

Eastman Kodak Company
Second Quarter 2008 Results
Non-GAAP Reconciliations

Within the Company's second quarter 2008 earnings release, reference is made to certain non-GAAP financial measures, including "revenue from digital businesses", "cash generation before dividends", "2008 digital revenue growth outlook", "updated 2008 earnings from operations outlook" and "updated 2008 cash generation before dividends 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 revenue from digital businesses, revenue from digital businesses growth, traditional revenue and traditional revenue decline to the most directly comparable GAAP measures of consolidated revenue and consolidated revenue growth (dollar amounts in millions):

	<u>Q2 2008</u>	<u>Q2 2007</u>	<u>Growth/ (Decline)</u>
Revenue from digital businesses, as presented	\$ 1,636	\$ 1,487	10%
Film, Photofinishing, and Entertainment Group revenue, as presented	847	980	-14%
All Other revenue	<u>2</u>	<u>1</u>	100%
Consolidated revenue (GAAP basis), as presented	<u>\$ 2,485</u>	<u>\$ 2,468</u>	1%

The following table reconciles cash generation before dividends to the most directly comparable GAAP measure of net cash provided by (used in) operating activities (dollar amounts in millions):

	<u>Q2 2008</u>	<u>Q2 2007</u>	<u>Cash Impact</u>
Cash generation before dividends, as presented	\$ 389	\$ (251)	\$ 640 Increase in cash provided
IRS refund - discontinued operations	<u>(300)</u>	<u>-</u>	
Cash generation before dividends from continuing operations	89	(251)	
Net proceeds from sales of businesses/assets	<u>(2)</u>	<u>(106)</u>	
Free cash flow	87	(357)	
Additions to properties	<u>71</u>	<u>59</u>	
Net cash provided by (used in) continuing operations from operating activities (GAAP basis), as presented	158	(298)	
Net cash provided by (used in) discontinued operations from operating activities (GAAP basis), as presented	<u>300</u>	<u>(73)</u>	
Net cash provided by (used in) operating activities (GAAP basis), as presented	<u>\$ 458</u>	<u>\$ (371)</u>	

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 updated 2008 earnings from operations outlook to the most directly comparable GAAP measure of earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook (dollar amounts in millions):

	Original 2008 Outlook	Updated 2008 Outlook
Earnings from operations outlook, as presented	\$400-\$500	\$400-\$500
Restructuring/rationalization costs	\$(60)-\$(80)	\$(80)-\$(100)
Other discrete items	<u>\$20-\$20</u>	<u>\$80</u>
Earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook (GAAP basis), as presented	<u>\$360-\$400</u>	<u>\$400-\$480</u>

The following table reconciles updated 2008 cash generation before dividends outlook to the most directly comparable GAAP measure of net cash provided by operating activities outlook (dollar amounts in millions):

	Original 2008 Outlook	Updated 2008 Outlook
Cash generation before dividends outlook, as presented	\$400-\$500	\$725-\$825
Additions to properties, net of proceeds from the sales of businesses/assets	<u>\$175-\$125</u>	<u>~\$125</u>
Net cash provided by operating activities outlook, (GAAP basis), as presented	<u>\$575-\$625</u>	<u>\$850-\$950</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 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 2008 and 2007, respectively.

(in millions, except per share data)	2008		2007	
	\$	EPS	\$	EPS
Earnings (loss) from continuing operations - GAAP	\$ 200		\$ (154)	
Interest on convertible securities	5		-	
Adjusted earnings (loss) from continuing operations available to common stockholders	205	\$ 0.66	(154)	\$ (0.53)
<u>Items of Comparability - Expense/(Income):</u>				
COGS				
- Rationalization charges	2		-	
- Charges for accelerated depreciation in connection with the focused cost reduction actions	2		15	
- Charges for inventory writedowns in connection with focused cost reduction actions	-		6	
Subtotal	4	0.01	21	0.07
Selling, general, and administrative costs				
- Rationalization charges	2		-	
Subtotal	2	0.01	-	-
Restructuring costs (curtailment gains) and other				
- Gains on curtailment due to focused cost reduction actions	(1)		-	
- Charges (credits) for focused cost reduction actions	(2)		295	
Subtotal	(3)	(0.01)	295	1.03
Other Operating Income/(Expenses), Net				
- Gains on sale of assets and businesses, net	(7)		(39)	
- Impairment of property related to focused cost reduction actions	-		6	
Subtotal	(7)	(0.02)	(33)	(0.12)
Other Income/(Charges)				
Support for an educational institution	10		-	
Subtotal	10	0.03	-	-
Provision (benefit) for income taxes				
- Audit settlement, establishment of foreign valuation allowances and adjustments of uncertain tax positions	-		36	0.13
- IRS Tax Refund	(270)	(0.88)		
- Other discrete tax items	18	0.07		
- Tax impacts of the above-mentioned items, net	1		(53)	(0.19)
Subtotal	(251)	(0.81)	(17)	(0.06)