

A. NON-GAAP MEASURES

In this full year 2018 financial results news release, reference is made to the following non-GAAP financial measures:

- Operational EBITDA; and
- Revenues and Operational EBITDA on a constant currency basis.

Kodak 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 Kodak, its financial condition, results of operations and cash flow.

Kodak's segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization ("Operational EBITDA"). The change in revenues and Operational EBITDA on a constant currency basis, as presented in this financial results news release, is calculated by using average foreign exchange rates for the twelve months ended December 31, 2017, rather than the actual exchange rates in effect for the twelve months ended December 31, 2018.

The following table reconciles the most directly comparable GAAP measure of Net (Loss) Earnings to Operational EBITDA and Operational EBITDA on a constant currency basis for the twelve months ended December 31, 2018 and 2017, respectively

(in millions)

	FY 2018	FY 2017	\$ Change
Net (loss) earnings	\$ (16)	\$ 94	\$ (110)
Depreciation and amortization	70	77	(7)
Restructuring costs and other ⁽¹⁾	17	38	(21)
Stock based compensation	6	9	(3)
Consulting and other costs ⁽²⁾	14	5	9
Idle costs ⁽³⁾	3	4	(1)
Other operating expense, net ⁽⁴⁾	9	28	(19)
Goodwill impairment loss ⁽⁴⁾	-	56	(56)
Interest expense ⁽⁴⁾	9	8	1
Pension income excluding service cost component ⁽⁴⁾	(131)	(152)	21
Other expense (income), net ⁽⁴⁾	17	(37)	54
Benefit for income taxes ⁽⁴⁾	(4)	(120)	116
Loss (earnings) from discontinued operations, net of income taxes ⁽⁴⁾	7	(1)	8
Equity in loss of equity method investment, net of income taxes ⁽⁴⁾	-	1	(1)
Operational EBITDA	\$ 1	\$ 10	\$ (9)
Impact of foreign exchange ⁽⁵⁾	2		2
Operational EBITDA on a constant currency basis	\$ 3	\$ 10	\$ (7)

Footnote Explanations:

- (1) Restructuring costs and other for the twelve months ended December 31, 2018 as reported in the Consolidated Statement of Operations and plus \$7 million of inventory write-downs included in cost of revenues for the twelve months ended December 31, 2017.
- (2) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives, including the divestiture of the Flexographic Packaging segment and debt refinancing
- (3) Consists of third party costs such as security, maintenance and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.
- (4) As reported in the Consolidated Statement of Operations.
- (5) The impact of foreign exchange represents the foreign exchange impact using average foreign exchange rates for the twelve months ended December 31, 2017, rather than the actual exchange rates in effect for the twelve months ended December 31, 2018.