

Eastman Kodak Company
Fourth Quarter 2006 Results
Non-GAAP Reconciliations

Within the Company's fourth quarter 2006 press release and financial discussion document, the Company makes reference to certain non-GAAP financial measures including "digital earnings", "digital EFO growth", "digital earnings growth", "traditional earnings decline", "digital revenue", "traditional revenue", and "net cash generation (formerly investable cash)". Whenever such information is presented, the Company has complied with the provisions of the rules under Regulation G and Item 2.02 of Form 8-K. The specific reasons why the Company's management believes that the presentation of each of these non-GAAP financial measures provides useful information to investors regarding Kodak's financial condition, results of operations and cash flows has been provided in the Form 8-K filed in connection with this press release.

The following table reconciles digital earnings to the most directly comparable GAAP measure of net loss from continuing operations (dollar amounts in millions):

	<u>FY 2006</u>	<u>FY 2005</u>	<u>Increase/ (Decrease)</u>
Digital earnings, as presented	\$ 343	\$ 72	\$271
Traditional earnings, as presented	432	650	(218)
New Technologies loss	(211)	(215)	4
Legal settlements	2	(21)	23
Restructuring costs and other items	<u>(768)</u>	<u>(1,118)</u>	<u>350</u>
Loss from continuing operations before interest, other income (charges), net and income taxes (GAAP basis)	(202)	(632)	430
Interest expense	(262)	(211)	(51)
Other income (charges), net	118	44	74
Provision for income taxes	<u>(254)</u>	<u>(555)</u>	<u>301</u>
Net loss from continuing operations (GAAP basis), as presented	<u>\$(600)</u>	<u>\$(1,354)</u>	<u>\$754</u>

The following table reconciles digital earnings to the most directly comparable GAAP measure of net earnings (loss) from continuing operations (dollar amounts in millions):

	<u>Q4 2006</u>	<u>Q4 2005</u>	<u>Increase/ (Decrease)</u>
Digital earnings, as presented	\$271	\$141	\$130
Traditional earnings, as presented	98	57	41
New Technologies loss	(71)	(53)	(18)
Legal settlements	6	(21)	27
Restructuring costs and other items	<u>(82)</u>	<u>(295)</u>	<u>213</u>
Earnings (loss) from continuing operations before interest, other income (charges), net and income taxes (GAAP basis), as presented	222	(171)	393
Interest expense	(60)	(67)	7
Other income (charges), net	36	55	(19)
(Provision) benefit for income taxes	<u>(181)</u>	<u>46</u>	<u>(227)</u>
Net earnings (loss) from continuing operations (GAAP basis), as presented	<u>\$ 17</u>	<u>\$(137)</u>	<u>\$154</u>

The following table reconciles digital revenue, traditional revenue, and new technologies revenue amounts to the most directly comparable GAAP measure of consolidated revenue (dollar amounts in millions):

	<u>Q4 2006</u>	<u>Q4 2005</u>	<u>Change from prior year</u>
Digital revenue, as presented	\$ 2,449	\$ 2,587	- 5%
Traditional revenue, as presented	1,357	1,592	-15%
New technologies revenue	<u>15</u>	<u>18</u>	<u>-17%</u>
Consolidated revenue (GAAP basis), as presented	<u>\$ 3,821</u>	<u>\$ 4,197</u>	<u>- 9%</u>

The following table reconciles the net cash provided by continuing operations relating to operating activities under US GAAP, to Kodak's definition of (1) free cash flow, (2) operating cash flow, and (3) net cash generation* :

4th Quarter

(\$ amounts in millions)	2006
Net cash provided by continuing operations relating to operating activities, as presented	\$1,028
Additions to properties	(97)
Free Cash Flow (continuing operations)	931
Net proceeds from sales of businesses/assets	66
Investments in unconsolidated affiliates	(9)
Acquisitions, net of cash acquired	-
Dividends	(72)
Operating Cash Flow (continuing operations)	916
Acquisitions, net of cash acquired	-
Net Cash Generation * (continuing operations), as presented	\$916

Full Year

(\$ amounts in millions)	2006
Net cash provided by continuing operations relating to operating activities, as presented	\$956
Additions to properties	(379)
Free Cash Flow (continuing operations)	577
Net proceeds from sales of businesses/assets	178
(Investments in) / distributions from unconsolidated affiliates	(19)
Acquisitions, net of cash acquired	(3)
Debt assumed through acquisitions	-
Dividends	(144)
Operating Cash Flow (continuing operations)	589
Acquisitions, net of cash acquired	3
Debt assumed through acquisitions	-
Net Cash Generation * (continuing operations), as presented	\$592

* formerly Investable Cash Flow

As previously announced, the Company will only report its results on a GAAP basis, which will be accompanied by a description of non-operational items affecting its GAAP quarterly results by line item in the statement of operations. The Company defines non-operational items as restructuring and related charges, legal settlements, in-process research and development charges related to acquisitions, significant gains and losses on sales of assets, asset impairments, the related tax effects of those items and certain other significant items not related to the Company's core operations. Non-operational items, as defined, are specific to the Company and other companies may define the term differently. The following table presents a description of the non-operational items affecting the Company's quarterly results by line item in the statement of operations for the fourth quarter of 2006 and 2005, respectively.

(in millions, except per share data)	4th Quarter			
	2006		2005	
	\$	EPS	\$	EPS
(Loss) earnings from continuing operations - GAAP	\$ 17	\$ 0.06	(137)	\$ (0.48)
COGS				
- Charges for accelerated depreciation in connection with the focused cost reduction actions	58		130	
- Charges for inventory writedowns in connection with focused cost reduction actions	4		6	
Subtotal	<u>62</u>	<u>0.22</u>	<u>136</u>	<u>0.48</u>
SG&A				
- Adjustment for Legal Settlement (reversals)/charges	(6)		21	
Subtotal	<u>(6)</u>	<u>(0.02)</u>	<u>21</u>	<u>0.07</u>
Restructuring				
- Charges for focused cost reduction actions	20		159	
Subtotal	<u>20</u>	<u>0.07</u>	<u>159</u>	<u>0.56</u>
Other Income/(Charges)				
- Gain on the sale of properties related to focused cost reduction actions, net	(3)			
- Impairment of property related to focused cost reduction actions			4	
Subtotal	<u>(3)</u>	<u>(0.01)</u>	<u>4</u>	<u>0.01</u>
Taxes				
- Impact of establishment of valuation allowances	89			
- Tax impacts of the above-mentioned items	(10)		(28)	
Subtotal	<u>79</u>	<u>0.27</u>	<u>(28)</u>	<u>(0.10)</u>