

Kodak shares plunge as bankruptcy fears escalate

September 30 2011, By MICHAEL LIEDTKE , AP Business Writer

Investors dumped Eastman Kodak's stock Friday amid fears that the photography pioneer is headed toward bankruptcy.

The Wall Street Journal rattled Kodak's already jittery shareholders with a report that the company has hired Jones Day, a law firm that dispenses advice on bankruptcies and other restructuring alternatives.

Kodak, which is based in Rochester, N.Y., didn't respond to a request for comment. A Jones Day partner who oversees the firm's business reorganization and restructuring practice didn't immediately return a message either.

"As we sit here today, the company has no intention of filing for bankruptcy," Kodak spokesman Gerard Meuchner told the Journal. Kodak CEO Antonio Perez also sought to defuse the bankruptcy speculation in a meeting held earlier this week with the company's 19,000 employees, according to the Journal.

Friday's news followed a Kodak disclosure earlier this week that the company was borrowing \$160 million from its revolving credit line. That convinced some investors that Kodak is running out of cash as it scrambles to adapt to the age of digital imagery.

[Eastman Kodak](#) Co. shares lost more than half their value Friday, plunging 91 cents to close at 78 cents per share. Earlier in the session, the stock hit a new low of 54 cents. The selling was so intense that the

shares temporarily stopped trading under the New York Stock Exchange's automated controls.

After 131 years in business, Kodak finds itself on shaky ground largely because of the shift to digital cameras. That change, coupled with tougher foreign competition, has undercut sales of the film that made Kodak famous.

To survive, the company has been mining its [patent portfolio](#) for additional cash. Since 2008, Kodak has pocketed nearly \$2 billion in [royalties](#) and licensing fees. In July, Kodak hired investment bankers Lazard Ltd. to sell about 1,100 digital-imaging patents.

The question now is whether those measures will be enough to keep Kodak afloat. The company had \$957 million in cash as of June 30, down from \$1.6 billion at the start of the year.

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