

### **STIPULATED AGREEMENT**

This Stipulated Agreement (the "**Agreement**") is entered into as of the 11th day of September by and among Eastman Kodak Company, FPC Inc., Kodak Imaging Network, Inc., Laser-Pacific Media Corporation, NPEC Inc., and Qualex Inc., and their successors in interest, (collectively, "**Kodak**") and the State of California Franchise Tax Board ("**FTB**"). Kodak and FTB are collectively referred to herein as "**Parties**."

### **RECITALS**

A. On January 19, 2012 (the "**Petition Date**"), Eastman Kodak Company and certain of its affiliates (collectively, "**Debtors**"), including FPC Inc., Kodak Imaging Network, Inc., Laser-Pacific Media Corporation, NPEC Inc., and Qualex Inc. each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**").

B. On or about May 10, 2012, the Court set the bar date to file proofs of claim in Debtors' cases for July 17, 2012 (the "**Bar Date**").

C. On or after July 16, 2012, FTB filed (1) proof of claim number 4916, which asserted (a) a priority tax claim and (b) a general unsecured claim against Eastman Kodak Company on account of unpaid taxes ("**Claim 4916**"), (2) proof of claim number 4917, which asserted (a) a priority tax claim and (b) a general unsecured claim against NPEC Inc. on account of unpaid taxes ("**Claim 4917**"), (3) proof of claim number 4928, which asserted (a) a priority tax claim and (b) a general unsecured claim against Qualex, Inc. on account of unpaid taxes ("**Claim 4928**"), (4) proof of claim number 5886, which asserted (a) a priority tax claim and (b) a general unsecured claim, against FPC, Inc on account of unpaid taxes ("**Claim 5886**"), (5) proof of claim number 5887, which asserted (a) a priority tax claim and (b) a general unsecured claim, against Kodak Imaging Network, Inc. on account of unpaid taxes ("**Claim 5887**"), and (6) proof of claim number 5888, which asserted (a) a priority tax claim and (b) a general unsecured claim, against Laser-Pacific Media Corporation on account of unpaid taxes ("**Claim 5888**" and, together with Claim 4916, Claim 4917, Claim 4928, Claim 5886, and Claim 5887, the "**Proofs of Claim**").

D. Eastman Kodak Company filed income/franchise tax returns for the taxable years subject to the Proofs of Claim under California Corporation Tax Law wherein Eastman Kodak Company was designated the key corporation, and is a surety for each taxpayer member of the Eastman Kodak Company combined group for payments owed under the California Corporation Tax Law related to the taxable years subject to the Proofs of Claims.

E. Claim 4916 is based in part on the surety obligation of Eastman Kodak Company for the obligations contained in Claims 4917, 4928, 5886, 5887, and 5888.

F. The Proofs of Claim were filed based upon estimated figures for taxable years 2001-2005 and 2007. FTB also filed protective claims for the 2011 and 2012 taxable years. At the time of the filing of the Proofs of Claim, those taxable years were under review by FTB.

G. While Claims 5886, 5887, and 5888 were originally mailed prior to the Bar Date, those claims were not received by the claim agent until on or about July 27, 2012.

H. On September 12, 2012, FTB filed a motion for an order deeming claims 5886, 5887 and 5888 timely filed (the "***FTB Motion***"). The FTB Motion was originally set for hearing on October 9, 2012. That hearing was adjourned, by agreement, without a continued hearing date to enable the Parties to attempt to reach an agreement on treatment of the Proofs of Claim.

I. On March 20, 2013, the Bankruptcy Court entered an *Order Establishing Omnibus Procedures for Settling and Allowing Certain Claims and Causes of Action* (the "***Settlement Order***").

J. FTB has concluded its review of the taxable years that are subject to the Proofs of Claim.

K. Under Section 10.7 of Plan of Reorganization that was confirmed by the Bankruptcy Court on August 23, 2013, the Reorganized Debtors shall have the sole authority after the Effective Date (as defined therein, the "***Effective Date***") to settle or compromise any disputed claim without any further notice to or action, order or approval of the Bankruptcy Court.

L. The Effective Date occurred on September 3, 2013.

M. The Parties have reached an agreement as to the amount and treatment of the Proofs of Claim on the terms and conditions set forth herein.

### **AGREEMENT**

1. Claim 4916 is allowed as a priority claim in the amount of \$4,125,337.29 and a general unsecured claim in the amount of \$102,094.92 against Eastman Kodak Company.

2. FTB will withdraw Claims 4917, 4928, 5886, 5887, and 5888.

3. In the event that Claim 4916 is not timely paid in accordance with a confirmed plan, Claims 4917, 4928, 5886, 5887, and 5888 shall, without any action by the Parties or the Bankruptcy Court, be reinstated and allowed as follows:

- a. Claim 4917 shall be allowed as a priority claim in the amount of \$24,327.04 and a general unsecured claim in the amount of \$423.94 against NPEC, Inc.
- b. Claim 4928 shall be allowed as a priority claim in the amount of \$465,670.83 and a general unsecured claim in the amount of \$8,968.32 against Qualex, Inc.

- c. Claim 5886 shall be allowed as a priority claim in the amount of \$63,419.29 and a general unsecured claim in the amount of \$980.18 against FPC, Inc.
- d. Claim 5887 shall be allowed as a priority claim in the amount of \$349,734.93 and a general unsecured claim in the amount of \$2,795.27 against Kodak Imaging Network, Inc.
- e. Claim 5888, shall be allowed as a priority claim in the amount of \$1,118.20 and a general unsecured claim in the amount of \$160.00 against Laser-Pacific Media Corporation.

For the avoidance of doubt, FTB shall not be entitled to any duplicative collection of taxes and following the payment of tax by one taxpayer, FTB shall have no claim against any other taxpayer for the same tax.

4. Except as to any amounts that are not dischargeable under 11 U.S.C. § 1141(d)(6), this Agreement shall be final and conclusive with respect to the Proofs of Claims and with respect to all tax, penalties, interest or other additions to, or refunds of, California income/franchise tax liability of Kodak, the members of the combined group or any of them related to any taxable year ending on or prior to the Petition Date. The Parties further agree that, except as provided for in this Agreement, the Parties, on their behalf and on behalf of the members of the combined group, will not raise, assess, seek, collect or attempt to raise, assess, seek or collect, any tax, penalties, interest or other additions to, or refunds of, California income/franchise tax liability for taxable years ending on or before the Petition Date, by way of notices of proposed assessment, proofs of claim, audit, motion, claims for refund, offset, interest abatement or otherwise. This Agreement shall be binding upon all successors and assigns of each of the Parties to the Agreement.

5. Notwithstanding Paragraph 4, with regard to adjustments to tax resulting from changes or corrections in federal taxable income and federal tax credits including changes resulting from adjustments to foreign tax credits which are finally determined or accepted by the Internal Revenue Service or arise as a result of net operating loss carry backs/carry forwards or capital loss carry backs/carry forwards, nothing in this Stipulation shall limit (1) any credit or refund due to Kodak, or (2) the timely issuance of an assessment notice by the FTB based upon a federal change or correction against Kodak.

6. Except as set forth herein, FTB shall not raise, or attempt to raise any claims of joint or successor liability, claims of derivative liability against any trustees, officers, directors, employees, counsel, agents, successors, assigns or other representatives of Kodak.

7. Once the FTB receives payment in full of the priority claims allowed herein (including any interest thereon as required by the Bankruptcy Code) and receives the distribution on its general unsecured claims allowed herein in accordance with the Plan of Reorganization approved by the Bankruptcy Court, it shall cancel all remaining income/franchise tax liabilities, penalties, interest or other additions to tax of Kodak for all years ending on or before the Petition Date.

8. FTB agrees to withdraw the FTB Motion as moot.

9. This Agreement contains the entire agreement by and between the Parties with respect to the subject matter hereof, and all prior understandings or agreements, if any, are merged into this Agreement.

10. This Agreement may only be changed, modified or otherwise altered in a writing executed by all the Parties to this Agreement. Oral modifications are not permitted.

11. For purposes of construing this Agreement, none of the Parties shall be deemed to have been the drafter of the Agreement.

12. Each of the Parties agrees to submit to the jurisdiction of the Bankruptcy Court for any action to enforce or interpret this Agreement, except to the extent that the Bankruptcy Court determines that it lacks jurisdiction.

13. Facsimile or other electronic copies of signatures on this Agreement are acceptable, and a facsimile or other electronic copy of a signature on this Agreement is deemed an original.

14. This Agreement may be executed in counterparts, each of which is deemed an original, but when taken together constitute one and the same document.

15. Each party shall bear the fees and costs arising from the actions of its own counsel and/or representative in connection with this dispute and the settlement thereon, including, but not limited to, those fees and/or costs related to the execution of this Agreement and the attendant responsibilities resulting therefrom.


16. FTB represents and warrants to Kodak that the FTB has not sold, assigned, factored or otherwise transferred any portion of, or interest in, the Proofs of Claim, and is the sole holder of the Proofs of Claim, with full authority to enter into this Stipulation Agreement.

17. This Agreement and the obligations of the Parties hereunder shall be binding on the Parties only if signed by all of the Parties.

The Parties have executed and delivered this Agreement as of the date first set forth above.

EASTMAN KODAK COMPANY

STATE OF CALIFORNIA FRANCHISE TAX  
BOARD

By:   
Name: PAUL DILS  
Title: CHIEF TAX OFFICER & VP

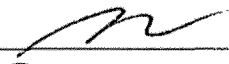
By:   
Name: Carissa Lynch  
Title: Tax Counsel IV

FPC INC.

By: 


Name: PAUL DILS  
Title: CHIEF TAX OFFICER : VP

KODAK IMAGING NETWORK, INC.,

By: 

Name: PAUL DILS  
Title: CHIEF TAX OFFICER : VP

LASER-PACIFIC MEDIA CORPORATION

By: 

Name: PAUL DILS  
Title: CHIEF TAX OFFICER : VP

NPEC INC.,

By: 

Name: PAUL DILS  
Title: CHIEF TAX OFFICER : VP

QUALEX INC.

By: 

Name: PAUL DILS  
Title: CHIEF TAX OFFICER : VP