



# Kodak IP Auction

*Digital Imaging Portfolio*  
*Final Bids Due July 30, 2012*

**“The significant problems we face cannot be solved at the same level of thinking we were at when we created them.” - Albert Einstein**

The same fatally flawed thinking that caused Kodak to completely miss the accelerated decline of chemical film and spend billions of dollars on deserted photo kiosks has led Kodak to focus the investor community on one of the weakest components of Kodak’s intellectual property (IP) portfolio... digital imaging. By asking the question, “What is a purchaser willing to pay for Kodak’s digital imaging portfolio?”, Kodak and its advisors have MISTAKENLY established digital imaging as the cornerstone of Kodak’s bankruptcy restructuring. In fact, Kodak has fruitlessly been “exploring strategic alternatives” for this portfolio for one year now with current proceed expectations at a fraction of the reported \$2+ billion original asking price.

Of course, Kodak has been quick to point out the supposedly critical nature of its portfolio in digital imaging believing that they can extract value from combatants in the smartphone and tablet wars. As such, investors (doubtlessly armed with scores of intellectual property attorneys) could easily believe the hype given recent highly publicized IP-centric M&A transactions like the sale of Nortel’s IP, Google’s acquisition of Motorola Mobility and Facebook’s purchase of Microsoft and IBM patents. However, not only would we like to point out Kodak’s recent defeats at the hands of RIM and Apple as visible counterpoints to this thesis, but we would respectfully submit that our analysis suggests that as much as 95% of this digital imaging portfolio has little to no commercial value.

Using the same underwriting and analytical systems underpinning some of the largest banking and insurance IP transactions, M•CAM completed a preliminary intangible asset audit and monetization review of Kodak’s ENTIRE intellectual property estate (consisting of at least seven (7) distinct portfolios). Within the overall estate, there are essentially four (4) parts to the digital imaging sub-portfolio: digital capture, manipulation (image preview is included here), rendering and file conversion. Our analysis shows that Kodak’s patents are considerably impaired (e.g., not particularly unique/commercial), largely due to the fact that Kodak’s management did not believe that the digital photo revolution would come so fast. Below is a table that roughly summarizes our estimates on commerciality.

	<u>Commercial % of Portfolio</u>
Digital Capture	Less than 5%
Manipulation (image preview)	Between 30-40%
Rendering	Between 30-40%
File Conversion	Between 5-10%

As evidenced by our role as the US Treasury Department’s exclusive, sole source provider of patent donation auditing and investigation services, M•CAM’s expertise in the field of analyzing intellectual property is unrivaled. Beyond the “quality of assets” scoring our systems provide, we also have a detailed and comprehensive view of global enforceability, transferability and, perhaps most importantly, identification of unaffiliated cashflows controlled by Kodak’s IP (e.g., what is the IP “worth”). The potentially lucrative options in precision sensors, polyethylene terephthalate and PCBs are being largely overlooked and remain hidden to both beneficiaries and acquirors alike.

If you would like a deeper dive into the relative strength and scale of opportunity in the Kodak IP portfolio, please call/email Meredith Wouters at (434) 979-7240 x465 or [mjw@m-cam.com](mailto:mjw@m-cam.com).

## About M•CAM

M•CAM, Inc., founded in 1998 is a global, full-service intellectual property, rights and intangible asset services firm. M•CAM has developed and underwriting platform based on a proprietary unstructured data mining algorithm that allows the Company to measure and quantify the market consequence, commercial and obsolescence risk intangible risk of intangible assets. This platform has placed M•CAM at times as a principal advisor to help set regulatory, audit, compliance and risk standards for certain intangible assets around the world.