

## Kodak Expected to Officially Emerge from Bankruptcy

By Matthew Daneman  
Kodak, in Chapter 11 bankruptcy for the past 20 months, is expected to officially emerge from bankruptcy Tuesday. That emergence -- approved by U.S. Bankruptcy Court last month -- triggers a slew of major events for the company. All of Eastman Kodak Co.'s old stock (EKDKQ) effectively ceases to exist. A new generation of stock shares will be created and go to entirely different investors, for the most part. Kodak's board gets replaced with a nine-person board, two-thirds new. Its Document Imaging and Personalized Imaging businesses become the property of the pension fund covering Kodak's United Kingdom workforce. As part of that transaction, roughly 3,200 Kodak workers will work instead for that pension fund. That emergence also means Kodak is no longer under the supervision of U.S. Bankruptcy Court and the scrutiny of the U.S. Trustee. "You have layers and layers of supervision and oversight and -- here's the big one -- expenses that are gone," said Robert Rock, senior counsel with the bankruptcy practice at Albany, N.Y., law firm Tully Rinckey PLLC. "There is kind of a 'Prometheus unbound' existence when you emerge." Like most major corporations, Kodak before bankruptcy had been largely owned by a variety of big financial firms and investment groups ranging from Vanguard Group to TIAA CREF. Post-bankruptcy, ownership of Kodak is largely in the hands of a variety of different investors -- these being the firms behind helping pay for its emergence from bankruptcy. While the 273 million old shares of Kodak stock are gone, its holders at least can write that loss off their taxes. But determining the value of that writeoff can be tricky, said Antoinette Spina, a CPA with Bailey Carr accounting firm in Brighton and Penn Yan, N.Y. If the stock was inherited, the value is the fair market value of those shares at the time of the death of the person giving the stock. If it was a gift, the capital loss to be written off starts with whatever the giver paid. "Grandpa for years and years bought you stock and paid \$500 for that stock. It might have been worth \$70,000 when Kodak was wonderful. Today, your loss is \$500." Same holds true for people who bought stock directly themselves, she said. One advantage of such capital loss write-offs is that they don't have to be used this year and carry forward until whoever owns the stock dies, Spina said. "If somebody had a big stock loss from Kodak, one thing I'd be doing is look up their other stocks they have," she said. "Do they have stock that has gains? Maybe this is the year to sell it, use up your losses from Kodak (plus the annual \$3,000 capital gains tax credit) and make those gains non-taxable." Because while capital gains tax rates today are relatively low, she said, "You don't know what's going to happen." Kodak spokesman Christopher Veronda said the company in coming days would take steps to get its new stock listed on one of the major stock exchanges, with a new trading symbol. Kodak's new shares won't be listed on an exchange immediately but could trade over the counter before then, he said. Once the bankruptcy is done, "I'd hope we could have a committed, positive working relationship with Kodak ... in support of a communications channel to retirees," said Art Roberts, head of Kodak retiree organization EKRA Ltd. "So we don't get what had been the bankruptcy wall continue to build." While Kodak looks to move on from its bankruptcy and focus on its next incarnation, focused on various aspects of printing, so too do many of the parties that became collateral damage by its bankruptcy. Kimbra Orr's

Colorado business of making custom tchotchkes such as bracelets, money clips and Christmas ornaments inlaid with photographs is still trying to climb out of the \$147,000 hole Kodak left it by filing for bankruptcy in January 2012. That \$147,000 is what Kodak took in for orders placed through Kodak Gallery and that Kimbra Studios fulfilled, but the Kodak never paid to her small company. "It's been financially devastating," Orr said. "I've had to lay people off. It affected every part of our business." However, she added, "I am not giving up. I'm slowly paying back Kodak's debt -- I look at it as Kodak's debt. We're kind of reinventing a lot of ourselves, just trying to get back on our feet. We're going to be OK. I don't give up easily. I fight."