

Eastman Kodak Company
First Quarter 2008 Results
Non-GAAP Reconciliations

Within the Company's first quarter 2008 earnings release, reference is made to certain non-GAAP financial measures, including "revenue from digital businesses," "revenue from digital businesses increase," "traditional revenue," "traditional revenue decline," "net cash generation," "2008 earnings from operations outlook," "2008 digital revenue growth outlook" and "2008 cash generation before dividend payments, carryover restructuring and other rationalization costs outlook." 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 revenue, digital revenue increase, traditional revenue and traditional revenue decline to the most directly comparable GAAP measure of consolidated revenue (dollar amounts in millions):

	<u>Q1 2008</u>	<u>Q1 2007</u>	<u>Increase/ (Decline)</u>
Revenue from digital businesses, as presented	\$ 1,366	\$ 1,245	10%
Traditional revenue, as presented	724	830	-13%
All Other revenue	<u>3</u>	<u>5</u>	-40%
Consolidated revenue (GAAP basis), as presented	<u>\$ 2,093</u>	<u>\$ 2,080</u>	1%

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>Q1 2008</u>	<u>Q1 2007</u>	<u>Cash Impact</u>
Net cash generation, as presented	\$ (764)	\$ (453)	\$ 311 Increase in cash used
Net proceeds from sales of businesses/assets	<u>(55)</u>	<u>(10)</u>	<u>45</u> Increase in cash provided
Free cash flow	(819)	(463)	356 Increase in cash used
Additions to properties	<u>52</u>	<u>66</u>	<u>14</u> Decrease in cash used
Net cash used in continuing operations from operating activities (GAAP basis), as presented	<u>\$ (767)</u>	<u>\$ (397)</u>	<u>\$ 370</u> Increase in cash used

The 2008 digital revenue growth outlook, as presented, of 7% to 10% corresponds to the most directly comparable GAAP measure of 2008 total company revenue growth outlook of 0% to 2%. Items to reconcile from the 2008 digital revenue growth outlook to 2008 total company revenue growth outlook are expected 2008 traditional and all other revenue declines of 12% to 14%.

The following table reconciles 2008 cash generation before dividend payments, carryover restructuring and other rationalization costs outlook to the most directly comparable GAAP measure of net cash provided by continuing operations from operating activities outlook (dollar amounts in millions):

	2008 Outlook
2008 cash generation before dividend payments, carryover restructuring and other rationalization costs outlook, as presented	\$400-\$500
Additions to properties, net proceeds from the sales of businesses/assets, distributions from (investments in) unconsolidated affiliates and dividends	<u>\$125-\$175</u>
Net cash provided by continuing operations from operating activities outlook (GAAP basis), as presented	<u>\$575-\$625</u>

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, rationalization 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 first quarter of 2008 and 2007, respectively.

(in millions, except per share data)	1st Quarter			
	2008		2007	
	<u>\$</u>	<u>EPS</u>	<u>\$</u>	<u>EPS</u>
Loss from continuing operations - GAAP	\$ (114)	\$ (0.40)	\$ (175)	\$ (0.61)
<u>Items of Comparability - Expense/(Income):</u>				
COGS				
- Legal settlement	10		-	
- Charges for accelerated depreciation in connection with the focused cost reduction actions	-		65	
- Charges for inventory writedowns in connection with focused cost reduction actions	-		1	
Subtotal	<u>10</u>	<u>\$ 0.03</u>	<u>66</u>	<u>\$ 0.23</u>
Research and development costs				
- Rationalization charges	1			
Subtotal	<u>1</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Restructuring costs (curtailment gains) and other				
- Gains on curtailment due to focused cost reduction actions	(10)		-	
- Charges for focused cost reduction actions	-		85	
Subtotal	<u>(10)</u>	<u>\$ (0.03)</u>	<u>85</u>	<u>\$ 0.29</u>
Other Operating Income/(Expenses), Net				
- Gains on sale of assets and businesses, net	(10)		(6)	
Subtotal	<u>(10)</u>	<u>\$ (0.03)</u>	<u>(6)</u>	<u>\$ (0.02)</u>
Provision (benefit) for income taxes				
- Foreign Reserve Reversal			(56)	
- Other discrete tax items	10		18	
- Tax impacts of the above-mentioned items, net	1		(12)	
Subtotal	<u>11</u>	<u>\$ 0.04</u>	<u>(50)</u>	<u>\$ (0.17)</u>