SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 23, 2003

Eastman Kodak Company
(Exact name of registrant as specified in charter)

New Jersey	1-87	16-0417150
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

343 State Street,
Rochester, New York 14650
(Address of Principal Executive Office) (Zip Code)

Registrant's telephone number, including area code (585) 724-4000

Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit	99.1	Press release issued April 23, 2003 regarding financial results for first quarter of 2003	Furnished with this document
Exhibit	99.2	Financial discussion document issued April 23, 2003 regarding financial results for first quarter of 2003	Furnished with this document

Item 9. Regulation FD Disclosure

In accordance with Securities and Exchange Commission Release No. 33-8126, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition," is instead being furnished under Item 9, "Regulation FD Disclosure." This information, including the exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On April 23, 2003, Eastman Kodak Company issued a press release and a supplemental financial discussion document describing its financial results for its first fiscal quarter ended March 31, 2003. Copies of the press release and financial discussion document are attached as Exhibits 99.1 and 99.2, respectively, to this report.

Within the Company's first quarter 2003 press release and financial discussion document, which are attached as Exhibits 99.1 and 99.2, respectively, the Company makes reference to certain non-GAAP financial measures including "Income (loss) from continuing operations, excluding non-operational items", "Operating cash flow", and "Free cash flow", which have a directly comparable GAAP financial measure, and to certain calculations that are based on non-GAAP financial measures, including "Days sales outstanding" and "Days supply in inventory." The Company believes that these measures represent important internal measures of performance. Accordingly, where these non-GAAP measures are provided, it is done so that investors have the same financial data that management uses with the belief that it will assist the investment community in properly assessing the underlying performance of the company on a year-over-year and quarter-sequential basis. Whenever such information is presented, the Company has complied with the provisions of the rules under Regulation G and Item 12 of Form 8-K. The specific reasons, in addition to the reasons described above, why the Company's management believes that the presentation of the non-GAAP financial measures provides useful information to investors regarding Kodak's financial condition, results of operations and cash flows are as follows:

Income (loss) from continuing operations, excluding non-operational items - The Company's management believes that presenting income from continuing operations, excluding non-operational items, is an important additional measure of performance that can be used for comparing results between reporting periods. These operating measures represent the principle internal measures of performance, and form the basis of internal management performance expectations and incentive compensation.

Operating cash flow / Free cash flow - The Company believes that the presentation of operating and free cash flow is useful information to investors as they facilitate the comparison of cash flows between reporting periods. In addition, management utilizes these measures as tools to assess the Company's ability to repay debt and repurchase its own common stock, after it has satisfied its working capital needs, dividends, and funded capital expenditures, acquisitions and investments. The free cash flow measure equals the operating cash flow measure, excluding the impact of dividend payments. Accordingly, the Company believes that the presentation of this information is useful to investors as it provides them with the same data as management uses to facilitate their assessment of the Company's cash position.

Days sales outstanding (DSO) - The Company believes that the presentation of a DSO result that includes the impact of reclassifying rebates as an offset to receivables is useful information to investors, as this calculation is more reflective of the Company's receivables performance and cash collection efforts due to the fact that most customers reduce their actual cash payment to the Company by the amount of rebates owed to them.

Days supply in inventory (DSI) - The Company believes that the presentation of a DSI result that is based on inventory before the LIFO reserve is useful information to investors, as this calculation is more reflective of the Company's actual inventory turns due to the fact that the inventory values in the calculation are based on current cost.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EASTMAN KODAK COMPANY

By: /s/ Robert P. Rozek

Name: Robert P. Rozek
Title: Controller

Date: April 23, 2003

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued April 23, 2003 regarding financial results for first quarter 2003
99.2	Financial discussion document issued April 23, 2003 regarding financial results for first quarter 2003

Exhibit 99.1

Kodak Reports 1st-Quarter Net Income of 4 Cents Per Share;
Sales Rise 1 Percent to $2.740 Billion

ROCHESTER, N.Y.--(BUSINESS WIRE)--April 23, 2003--Eastman Kodak Company (NYSE:EK):

EPS from Continuing Operations, Excluding Charges and
Other Items, Total 14 Cents

Eastman Kodak Company today said that first-quarter net income, in accordance with Generally Accepted Accounting Principles (GAAP) in the U.S., totaled 4 cents per share and that sales rose 1%.

Kodak's GAAP net income for the quarter included a loss from continuing operations of 1 cent per share and earnings from discontinued operations of 5 cents per share. Excluding the impact of previously announced focused cost reductions and other non-operational items, earnings from continuing operations were 14 cents per share, consistent with the company's forecast.

For the first quarter of 2003:

-- Sales totaled $2.740 billion, an increase of 1% from $2.706 billion in the first quarter of 2002. Excluding foreign exchange, sales declined 4%.

-- The company reported net income of $12 million, or 4 cents per share, compared with net income of $39 million, or 13 cents per share, in the first quarter of 2002. The earnings from discontinued operations of $15 million, or 5 cents per share, in the first quarter of 2003 represent certain tax benefits.

-- Earnings from continuing operations, excluding the impact of focused cost reductions and other non-operational items, were $39 million, or 14 cents per share. The after-tax non-operational items include a charge of $30 million, or 10 cents per share, related to the previously announced focused cost reductions; a charge of $13 million, or 5 cents per share, in connection with the acquisition of technology qualifying as in-process research and development activities; a charge of $7 million, or 3 cents per share, in connection with an intellectual property settlement; and a tax benefit of $8 million, or 3 cents per share, related to the donation of certain patents. There were no similar significant items in the year-ago quarter.

"In these difficult times, Kodak continues to deliver on its commitment to shareholders by managing well those things within our control and by pursuing our strategies for growth," said Chairman and Chief Executive Officer Daniel A. Carp. "We contained costs and strengthened the financial position of the company by paying down debt, compared with the year-ago level, and by driving money-saving operational improvements through our Kodak Operating System. We also benefited from the company's broad-based product portfolio, as solid demand for Health Imaging and Entertainment Imaging products and services helped offset the reduced demand for consumer film caused by the weak economy.

"Kodak continues to execute on its growth strategies by introducing new products and services that reinforce our heritage as the company driving innovation and ease of use in traditional and digital imaging markets," Carp said. "The EasyShare Printer Dock 6000, for example, fulfills two of our four strategies: to make digital easier and to generate the increased printing of pictures. The EasyShare LS633 zoom digital camera is the first to use our innovative, award-winning OLED flat-panel display technology, reflecting our strategy to create new businesses in new markets. And the success of our new Vision2 color-negative motion-picture film is an example of our strategy to maximize the value of film. Executing on these strategies today will put Kodak in a better position to accelerate growth when the economy recovers."

Other first-quarter 2003 details from continuing operations:

-- Kodak's use of cash was much lower than the historical average in the first quarter, which is traditionally the company's smallest revenue quarter of the year.

-- For the quarter, operating cash flow was a negative $98 million, compared with a negative $46 million from the first quarter of 2002. The $98 million use of cash in the first quarter of 2003 included an acquisition totaling $54 million and a $21 million use of cash related to the acquisition of in-process research and development activities, while the year-ago quarter included no significant acquisitions. Net cash provided by continuing operations, as determined under GAAP, in the first quarter of 2003 was $87 million, compared with $84 million in the year-ago period. Additions to properties, acquisitions and investments in unconsolidated affiliates, which accounts for the difference between operating cash flow and net cash provided by continuing operations, totaled $185 million and $130 million in the first quarter of 2003 and the first quarter of 2002, respectively. (Kodak defines operating cash flow as net cash provided by continuing operations, as determined under GAAP, plus proceeds from the sale of assets minus capital expenditures, acquisitions, investments in unconsolidated affiliates and dividends.)

-- The company's debt totaled $2.704 billion at the end of the quarter, and capital (total debt plus total shareholders' equity) totaled $5.568 billion, resulting in a debt-to-capital ratio of 48.6%, compared with 53.1% in the year-ago period.

-- Gross profit on an operational basis was 30.6%, compared with 31.8% in the year-ago period. GAAP gross profit was 30.1% in the first quarter, compared with 31.8% in the year-ago quarter. The exclusion of $14 million in accelerated depreciation accounts for the difference between operational and GAAP gross profit.

-- Selling, general and administrative expenses on an operational basis were 20.2% of sales, up from 20.0% in the year-ago quarter. GAAP SG&A expenses were 20.7% in the first quarter, compared with 20.0% a year ago. The exclusion of $12 million for an intellectual property settlement accounts for the difference in operational and GAAP SG&A.

-- Days sales outstanding (DSO) decreased approximately 11 days from the first quarter of 2002 and decreased approximately 2 days quarter sequentially, reflecting effective management of receivables. The DSO calculation includes the impact of reclassifying rebates as an offset to receivables for the last four quarters. Without the rebate reclassification, the improvement in DSO was 5 days.

-- Inventory turns increased to 5.4 turns in the first quarter of 2003 from 4.9 in the year-ago period. The inventory turn calculation excludes the impact of the LIFO reserve on inventory for the last four quarters. Including the impact of the LIFO reserve, inventory turns on a GAAP basis increased to 7.3 turns from 6.2 in the year-ago period.

-- The board of directors last week declared a semi-annual cash dividend of 90 cents per share on the outstanding common stock of the company, payable July 16 to shareholders of record at the close of business on June 2.

The segment results from continuing operations for the first quarter of 2003 are as follows:

-- Photography segment sales totaled $1.798 billion, down 1%. The segment posted a loss from operations of $25 million on an operational basis, compared with earnings from operations of $16 million a year ago. On a GAAP basis, the loss from operations was $46 million in the first quarter of 2003. The exclusion of $21 million for in-process R&D charges accounts for the difference in operational and GAAP earnings from operations for the segment. Highlights for the quarter included a 32% increase in sales of Digital & Applied Imaging products and services; a 17% increase in sales of Entertainment Imaging products and services; and a slight increase in share in the U.S. consumer film market, even as difficult economic conditions and high retailer inventories reduced sales of consumer film in the U.S.

-- Health Imaging sales were $549 million, up 5%. Earnings from operations on an operational and GAAP basis for the segment were $109 million, up from $76 million in the year-ago period. Highlights included higher-than-expected sales of the newly introduced Kodak DirectView Computed Radiography long-length imaging system.

-- Commercial Imaging sales were $372 million, up 7%. Earnings from operations on an operational and GAAP basis were $44 million, compared with $48 million in the year-ago period.

-- All Other sales were $21 million, down from $24 million. Losses from operations on an operational and GAAP basis totaled $17 million, compared with losses of $7 million in the year-ago period. The All Other category includes Sensors, Optics and miscellaneous businesses, as well as the Kodak Display business.

Earnings Outlook:

-- Significant volatility exists in the company's operational business estimates for the future. If current trends continue into the second quarter, it is possible that second-quarter operational earnings could fall into the range of 60 cents per share to 80 cents per share. However, if a pick-up in consumer film consumption occurs, there could be upside to this estimate. As a result, Kodak currently expects full-year earnings to come in at the low end of the non-GAAP range of $2.35 to $2.95 per share provided by the company in January.

"While we continue to make progress driving operational improvements and delivering new products, we face external challenges beyond the control of any business today," Carp said. "Our first-quarter results reflect an unprecedented combination of events in recent times. Consumers have cut back significantly on travel and vacation spending, and that has impacted picture-taking.

"Our commercial operations turned in an excellent performance given economic conditions," Carp said. "Cinematographers have embraced the new Vision2 motion-picture film and Health Imaging continues to improve its operational execution."

"In this environment, Kodak will continue to work hard to generate cash and look for opportunities to make the company more cost competitive," Carp said. "We will allocate resources so that they align with our strategies for growth and the performance of the company's businesses.

"We also are strengthening our growth potential with the arrival of Antonio Perez as President and Chief Operating Officer," Carp said. "With Antonio's help, we will seek new and more profitable ways to increase the printing of pictures as digital photography becomes more popular, consistent with our four strategies for growth - maximize the value of film; making digital easy; driving output in all its forms; and developing new businesses in new markets. Once the economy rebounds, we intend to have Kodak positioned to take full advantage of the opportunities available to us in the $385 billion infoimaging market."

Certain statements in this press release may be forward looking in nature, or "forward-looking statements" as defined in the United States Private Securities Litigation Reform Act of 1995. For example, references to the Company's 2003 revenue, earnings and cash flow expectations are forward-looking statements.

Actual results may differ from those expressed or implied in forward-looking statements. The forward-looking statements contained in this press release are subject to a number of risk factors, including the successful:

-- Implementation of product strategies (including category expansion, digitization, OLED, and digital products);

-- Implementation of intellectual property licensing strategies;

-- Development and implementation of e-commerce strategies;

-- Completion of information systems upgrades, including SAP;

-- Completion of various portfolio actions;

-- Reduction of inventories;

-- Improvement in manufacturing productivity;

-- Improvement in receivables performance;

-- Reduction in capital expenditures;

-- Improvement in supply chain efficiency;

-- Implementation of restructurings, including personnel reductions;

-- Development of the Company's business in emerging markets like China, India, Brazil, Mexico, and Russia.

The forward-looking statements contained in this press release are subject to the following additional risk factors:

-- Inherent unpredictability of currency fluctuations and raw material costs;

-- Competitive actions, including pricing;

-- The nature and pace of technology substitution, including the analog-to-digital shift;

-- Continuing customer consolidation and buying power;

-- General economic and business conditions.

-- Other factors disclosed previously and from time to time in the Company's filings with the Securities and Exchange Commission.

Any forward-looking statements in this press release should be evaluated in light of these important risk factors.

Editor's Note: For additional information about Kodak, visit our web site on the Internet at: www.kodak.com/

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF EARNINGS - UNAUDITED
(in millions, except per share data)

	First Quarter 2003	First Quarter 2002
Net sales	$2,740	$2,706
Cost of goods sold	1,916	1,846
Gross profit	824	860
Selling, general and administrative expenses	566	540
Research and development costs	194	187
Restructuring costs and other	32	0
Earnings from continuing operations before interest, other charges, and income taxes	32	133
Interest expense	37	44
Other charges	21	31
Earnings from continuing operations before income taxes	(26)	58
(Benefit) provision for income taxes	(23)	17
(Loss) earnings from continuing operations	(3)	41
Earnings (loss) from discontinued operations, net of income tax benefits of $15 and $1 for the quarters ended March 31, 2003 and 2002, respectively	15	(2)
NET EARNINGS	$ 12	$ 39

Basic and diluted net (loss) earnings per share:		
Continuing operations	$ (.01)	$ .14
Discontinued operations	.05	(.01)
Total	$ .04	$ .13
Number of common shares used in basic earnings per share	286.3	291.3
Incremental shares from assumed conversion of options	0.3	0.0
Number of common shares used in diluted earnings per share	286.6	291.3
Cash dividends per share	$ 0	$ 0

SUPPLEMENTAL INFORMATION - UNAUDITED
(in millions)

Provision for depreciation	$ 202	$ 185
After-tax exchange gains (losses) and effect of translation of net monetary items	-	(11)
Cash dividends declared	-	-
Capital expenditures	111	92
Cash and marketable securities	608	528

Net Sales from Continuing Operations by Reportable Segment and All Other - Unaudited
(in millions)

	First Quarter		
	2003	2002	Change
Photography			
Inside the U.S.	$ 687	$ 799	-14%
Outside the U.S.	1,111	1,015	+ 9
Total Photography	1,798	1,814	- 1
Health Imaging			
Inside the U.S.	238	248	- 4
Outside the U.S.	311	273	+14
Total Health Imaging	549	521	+ 5
Commercial Imaging			
Inside the U.S.	213	189	+13
Outside the U.S.	159	158	+ 1
Total Commercial Imaging	372	347	+ 7
All Other			
Inside the U.S.	11	11	0
Outside the U.S.	10	13	-23
Total All Other	21	24	-13
Total Net Sales	$2,740	$2,706	+ 1%

Earnings (Loss) from Continuing Operations Before Interest, Other Charges, and Income Taxes by Reportable Segment and All Other - Unaudited
(in millions)

	First Quarter		
	2003	2002	Change
Photography	$ (46)	$ 16	-388%
Percent of Sales	(2.6%)	0.9%	
Health Imaging	$ 109	$ 76	+ 43%

Percent of Sales	19.9%	14.6%	
Commercial Imaging	$ 44	$ 48	- 8%
Percent of Sales	11.8%	13.8%	
All Other	$ (17)	$ (7)	-143%
Percent of Sales	(81.0%)	(29.2%)	
Total of segments	90	133	- 32%
Percent of Sales	3.3%	4.9%	
Restructuring costs and other	(46)	-	
GE settlement	(12)	-	
Consolidated total	$ 32	$ 133	- 86%
Percent of Sales	1.2%	4.9%	

Net Earnings (Loss) From Continuing Operations by Reportable Segment
and All Other - Unaudited
(in millions)

	First Quarter		
	2003	2002	Change
Photography	$ (35)	$ 3	
Percent of Sales	(1.9%)	0.2%	
Health Imaging	$ 80	$ 50	+ 60%
Percent of Sales	14.6%	9.6%	
Commercial Imaging	$ 20	$ 24	- 17%
Percent of Sales	5.4%	6.9%	
All Other	$ (14)	$ (6)	-133%
Percent of Sales	(66.7%)	(25.0%)	
Total of segments	$ 51	$ 71	- 28%
Percent of Sales	1.9%	2.6%	
Restructuring costs and other	(46)	-	
GE settlement	(12)	-	
Interest expense	(37)	(44)	
Other corporate items	3	2	
Tax benefit - contribution of patents	8	-	
Income tax effects on above items and taxes not allocated to segments	30	12	
Consolidated total	$ (3)	$ 41	-107%
Percent of Sales	(0.1%)	1.5%	

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED
(in millions)

	March 31, 2003	Dec. 31, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 597	$ 569
Receivables, net	2,073	2,234
Inventories, net	1,197	1,062
Deferred income taxes	534	512
Other current assets	164	157
Total current assets	4,565	4,534
Property, plant and equipment, net	5,336	5,420
Goodwill, net	981	981

Other long-term assets	2,433	2,434
TOTAL ASSETS	$13,315	$13,369

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and other current liabilities	$ 3,179	$ 3,351
Short-term borrowings	1,659	1,442
Accrued income taxes	513	584
Total current liabilities	5,351	5,377
OTHER LIABILITIES		
Long-term debt, net of current portion	1,045	1,164
Postretirement liabilities	3,406	3,412
Other long-term liabilities	649	639
Total liabilities	10,451	10,592
SHAREHOLDERS' EQUITY		
Common stock at par	978	978
Additional paid in capital	849	849
Retained earnings	7,609	7,611
Accumulated other comprehensive loss	(709)	(771)
Unearned restricted stock	(4)	-
	8,723	8,667
Less: Treasury stock at cost	5,859	5,890
Total shareholders' equity	2,864	2,777
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$13,315	$13,369

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED
(in millions)

	Three Months Ended March 31	
	2003	2002
Cash flows relating to operating activities:		
Net earnings	$ 12	$ 39
Adjustments to reconcile to net cash provided by operating activities:		
(Gain) loss from discontinued operations	(15)	2
Equity in losses from unconsolidated affiliates	23	22
Depreciation and amortization	202	185
Provision for deferred taxes	10	2
Decrease in receivables	155	144
Increase in inventories	(116)	(52)
Decrease in liabilities excluding borrowings	(211)	(224)
Other items, net	27	(34)
Total adjustments	75	45
Net cash provided by continuing operations	87	84
Net cash provided by (used in) discontinued operations	19	(2)
Net cash provided by operating activities	106	82
Cash flows relating to investing activities:		
Additions to properties	(111)	(92)
Acquisitions, net of cash acquired	(54)	(6)

Investments in unconsolidated affiliates	(20)	(32)
Marketable securities - purchases	(19)	(31)
Marketable securities - sales	17	17
Net cash used in investing activities	(187)	(144)
Cash flows relating to financing activities:		
Net increase in borrowings with original maturity of 90 days or less	264	221
Proceeds from other borrowings	193	289
Repayment of other borrowings	(365)	(386)
Exercise of employee stock options	12	3
Net cash provided by financing activities	104	127
Effect of exchange rate changes on cash	5	(2)
Net (decrease) increase in cash and cash equivalents	28	63
Cash and cash equivalents, beginning of year	569	448
Cash and cash equivalents, end of quarter	$ 597	$ 511

2003 COMPARED WITH 2002

First quarter, 2003 presentation reflects the adoption of the Securities and Exchange Commission's final rules under "Conditions for Use of Non-GAAP Financial Measures", which requires that financial information be presented on a basis that conforms with generally accepted accounting principles (GAAP) in the U.S. As a result, the financial discussion which follows reflects the company's results from continuing operations on an "as reported" or "GAAP" basis. However, the Company also believes that presenting income from continuing operations excluding non-operational items is an important additional measure of performance that can be used for comparing results between reporting periods.

First Quarter

Consolidated Revenues:

Net worldwide sales were $2.740 billion for the first quarter of 2003 as compared with $2.706 billion for the first quarter of 2002, representing an increase of $34 million, or 1% as reported, a decrease of 4% excluding the favorable impact of exchange. The increase in net sales was comprised of:

-- Volume: remained essentially unchanged year over year.

-- Price/Mix: price/mix reduced first quarter sales by approximately 4.0 percentage points, primarily driven by consumer film and consumer digital cameras.

-- Exchange: favorable exchange of approximately 5.0 percentage points offset the negative impacts of price/mix.

Net sales in the U.S. were $1.149 billion for the first quarter of 2003 as compared with $1.247 billion for the prior year quarter, representing a decrease of $98 million, or 8%. Net sales outside the U.S. were $1.591 billion for the current quarter as compared with $1.459 billion for the first quarter of 2002, representing an increase of $132 million, or 9% as reported, a decrease of 1% excluding the favorable impact of exchange.

Non-U.S. Revenues:

The Company's operations outside the U.S. are reported in three regions: (1) the Europe, Africa and Middle East region ("EAMER"), (2) the Asia Pacific region and (3) the Canada and Latin America region.

Net sales in the EAMER region were $795 million for the first quarter of 2003 as compared with $716 million for the prior year quarter, representing an increase of $79 million or 11% as reported, a decrease of 4% excluding the favorable impact of exchange.

Net sales in the Asia Pacific region were $548 million for the current quarter as compared with $504 million for the prior year quarter, representing an increase of $44 million, or 9% as reported, an increase of 3% excluding the favorable impact of exchange.

Net sales in the Canada and Latin America region were $248 million in the current quarter as compared with $239 million for the first quarter of 2002, representing an increase of $9 million, or 4% as reported, an increase of 2% excluding the favorable impact of exchange.

Emerging Markets:

The Company's major emerging markets include China, Brazil, India, Mexico, Russia, Korea, Hong Kong and Taiwan. Net sales in emerging markets were $578 million for the first quarter of 2003 as compared with $545 million for the prior year quarter, representing an increase of $33 million, or 6% as reported, or 4% excluding the favorable impact of exchange. The emerging market portfolio accounted for approximately 21% of Kodak's worldwide sales and 36% of Kodak's non-U.S. sales in the quarter. Sales growth in China, Russia and India of 28%, 40% and 14%, respectively, was partially offset by declines in Brazil and Mexico of 23% and 5%, respectively.

The growth in China resulted from strong business performance for all Kodak's operations in that region. The increase in sales in Russia is the result of new channel expansion for Kodak products and services and the continued success of camera seeding programs. The declines in Brazil and Mexico are reflective of continued economic weakness in those emerging market countries.

Gross Profit:

GAAP:

Gross profit was $824 million for the first quarter of 2003 as compared with $860 million for the first quarter of 2002, representing a decrease of $36 million, or 4%. The gross profit margin was 30.1% in the current quarter as compared with 31.8% in the prior year quarter. The 1.7 percentage point decrease was primarily attributable to:

-- Price/Mix: price/mix declines reduced gross profit margins by approximately 4.0 percentage points. These declines relate primarily to consumer film and consumer digital cameras.

-- Productivity/Cost: manufacturing productivity/cost favorably impacted gross profit margins by approximately 1.0 percentage point.

-- Exchange: favorably impacted gross profit margins by approximately 1.0 percentage point.

Operational:

Excluding accelerated depreciation of $14 million resulting from the Company's focused cost reduction actions, gross profit on an operational basis was $838 million for the first quarter of 2003 as compared with $860 million for the first quarter of 2002, representing a decrease of $22 million, or 3%. The gross profit margin was 30.6% in the current quarter as compared with 31.8% in the prior year quarter. The 1.2 percentage point decrease was primarily attributable to:

-- Price/Mix: price/mix declines reduced gross profit margins by approximately 4.0 percentage points.

-- Productivity/Cost: manufacturing productivity/cost favorably impacted gross profit margins by approximately 2.0 percentage points.

-- Exchange: favorably impacted gross profit margins by 1.0 percentage point.

Selling, General and Administrative Expenses:

GAAP:

Selling, general and administrative expenses (SG&A) were $566 million for the first quarter of 2003 as compared with $540 million for the prior year quarter, representing an increase of $26 million, or 5%. SG&A increased as a percentage of sales from 20.0% for the first quarter of 2002 to 20.7% for the current quarter. The increase in SG&A is primarily attributable to a charge of $12 million relating to an intellectual property settlement and unfavorable exchange of $28 million, partially offset by cost reduction actions.

Operational:

Excluding the $12 million charge relating to the intellectual property settlement, SG&A expenses on an operational basis were $554 million for the first quarter of 2003 as compared with $540 million for the prior year quarter, representing an increase of $14 million, or 3%. The increase in SG&A is primarily attributable to unfavorable exchange of $28 million, partially offset by cost reduction actions. As a percentage of sales, SG&A remained essentially unchanged.

Research and Development Costs:

GAAP:

Research and Development costs (R&D) were $194 million for the first quarter of 2003 as compared with $187 million for the first quarter of 2002, representing an increase of $7 million, or 4%. R&D increased as a percentage of sales from 6.9% for the first quarter of 2002 to 7.1% for the current quarter. The net increase in R&D is the result of a $21 million R&D charge relating to the company's purchase of rights to certain print technology that is currently in development and not yet ready for commercialization. This technology qualifies as in-process R&D and, therefore, was written off in the quarter. This in-process R&D charge was offset primarily by cost savings realized from position eliminations associated with the prior year's cost reduction programs.

Operational:

Excluding $21 million for in-process R&D charges, R&D expenses on an operational basis were $173 million for the first quarter of 2003 as compared with $187 million for the first quarter of 2002, representing a decrease of $14 million, or 7%. As a percentage of sales, R&D decreased from 6.9% in the first quarter of 2002 to 6.3% in the current quarter due to cost savings realized from position eliminations associated with the prior year's cost reduction programs.

Focused Cost Reductions:

During the first quarter of 2003, as part of its continuing focused cost-reduction efforts, the Company announced that it intended to reduce head count by 2,300 to 2,900 during the year, of which 500 to 700 were remaining actions from the fourth quarter of 2002 relating primarily to the relocation of certain manufacturing activities and elimination of positions in R&D and global manufacturing. The remaining 1,800 to 2,200 positions represent new initiatives primarily relating to the rationalization of the Company's photofinishing operations in the U.S. and EAMER.

The total net restructuring charge recorded in the first quarter of 2003 was $32 million, which was primarily comprised of severance charges relating to the elimination of 875 positions. Of the 875 positions, 425 positions relate to the actions announced in the first quarter of 2003 and 450 positions relate to the actions announced in the fourth quarter of 2002. In addition, during the quarter, the company recorded accelerated depreciation of $14 million associated with assets to be disposed of in connection with the relocation of certain manufacturing operations.

Earnings From Operations:

GAAP:

Earnings from operations (EFO) for the first quarter of 2003 were $32 million as compared with $133 million for the first quarter of 2002, representing a decrease of $101 million, or 76%. This decrease is attributable to the reasons indicated above.

Operational:

Excluding restructuring, accelerated depreciation, an in-process R&D charge and an intellectual property settlement, EFO on an operational basis for the first quarter of 2003 were $111 million as compared with $133 million for the first quarter of 2002, representing a decrease of $22 million, or 17%. The decrease in earnings from operations was primarily the result of lower gross profit margins caused by unfavorable price/mix not fully offset by favorable productivity.

Below EFO:

Interest expense for the first quarter of 2003 was $37 million as compared with $44 million for the prior year quarter, representing a decrease of $7 million, or 16%. The decrease in interest expense is primarily attributable to lower average borrowing levels and lower interest rates in the first quarter of 2003 relative to the prior year quarter.

The other charges component includes principally investment income, income and losses from equity investments, foreign exchange and gains and losses on the sales of assets and investments. Other charges for the current quarter were $21 million as compared with other charges of $31 million for the first quarter of 2002. The decrease is primarily attributable to reduced losses on foreign exchange.

Corporate Tax Rate:

The Company's effective tax rate from continuing operations, excluding the non-operational items described below, decreased from 29% for the prior year quarter to 26% for the first quarter of 2003. The lower effective tax rate in the current year quarter as compared with the prior year quarter is primarily attributable to expected further increased earnings, relative to total earnings, in lower tax rate jurisdictions.

During the first quarter of 2003, the Company recorded a tax benefit of $23 million. The primary drivers of the tax benefit were the following items that occurred in the first quarter and which were treated on a discrete period basis:

-- A $46 million charge for focused cost reductions

-- A $21 million charge for in-process R&D

-- A $12 million charge for an intellectual property settlement

-- An $8 million tax benefit related to the donation of intellectual property

Earnings (Loss) from Continuing Operations:

GAAP:

The loss from continuing operations for the first quarter of 2003 was $3 million, or $.01 per diluted share, as compared with earnings from continuing operations for the first quarter of 2002 of $41 million, or $.14 per diluted share, representing a decrease of $44 million year over year. This decrease in earnings from continuing operations is attributable to the reasons described above.

Operational:

Earnings from continuing operations on an operational basis for the first quarter of 2003 were $39 million, or $.14 per diluted share, as compared with earnings from continuing operations on an operational and as reported basis for the first quarter of 2002 of $41 million, or $.14 per diluted share, representing a decrease of $2 million, or 5%. First quarter operational earnings from continuing operations for 2003 exclude the following after-tax items:

-- A charge of $30 million ($46 million pre-tax), or $.10 per share, resulting from previously announced cost reduction initiatives in the first quarter, of which $32 million are recorded in "Restructuring costs and other". Accelerated depreciation of $14 million associated with the relocation of certain manufacturing operations is recorded in "Cost of goods sold" (COGS).

-- A charge of $13 million ($21 million pre-tax) or $.05 per share is recorded in "Research and development costs" (R&D) and relates to the company's purchase of rights to print technology that is currently in development and not yet ready for commercialization. This technology qualifies as in-process R&D.

-- A charge of $7 million ($12 million pre-tax) or $.03 is recorded in SG&A and relates to an intellectual property settlement.

These charges were partially offset by:

-- A tax benefit totaling $8 million, or $.03 per share relating to the Company's donation of intellectual property.

Earnings (Loss) from Discontinued Operations:

Earnings from discontinued operations for the first quarter of 2003 were $.05 per diluted share, as compared with a loss from discontinued operations for the first quarter of 2002 of $.01 per diluted share.

During the quarter, the company reversed a tax reserve of $15 million through discontinued operations. The tax reserve was initially established due to the uncertainty surrounding the ultimate realizability of tax benefits that the Company would receive from certain indemnification payments made in connection with the disposal of a business. The reversal of the tax reserve was triggered by the elimination of the uncertainty surrounding the realizability of such benefits.

Net Earnings:

Net earnings for the first quarter of 2003 were $12 million, or $.04 per diluted share as compared with net earnings for the first quarter of 2002 of $39 million, or $.13 per diluted share, representing a decrease of $27 million. This decrease is primarily attributable to the reasons outlined above.

Year-over-Year Comparison of Reported and Operational Earnings
(Amounts in millions of dollars)

	1Q 03 as Reported	Excluded Items	1Q 03 Operational	1Q 02 a
Sales	$2,740		$2,740	$2,706
COGS	1,916	14 b	1,902	1,846
Gross Profit	824		838	860
SG&A	566	12 c	554	540
R&D	194	21 d	173	187
Restructuring costs and other	32	32 e	-	-
EFO	32		111	133
Interest Expense	(37)		(37)	(44)
Other Income/Charges	(21)		(21)	(31)
Below EFO	(58)		(58)	(75)
(Loss) Earnings Before Taxes	(26)		53	58
(Benefit) Provision for Tax	(23)	37f	14	17
(Loss) Earnings - Cont. Ops.	(3)		39	41
Earnings (Loss) Disc. Ops.	15			(2)
Net Earnings	$12			$39
Diluted EPS - Cont. Ops.	($0.01)		$0.14	$0.14
Diluted EPS	$0.04			$0.13

Items Excluded from Earnings from Continuing Operations on an Operational Basis

a - There were no excluded items in Q1 2002

b - Accelerated Depreciation in connection with focused cost reductions of $14 million

c - Intellectual Property Settlement of $12 million

d - Charge for In-Process R&D of $21 million

e - Charge for focused cost reductions of $32 million

f - Tax Benefit for Donation of Intellectual Property of $8 million and the tax impacts associated with the above-mentioned excluded items.

As Percent of Sales:

	1Q 03 as Reported	1Q 03 Operational	1Q 02
Gross Profit	30.1%	30.6%	31.8%
SG&A	20.7%	20.2%	20.0%
SG&A w/o Advertising	16.9%	16.4%	16.4%
R&D	7.1%	6.3%	6.9%
EFO	1.2%	4.1%	4.9%
Net Earnings	(0.1%)	1.4%	1.5%

Segment Results:

Photography

Revenues:

Net worldwide sales for the Photography segment were $1.798 billion for the first quarter of 2003 as compared with $1.814 billion for the first quarter of 2002, representing a decrease of $16 million, or 1% as reported, or 7% excluding the favorable impact of exchange. The decrease in net sales was comprised of:

-- Volume: volume reduced first quarter sales by approximately 1.0 percentage point.

-- Price/Mix: declines in price/mix reduced first quarter sales by approximately 6.0 percentage points.

-- Exchange: favorable exchange of 6.0 percentage points offset the negative impacts of price/mix.

Photography segment net sales in the U.S. were $687 million for the current quarter as compared with $799 million for the first quarter of 2002, representing a decrease of $112 million, or 14%. Photography segment net sales outside the U.S. were $1.111 billion for the first quarter of 2003 as compared with $1.015 billion for the prior year quarter, representing an increase of $96 million, or 9% as reported, or a decrease of 1% excluding the favorable impact of exchange.

Consumer products and services revenues:

Net worldwide sales of consumer film products, including 35mm film, Advantix film and one-time-use cameras, decreased 9% in the first quarter of 2003 as compared with the first quarter of 2002, reflecting 7% volume declines, negative 8% price/mix, partially offset by 5% favorable exchange. Sales of the Company's consumer film products within the U.S. decreased 24%, reflecting 16% volume declines and negative 9% price/mix. Consistent with film pricing trends for the last several consecutive quarters, price/mix declines for U.S. consumer film products in the first quarter were approximately 4% to 5%. In addition, price/mix was further impacted by contractual payments to retailers, which were distributed over lower film volumes during the quarter. This accounted for the balance of the negative price/mix trend.

Sales of the Company's consumer film products outside the U.S. increased 1%, reflecting 3% volume declines, negative 4% price mix, offset by a 9% favorable exchange.

U.S. consumer film industry volume decreased 10% in the first quarter of 2003 as compared with the prior year quarter due to a combination of continuing economic weakness, the shift of Easter into the second quarter of 2003, and continued digital substitution impacts. The Company's blended U.S. consumer film share increased slightly on a volume basis relative to the first quarter of 2002.

Net worldwide sales of consumer color paper decreased 3% in the first quarter of 2003 as compared with the first quarter of 2002, reflecting 6% volume declines and negative 4% price/mix, partially offset by 7% favorable exchange. Net sales of consumer color paper in the U.S. decreased 17%, reflecting 14% volume declines and negative 4% price/mix. Net sales of consumer color paper outside the U.S. increased 3%, reflecting 2% volume declines and negative 4% price/mix, offset by 10% favorable exchange.

Net worldwide photofinishing sales, including Qualex in the U.S. and Consumer Imaging Services ("CIS") outside the U.S., decreased 14% in the first quarter of 2003 as compared with the first quarter of 2002, reflecting lower volumes and price, partially offset by favorable exchange. In the U.S., Qualex's sales decreased 22%, reflecting the effects of a continued weak film industry, consumer's shifting preference to on-site processing, and the adverse impact of several hundred store closures by a major U.S. retailer. CIS revenues in Europe benefited from the full-quarter impact of the acquisitions of (1) Spector Photo Group's wholesale photofinishing and distribution activities in France, Germany, and Austria, (2) ColourCare Limited's wholesale processing and printing operations in the United Kingdom and (3) Percolor photofinishing operations in Spain.

Net sales from the Company's consumer digital products and services, which include Picture Maker kiosks/media and consumer digital services revenue primarily from Picture CD and Retail.com, increased 3% in the first quarter of 2003 as compared with the first quarter of 2002, driven primarily by an increase in sales of kiosks.

The average penetration rate for the number of rolls scanned at Qualex's wholesale labs remained flat at approximately 8% for the first quarter, essentially unchanged from the previous quarter but increasing from the 6.9% rate recorded in the first quarter of 2002. The growth was driven by continued consumer acceptance of Picture CD and Retail.com.

Net worldwide sales of consumer digital cameras increased 36% in the first quarter of 2003 as compared with the prior year quarter, primarily reflecting strong increases in volume, partially offset by a decline in price. Sales continue to be driven by strong consumer acceptance of the EasyShare digital camera system.

In line with normal seasonal trends, Kodak's U.S. consumer digital camera market share declined modestly during the first quarter of 2003 on a quarter sequential basis. While complete data for first quarter consumer digital market share is not yet available, all indications are that Kodak continues to hold one of the top three U.S. market share positions.

Net worldwide sales of inkjet photo paper increased 51% in the current quarter as compared with the first quarter of 2002. The Company maintained its top two market share position in the United States quarter sequentially. The double-digit revenue growth and the maintenance of market share are primarily attributable to strong underlying market growth, and Kodak's introduction of a new product line of small format inkjet papers.

The Company's Ofoto business increased its sales 86% in the first quarter of 2003 as compared with the prior year quarter. Ofoto now has 7.5 million members and is consistently achieving a repeat customer purchase rate of greater than 50%.

Professional products and services revenues:

Net worldwide sales of professional sensitized films, including color negative, color reversal and commercial black and white films decreased 7% in the first quarter of 2003 as compared with the first quarter of 2002, primarily reflecting declines in volume. Net worldwide sales of professional sensitized paper were unchanged in the first quarter of 2003 as compared with the first quarter of 2002. Sales declines resulted primarily from the combined impacts of ongoing digital substitution and continued economic weakness in markets worldwide.

During the first quarter, worldwide sales increases were recorded for digital writers, scanners, digital systems and solutions, and thermal media and equipment.

Entertainment products and services revenues:

Net worldwide sales of origination and print film to the entertainment industry increased 18%, reflecting higher print film volumes due to a strong industry motion picture release schedule in North America and favorable exchange. The new Vision 2 origination film continues to gain strong customer acceptance.

Gross profit:

Gross profit for the Photography segment was $502 million for the first quarter of 2003 as compared with $550 million for the prior year quarter, representing a decrease of $48 million or 9%. The gross profit margin was 27.9% in the current year quarter as compared with 30.3% in the prior year quarter. The 2.4 percentage point decline was primarily attributable to:

-- Price/Mix: declines in price/mix reduced gross profit margins by approximately 5.0 percentage points.

-- Productivity/Cost: increases in manufacturing productivity/cost favorably impacted gross profit margins by approximately 2.0 percentage points.

-- Exchange: favorably impacted gross profit margins by approximately 1.0 percentage point.

SG&A:

In the first quarter, SG&A expenses for the Photography segment increased $13 million, or 3%, from $406 million in the first quarter of 2002 to $419 million in the current quarter, and increased as a percentage of sales from 22.4% to 23.3%. Excluding the unfavorable impact of exchange, SG&A decreased due to cost reduction actions implemented during the quarter.

R&D:

GAAP:

First quarter R&D costs for the Photography segment decreased $1 million, or 1%, from $129 million in the first quarter of 2002 to $128 million in the current quarter and remained unchanged as a percentage of sales at 7.1%. The decrease in R&D was primarily attributable to cost savings realized from position eliminations associated with the prior year's cost reduction programs, which were almost fully offset by the $21 million charge for purchased in-process R&D.

Operational:

Excluding the $21 million charge for purchased in-process R&D, first quarter R&D expenses on an operating basis for the Photography segment decreased $22 million, or 17%, from $129 million to $107 million and decreased as a percentage of sales from 7.1% in the prior year quarter to 6.0% in the first quarter of 2003. The decrease in R&D cost is primarily attributable to cost savings realized from employee reductions associated with the prior year's cost reduction programs.

EFO:

GAAP:

Earnings from operations for the Photography segment decreased $62 million, from $16 million in the first quarter of 2002 to a loss from operations of $46 million in the first quarter of 2003, primarily as a result of the factors described above.

Operational:

Excluding $21 million for in-process R&D charges, earnings from operations for the Photography segment on an operational basis decreased $41 million, from $16 million in the first quarter of 2002 to a loss of $25 million in the first quarter of 2003, primarily as a result of the factors described above.

Health Imaging

Revenues:

Net worldwide sales for the Health Imaging segment were $549 million for the first quarter of 2003 as compared with $521 million for the prior year quarter, representing an increase of $28 million, or 5% as reported, a decrease of 1% excluding the favorable impact of exchange. The increase in sales was comprised of:

-- Volume: increases in volume contributed approximately 1.0 percentage point to first quarter sales, driven primarily by digital media, digital capture equipment and equipment services.

-- Price/Mix: decreases in price/mix reduced first quarter sales by approximately 2.0 percentage points, primarily driven by digital media and analog medical film.

-- Exchange: favorable exchange impacted sales by approximately 6.0 percentage points.

Net sales in the U.S. were $238 million for the current quarter as compared with $248 million for the first quarter of 2002, representing a decrease of $10 million, or 4%. Net sales outside the U.S. were $311 million for the first quarter of 2003 as compared with $273 million for the prior year quarter, representing an increase of $38 million, or 14% as reported, or 2% excluding the favorable impact of exchange.

Digital products and services revenues:

Net worldwide sales of digital products, which include laser printers (DryView imagers and wet laser printers), digital media (DryView and wet laser media), digital capture equipment (computed radiography capture equipment and digital radiography equipment), services and Picture Archiving and Communications Systems ("PACS"), increased 11% in the first quarter of 2003 as compared with the prior year quarter. The increase in digital product sales was primarily attributable to higher volumes of digital media, digital capture equipment and equipment services. Service revenues increased due to an increase in digital equipment service contracts during the current quarter.

Traditional products and services revenues:

Net worldwide sales of traditional products, including analog film, equipment, chemistry and services, decreased 2% in the first quarter of 2003 as compared with the first quarter of 2002 driven primarily by lower specialty films volumes. Traditional analog film products (excluding specialty films) increased 2% due to favorable exchange. In the quarter, traditional analog film volumes increased slightly, but were more than offset by unfavorable price.

Gross profit:

Gross profit for the Health Imaging segment was $229 million for the first quarter of 2003 as compared with $195 million in the prior year quarter, representing an increase of $34 million, or 17%. The gross profit margin was 41.7% in the current quarter as compared with 37.4% in the first quarter of 2002. The increase in the gross profit margin of 4.3 percentage points was principally attributable to:

-- Price/Mix: price/mix negatively impacted gross profit margins by 1.5 percentage points due to lower prices for digital media, analog film and laser printers.

- Productivity/Cost: manufacturing productivity/cost favorably impacted gross profit margins by 4.5 percentage points, primarily due to favorable media and equipment manufacturing productivity led by DryView digital media and digital capture equipment, complemented by lower service costs and improved supply chain management.

- Exchange: favorable exchange added approximately 1.0 percentage point to the gross profit rate.

SG&A:

SG&A expenses for the Health Imaging segment decreased $1 million, or 1%, from $83 million in the first quarter of 2002 to $82 million for the current quarter, and decreased as a percentage of sales from 16.0% to 14.9% . The decrease in SG&A expenses is primarily attributable to expense management.

R&D:

First quarter R&D costs increased 8% from $36 million to $39 million and increased as a percentage of sales from 6.9% for the first quarter of 2002 to 7.1% for the current quarter. R&D expenses increased in the first quarter as the segment increased spending to drive growth in selected areas of the product portfolio.

EFO:

Earnings from operations for the Health Imaging segment increased $33 million, or 43%, from $76 million for the prior year quarter to $109 million for the first quarter of 2003 while the operating earnings margin rate increased 5.3 percentage points to 19.9% from 14.6% for the prior year quarter. The increase in operating earnings reflects the combined effects of gross profit margin improvements and decreases in SG&A.

Commercial Imaging

Revenues:

Net worldwide sales for the Commercial Imaging segment were $372 million for the first quarter of 2003 as compared with $347 million for the prior year quarter, representing an increase of $25 million, or 7% as reported, an increase of 4% excluding the favorable impact of exchange. The increase in net sales was primarily comprised of:

- Volume: increases in volume contributed approximately 6.0 percentage points to first quarter sales driven by Imaging Services.

- Price/Mix: price/mix declines subtracted approximately 2.0 percentage points from first quarter sales.

- Exchange: favorable exchange contributed approximately 3.0 percentage points to first quarter sales.

Net sales in the U.S. were $213 million for the current year quarter as compared with $189 million for the prior year quarter, representing an increase of $24 million, or 13%. Net sales outside the U.S. were $159 million in the first quarter of 2003 as compared with $158 million for the prior year quarter, representing an increase of $1 million or 1% as reported, a decrease of 6% excluding the favorable impact of exchange.

Net worldwide sales of graphic arts products to Kodak Polychrome Graphics ("KPG"), an unconsolidated joint venture affiliate in which the Company has a 50% ownership interest, decreased 16% in the current quarter as compared with the first quarter of 2002, primarily reflecting volume declines in graphic arts film. This reduction resulted largely from digital technology substitution and the effect of continuing economic weakness in the commercial printing market. The Company's equity in the earnings of KPG contributed positive results to "Other charges" during the first quarter of 2003, which were not material to the Company's results from operations.

NexPress, the unconsolidated joint venture between Kodak and Heidelberg in which the Company has a 50% ownership interest, has sold approximately 225 units of the NexPress 2100 Digital Production Color Press through February, with average monthly page volumes for these units running higher than planned.

Gross profit:

Gross profit for the Commercial Imaging segment was $107 million for the first quarter of 2003 as compared with $109 million in the prior year quarter, representing a decrease of $2 million, or 2%. The gross profit margin was 28.8% in the current quarter as compared with 31.4% in the prior year quarter. The decrease in the gross profit margin of 2.6 percentage points was primarily attributable to:

-- Price/Mix: price/mix impacts reduced gross profit margins by approximately 2.0 percentage points due primarily to declining contributions from traditional graphic arts and microfilm products.

-- Productivity/Cost: manufacturing productivity/cost negatively impacted gross profit margins by approximately 1.0 percentage point.

SG&A:

SG&A expenses for the Commercial Imaging segment increased $1 million, or 2%, from $47 million for the first quarter of 2002 to $48 million for the current quarter, but decreased as a percentage of sales from 13.5% to 12.9%. The primary contributor to the increase in SG&A expense was the impact of unfavorable exchange.

R&D:

First quarter R&D costs for the Commercial Imaging segment remained essentially unchanged from the prior year quarter at $14 million, but decreased as a percentage of sales from 4.0% in the prior year quarter to 3.8% in the first quarter of 2003.

EFO:

Earnings from operations for the Commercial Imaging segment decreased $4 million, or 8%, from $48 million in the first quarter of 2002 to $44 million in the first quarter of 2003.

All Other

Revenues:

Net worldwide sales for All Other were $21 million for the first quarter of 2003 as compared with $24 million for the first quarter of 2002, representing a decrease of $3 million, or 13%.

SK Display Corporation, the OLED manufacturing joint venture between Kodak and Sanyo, continued production scale-up with the goal of supplying production quantity OLED screens to the marketplace throughout the remainder of 2003.

EFO:

The loss from operations for All Other was $17 million in the current quarter as compared with the loss from operations of $7 million in the first quarter of 2002.

Balance Sheet:

Cash Flow:

Kodak defines free cash flow as net cash provided by continuing operations (as determined under generally accepted accounting principles in the U.S.- U.S. GAAP), plus proceeds from the sale of assets minus capital expenditures, acquisitions and investments in unconsolidated affiliates. Kodak's definition of operating cash flow equals free cash flow less dividends.

Operating cash flow on a continuing operations basis during the first quarter of 2003 was negative $98 million, $52 million lower than the negative $46 million used in the year ago quarter. Primary drivers of the decrease include the Company's $54 million use of cash for the acquisition of Burrell Labs, the $21 million purchase of in-process R&D, and an inventory increase partially offset by a reduction in accounts receivable.

Since the Company had no scheduled dividend payments in the first quarter of 2003 or 2002, free cash flow and operating cash flow for the current quarter are identical.

The table below reconciles the net cash provided by continuing operations as determined under U.S. GAAP to Kodak's definition of operating cash flow:

Reconciliation of Operating Cash Flow
1st Qtr. 2003

	$ millions
Net cash provided by continuing operations	$87
Additions to properties	(111)
Acquisitions, net of cash acquired	(54)
Investments in unconsolidated affiliates	(20)
Operating Cash Flow (Continuing Operations)	$(98)

Dividend:

The Company has a dividend policy whereby it makes semi-annual payments, which, when declared, will be paid on the Company's 10th business day each July and December to shareholders of record on the first business day of the preceding month. On April 15, 2003, the Company's Board of Directors declared a semi-annual cash dividend of $0.90 per share on the outstanding common stock of the Company. This dividend will be payable on July 16, 2003 to shareholders of record at the close of business on June 2, 2003.

Capital Spending:

Capital additions were $111 million in the first quarter of 2003, with the majority of the spending supporting new products, manufacturing productivity and quality improvements, infrastructure improvements and ongoing environmental and safety initiatives.

Receivables:

Total receivables of $2.073 billion comprised of trade ($1.714 billion) and miscellaneous ($359 million) receivables at the end of the first quarter, 2003, declined $129 million from first quarter 2002. This reduction is driven by strong operational improvements, including the reduction of past-due receivables.

Accrued customer rebates are classified as miscellaneous payables, however, the majority of these are cleared through customer deductions. The effect of offsetting these accrued customer rebates would reduce the trade receivable balance by $344 million to $1.370 billion.

Days sales outstanding (DSO) decreased approximately 11 days from first quarter, 2002 and decreased approximately 2 days quarter sequentially. The DSO calculation includes the impact of reclassifying rebates as an offset to receivables for the last four quarters. Excluding the impact of rebate reclassification, the operational improvement year over year in DSO was 5 days. Kodak defines DSO: 4 quarter moving average net trade receivables after rebate reclassification, divided by 12 months of sales, multiplied by 365 days.

Inventory:

Kodak's inventories (after LIFO) increased $61 million year over year and $135 million quarter sequentially. Contributors to this sequential increase were a pre-build of one-time use cameras as the Company prepares to shift production to China and Mexico, a seasonal build, photofinishing equipment, and the effect of exchange.

Days supply in inventory (DSI) improved by more than 6 days from the first quarter 2002 and was essentially flat quarter sequentially. Inventory turns have also remained essentially flat at 5.4 turns since the end of the fourth quarter 2002. The DSI calculation is based on inventory before the LIFO reserve. Including the impact of the LIFO reserve, DSI improved by more than 9 days from the first quarter of 2002 and was essentially flat quarter sequentially. Inventory turns remained essentially flat at 7.3 turns relative to the fourth quarter of 2002.

Kodak defines inventory turns as 12 months COGS as reported divided by four quarter average inventory before the LIFO reserve. DSI is defined as four-quarter average inventory before the LIFO reserve divided by 12 months COGS as reported, multiplied by 365 days.

Debt to Capital Ratio:

Debt to total capital ratio was 48.6%, increasing 0.2 percentage points quarter sequentially and decreasing 4.5 percentage points year over year. Debt increased by $98 million to $2.704 billion and cash increased by $28 million to $597 million quarter sequentially in keeping with the Company's plans to maintain a somewhat higher cash balance to ensure adequate operational liquidity. On a debt less cash basis, net debt was $2.107 billion, a decrease of $0.7 billion from first quarter, 2002 levels of $2.813 billion. Equity amounted to $2.864 billion, an increase of $87 million quarter sequentially, primarily due to exchange; and a decrease of $68 million year over year.

Foreign Exchange:

Year over year, the impact of foreign exchange on operating activities during the first quarter was a positive $.08 per share whereas foreign exchange activities recorded in "other income" had a positive $.04 per share impact. Therefore, the sum of the operational and reportable exchange impacts increased earnings in the quarter by $.12 per share.

Outlook for Second Quarter and Full Year 2003:

Significant volatility exists in the Company's operational business estimates going forward. If current trends continue into the second quarter, it is possible that second quarter operational earnings could fall into the range of $.60 per share to $.80 per share. However, if a pickup in consumer film consumption occurs, there could be upside to this estimate. As a result, full year earnings from this point in time are focused at the low end of the non-GAAP $2.35 to $2.95 per share range provided by the Company in January.

Safe Harbor Statement:

Certain statements in this press release may be forward looking in nature, or "forward-looking statements" as defined in the United States Private Securities Litigation Reform Act of 1995. For example, references to the Company's 2003 revenue, earnings and cash flow expectations are forward-looking statements.

Actual results may differ from those expressed or implied in forward-looking statements. The forward-looking statements contained in this press release are subject to a number of risk factors, including the successful:

-- Implementation of product strategies (including category expansion, digitization, OLED, and digital products);

-- Implementation of intellectual property licensing strategies;

-- Development and implementation of e-commerce strategies;

-- Completion of information systems upgrades, including SAP;

-- Completion of various portfolio actions;

-- Reduction of inventories;

-- Improvement in manufacturing productivity;

-- Improvement in receivables performance;

-- Reduction in capital expenditures;

-- Improvement in supply chain efficiency;

-- Implementation of restructurings, including personnel reductions;

-- Development of the Company's business in emerging markets like China, India, Brazil, Mexico, and Russia.

The forward-looking statements contained in this press release are subject to the following additional risk factors:

-- Inherent unpredictability of currency fluctuations and raw material costs;

-- Competitive actions, including pricing;

-- The nature and pace of technology substitution, including the analog-to-digital shift;

-- Continuing customer consolidation and buying power;

-- General economic and business conditions.

-- Other factors disclosed previously and from time to time in the Company's filings with the Securities and Exchange Commission.

Any forward-looking statements in this press release should be evaluated in light of these important risk factors.

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