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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Eastman Kodak Third Quarter 2017 Earnings Conference Call. (Operator Instructions) As a reminder, this call may be recorded.

I would now like to introduce your host for today's conference, Mr. Bill Love. Please go ahead, sir.

William G. Love - *Eastman Kodak Company - Director of IR and Treasurer*

Thank you, Christy, and good afternoon, everyone. My name is Bill Love, and I am Eastman Kodak Company's Treasurer and Director of Investor Relations. Welcome to the third quarter 2017 Kodak earnings call. At 4:15 p.m. this afternoon, Kodak filed its quarterly report on Form 10-Q and issued its release on financial results for the third quarter 2017. You may access the presentation and webcast for today's call on our Investor Center at investor.kodak.com. During today's call, we will be making certain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. All forward-looking statements are based upon Kodak's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from these forward-looking statements include, among others, the risks, uncertainties and other factors described in more detail in Kodak's filings with the U.S. Securities and Exchange Commission from time to time. There may be other factors that may cause Kodak's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements included or referenced in this presentation. In addition, the release just issued and the presentation provided contains certain measures that are deemed non-GAAP measures. Reconciliations to the most directly comparable GAAP measures have been provided with the release and within the presentation on our website in our Investor Center at investor.kodak.com.

Speakers on today's call will be: Jeff Clarke, Chief Executive Officer of Kodak; and David Bullwinkle, Chief Financial Officer of Kodak. Jeff will provide some opening remarks, guidance for 2017 and a review of Kodak's third quarter financial performance. Then Dave will summarize results for the first 9 months of 2017, provide an update on cost reductions and a review of cash performance before we open it up to questions.

I will now turn the call over to Kodak's CEO, Jeff Clarke.

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Thank you, Bill. Welcome, everyone, and thank you for joining the Q3 investor call for Kodak. Kodak delivered a GAAP net loss of $46 million in Q3 and $35 million for the 9 months ending September 30. On today's call, I'll talk about the factors impacting our results and outlook and immediate actions to improve short-term profitability.

Before we dive into the detail on the quarter and on the immediate actions, I will provide an update on the strategic actions we are undertaking as summarized on Slide 5. We're actively pursuing strategic divestitures and monetization opportunities, which will meaningfully change the Kodak portfolio going forward. We are in multiple processes with strategic and financial buyers to achieve monetization which will sharpen our focus and deleverage Kodak. We're in advanced negotiations with parties to complete technology and IP monetization through joint ventures and partnerships. Based on the sensitive nature of negotiations and confidentiality, we are not able to comment further on specific businesses, partners or timelines related to these strategic activities.

Turning to Slide 6. In the third quarter, revenues were $379 million with operational EBITDA of $15 million. On a constant-currency basis year-over-year, our revenues were down $35 million or 9%, and operational EBITDA decreased $8 million or 36%.

Moving to Slide 7. As noted in our press release, we are maintaining our 2017 revenue guidance and revising our 2017 operational EBITDA guidance to be within a range of $60 million to $65 million. The main factors for reduction in operational EBITDA remain primarily -- excuse me, relate primarily to 4 business factors: first, the commercial printing market has experienced a marked slowdown, which has resulted in deferred and canceled orders and capital expenditures. This impacted our Print Systems Division, including CTP's, plates, and electrophotographic business. It also impacted EISD in printing system orders and PRINERGY Software sales. Compared to our outlook provided in August, this industry slowdown will impact Kodak results in the second half by approximately $18 million of operational EBITDA. Second, we are behind our plans in commercializing our advanced technologies intellectual property within our Advanced Materials 3D Division. This will impact our second half by approximately $8 million in addition to the $15 million which we described in the Q2 call. Third, we are seeing a longer sales cycle for brand licensing transactions. This will impact the second half by approximately $7 million. Fourth, we're experienced -- we're experiencing higher cost in our film business driven by accrediting and scaling 2 new vendors as we have been looking closely with them to achieve Kodak's detailed specifications. This is driving the second half impact of approximately $5 million.

On Slide 8, we summarized the impact of these factors on our operational EBITDA guidance and cash outlook. We expect the year end cash to be within the range of $360 million to $370 million net of any debt repayments, which may occur this quarter. This is a reduction in our cash outlook from a range of 0 to $10 million of cash generation to a use of $60 million to $70 million. The change is a result of our lower EBITDA guidance, decrease in cash expected from working capital and the timing of the Advanced Technology transaction debt pay down. Dave will take you through more details on cash in his remarks.

To improve short-term profitability and cash flow, we're taking actions outlined on Page 9. First, in our Print Systems Division, we announced in September a 4% to 9% worldwide plate price increase; second, we're continuing and accelerating our cost actions across the company, which will reduce approximately 425 positions and save approximately $45 million on a run-rate basis. This is incremental to the $21 million of run rate headcount savings achieved in the first 3 quarters of the year; third, we will make fewer investments in our AM3D Division, focusing on areas where we have existing proven commercialization or supplier arrangements in place. This will reduce the AM3D headcount by approximately 70% from first half levels, and is included in the approximately $45 million of savings noted earlier; fourth, we are reducing the number of investments we make as a company, including shortening the required payback period for CapEx and eliminating several programs which no longer fit in our re-prioritization to do fewer things with higher probability outcomes. The acceleration in the commercial print -- I'm sorry, the acceleration in the commercial print industry market declines, coupled with higher supplier cost and sustained aluminum prices in 6-year highs have crowded out our ability to make as many medium- to short-term investments. While we believe these investments have good returns on investment, we cannot afford them any longer; fifth, we are appointing John O'Grady to lead our consumer and film division. John has lead our PSD global sales efforts in the last 3 years, and brings over 30 years of sales, marketing and engineering experience across consumer and commercial businesses.

While these actions I just described will have a meaningful impact on our short-term performance, they will not impair our core strategic priorities. We'll continue to make key investments in the following areas: flexographic packaging, advanced plate development, the next generation SONORA, PRINERGY software and ULTRASTREAM inkjet platform development.

Now I'll provide brief comments on the business by division, which is presented on Slide 10 for the third quarter 2017. All year-over-year comparisons will be discussed on a constant-currency basis unless otherwise noted.

Starting with the Print Systems Division. Third quarter revenues were $232 million, an 8% decline compared to 2017. Our operational EBITDA declined by $14 million compared to the prior year quarter, as we had higher aluminum costs and continue to face industry pricing pressures. Plate volume was down 3% and price erosion was 5% versus prior year. Our CTP revenues declined by 19% year-over-year, and were impacted by CapEx delays and cancellations from large customers as a result of the commercial print industry slowdown. We include this slide in the appendix presenting historical metal -- excuse me, historical London metal exchange aluminum prices. The LME euro price remains near a 6-year high, and has increased from EUR 1451 per metric ton to EUR 1761 per metric ton from full year average 2016 to the end of September 2017. On a dollar basis, this represents a 30% year-over-year headwind.

Moving on to the Enterprise Inkjet Systems Division. For the third quarter, revenues were $33 million, down $14 million from the prior-year period. Operational EBITDA for the third quarter was $1 million, an improvement of $9 million compared to the prior-year period. EISD had positive operational EBITDA in the third quarter and is expected to generate positive operational EBITDA for the full year. PROSPER annuities continue their strong growth this year with 9% growth in the quarter.

The Flexographic Packaging Division had revenues for the quarter of $34 million and operational EBITDA of $7 million, down $1 million year-over-year. The underlying results of 11% Flexo on ex consumable growth and the addition of 12 CTP systems in the installed base were masked by a stronger prior-year performance comparison and delayed orders due to the timing of industry trade shows. Year-to-date performance in FPD of 7% revenue growth, an 18% operational EBITDA growth, illustrates the strong momentum in the business and is our expectation for the fourth quarter and full year.

For the Software and Solutions Division, revenues for the quarter were $21 million, flat year-over-year. Operational EBITDA was $1 million, a $1 million improvement over the prior year quarter.

The Consumer and Film Division revenues of $55 million were unchanged from the prior year quarter as a $6 million payment related to the contractual minimum royalties and term extension of a brand licensing arrangement offset declines in consumer inkjet and photopaper chemicals. Operational EBITDA was a negative $2 million, down $3 million from the prior year quarter. Higher film manufacturing cost, which included the impact of the vendor transition cost and the expected reduction in consumer inkjet more than offset the favorable impact from the $6 million brand license payment.

The Advanced Materials and 3D Printing Technology Division had operational EBITDA of negative $6 million in the third quarter of 2017. During the quarter, we invested $2 million to commercialize light blocking particles. We are producing particles and expanding our capacity, in line with our alliance with a major textile specialty fabric manufacturer, as we bring Kodak's light blocking technology to market. Other investments in the quarter include advanced materials for 3D printing and printed electronics.

Continuing to our final division, Eastman Business Park. Revenues for the quarter were $4 million and operational EBITDA was $1 million, both flat when compared to the prior year quarter.

To summarize, on Slide 11. Our third quarter results employer and full year outlook are being impacted by a slowdown in the commercial printing industry, delays to market for key programs and investments in our Advanced Materials and 3D Printing Division, a longer sales cycle for brand licensing transactions and higher cost in our film business. We're implementing decisive actions to address these factors. We continue to see strong execution in the FLEXCEL NX Plates, SONORA Process Free Plates and PROSPER business.

I'll now turn it over to Dave to discuss details on net earnings and cash flow performance. David?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

Thank you, Jeff. Today, the company filed its Form 10-Q for the quarter ended September 30, 2017, with the Securities and Exchange Commission. As always, I recommend you read this filing in its entirety. I will now share further details on the full company results and update on our cost structure initiatives and cash flow performance and a full year cash flow outlook.

Starting on Slide 13, we summarized the GAAP financial results for the third quarter and year-to-date periods in 2017 and 2016. As we reported in our earnings release, net loss for the third quarter was $46 million compared to net earnings of $12 million in the third quarter of 2016, a decline of $58 million. The results for the quarter and year-to-date were impacted by $58 million net of tax for noncash goodwill and asset impairment charges.

Due to the reduction in the company's financial projections and share price, it was concluded the Prepress Solutions carrying value exceeded its fair value and $56 million of goodwill associated with this business was written off. In addition, the company recorded a charge of $20 million in the third quarter to recognize the write-down of assets related to the cancellation of the copper mesh touchscreen program. Further information on these impairments can be found in Note 5, Goodwill and Intangible Assets, in our Form 10-Q.

On a fully diluted basis for the quarter, the loss per share was $1.20 compared to earnings per share of $0.37 in the prior-year period. The impairment charges recorded in the quarter were $1.36 per share. Year-to-date through September 30, 2017, the net loss of $35 million represented a $40 million decrease from net earnings of $5 million for the same period in 2016. An increase in noncash impairment charges of $33 million net of tax was partially offset by $42 million of income recorded from the change in value for the derivative embedded in the series A preferred stock. On a fully diluted basis, the loss per share was $1.15 compared to earnings per share of $0.12 in the prior-year period.

Turning to Slide 14, we are presenting our divisional results for the 9-month period ending September 30, 2017 and 2016. Through September 30, 2017, revenues were $1.117 billion, down $94 million from $1.211 billion in the same period in 2016. On a constant-currency basis, revenues declined $85 million or 7%. Operational EBITDA was $37 million compared to $64 million in the prior-year period. On a constant-currency basis, operational EBITDA declined by $25 million. All further year-over-year comparisons will be on a constant-currency basis.

The year-to-date decline of $27 million in the Consumer and Film Division operational EBITDA was due to the expected decline in the consumer inkjet business, lower volume in industrial film chemicals, and higher costs in motion picture, driven by vendor transition impacts, offset by a payment from a brand licensing arrangement. Also, the prior year included favorable impacts from a significant industrial film order and settlements of motion picture volume commitments. The year-over-year reduction of $25 million in Print Systems Division operational EBITDA was driven primarily by plate price erosion, higher aluminum costs and volume declines, partially offset by cost reduction activities. For the year-to-date period, we saw a 22% volume growth in SONORA Process Free Plates. The declines in CFD and PSD operational EBITDA were partially offset by year-over-year improvements in EISD of $22 million and an FPD of $3 million. On a year-over-year basis through September 30, 2017, PROSPER annuities within EISD grew by 15%. In addition, FLEXCEL NX revenues within FPD grew by 11% with FLEXCEL NX plate volumes increasing by 18%.

Now for an update on operating costs as shown on Slide 15. Since December 31, 2013, operating expenses on a run-rate basis are lower by 48% with corporate cost down 44%. The key driver of these cost improvements is reduced headcount, which is down 32% over this period. On a run-rate basis, operating expense as a percent of revenues was 17%, or down 5 percentage points as compared to 2013. For the full year 2017, we expect operating expenses as a percentage of revenue to be between 16% and 17%. Within this, corporate cost as a percentage of revenues are expected to be 5%, overcoming the lapse of income from transition services to a divested business and modest current year investments in automation by continued productivity initiatives. On a run-rate basis, operating expenses are expected to improve by 3%, when adjusted for the pension credit. As Jeff described, we are taking action to accelerate cost reductions. We are targeting headcount reductions of approximately 425 positions with an annual savings of approximately $45 million. The majority of these savings will be recognized in 2018. To accelerate reductions in corporate costs, we will further leverage our global shared services. Utilizing these highly productive centers, we will continue to focus on standardizing and simplifying multiple shared function activities and provide an increasing value-added services. In addition, we are narrowing the investments in early-stage commercialization technologies by approximately 70% through lower headcount. The benefit from these actions will begin to be recognized in the first quarter of 2018.

Moving on to the company cash performance presented on Slide 16. The company ended the third quarter with $366 million in cash, cash equivalents and restricted cash, a decrease of $23 million in the quarter and a decline of $112 million from December 31, 2016. Cash and cash equivalents reported on the balance sheet as of September 30, 2017, were $342 million, a decline of $28 million from June 30, 2017, and down $92 million for the year. Year-to-date, 2017 cash used in operating activities was $77 million, driven primarily by the working capital usage of $31 million, negative cash earnings of $20 million and other balance sheet changes of $26 million. During the 9-month period ended September 30, 2017, the company used $25 million of cash for investing activities, capital expenditures of $28 million, which include our investment in a new flexographic plate line in Weatherford, Oklahoma, were partially offset by proceeds from asset sales and marketable securities.

Cash used in financing activities year-to-date through September 30, 2017, was $19 million, which included a $7 million payment to Kodak Alaris for continued consideration from the business sale in 2013, and $7 million in preferred stock dividends. Currency favorably impacted cash by $9 million. On a year-over-year basis, the company used $35 million more cash in the 9 months of 2017 than the prior year. This was primarily driven by lower cash earnings of $21 million, a higher cash usage from balance sheet changes of $24 million and more cash used in investing activities of $9 million for capital expenditures and lower asset sale proceeds. These cash uses were partially offset by the $11 million decrease of restricted cash as well as $7 million of favorable exchange impact. Within the increased cash usage from balance sheet changes, is an increased use of cash in working capital of $58 million on a year-over-year basis. This is primarily due to the increase in inventory in the current year of $42 million compared to a $9 million increase in the prior year, representing an increase of $33 million in cash used to build inventory. The year-over-year change in the velocity of inventory in EISD is driven primarily by the rate of press placements in 2017 compared with placements in 2016.

In CFD, we had significant inventory reductions in the prior year. However, as film volumes have stabilized, we have not lowered inventory levels in 2017. Within PSD, the slowdown in the commercial printing industry and cost of aluminum, combined with our expectations for Q4 volumes, have increased inventory balances. FPD had increased inventory in the current year at a higher rate than the prior year, due to volume growth as well as manufacturing and distribution transitions. We have seen a 9-day increase in days sales of inventory in the current quarter versus the prior year. This is largely driven by the rate of equipment placements in EISD and PSD. We expect inventory reductions in the fourth quarter to provide a significant component of cash generation as well as a meaningful reduction in days sales of inventory. We remain in compliance with our covenants under our credit agreements. The company's EBITDA used in the secured leverage ratio as calculated under the first lien term loan credit agreement exceeded the EBITDA necessary to satisfy the covenant ratio by $13 million. We expect to remain in compliance with the secured leverage ratio, irrespective of the outcome of our pursuit of certain strategic divestitures and monetization opportunities, which Jeff referenced earlier.

For the remainder of the year, we expect to generate cash. The increase in cash used in working capital in the first 9 months will transition to a source of cash for the company for the fourth quarter. Inventory balances will be impacted by increases in sales volume, consistent with our expected fourth quarter business performance and provide a source of cash for the company.

As shown on Slide 17, consistent with our adjusted guidance for operational EBITDA, we have updated our cash outlook for year-end 2017 to be within a range of $360 million to $370 million or a usage of approximately $60 million to $70 million, excluding any cash from asset sales, which would be used to repay debt. This outlook reflects the removal of $25 million related to an Advanced Technology agreement, which is still in negotiations and was included in our prior outlook, partially offset by cash proceeds from other asset monetizations within the other line. In this projection, we have reduced our expectations from working capital due to the commercial slowdown we have experienced.

Inventory balances will transition to sales later than originally expected and therefore, collections will not be fully realized prior to year-end given our customer turns. This has reduced our cash outlook by approximately $20 million.

Our focus in the fourth quarter is to optimize working capital, to take actions to narrow our investments in advanced technologies, to reduce operating cost further and to continue to manage cash needed to fund flexographic packaging manufacturing line and R&D cost for growth initiatives like SONORA and ULTRASTREAM.

We will now open the call to your questions. Operator, please remind participants of the instructions to ask questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Shannon Cross of Cross Research.

Shannon Siemsen Cross - *Cross Research LLC - Co-Founder, Principal and Analyst*

I wanted to know a bit more about the slowdown in commercial print that you're seeing. Is it widespread? Do you feel like there's, that's actually a slowdown in demand for printing? I don't know, I'm just trying to get a handle on how long you think it'll last or economy-driven, just any color you could give would be great.

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Sure, Shannon. Yes. So like, I think, it's best to go category by category. So we're seeing the largest slowdown in equipment sales. So our CTP units, so computer-to-plate units for our PSD business in the first half, grew 8%. In the third quarter, units were down 10%. That's quite a shift. And we had several customers that had orders which were scheduled and manufactured, which pushed those orders out in some cases into next year, and in some cases, straight canceled. So those are, that's kind of on the equipment side. For example, if you look at the rest of the industry, I looked through some of the other industries before, trying to -- the industry competitors and Xerox's overall equipment, for example, is down 10% in units, and that's kind of what we're seeing as well here. Different units, somewhat of a different competitor, but similar. In terms of plate volume, we're down 2% in the first half, down 3% in the third quarter, so that hasn't been as abrupt in the consumable as we were in terms of the equipment for CTPs that drive that consumable. We saw quite a difference in software, software is a little bit longer cycle, people can often defer some software upgrades and so forth, in the first half we grew 6%, in the third quarter we're down 15%. On PROSPER annuities, relatively steady base, we have there, that grew 20% in the first half and only grew 9% in the third quarter. So as we're seeing -- as across the business, we're seeing a drop from first half performance. Where we're seeing strength still is, SONORA, grew 24%. I think that helped us only go down 3% in the plate business. Our FLEXCEL NX business contained the consumables at 11% growth. And as I mentioned, PROSPER annuities were 9%. So what we saw across multiple customers, come across multiple geographies was a deferral of CapEx and a -- as well as a slowdown in annuities.

Shannon Siemsen Cross - *Cross Research LLC - Co-Founder, Principal and Analyst*

And have you seen any change in that behavior starting in the fourth quarter?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

No. We're still seeing similar trends. A lot of the actions we saw in the third quarter were pushed out into next year. So I think what's happening across many of our customers, they're tightening their belts; they're seeing less demand for core printing and that's, that is working its way into their CapEx decisions.

Shannon Siemsen Cross - *Cross Research LLC - Co-Founder, Principal and Analyst*

Okay. And then, with regards to potential asset sales, how are you thinking about divestitures? I know you mentioned they would go to debt pay down, but I'm curious as to, as you're shutting down some of these technologies in that, that you had, is it possible to monetize some of them? And even maybe bigger divisions within Kodak?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Yes, again, we're in dialogue, I mean, Shannon, so I can't share a lot of detail because we're in dialogue with them, and I noted, with multiple parties. Clearly, we are doing very well in certain businesses and some of our businesses are now starting to be subscale. And some of those that are subscale, we'll obviously, we'll look at, and the ones that are going well, we hope to get more focused behind. In terms of technologies and IP, while we're going to shut down a significant piece of our advanced research and development of material science products, we do still believe that there are parties out there who are interested in licensing and buying some of those intellectual property assets and pre-commercialization activity. And so we'll work toward that as well.

Shannon Siemsen Cross - *Cross Research LLC - Co-Founder, Principal and Analyst*

Okay, great. And then, Dave, just one question on working capital. How are you thinking about the bounce back in fourth quarter, and then how should we think about working capital next year, as the business is shrinking and are you putting in place different processes to try to manage that, given some of the changes in the business model?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

Sure. So let's -- let me take the first part of that first. The bounce back in the fourth quarter, primarily driven by inventory, and primarily in the PSD business really focused on CTPs and of course, some plate volume increase on a quarter sequential basis. So inventory will liquidate. As I mentioned in my comments, we do expect, given the timing of that liquidation, we'll see some of that stuck in accounts receivable, just due to customer payment terms. So the projection that I provided reflects that. With regards to forward guidance, we're not providing anything past the end of 2017. So it's premature for me to predict working capital going forward.

Shannon Siemsen Cross - *Cross Research LLC - Co-Founder, Principal and Analyst*

Okay, and then just my last question is -- and you might've provided a little bit, I got on a little bit late on the call, but the $20 million that you had put in because you were in a licensing talk, or you were in a partnership talk, in that last quarter, and now you pulled it out. Is that not happening, or is it just because it's now delayed?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

It's delayed. We continue to work on that transaction. It's delayed and, if we do receive those proceeds, it would be used to pay down debt under our debt structure. So we've removed it for clarity.

Operator

Our next question is from Emon Trebkeck of Marathon Asset Management.

Emon Trebkeck - *Marathon Asset Management - Analyst*

So with regard to the cash balance of this $342 million you guys report, how much you held in the U.S.? And how much is held in non-U.S. subsidiaries? And second one, what's the rough, if you had a rough estimate, how much, I don't know if you have it on hand, but what's the minimum operating cash you guys need to hold it, those entities?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

So the amount of that cash in the U.S., which we disclosed in our 10-Q, is $154 million at the end of September. Outside the U.S., of course is the remainder. The largest portion of that is in China, of just over $100 million and then of course, Europe is the significant portion of the remainder. The -- with respect to the level of operating cash needed to run the business, we are very comfortable with the current cash balances. We have adequate liquidity and of course, we do expect our cash balance to increase in the fourth quarter, to a range of $360 million to %370 million.

Emon Trebkeck - *Marathon Asset Management - Analyst*

And just another quick one. With regard to capital structure, how do you guys think about addressing the $400 million maturity in 2019? And can we expect you guys to gradually chunk away at that via asset sales? And with regard to the covenant, you mentioned a secured leverage ratio, what exactly was the net level, as of last quarter?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

On the first one, yes. Our intent is, with monetizations and asset sales, to use the proceeds of those to pay down debt. And then, over time, as we get closer to maturity, we'll obviously evaluate how to -- how and when to address the refinancing of that. A reminder, we're at the -- the coverage ratio here is 2.75, so this is not an incredibly high levered entity, and we would base -- based, our net cash is -- net cash deficit is still under $100 million. So we're very comfortable with where we are on the cap structure and the ability to improve that with asset sales. Dave, do you want to talk about the specific ...

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

Sure. I think you asked the question about the ratio. We had cushions -- so ratio's 2.75 in the first lien secured leverage ratio, and in the prior period, we are over $20 million a cushion. I think the actual number was $25 million or $26 million, and this quarter, we're at $13 million as a cushion for the EBITDA necessary to be in compliance.

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Operator, are there any other questions?

Operator

(Operator Instructions) Our next question is from Jason [Isaac] of Eastman Kodak.

Unidentified Shareholder

I am a shareholder, but just -- and my questions are more focused on how well we can unlock shareholder value? Is there, like -- are there any plans to sell property, like is there a list of properties that is available for our shareholder to look at?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Are you talking about real estate, for example?

Unidentified Shareholder

Real estate -- yes, real estate.

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Yes, be happy to connect you with Dolores Kruchten, who manages that. We have several properties around the world that are available, most of the company's properties are leased, but in Rochester, we have several million square feet that we are actively marketing today. So Jason, Dolores Kruchten, you can just call 1-800-Kodak, and you'll find, and we'll connect you with her.

Unidentified Shareholder

Okay. And has there any discussion about possibly putting the whole company as a whole up for sale?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

The board meets and discusses all sorts of strategic options for the company, and no, we have not concluded that the company should be put up for sale. We strongly believe that the assets of this company and different business units are worth much more than the current value, and we are continuing to do the best we can to optimize that with additional investments in key areas, cost reductions in others and modernization of assets that we think we will not be able to invest enough in to bring to fruition. So, and no is the answer to that one, Jason.

Unidentified Shareholder

Has there been any discussion by the board about possibly putting the company up for sale? Can you speak on that?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

Yes, Jason, there's discussion about a variety of strategic options that the board discusses regularly.

Unidentified Shareholder

Okay, so there has been some discussion on it. And the last question I'm going to ask is -- I know you guys are a printing and photography company, right? But there's a lot of layers to Kodak. What would be one thing that's missed by a lot of shareholders? Like, what is one of the sciences that you guys are into, that a lot of shareholders wouldn't know about? If you can discuss that?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

I think in our flexographic packaging business, where we have strong performance this year with 7% revenue growth and 18% EBITDA growth on a year-to-date basis. The technology that drives that is what's called a thermal imaging layer, and the thermal imaging layer, which is manufactured here in the United States, is an advanced derivative film that improves the resolution of packaging printing, to a point where we're growing at about 4x the market. And I believe that is the most differentiated technology that Kodak has in the market, and that has been commercialized and is certainly doing quite well. A second one would be our SONORA Process Free Plate, where we make a plate for vast prepress market that does not use chemicals, and that is growing, as I mentioned, 24% this year and again, that is an example of the underlying technology that Kodak has, that differentiates itself in the marketplace.

Unidentified Shareholder

And on the thermal imaging, is there a margin that you could discuss? Or are the margins available to look up?

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

We don't break that out. That's quite competitive information, and -- but I think what you'll see, when you're growing a business at 18% per year in EBITDA, on 7% revenue growth, and that means you're expanding margins, so we continue to -- we feel strongly that technology is sustainable and adds for margin differentiation. Next call, please?

Operator

Our next question is from (inaudible) of Cowen and Company.

Unidentified Analyst

Just a quick clarification, I'm just trying to make the numbers make a little bit of sense. Last year, 3Q '16, your reported EBITDA was $35 million. This time, you reported $22 million in your slides and I'm wondering if the differential is that you've added back the PROSPER and if there's any other things we need to adjust for, can you just walk me through that?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

Sure. So when we actually reported Q3 of 2016, PROSPER was in discontinued operations, and because of that, excluded from operational EBITDA. As you're aware, we've now retained PROSPER, of course, and has, have included that in continuing operations for the current year, and so we've reclassified PROSPER back into operational EBITDA in the prior year to ensure proper comparability. So the difference there would be the PROSPER results, inclusive of ULTRASTREAM, in 2016.

Unidentified Analyst

Understood. And my second question is around your ABL. Do you still have 1 that was $150 million, I believe, and what's the availability on that?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

So we do still have an ABL. It's $150 million. The availability under that is about $20 million, at the end of September.

Unidentified Analyst

Got it. And what is your ability to move cash around? I know somebody earlier asked you about the total sort of liquidity that you're required to have, sort of, to run the business. And do you have the ability to loan cash in various jurisdictions or -- I know, you have done that historically. Do you still have that ability to move cash around?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

Sure. I'm happy to answer the question. So we certainly have a variety of repatriation strategies and loaning -- intercompany loan strategies which we employ to get cash to the right jurisdictions across the world. We are able to loan cash back to the U.S. but, as with many other companies, loans from China are limited, and we have about $100 million there. We've been successful at reducing that over time. The requirement there is that it does take time to get cash back from China. So that's the one limiting factor we have.

Unidentified Analyst

Sure. And my last question is around the commercial CapEx. You used to have a program where you used to deploy capital for PROSPER placements. Are you guys still doing that? And if so, how much is that?

David E. Bullwinkle - *Eastman Kodak Company - CFO and SVP*

So you're referring to what we refer to as commercial capital and it takes a variety of forms. We use it most often in our PSD business for CTPs, where we will provide a CTP for a bundled transaction with consumables -- or bundled contract with consumables. I believe the number there, all-in with PSD and FPD also uses it, is in the $20 million range. We will still employ that in PROSPER and have employed that in PROSPER and in any of our businesses, where we have large equipment placements in order to extend that consumables growth, which we've seen in PROSPER and FLEXCEL NX and the like.

Jeffrey J. Clarke - *Eastman Kodak Company - CEO and Director*

I want to thank everyone for their questions, appreciate your time today, and look forward to talking to you in the future. Thank you very much.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program and you may now disconnect. Everyone have a great day.
