



PROJECT OF THE YEAR



Grant Thornton with Kodak Alaris

Fourteen months into the Chapter 11 bankruptcy of Eastman Kodak Company (“Kodak”), Kodak and its largest unsecured creditor, the Kodak Pension Plan (UK) (“KPP”), found themselves at a crossroads.

The KPP held a \$2.8bn claim against Kodak and European subsidiaries which, if left unsatisfied, would have resulted in the largest pension insolvency in UK history and liquidation for Kodak with a loss of 13,500 jobs. Kodak did not have liquidity to fund its own emergence, or make a satisfactory payment to the KPP.

After some strategic thinking Grant Thornton came to the conclusion that the only option was for the KPP to buy Kodak’s two largest non-strategic businesses. The KPP would release its claim and pay Kodak \$325m, just enough liquidity to permit Kodak to reorganise. Grant Thornton overcame a host of seemingly insurmountable hurdles to:

- Persuade the UK Pensions Regulator that the KPP would pay \$325m in plan assets to Kodak rather than receive cash for its claim, ensuring the transaction received pensioner support
- Successfully separate two businesses over 33 countries that had been fully integrated with the rest of Kodak for decades and rapidly setting up the infrastructure for the KPP to own and operate two global businesses
- Restructure the businesses to ensure they are cost efficient and continued to operate

The transaction created extraordinary value. It avoided Kodak’s liquidation, kept the KPP pension solvent, preserved thousands of jobs and created two profitable businesses. It is one of the most innovative and unusual deals ever consummated during a cross-border insolvency.

Stephen Ross, Chairman of Trustees at KPP said “Without Grant Thornton, we could not have completed the deal. GT worked seamlessly across service lines, combining practical deal advice with specialist knowledge, helping us to deliver a ground breaking international asset carve out. They also helped us cut through the layers of complexity which included a completion deadline driven by the parent company’s emergence from Chapter 11, a staggered closing which disrupted the supply chain and the number of stakeholders in the deal. The GT team had a hands-on approach to supporting us, approaching issues in a creative and flexible way that was critical to a successful Day 1.”