

Eastman Kodak Company
Second Quarter 2007 Results
Non-GAAP Reconciliations

Within the Company's second quarter 2007 press release and financial discussion document, reference is made to certain non-GAAP financial measures, including "digital earnings improvement", "traditional earnings improvement", "digital revenue", "traditional revenue", "net cash generation", "GCG digital revenue improvement", "net cash generation goal", "digital earnings from operations goal" and "digital revenue growth forecast". 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 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 as provided in the Form 8-K filed in connection with this press release.

The following table reconciles digital and traditional earnings improvements to the most directly comparable GAAP measure of improvement in loss from continuing operations before income taxes

| | <u>2007</u> <u>Improvement</u> |
|--|-----------------------------------|
| Digital earnings improvement, as presented | \$ 97 |
| Traditional earnings improvement, as presented | 31 |
| New technologies earnings improvement | 15 |
| Restructuring costs and other items | <u>(49)</u> |
| Loss from continuing operations before interest, other income (charges), net and income taxes improvement (GAAP basis) | \$ 94 |
| Improvement in interest expense and other income (charges), net | <u>27</u> |
| Loss from continuing operations before income taxes improvement (GAAP basis), as presented | <u>\$ 121</u> |

(dollar amounts in millions):

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

| | <u>Q2 2007</u> | <u>Q2 2006</u> | <u>Increase/ (Decrease)</u> |
|---|-----------------|-----------------|---------------------------------|
| Digital revenue, as presented | \$ 1,460 | \$ 1,417 | 3% |
| Traditional revenue, as presented | 1,044 | 1,262 | -17% |
| New technologies revenue | <u>6</u> | <u>9</u> | |
| Consolidated revenue (GAAP basis), as presented | <u>\$ 2,510</u> | <u>\$ 2,688</u> | -7% |

The following table reconciles net cash generation to the most directly comparable GAAP measure of net cash used in continuing operations from operating activities (dollar amounts in millions):

| | <u>Q2 2007</u> | <u>Q2 2006</u> | <u>YTD 2007</u> | <u>YTD 2006</u> |
|---|-----------------|----------------|-----------------|-----------------|
| Net cash used in continuing operations from operating activities (GAAP basis), as presented | \$ (298) | \$ (17) | \$ (695) | \$ (554) |
| Additions to properties | (59) | (83) | (125) | (161) |
| Net proceeds from sales of businesses/assets | 106 | 26 | 116 | 33 |
| Investments in unconsolidated affiliates | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9)</u> |
| Net cash generation (continuing operations), as presented | <u>\$ (251)</u> | <u>\$ (74)</u> | <u>\$ (704)</u> | <u>\$ (691)</u> |

The following table reconciles GCG digital revenue improvement to the most directly comparable GAAP measure of GCG total segment revenue improvement:

| | <u>2007</u> <u>Improvement</u> <u>(Decline)</u> |
|--|---|
| GCG digital revenue improvement, as presented | 6% |
| GCG traditional revenue decline | -17% |
| GCG total segment revenue improvement (GAAP basis), as presented | 2% |

The following table reconciles the net cash generation goal to the most directly comparable GAAP measure of net cash provided by continuing operations from operating activities goal (dollar amounts in millions):

| | <u>2007</u> <u>Goal</u> |
|---|----------------------------|
| Net cash generation goal, as presented | in excess of \$100 |
| Additions to properties, net proceeds from sales of businesses/assets, distributions from/(investments in) unconsolidated affiliates and dividends goal | <u>100-350</u> |
| Net cash provided by continuing operations from operating activities goal (GAAP basis), as presented | <u>\$200-\$450</u> |

The following table reconciles the digital earnings from operations goal to the most directly comparable GAAP measure of loss from continuing operations before interest, other income (charges), net and income taxes goal (dollar amounts in millions):

| | <u>2007</u> <u>Goal</u> |
|---|----------------------------|
| Digital earnings from operations goal, as presented | \$150-\$250 |
| Traditional earnings, new technologies earnings, restructuring costs and other discrete items goals | <u>(700)-(900)</u> |
| Loss from continuing operations before interest, other income (charges), net and income taxes goal (GAAP basis), as presented | <u>\$(550)-\$(650)</u> |

The digital revenue growth forecast for 2007, as presented, of 3% to 5% corresponds to the most directly comparable GAAP measure of expected total company revenue decline for 2007, as presented, of 4% to 7%. Items to reconcile from the digital revenue growth forecast to expected total company revenue decline are expected traditional and new technologies revenue declines of 13% to 22%.

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, gains and losses on sales of assets, certain asset impairments, the related tax effects of those items and certain other significant pre-tax and tax 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 second quarter of 2007 and 2006, respectively.

| (in millions, except per share data) | 2nd Quarter | | | |
|--|-------------|---------------|-------------|---------------|
| | 2007 | | 2006 | |
| | \$ | EPS | \$ | EPS |
| Loss from continuing operations - GAAP | \$ (135) | \$ (0.47) | \$ (355) | \$ (1.24) |
| COGS | | | | |
| - Charges for accelerated depreciation in connection with the focused cost reduction actions | 15 | | 63 | |
| - Charges for inventory writedowns in connection with focused cost reduction actions | 6 | | 5 | |
| Subtotal | <u>21</u> | <u>0.07</u> | <u>68</u> | <u>0.24</u> |
| SG&A | | | | |
| - Charge for legal settlement | - | | 4 | |
| | - | - | 4 | 0.01 |
| Restructuring | | | | |
| - Charges for focused cost reduction actions | 295 | | 156 | |
| Subtotal | <u>295</u> | <u>1.03</u> | <u>156</u> | <u>0.55</u> |
| Other Operating Income/(Charges), Net | | | | |
| - Gains on sale of property related to focused cost reduction actions, net | (39) | | (3) | |
| - Impairment of property related to focused cost reduction actions | 6 | | 9 | |
| Subtotal | <u>(33)</u> | <u>(0.12)</u> | <u>6</u> | <u>0.02</u> |
| Taxes | | | | |
| - Audit settlement, establishment of foreign valuation allowances and adjustments of uncertain tax positions | 36 | | | |
| - Tax impacts of the above-mentioned pre-tax items | (53) | | (28) | |
| Subtotal | <u>(17)</u> | <u>(0.06)</u> | <u>(28)</u> | <u>(0.10)</u> |