

Eastman Kodak Company
Third Quarter 2008 Results
Non-GAAP Reconciliations

Within the Company's third quarter 2008 earnings release, reference is made to certain non-GAAP financial measures, including "revenue from digital businesses", "revenue from traditional businesses", "cash use before dividends", "previously forecasted 2008 full year digital revenue growth outlook", "updated 2008 second half digital revenue decline outlook", "updated 2008 full year digital revenue growth outlook", "previously forecasted 2008 full year earnings from operations outlook", "updated 2008 second half earnings from operations outlook", "updated 2008 full year earnings from operations outlook" and "expected fourth quarter 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, revenue from traditional businesses and revenue from traditional businesses decline to the most directly comparable GAAP measures of total company revenue and total company revenue decline (dollar amounts in millions):

	<u>Q3 2008</u>	<u>Q3 2007</u>	<u>(Decline)</u>
Revenue from digital businesses, as presented	\$ 1,641	\$ 1,603	2%
Revenue from traditional businesses, as presented	764	928	-18%
All other revenue	<u>-</u>	<u>2</u>	-100%
Total company revenue (GAAP basis), as presented	<u>\$ 2,405</u>	<u>\$ 2,533</u>	-5%

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

	<u>Q3 2008</u>	<u>Q3 2007</u>	<u>Cash Impact</u>
Cash use before dividends, as presented	\$ (102)	\$ (23)	\$ (79) Increase in cash used
Net proceeds from sales of businesses/assets	<u>(3)</u>	<u>(30)</u>	<u>27</u> Decrease in cash provided
Free cash flow	(105)	(53)	(52) Decrease in cash provided
Additions to properties	<u>55</u>	<u>54</u>	<u>1</u> Increase in cash used
Net cash (used in) provided by continuing operations from operating activities (GAAP basis), as presented	<u>\$ (50)</u>	<u>\$ 1</u>	<u>\$ (51)</u> Decrease in cash provided

The previously forecasted 2008 full year digital revenue growth outlook, as presented, of 7% to 10% corresponded to the most directly comparable GAAP measure of previously forecasted 2008 full year total company revenue growth outlook, as presented, of 0% to 2%. Items to reconcile from the previously forecasted 2008 full year digital revenue growth outlook to the previously forecasted 2008 full year total company revenue growth outlook were previously forecasted 2008 full year traditional and all other revenue declines of 12% to 14%.

The updated 2008 second half digital revenue decline outlook, as presented, of 1% to 5% corresponds to the most directly comparable GAAP measure of updated 2008 second half total company revenue decline outlook, as presented, of 6% to 10%. Items to reconcile from the updated 2008 second half digital revenue decline outlook to the updated 2008 second half total company revenue decline outlook are updated 2008 second half traditional and all other revenue declines outlook of 19% to 21%.

The updated 2008 full year digital revenue growth outlook, as presented, of 1% to 4% corresponds to the most directly comparable GAAP measure of updated 2008 full year total company revenue decline outlook, as presented, of 3% to 5%. Items to reconcile from the updated 2008 full year digital revenue growth outlook to the updated 2008 full year total company revenue decline outlook are updated 2008 full year traditional and all other revenue declines outlook of 16% to 18%.

The following table reconciles previously forecasted 2008 full year earnings from operations outlook to the most directly comparable GAAP measure of previously forecasted 2008 full year earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook. In addition, the following table reconciles updated 2008 second half earnings from operations outlook to the most directly comparable GAAP measure of updated 2008 second half earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook. Lastly, the following table reconciles updated 2008 full year earnings from operations outlook to the most directly comparable GAAP measure of updated 2008 full year earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook (dollar amounts in millions):

	Previously Forecasted	Updated 2008 Second Half Outlook	Updated 2008 Full Year Outlook
	2008 Outlook		
Earnings from operations outlook, as presented	\$400-\$500	\$275-\$325	\$200-\$250
Restructuring/rationalization costs, as presented	(80)-(100)	(135)-(160)	(125)-(150)
Other discrete items	<u>80</u>	<u>80-105</u>	<u>85-110</u>
Earnings from continuing operations before interest expense, other income (charges), net and income taxes outlook (GAAP basis), as presented	<u>\$400-\$480</u>	<u>\$220-\$270</u>	<u>\$160-\$210</u>

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

	Q4 2008 Outlook
Expected cash generation before dividends, as presented	>\$500
Additions to properties, net of proceeds from the sales of businesses/assets	<u>(10)</u>
Expected net cash provided by operating activities outlook (GAAP basis), as presented	<u>>\$490</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)	3rd Quarter			
	2008		2007	
	\$	EPS	\$	EPS
Earnings (loss) from continuing operations - GAAP	\$ 101		\$ 32	
Interest on convertible securities	5		-	
Adjusted earnings (loss) from continuing operations available to common stockholders	106	\$ 0.35	32	\$ 0.11
<u>Items of Comparability - Expense/(Income):</u>				
COGS:				
- Changes to post-employment benefits plan	(48)			
- Legal reserve			12	
- Legal contingency	10			
- Charges for accelerated depreciation in connection with the focused cost reduction actions	2		23	
- Charges for inventory writedowns in connection with focused cost reduction actions	2		4	
Subtotal	(34)	(0.11)	39	0.14
Restructuring costs, rationalization and other:				
Subtotal	48	0.16	100	0.35
Selling, general, and administrative costs:				
- Changes to post-employment benefits plan	(27)			
Subtotal	(27)	(0.09)	-	-
Research and Development costs:				
- Changes to post-employment benefits plan	(19)			
Subtotal	(19)	(0.06)	-	-
Other Operating Income/(Expenses), Net:				
- Losses on sale of assets and businesses, net	3		6	
Subtotal	3	0.01	6	0.02
Provision (benefit) for income taxes:				
- Audit settlement, establishment of foreign valuation allowances and adjustments of uncertain tax positions			(11)	
- Other discrete tax items	(4)			
- Tax impacts of the above-mentioned items, net	(7)		(33)	
Subtotal	(11)	(0.04)	(44)	(0.16)