

Hearing Date: March 20, 2012 at 11:00 a.m. (Eastern Time)

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Counsel to the Debtors and Debtors in Possession

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

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

**NOTICE OF FILING OF EXHIBITS TO DEBTORS' MOTION FOR
ORDER (I)(A) AUTHORIZING CERTAIN DEBTORS ENTRY INTO
THE STALKING HORSE PURCHASE AGREEMENT, (B) AUTHORIZING
AND APPROVING THE BIDDING PROCEDURES AND BREAK-UP FEE,
(C) APPROVING THE NOTICE PROCEDURES, (D) AUTHORIZING THE
FILING OF CERTAIN DOCUMENTS UNDER SEAL AND (E) SETTING A
DATE FOR THE SALE HEARING AND (II) AUTHORIZING AND
APPROVING THE SALE OF CERTAIN ASSETS OF KODAK IMAGING
NETWORK INC. FREE AND CLEAR OF ALL CLAIMS AND INTERESTS**

PLEASE TAKE NOTICE that on March 2, 2012, Eastman Kodak Company, *et al.* (collectively, the “**Debtors**”), filed the Debtors’ Motion for Orders (I)(A) Authorizing Certain Debtors’ Entry into the Stalking Horse Purchase Agreement, (B) Authorizing and Approving the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Eastman Kodak Company (7150); Creo Manufacturing America LLC (4412); Eastman Kodak International Capital Company, Inc. (2341); Far East Development Ltd. (2300); FPC Inc. (9183); Kodak (Near East), Inc. (7936); Kodak Americas, Ltd. (6256); Kodak Aviation Leasing LLC (5224); Kodak Imaging Network, Inc. (4107); Kodak Philippines, Ltd. (7862); Kodak Portuguesa Limited (9171); Kodak Realty, Inc. (2045); Laser-Pacific Media Corporation (4617); NPEC Inc. (5677); Pakon, Inc. (3462); and Qualex Inc. (6019). The location of the Debtors’ corporate headquarters is: 343 State Street, Rochester, NY 14650.



Bidding Procedures and Break-Up Fee, (C) Approving the Notice Procedures, (D) Authorizing the Filing of Certain Documents Under Seal and (E) Setting a Date for the Sale Hearing and (II) Authorizing and Approving the Sale of Certain Assets of Kodak Imaging Network Inc. Free and Clear of All Claims and Interests (the “**Motion**”) [Docket No. 474].

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit 1 is the Declaration of Antoinette P. McCorvey in Support of the Debtors’ Motion for Orders (I)(A) Authorizing Certain Debtors’ Entry into the Stalking Horse Purchase Agreement, (B) Authorizing and Approving the Bidding Procedures and Break-Up Fee, (C) Approving the Notice Procedures, (D) Authorizing the Filing of Certain Documents Under Seal and (E) Setting a Date for the Sale Hearing and (II) Authorizing and Approving the Sale of Certain Assets of Kodak Imaging Network Inc. Free and Clear of All Claims and Interests and attached hereto as Exhibit 2 is the Amended Exhibit A to the Motion.

Dated: March 14, 2012
New York, New York

/s/ Andrew G. Dietderich

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EXHIBIT 1

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

In re:

EASTMAN KODAK COMPANY, *et al.*,¹

Debtors.

Chapter 11

Case No. 12-10202 (ALG)

(Jointly Administered)

**DECLARATION OF ANTOINETTE P. MCCORVEY
IN SUPPORT OF THE DEBTORS' MOTION FOR ORDERS (I)(A) AUTHORIZING
CERTAIN DEBTORS' ENTRY INTO THE STALKING HORSE PURCHASE
AGREEMENT, (B) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES
AND BREAK-UP FEE, (C) APPROVING THE NOTICE PROCEDURES,
(D) AUTHORIZING THE FILING OF CERTAIN DOCUMENTS UNDER SEAL AND
(E) SETTING A DATE FOR THE SALE HEARING AND (II) AUTHORIZING AND
APPROVING THE SALE OF CERTAIN ASSETS OF KODAK IMAGING
NETWORK INC. FREE AND CLEAR OF ALL CLAIMS AND INTERESTS**

I, Antoinette P. McCorvey, declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury:

1. I am over the age of 18 and am competent to testify. I am the Chief Financial Officer and Senior Vice President at Eastman Kodak Company ("**Kodak**"). I submit this declaration in support of the motion (the "**Motion**")² of Kodak, on behalf of itself and its affiliated debtors and debtors in possession in these chapter 11 cases (collectively, the "**Debtors**"), for an order (i)(a) authorizing Kodak Imaging Network, Inc. ("**KIN**") and Eastman Kodak Company ("**Kodak**" and, together with KIN, the "**Sellers**") to enter into that certain

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² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

transfer agreement dated as of March 1, 2012, with Shutterfly, Inc. (the “**Stalking Horse Purchaser**”) as a “stalking-horse” sale agreement (the “**Stalking Horse Purchase Agreement**”), (b) authorizing and approving the Proposed Bidding Procedures and the Break-Up Fee, including granting administrative expense status to the Break-Up Fee, (c) approving the Notice Procedures, (d) authorizing the Debtors to file certain documents under seal and (e) setting the time, date and place for the Sale Hearing; (ii) authorizing and approving the sale of certain of KIN’s “Kodak Gallery” business assets, free and clear of all claims and interests, pursuant to section 363 of the Bankruptcy Code, except for Permitted Encumbrances (as defined in the Stalking Horse Purchase Agreement); and (iii) granting such other and further relief as the Bankruptcy Court deems just and proper.

2. Except as otherwise indicated, the facts and statements set forth in this declaration are based upon my review of relevant documents, information provided to me or verified by other executives, employees or the Debtors’ professional advisors, and my experience, knowledge and information concerning the Gallery Business (as defined below) and its operations and financials generally. I am authorized to make this declaration on behalf of the Debtors, and, if called upon to testify, I would testify competently to the facts set forth herein.

Qualifications

3. I was elected the Chief Financial Officer and Senior Vice President of Kodak effective November 5, 2010. I am responsible for worldwide financial operations at Kodak, including Corporate Financial Planning and Analysis, Treasury, Audit, Controllershship, Tax, Investor Relations, Aviation, Corporate Business Development, Worldwide Information Systems, and Global Purchasing.

4. I received a degree in Finance and Accounting and an MBA from the University of West Florida in Pensacola. I am a Certified Management Accountant and served on the Board of Directors of the Information Technology Industry Council (ITI) for 2009-2010.

5. Prior to Kodak, I had a 20-year career with Monsanto/Solutia, and my last assignment at Solutia, Inc. (the former Chemical Company of Monsanto) was Vice President/General Manager of Nylon, Plastics, Polymers and Industrial Fibers.

6. Since joining Kodak in December 1999 as Director, Finance, Imaging Materials Manufacturing, I have held assignments of increasing responsibility including Director, Finance, Global Manufacturing and Logistics; Director, Finance, Corporate Financial Planning and Analysis; and Director, Finance and Vice President, Consumer Digital Imaging Group. In March 2007, I was appointed Director & Vice President of Investor Relations at Kodak. I was elected a corporate vice president by the Board of Directors in December 2007.

Factors Leading to the Proposed Sale

7. As part of their continuing global restructuring, the Debtors, together with their advisors, have been evaluating their strategic alternatives for certain non-core businesses, such as “Kodak Gallery”, an online-based photo sharing and merchandise service (the “**Gallery Business**”), which is no longer essential to the Debtors’ global business strategy.

8. Over the past five years, the Gallery Business has suffered deterioration in customers, orders and revenue. To become competitive, the Gallery Business would require significant investment—including investment in marketing, infrastructure and consolidation of manufacturing resources. At the same time, the Gallery Business faces increased competition both from new entrants in the market and from retailers, as well as challenges in growing its member and customer base as a result of changing consumer behavior on social media platforms.

The Marketing Process

9. Starting in the third quarter of 2010, the Sellers, together with their advisors, launched a wide-ranging marketing and sale process for the Gallery Business, canvassing the marketplace to identify suitable purchasers. Initially, the Sellers and their advisors focused on strategic buyers. The Sellers contacted over thirty parties and engaged in preliminary discussions with Shutterfly, Inc. (the “**Stalking Horse Purchaser**”) and several other potential strategic buyers.

10. Although several confidentiality agreements and five letters of intent were signed by interested parties, Kodak’s business decision to exclude certain patent transfers from the proposed sale and continued losses at the Gallery Business, only the bid from the Stalking Horse Purchaser was at a level deemed acceptable. However, discussions between Kodak and the Stalking Horse Purchaser regarding a transaction were terminated in December 2010, and disagreements between the parties regarding an intellectual property license led to the commencement by Kodak of litigation against the Stalking Horse Purchaser.

11. A second phase of the process was initiated in February 2011 with a focus on financial sponsors. During this phase, over fifteen parties were contacted, almost all of whom executed non-disclosure agreements, and five letters of intent were signed. Yet, none of the parties contacted submitted a final bid, partly because the Gallery Business continued to sustain significant losses and partly due to Kodak’s business decision not to include a license of its intellectual property as part of the transaction. In August 2011, the Sellers and the Stalking Horse Purchaser agreed to resume their dialogue regarding a potential transaction involving the Gallery Business.

12. Between September 2011 and February 2012, the Sellers had discussions with approximately thirty parties regarding a possible sale of the Gallery Business. A report by

the Wall Street Journal in November 2011 regarding Kodak's interest in selling the Gallery Business resulted in in-bound calls regarding the Gallery Business, as did subsequent reports regarding these chapter 11 cases. This renewed interest led to two parties (including the Stalking Horse Purchaser) submitting offers for the Gallery Business.

13. On February 22, 2012, the Stalking Horse Purchaser sent Kodak a non-binding indication of interest, which included a proposed structure for the transaction and a valuation based on that structure. The Stalking Horse Purchaser's proposal did not require a grant of any intellectual property license, implied or otherwise, or other transfer of Kodak's patents, brands or trademarks. Due to the past dialogue among the Sellers and the Stalking Horse Purchaser, the Stalking Horse Purchaser's due diligence was practically complete at that stage.

14. The other interested party submitted a less desirable and more complex proposal. Accordingly, having explored a number of proposed structures for the sale of the Gallery Business, the Debtors, together with their advisors, determined that the Stalking Horse Purchaser's proposal was the highest and best proposal, and would serve as an appropriate floor for the Auction. Based on the Stalking Horse Purchaser's letter of interest and proposal, the parties had arm's-length and good faith negotiations regarding the Stalking Horse Purchase Agreement, the Proposed Bidding Procedures and the proposed forms of the Bidding Procedures Order and Sale Order. On March 1, 2012, the Sellers and the Stalking Horse Purchaser executed the Stalking Horse Purchase Agreement.

Bidding Procedures

15. The Stalking Horse Purchase Agreement is subject to higher or better offers, which will facilitate the competitive bidding process and ensure that the Sellers receive the maximum value for the Acquired Assets. I believe that the Proposed Bidding Procedures

developed by the Debtors in negotiation with the Stalking Horse Purchaser will provide a fair and reasonable process by which to receive, compare and evaluate bids.

16. The Proposed Bidding Procedures recognize the Debtors' fiduciary obligations to maximize the sale value of the Acquired Assets, and, as such, do not impair the Debtors' ability to consider all Qualified Bids, and preserves the Debtors' right to modify the Proposed Bidding Procedures as necessary or appropriate to maximize value for their estates, after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, and with the consent of the Stalking Horse Purchaser in certain limited circumstances.

17. In my opinion, the Proposed Bidding Procedures establish "ground rules" that are reasonable and fair, and will produce orderly yet competitive bidding for the Acquired Assets by financially capable interested parties. Such a process will maximize sale value for the Acquired Assets in the most expeditious manner possible, while respecting the Debtors' fiduciary obligations to their estates. I understand, upon the advice of counsel, that the Proposed Bidding Procedures are consistent with those regularly approved by courts in this district in comparable situations.

Stalking Horse Bid Protections

18. The Debtors agreed to bid protections for the Stalking Horse Purchaser, including the Break-Up Fee and minimum bid increments for the Auction, subject to approval of the Bankruptcy Court. In my opinion, the benefit to the Debtors' estates of the Break-Up Fee and the minimum bid increments exceeds the costs of such bid protections. These bid protections were material inducements and essential conditions for the Stalking Horse Purchaser's participation in the sale process. It is my opinion that the Stalking Horse Purchaser would not have expended the considerable time, resources and efforts necessary to evaluate the

Acquired Assets and enter into the Stalking Horse Purchase Agreement, which is subject to higher and better offers, without the proposed bid protections.

19. It is my opinion that the bid protections described in the Proposed Bidding Procedures are reasonable and fair for a transaction of this size, appropriate and warranted under the circumstances, and provide a benefit to the Debtors' estates and their creditors.

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

Dated: March 14, 2012
New York, New York

Eastman Kodak Company

/s/ Antoinette P. McCorvey

Antoinette P. McCorvey
Chief Financial Officer and Senior Vice
President

EXHIBIT 2

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

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

ORDER (A) AUTHORIZING CERTAIN DEBTORS' ENTRY INTO THE STALKING HORSE PURCHASE AGREEMENT, (B) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES AND BREAK-UP FEE, (C) APPROVING THE NOTICE PROCEDURES, (D) AUTHORIZING THE FILING OF CERTAIN DOCUMENTS UNDER SEAL AND (E) SETTING A DATE FOR THE SALE HEARING

Upon the motion (the “**Motion**”)² of Eastman Kodak Company, on behalf of itself and its affiliated debtors and debtors in possession in these chapter 11 cases (collectively, the “**Debtors**”), for an order (i)(a) authorizing Kodak Imaging Network, Inc. (“**KIN**”) and Eastman Kodak Company (“**Kodak**” and, together with KIN, the “**Sellers**”) to enter into that certain transfer agreement dated as of March 1, 2012, with Shutterfly, Inc. (the “**Stalking Horse Purchaser**”) for the sale of certain assets of KIN’s business “Kodak Gallery” (as further defined in the Stalking Horse Purchase Agreement, the “**Acquired Assets**”) as a “stalking-horse” sale agreement (as appended to the Motion as Exhibit B and, together with all Schedules and Exhibits thereto, the “**Stalking Horse Purchase Agreement**”), (b) authorizing and approving the bidding procedures (appended hereto as Exhibit 1, the “**Bidding Procedures**”) and the Break-Up Fee (as

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² All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

defined below), including³ granting administrative expense status to the Break-Up Fee, (c) approving the form and manner of notice of the Sale (the “**Notice Procedures**”), (d) authorizing the Debtors to file certain documents under seal and (e) setting the time, date and place for a hearing (the “**Sale Hearing**”) to consider the sale of the Acquired Assets (the “**Sale**”); (ii) authorizing and approving the sale of the Acquired Assets, free and clear of all claims and interests, pursuant to section 363 of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”), except as set forth in the Stalking Horse Purchase Agreement; and (iii) granting such other and further relief as this Court deems just and proper; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); ”[; and upon consideration of the Sale Declaration]; and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that, except as otherwise ordered herein, no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:⁴

A. The statutory and legal predicates for the relief requested in the Motion are sections 105 and 363 of the Bankruptcy Code, and rules 2002, 6004, and 9018 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 6004-1 of the Local Rules

³ For the avoidance of doubt, as used in this Order, “including” means “including without limitation”.

⁴ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact to the fullest extent of the law. See Fed. R. Bankr. P. 7052.

for the United States Bankruptcy Court for the Southern District of New York (the “**Local Rules**”).

B. Good and sufficient notice of the relief granted by this Order has been given and no further notice is required. A reasonable opportunity to object or be heard regarding the relief granted by this Order (including with respect to the proposed Bidding Procedures and the Break-Up Fee) has been afforded to those parties entitled to notice pursuant to Bankruptcy Rule 6004(a).

C. The Debtors’ proposed sale notice, substantially in the form attached to the Motion as Exhibit D (the “**Sale Notice**”), is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Auction (if necessary), and the Sale Hearing, and no other or further notice is required.

D. No further or other notice beyond that described in the foregoing Paragraphs is required in connection with the Transactions.

E. The Bidding Procedures, in the form attached hereto as Exhibit 1, are fair, reasonable, and appropriate and are designed to maximize recovery with respect to the sale of the Acquired Assets.

F. The Debtors have demonstrated compelling and sound business justifications for authorizing the sale of the Acquired Assets, entry into the Stalking Horse Purchase Agreement and the payment of the Break-Up Fee under the circumstances, timing, and procedures set forth herein, in the Motion and in the Stalking Horse Purchase Agreement.

G. Entry into the Stalking Horse Purchase Agreement with the Stalking Horse Purchaser as a “stalking-horse” sale agreement is in the best interest of the Debtors and the Debtors’ estates and creditors. The Stalking Horse Purchase Agreement will enable the Debtors

to secure an adequate floor for the Auction and will provide a clear benefit to the Debtors' estates.

H. The Break-Up Fee is fair and reasonable and provides a benefit to the Debtors' estates and creditors.

I. The Debtors' payment of the Break-Up Fee under the conditions set forth in section 7.2 of the Stalking Horse Purchase Agreement is (a) an actual and necessary cost of preserving the Debtors' estates, within the meaning of section 503(b) of the Bankruptcy Code, (b) of substantial benefit to the Debtors' estates and creditors and all parties in interest herein, (c) reasonable and appropriate, and (d) necessary to ensure that the Stalking Horse Purchaser will continue to pursue the proposed Stalking Horse Purchase Agreement to undertake the sale of the Acquired Assets. Notwithstanding anything to the contrary in this or any other order of this Court, the Break-Up Fee shall constitute an administrative expense with priority pursuant to sections 503(b) and 507(a)(2) of the Bankruptcy Code.

J. The filing of certain documents under seal, including Exhibit A to the Stalking Horse Purchase Agreement, is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein.

K. The Bidding Procedures comply with the requirements of Local Rule 6004-1.

L. The entry of this Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein; and therefore

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

The Bidding Procedures

2. The Bidding Procedures attached hereto as Exhibit 1 are hereby approved.

The Debtors are hereby authorized to conduct a sale by auction of the Acquired Assets pursuant to the Bidding Procedures and the terms of this Order.

3. The Stalking Horse Purchaser shall be deemed a Qualified Bidder pursuant to the Bidding Procedures for all purposes for so long as the Stalking Horse Purchase Agreement is in effect.

4. The Bidding Procedures shall apply to the Potential Bidders and Qualified Bidders and the conduct of the sale of the Acquired Assets and the Auction.

The Stalking Horse Purchase Agreement

5. Subject to the Bidding Procedures and approval of the sale at the Sale Hearing, the Debtors' entry into the Stalking Horse Purchase Agreement is hereby approved.

The Break-Up Fee

6. To the extent due under section 7.2 of the Stalking Horse Purchase Agreement, the Debtors are authorized to pay to the Stalking Horse Purchaser a fee of six-hundred thousand dollars (\$600,000) (the "**Break-Up Fee**"), which shall be payable as provided for pursuant to the terms of the Stalking Horse Purchase Agreement.

7. The Debtors' obligation to pay the Break-Up Fee pursuant to section 7.2 of the Stalking Horse Purchase Agreement shall survive termination of the Stalking Horse Purchase Agreement, shall constitute an administrative expense claim under section 503(b) of the Bankruptcy Code, and shall be payable under the terms and conditions of the Stalking Horse Purchase Agreement and this Order, notwithstanding section 507(a) of the Bankruptcy Code.

Notice Procedures

8. The Sale Notice, in substantially the same form as annexed to the Motion as Exhibit D, is sufficient to provide effective notice to all interested parties of the Bidding Procedures, the Auction and the Sale, pursuant to Bankruptcy Rules 2002(a)(2) and 6004 and the Case Management Procedures, as applicable, and are hereby approved.

9. As soon as reasonably practicable after entry of this Bidding Procedures Order, the Debtors (or their agent) shall serve the Sale Notice, in substantially the form attached as Exhibit D to the Motion, by first-class mail, postage prepaid, and/or via overnight mail, facsimile, hand delivery or electronic transmission upon (i) all entities reasonably known to have expressed an interest in a transaction with respect to the Acquired Assets since August 1, 2010, (ii) all entities reasonably known to have asserted any claim, lien, encumbrance or interest in the Acquired Assets, (iii) the Office of the United States Trustee for the Southern District of New York; (iv) Milbank, Tweed, Hadley & McCloy LLP, counsel to the Creditors' Committee; (v) counsel to any other statutory committee appointed in these chapter 11 cases; (vi) counsel to the agent under the prepetition revolving credit facility; (vii) U.S. Bank, National Association, as indenture trustee; (viii) Wilmington Trust, National Association, as indenture trustee; (ix) the Securities and Exchange Commission; (x) the Internal Revenue Service; (xi) the Environmental Protection Agency; (xii) Davis Polk & Wardwell LLP, counsel to Citicorp North America, Inc., as agent for the Debtors' postpetition secured lenders; (xiii) Akin Gump Strauss Hauer & Feld LLP, counsel to the Ad Hoc Committee of Second Lien Noteholders; (xiv) all parties requesting notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002; and (xv) the additional persons agreed between the Debtors and the Stalking Horse Purchaser to be served in accordance with the terms of the Stalking Horse Purchase Agreement (collectively, the "**Notice Parties**").

Objection Procedures

10. Any party that seeks to object to the relief requested in the Motion pertaining to approval of the sale of the Acquired Assets shall file a formal objection that complies with the objection procedures as set forth in the Motion. Each objection shall state the legal and factual basis of such objection and may be orally supplemented at the Sale Hearing.

11. Any and all written objections as contemplated by this Order must be: (a) in writing; (b) signed by counsel or attested to by the objecting party; (c) in conformity with the Bankruptcy Rules, the Local Rules and the Case Management Procedures; (d) filed with the Bankruptcy Court; and (e) served on (i) the Debtors, (ii) Sullivan & Cromwell LLP, counsel to the Debtors, (iii) Nixon Peabody LLP, counsel to the Debtors, (iv) the Stalking Horse Purchaser, (v) Vectis Law Group, counsel to the Stalking Horse Purchaser and (vi) the Notice Parties in accordance with the Case Management Procedures so as to be received on or before the appropriate deadline as set forth in the Motion.

12. Failure to object to the relief requested in the Motion shall be deemed to be “consent” for purposes of section 363(f) of the Bankruptcy Code.

13. The General Objection Deadline (as defined in the Motion) is **4:00 p.m. (ET) on April 23, 2012.**

14. The Supplemental Objection Deadline (as defined in the Motion) is **5:00 p.m. (ET) on April 27, 2012.**

15. All objections to the Motion or the relief requested therein (and all reservations of rights included therein), as it pertains to the entry of this Order, are overruled to the extent they have not been withdrawn, waived or otherwise resolved.

Other Relief Granted

16. The Auction is scheduled for **10:00 a.m. (ET) on April 26, 2012** at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004 or such later time or other location as shall be timely communicated in accordance with the Bidding Procedures.

17. The Sale Hearing shall be held in this Court at **11:00 a.m. (ET) on April 30, 2012**. The Sale Hearing may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Hearing or by the filing of a hearing agenda.

18. The Debtors are authorized to conduct the Sale (as defined in the Bidding Procedures) in accordance with the Bidding Procedures and without the necessity of complying with any state or local bulk transfer laws or requirements.

19. The Debtors are authorized to file Exhibit A to the Stalking Horse Purchase Agreement under seal. The Debtors shall provide such Exhibit to the Clerk's Office of the United States Bankruptcy Court for the Southern District of New York in a prominently marked envelope with a cover sheet attached containing (i) the caption, (ii) the docket number of the Motion, (iii) the docket number of this Order, (iv) a statement identifying the contents of the envelope as Exhibit A and (v) the legend "DOCUMENTS TO BE KEPT UNDER SEAL" in bold print.

20. In the event there is a conflict between this Order and the Motion or the Stalking Horse Purchase Agreement, this Order shall control and govern.

21. This Order shall be binding in all respects upon any trustees, examiners, "responsible persons" or other fiduciaries appointed in the Debtors' bankruptcy cases or upon a conversion to chapter 7 under the Bankruptcy Code.

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

23. Notwithstanding any provision in the Federal Rules of Bankruptcy Procedure to the contrary, (i) the terms of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise, (ii) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and (iii) the Debtors may, in their discretion and without further delay, take any action and perform any act authorized under this Order. For the avoidance of doubt, the Break-Up Fee approved by this Order shall be immediately appealable and failure to appeal in accordance with the Bankruptcy Rules or other applicable law shall constitute a waiver of such rights.

24. All net proceeds from the consummation of the Sale or the Alternative Transaction (as defined in the Stalking Horse Purchase Agreement) shall be treated in accordance with the terms of the Debtors' postpetition secured debtor-in-possession financing (the "**DIP Financing**") and any order of this Court approving the DIP Financing.

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

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

27. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

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

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

Dated: [•], 2012
New York, New York

Allan L. Gropper
United States Bankruptcy Judge

Exhibit 1

Blackline of Revised Bidding Procedures

BIDDING PROCEDURES

The procedures set forth herein (the “Bidding Procedures”) govern the proposed sale (the “Sale”) by Eastman Kodak Company (“Kodak”) and Kodak Imaging Network, Inc. (“KIN”), as debtors and debtors in possession (collectively, the “Debtors” or “Sellers”) of certain assets of KIN’s business “Kodak Gallery” (the “Transferred Assets”).

The Sale will be implemented pursuant to the Transfer Agreement, dated March 1, 2012 (as it may be amended, the “Stalking Horse Purchase Agreement” or the “Stalking Horse Bid”), by and among Shutterfly, Inc. (the “Stalking Horse Purchaser”) and Sellers, subject to the receipt of higher or otherwise better bids in accordance with these Bidding Procedures. All capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Stalking Horse Purchase Agreement.

These Bidding Procedures describe, among other things, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), the receipt and negotiation of bids received, the conduct of any subsequent Auction (as defined below), the ultimate selection of the Successful Bidder(s) (as defined below), and Bankruptcy Court approval of the Sale (collectively, the “Bidding Process”). Where these Bidding Procedures state that an election is to be made or action taken by the Debtors, such decision or action shall be made in the sole discretion of the Debtors unless otherwise indicated.

The form of these Bidding Procedures was approved by order dated [_____] (the “Bidding Procedures Order”), of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) (in which the Debtors’ chapter 11 bankruptcy cases, jointly administered under Case No. 12-10202 (ALG), are pending) pursuant to Debtors’ Motion for Orders (I)(A) Authorizing Debtors’ Entry into the Stalking Horse Purchase Agreement, (B) Authorizing and Approving the Bidding Procedures and Break-Up Fee, (C) Approving the Notice Procedures, (D) Authorizing the Filing of Certain Documents under Seal and (E) Setting a Date for the Sale Hearing and (II) Authorizing and Approving the Sale of Certain Assets of Kodak Imaging Network, Inc. Free and Clear of All Claims and Interests, filed March 2, 2012.

If the Stalking Horse Purchase Agreement is terminated by Sellers or the Stalking Horse Purchaser for any reason at any time prior to the consummation of a Successful Bid (as defined below), the Debtors may elect to terminate the Bidding Process. If the Debtors elect to terminate the Bidding Process, neither the Stalking Horse Purchaser nor the Debtors will have any obligations with respect thereto; provided that, for the avoidance of doubt, such termination of the Bidding Process will not affect Sellers’ obligations with respect to the Break-Up Fee or any liability of the Stalking Horse Purchaser for breach, in each case as provided in the Stalking Horse Purchase Agreement.

Preliminary Participation Requirements

In order to participate in the Bidding Process, each interested person or entity must deliver the following documents to the parties described below (the “Preliminary Bid Documents”), together with such other documents as the Debtors may request:

- (a) an executed confidentiality agreement (a “Bidder Confidentiality Agreement”), which shall inure to the benefit of any purchaser of the Transferred Assets, and shall be in the form attached hereto as Appendix A or in such other form as the Debtors may require in light of the nature of the confidential information to be shared and the identity and business of the interested person or entity; and
- (b) preliminary proof of the financial capacity of the potential bidder to close the Sale, which may include current unaudited or verified financial statements of, or verified financial commitments obtained by, the potential bidder (or, if the potential bidder is an entity is formed for the purpose of acquiring the Transferred Assets, the party that will fund the purchase price and bear liability for a breach of the Stalking Horse Purchase Agreement), the adequacy of which the Debtors and its advisors will determine their discretion after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent (as defined below).

The Preliminary Bid Documents must be transmitted so as to be received no later than 10:00 a.m., Eastern Time, on April 3, 2012, by each of the following parties (collectively, the “Notice Parties”): (a) the Debtors, c/o Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0126 (Attn: Jeremy R. Salesin and Dorothy H. Cusker); (b) Sullivan & Cromwell LLP, counsel to the Debtors, 125 Broad Street, New York, New York 10004 (Attn: Andrew G. Dietderich and Michael H. Torkin); (c) Nixon Peabody LLP, counsel to the Debtors, 1300 Clinton Square, Rochester, NY 14604 (Attn: Deborah J. McLean, Esq.); (d) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Brian S. Masumoto, Esq.); (e) Milbank, Tweed, Hadley & McCloy LLP, counsel to the Official Committee of Unsecured Creditors, 1 Chase Manhattan Plaza, New York, New York (Attn: Dennis F. Dunne, Tyson M. Lomazow and Brian Kinney); (f) Akin Gump Strauss Hauer & Feld LLP, counsel to the Ad Hoc Committee of Second Lien Noteholders, One Bryant Park, New York, New York 10036 (Attn: Michael S. Stamer, David Botter and Stephen Kuhn); (g) Davis Polk & Wardwell LLP, counsel to Citicorp North America, Inc., as agent for the Debtors' postpetition secured lenders (the “DIP Agent”), 450 Lexington Ave, New York, New York 10017 (Attn: Marshall S. Huebner and Brian M. Resnick); (h) the Stalking Horse Purchaser, c/o Shutterfly, Inc., 2800 Bridge Parkway, Redwood City, CA 94065 (Attn: Charlotte Falla); and (i) Vectis Law Group, counsel to the Stalking Horse Purchaser, 2225 E. Bayshore Road, Suite 200, Palo Alto, CA 94303 (Attn: Patrick M. Costello); provided, however, that the Debtors may consider Preliminary Bid Documents submitted after the foregoing deadline if the Debtors, after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, determine it will be helpful to the success of the Bidding Process.

Within three (3) Business Days after a potential bidder delivers the Preliminary Bid Documents, the Debtors shall determine after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent and notify such potential bidder whether it qualifies as a “Potential Bidder” and deliver to such Potential Bidder an electronic copy of the Stalking Horse Purchase Agreement, together with all exhibits and schedules thereto; provided that the Debtors may redact any information contained therein that the Debtors determine to be confidential commercial information. The Stalking Horse Purchaser will be considered a Potential Bidder so long as the Stalking Horse Purchase Agreement is in effect. No

person or entity which does not qualify as a Potential Bidder may bid or otherwise participate in the Bidding Process.

Due Diligence

Until the Bid Deadline (as defined below) and subject to the Bidder Confidentiality Agreement, the Debtors may provide in their discretion such due diligence access or additional information as may be reasonably requested by any Potential Bidder. All due diligence requests shall be directed to Subra Narayan, Eastman Kodak Company, c/o Donna Listrani, 343 State Street, Rochester, NY 14650 (t: 650.350.4077, Email: subra.narayan@kodak.com), or Kenneth Fillion, Eastman Kodak Company, 343 State Street, Rochester, NY 14650 (t: 585.724.5800, Email: kenneth.fillion@kodak.com).

Each Potential Bidder who submits a bid will be deemed to acknowledge and represent that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets and liabilities of the Debtors and their Affiliates in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express, implied, by operation of law or otherwise, regarding the Debtors or their Affiliates, or the completeness of any information provided in connection with its bid or the Bidding Process, except to the extent expressly stated in definitive documentation entered into by the Debtors and the Successful Bidder.

Bid Deadline

A Potential Bidder who desires to make a bid must deliver the Bid Requirements (as defined below) so as to be received by the Notice Parties no later than 10:00 a.m., Eastern Time, on April 20, 2012 (the “Bid Deadline”). The Debtors may extend the Bid Deadline in their discretion after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent. If the Debtors extend the Bid Deadline, the Debtors will promptly notify all Potential Bidders, the Creditors’ Committee, the Second Lien Noteholders Committee and the DIP Agent of such extension.

Bid Requirements

A bid will be considered only if the bid includes all of the following (the “Bid Requirements”):

- (a) authorization for the Debtors to provide the Bid Documents and Marked Agreement to the Notice Parties;
- (b) a duly authorized and executed Stalking Horse Purchase Agreement to purchase all or a substantial portion of the Transferred Assets, including the purchase price for the Transferred Assets, together with all exhibits, schedules and ancillary agreements, together with a version marked to show those amendments and modifications to the Stalking Horse Purchase Agreement (a “Marked Agreement”) and the proposed Sale Order, which may not be materially more burdensome to the Debtors than the Stalking Horse Purchase Agreement or inconsistent with these Bidding Procedures;

- (c) constitutes a good faith, bona fide offer to purchase the Transferred Assets and to assume such liabilities as the Proposed Bidder proposes to assume;
- (d) results in a value (after provision for the payment of the Break-Up Fee) as determined by the Debtors pursuant to the Bid Assessment Criteria, either individually or, in conjunction with another Qualified Bid, greater than or equal to the net value the Debtors would receive under the Stalking Horse Purchase Agreement plus \$500,000.00 (it being understood that the Debtors will value any assumption of liabilities or other non-cash consideration in their discretion);
- (e) the identity of each entity that will be participating in connection with the bid and the terms of such participation;
- (f) the identity of the assets to be purchased and the contracts and leases to be assumed;
- (g) an unambiguous commitment to pay all amounts required to cure any defaults pursuant to section 365(b) of the Bankruptcy Code and to provide adequate assurance of future performance under any executory contracts or unexpired leases the Potential Bidder proposes to be assumed;
- (h) information sufficient in the judgment of the Debtors, after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, to demonstrate to the satisfaction of the Debtors that the Potential Bidder has the financial wherewithal and operational ability to consummate the transaction contemplated by the Marked Agreement, or in the absence of such financial wherewithal, written evidence of a firm commitment for financing the consummation of the transaction contemplated by the Marked Agreement, or other evidence of ability to consummate the transaction contemplated by the Marked Agreement that is satisfactory to the Debtors after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent;
- (i) unless the Debtors otherwise determine, is not conditioned on any contingency, including, without limitation, obtaining any of the following: (i) financing, (ii) shareholder or board of directors approval, and/or (iii) the outcome or completion of a due diligence review;
- (j) evidence of approval by the board of directors (or other appropriate governing body) of the Potential Bidder, and, if applicable, its parent company, with respect to the submission of the bid and the execution and delivery of the Marked Agreement and the proposed Sale Order;
- (k) identifies with particularity each and every condition to closing;
- (l) is received on or before the Bid Deadline;
- (m) unless the Debtors otherwise determine, includes a cash deposit equal to 10% of the Purchase Price under the Stalking Horse Purchase Agreement to an escrow account designated by the Debtors (the “Good Faith Deposit”);
- (n) does not include an entitlement to any break-up fee, transaction fee, termination fee or any similar type of payment or, unless the Debtors otherwise determine, any expense reimbursement or any similar type of reimbursement; and

- (o) is irrevocable until such outside date as the Debtors determine or the earlier consummation of a transaction with the Successful Bidder or an Alternative Bidder.

A Potential Bidder who submits a bid that satisfies all of the Bid Requirements and the Due Diligence Requirements (as defined below) shall be a “Qualified Bidder” and its submitted bid will constitute a “Qualified Bid.” The Debtors shall notify the Potential Bidders whether their bids have been determined to be Qualified Bids by no later than 5:00 p.m., Eastern Time, on April 24, 2012. The Stalking Horse Purchaser shall be deemed a Qualified Bidder and the Stalking Horse Purchase Agreement shall be deemed a Qualified Bid for all purposes in connection with the Bidding Process.

Evaluation of Qualified Bids

Prior to the Auction (as defined below), the Debtors shall evaluate the Qualified Bids and identify the Qualified Bid or combination of Qualified Bids that is, in the Debtors’ judgment after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, the highest or otherwise best offer (the “Starting Bid”). Within twenty-four (24) hours of such determination, but in no event later than one (1) Business Day prior to the date of the Auction, the Debtors shall distribute copies of the Starting Bid to each Qualified Bidder. If no Qualified Bids are received by the Bid Deadline, then the Auction will not occur, the Stalking Horse Purchase Agreement will be deemed the Successful Bid (as defined herein) and, subject to the Debtors’ termination rights under the Stalking Horse Purchase Agreement, the Debtors will pursue entry of the Sale Order as soon as practicable.

A Qualified Bid will be valued by the Debtors based upon several factors, including, without limitation, items such as the net value and recovery to the Debtors’ estates provided by such bid, the total consideration to be received by the Debtors, the number and complexity of transactions that would be required to consummate the Qualified Bid, the number of counterparties to such transactions, the amount of assets included or excluded from the Qualified Bid, whether the Qualified Bid contemplates offers of comparable employment to KIN Debtor’s employees, the number, type and nature of any changes to the Stalking Horse Purchase Agreement, the potential disruption to the Debtors that would result from the Qualified Bid being consummated in comparison to that resulting from the Stalking Horse Purchase Agreement and the likelihood and timing of consummating such transactions (the “Bid Assessment Criteria”), each as determined by the Debtors in their sole discretion. The Debtors’ determination of the value of a Qualified Bid, or the relative value of Qualified Bids, shall be final as between the Debtors, the Stalking Horse Purchaser and any Qualified Bidders and shall not be subject to challenge by the Stalking Horse Purchaser or any Qualified Bidder in such capacity.

Due Diligence from Bidders

Each Qualified Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their representatives (the “Due Diligence Requirements”). Failure of a Qualified Bidder to fully comply with the Due Diligence Requirements will be a basis for the Debtors to determine that a bid made by an otherwise Qualified Bidder is not a Qualified Bid.

Auction

In the event that, on or before the Bid Deadline, the Debtors receive one or more Qualified Bids in addition to the Stalking Horse Purchase Agreement, the Debtors will conduct an auction in accordance with the following procedures (the "Auction") upon notice to all Qualified Bidders. The Auction will commence at 10:00 a.m., Eastern Time, on April 26, 2012, at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004 or such later time or other place as the Debtors shall timely notify the Stalking Horse Bidder, all other Qualified Bidders and the Notice Parties.

- (a) Unless the Debtors otherwise determine, only the Debtors, the Stalking Horse Purchaser, any representative of each of the Creditors' Committee, the Second Lien Noteholders Committee and the DIP Agent, and any Qualified Bidder (and the legal and financial advisors to each of the foregoing), will be entitled to attend the Auction, and only the Stalking Horse Purchaser and the Qualified Bidders will be entitled to make any Subsequent Bids at the Auction.
- (b) The Debtors may employ and announce at the Auction additional procedural rules that they determine appropriate under the circumstances (e.g., the amount of time allotted to make Subsequent Bids) for conducting the Auction after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, provided that such rules are (i) not inconsistent with the Bidding Procedures Order, the Bankruptcy Code, the Bankruptcy Rules or any order of the Bankruptcy Court entered in connection herewith and (ii) disclosed to each Qualified Bidder.
- (c) Each Qualified Bidder will be required to confirm on the record of the Auction that it has not engaged in any collusion with respect to the bidding or the Sale.
- (d) Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid (a "Subsequent Bid") and (ii) the Debtors determine that such Subsequent Bid is (a) for the first round, a higher or otherwise better offer than the Starting Bid, and (b) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (defined below). The first minimum incremental bid at the Auction shall have a value as determined by the Debtor of at least \$500,000.00 over the Starting Bid, with any subsequent bid increases to be made in minimum increments of at least \$200,000.00. After the first round of bidding and between each subsequent round of bidding, the Debtors shall announce the bid (and the value of such bid) that they believe to be the highest or otherwise best offer (the "Leading Bid") and the time in which a Subsequent Bid must be received. The Debtors may permit 'passes' and otherwise modify these procedures as the Debtors determine appropriate in the circumstances after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent.
- (e) For purposes of evaluating the value of the consideration provided by Subsequent Bids (including any Subsequent Bid by the Stalking Horse Purchaser), the Debtors will give the Stalking Horse Purchaser a credit equal to the Break Up Fee.

- (f) Absent irregularities in the conduct of the Auction, the Bankruptcy Court will not consider bids made after the Auction is closed.

Selection Of Successful Bid

The Debtors reserve the right to (i) determine in their discretion, after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, which bid is the highest or best (the “Highest Bid(s)” and the bidder(s) making such bid(s), the “Highest Bidder(s)”) based on the Bid Assessment Criteria or such other considerations as they deem appropriate and (ii) reject at any time prior to entry of a Bankruptcy Court order approving an offer, without liability, any offer, other than the Stalking Horse Bid, that the Debtors, in their discretion after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, deem to be (x) inadequate or insufficient, (y) not in conformity with the requirements of the Bidding Procedures Order, the Bankruptcy Code, the Bankruptcy Rules or any order of the Bankruptcy Court entered in connection herewith or (z) contrary to the best interests of the Debtors. If an Auction is held, the Debtors shall be deemed to have accepted a Qualified Bid only when (i) such bid is declared the Highest Bid at the Auction and (ii) definitive documentation has been executed in respect thereof. Such acceptance is conditioned upon approval by the Bankruptcy Court of the Highest Bid and entry of the Sale Order approving such Highest Bid.

Sale Hearing

The Sale Hearing will be held before the Honorable Allan L. Gropper at 11:00 a.m., Eastern Time, on April 30, 2012, in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004. The Sale Hearing may be adjourned without further notice by an announcement of the adjourned date at the Sale Hearing. If the Debtors do not receive any Qualified Bids (other than the Qualified Bid of the Stalking Horse Purchaser), the Debtors will report the same to the Bankruptcy Court at the Sale Hearing and will proceed with a sale of the Transferred Assets to the Stalking Horse Purchaser following entry of the Sale Order in accordance with the terms of the Stalking Horse Purchase Agreement. If the Debtors do receive additional Qualified Bids, then, at the Sale Hearing, the Debtors will seek approval of the Highest Bid and, if the Highest Bid is not promptly approved and the Debtors so elect, the next highest or best Qualified Bid received in the Auction, as such will be determined by the Debtors after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent. The Qualified Bid approved by the Bankruptcy Court and reflected in the entry of the Sale Order shall be deemed to be the “Successful Bid”, and the applicable Qualified Bidder the “Successful Bidder”, for purposes hereof.

In addition, at the Debtors’ election, one or more other Qualified Bid(s) received in the Auction constituting the next highest or best bid(s) may be approved alongside the Successful Bid (such bids, the “Alternate Bid(s),” and such bidder(s), the “Alternate Bidder(s)”); *provided, however*, that in no event shall the Stalking Horse Purchase Agreement be deemed an Alternate Bid or the Stalking Horse Purchaser deemed an Alternate Bidder without the Stalking Horse Purchaser’s consent, in its sole discretion. Following approval of the Sale to the Successful Bidder(s), if the Successful Bidder(s) fail(s) to consummate the Sale because of (a) failure of a

condition precedent beyond the control of either the Debtors or the Successful Bidder(s) upon which occurrence the Debtors have filed a notice with the Bankruptcy Court advising of such failure or (b) a breach or failure to perform on the part of such Successful Bidder(s) upon which occurrence the Debtors have filed a notice with the Bankruptcy Court advising of such breach or failure to perform, then the Alternate Bid(s) will be deemed to be the Successful Bid(s) and the Debtors will be authorized, but not directed, to effectuate a Sale to the Alternate Bidder(s) subject to the terms of the Alternate Bid(s) of such Alternate Bidder(s) without further order of the Bankruptcy Court.

Break-Up Fee

If the Stalking Horse Purchaser is not the Successful Bidder and the Sale is consummated with a Successful Bidder pursuant to a Successful Bid, the Break-Up Fee shall be paid to the Stalking Horse Purchaser out of the first available proceeds received on account of the Successful Bid (the "Sale Proceeds") in accordance with the Stalking Horse Purchase Agreement; provided, however, that to the extent the Sale Proceeds do not cover the full amount of the Break-Up Fee, the Break-Up Fee shall be deemed an allowed expense of administration against Sellers and their estates under Section 503(b) of the Bankruptcy Code.

Return of Good-Faith Deposit

Each Good Faith Deposit shall be returned to each Qualified Bidder not selected by the Debtors as the Successful Bidder(s) or Alternative Bidder(s) by no later than the fifth (5th) Business Day following the conclusion of the Auction. The Good Faith Deposits of the Successful Bidder(s) and Alternative Bidder(s) will be retained in escrow until the earlier of (a) the closing of the Sale and (b) the permanent withdrawal of the Transferred Assets for sale by the Debtors. At the closing of the Sale contemplated by the Successful Bid, any Alternative Bidder(s)' Good Faith Deposit shall be returned to the Alternative Bidder(s) and the Successful Bidder(s) will be entitled to credit the amount of its Good Faith Deposit against the price paid for the Transferred Assets. If the Successful Bidder(s) fail to consummate the Sale because of a breach or failure to perform on the part of such Successful Bidder(s), the Successful Bidder(s)' Good Faith Deposit shall be forfeited to the Debtors as liquidated damages.

Beneficiaries; Modification of Procedures

No person or entity other than the Debtors and the Stalking Horse Purchaser shall be a beneficiary of or have a right to enforce these bidding procedures or the Bidding Process. The Debtors may amend these bidding procedures or the Bidding Process after consultation with the Creditors Committee, the Second Lien Noteholders Committee and the DIP Agent, *provided* that (a) no amendment inconsistent with the Stalking Horse Purchase Agreement may be made without the consent of the Stalking Horse Purchaser, such consent not to be unreasonably withheld, conditioned or delayed, and (b) no amendment to these Bidding Procedures shall affect the right of the Stalking Horse Purchaser to terminate the Stalking Horse Purchase Agreement, pursuant to the terms and conditions set forth therein, in the event of a delay in reaching the milestones specified therein.

Appendix A

Form of Bidder Confidentiality Agreement

PERSONAL AND CONFIDENTIAL

[•], 2012

[Recipient Address]

Re: Confidentiality Agreement

Ladies and Gentleman:

In connection with your consideration of a possible transaction (the "Transaction") with the Company whose name is set forth on the signature page hereto (the "Company") with respect to the Company's on-line imaging business (the "Business") you have requested information concerning the Business. The Company and its Representatives (as defined below) are prepared to make available to you certain information regarding the Business which is non-public, confidential or proprietary in nature. You acknowledge that Eastman Kodak Company and its affiliated debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., Case No. 12-10202 (ALG), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

By execution of this letter agreement (the "Confidentiality Agreement"), you agree to treat any information, regardless of the form in which it is communicated or maintained (whether oral or written and whether prepared by the Company or its Representatives or otherwise), concerning the Company that you or your Representatives may be provided by or on behalf of the Company in connection with the Transaction, whether furnished before or after the date hereof (collectively, the "Evaluation Material") in accordance with the provisions of this Confidentiality Agreement. The term "Evaluation Material" also includes all reports, analyses, memoranda, notes and other information that are based on, contain or reflect in whole or in part any Evaluation Material, whether prepared by you or your Representatives ("Notes"). The term "Evaluation Material" does not include information that (i) was in your possession prior to disclosure pursuant to this Confidentiality Agreement, provided that such information is not subject to another confidentiality agreement with or other obligation of secrecy to the Company or another party, or (ii) becomes generally available to the public other than as a result of a disclosure by you or your Representatives, or (iii) becomes available to you on a non-confidential basis from a source other than the Company or its Representatives, provided that such source is not bound by a confidentiality agreement with or other obligation of secrecy to the Company or another party.

The term "Representative" means, as to any person, such person's affiliates and its and their directors, officers, employees, agents, representatives, advisors (including, without limitation, financial advisors, counsel and accountants), controlling persons and lenders, and in your case, to the extent such person has been provided with or has had access to the Evaluation Material or has been directed by you or is acting on your behalf with respect to the Transaction. The term "person" shall be broadly interpreted to include, without

limitation, any corporation, company, partnership, other entity or individual. The term “law” means any applicable law, rule or regulation or valid legal process of a governmental entity.

You agree that you will not use the Evaluation Material for any purpose other than evaluating a possible Transaction. You agree not to disclose or allow disclosure to any person of any Evaluation Material, except that you may disclose Evaluation Material to your Representatives who are actively and directly participating in your evaluation of a Transaction or who otherwise need to review the Evaluation Material for the purpose of evaluating a Transaction (it being understood that you will inform such Representatives of the confidential nature of the Evaluation Material and cause those Representatives to observe the terms of this Confidentiality Agreement). You shall be responsible for any breach of this Confidentiality Agreement by you or any of your Representatives.

You agree that you and your Representatives will not make any disclosure that discussions or negotiations are taking place concerning a possible Transaction or any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof, or that you are evaluating a potential Transaction or that you have received Evaluation Material.

You understand and agree that neither the Company nor any of its Representatives (i) has made or make any representation or warranty, expressed or implied, as to the accuracy or completeness of the Evaluation Material or (ii) shall have any liability whatsoever to you or any of your Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom. You also agree that you are not entitled to rely on the accuracy or completeness of any Evaluation Material and that you shall be entitled to rely solely on such representations and warranties regarding Evaluation Material as may be made to you in any definitive agreement relating to a possible Transaction, subject to the terms and conditions of such agreement. For purposes of this Confidentiality Agreement, the term “definitive agreement” does not include an executed letter of intent or any other preliminary written agreement, nor does it include any written or verbal acceptance of an offer or bid on your part.

In the event that you or any of your Representatives are requested pursuant to, or required (by deposition, interrogatories, requests for information or documents in legal proceedings, subpoenas, civil investigative demand or similar process) by, law to disclose any Evaluation Material or any other information concerning the Company or the proposed Transaction, you will give the Company prompt written notice of such request or requirement so that the Company may consult with you with respect to the Company’s taking steps, at its own expense, to resist or narrow the scope of such request or requirement and/or seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Confidentiality Agreement (and you will cooperate with the Company to obtain such protective order or other appropriate remedy). In the event that such protective order or other remedy is not obtained or the Company waives compliance with the relevant provisions of this Confidentiality Agreement, you or your Representatives, as the case may be, will disclose only that portion of the Evaluation Material which, in the reasonable opinion of your counsel, is legally required to be

disclosed and will use your best efforts to obtain assurances that confidential treatment will be accorded to such Evaluation Material.

If you decide that you do not wish to proceed with a Transaction, you will promptly (i) notify the Company of that decision and (ii) destroy all copies of the Evaluation Material and destroy all Notes, in each case without retaining a copy thereof and, at the Company's request, certify in writing that you have effected such destruction. Notwithstanding the destruction of Evaluation Material and Notes, you and your Representatives will continue to be bound by your obligations of confidentiality hereunder with respect to the information contained therein.

Obligations of confidentiality and restriction of use with respect to Evaluation Material under this Agreement shall terminate three (3) years from the date hereof.

You agree that (i) the Company shall be free to conduct the process for a Transaction as it in its sole discretion shall determine (including, without limitation, negotiating with any prospective buyer and entering into definitive agreements without prior notice to you or any other person), (ii) any procedures relating to a Transaction may be changed at any time without notice to you or any other person, (iii) the Company shall have the right to reject or accept any potential buyer, proposal or offer, or to terminate discussions and negotiations with you, at any time for any reason whatsoever, in its sole discretion, and (iv) neither you nor any of your Representatives shall have any claims whatsoever against the Company or any of its Representatives arising out of this Agreement and relating to a Transaction.

You agree that no contract or agreement providing for a Transaction shall be deemed to exist between you and the Company unless and until a definitive agreement with respect to a Transaction has been executed and delivered by you and each of the other parties thereto. You further agree that unless and until a definitive agreement between the Company and you with respect to any Transaction has been executed and delivered, neither the Company nor you will be under any legal obligation of any kind whatsoever with respect to such Transaction by virtue of this Confidentiality Agreement or any other written or oral expression with respect to a Transaction except, in the case of this Confidentiality Agreement, for the matters specifically agreed to herein.

You agree that all (i) communications regarding a possible Transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings and (iv) discussions or questions regarding procedures, will be submitted or directed either to Jeremy Salesin or Subra Narayan at the Company.

You acknowledge that you shall not be provided any of the following types of information: (i) customer specific current or future pricing information; (ii) future marketing and product development plans (business strategies and plans); (iii) know how, pending patent applications, and trade secrets; (iv) customer-specific contract terms; (v) detailed cost information; (vi) production or output levels; (vii) sales and profitability by product line; or (viii) bid proposals (collectively "Highly Confidential Information"). Highly Confidential Information may be disclosed subsequently subject to all other terms of this Confidentiality Agreement which are applicable to the Evaluation Material, but only to persons identified

in advance in writing and who are not actively employed in any business which is competitive with the Business.

You agree that for a period of twelve months from the date of this Confidentiality Agreement neither you, nor any subsidiary or affiliate of yours, nor any person acting on your or their behalf, will, without obtaining the Company's prior written consent, directly or indirectly solicit for employment or employ any person who is employed by the Company as of the date hereof or at any time prior to the termination of discussions between you and the Company and with whom you came into contact in connection with the Transaction. The preceding sentence does not, however, prohibit you from soliciting employment by placement of general advertisements for employees in newspapers or other media of general circulation or engaging in other general solicitations of employment not specifically directed toward the Company's employees.

In consideration of the Evaluation Material being furnished to you, you hereby agree that, for a period of eighteen months from the date of this Agreement, unless such shall have been specifically invited in writing by the Company, neither you nor any of your affiliates or Representatives will in any manner, directly or indirectly, alone or in concert with others: (i) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way advise, assist or encourage any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (a) any acquisition of any securities (or beneficial ownership thereof (within the meaning of the Securities Exchange Act of 1934, as amended (the "1934 Act"))) or assets of, or claims against, the Company or any of its debtor affiliates, including any rights or options to acquire such securities, assets or claims; (b) any merger or other business combination involving the Company or any of its debtor affiliates; (c) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or any of its debtor affiliates; (ii) form, join or in any way participate in a "group" (as defined under the 1934 Act) with respect to any securities of or claims against the Company or any of its debtor affiliates; (iii) otherwise act to seek to control or influence the management, Board of Directors or policies of the Company or to seek to influence, advise or direct the vote or disposition of voting securities of or claims against the Company or any of its debtor affiliates; (iv) take any action which might force the Company to make a public announcement regarding any of the types of matters set forth in (i) above; or (v) enter into any discussions or arrangements with any third party with respect to any of the foregoing. You also agree during such period that you will not request the Company (or its directors, officers, employees or agents), directly or indirectly, to amend or waive any provision of this paragraph (including this sentence).

During the course of activity pursuant to this Confidentiality Agreement, it may be necessary for you and/or your Representatives to visit or inspect properties and facilities of the Company. All such visitation and inspection shall be at your sole risk, cost, and expense.

You agree that money damages may not be a sufficient remedy for any breach of this Confidentiality Agreement by you or your Representatives and that in addition to all other

remedies the Company shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach.

This Confidentiality Agreement contains the entire agreement between the parties hereto concerning confidentiality of the Evaluation Material and no modification of this Confidentiality Agreement or waiver of the terms and conditions hereof shall be binding upon you or the Company, unless in writing by each of you and the Company.

You acknowledge and agree that all of the terms of this Confidentiality Agreement are enforceable by the Company and its successors and assigns. You agree that no failure or delay by the Company in exercising any right, power or privilege under this Confidentiality Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder.

If any provision or portion of this Confidentiality Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Confidentiality Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law.

Any assignment of this Confidentiality Agreement by you without the Company's prior written consent shall be void. Subject to the foregoing, this Confidentiality Agreement shall be binding upon the successors and assigns of both parties.

This Confidentiality Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state, without regard to its conflicts of law principles. You hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the Bankruptcy Court with respect to any dispute arising under or relating to this Confidentiality Agreement.

This Confidentiality Agreement may be signed in one or more counterparts, each of which shall be deemed to be an original, and all of which when taken together shall constitute the same Confidentiality Agreement.

If you are in agreement with the foregoing, please so indicate by signing, dating and returning one copy of this Confidentiality Agreement, which will constitute an agreement between you and the Company with respect to the matters set forth herein.

Very truly yours,

EASTMAN KODAK COMPANY

By: _____

Its: _____

Date: _____

Confirmed and Agreed to:

COMPANY NAME

By: _____

Its: _____

Date: _____