EASTMAN KODAK CO
Form 10-K/A
April 30, 2013
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment Number 1)

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the year ended December 31, 2012 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	**16-0417150**
(State of incorporation)	**(IRS Employer Identification No.)**
343 STATE STREET, ROCHESTER, NEW YORK	**14650**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

Title of each Class	**Name of each exchange on which registered**
Common Stock, $2.50 par value	**New York Stock Exchange**

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

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 x

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 x 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 x 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	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

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, 2012 was approximately $60 million. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant s common stock as of April 15, 2013 was 272,765,295 shares of common stock.

Table of Contents

EXPLANATORY NOTE

Eastman Kodak Company (the Company or Kodak) is filing this Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the Form 10-K Filing), which was originally filed with the U.S. Securities and Exchange Commission (the SEC) on March 11, 2013, solely to set forth information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K because we will not file a definitive proxy statement containing such information within 120 days after the end of our fiscal year ended December 31, 2012. This Amendment amends and restates in its entirety Items 10, 11, 12, 13 and 14 of Part III. In addition, in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Item 15 of Part IV of the Original Form 10-K Filing has been amended and restated solely to include as exhibits new certifications by our principal executive officer and principal financial officer.

Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Form 10-K Filing or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment should be read in conjunction with the Original Form 10-K Filing and the Company s other filings with the SEC.

Table of Contents

TABLE OF CONTENTS

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	Page 01
Item 11.	Executive Compensation	Page 11
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	Page 48
Item 13.	Certain Relationships and Related Transactions, and Director Independence	Page 50
Item 14.	Principal Accounting Fees and Services	Page 52
Item 15.	Index to Exhibits	Page 53

Table of Contents

PART III

Item 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
BOARD OF DIRECTORS

The Board seeks to ensure that it is composed of members who bring an appropriate mix of skills and experience across a variety of disciplines, including strategic planning, organizational management, restructuring activities, corporate finance, mergers and acquisitions, marketing, digital technologies, public policy, economics, executive compensation, risk management, international operations, corporate governance and internal controls, each of which is an important area of responsibility for the Board and its Committees. In addition, as set forth in the Board s Director Qualification Standards, diversity is an important factor in our consideration of director candidates.

The Board believes that each of our directors possesses important experience and skills that provide the Board with an optimal balance of leadership, competencies, qualifications and diversity in areas that are important to the Company. Each of our directors has high ethical standards, acts with integrity and exercises careful, mature judgment. Each is committed to employing his or her skills and abilities to aid the long-term interests of our shareholders. In addition, our directors are knowledgeable and experienced in one or more business, governmental or academic endeavors, which further qualifies them for service as members of the Board.

RICHARD S. BRADDOCK *Director since May 1987*

Mr. Braddock, 71, is Executive Chairman and CEO of Mozido, a global mobile payment system, which he joined in 2012, and Vice Chairman of MidOcean Partners, an investment firm which he first joined in 2003. Mr. Braddock began his business career in 1965, spending a number of years in product management at General Foods. He joined Citicorp in 1973, was elected to the board of directors in 1985 and was elected President and Chief Operating Officer of Citicorp and its principal subsidiary, Citibank, N.A., in January 1990. Mr. Braddock resigned from Citicorp in November 1992, and subsequently served as Chief Executive Officer of Medco Containment Services, Inc., a prescription drug services company, until its acquisition by Merck & Co., Inc. He then spent one year as a principal of Clayton, Dubilier & Rice, Inc., a private equity firm. He served as Chairman (non-executive) of True North Communications Inc. from December 1997 to January 1999. He served as Chairman and Chief Executive Officer of priceline.com from August 1998 to April 2004. Mr. Braddock served as Chairman of MidOcean Partners, a private investment firm, from April 2003 until December 2007. In 2005 Mr. Braddock was elected Chairman of Fresh Direct, an internet-based service for the purchase of grocery and household products. Additionally, in 2008 he took on the role of CEO and served in both capacities until 2011. Mr. Braddock served as a director of Marriott International, Inc., an international hotel operator and franchisor, until 2008, and of Cadbury, PLC, a food products manufacturer, until 2007.

Key Experience, Skills and other Qualifications:

Through the executive-level positions that Mr. Braddock has held with several public and private companies, he has gained extensive experience in strategic planning, corporate finance, mergers and acquisitions, risk management, executive compensation, operations and public policy, all of which inform the Board in strategic decisions. In addition, Mr. Braddock is skilled in marketing and product commercialization, two areas that are critical to Kodak s future. As a result of his roles as a director of a number of public and private companies, Mr. Braddock has gained substantial experience in the fields of risk management and corporate governance.

Table of Contents

JAMES V. CONTINENZA *Director since April 2013*

Mr. Continenza, 50, joined the Board as of April 1, 2013, bringing extensive executive and board experience with high-tech companies and with companies that have successfully emerged from corporate restructuring. Mr. Continenza has served as the President of STi Prepaid, LLC, a telecommunications company, since October 2007. He served as Interim Chief Executive Officer of Anchor Glass Container Corp., a leading manufacturer of glass containers, from September 2006 to December 4, 2006. He served as President and Chief Executive Officer of Teligent, Inc., which provides communications services including voice, data, and internet access, from September 2002 to June 2004; served as its Chief Operating Officer from May 2001 to September 2002; and served as its Senior Vice President of Strategic Operations from September 2000 to May 2001. Mr. Continenza served as Chief Operating Officer of Arch Wireless, Inc., a wireless services provider from September 2000 to September 2002. From April 1999 to September 2000, Mr. Continenza was the President and Chief Executive Officer of Lucent Technologies Product Finance, a global leader in telecom equipment, and served as its Senior Vice President of Worldwide Sales and Marketing from September 1997 to April 1999.

In addition to his management experience, Mr. Continenza currently serves on the boards of the following companies: Tembec, Inc. (since 2008), a manufacturer of lumber-derived products; Broadview Networks, LLC (since 2012), which provides integrated communications solutions; Southwest Georgia Ethanol (since 2012), Georgia s largest corn-ethanol producer; The Berry Company, LLC (since 2011), a marketing services company; Neff Rental, LLC (since 2010), an equipment manufacturer; Portola Packaging, Inc. (since 2008), which manufactures plastic container devices; and Blaze Recycling, LLC (since 2011), a recycling company. Previously, he was a director for Hawkeye Renewables, LLC (2010 2011), which manufactures ethanol; Anchor Glass Container Corp. (2006); Rath-Gibson, LLC (2010 2012), a producer of steel and special alloy pipes and tubing; Aventine Renewable Energy, Inc. (since 2012), which produces ethanol and corn-based products; Rural Cellular Corp. (2005 2008), a wireless communications services provider; U.S.A. Mobility, Inc. (2004 2008), which provides wireless messaging products and services; and Maxim Crane Works, Inc. (2005 2008), a provider of crane rental and lifting services.

Key Experience, Skills and Other Qualifications:

Mr. Continenza has extensive experience in the management and governance of high-tech companies and companies that have undergone significant corporate restructuring, where he has successfully led complex business reorganizations. He brings to the Board expertise in operations, mergers and acquisitions, and executive compensation, and, through his past and current service as a member of the boards of diverse companies, corporate governance and risk management.

TIMOTHY M. DONAHUE *Director since October 2001*

Mr. Donahue, 64, is the former Executive Chairman of Sprint Nextel Corporation, a telecommunications services provider, where he served since the merger of Sprint Corporation and Nextel Communications, Inc. on August 12, 2005. Mr. Donahue retired in 2006. Previously, he was the President and Chief Executive Officer of Nextel Communications, Inc., positions he held from August 1999. He joined Nextel in February 1996 as President and Chief Operating Officer. Before joining Nextel, he served as Northeast Regional President for AT&T Wireless Services Operations from 1991 to 1996. Mr. Donahue began his career with AT&T Wireless Services (formerly McCaw Cellular Communications) in 1986 as President for McCaw Cellular s paging division. In 1989, he was named McCaw Cellular s President for the U.S. central region. Mr. Donahue has served as Chairman of the Cellular Telecommunications and Internet Association, the wireless industry s largest and most respected trade association. Mr. Donahue is a director of NVR, Inc., a home building and mortgage banking firm, Covidien AG, a health care products company, and the security services company ADT Security, and he formerly served as a director of Tyco International Ltd., a global manufacturing company, until its spinoff of ADT Security in 2012.

Key Experience, Skills and other Qualifications:

Based on nearly twenty years of executive level employment in the telecommunications industry, Mr. Donahue has developed extensive experience in strategic planning, operations, corporate finance, marketing, digital technologies, mergers and acquisitions and public policy. Mr. Donahue has broad experience as a director on other public company boards, through which he has further developed skills and experience in risk management and corporate governance.

Table of Contents

MICHAEL J. HAWLEY *Director since December 2004*

Dr. Hawley, 51, is the former Director of Special Projects for the Massachusetts Institute of Technology (MIT), an academic institution, a position he held from 2001 until August 2006. Prior to assuming these duties, Dr. Hawley served as the Alex W. Dreyfoos Assistant Professor of Media Technology at the MIT Media Lab. From 1986 to 1995, he held a number of positions with MIT, including Assistant Professor, Media Laboratory; Assistant Professor, Electrical Engineering and Computer Science; and Research Assistant, Media Laboratory. Dr. Hawley is the founder of Friendly Planet, a non-profit organization working to provide better educational opportunities for children in developing regions of the world. He is also a co-founder of Things That Think, a ground-breaking research program that examines the way digital media infuses itself into everyday objects. Dr. Hawley served as a director of Color Kinetics Inc., a lighting systems technology firm, until 2007.

Key Experience, Skills and other Qualifications:

Dr. Hawley brings to the Board skills and experience in the field of digital media and research and development opportunities in areas relevant to the Company s technology. He also contributes to the Board significant experience in strategic planning, marketing and corporate finance.

WILLIAM H. HERNANDEZ *Director since February 2003*

Mr. Hernandez, 65, is the former Senior Vice President, Finance, and Chief Financial Officer of PPG Industries, Inc., a manufacturer of chemical and industrial products, having retired from PPG in 2009. Prior to assuming these duties in 1995, Mr. Hernandez served as PPG s Corporate Controller from 1990 to 1994 and as Vice President and Controller in 1994. From 1974 until 1990, Mr. Hernandez held a number of positions with Borg-Warner Corporation, including Assistant Controller, Chemicals; Controller, Chemicals; Business Director, ABS Polymers; Assistant Corporate Controller; Vice President, Finance; and Chief Financial Officer, Borg-Warner Automotive, Inc. Earlier in his career, Mr. Hernandez was a financial analyst for Ford Motor Company. Mr. Hernandez is a Certified Management Accountant. Mr. Hernandez is also a director of Black Box Corporation, a provider of business communications services, USG Corporation, a manufacturer of building materials, and Albemarle Corporation, a manufacturer of polymers and chemicals.

Key Experience, Skills and other Qualifications:

Mr. Hernandez contributes to the Board broad experience in corporate finance, risk management, operations, marketing, mergers and acquisitions, strategic planning, management of international operations and executive compensation. In particular, Mr. Hernandez is highly qualified in the fields of accounting, internal controls and economics, which contributes to his effective service on the Board and its Committees. Mr. Hernandez serves on the boards of other public companies, through which he has gained additional experience in risk management and corporate governance.

DOUGLAS R. LEBDA *Director since November 2007*

Mr. Lebda, 43, has served as the Chairman, Chief Executive Officer and a director of Tree.com, the parent company of LendingTree.com, an internet-based financial services firm, since 2008. From the end of 2005 to January 2008, Mr. Lebda served as President and Chief Operating Officer of IAC/InterActiveCorp, an internet company that owns and operates branded websites. Prior to assuming these roles, Mr. Lebda served as the Chief Executive Officer of LendingTree.com beginning in September 1998. Mr. Lebda founded LendingTree.com in 1996 and became its Chairman of the Board at that time. Before founding LendingTree.com, Mr. Lebda worked as an auditor and consultant for PricewaterhouseCoopers LLP.

Key Experience, Skills and other Qualifications:

Mr. Lebda has substantial corporate leadership experience in operations, mergers and acquisitions, strategic planning, consumer marketing and executive compensation. Mr. Lebda s background as a leader of an internet-based technology business and a successful entrepreneur is particularly relevant to the Company as it seeks to continue its transformation into a digitally-based company. In addition, Mr. Lebda has skills in the fields of accounting, internal controls and corporate finance.

Table of Contents

KYLE P. LEGG *Director since September 2010*

Ms. Legg, 61, is the former Chief Executive Officer of Legg Mason Capital Management (LMCM), a global investment management firm. Ms. Legg retired in 2009. Ms. Legg has more than 30 years of professional experience in the investment industry. She joined LMCM in 1991, was named President of the firm in 1997, and became Chief Executive Officer in March 2006. Ms. Legg built a leading global equity investment management business at LMCM, serving high-end institutional clients, including some of the world s largest sovereign wealth funds, domestic and foreign company pension plans, corporate funds, endowments and foundations. Prior to joining LMCM, Ms. Legg was a securities analyst with Alex, Brown & Sons. Ms. Legg serves as a director at SunTrust Banks, Inc., a bank holding company.

Key Experience, Skills and other Qualifications:

Through her background as an institutional investor, Ms. Legg brings to the Board the perspective of a shareholder, together with extensive experience in risk management, strategic planning, corporate finance and economics.

DELANO E. LEWIS *Director since July 2001*

Mr. Lewis, 74, is the former U.S. Ambassador to South Africa, a position he held from December 1999 to July 2001. Prior to his ambassadorship, Mr. Lewis was President and Chief Executive Officer of National Public Radio Corporation, a position he held from January 1994 until August 1998. He was President and Chief Executive Officer of C&P Telephone Company, a subsidiary of Bell Atlantic Corporation, from 1988 to 1993, after having served as Vice President since 1983. Mr. Lewis held several positions in the public sector prior to joining C&P Telephone Company. Mr. Lewis previously served as a director of Eastman Kodak Company from May 1998 to December 1999. From September 2006 to June 30, 2011, Mr. Lewis served as the Senior Fellow at New Mexico State University. He is a director of Colgate-Palmolive Co., a multinational consumer products company. Mr. Lewis also serves on the board of the non-profit organization American Institutes for Research, based in Washington, D.C.

Key Experience, Skills and other Qualifications:

Mr. Lewis has extensive experience in the areas of management, government relations, public policy, marketing, operations, strategic planning and risk management. In addition, through his service on public company boards, Mr. Lewis has developed skills in the areas of corporate governance and executive compensation.

WILLIAM G. PARRETT *Director since November 2007*

Mr. Parrett, 67, is a former Senior Partner of Deloitte & Touche USA LLP, a public accounting firm. Mr. Parrett retired in 2007. From 2003 to May 2007, he served as the Chief Executive Officer of Deloitte Touche Tohmatsu (DTT). Prior to serving as Chief Executive Officer of DTT, he was Managing Partner of Deloitte & Touche USA since 1999. Mr. Parrett joined Deloitte in 1967 and served in a series of roles of increasing responsibility. Mr. Parrett serves as a director of The Blackstone Group LP, an investment and advisory firm, Thermo Fisher Scientific, a provider of analytical and laboratory instruments and products, and UBS AG, a global financial services firm.

Key Experience, Skills and other Qualifications:

Mr. Parrett has extensive experience in corporate finance, operations, strategic planning and management of international operations. Mr. Parrett is highly skilled in the fields of auditing, accounting and internal controls and risk management. In addition, through his service on other public and private company boards, Mr. Parrett brings to the Board experience in executive compensation and corporate governance.

4

Table of Contents

ANTONIO M. PEREZ *Director since October 2004*

Mr. Perez, 67, is Chairman and Chief Executive Officer of Kodak. Mr. Perez first joined Kodak as President and Chief Operating Officer in April 2003 and was elected to the Board in October 2004. In May 2005, he was elected Chief Executive Officer, and on December 31, 2005, he became Chairman of the Board. Since joining the Company in 2003, Mr. Perez has led the ongoing and worldwide transformation of Kodak into a digital imaging leader. His strategy is built on the Company s long history and distinct expertise in materials science, digital imaging science and deposition processes. Since early 2012, Mr. Perez has led the Company through its chapter 11 proceedings, from which the Company is expected to emerge in 2013 as a company focused on commercial, packaging and functional printing solutions and enterprise services.

Before joining Kodak, Mr. Perez worked for Hewlett-Packard Company (HP), where he held a variety of global leadership positions, including corporate vice president and President of HP s Consumer Business. During his 25 years with the company, Mr. Perez spearheaded HP s efforts to build a digital imaging and electronic publishing business, generating worldwide revenue of more than $16 billion.

Following HP, Mr. Perez was President and CEO of Gemplus International S.A., from June 2000 to December 2001, a manufacturer of micro-chip embedded cards used in the banking, telecommunications, and other industries. While at Gemplus, he successfully led the initiative to take the company public, and he transformed the start-up into the leading smart card-based solution provider in the fast-growing wireless and financial markets.

Mr. Perez serves as a member of the Escuela Superior de Administración y Dirección de Empresas (ESADE) International Advisory Board, and is a member of the board of trustees of the George Eastman House International Museum of Photography and Film. Mr. Perez served as a director of Schering-Plough Corporation, a pharmaceutical company, from 2007 through November 2009, and Freescale Semiconductor, Inc., a semiconductor chip manufacturer, from 2004 to 2007.

An American citizen born in Spain, Mr. Perez studied electronic engineering, marketing and business in Spain and France. In 2009, he received an honorary doctorate degree from the University of Rochester.

Key Experience, Skills and other Qualifications:

Mr. Perez has substantial experience in strategic planning, operations, mergers and acquisitions, corporate finance, management of international operations, risk management, public policy, corporate governance and executive compensation. His expertise in digital technologies, including printing technologies, marketing and operations, directly relates to the business and growth initiatives of Kodak. Mr. Perez brings to the Board a combination of experience in the research and development of new technologies, coupled with many years in roles of executive management. Mr. Perez s experience in matters of corporate governance, strategic planning and corporate finance has been enhanced by his service on other public company boards.

JOEL SELIGMAN *Director since July 2009*

Mr. Seligman, 63, became the president of the University of Rochester in January 2005, after serving as the Ethan A. H. Shepley University Professor and Dean of the School of Law at Washington University in St. Louis. He is one of the nation s leading experts on securities law and is a co-author of an 11-volume series titled Securities

Regulation, the leading treatise in the field, along with several other publications in securities law. Mr. Seligman has served on the law faculty of Northeastern University, George Washington University, and the University of Michigan. He was named Dean of the University of Arizona College of Law in 1995. Mr. Seligman also has served as a reporter for the National Conference of Commissioners on Uniform State Laws, Revision of Uniform Securities Act; as chair of the Securities and Exchange Commission Advisory Committee on Market Information; and as a member of the American Institute of Certified Public Accountants Professional Ethics Executive Committee. He was a member of the board of the National Association of Securities Dealers and is currently a member of the board of the Financial Industry Regulatory Authority.

Key Experience, Skills and other Qualifications:

As the leader of a renowned university, Mr. Seligman has developed strong organizational leadership, strategic planning, operations and marketing skills. Mr. Seligman also brings to the Board a strong legal background and particular expertise in the fields of securities law and corporate governance. Mr. Seligman contributes further experience in accounting and internal controls and risk management.

Table of Contents

DENNIS F. STRIGL *Director since February 2008*

Mr. Strigl, 67, is the former President and Chief Operating Officer of Verizon Communications, a telecommunications services provider. Mr. Strigl retired in 2009. Prior to this position, he was the President and Chief Executive Officer of Verizon Wireless since its formation in April 2000. Mr. Strigl served as President and Chief Executive Officer of Bell Atlantic Mobile beginning in 1991, Group President and Chief Executive Officer of the Global Wireless Group of Bell Atlantic, and Vice President of Operations and Chief Operating Officer of Bell Atlantic New Jersey, Inc. Mr. Strigl also served on the board of directors of Bell Atlantic New Jersey, Inc. He began his career in 1968 with New York Telephone and held positions at AT&T, Illinois Bell and Wisconsin Telephone before becoming Vice President of American Bell Inc. He also served as President and Chief Executive Officer of Applied Data Research Inc. Mr. Strigl serves on the board of directors of Anadigics, Inc., a semiconductor manufacturer, PNC Financial Services Group and PNC Bank, financial services organizations, and Tellabs, Inc., a manufacturer of telecommunication products. Mr. Strigl is a former Chairman of the Cellular Telecommunications and Internet Associates (CTIA), where he served from 1996 to 1997.

Key Experience, Skills and other Qualifications:

Through his many positions of leadership in complex organizations, Mr. Strigl has gained experience in operations, mergers and acquisitions, risk management, public policy and strategic planning, with a particular emphasis on digital technologies that are relevant to Kodak s business. Mr. Strigl also has broad experience in corporate finance, marketing and executive compensation. Mr. Strigl s service on other boards has also contributed to his qualifications in corporate governance and risk management.

CORPORATE GOVERNANCE INTRODUCTION

Ethical business conduct and good corporate governance are well established practices at Kodak. The Company and the Board have long practiced good corporate governance and believe it to be a prerequisite to delivering sustained value to our shareholders. We continually monitor developments in the area of corporate governance. Strong corporate governance is a fundamental goal of our Board.

BOARD STRUCTURE AND COMMITTEES OF THE BOARD

Our Board currently consists of twelve directors, eleven of whom are non-employee directors. Antonio M. Perez is Chairman of the Board and Chief Executive Officer.

The Board has the following committees: Audit and Finance Committee, Restructuring and Executive Compensation Committee and Executive Committee. Prior to February 27, 2012, the Board had the following Committees: Audit Committee, Corporate Responsibility and Governance Committee, Executive Compensation and Development Committee, Finance Committee and Executive Committee. The committees were restructured in February 2012 in order to focus on the restructuring and reorganization activities of the Company associated with the chapter 11 bankruptcy process.

The Board has adopted Director Independence Standards for use in determining whether a director is independent that are consistent with the independence standards set forth in the New York Stock Exchange (NYSE) listing standards. Therefore, a director that is independent under the Director Independence Standards also is independent within the meaning of the NYSE listing standards. The Board also uses the NYSE listing standards in determining whether members of specific committees are independent. *See* Director Independence in Item 13 for additional information regarding the Director Independence Standards.

Audit and Finance Committee

The Board has determined that all members of the Audit and Finance Committee (Timothy M. Donahue, Michael J. Hawley, Douglas R. Lebda, Delano E. Lewis and William G. Parrett) are independent under the Director Independence Standards and, therefore, are independent within the meaning of the NYSE listing standards. The Board has also determined that all members of the Audit and Finance Committee are independent in accordance with SEC rules for audit committees and are financially literate as required by the NYSE, and that William G. Parrett possesses the qualifications of an audit committee financial expert, as defined by SEC rules, and has accounting or related financial management expertise, as required by the NYSE.

The Board has determined that William G. Parrett s simultaneous service on the audit committees of three other public companies does not impair his ability to effectively serve on the Company s Audit and Finance Committee.

The Audit and Finance Committee assists the Board in overseeing: the integrity of the Company s financial reports; the Company s compliance with legal and regulatory requirements; the Company s independent registered public accounting firm s (PricewaterhouseCoopers LLP) selection, qualifications, performance and independence; the Company s systems of disclosure controls and procedures and internal controls over financial reporting; and the performance of the Company s internal auditors. The charter for the Audit and Finance Committee is posted at **http://ek.client.shareholder.com/supporting.cfm.**

Table of Contents

Restructuring and Executive Compensation Committee

The Restructuring and Executive Compensation Committee is comprised of six members of the Board (Richard S. Braddock, James V. Continenza, William H. Hernandez, Kyle P. Legg, Joel Seligman and Dennis F. Strigl), all of whom are independent in accordance with the Director Independence Standards and, therefore, are independent within the meaning of the NYSE listing standards. The Restructuring and Executive Compensation Committee assists the Board in fulfilling its responsibilities in connection with the compensation of the Company s executives, including our Named Executive Officers. It performs this function by overseeing and assessing the effectiveness of the Company s executive compensation strategy and plans, and reviewing and approving the compensation of the Company s Named Executive Officers, including the CEO, and the other Section 16 Executive Officers as defined under Section 16 of the Securities Exchange Act of 1934 (a Section 16 Executive Officer). In addition, during 2012, the Committee reviewed restructuring plans pertaining to Company benefits and executive compensation plans. The entire Board reviews the Company s succession plans for its CEO and other key positions, and oversees the Company s activities in the areas of leadership and executive development. The Restructuring and Executive Compensation Committee also reviews and makes recommendations to the Board from time to time regarding compensation of directors. In addition, the Restructuring and Executive Compensation Committee provides input to the Board on certain matters pertaining to the chapter 11 proceedings, including strategic decisions and oversight of material compensation and benefits matters and oversight of the Company s claims process. The charter of the Restructuring and Executive Committee is posted at **http://ek.client.shareholder.com/supporting.cfm.**

The Restructuring and Executive Compensation Committee has delegated limited authority to our Chief Administrative Officer to assist in the administration of executive compensation and equity-based compensation plans. The Chief Administrative Officer is authorized to amend any executive compensation or equity-based compensation plan in which our Named Executive Officers participate, other than to materially increase the benefits accruing to a participant under the plan, increase the number of shares available for issuance under the plan or substantially modify the requirements for eligibility. During the Company s chapter 11 proceedings, certain actions of the Restructuring and Executive Compensation Committee and/or the Chief Administrative Officer are subject to approval of the United States Bankruptcy Court, Southern District of New York (Bankruptcy Court).

The Restructuring and Executive Compensation Committee met routinely throughout 2012. Most compensation decisions involve a two-step process to ensure sufficient deliberation. The Restructuring and Executive Compensation Committee approved all compensation and awards under our executive compensation plans for each of our Section 16 Executive Officers. The Restructuring and Executive Compensation Committee also approved compensation levels for each component of total direct compensation following discussions and after review of analyses and recommendations received from its independent compensation consultant and management. The Restructuring and Executive Compensation Committee considered issues associated with the chapter 11 proceedings in its determinations, as is more specifically described in the Compensation Discussion & Analysis.

With respect to our executive performance-based plans, management, including the CEO, CFO, Chief Administrative Officer, Chief Compliance Officer and Director of Global Compensation, proposed performance goals. Management developed these performance targets considering the Company s strategic and operational imperatives for the year and its executive compensation strategy and goals. The performance targets and individual allocation targets for our annual variable pay plan were reviewed and approved by the Restructuring and Executive Compensation Committee within the first 90 days of the calendar year. Throughout the year, the Restructuring and Executive Compensation Committee reviewed projections for achievement against each plan s performance targets.

Executive Committee

The Executive Committee is composed of the following directors: the Chairman of the Board, the Presiding Director and the Chairs of the Restructuring and Executive Compensation and the Audit and Finance Committees (Antonio M. Perez, Richard S. Braddock, William H. Hernandez and William G. Parrett, respectively). The Executive Committee is generally authorized to exercise all of the powers of the Board in the intervals between meetings of the Board other than powers with respect to executive compensation. The Executive Committee s charter can be accessed at **http://ek.client.shareholder.com/supporting.cfm.**

Table of Contents

Board Committee Membership

Director Name	Audit & Finance Committee	Restructuring & Executive Compensation Committee	Executive Committee
Antonio M. Perez			Chair
Richard S. Braddock		Member	Member
James V. Continenza		Member	
Timothy M. Donahue	Member		
Michael J. Hawley	Member		
William H. Hernandez		Chair	Member
Douglas R. Lebda	Member		
Kyle P. Legg		Member	
Delano E. Lewis	Member		
William G. Parrett	Chair		Member
Joel Seligman		Member	
Dennis F. Strigl		Member	

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The following directors served on the Restructuring and Executive Compensation Committee during 2012: Richard S. Braddock, William H. Hernandez, Kyle P. Legg, Joel Seligman and Dennis Strigl. Mr. Continenza joined this committee as of April 1, 2013. In addition, Michael J. Hawley, Douglas R. Lebda, Delano E. Lewis and William G. Parrett served on the Executive Compensation and Development Committee, which served as the Company s compensation committee prior to the committee restructuring effective February 27, 2012. There were no Compensation Committee interlocks between the Company and other entities involving the Company s executive officers and directors.

ROLE OF COMPENSATION CONSULTANT

To advise the Restructuring and Executive Compensation Committee on our executive compensation plans, practices and awards, the Committee engaged an independent compensation consultant, Frederic W. Cook & Co., Inc. (Consultant). The Consultant attends Committee meetings on a regular basis and provides the Committee with market information and analysis of the Company s executive compensation practices to provide consistency with the Company s executive compensation strategy and goals. The Consultant also provides insight on best practices in executive compensation.

Our Chief Administrative Officer and others directly involved with the Company s executive compensation programs routinely consulted with and sought advice from the Consultant regarding the design, competitiveness, operation and administration of our executive compensation programs and practices that fall within the scope of the Restructuring and Executive Compensation Committee charter. In 2012, neither the Restructuring and Executive Compensation Committee nor the Company engaged other consultants or advisors to advise in determining the amount or form of executive compensation. The Consultant does not provide any services other than executive compensation consulting to the Committee and management.

The Restructuring and Executive Compensation Committee discussed principles of engagement between management and the Consultant and approved the policy under which the independent Consultant performs services. This policy reinforces that the Consultant reports directly to the Restructuring and Executive Compensation Committee and provides services only in the area of executive compensation. In addition, the policy defines the advice and analysis to be provided directly to the Restructuring and Executive Compensation Committee and a limited set of pre-approved work for which management may engage the Consultant in support of the Restructuring and Executive Compensation Committee s responsibilities relating to compensation. The policy specifies that work outside the defined scope must be pre-approved by the Chair of the Committee. At the end of 2012, the Consultant provided to the Restructuring and Executive Compensation Committee a written affirmation of its compliance with this policy. Based on a review of this affirmation and after considering the following six factors with respect to the Consultant: (i) the provision of other services to us by the Consultant; (ii) the amount of fees received from us by the Consultant, as a percentage of the total revenue of the Consultant; (iii) the policies and procedures of the Consultant that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Consultant s employees with a member of the Restructuring and Executive Compensation Committee; (v) any Company stock owned by the Consultant s employees; and (vi) any business or personal relationship of the Consultant s employees with any of our executive officers, the Restructuring and Executive Compensation Committee confirmed that its Consultant is independent under SEC rules and that no conflict of interest exists with respect to the services the Consultant performs for the Restructuring and

Executive Compensation Committee.

Table of Contents

EXECUTIVE SESSIONS

Executive sessions of our non-management directors are chaired by our Presiding Director, Richard S. Braddock.

COMMUNICATIONS WITH OUR BOARD

Shareholders and interested parties who wish to communicate with the Board, the independent directors as a group or an individual director, may send an e-mail to our Presiding Director at presiding-director@kodak.com or may send a letter to our Presiding Director at P.O. Box 92708, Rochester, NY 14650. Shareholders wishing to recommend candidates for consideration by the Board may do so by providing the following information, in writing, to the Executive Committee, c/o Secretary, Eastman Kodak Company, 343 State Street, Rochester, NY 14650-0218: 1) the name, address and telephone number of the shareholder making the request; 2) the number of shares of the Company owned, and, if such person is not a shareholder of record or if such shares are held by an entity, reasonable evidence of such person s ownership of such shares or such person s authority to act on behalf of such entity; 3) the full name, address and telephone number of the individual being recommended, together with a reasonably detailed description of the background, experience and qualifications of that individual; 4) a signed acknowledgement by the individual being recommended that he or she has consented to: a) serve as director if elected and b) the Company undertaking an inquiry into that individual s background, experience and qualifications; 5) the disclosure of any relationship of the individual being recommended with the Company, whether direct or indirect; and 6) if known to the shareholder, any material interest of such shareholder or individual being recommended in any proposals or other business to be presented at the Company s next annual meeting of shareholders (or a statement to the effect that no material interest is known to such shareholder).

RISK MANAGEMENT

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of the Company s objectives, including strategic objectives, to improve long-term performance and enhance shareholder value. A fundamental part of risk management is not only identifying and prioritizing the risks the Company faces and monitoring the steps management is taking to manage those risks, but also determining the level of risk that is appropriate for the Company. As an integral part of its review and approval of the Company s strategic plan, the Board considers the appropriate level of risk for the Company to accept. Through this process, risk is assessed throughout the Company, focusing on four primary categories of risk: strategic, operational, legal/compliance and financial reporting. In 2012, the Board received a report from the Chair of the Audit and Finance Committee on the results of the Company s enterprise risk assessment. The Board also receives regular reports on management s progress in mitigating key risks.

While the Board has assumed oversight responsibility for the Company s enterprise risk management process, the Board has delegated to its committees responsibility for the oversight of the Company s risk management in specific risk areas. For example, in 2012, the committees of the Board oversaw:

- The Company s financial reporting (including internal controls) and compliance risk management.

- Risk management relating to the Company s compensation programs and awards.

- Risk management relating to the Company s capital structure and insurance program.

In 2012, the Restructuring and Executive Compensation Committee reviewed a report from management on an assessment of risks relating to the Company s compensation programs and awards. The assessment concluded, and the Restructuring and Executive Compensation Committee agreed, that such programs and awards do not present any material adverse risks to the Company.

CORPORATE GOVERNANCE GUIDELINES

Our Corporate Governance Guidelines reflect the principles by which our Board operates. From time to time, the Board reviews and revises our Corporate Governance Guidelines in response to regulatory requirements and evolving best practices. A copy of the Corporate Governance Guidelines is published on our website at **http://ek.client.shareholder.com/directors.cfm**.

BUSINESS CONDUCT GUIDE AND DIRECTORS CODE OF CONDUCT

The reputation of our Company and our brand has been built by more than a century of ethical business conduct. All of our employees, including the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Corporate Controller, all other senior financial officers and all other Section 16 Executive Officers are required to comply with our code of conduct, the Business Conduct Guide. The Business Conduct Guide requires our employees to maintain the highest ethical standards in the conduct of Company business. We also have a code of conduct for our directors, known as the Directors Code of Conduct. Our Business Conduct Guide is published on our website at **http://ek.client.shareholder.com/supporting.cfm**, and our Directors Code of Conduct is published on our website at **http://ek.client.shareholder.com/directors.cfm.** We post any amendments to the Business Conduct Guide or Directors Code of Conduct and any waivers of either code for Section 16 Executive Officers or directors of the Company on our website where the respective policies are posted.

Table of Contents

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934, as amended, requires our Section 16 Executive Officers, directors and persons who beneficially own greater than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. We are required to disclose any failure of these Section 16 Executive Officers, directors and 10% shareholders to file these reports by the required deadlines. Based solely on our review of the copies of these forms received by us or written representations furnished to us, we believe that all such reports were filed on time with the SEC during 2012 except for a Form 3 for Mr. Brad Kruchten in connection with him becoming a Section 16 Executive officer in July 2012.

Table of Contents

Item 11: EXECUTIVE COMPENSATION
REPORT OF THE RESTRUCTURING AND EXECUTIVE COMPENSATION COMMITTEE

The Restructuring and Executive Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis that follows with the Company s management.

Based on such review and discussions, the Restructuring and Executive Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

William H. Hernandez, Chair Dated: April 25, 2013
Richard S. Braddock

James V. Continenza

Kyle P. Legg

Joel Seligman

Dennis F. Strigl

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

On January 19, 2012, Eastman Kodak Company and its U.S. subsidiaries filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). The bankruptcy filing is intended to permit Kodak to reorganize and increase liquidity in the U.S. and abroad, monetize non-strategic intellectual property and businesses, fairly resolve legacy liabilities, and focus on the most valuable business lines to enable sustainable profitability. Achievements reached toward these objectives include the following:

The Company has reorganized its structure on a set of Commercial Imaging businesses that leverage our exceptional technology and brand strength, consisting of two segments: Graphics, Entertainment and Commercial Films, and Digital Printing and Enterprise Services.

In order to focus on our most valuable business lines, we exited our Digital Capture and Devices business and sold certain assets of the Kodak Gallery business, and we announced our intention to sell our Personalized Imaging and Document Imaging businesses.

In November 2012, the Bankruptcy Court entered an order approving a settlement agreement between the Company and the retiree committee appointed by the U.S Trustee related to U.S. postretirement benefit plans. Under the settlement agreement, the Company no longer will provide retiree medical, dental, life insurance, and survivor income benefits to current and future retirees after December 31, 2012, other than certain coverage as required by plan documents or applicable law.

We have implemented a leaner cost structure and have leveraged the bankruptcy process to negotiate more favorable supplier and customer contract terms.

Operating results for 2012 were above target with respect to the financial covenants under our Debtor-in-Possession Credit Agreement.

In February 2013, Kodak received approximately $530 million related to the sale and licensing of certain of its intellectual property assets and repaid approximately $419 million of the outstanding term loan under our Debtor-in-Possession Credit Agreement.

In March 2013, the Company completed a new financing agreement for $848 million, which would allow for conversion into permanent exit financing of up to $654 million, subject to certain conditions.

Key decisions and practices relating to compensation in 2012 were as follows:

No Section 16 Salary Increases

Salaries for Section 16 Executive Officers, including our Named Executive Officers, were frozen as of the chapter 11 filing date through 2012, even where there had been a significant expansion of responsibilities.

No Equity Grants

The Company will not issue new equity grants during the chapter 11 proceedings, which resulted in a significant reduction in total direct compensation in 2012 for our Section 16 Executive Officers, including our Named Executive Officers, compared to pre-bankruptcy total direct compensation.

No shares were earned under the 2011-2012 Leadership Stock Unit award.

Annual Incentive Pay for 2012

Due to strong plan performance, awards under our annual performance incentive program for executives earned at a level above target.

Table of Contents

No Corporate Aircraft

Kodak terminated its leases for the corporate aircraft as part of the chapter 11 proceedings. Accordingly, Company executives, including Mr. Perez, our Chairman and CEO, did not have access to corporate aircraft for business or personal use in 2012.

Governance

The Company continues to follow policies that align with recognized market best practices and support a pay-for-performance culture, including the following governance policies and practices:

- Adopted and maintained a Clawback Policy
- Eliminated excise tax gross-ups on amounts payable under the Company s change in control plan
- Eliminated walk away rights in change in control arrangements
- Eliminated single trigger change in control benefits for performance-based equity in the Eastman Kodak Company Long-Term Omnibus Compensation Plan (Omnibus Plan)
- Prohibited repricing and cash buy-out of stock options in the Omnibus Plan without shareholder approval
- Maintained an equity award policy governing the timing and methodology of equity grants
- Retained an independent compensation consultant to support the Committee that performs no other services for the Company, and established a formal policy under which the Consultant is engaged
- Maintained an insider trading policy which prohibits employees who have access to material nonpublic information from trading Company stock, except during defined window periods and only with pre-clearance from our Corporate Secretary

Named Executive Officers:

Our Named Executive Officers for 2012 were:

1) Antonio M. Perez, Chairman & Chief Executive Officer (CEO)

2) Rebecca A. Roof, Interim Chief Financial Officer (CFO)

Ms. Roof is a Managing Director of AlixPartners LLP. Pursuant to an agreement with Kodak, AP Services LLC, an affiliate of AlixPartners LLP, provides restructuring advisory services relating to our chapter 11 proceedings. On September 10, 2012, the Board appointed Ms. Roof as our Interim Chief Financial Officer. Our agreement with AP Services LLC includes fees for Ms. Roof s services as our Interim CFO. The rate charged for Ms. Roof s services was $880 per hour in 2012, and $915 per hour effective January 1, 2013. Since Ms. Roof is not an employee of the Company, she does not participate in any of the compensation programs or employee benefits arrangements discussed herein.

3) Laura G. Quatela, President Eastman Kodak Company and Personalized Imaging (President)

4) Patrick M. Sheller, General Counsel, Secretary, Chief Administrative Officer and Senior Vice President (GC&SVP)

5) Douglas J. Edwards, President Digital Printing and Enterprise and Senior Vice President (SVP)

In addition, disclosures are included for the following former Named Executive Officers:

1) Antoinette P. McCorvey, Former Chief Financial Officer and Senior Vice President (CFO&SVP)

Ms. McCorvey served as CFO until September 10, 2012. Ms. McCorvey was subsequently offered a non-comparable position with the Company, which she declined. Accordingly, Ms. McCorvey was involuntarily terminated without cause effective December 31, 2012.

2) Philip J. Faraci, Former President (President)

As a result of the Company s decision to focus its business on Commercial Imaging, the Company reorganized its management structure to reduce costs, including the elimination of the position of President held by Mr. Faraci, effective September 5, 2012. As a result, Mr. Faraci was involuntarily terminated without cause effective December 10, 2012.

DETERMINING EXECUTIVE TARGET TOTAL DIRECT COMPENSATION

The Committee reviews the total direct compensation opportunity of each Named Executive Officer on an annual basis. In the course of the Committee s review, the Committee seeks the advice and input of its independent compensation consultant, Frederic W. Cook & Co., Inc. (the Consultant) as well as management. In 2012, our executive compensation program consisted of: 1) base salary; 2) annual variable pay; and 3) indirect compensation elements that include limited perquisites, retirement, severance and change in control arrangements. Our Named Executive Officers were also eligible to participate in the benefit plans and programs that are generally available to our employees. Historically, long-term incentives in the form of equity have been a significant portion of our executive s total target direct compensation. However, in 2012, our executives forfeited this element of compensation, because we did not issue equity in 2012 during our chapter 11 proceedings. Our Named Executive Officers did not receive any compensation in lieu of the loss of a long-term incentive grant in 2012.

Table of Contents

Role of the Consultant

To advise the Committee on our executive compensation plans, practices and awards, the Consultant attends Committee meetings on a regular basis and provides the Committee with market information and analysis of our executive compensation practices to ensure consistency with the Company s executive compensation strategy and goals. The Consultant also provides insight on best practices in executive compensation and updates on market trends.

At the direction of the Committee, the Consultant works cooperatively with management on the design, competitiveness, operation and administration of our executive compensation programs and practices that fall within the scope of the Committee charter. The Consultant does not provide any other services to the Company. For added information on the role of the Consultant see Item 10 of this Form 10-K/A Part III.

Use of Market Reference Data

Typically management has provided the Committee with market median reference data for each Named Executive Officer. The Committee uses national survey data to assess compensation, in lieu of peer company benchmarking, because the Company consists of a portfolio of businesses that are in different stages of transformation and operate under different business models. In view of these variables, it is premature to identify a sustainable set of similarly sized, domestically based peer companies for the purpose of benchmarking compensation data. The Committee believes that the national survey data provide a competitive frame of reference for compensation decisions because they offer a reasonable representation of the cost to hire and retain talent. The surveys referenced are from three independent external survey providers: the Towers Watson Executive Compensation Survey, the Aon Hewitt Executive Compensation Survey and the Radford Technology Survey. The Committee does not review or have access to the names of the individual companies that participate in these surveys.

In 2012, the Committee determined to freeze base salaries and target annual variable cash incentive leverages for all Named Executive Officers through the end of 2012, even in the case of significant increases in responsibilities. It was also determined that no new equity be granted in 2012. As a result of these decisions, and to reduce operating costs in 2012, the Committee deferred the purchase of any new executive compensation benchmarking surveys during the pendency of the chapter 11 proceedings.

ELEMENTS OF TOTAL DIRECT COMPENSATION

As noted herein, payments under a number of our executive compensation and benefits programs were affected by the chapter 11 filing and cannot be made without approval of the Bankruptcy Court or as part of the Company s plan of reorganization (chapter 11 approval).

Base Salaries

Base salaries provide a regular source of income to our Named Executive Officers.

The Committee typically reviews base salaries annually, but it does not automatically increase salaries. Rather, base salaries are adjusted only if deemed appropriate by the Committee, utilizing market data as a reference and in consideration of: 1) experience; 2) responsibilities; 3) the importance of the position relative to other senior management positions within the Company; 4) external relative scope or changes in the competitive marketplace; and 5) years since the last base salary change. Any change in base salary will affect an executive s target opportunity under our annual variable pay plan, which is based on a percentage of base salary.

The market median base salary reference is used because it:

- Enables us to attract and retain high quality talent;
- Ensures that our executives receive competitive levels of fixed compensation, which protects against excessive risk taking that might be encouraged if salaries were set substantially below market rates;
- Ensures that fixed costs are reasonable and sustainable; and

Historically, enables us to deliver the majority of compensation opportunity through variable, results-based incentives to ensure that realized pay is highly correlated with achievement of important performance goals and changes in shareholder value.

Table of Contents

Committee Discussion and Analysis

The Committee determined it appropriate to freeze base salaries during the chapter 11 proceedings absent a significant increase in job responsibilities. As a result, base salaries remained frozen in 2012 for Messrs. Perez, Sheller, and Faraci, Dr. Edwards and Mmes. McCorvey and Quatela. The Company s agreement with AP Services LLC includes fees for Ms. Roof s services as our Interim CFO. AlixPartners LLP directly compensates Ms. Roof; the Company does not maintain a separate compensation arrangement with Ms. Roof. Accordingly, the Committee does not determine Ms. Roof s compensation. Consistent with current practice, the amount of Mr. Perez s salary in excess of the $1,000,000 deductibility limit under Section 162(m) of the Internal Revenue Code (Code) is deferred.

On September 10, 2012, Dr. Edwards was promoted to President, Digital Printing and Enterprise. The Committee recognized that this promotion involved a significant increase in job responsibilities. However, the Committee determined to defer any decision on salary treatment for Dr. Edwards during 2012. In January 2013, based on Dr. Edwards performance in his new role in areas of business operations, technology and cost reductions, the Committee determined it appropriate to increase Dr. Edwards base salary by 13%. The Committee referenced 2011 surveys in making the determination in order to align Dr. Edwards base salary to approximate market median for his position.

Annual Variable Pay: Executive Compensation for Excellence and Leadership (EXCEL)

EXCEL provides an annual variable cash incentive opportunity to drive annual performance aligned to success in our business strategy. EXCEL is structured to comply with the performance-based compensation requirements under Section 162(m) of the Code so that we may deduct cash incentives payable under the plan.

Executives participating in the plan are assigned a target opportunity expressed as a percentage of base salary. Payouts under EXCEL are based on a formula that represents results achieved against primary performance metrics. The Committee may not exercise positive discretion to increase the size of a Named Executive Officer s award above the maximum award level established under the plan. The maximum award for any Named Executive Officer is the lesser of 10% of the EXCEL award pool (without discretion), or 500% of his or her prior year-end base salary, not to exceed $5 million.

EXCEL Target Opportunity

Our Named Executive Officers are assigned target opportunities under EXCEL based on a percentage of base salary.

Committee Discussion and Analysis

For 2012, the Committee determined that, while in chapter 11, the EXCEL target opportunity should remain frozen absent a significant increase in job responsibilities. As a result, target EXCEL op