



## A. NON-GAAP MEASURES

In this fourth quarter and full year 2017 financial results news release, reference is made to the following non-GAAP financial measures:

- Operational EBITDA;
- Revenues and Operational EBITDA on a constant currency basis;
- Operational EBITDA excluding the amortization of prior service credit component of pension income.

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 three or twelve months ended December 31, 2016, rather than the actual exchange rates in effect for the three or twelve months ended December 31, 2017.

This press release also contains a forward-looking estimate of full-year 2018 Operational EBITDA. Kodak is unable to provide a reconciliation of full-year 2018 Operational EBITDA to a forward-looking estimate of GAAP net income / loss because projected GAAP net income / loss for the full year would require inclusion of the projected impact of future excluded items, including items that are not currently determinable or dependent on future events which may be uncertain or outside of Kodak's control, such as assets sales, asset impairments, foreign exchange gains / losses, changes in the fair value of the conversion option derivative liability, unanticipated items not reflective of ongoing operations, or other items. Due to the uncertainty of the likelihood, amount and timing of any such items, Kodak does not have information available to provide a quantitative reconciliation of full-year 2018 projected net income / loss to an Operational EBITDA projection.

The following table reconciles the most directly comparable GAAP measure of Net Earnings Attributable to Eastman Kodak Company to Operational EBITDA and Operational EBITDA on a constant currency basis for the three months ended December 31, 2017 and 2016, respectively:

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(in millions)

	Q4 2017	Q4 2016	\$ Change	% Change
<b>Net Earnings Attributable to Eastman Kodak Company (GAAP basis)</b>	<b>\$ 129</b>	<b>\$ 10</b>	<b>\$ 119</b>	<b>1190%</b>
Net loss attributable to noncontrolling interests (1)	-	1	(1)	-100%
Net earnings	\$ 129	\$ 11	\$ 118	1073%
All Other (2)	-	(1)	1	-100%
Corporate components of pension and OPEB income (3)	(36)	(40)	4	-10%
Depreciation and amortization	18	23	(5)	-22%
Restructuring costs and other (4)	9	3	6	200%
Stock based compensation	2	2	-	0%
Consulting and other costs (5)	2	1	1	100%
Idle costs (6)	1	1	-	0%
Manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production (7)	-	1	(1)	-100%
Other operating (income) expense, net (1)	(4)	14	(18)	-129%
Interest expense (1)	8	12	(4)	-33%
Loss on early extinguishment of debt, net (1)	-	4	(4)	-100%
Other (income) charges, net (1)	(4)	1	(5)	-500%
Reorganization items, net (1)	-	(6)	6	-100%
(Benefit) provision for income taxes (1)	(104)	17	(121)	-712%
Earnings from discontinued operations, net of income taxes (1)	(1)	-	(1)	n/a
<b>Operational EBITDA</b>	<b>\$ 20</b>	<b>\$ 43</b>	<b>\$ (23)</b>	<b>-53%</b>
Impact of foreign exchange (8)	(5)	-	(5)	
<b>Operational EBITDA on a constant currency basis</b>	<b>\$ 15</b>	<b>\$ 43</b>	<b>\$ (28)</b>	<b>-65%</b>

The following table reconciles the most directly comparable GAAP measure of Net Earnings Attributable to Eastman Kodak Company to Operational EBITDA and Operational EBITDA on a constant currency basis for the twelve months ended December 31, 2017 and 2016, respectively

(in millions)

	FY 2017	FY 2016	\$ Change	% Change
<b>Net Earnings Attributable to Eastman Kodak Company (GAAP basis)</b>	<b>\$ 94</b>	<b>\$ 15</b>	<b>\$ 79</b>	<b>527%</b>
Net loss attributable to noncontrolling interests (1)	-	1	(1)	-100%
Net earnings	\$ 94	\$ 16	\$ 78	488%
All Other (2)	-	(3)	3	-100%
Corporate components of pension and OPEB income (3)	(144)	(161)	17	-11%
Depreciation and amortization	80	105	(25)	-24%
Restructuring costs and other (4)	38	16	22	138%
Stock based compensation	9	8	1	13%
Consulting and other costs (5)	5	7	(2)	-29%
Idle costs (6)	3	3	-	0%
Manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production (7)	-	3	(3)	-100%
Other operating expense, net (1)	28	16	12	75%
Goodwill impairment loss (1)	56	-	56	n/a
Interest expense (1)	32	60	(28)	-47%
Loss on early extinguishment of debt, net (1)	-	4	(4)	-100%
Other (income) charges, net (1)	(37)	4	(41)	-1025%
Reorganization items, net (1)	-	(6)	6	-100%
(Benefit) provision for income taxes (1)	(110)	33	(143)	-433%
Equity in loss of equity method investment, net of income taxes (1)	1	-	1	n/a
Loss from discontinued operations, net of income taxes (1)	2	2	-	0%
<b>Operational EBITDA</b>	<b>\$ 57</b>	<b>\$ 107</b>	<b>\$ (50)</b>	<b>-47%</b>
Impact of foreign exchange (8)	(3)	-	(3)	
<b>Operational EBITDA on a constant currency basis</b>	<b>\$ 54</b>	<b>\$ 107</b>	<b>\$ (53)</b>	<b>-50%</b>

The following table reconciles the most directly comparable GAAP measure of Net Earnings Attributable to Eastman Kodak Company to Operational EBITDA excluding the amortization of prior service credit component of pension income for the twelve months ended December 31, 2017.

(in millions)

	<b>FY 2017</b>
<b>Net Earnings Attributable to Eastman Kodak Company (GAAP basis)</b>	<b>\$ 94</b>
Net loss attributable to noncontrolling interests (1)	-
Net earnings	\$ 94
All Other (2)	-
Corporate components of pension and OPEB income (3)	(144)
Depreciation and amortization	80
Restructuring costs and other (4)	38
Stock based compensation	9
Consulting and other costs (5)	5
Idle costs (6)	3
Other operating expense, net (1)	28
Goodwill impairment loss (1)	56
Interest expense (1)	32
Other (income) charges, net (1)	(37)
(Benefit) provision for income taxes (1)	(110)
Equity in loss of equity method investment, net of income taxes (1)	1
Loss from discontinued operations, net of income taxes (1)	2
<b>Operational EBITDA</b>	<b>\$ 57</b>
Amortization of prior service credit component of pension income (9)	(8)
<b>Operational EBITDA excluding amortization of prior service credit component of pension income</b>	<b>\$ 49</b>

Footnote Explanations:

- (1) As reported in the Consolidated Statement of Operations.
- (2) RED utilities variable interest entity, which was deconsolidated on December 31, 2016 (interest and depreciation of RED are included in the respective lines in the table).
- (3) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailment and settlement components of pension and other postretirement benefit expenses.
- (4) Restructuring costs and other as reported in the Consolidated Statement of Operations plus \$7 million of inventory write-downs included in cost of revenues for the twelve months ended December 31, 2017.
- (5) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives.

- (6) 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.
- (7) Consists of manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production that are excluded from the segment measure of profit and loss.
- (8) The impact of foreign exchange represents the foreign exchange impact using average foreign exchange rates for the three or twelve months ended December 31, 2016, rather than the actual exchange rates in effect for the three or twelve months ended December 31, 2017.
- (9) Kodak adopted Accounting Standards Update (“ASU”) 2017-07, Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost as of January 1, 2018. Among other provisions, ASU 2017-07 requires entities to report the service cost component of net benefit costs in the same line item(s) as other compensation costs arising from services rendered during the period and to report all other components of net benefit costs outside a subtotal of income from operations. As of January 1, 2018, Kodak’s segment earnings measure of Operational EBITDA will exclude all components of net benefit costs except for service costs. Prior to January 1, 2018 Operational EBITDA excludes all components of net benefit costs except for service cost and amortization of prior service costs.