Kodak Gets 2013 Deadline To Reorganize

Ben Dobbin, AP Business Writer

ROCHESTER, New York (AP) — Eastman Kodak Co. has a little over a year to reshape its money-losing businesses and deliver a get-out-of-bankruptcy plan.

Girded by a $950 million financing deal with Citigroup Inc., the photography pioneer aims to keep operating normally during bankruptcy while it peddles a trove of digital-imaging patents.

After years of mammoth cost-cutting and turnaround efforts, Kodak ran short of cash and sought protection from its creditors Thursday. It is required under its bankruptcy financing terms to produce a reorganization plan by Feb. 15, 2013.

U.S. Bankruptcy Judge Allan Gropper in New York gave Kodak permission to borrow an initial $650 million from Citigroup.

He also set a June 30 deadline for Kodak to seek his approval of bidding procedures for the sale of 1,100 patents that analysts estimate could fetch at least $2 billion. No buyers have emerged since Kodak started shopping them around in July.

Through negotiations and lawsuits, Kodak has already collected $1.9 billion in patent licensing fees and royalties since 2008. Last week, it intensified efforts to defend its intellectual property by filing patent-infringement lawsuits against Apple Inc., HTC Corp., Samsung Electronics and Fujifilm Corp.

Kodak is also pursuing another high-stakes dispute before the U.S. International Trade Commission in Washington, D.C., against Apple and BlackBerry maker Research in Motion Ltd. over image-preview technology it patented in 2002.

Kodak has said it hopes to garner $1 billion from the two-year-old claim. But the commission, a U.S. arbiter for trade disputes, recently put off its decision until September.

Founded by George Eastman in 1880, Kodak turned photography into a mass commodity at the dawn of the 20th century and was known all over the world for its Brownie and Instamatic cameras and its yellow-and-red film boxes. It was brought down first by Japanese competition and then an inability to keep pace with the shift from film to digital technology.

"They're a company that knows more about imaging than anyone else in the world," said Robert Burley, a photography professor at Ryerson University in Toronto. "But I think they lost their ability in their corporate structure to turn those innovations into real-world applications and get them on the market fast.

"There were just too many fronts to deal with, too many battles all at the same

time."

In its bankruptcy filing, Kodak said its nearly decade-long overhaul has been undermined since 2008 by a sluggish economy and high restructuring costs. Its payroll has plunged below 19,000 from 70,000 in 2002, and it hasn't had a profitable year since 2007.

"At the same time as we have created our digital business, we have also already effectively exited certain traditional operations, closing 13 manufacturing plants and 130 processing labs, and reducing our workforce by 47,000 since 2003," CEO Antonio Perez said.

"Now we must complete the transformation by further addressing our cost structure and effectively monetizing non-core (intellectual-property) assets," Perez said in a statement.

Kodak's stock edged up to 32 cents in over-the-counter trading Friday afternoon. The bankruptcy filing prompted the New York Stock Exchange to delist the securities.

Source URL (retrieved on *07/24/2014 - 1:37am*):
http://www.impomag.com/news/2012/01/kodak-gets-2013-deadline-reorganize?qt-digital_editions=0