Data Files filed as Exhibit 101 of the Original Filing.

Except as described above, this Amendment No. 2 does not amend any other information set forth in the Original Filing, and the Company has not updated disclosures included therein to reflect any events that occurred subsequent to March 15, 2016.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

In our opinion, the accompanying consolidated statement of financial position as of December 31, 2015 and 2014 and the related consolidated statements of operations, of comprehensive (loss) income, of equity (deficit) and of cash flows for the years ended December 31, 2015 and 2014, and for the four months ended December 31, 2013 present fairly, in all material respects, the financial position of Eastman Kodak Company and its subsidiaries (Successor) at December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2015 and the four months ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of valuation and qualifying accounts appearing under Item 15 for the year ended December 31, 2015 and 2014, and for the four months ended December 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the Company's revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (as revised, the Plan) on August 23, 2013. Confirmation of the plan resulted in the discharge of certain claims against the Company that arose before January 19, 2012 and substantially alters rights and interests of equity security holders as provided for in the plan. The plan was substantially consummated on September 3, 2013 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting as of September 1, 2013.

A company's internal control over financial reporting is a process 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. A company'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 the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding

prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

/s/ PricewaterhouseCoopers LLP

Rochester, New York

March 15, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eastman Kodak Company

In our opinion, the accompanying consolidated statements of operations, of comprehensive (loss) income, of equity (deficit) and of cash flows for the eight months ended August 31, 2013 present fairly, in all material respects, the results of operations and cash flows of Eastman Kodak Company and its subsidiaries (Predecessor) for the eight months ended August 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of valuation and qualifying accounts appearing under Item 15 for the eight months ended August 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company filed a petition on January 19, 2012 with the United States Bankruptcy Court for the Southern District of New York for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company's revised First Amended Joint Chapter 11 Plan of Reorganization of Eastman Kodak Company and its Debtor Affiliates (as revised, the Plan) was substantially consummated on September 3, 2013 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

/s/ PricewaterhouseCoopers LLP

Rochester, New York

March 19, 2014

EASTMAN KODAK COMPANY

CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
Revenues				
Sales	\$ 1,447	\$ 1,738	\$ 679	\$ 1,267
Services	351	378	133	279
Total net revenues	1,798	2,116	812	1,546
Cost of revenues				
Sales	1,171	1,376	586	959
Services	246	284	106	219
Total cost of revenues	1,417	1,660	692	1,178
Gross profit	381	456	120	368
Selling, general and administrative expenses	226	310	114	297
Research and development costs	61	94	33	66
Restructuring costs and other	38	59	17	43
Other operating expense (income), net	2	9	2	(495)
Earnings (loss) from continuing operations before interest expense, loss on early extinguishment of debt, net, other (charges) income, net, reorganization items, net and income taxes	54	(16)	(46)	457
Interest expense	63	62	22	106
Loss on early extinguishment of debt, net				8
Other (charges) income, net	(21)	(21)	10	(13)
Reorganization items, net	5	13	16	(2,026)
(Loss) earnings from continuing operations before income taxes	(35)	(112)	(74)	2,356
Provision for income taxes	32	10	8	155
(Loss) earnings from continuing operations	(67)	(122)	(82)	2,201
(Loss) earnings from discontinued operations, net of income taxes	(8)	4	4	(135)

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NET (LOSS) EARNINGS	(75)	(118)	(78)	2,066
Less: Net income attributable to noncontrolling interests	5	5	3	

NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (80)	\$ (123)	\$ (81)	\$ 2,066
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Basic and diluted (loss) earnings per share attributable to Eastman Kodak Company common shareholders:

Continuing operations	\$ (1.72)	\$ (3.05)	\$ (2.04)	\$ 8.08
Discontinued operations	(0.19)	0.10	0.10	(0.50)
Total	\$ (1.91)	\$ (2.95)	\$ (1.94)	\$ 7.58

Number of common shares used in basic and diluted (loss) earnings per share	41.9	41.7	41.7	272.7
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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, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
NET (LOSS) EARNINGS	\$ (75)	\$ (118)	\$ (78)	\$ 2,066
Less: net income attributable to noncontrolling interests	5	5	3	
Net (loss) earnings attributable to Eastman Kodak Company	(80)	(123)	(81)	2,066
Other comprehensive (loss) income, net:				
Currency translation adjustments	(35)	(33)	1	4
Reclassification of realized losses on available-for-sale securities included in net earnings, net of tax	2			
Pension and other postretirement benefit plan obligation activity, net of tax	(98)	(202)	98	1,604
Other comprehensive (loss) income, net attributable to Eastman Kodak Company	(131)	(235)	99	1,608
COMPREHENSIVE (LOSS) INCOME, NET ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (211)	\$ (358)	\$ 18	\$ 3,674

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,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 547	\$ 712
Receivables, net	365	414
Inventories, net	314	349
Deferred income taxes	22	31
Assets held for sale	2	14
Other current assets	28	30
Total current assets	1,278	1,550
Property, plant and equipment, net of accumulated depreciation of \$330 and \$231, respectively	426	524
Goodwill	88	96
Intangible assets, net	158	182
Restricted cash	43	37
Deferred income taxes	23	38
Other long-term assets	122	129
TOTAL ASSETS	\$ 2,138	\$ 2,556
LIABILITIES AND EQUITY		
Accounts payable, trade	\$ 195	\$ 212
Short-term borrowings and current portion of long-term debt	5	5
Liabilities held for sale		10
Other current liabilities	259	372
Total current liabilities	459	599
Long-term debt, net of current portion	675	672
Pension and other postretirement liabilities	623	662
Other long-term liabilities	278	324
Total liabilities	2,035	2,257
Commitments and contingencies (Note 9)		
Equity		
Common stock, \$0.01 par value		
Additional paid in capital	633	621
Treasury stock, at cost	(5)	(4)
Accumulated deficit	(283)	(204)

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Accumulated other comprehensive (loss) income	(267)	(136)
Total Eastman Kodak Company shareholders' equity	78	277
Noncontrolling interests	25	22
Total equity	103	299
TOTAL LIABILITIES AND EQUITY	\$ 2,138	\$ 2,556

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)

	Eastman Kodak Company Shareholders							
	Retained		Earnings Accumulated Other		Treasury		Noncontrolling	
	Common	Additional Paid	Accumulated	Comprehensive	Treasury	Total	Interests	Total
	Stock	in Capital	(Deficit)	Income (Loss)	Stock			
Equity (deficit) as of December 31, 2012 (Predecessor)	\$ 978	\$ 1,105	\$ 2,600	\$ (2,616)	\$ (5,746)	\$ (3,679)	\$ 2	\$ (3,677)
Net income			2,066			2,066		2,066
Other comprehensive income (net of tax):								
Currency translation adjustments				4		4		4
Pension and other postretirement liability adjustments				1,604		1,604		1,604
Total other comprehensive income				1,608		1,608		1,608
Stock-based compensation		3				3		3
Issuance of treasury stock, net (446,501 shares) ⁽¹⁾		(3)	(32)		35			
Equity as of August 31, 2013 (Predecessor)	978	1,105	4,634	(1,008)	(5,711)	(2)	2	
Investment in variable interest entity							8	8
Cancellation of Predecessor Company equity	(978)	(1,105)	(4,634)	1,008	5,711	2		2
Equity as of August 31, 2013 (Predecessor)	\$	\$	\$	\$	\$	\$	\$ 10	\$ 10

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Equity as of August 31, 2013 (Predecessor)	\$	\$	\$	\$	\$	\$	\$	10	\$	10					
Issuance of Successor Company common stock			613				613			613					
Equity as of September 1, 2013 (Successor)			613				613	10		623					
Equity transactions with noncontrolling interest								7		7					
Net (loss) income				(81)			(81)	3		(78)					
Other comprehensive income (net of tax):															
Currency translation adjustments					1		1			1					
Pension and other postretirement liability adjustments					98		98			98					
Stock-based compensation			1				1			1					
Purchases of treasury stock, net (152,746 shares) ⁽³⁾			(1)			(3)	(4)			(4)					
Equity as of December 31, 2013 (Successor)	\$	\$	613	\$	(81)	\$	99	\$	(3)	\$	628	\$	20	\$	648

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

EASTMAN KODAK COMPANY

CONSOLIDATED STATEMENT OF EQUITY (DEFICIT) (Continued)

(in millions, except share data)

	Eastman Kodak Company Shareholders								
	Common Stock		Retained Earnings		Accumulated Other Comprehensive Income		Treasury Stock		Noncontrolling Interests
	(2)	in Capital	Accumulated Deficit	Accumulated Deficit	Income (Loss)	Treasury Stock	Total	Interests	Total
Equity as of December 31, 2013 (Successor)	\$	\$ 613	\$ (81)	\$	99	\$ (3)	\$ 628	\$ 20	\$ 648
Equity transactions with noncontrolling interest								(3)	(3)
Net (loss) income			(123)				(123)	5	(118)
Other comprehensive income (net of tax):									
Currency translation adjustments					(33)		(33)		(33)
Pension and other postretirement liability adjustments					(202)		(202)		(202)
Stock-based compensation		8					8		8
Purchases of treasury stock, (44,911 shares) (3)						(1)	(1)		(1)
Equity (deficit) as of December 31, 2014 (Successor)	\$	\$ 621	\$ (204)	\$	(136)	\$ (4)	\$ 277	\$ 22	\$ 299
Equity transactions with noncontrolling interest			1				1	(2)	(1)
Net (loss) income			(80)				(80)	5	(75)
Other comprehensive income (net of tax):									
Currency translation adjustments					(35)		(35)		(35)
Reclassification of realized losses on available-for-sale securities included in net earnings, net of tax					2		2		2
Pension and other postretirement liability adjustments					(98)		(98)		(98)
Stock-based compensation		12					12		12
Purchases of treasury stock, (84,678 shares) (3)						(1)	(1)		(1)

Equity (deficit) as of
December 31, 2015
(Successor)

\$ \$ 633 \$ (283) \$ (267) \$ (5) \$ 78 \$ 25 \$ 103

- (1) Includes stock awards issued, offset by shares surrendered for taxes.
 - (2) There are 60 million shares of no par value preferred stock authorized, none of which have been issued.
 - (3) Represents purchases of common stock and/ or warrants to satisfy tax withholding obligations.
- The accompanying notes are an integral part of these consolidated financial statements.

EASTMAN KODAK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Predecessor Eight Months Ended August 31, 2013
Cash flows from operating activities:			
Net (loss) earnings	\$ (75)	\$ (118)	\$ (78)
Adjustments to reconcile to net cash used in operating activities:			
Depreciation and amortization	145	199	75
Pension and other postretirement (income) expense	(107)	(78)	(61)
Stock based compensation	18	8	1
Change in U.S. vacation benefits	(17)		
Net gains on sales of businesses/assets	(4)	(23)	(6)
Gain on assets acquired for no monetary consideration	(3)		
Foreign exchange loss from remeasurement of Venezuela monetary assets		16	
Loss on early extinguishment of debt			8
Non-cash restructuring costs, asset impairments and other charges	9	13	9
Reorganization items:			
Non-cash reorganization gain			(1,964)
Payment of claims	(10)	(2)	(94)
Fresh start adjustments, net			(302)
Other non-cash reorganization items, net	4	8	3
Provision (benefit) for deferred income taxes	6	5	(2)
Decrease (increase) in receivables	15	143	(72)
Decrease (increase) in inventories	12	4	147
Decrease in liabilities excluding borrowings	(109)	(307)	(105)
Other items, net	21	4	(13)
Total adjustments	(20)	(10)	(24)
Net cash used in operating activities	(95)	(128)	(102)
Cash flows from investing activities:			
Additions to properties	(43)	(43)	(21)
Net proceeds from sales of businesses/assets, net	2	18	9

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(Funding) use of restricted cash	(10)	68	93	(134)
Marketable securities sales				21
Marketable securities purchases		(2)		(17)
Net cash (used in) provided by investing activities	(51)	41	81	679
Cash flows from financing activities:				
Repayment of emergence credit facilities	(4)	(4)	(2)	
Net proceeds of other borrowings	5	1		
Equity transactions of noncontrolling interests	(1)	(3)	7	
Treasury stock purchases	(1)	(1)	(3)	
Proceeds from Emergence credit facilities				664
Proceeds from Senior and Junior DIP Credit Agreements				450
Repayment of other borrowings			(40)	(375)
Repayment of term loans under Original Senior DIP Credit Agreement				(664)
Repayment of term loans under Junior DIP Credit Agreement				(844)
Proceeds from Rights Offerings				406
Contingent consideration received with sale of business				35
Net cash used in financing activities	(1)	(7)	(38)	(328)
Effect of exchange rate changes on cash	(18)	(38)	5	(23)
Net decrease in cash and cash equivalents	(165)	(132)	(54)	(237)
Cash and cash equivalents, beginning of period	712	844	898	1,135
Cash and cash equivalents, end of period	\$ 547	\$ 712	\$ 844	\$ 898

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

EASTMAN KODAK COMPANY**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)****SUPPLEMENTAL CASH FLOW INFORMATION**

(in millions)

	Successor			Predecessor
	Year Ended	Year Ended	Four Months Ended	Eight Months
	December 31,	December 31,	December 31,	Ended
	2015	2014	2013	August 31,
				2013
Cash paid for interest and income taxes was:				
Interest, net of portion capitalized of \$2 as of December 31, 2015, \$3 as of December 31, 2014 and \$0 as of December 31, 2013 and August 31, 2013.	\$ 60	\$ 65	\$ 22	\$ 179
Income taxes (net of refunds)	12	14	18	34

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 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

On January 19, 2012 (the *Petition Date*), Eastman Kodak Company (*EKC* or the *Company*) and its U.S. subsidiaries (collectively, the *Debtors*) filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code (the *Bankruptcy Code*) in the United States Bankruptcy Court for the Southern District of New York (the *Bankruptcy Court*). The cases (the *Chapter 11 Cases*) were jointly administered as Case No. 12-10202 (ALG) under the caption *In re Eastman Kodak Company*. The Debtors operated their businesses as *debtors-in-possession* under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of chapter 11 of the Bankruptcy Code and the orders of the Bankruptcy Court until their emergence from bankruptcy. The Company's foreign subsidiaries were not part of the Chapter 11 Cases, and continued to operate in the ordinary course of business.

Upon emergence from bankruptcy on September 3, 2013, Kodak adopted fresh-start accounting which resulted in Kodak becoming a new entity for financial reporting purposes. Kodak applied fresh start accounting as of September 1, 2013. Accordingly, the consolidated financial statements on or after September 1, 2013 are not comparable to the consolidated financial statements prior to that date. Refer to Note 25, *Fresh Start Accounting* for additional information.

Subsequent to the *Petition Date*, all expenses, gains and losses directly associated with the reorganization proceedings are reported as *Reorganization items*, net in the accompanying Consolidated Statement of Operations. In addition, Liabilities subject to compromise during the chapter 11 proceedings were distinguished from liabilities of the Company's foreign subsidiaries that were not part of the Chapter 11 Cases, fully-secured liabilities that were not expected to be compromised and from post-petition liabilities in the accompanying Consolidated Statement of Financial Position.

References to *Successor* or *Successor Company* relate to the reorganized Kodak subsequent to September 3, 2013. References to *Predecessor* or *Predecessor Company* relate to Kodak prior to September 3, 2013.

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 1, 2015 and for a change in the segment measure of profitability. In addition to the changes in segment reporting under the new organization structure, tenant rental income for Eastman Business Park previously reported in *Cost of Revenues* is reported in *Revenues*. Refer to Note 23, *Segment Information* for more information about these changes.

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.

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 (collectively Kodak). Kodak consolidates variable interest entities if Kodak has a controlling financial interest and is determined to be the primary beneficiary of the entity.

Kodak is the primary beneficiary of a utilities variable interest entity, RED-Rochester, LLC (RED). Therefore, Kodak consolidates RED s assets, liabilities and results of operations. Consolidated assets and liabilities of RED are \$69 million and \$13 million, respectively, as of December 31, 2015 and \$77 million and \$11 million, respectively, as of December 31, 2014. RED s equity in those net assets as of December 31, 2015 and 2014 is \$25 million and \$21 million, respectively. RED s results of operations are reflected in net income attributable to noncontrolling interest in the accompanying Consolidated Statement of Operations.

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) income in the accompanying Consolidated Statement of Financial Position. Translation adjustments related to investments that are permanent in nature are not tax-effected.

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) income, net in the accompanying Consolidated Statement of Operations.

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

Venezuela Currency

Kodak has accounted for the Venezuelan economy as highly inflationary since 2010. Accordingly, Kodak's Venezuelan subsidiary uses the U.S. dollar as its functional currency, and monetary assets and liabilities denominated in BsF generate income or expense for changes in value associated with foreign currency exchange rate fluctuations against the U.S. dollar. Kodak's Venezuelan subsidiary does not have ongoing trading activity.

The Venezuelan government has maintained currency controls and a fixed official exchange rate since 2003. The official exchange rate at December 31, 2015 and 2014 was 6.3 Venezuelan Bolivars Fuertes (BsF) to the U.S. dollar. In 2013, the Venezuelan government announced the creation of a complementary currency exchange system, referred to as SICAD 1. SICAD 1 was determined by an auction process restricted to invited entities for designated uses. At December 31, 2014, the SICAD 1 exchange rate was 12.0 BsF to the U.S. Dollar. In 2014, the Venezuelan government created another currency exchange system known as SICAD 2, indicating that all industry sectors and companies would be eligible to participate in SICAD 2. Transactions in SICAD 2 were regulated by the Venezuelan Central Bank. Entities were required to submit applications to convert BsF to U.S. dollars under SICAD 2. The SICAD 2 exchange rate as of December 31, 2014 was 49.99 BsF to the U.S. dollar.

Given increased uncertainty in Venezuela, Kodak adopted the SICAD 2 rate to remeasure BsF denominated monetary assets and liabilities of its Venezuelan subsidiary to the U.S. dollar as of December 31, 2014. As a result of this change from the official exchange rate, Kodak recorded a charge of \$16 million in other (charges), income net in the fourth quarter of 2014.

In 2015, the Venezuelan government merged the SICAD 1 and SICAD 2 exchange mechanisms into a single mechanism called SICAD and introduced a new open market system, SIMADI. The SIMADI market is intended to have a floating exchange rate determined by market participants. Kodak adopted the SIMADI rate to remeasure BsF denominated monetary assets and liabilities of its Venezuelan subsidiary to the U.S. dollar as of March 31, 2015. The SIMADI exchange rate at March 31, 2015 was 191.97 BsF to the U.S. dollar. As a result of the change from the SICAD 2 rate, Kodak recorded a charge of \$2 million in other (charges), income net in the first quarter of 2015. The SIMADI exchange rate as of December 31, 2015 was 198.7 BsF to the U.S. dollar.

As of December 31, 2015 and December 31, 2014, Kodak's Venezuelan subsidiary had approximately \$1 million and \$2 million, respectively, of BsF denominated net monetary assets, composed primarily of cash and cash equivalents.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Kodak to significant concentrations of credit risk consist principally of cash and cash equivalents, receivables, and derivative instruments. Kodak places its cash and cash equivalents with high-quality financial institutions and limits the amount of credit exposure to any one institution. With respect to receivables, such receivables arise from sales to numerous customers in a variety of industries, markets, and geographies around the world. Receivables arising from these sales are generally not collateralized. Kodak performs ongoing credit evaluations of its customers' financial conditions, and

maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management's expectations. Counterparties to the derivative instrument contracts are major financial institutions. Kodak has not experienced non-performance by any of its derivative instruments counterparties.

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 market. 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 with the exception of property, plant and equipment owned as of the application of fresh start accounting. 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. In connection with fresh start accounting, property, plant and equipment were adjusted to their estimated fair value and depreciable lives were revised as of September 1, 2013. Refer to Note 25, Fresh Start Accounting.

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

	Successor Company	As of September 1, 2013
Buildings and building improvements	5-40	1-38
Land improvements	20	1-20
Leasehold improvements	3-20	1-10
Equipment	3-15	1-20
Tooling	1-3	1-3
Furniture and fixtures	5-10	1-10

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

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

GOODWILL

Goodwill reported in the Successor period represents the reorganizational value of assets in excess of amounts allocated to identified tangible and intangible assets. Refer to Note 25, Fresh Start Accounting. 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. Kodak performed the annual test of impairment as of October 1, 2015 for all its reporting units and updated its analysis as of December 31, 2015 due to the change in the annual goodwill impairment test date from October 1 to December 31.

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 two-step goodwill impairment test is performed to test for a potential impairment of goodwill (step 1) and if potential losses are identified, to measure the impairment loss (step 2). 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. 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.

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; and intellectual property and brand licensing. Kodak recognizes revenue when realized or realizable and earned, which is when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the sales price is fixed or determinable; and (4) collectability is reasonably assured. At the time revenue is recognized, Kodak provides for the estimated costs of customer incentive programs, warranties and estimated returns and reduces revenue accordingly. For those incentives that require the estimation of sales volumes or redemption rates, such as for volume rebates, Kodak uses historical experience and internal and customer data to estimate the sales incentive at the time revenue is recognized. Kodak accrues the estimated cost of post-sale obligations, including basic product warranties, based on historical experience at the time Kodak recognizes revenue.

For product sales, the revenue recognition criteria are generally met when title and risk of loss have 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.

For equipment sales, the recognition criteria are generally met when the equipment is delivered and installed at the customer site. Revenue is recognized for equipment upon delivery as opposed to upon installation when the equipment has stand-alone value to the customer, and the amount of revenue allocable to the equipment is not legally contingent upon the completion of the installation. 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. For certain agreements, Kodak does not consider these customer acceptance clauses to be substantive because Kodak can and does replicate the customer acceptance test environment and performs the agreed upon product testing prior to shipment. In these instances, revenue is recognized upon installation of the equipment.

Revenue from the sale of software licenses is recognized when (1) Kodak enters into a legally binding arrangement with a customer for the license of software; (2) Kodak delivers the software; (3) customer payment is deemed fixed or determinable and free of contingencies or significant uncertainties; and (4) collection from the customer is probable. Software maintenance and support revenue is recognized ratably over the term of the related maintenance contract.

Revenue from services includes extended warranty, customer support and maintenance agreements, consulting, business process services, training and education. Service revenue is recognized over the contractual period or as services are performed. In service arrangements where final acceptance of a system or solution by the customer is

required, revenue is deferred until all acceptance criteria have been met.

The timing and the amount of revenue recognized from the licensing of intellectual property depend upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. Revenue is only recognized after all of the following criteria are met: (1) Kodak enters into a legally binding arrangement with a licensee of Kodak's intellectual property, (2) Kodak delivers the technology or intellectual property rights, (3) licensee payment is deemed fixed or determinable and free of contingencies or significant uncertainties, and (4) collection from the licensee is reasonably assured.

Most of Kodak's equipment has both software and non-software components that function together to deliver the equipment's essential functionality and therefore they are accounted for together as non-software deliverables. Non-essential software sold in connection with Kodak's equipment sales is accounted for as separate deliverables or elements. In most cases, these software

products sold as part of a multiple element arrangement include software maintenance agreements as well as unspecified upgrades or enhancements on a when-and-if-available basis. In multiple element arrangements where non-essential software deliverables are included, revenue is allocated to non-software and to software deliverables each as a group based on relative selling prices of each of the deliverables in the arrangement. Revenue allocated to software licenses is recognized when all revenue recognition criteria have been met. Revenue generated from maintenance and unspecified upgrades or updates on a when-and-if-available basis is recognized over the contract period.

RESEARCH AND DEVELOPMENT COSTS

Research and development (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 \$8 million, \$13 million, \$6 million and \$14 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and for the eight months ended August 31, 2013, 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. In connection with fresh start accounting, the carrying values of long-lived assets were adjusted to estimated fair value as of September 1, 2013 and Kodak revised its estimates of the remaining useful lives of all long-lived assets. Refer to Note 25, Fresh Start Accounting.

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, 2015 and 2014, see Note 14, 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 April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share expedient. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 (January 1, 2016 for Kodak) with retrospective application to all periods presented. Kodak early adopted ASU 2015-07 effective December 31, 2015. The retrospective adoption resulted in a reduction in Level 3 assets for the U.S. plans of \$1,837 million and \$1,721 million at December 31, 2014 and January 1, 2014, respectively, and a reduction in Level 3 assets for the non-U.S. plans of \$106 million at both December 31, 2014 and January 1, 2014. In addition, Level 2 assets for the U.S. and non-U.S. plans decreased by \$1,761 million and \$251 million, respectively, at December 31, 2014. Refer to Note 16, Retirement Plans.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360). ASU 2014-08 defines a discontinued operation as a disposal of a component (or group of components) of an entity that was disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU 2014-08 expands the disclosures when an entity retains a significant continuing involvement with a discontinued operation as well as for disposals of individually material components that do not qualify as discontinued operations. The amendments in the update were effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014 (January 1, 2015 for Kodak) to new disposals and new disposal groups classified as held for sale after the effective date. The adoption of this guidance did not have a material impact on Kodak's Consolidated Financial Statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 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. The new leasing standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018 (January 1, 2019 for Kodak). Early adoption is permitted. Kodak is currently evaluating the impact of this ASU.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the ASU all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The classification and measurement guidance will be effective for Kodak beginning January 1, 2018, including interim periods within those fiscal years. Kodak is currently evaluating the impact of this ASU.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740) Balance Sheet Classification of Deferred Taxes. ASU 2015-17 amends the accounting for income taxes and requires all deferred tax assets and liabilities to be classified as non-current on the consolidated balance sheet. ASU 2015-17 is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2016 (January 1, 2017 for Kodak), with early adoption permitted in any annual or interim period. ASU 2015-17 may be adopted either prospectively or

retrospectively. Kodak is currently evaluating the method of adoption and expects ASU 2015-17 will have an impact on the consolidated balance sheet. The current deferred tax assets in excess of valuation allowance were \$22 million as of December 31, 2015.

In April 2015, the FASB issued ASU 2015-03, Imputation of Interest (Sub-Topic 835.30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15 clarifying the application of this guidance to line of credit arrangements. The amendments in the ASUs are effective retrospectively for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015 (January 1, 2016 for Kodak). Early adoption is permitted for financial statements not previously issued. Kodak does not expect the adoption of this guidance to have a material impact on its Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis . The amendments in ASU 2015-02 change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years,

beginning after December 15, 2015 (January 1, 2016 for Kodak). Early adoption is permitted, including adoption in an interim period. A reporting entity may apply the amendments in this ASU either retrospectively or use a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. Kodak does not expect the adoption of this guidance to have a material impact on its Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition and most industry-specific guidance. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date of ASU 2014-09. The new revenue standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 (January 1, 2018 for Kodak) and allows either a full retrospective adoption to all periods presented or a modified retrospective adoption approach with the cumulative effect of initial application of the revised guidance recognized at the date of initial application. Kodak is currently evaluating the adoption alternatives and impact of this ASU.

NOTE 2: RECEIVABLES, NET

(in millions)	As of December 31,	
	2015	2014
Trade receivables	\$ 318	\$ 361
Miscellaneous receivables	47	53
Total (net of allowances of \$10 and \$11 as of December 31, 2015 and December 31, 2014, respectively)	\$ 365	\$ 414

Approximately \$28 million and \$31 million of the total trade receivable amounts as of December 31, 2015 and 2014, respectively, will potentially be settled through customer deductions in lieu of cash payments. Such deductions represent rebates owed to customers and are included in Other current liabilities in the accompanying Consolidated Statement of Financial Position.

NOTE 3: INVENTORIES, NET

(in millions)	As of December 31,	
	2015	2014
Finished goods	\$ 177	\$ 204
Work in process	65	73
Raw materials	72	72
Total	\$ 314	\$ 349

NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET AND EQUIPMENT SUBJECT TO OPERATING LEASES, NET

(in millions)	As of December 31,	
	2015	2014
Land	\$ 74	\$ 100
Buildings and building improvements	171	176
Machinery and equipment	483	432
Construction in progress	28	47
	756	755
Accumulated depreciation	(330)	(231)
Property, plant and equipment, net	\$ 426	\$ 524

Depreciation expense was \$120 million, \$174 million, \$67 million and \$87 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and eight months ended August 31, 2013, respectively, of which approximately \$8 million, \$2 million, \$0 million and \$4 million, respectively, represented accelerated depreciation in connection with restructuring actions.

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

(in millions)	As of December 31,	
	2015	2014
Equipment subject to operating leases, net	\$ 37	\$ 25
Accumulated depreciation	(14)	(10)
Equipment subject to operating leases, net	\$ 23	\$ 15

Minimum future rental revenues on operating leases with original terms of one year or longer are not significant to Kodak.

NOTE 5: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the changes in the carrying value of goodwill by reportable segment. The Enterprise Inkjet Systems and Eastman Business Park segments do not have goodwill and are therefore not presented.

(in millions)	Print	Micro 3D	Software and	Consumer	Intellectual	Consolidated
	Systems	Printing and Packaging	Solutions	and Film	Property Solutions	
Balance as of December 31, 2013:	\$ 51	\$ 24	\$ 6	\$ 6	\$ 1	\$ 88
Fresh start accounting adjustment	5	2			1	8
Balance as of December 31, 2014:	\$ 56	\$ 26	\$ 6	\$ 6	\$ 2	\$ 96
Impairment		(6)			(2)	(8)
Balance as of December 31, 2015:	\$ 56	\$ 20	\$ 6	\$ 6	\$	\$ 88

In the first quarter of 2014, Kodak increased the value of goodwill determined as part of fresh start accounting by \$8 million to correct for a liability that should have been recorded at emergence.

As a result of the change in segments that became effective as of January 1, 2015, Kodak's goodwill reporting units changed. Refer to Note 23, Segment Information for additional information on the change to Kodak's organizational structure. The Print Systems segment has two goodwill reporting units: Prepress Solutions and Electrophotographic Printing Solutions. The Micro 3D Printing and Packaging segment has two goodwill reporting units: Packaging and Micro 3D Printing. The Software and Solutions segment has two goodwill reporting units: Kodak Technology Solutions and Unified Workflow Solutions. The Consumer and Film segment has three goodwill reporting units: Consumer Inkjet Solutions, Motion Picture, Industrial Chemicals and Films and Consumer Products. The Enterprise Inkjet Systems segment has two goodwill reporting units: Commercial Inkjet Printing Solutions and Digital Front-End Controllers. The Intellectual Property Solutions segment and the Eastman Business Park segment each have one goodwill reporting unit.

As of December 31, 2014, the goodwill balance of \$96 million under the prior year segment reporting structure was comprised of \$67 million for the Graphics, Entertainment and Commercial Films segment and \$29 million for the Digital Printing and Enterprise segment. The goodwill in the Graphics, Entertainment and Commercial Films segment

was reported in the Graphics and Intellectual Property and Brand Licensing reporting units. The goodwill in the Digital Printing and Enterprise segment was reported in the Packaging and Functional Printing and Consumer Inkjet Systems reporting units.

Goodwill previously reported in the Graphics goodwill reporting unit was transferred to the Prepress Solutions goodwill reporting unit and the Unified Workflow Solutions goodwill reporting unit. The goodwill previously reported in the Packaging and Functional Printing goodwill reporting unit was transferred to the Packaging goodwill reporting unit and the Micro 3D Printing goodwill reporting unit. The goodwill previously reported in the Intellectual Property and Brand Licensing goodwill reporting unit was transferred to the Intellectual Property Solutions goodwill reporting unit and the Consumer Products goodwill reporting unit. Goodwill was reassigned to affected reporting units using a relative fair value allocation.

Due to the change in Kodak's reporting units and the delay in commercializing new technologies in the Micro 3D Printing reporting unit, Kodak concluded that the carrying value of the Micro 3D Printing reporting unit exceeded its implied fair value. The fair value of the Micro 3D Printing reporting unit was estimated using the discounted cash flow method in which the future cash flows, including a terminal value at the end of the projection period, were discounted to present value. Kodak recorded a pre-tax impairment charge of \$6 million in the first quarter of 2015 that is included in Other operating (income) expense, net in the Consolidated Statement of Operations representing the entire amount of goodwill for this reporting unit.

Based upon the results of Kodak's October 1, 2015 analysis, Kodak concluded that the carrying value of the Intellectual Property Solutions reporting unit exceeded its implied fair value and recorded a pre-tax impairment charge of \$2 million in the fourth quarter of 2015 that is included in Other operating expense (income), net in the Consolidated Statement of Operations representing the entire amount of goodwill for this reporting unit. No impairment of goodwill was indicated for any other reporting units as of October 1 or December 31 valuation dates.

The gross carrying amount and accumulated amortization by major intangible asset category as of December 31, 2015 and 2014 were as follows:

(in millions)	As of December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 131	\$ 47	\$ 84	6 years
Kodak trade name	46		46	Indefinite life
Customer-related	37	11	26	7 years
Other	2		2	20 years
Total	\$ 216	\$ 58	\$ 158	

(in millions)	As of December 31, 2014			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted-Average Amortization Period
Technology-based	\$ 131	\$ 27	\$ 104	7 years
Kodak trade name	46		46	Indefinite life
Customer-related	36	6	30	8 years
Other	2		2	21 years
Total	\$ 215	\$ 33	\$ 182	

Based upon the results of Kodak's October 1, 2015 and December 31, 2015 impairment tests, no impairment of the Kodak trade name was indicated. In the fourth quarter of 2013, Kodak concluded that the carrying value of the Kodak trade name, estimated as part of fresh start accounting, exceeded its fair value and Kodak recorded a pre-tax impairment charge of \$8 million that is included in Other operating expense (income), net in the Consolidated Statement of Operations.

Amortization expense related to intangible assets was \$25 million, \$25 million, \$8 million and \$10 million for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013, and eight months ended August 31, 2013, respectively.

Estimated future amortization expense related to intangible assets that are currently being amortized as of December 31, 2015 was as follows:

(in millions)

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2016	\$ 25
2017	23
2018	18
2019	10
2020	9
2021 and thereafter	27
Total	\$ 112

NOTE 6: OTHER CURRENT LIABILITIES

(in millions)	As of December 31,	
	2015	2014
Accrued employment-related liabilities	\$ 81	\$ 132
Accrued customer rebates	31	34
Deferred revenue	39	48
Accrued restructuring liabilities	11	27
Deferred consideration on disposed businesses		11
Other	97	120
Total	\$ 259	\$ 372

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 7: OTHER LONG-TERM LIABILITIES

(in millions)	As of December 31,	
	2015	2014
Workers compensation	\$ 113	\$ 123
Environmental liabilities	13	19
Asset retirement obligations	47	53
Other	105	129
Total	\$ 278	\$ 324

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 8: SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Debt and related maturities and interest rates were as follows at December 31, 2015 and 2014:

(in millions)	Type	Maturity	Weighted-Average Effective Interest Rate	As of December 31,	
				2015 Carrying Value	2014 Carrying Value
Current portion:					
	Term note	2016	7.56%	\$ 4	\$ 4
	Credit line	2015	2.42%		1
	Other	2016	3.12% - 6.07%	1	
				5	5
Non-current portion:					
	Term note	2019	7.56%	400	403
	Term note	2020	11.04%	270	269
	Other	Various	3.12% - 6.07%	5	
				675	672
				\$ 680	\$ 677

Annual maturities of debt outstanding at December 31, 2015, were as follows:

(in millions)	Carrying Value	Maturity Value
2016	\$ 5	\$ 5
2017	4	4
2018	5	5
2019	392	397
2020	271	276
2021 and thereafter	3	3
Total	\$ 680	\$ 690

On September 3, 2013, the Company entered into (i) a Senior Secured First Lien Term Credit Agreement (the "First Lien Term Credit Agreement") with the lenders party thereto (the "First Lien Lenders"), JPMorgan Chase Bank, N.A. as administrative agent, and J.P. Morgan Securities LLC, Barclays Bank PLC, and Merrill Lynch, Pierce, Fenner & Smith Inc. as joint lead arrangers and joint bookrunners, and (ii) a Senior Secured Second Lien Term Credit Agreement (the "Second Lien Term Credit Agreement," and together with the First Lien Term Credit Agreement, the "Term Credit Agreements"), with the lenders party thereto (the "Second Lien Lenders," and together with the First Lien Lenders, the "Term Credit Lenders"), Barclays Bank PLC as administrative agent, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch, Pierce, Fenner & Smith Inc. as joint lead arrangers and joint bookrunners. Additionally, the Company and its U.S. subsidiaries (the "Subsidiary Guarantors") entered into an Asset Based

Revolving Credit Agreement (the ABL Credit Agreement and together with the Term Credit Agreements, the Credit Agreements) with the lenders party thereto (the ABL Lenders and together with the First Lien Lenders and the Second Lien Lenders, the Lenders) and Bank of America N.A. as administrative agent and collateral agent, Barclays Bank PLC as syndication agent and Merrill Lynch, Pierce, Fenner & Smith Inc., Barclays Bank PLC and J.P. Morgan Securities LLC as joint lead arrangers and joint bookrunners. Pursuant to the terms of the Credit Agreements, the Term Credit Lenders provided the Company with term loan facilities in an aggregate principal amount of \$695 million, consisting of \$420 million of first-lien term loans (the First Lien Loans) and \$275 million of second-lien term loans (the Second Lien Loans). Net proceeds from the Term Credit Agreements were \$664 million (\$695 million aggregate principal less \$15 million stated discount and \$16 million in debt transaction costs). The ABL Lenders will make available asset-based revolving loans in an amount of up to \$200 million (the ABL Loans). The maturity date of the loans made under the Term Credit Agreements is the earlier to occur of (i) September 3, 2019 (in case of First Lien Loans) or September 3, 2020 (in case of Second Lien Loans) and (ii) the acceleration of such loans due to an event of default (as defined in the Term Credit Agreements). The maturity date of the loans made under the ABL Credit Agreement is the earlier to occur of (i) September 3, 2018 and (ii) the date of termination of the commitments in accordance with the terms of the ABL Credit Agreement. The ABL Credit Agreement also provides for the issuance of letters of credit of up to a sublimit of \$150 million. The Company has issued approximately \$118 million of letters of credit under the ABL Credit Agreement as of December 31,

2015. Under the ABL Loan's borrowing base calculation, the Company had approximately \$16 million and \$29 million Borrowing Base Availability (as defined in the ABL Credit Agreement) under the revolving credit facility as of December 31, 2015 and December 31, 2014, respectively. Availability is subject to the borrowing base calculation, reserves and other limitations.

The Credit Agreements limit, 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. Events of default under the Credit Agreements include, among others, failure to pay any loan, interest or other amount due under the applicable credit agreement, breach of specific covenants and a change of control of the Company. Upon an event of default, the applicable lenders may declare the outstanding obligations under the applicable credit agreement to be immediately due and payable and exercise other rights and remedies provided for in such credit agreement.

Under the ABL Credit Agreement, Kodak is required to maintain a minimum Fixed Charge Coverage Ratio (as defined in the ABL Credit Agreement) of 1.00 to 1.00 when Excess Availability is less than 15% of lender commitments (springing covenant). As of December 31, 2015 15% of lender commitments and Excess Availability were \$30 million and \$31 million, 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) Eligible Equipment (iv) Eligible Cash and (v) Qualified Cash (not to exceed \$15 million) less (i) Rent and Charges Reserves, (ii) Principal Outstanding, (iii) Letters of Credit and (iv) an Availability Block (each item as defined in the ABL Credit Agreement).

As of December 31, 2015 and 2014, Kodak had funded \$30 million and \$20 million, respectively, to the Eligible Cash account, held with the ABL Credit Agreement Administrative Agent, which is classified as Restricted cash in the Consolidated Statement of Financial Position, and an additional \$15 million of Qualified Cash as of December 31, 2015 and 2014 in an unrestricted cash account, supporting the Excess Availability amount. If Excess Availability falls below 15% of lender commitments (\$30 million as of both December 31, 2015 and 2014), 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 15% of lender commitments at both December 31, 2015 and 2014, Kodak is not required to have a minimum Fixed Charges Coverage Ratio of 1.0 to 1.0. As of December 31, 2015 Kodak was in compliance with all the covenants under the ABL Credit Agreement and had Kodak been required to have Fixed Charge Coverage Ratio of 1.0 to 1.0 EBITDA, as defined in the ABL Credit agreement, exceeded Fixed Charges by approximately \$17 million.

The First Lien Loans bear interest at the rate of LIBOR plus 6.25% per annum, with a LIBOR floor of 1% or Alternate Base Rate (as defined in the First Lien Term Credit Agreement) plus 5.25%. The Second Lien Loans bear interest at the rate of LIBOR plus 9.5% per annum, with a LIBOR floor of 1.25% or Alternate Base Rate (as defined in the Second Lien Term Credit Agreement) plus 8.5%. The ABL Loans (other than initial borrowings) bear interest at the rate of LIBOR plus 2.75%-3.25% per annum or Base Rate (as defined in the ABL Credit Agreement) plus 1.75%-2.25% per annum, based on Excess Availability (as defined in the ABL Credit Agreement). Each existing and future direct or indirect U.S. subsidiary of the Company (other than immaterial subsidiaries, unrestricted subsidiaries and certain other subsidiaries) have agreed to provide unconditional guarantees of the obligations of the Company under the Credit Agreements. Subject to certain exceptions, obligations under the First Lien Term Credit Agreement and the Second Lien Term Credit Agreement are secured by: (i) a first lien and a second lien, respectively, on all assets of the Company and the Subsidiary Guarantors, other than the ABL Collateral (as defined below), including a first and a second lien, respectively, 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 and a third lien, respectively, on the ABL Collateral. Obligations under the ABL Credit Agreement are secured by: (i) a first lien on cash, accounts receivable, inventory, machinery and equipment (the ABL Collateral) and (ii) a third lien on the Term Collateral. The aggregate carrying value of the Term Collateral and ABL Collateral as of December 31, 2015 and

2014 was \$1,873 million and \$1,964 million, respectively.

The Company may voluntarily prepay the First Lien Loan. The Company may prepay the Second Lien Loan after the second anniversary and prior to the third anniversary of the closing date. A prepayment premium of 1% of the principal amount prepaid is required with respect to the Second Lien Loan.

As defined in each of the Term Credit Agreements, the Company is required to prepay loans with net proceeds from asset sales, recovery events or issuance of indebtedness, subject to, in the case of net proceeds received from asset sales or recovery events, reinvestment rights by the Company in assets used or usable by the business within certain time limits. On an annual basis, starting with the fiscal year ending on December 31, 2014, the Company will prepay on June 30 of the following fiscal year loans in an amount equal to a percentage of Excess Cash Flow (ECF) as defined in each of the Term Credit Agreements, provided no such prepayment is required if such prepayment would cause U.S. liquidity (as defined in each of the Term Credit Agreements) to be less than \$100 million. For the years ended December 31, 2015 and 2014, ECF was a negative amount, therefore, no prepayment is required in 2016 and no prepayment was required in 2015. Any mandatory prepayments as described above shall be reduced by any mandatory prepayments of the First Lien Loan.

Under the Term Credit Agreements, the Company is required to maintain minimum U.S. Liquidity (as defined therein) through 2014 and starting December 31, 2014, a Secured Leverage Ratio (as defined therein) not to exceed specified levels. The Secured Leverage Ratio under the Term Credit Agreements is tested at the end of each quarter based on the prior four quarters. The maximum Secured Leverage Ratio permitted under the First Lien Term Credit Agreement (which is more restrictive than the corresponding ratio permitted under the Second Lien Term Credit Agreement) declined on June 30, 2015 from 3.75:1 to 3.25:1 and further declined on December 31, 2015 from 3.25:1 to 2.75:1, with no further adjustments for the remainder of the agreement. As of December 31, 2015, Kodak was in compliance with all covenants under the Term Credit Agreements. Kodak's EBITDA, as calculated under the Term Credit Agreements, exceeded the EBITDA necessary to satisfy the Secured Leverage Ratio by \$33 million.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Environmental

Kodak's undiscounted accrued liabilities for future environmental investigation, remediation and monitoring costs are composed of the following items:

(in millions)	As of December 31,	
	2015	2014
Other current operating sites	\$ 7	\$ 7
Sites associated with former operations		10
Sites associated with the non-imaging health businesses sold in 1994	6	11
Total	\$ 13	\$ 28

These amounts are reported in Other long-term liabilities and Current liabilities held for sale in the accompanying Consolidated Statement of Financial Position.

Cash expenditures for pollution prevention and waste treatment for Kodak's current facilities were as follows:

(in millions)	Successor		Predecessor	
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Four Months Ended December 31, 2013	For the Eight Months Ended August 31, 2013
Recurring costs for pollution prevention and waste treatment	\$ 13	\$ 13	\$ 5	\$ 16
Capital expenditures for pollution prevention and waste treatment	2	2	2	
Total	\$ 15	\$ 15	\$ 7	\$ 16

Environmental expenditures that relate to an existing condition caused by past operations and that do not provide future benefits are expensed as incurred. Costs that are capital in nature and that provide future benefits are capitalized. Liabilities are recorded when environmental assessments are made or the requirement for remedial efforts is probable, and the costs can be reasonably estimated. The timing of accruing for these remediation liabilities is generally no later than the completion of feasibility studies. Kodak has an ongoing monitoring and identification process to assess how the activities, with respect to the known exposures, are progressing against the accrued cost estimates.

Cash expenditures for the aforementioned investigation, remediation and monitoring activities are expected to be incurred over the next thirty years for most of the sites. For these known environmental liabilities, the accrual reflects Kodak's best estimate of the amount it will incur under the agreed-upon or proposed work plans. Kodak's cost estimates were determined using the ASTM Standard E 2137-06, Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters, and have not been reduced by possible recoveries from third parties. The overall method includes the use of a probabilistic model which forecasts a range of cost estimates for the remediation required at individual sites. The projects are closely monitored and the models are reviewed as significant events occur or at least once per year. Kodak's estimate includes investigations, equipment and operating costs for remediation and long-term monitoring of the sites.

The Company provided an indemnity as part of the 1994 sale of Sterling Corporation (now STWB), which covered a number of environmental sites including the Lower Passaic River Study Area (LPRSA) portion of the Diamond Alkali Superfund Site. STWB, now owned by Bayer Corporation, is a potentially responsible party at the LPRSA site based on alleged releases from facilities formerly owned by subsidiaries of Sterling. On February 29, 2012, the Company notified STWB and Bayer that, under the voluntary petition for bankruptcy by the Company and its U.S. subsidiaries, it elected to discontinue funding and participation in remedial investigations of the LPRSA. STWB and its parent, Bayer, filed proofs of claim against the Company and its U.S. subsidiaries. These claims have been discharged pursuant to the First Amended Joint Chapter 11 Plan of Reorganization. Environmental matters at three sites owned by the Company and one site for which the Company was not the owner but was responsible for the remediation were not resolved by the discharge. On March 17, 2015, the Company entered into an agreement with STWB related to these four sites. The agreement calls for the Company to retain ownership and environmental responsibility of one of the sites. Ownership and environmental responsibility for one site and environmental responsibility for the unowned site transferred to STWB in the second quarter of 2015. Ownership of the remaining site is expected to pass to an unrelated party by 2018 at which point the Company's environmental responsibility will pass to STWB. If the ownership for the fourth site does not transfer to that unrelated party prior to January 1, 2020, the Company and STWB will share approximately equally in the ongoing costs of the site. As a result of this agreement, the Company reduced its environmental liabilities by approximately \$5 million and recognized a gain in the first quarter of 2015 of the same amount.

On January 14, 2015, the Company sold its property in Middleway, West Virginia and transferred the related environmental liability to Commercial Liability Partners WV, LLC (CLP). As part of the transaction, the Company withdrew from its Voluntary Remediation Agreement with the West Virginia Department of Environmental Protection, received an indemnity from CLP regarding any environmental obligations, and was named insured in an environmental insurance policy for a period of ten years in the case of breach by CLP. As of December 31, 2014, the \$2 million net book value of the Middleway property was classified in Current assets held for sale and the environmental liability of approximately \$9 million was classified as Current liabilities held for sale. The Company released the environmental liability associated with the site and recognized a gain of approximately \$5 million on the transaction in 2015.

Estimates of the amount and timing of future costs of environmental remediation requirements are by their nature imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among the potentially responsible parties. Based on information presently available, Kodak does not believe it is reasonably possible that losses for known exposures could exceed current accruals by material amounts, although costs could be material to a particular quarter or year.

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,	
	2015	2014
Asset Retirement Obligations at start of period	\$ 53	\$ 52
Liabilities incurred in the current period	1	3
Liabilities settled in the current period	(3)	(1)
Accretion expense	2	2
Revision in estimated cash flows	(6)	(2)
Foreign exchange impact		(1)
Asset Retirement Obligations at end of period	\$ 47	\$ 53

Other Commitments and Contingencies

The Company and its subsidiaries have entered into operating leases for various real estate and equipment needs. Rental expense, net of minor sublease income, amounted to \$30 million, \$38 million, \$15 million and \$36 million in the years ended December 31, 2015 and December 31, 2014, four months ending December 31, 2013, and eight months ending August 31, 2013, respectively.

As of December 31, 2015, the Company had outstanding letters of credit of \$118 million issued under the ABL Credit Agreement as well as bank guarantees and letters of credit of \$4 million, surety bonds in the amount of \$17 million, and restricted cash and deposits of \$58 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, Other current assets and Other long-term assets 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. Based on the opinion of legal counsel and current reserves already recorded for those matters deemed probable of loss, management does not believe that the ultimate resolution of these matters will materially impact Kodak's results of operations or financial 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, 2015, 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 \$49 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, 2015, Kodak has posted security composed of \$6 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 \$62 million. Generally, any encumbrances on 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, remediation and proceedings, including commercial, customs, employment, environmental, 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.

NOTE 10: GUARANTEES

EKC guarantees obligations to third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$17 million and the outstanding amount for those guarantees is \$6 million.

In connection with the settlement of certain of the Company's historical environmental liabilities at EBP and in accordance with the terms of the 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.

Indemnifications

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, Kodak indemnifies officers and directors 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, 2015 was not material to Kodak's financial position, results of operations or cash flows.

Warranty Costs

Kodak has warranty obligations in connection with the sale of its products and equipment. The original warranty period is generally one year or less. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. Kodak estimates its warranty cost at the point of sale for a given product based on historical failure rates and related costs to repair. The change in Kodak's accrued warranty obligations balance, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Accrued warranty obligations as of December 31, 2013	\$ 13
Actual warranty experience	(16)
Warranty provisions	8
Accrued warranty obligations as of December 31, 2014	5
Actual warranty experience	(8)
Warranty provisions	7
Accrued warranty obligations as of December 31, 2015	\$ 4

Kodak also offers its customers extended warranty arrangements that are generally one year, but may range from three months to five years after the original warranty period. Kodak provides repair services and routine maintenance under these arrangements. Kodak has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and 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, 2013	\$ 30
New extended warranty and maintenance arrangements	194
Recognition of extended warranty and maintenance arrangement revenue	(197)
Deferred revenue on extended warranties as of December 31, 2014	27
New extended warranty and maintenance arrangements	185
Recognition of extended warranty and maintenance arrangement revenue	(185)
Deferred revenue on extended warranties as of December 31, 2015	\$ 27

Costs incurred under these extended warranty and maintenance arrangements for the years ended December 31, 2015 and December 31, 2014 amounted to \$135 million and \$158 million, respectively.

NOTE 11: 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) income, net in the Consolidated Statement of Operations). The notional amount of such contracts open at December 31, 2015 and 2014 was approximately \$384 million and \$334 million, respectively. The majority of the contracts of this type held by Kodak are denominated in Euros, British pounds, and Chinese renminbi. The net effect of foreign currency forward contracts in the results of operations is shown in the following table:

Derivatives Not Designated as Hedging Instruments, Foreign Exchange Contracts

	For the Year Ended December 31, 2015	Successor For the Year Ended December 31, 2014	For the Four Months Ended December 31, 2013	Predecessor For the Eight Months Ended August 31, 2013
(in millions)				
Net gain (loss) from derivatives not designated as hedging instruments	\$ 14	\$ 10	\$ (14)	\$ 2

Kodak had no derivatives designated as hedging instruments for the years ended December 31, 2015 and December 31, 2014, four months ended December 31, 2013 or eight months ended August 31, 2013.

Kodak's financial instrument 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, 2015 was not significant to Kodak.

In the event of a default under the Company's Term Credit Agreements, the 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.

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 the foreign currency forward contracts was not material as of December 31, 2015 and 2014.

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, 2015.

The fair value of long-term borrowings is measured on a nonrecurring basis. 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. The fair values of long-term borrowings were \$588 million and \$681 million at December 31, 2015 and December 31, 2014, respectively.

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

NOTE 12: OTHER OPERATING EXPENSE (INCOME), NET

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Expense (income) :				
Gain on sale of digital imaging patent portfolio ⁽¹⁾	\$	\$	\$	\$ (535)
Goodwill and intangible asset impairments ^{(2) (3) (4) (5) (6)}	8	9	8	77
Gains related to the sales of assets and businesses	(6)	(3)	(6)	(34)
Gain recognized on assets acquired for no monetary consideration ⁽⁷⁾	(3)			
Other	3	3		(3)
Total	\$ 2	\$ 9	\$ 2	\$ (495)

- (1) Refer to Note 24, Emergence from Voluntary Reorganization under Chapter 11 Proceedings.
- (2) In the fourth quarter of 2015, Kodak recorded a goodwill impairment charge of \$2 million related to the Intellectual Property Solutions reporting unit. Refer to Note 5, Goodwill and Other Intangible Assets.
- (3) In the first quarter of 2015, Kodak recorded a goodwill impairment charge of \$6 million related to the Micro 3D Printing reporting unit. Refer to Note 5, Goodwill and Other Intangible Assets.
- (4) In the fourth quarter of 2014, Kodak recorded an impairment charge of \$9 million related to an in-process research and development intangible asset established as part of fresh start accounting.
- (5) In the fourth quarter of 2013, Kodak recorded an impairment charge of \$8 million related to the Kodak trade name. Refer to Note 5, Goodwill and Other Intangible Assets.
- (6) In the first quarter of 2013, Kodak recorded a goodwill impairment charge of \$77 million related to the Intellectual Property and Consumer Products reporting unit.
- (7) Refer to Note 23, Segment Information, footnote 5 to the table entitled Segment Operational EBITDA from Consolidated Loss from Continuing Operations Before Income Taxes.

NOTE 13: OTHER (CHARGES) INCOME, NET

(in millions)	Successor		Predecessor	
	Year Ended December 31, 2015	Year Ended December 31, 2014	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013
Income (charges):				
Interest income	\$ 1	\$ 6	\$ 3	\$ 3
Loss on foreign exchange transactions ⁽¹⁾	(17)	(22)	(5)	(7)
Other	(5)	(5)	12	(9)
Total	\$ (21)	\$ (21)	\$ 10	\$ (13)

- (1) In 2015 and 2014 Kodak recorded a charges of \$2 million and \$16 million, respectively, from the remeasurement of its Venezuelan subsidiary s monetary assets and liabilities. Refer to Note 1, Basis of Presentations and Significant Accounting Matters , Foreign Currency section.

NOTE 14: INCOME TAXES

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

(in millions)	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
(Loss) earnings from continuing operations before income taxes:				
U.S.	\$ (169)	\$ (208)	\$ (119)	\$ 2,243
Outside the U.S.	134	96	45	113
Total	\$ (35)	\$ (112)	\$ (74)	\$ 2,356
U.S. income taxes:				
Current provision (benefit)	\$ 1	\$ (2)	\$ 3	\$
Deferred provision (benefit)	9	4	3	(3)
Income taxes outside the U.S.:				
Current provision (benefit)	22	(1)	8	52
Deferred provision (benefit)		7	(8)	105
State and other income taxes:				
Current provision		1	2	1
Deferred provision		1		
Total provision	\$ 32	\$ 10	\$ 8	\$ 155

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, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
Amount computed using the statutory rate	\$ (12)	\$ (39)	\$ (25)	\$ 825
Increase (reduction) in taxes resulting from:				
State and other income taxes, net of federal		1	2	

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Unremitted foreign earnings	26	4	36	32
Impact of goodwill and intangible impairments			(3)	(22)
Operations outside the U.S.	28	111	73	(18)
Legislative rate changes				1
Valuation allowance	(71)	(121)	(100)	39
Tax settlements and adjustments, including interest	2	(5)	1	5
Discharge of debt and other reorganization related items	60	57	24	(722)
Other, net	(1)	2		15
Provision for income taxes	\$ 32	\$ 10	\$ 8	\$ 155

During 2013, a substantial portion of the Company's pre-petition debt securities, revolving credit facility and other obligations were extinguished. Absent an exception, a debtor recognizes cancellation of indebtedness income (CODI) upon discharge of its outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The Internal Revenue Code of 1986, as amended (IRC), provides that a debtor in a bankruptcy case may exclude CODI from taxable income but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. The amount of CODI realized by a taxpayer is the adjusted issue price of any indebtedness discharged less the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness issued and (iii) the fair market value of any other consideration, including equity, issued. As a result of the market value of equity upon emergence from chapter 11 bankruptcy proceedings, the estimated amount of U.S. CODI was approximately \$705 million, which reduced the value of Kodak's U.S. net operating losses that had a value of \$2,495 million. The actual reduction in tax attributes occurred on the first day of the Company's tax year subsequent to the date of emergence, or January 1, 2014.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. The Debtors' emergence from chapter 11 bankruptcy proceedings was considered a change in ownership for purposes of IRC Section 382. The limitation under the IRC is based on the value of the corporation as of the emergence date. However, the ownership changes and resulting annual limitation will result in the expiration of approximately \$711 million of net operating losses, \$567 million of foreign tax credits and \$21 million of research and expenditure credits generated prior to the emergence date. The expiration of these tax attributes was fully offset by a corresponding decrease in Kodak's U.S. valuation allowance, which results in no net tax provision.

During 2013, the KPP Global Settlement provided for the acquisition by the KPP of certain assets, and the assumption by the KPP of certain liabilities of Kodak's Personalized Imaging and Document Imaging businesses (the Business). The underfunded position of the U.K. Pension Plan was approximately \$1.5 billion. Kodak Limited held a deferred tax asset related to the pension liability of \$329 million. As a result of the KPP Global Settlement in the period ended December 31, 2013 and the release from the pension liability to the KPP, Kodak Limited reversed the corresponding deferred tax asset.

During the eight months ended August 31, 2013, Kodak determined that it was more likely than not that a portion of its deferred tax assets outside the U.S. would not be realized due to changes in the business resulting from the KPP Global Settlement and the related sale of the Business. As a result, Kodak recorded a tax provision of \$100 million associated with the establishment of a valuation allowance on those deferred tax assets.

Additionally, during the eight months ended August 31, 2013, 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 the change in Kodak's business as a result of restructuring associated with the emergence from bankruptcy and accordingly, recorded a tax provision of \$46 million associated with the establishment of a valuation allowance on those deferred tax assets.

(in millions)	As of December 31,	
	2015	2014
Deferred tax assets		
Pension and postretirement obligations	\$ 187	\$ 221
Restructuring programs	3	5
Foreign tax credit	314	258
Inventories	14	20
Investment tax credit	80	100
Employee deferred compensation	46	43
Depreciation	62	45
Research and development costs	188	232
Tax loss carryforwards	380	355
Other deferred revenue	13	13
Other	112	111
Total deferred tax assets	\$ 1,399	\$ 1,403
Deferred tax liabilities		
Leasing	\$ 1	\$ 7
Goodwill/Intangibles	49	51
Unremitted foreign earnings	121	176
Total deferred tax liabilities	171	234
Net deferred tax assets before valuation allowance	1,228	1,169
Valuation allowance	1,201	1,127
Net deferred tax assets	\$ 27	\$ 42

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

(in millions)	As of December 31,	
	2015	2014
Deferred income taxes (current)	\$ 22	\$ 31
Deferred income taxes (non-current)	23	38
Other current liabilities		(1)
Other long-term liabilities	(18)	(26)
Net deferred tax assets	\$ 27	\$ 42

As of December 31, 2015, Kodak had available domestic and foreign net operating loss carry-forwards for income tax purposes of approximately \$1,565 million, of which approximately \$481 million have an indefinite carry-forward period. The remaining \$1,084 million expire between the years 2016 and 2035. As of December 31, 2015, Kodak had unused foreign tax credits and investment tax credits of \$314 million and \$80 million, respectively, with various

expiration dates through 2030. Utilization of post-emergence net operating losses and tax credits may be subject to limitations in the event of significant changes in stock ownership of the Company in the future.

The undistributed earnings of Kodak's foreign subsidiaries are not considered permanently reinvested. Kodak has a deferred tax liability (net of related foreign tax credits) of \$102 million and \$159 million on the foreign subsidiaries undistributed earnings as of December 31, 2015 and 2014, respectively. Kodak has recorded a deferred tax liability of \$19 million and \$17 million for the potential foreign withholding taxes on the undistributed earnings as of December 31, 2015 and 2014, respectively.

Kodak's valuation allowance as of December 31, 2015 was \$1,201 million. Of this amount, \$266 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$344 million, and \$935 million related to Kodak's net deferred tax assets in the U.S. of \$884 million, for which Kodak believes it is not more likely than not that the assets will be realized.

Kodak's valuation allowance as of December 31, 2014 was \$1,127 million. Of this amount, \$315 million was attributable to Kodak's net deferred tax assets outside the U.S. of \$400 million, and \$812 million related to Kodak's net deferred tax assets in the U.S. of \$769 million, for which Kodak believes it is not more likely than not that the assets will be realized.

The net deferred tax assets in excess of the valuation allowance of approximately \$27 million and \$42 million as of December 31, 2015 and December 31, 2014, respectively, relate primarily to net operating loss carry-forwards, certain tax credits, and pension related tax benefits for which Kodak believes it is more likely than not that the assets will be realized.

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:

	Year Ended December 31, 2015	Successor Year Ended December 31, 2014	Four Months Ended December 31, 2013	Predecessor Eight Months Ended August 31, 2013
(in millions)				
Balance as of January 1	\$ 92	\$ 106	\$ 107	\$ 57
Tax positions related to the current year:				
Additions	1	2		68
Tax Positions related to prior years:				
Additions		1	2	1
Reductions	(7)	(14)	(3)	(17)
Settlements with taxing jurisdictions		(1)		(2)
Lapses in Statute of limitations	(1)	(2)		
Balance as of December 31	\$ 85	\$ 92	\$ 106	\$ 107

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 \$21 and \$18 million of interest and penalties associated with uncertain tax benefits accrued as of December 31, 2015 and 2014, respectively.

If the unrecognized tax benefits were recognized, they would favorably affect the effective income tax rate in the period recognized. 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 to \$10 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 2014, Kodak reached a settlement outside of the U.S. and settled an audit for calendar year 2003. Kodak originally recorded liabilities for uncertain tax positions (UTPs) totaling \$8 million (plus interest of approximately \$2 million). The settlement resulted in a reduction in Other current liabilities and the recognition of a \$10 million tax benefit.

During 2013, Kodak paid \$2 million associated with the resolution of \$17 million of various state and local tax claims that were agreed upon through the bankruptcy process. In addition, Kodak established a \$64 million liability for

unrecognized tax benefits associated with the Company's adoption of the Plan of Reorganization.

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 and state income tax matters for years through 2011 with respective tax authorities. With respect to countries outside the U.S., Kodak has substantially concluded all material foreign income tax matters through 2008 with respective foreign tax jurisdiction authorities.

NOTE 15: 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 three years ended December 31, 2015 were as follows:

(in millions)	Severance Reserve ⁽⁵⁾	Exit Costs Reserve ⁽⁵⁾	Long-lived Asset Impairments and Inventory Write- downs ⁽⁵⁾	Accelerated Depreciation ⁽⁵⁾	Total
Balance as of December 31, 2012 (Predecessor):	\$ 38	\$ 45	\$	\$	\$ 83
Eight months charges - continuing operations	38	3	4	4	49
Eight months charges - discontinued operations	3				3
Eight months utilization/cash payments	(48)	(32)	(4)	(4)	(88)
Eight months other adjustments & reclasses ⁽¹⁾	(3)	(9)			(12)
Balance as of August 31, 2013 (Predecessor):	\$ 28	\$ 7	\$	\$	\$ 35
Four months charges	\$ 13	\$ 3	\$ 1	\$	\$ 17
Four months utilization/cash payments	(15)	(3)	(1)		(19)
Four months other adjustments & reclasses ⁽²⁾		1			1
Balance as of December 31, 2013 (Successor):	26	8			34
2014 charges	54	2	3	2	61
2014 utilization/cash payments	(47)	(5)	(3)	(2)	(57)
2014 other adjustments & reclasses ⁽³⁾	(11)				(11)
Balance as of December 31, 2014 (Successor):	22	5			27
2015 charges	33	4	1	8	46
2015 utilization/cash payments	(36)	(5)	(1)	(8)	(50)
2015 other adjustments & reclasses ⁽⁴⁾	(12)				(12)
Balance as of December 31, 2015 (Successor):	\$ 7	\$ 4	\$	\$	\$ 11

⁽¹⁾ The \$(12) million includes \$(5) million for amounts reclassified as Liabilities subject to compromise, \$(4) million of severance-related charges for pension plan curtailments, which were reclassified to Pension and other postretirement liabilities and \$(3) million of reserve adjustments due to the application of fresh start accounting,

which were recorded in Reorganization items.

- (2) The \$1 million represents foreign currency translation adjustments.
- (3) The \$(11) million includes \$(8) million of severance related charges for pension plan special termination benefits, which were reclassified to Pension and other postretirement liabilities and \$(3) million of foreign currency translation adjustments.
- (4) The \$(12) million includes \$(9) million of severance related charges for pension plan special termination benefits, which were reclassified to Pension and other postretirement liabilities and \$(3) million of foreign currency translation adjustments.
- (5) 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.

2013 Activity

The \$17 million of charges for the four months ended December 31, 2013 were reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations. The \$52 million of charges for the eight months ended August 31, 2013 includes \$4 million for accelerated depreciation and \$2 million for inventory write-downs which were reported in Cost of revenues, \$43 million reported as Restructuring costs and other and \$3 million which were reported as Earnings (loss) from discontinued operations in the accompanying Consolidated Statement of Operations.

The 2013 severance costs related to the elimination of approximately 825 positions, including approximately 500 manufacturing/service, 300 administrative and 25 research and development positions. The geographic composition of these positions included approximately 375 in the U.S. and Canada, and 450 throughout the rest of the world.

Severance payments for these initiatives were substantially completed in 2015. Certain exit costs, such as long-term lease payments, will continue beyond 2015.

2014 Activity

The \$61 million of charges for the year ended December 31, 2014 includes \$2 million for accelerated depreciation which was reported in Cost of revenues and \$59 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2014 severance costs related to the elimination of approximately 775 positions, including approximately 325 manufacturing/service, 350 administrative and 100 research and development positions. The geographic composition of these positions included approximately 425 in the U.S. and Canada, and 350 throughout the rest of the world.

Severance payments for these initiatives will continue through 2016 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will continue beyond 2015.

2015 Activity

Restructuring actions taken in 2015 were initiated to reduce Kodak's cost structure as part of its commitment to drive sustainable profitability and included continued progress toward the Leeds plate manufacturing facility exit, a Kodak Technology Center workforce reduction, and various targeted reductions in service, sales, research and development and other administrative functions.

As a result of these actions, for the year ended December 31, 2015 Kodak recorded \$46 million of charges, including \$8 million for accelerated depreciation which was reported in Cost of revenues and \$38 million which was reported as Restructuring costs and other in the accompanying Consolidated Statement of Operations.

The 2015 severance costs related to the elimination of approximately 600 positions, including approximately 250 manufacturing/service, 250 administrative and 100 research and development positions. The geographic composition of these positions included approximately 275 in the U.S. and Canada, and 325 throughout the rest of the world.

As a result of these initiatives, severance payments will continue through 2016 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will be paid throughout 2016 and beyond.

Leeds Plate Manufacturing Facility Exit

On March 3, 2014, Kodak announced a plan to exit its prepress plate manufacturing facility located in Leeds, England. This decision was pursuant to Kodak's initiative to consolidate manufacturing operations globally, and is expected to result in a more efficient delivery of its products and solutions. Kodak began the exit of the facility in the second quarter of 2014, and phased out production at the site in the third quarter of 2015 and expects to complete the exit of the facility by the second quarter of 2016.

As a result of the decision, Kodak currently expects to incur total charges of \$25 to \$30 million, including approximately \$10 million of charges related to separation benefits, \$13 to \$15 million of non-cash related charges for accelerated depreciation and asset write-offs, and \$2 to \$5 million in other cash related charges associated with this action.

Kodak incurred severance charges of \$7 million, long-lived asset impairment charges of \$1 million, accelerated depreciation charges of \$8 million and other exit costs of \$1 million in the year ended December 31, 2015 under this program.

On a cumulative basis as of December 31, 2015, Kodak has recorded severance charges of \$10 million, long-lived asset impairment charges of \$3 million, accelerated depreciation charges of \$10 million, and other exit costs of \$1 million.

NOTE 16: 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 in to 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 7% of their pay, plus interest based on the 30-year Treasury bond rate.

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, 2015		Year Ended December 31, 2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in Benefit Obligation				
Projected benefit obligation at beginning of period	\$ 4,438	\$ 918	\$ 4,361	\$ 960
Transfers				(31)
Service cost	17	3	18	4
Interest cost	148	17	176	30
Plan amendments			(61)	
Benefit payments	(478)	(51)	(339)	(61)
Actuarial (gain) loss	(35)	(24)	567	119
Settlements			(292)	
Special termination benefits	9		8	
Currency adjustments		(63)		(103)
Projected benefit obligation at end of period	\$ 4,099	\$ 800	\$ 4,438	\$ 918
Change in Plan Assets				
Fair value of plan assets at beginning of period	\$ 4,160	\$ 795	\$ 4,184	\$ 833
Transfers				(9)
Gain on plan assets	111	31	607	111
Employer contributions		4		7
Settlements			(292)	
Benefit payments	(478)	(51)	(339)	(61)
Currency adjustments		(51)		(86)
Fair value of plan assets at end of period	\$ 3,793	\$ 728	\$ 4,160	\$ 795
Under Funded Status at end of period	\$ (306)	\$ (72)	\$ (278)	\$ (123)
Accumulated benefit obligation at end of period	\$ 4,098	\$ 792	\$ 4,436	\$ 907

The Non-US transfers of \$31 million of projected benefit obligation and \$9 million of assets for the year ended December 31, 2014 relate to a plan split for a subset of participants into a non-major plan.

The settlement amount of \$292 million for the U.S. for the year ended December 31, 2014 was a result of 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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Other long-term assets	\$	\$ 39	\$	\$ 29
Pension and other postretirement liabilities	(306)	(111)	(278)	(152)
Net amount recognized	\$ (306)	\$ (72)	\$ (278)	\$ (123)

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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Projected benefit obligation	\$ 4,099	\$ 524	\$ 4,438	\$ 623
Accumulated benefit obligation	4,098	516	4,436	613
Fair value of plan assets	3,793	412	4,160	471

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,			
	2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credit	\$ 50	\$ 4	\$ 58	\$ 4
Net actuarial loss	(285)	(6)	(159)	(32)