

Eastman Kodak Company
Third Quarter 2009 Results
Non-GAAP Reconciliations

Within the Company's third quarter 2009 earnings release, reference is made to certain non-GAAP financial measures, including "Cash Generation before Restructuring Payments", "Revenue from Digital Businesses", "Revenue from Traditional Businesses", "SG&A Expenses Excluding a Non-Cash Benefit from a Change in the Company's Postemployment Benefits in the Prior Year Quarter", "R&D Expenses Excluding a Non-Cash Benefit From a Change in the Company's Postemployment Benefits in the Prior Year Quarter", and "Segment Earnings".

The Company believes that these non-GAAP measures represent important internal measures of performance. Accordingly, where they are provided, it is to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing the underlying performance of the Company, its financial condition, results of operations and cash flow on a year-over-year basis.

The following reconciliations are provided with respect to terms used in the October 29, 2009 press release.

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

	Three Months Ended		Change
	9/30/2009	9/30/2008	
Cash generation (usage) before restructuring payments, as presented	\$ 29	\$ (78)	\$ 107
Cash restructuring payments	<u>(40)</u>	<u>(21)</u>	<u>(19)</u>
Cash generation (use)	(11)	(99)	88
Proceeds from sales of businesses/assets	<u>(41)</u>	<u>(3)</u>	<u>(38)</u>
Free cash flow	(52)	(102)	50
Additions to properties	<u>36</u>	<u>55</u>	<u>(19)</u>
Net cash (used in) provided by continuing operations from operating activities (GAAP basis), as presented	<u>\$ (16)</u>	<u>\$ (47)</u>	<u>\$ 31</u>

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

	Three Months Ended		Decline
	9/30/2009	9/30/2008	
Revenue from digital businesses, as presented	\$ 1,209	\$ 1,641	-26%
Revenue from traditional businesses, as presented	<u>572</u>	<u>764</u>	-25%
Total company revenue (GAAP basis), as presented	<u>\$ 1,781</u>	<u>\$ 2,405</u>	-26%

The following table reconciles selling, general and administrative (SG&A) expenses excluding a non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter to the most directly comparable GAAP measure of SG&A expenses, as presented (dollar amounts in millions):

	<u>Three Months Ended</u>		<u>Change</u>	<u>% Change</u>
	<u>9/30/2009</u>	<u>9/30/2008</u>		
SG&A expenses excluding a non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter, as presented	\$ 318	\$ 396	\$ (78)	-20%
Non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter	<u>-</u>	<u>(27)</u>	<u>27</u>	-100%
SG&A expenses (GAAP basis), as presented	<u>\$ 318</u>	<u>\$ 369</u>	<u>\$ (51)</u>	-14%

The following table reconciles research and development (R&D) expenses excluding a non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter to the most directly comparable GAAP measure of R&D expenses, as presented (dollar amounts in millions):

	<u>Three Months Ended</u>		<u>Change</u>	<u>% Change</u>
	<u>9/30/2009</u>	<u>9/30/2008</u>		
R&D expenses excluding a non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter, as presented	\$ 81	\$ 114	\$ (33)	-29%
Non-cash benefit from a change in the Company's postemployment benefits in the prior year quarter	<u>-</u>	<u>(19)</u>	<u>19</u>	-100%
R&D expenses (GAAP basis), as presented	<u>\$ 81</u>	<u>\$ 95</u>	<u>\$ (14)</u>	-15%

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

	<u>2009 Forecast</u>
Segment earnings, as presented	\$0-\$200
Restructuring costs, rationalization and other	(300)-(250)
Provision for income taxes	(90)-(60)
Interest expense, net	~(115)
Loss from continuing operations (GAAP basis), as presented	<u>\$(400)-\$(200) *</u>

* The company expects full-year 2009 loss from continuing operations (GAAP basis) at the low end of the range.

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

		2009	
		Goal	
Cash generation before restructuring payments	Greater than	\$ 0	*
Cash restructuring payments		<u>(275) - (225)</u>	
Cash generation (use)	Greater than	(275)	
Proceeds from sales of businesses/assets		<u>(150)</u>	
Free cash flow	Greater than	(425)	
Additions to properties		<u>175</u>	
Net cash (used in) provided by continuing operations from operating activities (GAAP basis)	Greater than	<u>\$ (250)</u>	

* The company expects full-year 2009 cash generation (usage) before restructuring cash payments to be positive, as presented.

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 third quarter of 2009 and 2008, respectively.

(in millions, except per share data)	3rd Quarter			
	2009		2008	
	\$	EPS	\$	EPS
(Loss) earnings from continuing operations - GAAP	\$ (111)		\$ 101	
Interest on convertible securities	-		5	
Adjusted (loss) earnings from continuing operations available to common stockholders	(111)	\$ (0.41)	106	\$ 0.35
<u>Items of Comparability - Expense/(Income):</u>				
Restructuring charges (COGS)	2	0.01	4	0.01
Restructuring charges (Restructuring, rationalization and other)	33	0.12	48	0.16
Total restructuring and rationalization charges	35	0.13	52	0.17
Changes to post-employment benefit plans (COGS)	-	-	(48)	(0.16)
Legal contingency (COGS)	-	-	10	0.04
Changes to post-employment benefit plans (SG&A)	-	-	(27)	(0.09)
Changes to post-employment benefit plans (R&D)	-	-	(19)	(0.06)
Losses on asset sales (Other operating income/expense, net)	10	0.04	3	0.01
Tax impacts of the above items, net ((Benefit) provision for income taxes)	(3)	(0.01)	(7)	(0.03)
Total Items of comparability, net of tax, before discrete tax items	42	0.16	(36)	(0.12)
Other discrete tax items ((Benefit) provision for income taxes)	6	0.02	(4)	(0.01)
Total Items of comparability, net of tax	\$ 48	0.18	\$ (40)	(0.13)