

In 2023, thanks to Kodak Chapter members sending us copies of your 2023 Annual Funding Notice for plan year 2022, we were able to send you our analysis of your pension plan (See page 2) that included the following observation:

“So, your plan is well-funded but like many U.S. companies, it is ripe for voluntary termination (de-risking) and annuitization of pension payments. If Kodak needed assets, it could voluntarily terminate (a total de-risking) the plan and annuitize pensions, thus eliminating \$2.4 billion of liabilities and apply \$1.2 of billion plan surplus-assets elsewhere.”

At the time, few of us felt that Kodak management could screw up the company again. Apparently, they did again but this time investors of all types are unwilling to fully finance their new restructuring which could include buying another company with pension plan assets.

[Kodak Explores Tapping Pension Fund's \\$1.2 Billion Surplus](#) *Bloomberg – February 29, 2024*

Having just heard the news on Thursday 2/29 we are not able to make fully accurate assertions until we see all the facts but this fish smells rotten! Why?

- They appear to be rushing because they have already obtained approvals to move forward with their plan for reverting pension asset or it is a defensive move because their case is weak.
- While they say there is a \$1.2 billion surplus, we do not know what valuation basis they used and they want to avoid scrutiny of their 2024 Annual Funding Notice (AFN), due to you in April.
- Media reports have published that Kodak attributes the current \$1.2 billion surplus to excellent asset management but the plan year 2023 Kodak plan AFN states that the 2022 plan year 12-31-2022 Market Value of surplus was \$1.2 billion. This would mean, contrary to media information, that there has been no surplus growth in 12 months! Kodak should provide plan participants and the world a copy of the April 20, 2024, AFN to confirm data.
- If the investment portfolio is a high beta-risky conglomeration of investments and should equity markets fall 15%, this risk could cause the funding level to reach 80% or lower overnight!
- We have not heard that Kodak is fully or partially voluntarily terminating the plan. If they are not, this may be a questionable reversion of plan assets. If Kodak filed for Chapter 11 protection, they could not revert assets, PBGC would take over the plan.

As I indicated it is too soon for us to say much officially but early next week, we will be all over this situation and I will report back ASAP.

I know many of you are loyal shareholders and would agree that both a successful Kodak and a fully secure pension plan are both desirable. It is very unfortunate that you must be concerned a second time about your future.

Stay tuned and forward helpful information to [contact@nrln.org](mailto:contact@nrln.org).

Bill Kadereit  
President, NRLN

## The Kodak Retirement Income Plan Is Well Funded!

The number of Plan Participants - decreased from 51,497 in 2012 to 37,299 in 2022 - a 28% decrease. This reflects that no new participants were added a, workforce reductions occurred and deaths over 10 years combined to create the 28% decrease.

Funding Levels - AFN tables show adjusted and unadjusted interest rates reflect actuarial funding decreases for Plan Year (PY) 2022 vs 2012 on a Net Asset basis. However, actuarial funding calculations on a Total Asset basis show are a much more accurate picture of funding - unadjusted, funding was 119% and adjusted funding was reported at 147% - both are more that 20% higher than was reported for PY 2012 and very good news!

Actuarial data can overstate funding levels; they are based on data as of the first day of a plan year and is 16-months old when you receive your AFN in April of the next year. The Fair Market Value (FMV) of Year-End Assets and Liabilities (see page 5 of the 2023 AFN) are the most reliable funding assessment data, based on market asset values and market interest rates on the last day of the plan year; just 4 months old when you get your AFN. The Kodak plan FMV 2012 funding level of 93.6% ballooned to 151.62% in 2022 - Really good news!

Kodak funded the plan well and froze the number of participants that led to reduce liabilities by 28% that turned you 2012 underfunded plan to hold FMV surplus of \$1.2 billion dollars on 12/31/2022. However, Kodak also increased the risk of the plan asset in the investment portfolio between 2012 and 2022 in order to maximize asset growth. Page 5 of your 2023 AFN lists 2022 investment ratios. Examples of increased risk are the doubling of the percent of assets invested in common and preferred stocks by over 50% and a 50% increase in Partnership and Joint Ventures investments of assets.

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