

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the quarterly period ended March 31, 2010  
or

Transition report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the transition period from \_\_\_ to \_\_\_

Commission File Number 1-87

**EASTMAN KODAK COMPANY**  
(Exact name of registrant as specified in its charter)

**NEW JERSEY**  
(State of incorporation)

**16-0417150**  
(IRS Employer Identification No.)

**343 STATE STREET, ROCHESTER, NEW YORK**  
(Address of principal executive offices)

**14650**  
(Zip Code)

Registrant's telephone number, including area code: **585-724-4000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each Class	Number of shares Outstanding at April 23, 2010
Common Stock, \$2.50 par value	268,667,924

**Eastman Kodak Company**  
**Form 10-Q**  
**March 31, 2010**

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

EASTMAN KODAK COMPANY

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(in millions, except per share data)

	Three Months Ended March 31,	
	2010	2009
Net sales	\$ 1,933	\$ 1,477
Cost of goods sold	1,138	1,283
Gross profit	795	194
Selling, general and administrative expenses	310	313
Research and development costs	79	105
Restructuring costs, rationalization and other	13	109
Other operating (income) expenses, net	4	3
Earnings (loss) from continuing operations before interest expense, other income (charges), net and income taxes	389	(336)
Interest expense	38	25
Loss on early extinguishment of debt, net	102	-
Other income (charges), net	(4)	(15)
Earnings (loss) from continuing operations before income taxes	245	(376)
Provision (benefit) for income taxes	126	(16)
Earnings (loss) from continuing operations	119	(360)
Earnings from discontinued operations, net of income taxes	-	7
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	<u>\$ 119</u>	<u>\$ (353)</u>
Basic net earnings (loss) per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ 0.44	\$ (1.34)
Discontinued operations	-	0.02
Total	<u>\$ 0.44</u>	<u>\$ (1.32)</u>
Diluted net earnings (loss) per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ 0.40	\$ (1.34)
Discontinued operations	-	0.02
Total	<u>\$ 0.40</u>	<u>\$ (1.32)</u>
Number of common shares used in basic net earnings (loss) per share	268.3	268.2
Number of common shares used in diluted net earnings (loss) per share	326.2	268.2

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)**  
(in millions)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
Retained earnings at beginning of period	\$ 5,676	\$ 5,903
Net earnings (loss)	119	(353)
Loss from issuance of treasury stock	(7)	(1)
Retained earnings at end of period	<u>\$ 5,788</u>	<u>\$ 5,549</u>

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

(in millions)

	<b>March 31,</b> <b>2010</b>	<b>December 31,</b> <b>2009</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,500	\$ 2,024
Receivables, net	1,465	1,395
Inventories, net	756	679
Other current assets	215	205
Total current assets	<u>3,936</u>	<u>4,303</u>
Property, plant and equipment, net of accumulated depreciation of \$5,168 and \$5,178, respectively	1,166	1,254
Goodwill	903	907
Other long-term assets	1,173	1,227
<b>TOTAL ASSETS</b>	<u><u>\$ 7,178</u></u>	<u><u>\$ 7,691</u></u>
<b>LIABILITIES AND EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable, trade	\$ 626	\$ 919
Short-term borrowings and current portion of long-term debt	61	62
Accrued income and other taxes	99	23
Other current liabilities	1,562	1,892
Total current liabilities	<u>2,348</u>	<u>2,896</u>
Long-term debt, net of current portion	1,229	1,129
Pension and other postretirement liabilities	2,686	2,694
Other long-term liabilities	968	1,005
Total liabilities	<u>7,231</u>	<u>7,724</u>
Commitments and Contingencies (Note 6)		
<b>Equity (Deficit)</b>		
Common stock, \$2.50 par value	978	978
Additional paid in capital	1,095	1,093
Retained earnings	5,788	5,676
Accumulated other comprehensive loss	(1,905)	(1,760)
	<u>5,956</u>	<u>5,987</u>
Less: Treasury stock, at cost	(6,011)	(6,022)
Total Eastman Kodak Company shareholders' deficit	(55)	(35)
Noncontrolling interests	2	2
Total deficit	<u>(53)</u>	<u>(33)</u>
<b>TOTAL LIABILITIES AND DEFICIT</b>	<u><u>\$ 7,178</u></u>	<u><u>\$ 7,691</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

(in millions)	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net earnings (loss)	\$ 119	\$ (353)
Adjustments to reconcile to net cash used in operating activities:		
Earnings from discontinued operations, net of income taxes	-	(7)
Depreciation and amortization	101	113
Loss (gain) on sales of businesses/assets	4	(1)
Loss on early extinguishment of debt	102	-
Non-cash restructuring and rationalization costs, asset impairments and other charges	-	7
Provision for deferred income taxes	3	13
(Increase) decrease in receivables	(88)	413
Increase in inventories	(86)	(107)
Decrease in liabilities excluding borrowings	(579)	(883)
Other items, net	(47)	24
Total adjustments	(590)	(428)
Net cash used in operating activities	(471)	(781)
Cash flows from investing activities:		
Additions to properties	(25)	(26)
Proceeds from sales of businesses/assets	3	2
Marketable securities - sales	8	7
Marketable securities - purchases	(24)	(8)
Net cash used in investing activities	(38)	(25)
Cash flows from financing activities:		
Proceeds from borrowings	491	-
Repayment of borrowings	(492)	-
Debt issuance costs	(12)	(13)
Net cash used in financing activities	(13)	(13)
Effect of exchange rate changes on cash	(2)	(17)
Net decrease in cash and cash equivalents	(524)	(836)
Cash and cash equivalents, beginning of period	2,024	2,145
Cash and cash equivalents, end of period	\$ 1,500	\$ 1,309

The accompanying notes are an integral part of these consolidated financial statements.

**EASTMAN KODAK COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)**

**NOTE 1: BASIS OF PRESENTATION**

**BASIS OF PRESENTATION**

The consolidated interim financial statements are unaudited, and certain information and footnote disclosures related thereto normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted in accordance with Rule 10-01 of Regulation S-X. In the opinion of management, the accompanying unaudited consolidated financial statements were prepared following the same policies and procedures used in the preparation of the audited financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of operations, financial position and cash flows of Eastman Kodak Company and its subsidiaries (the Company). The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. These consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

**RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, "Improving Disclosures about Fair Value Measurements," which amends the Accounting Standards Codification (ASC) Topic 820, "Fair Value Measures and Disclosures." ASU No. 2010-06 amends the ASC to require disclosure of transfers into and out of Level 1 and Level 2 fair value measurements, and also require more detailed disclosure about the activity within Level 3 fair value measurements. The Company adopted the guidance in ASU No. 2010-06 on January 1, 2010, except for the requirements related to Level 3 disclosures, which will be effective for annual and interim reporting periods beginning after December 15, 2010 (January 1, 2011 for the Company). This guidance requires expanded disclosures only, and did not and is not expected to have any impact on the Company's Consolidated Financial Statements.

In June 2009, the FASB issued revised authoritative guidance related to variable interest entities, which requires entities to perform a qualitative analysis to determine whether a variable interest gives the entity a controlling financial interest in a variable interest entity. The guidance also requires an ongoing reassessment of variable interests and eliminates the quantitative approach previously required for determining whether an entity is the primary beneficiary. This guidance, which was reissued by the FASB in December 2009 as ASU No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities," amends ASC Topic 810, "Consolidation," and was adopted by the Company on January 1, 2010. The adoption of this guidance did not have an impact on the Company's Consolidated Financial Statements.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In October 2009, the FASB issued ASU No. 2009-13, "Multiple-Deliverable Revenue Arrangements," which amends ASC Topic 605, "Revenue Recognition." ASU No. 2009-13 amends the ASC to eliminate the residual method of allocation for multiple-deliverable revenue arrangements, and requires that arrangement consideration be allocated at the inception of an arrangement to all deliverables using the relative selling price method. The ASU also establishes a selling price hierarchy for determining the selling price of a deliverable, which includes: (1) vendor-specific objective evidence if available, (2) third-party evidence if vendor-specific objective evidence is not available, and (3) estimated selling price if neither vendor-specific nor third-party evidence is available. Additionally, ASU No. 2009-13 expands the disclosure requirements related to a vendor's multiple-deliverable revenue arrangements. The Company is currently evaluating the potential impact, if any, of the adoption of this guidance on its Consolidated Financial Statements, which is effective for the Company on January 1, 2011.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements," which amends ASC Topic 985, "Software." ASU No. 2009-14 amends the ASC to change the accounting model for revenue arrangements that include both tangible products and software elements, such that tangible products containing both software and non-software components that

function together to deliver the tangible product's essential functionality are no longer within the scope of software revenue guidance. The Company is currently evaluating the potential impact, if any, of the adoption of this guidance on its Consolidated Financial Statements, which is effective for the Company on January 1, 2011.

**NOTE 2: RECEIVABLES, NET**

(in millions)	<b>As of</b>	<b>March 31,</b>	<b>December 31,</b>
		<b>2010</b>	<b>2009</b>
Trade receivables	\$	991	\$ 1,238
Miscellaneous receivables		474	157
Total (net of allowances of \$87 and \$98 as of March 31, 2010 and December 31, 2009, respectively)	\$	<u>1,465</u>	<u>\$ 1,395</u>

Of the total trade receivable amounts of \$991 million and \$1,238 million as of March 31, 2010 and December 31, 2009, respectively, approximately \$167 million and \$218 million, respectively, are expected to be settled through customer deductions in lieu of cash payments. Such deductions represent rebates owed to the customer and are included in Other current liabilities in the accompanying Consolidated Statement of Financial Position at each respective balance sheet date. The increase in miscellaneous receivables was due to revenue of \$550 million being recognized in the first quarter of 2010 for a non-recurring intellectual property arrangement, for which approximately \$338 million is due during the remainder of 2010. Approximately \$56 million of the receivable will be withheld at the time of payment to satisfy tax obligations.

**NOTE 3: INVENTORIES, NET**

(in millions)	<b>As of</b>	<b>March 31,</b>	<b>December 31,</b>
		<b>2010</b>	<b>2009</b>
Finished goods	\$	444	\$ 409
Work in process		190	164
Raw materials		<u>122</u>	<u>106</u>
Total	\$	<u>756</u>	<u>\$ 679</u>



**NOTE 4: SHORT-TERM BORROWINGS AND LONG-TERM DEBT**

Long-term debt and related maturities and interest rates were as follows at March 31, 2010 and December 31, 2009:

				As of	
				March 31, 2010	December 31, 2009
(in millions)					
Country	Type	Maturity	Weighted-Average Effective Interest Rate	Carrying Value	Carrying Value
U.S.	Convertible	2010	3.38%	\$ 11	\$ 12
U.S.	Term note	2010-2013	6.16%	36	35
Germany	Term note	2010-2013	6.16%	142	141
U.S.	Term note	2013	7.25%	300	500
U.S.	Secured term note	2017	19.36%	-	195
U.S.	Convertible	2017	12.75%	298	295
U.S.	Term note	2018	9.95%	3	3
U.S.	Secured term note	2018	10.11%	490	-
U.S.	Term note	2021	9.20%	10	10
				<u>1,290</u>	<u>1,191</u>
Current portion of long-term debt				(61)	(62)
Long-term debt, net of current portion				<u>\$ 1,229</u>	<u>\$ 1,129</u>

Annual maturities (in millions) of long-term debt outstanding at March 31, 2010 were as follows:

	Carrying Value	Maturity Value
2010	\$ 61	\$ 61
2011	46	50
2012	43	50
2013	339	350
2014	-	-
2015 and thereafter	801	913
Total	<u>\$ 1,290</u>	<u>\$ 1,424</u>

**Issuance of Senior Secured Notes due 2018**

On March 5, 2010, the Company issued \$500 million of aggregate principal amount of 9.75% senior secured notes due March 1, 2018 (the "2018 Senior Secured Notes"). The Company will pay interest at an annual rate of 9.75% of the principal amount at issuance, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2010.

Upon issuance of the 2018 Senior Secured Notes, the Company received net proceeds of approximately \$490 million (\$500 million aggregate principal less \$10 million stated discount). The proceeds were used to repurchase all of the Senior Secured Notes due 2017 and to fund the tender of \$200 million of the 7.25% Senior Notes due 2013.

In connection with the 2018 Senior Secured Notes, the Company and the subsidiary guarantors (as defined below) entered into an indenture, dated as of March 5, 2010, with Bank of New York Mellon as trustee and collateral agent (the "Indenture").

At any time prior to March 1, 2014, the Company will be entitled at its option to redeem some or all of the 2018 Senior Secured Notes at a redemption price of 100% of the principal plus accrued and unpaid interest and a “make-whole” premium (as defined in the Indenture). On and after March 1, 2014, the Company may redeem some or all of the 2018 Senior Secured Notes at certain redemption prices expressed as percentages of the principal plus accrued and unpaid interest. In addition, prior to March 31, 2013, the Company may redeem up to 35% of the 2018 Senior Secured Notes at a redemption price of 109.75% of the principal plus accrued and unpaid interest using proceeds from certain equity offerings, provided the redemption takes place within 120 days after the closing of the related equity offering and not less than 65% of the original aggregate principal remains outstanding immediately thereafter.

Upon the occurrence of a change of control, each holder of the 2018 Senior Secured Notes has the right to require the Company to repurchase some or all of such holder’s 2018 Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

The Indenture contains covenants limiting, among other things, the Company’s ability and the ability of the Company’s restricted subsidiaries (as defined in the Indenture) to (subject to certain exceptions and qualifications): incur additional debt or issue certain preferred stock; pay dividends or make distributions in respect of capital stock or make other restricted payments; make principal payments on, or purchase or redeem subordinated indebtedness prior to any scheduled principal payment or maturity; make certain investments; sell certain assets; create liens on assets; consolidate, merge, sell or otherwise dispose of all or substantially all of the Company’s and its subsidiaries’ assets; enter into certain transactions with affiliates; and designate the Company’s subsidiaries as unrestricted subsidiaries. The Company was in compliance with these covenants as of March 31, 2010.

The 2018 Senior Secured Notes are fully and unconditionally guaranteed (the “guarantees”) on a senior secured basis by each of the Company’s existing and future direct or indirect 100% owned domestic subsidiaries, subject to certain exceptions (the “Subsidiary Guarantors”). The 2018 Senior Secured Notes and guarantees are secured by second-priority liens, subject to permitted liens, on substantially all of the Company’s domestic assets and substantially all of the domestic assets of the Subsidiary Guarantors pursuant to a security agreement entered into with Bank of New York Mellon as second lien collateral agent on March 5, 2010. The carrying value of the assets pledged as collateral at March 31, 2010 was approximately \$2 billion.

The 2018 Senior Secured Notes are the Company’s senior secured obligations and rank senior in right of payment to any future subordinated indebtedness; rank equally in right of payment with all of the Company’s existing and future senior indebtedness; are effectively senior in right of payment to the Company’s existing and future unsecured indebtedness, are effectively subordinated in right of payment to indebtedness under the Company’s Amended Credit Agreement to the extent of the collateral securing such indebtedness on a first-priority basis; and effectively are subordinated in right of payment to all existing and future indebtedness and other liabilities of the Company’s non-guarantor subsidiaries.

Certain events are considered events of default and may result in the acceleration of the maturity of the 2018 Senior Secured Notes including, but not limited to: default in the payment of principal or interest when it becomes due and payable; subject to applicable grace periods, failure to purchase Senior Secured Notes tendered when and as required; events of bankruptcy; and non-compliance with other provisions and covenants and the acceleration or default in the payment of principal of other forms of debt. If an event of default occurs, the aggregate principal amount and accrued and unpaid interest may become due and payable immediately.

#### ***Repurchase of Senior Secured Notes due 2017***

On February 24, 2010, the Company entered into an agreement with affiliates of Kohlberg, Kravis Roberts & Co. L.P. (“KKR”) to repurchase all \$300 million aggregate principal amount of the Company’s 10.5% Senior Secured Notes due 2017 previously issued to KKR (the “KKR Notes”).

On March 5, 2010, the Company completed the repurchase of the KKR Notes. KKR received cash equal to 100% of the principal amount plus accrued and unpaid interest. The repurchase of the KKR Notes resulted in a loss on early debt extinguishment of \$111 million, which is reported in Loss on early extinguishment of debt, net in the Statement of Operations for the three months ended March 31, 2010. This loss was primarily the result of the principal repayment of \$300 million exceeding the carrying value of the KKR Notes by approximately \$195 million as of the repurchase date.

### **Repurchase of Senior Notes due 2013**

On March 10, 2010, the Company accepted for purchase \$200 million aggregate principal amount of Senior Notes due 2013 (the "2013 Notes") pursuant to the terms of a tender offer that commenced on February 3, 2010. Holders who validly tendered their 2013 Notes received cash equal to approximately 95% of the principal amount of the 2013 Notes accepted in the tender offer plus accrued and unpaid interest.

The repurchase of the 2013 Notes resulted in a gain on early debt extinguishment of approximately \$9 million, reported in Loss on early extinguishment of debt, net in the Statement of Operations for the three months ended March 31, 2010. The gain was a result of the principal repayment of approximately \$190 million being less than the carrying value of the repurchased debt of \$200 million. As of March 31, 2010, \$300 million of the 2013 Notes remain outstanding.

### **Amended Credit Agreement**

On February 10, 2010, the Company and its subsidiary, Kodak Canada, Inc. (together the "Borrowers"), together with the Company's U.S. subsidiaries as guarantors (the "Guarantors"), agreed to amend the Amended and Restated Credit Agreement dated March 31, 2009 (the "Amended Credit Agreement") with the named lenders and Citicorp, USA, Inc., as agent, in order to allow the Company to incur additional permitted senior debt of up to \$200 million aggregate principal amount, and debt that refinances existing debt and permitted senior debt so long as the refinancing debt meets certain requirements. In connection with the amendment, the Company reduced the commitments of its non-extending lenders by approximately \$125 million. This change did not reduce the maximum borrowing availability of up to \$500 million under the Amended Credit Agreement.

Advances under the Amended Credit Agreement are available based on the Borrowers' respective borrowing base from time to time. The borrowing base is calculated based on designated percentages of eligible accounts receivable, inventory, machinery and equipment and, once mortgages are recorded, certain real property, subject to applicable reserves. As of March 31, 2010, based on this borrowing base calculation and after deducting the face amount of letters of credit outstanding of \$133 million and \$100 million of collateral to secure other banking arrangements, the Company had \$172 million available to borrow under the Amended Credit Agreement. As of March 31, 2010, the Company had no debt for borrowed money outstanding under the Amended Credit Agreement.

In addition to letters of credit outstanding under the Amended Credit Agreement of \$133 million, there were bank guarantees and letters of credit of \$20 million and surety bonds of \$25 million outstanding under other banking arrangements primarily to ensure payment of possible casualty and workers' compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs and trade activities.

Under the terms of the Amended Credit Agreement, the Company has agreed to certain affirmative and negative covenants customary in similar asset-based lending facilities. In the event the Company's excess availability under the borrowing base formula under the Amended Credit Agreement falls below \$100 million for three consecutive business days, among other things, the Company must maintain a fixed charge coverage ratio of not less than 1.1 to 1.0 until the excess availability is greater than \$100 million for 30 consecutive days. For the quarter ended March 31, 2010, excess availability was greater than \$100 million. The Company is also required to maintain cash and cash equivalents in the U.S. of at least \$250 million. The negative covenants limit, under certain circumstances, among other things, the Company's ability to incur additional debt or liens, make certain investments, make shareholder distributions or prepay debt, except as permitted under the terms of the Amended Credit Agreement. The Company was in compliance with all covenants under the Amended Credit Agreement as of March 31, 2010.

In addition to the Amended Credit Agreement, the Company has other committed and uncommitted lines of credit as of March 31, 2010 totaling \$10 million and \$134 million, respectively. These lines primarily support operational and borrowing needs of the Company's subsidiaries, which include term loans, overdraft coverage, revolving credit lines, letters of credit, bank guarantees and vendor financing programs. Interest rates and other terms of borrowing under these lines of credit vary from country to country, depending on local market conditions. As of March 31, 2010, usage under these lines was approximately \$42 million all of which were supporting non-debt related obligations.

**NOTE 5: INCOME TAXES**

The Company's income tax provision (benefit) and effective tax rate were as follows:

(dollars in millions)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2010</b>	<b>2009</b>
Earnings (loss) from continuing operations before income taxes	\$ 245	\$ (376)
Effective tax rate	51.4%	4.3%
Provision (benefit) for income taxes	\$ 126	\$ (16)
Provision (benefit) for income taxes @ 35%	\$ 86	\$ (132)
Difference between tax at effective vs. statutory rate	\$ 40	\$ 116

For the three months ended March 31, 2010, the difference between the Company's recorded provision and the benefit that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) withholding taxes related to a non-recurring licensing agreement entered into in the current quarter, (2) losses generated within the U.S. and certain jurisdictions outside the U.S. that were not benefited due to management's conclusion that it was not more likely than not that the tax benefits would be realized, and (3) the mix of earnings from operations in certain lower-taxed jurisdictions outside the U.S.

For the three months ended March 31, 2009, the difference between the Company's recorded benefit and the benefit that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) losses generated within the U.S. and certain jurisdictions outside the U.S. that were not benefited due to management's conclusion that it was not more likely than not that the tax benefits would be realized, (2) additional valuation allowances recorded during the period, and (3) the mix of earnings from operations in certain lower-taxed jurisdictions outside the U.S.

**NOTE 6: COMMITMENTS AND CONTINGENCIES****Environmental**

The Company's undiscounted accrued liabilities for future environmental investigation, remediation, and monitoring costs are composed of the following items:

(in millions)

	<b>As of</b>	
	<b>March 31,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
Eastman Business Park site, Rochester, NY	\$ 51	\$ 51
Other operating sites	10	10
Sites associated with former operations	20	21
Sites associated with the non-imaging health business sold in 1994	19	20
Total	\$ 100	\$ 102

These amounts are reported in Other long-term liabilities in the accompanying Statement of Financial Position.

Cash expenditures for the aforementioned investigation, remediation and monitoring activities are expected to be incurred over the next thirty years for many of the sites. For these known environmental liabilities, the accrual reflects the Company's best estimate of the amount it will incur under the agreed-upon or proposed work plans. The Company's cost estimates were determined using the ASTM Standard E 2137-06, "Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters," and have not been reduced by possible recoveries from third parties. The overall method includes the use of a probabilistic model which forecasts a range of cost estimates for the remediation required at individual sites. The projects are closely monitored and the models are reviewed as significant events occur or at least once per year. The Company's estimate includes investigations, equipment and operating costs for

remediation and long-term monitoring of the sites. The Company does not believe it is reasonably possible that the losses for the known exposures could exceed the current accruals by material amounts.

A Consent Decree was signed in 1994 in settlement of a civil complaint brought by the U.S. Environmental Protection Agency (“EPA”) and the U.S. Department of Justice. In connection with the Consent Decree, the Company is subject to a Compliance Schedule, under which the Company has improved its waste characterization procedures, upgraded one of its incinerators, and has upgraded its industrial sewer system. The Company submitted a certification stating that it has completed the requirements of the Consent Decree in the fourth quarter of 2008, and received acknowledgement of completion from the EPA in the first quarter of 2010. The Company is required to continue the sewer inspection program until the Decree is closed by the Court. The Department of Justice has agreed to file a joint motion to the Court to terminate the Decree; this is expected to occur by the third quarter of 2010. Costs associated with the sewer inspection program are not material.

The Company is presently designated as a potentially responsible party (“PRP”) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the “Superfund Law”), or under similar state laws, for environmental assessment and cleanup costs as the result of the Company’s alleged arrangements for disposal of hazardous substances at eight Superfund sites. With respect to each of these sites, the Company’s liability is minimal. In addition, the Company has been identified as a PRP in connection with the non-imaging health businesses in two active Superfund sites. Numerous other PRPs have also been designated at these sites. Although the law imposes joint and several liability on PRPs, the Company’s historical experience demonstrates that these costs are shared with other PRPs. Settlements and costs paid by the Company in Superfund matters to date have not been material. Future costs are also not expected to be material to the Company’s financial position, results of operations or cash flows.

Estimates of the amount and timing of future costs of environmental remediation requirements are by their nature imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among the potentially responsible parties. Based upon information presently available, such future costs are not expected to have a material effect on the Company’s competitive or financial position. However, such costs could be material to results of operations in a particular future quarter or year.

### **Other Commitments and Contingencies**

As of March 31, 2010, the Company had outstanding letters of credit of \$133 million issued under the Amended Credit Agreement, as well as bank guarantees and letters of credit of \$20 million and surety bonds in the amount of \$25 million primarily to ensure the payment of possible casualty and workers’ compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, tax and trade activities.

The Company’s Brazilian operations are involved in governmental assessments of indirect and other taxes in various stages of litigation, primarily related to federal and state value-added taxes. The Company is disputing these matters and intends to vigorously defend its position. Based on the opinion of legal counsel, management does not believe that the ultimate resolution of these matters will materially impact the Company’s results of operations, financial position or cash flows. The Company routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations, and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

The Company recorded a contingency accrual of approximately \$21 million in the fourth quarter of 2008 related to employment litigation matters. The employment litigation matters related to a number of cases, which had similar fact patterns related to legacy equal employment opportunity issues. On April 27, 2009, the plaintiffs filed an unopposed motion for preliminary approval of a settlement in this action pursuant to which the Company will establish a settlement fund in the amount of \$21 million that will be used for payments to plaintiffs and class members, as well as attorney’s fees, litigation costs, and claims administration costs. The settlement is subject to court approval.

The Company and its subsidiaries are involved in various lawsuits, claims, investigations and proceedings, including commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. In addition, the Company is subject to various assertions, claims, proceedings and requests for indemnification concerning

intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of the Company's products. These matters are in various stages of investigation and litigation and are being vigorously defended. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered, that could adversely affect the Company's operating results or cash flow in a particular period. The Company routinely assesses all its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

#### **NOTE 7: GUARANTEES**

The Company guarantees debt and other obligations of certain customers. The debt and other obligations are primarily due to banks and leasing companies in connection with financing of customers' purchases of equipment and product from the Company. At March 31, 2010, the maximum potential amount of future payments (undiscounted) that the Company could be required to make under these customer-related guarantees was \$54 million. At March 31, 2010, the carrying amount of any liability related to these customer guarantees was not material.

The customer financing agreements and related guarantees, which mature between 2010 and 2016, typically have a term of 90 days for product and short-term equipment financing arrangements, and up to five years for long-term equipment financing arrangements. These guarantees would require payment from the Company only in the event of default on payment by the respective debtor. In some cases, particularly for guarantees related to equipment financing, the Company has collateral or recourse provisions to recover and sell the equipment to reduce any losses that might be incurred in connection with the guarantees. However, any proceeds received from the liquidation of these assets may not cover the maximum potential loss under these guarantees.

Eastman Kodak Company ("EKC") also guarantees potential indebtedness to banks and other third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$301 million, and the outstanding amount for those guarantees is \$278 million with \$142 million recorded within the Short-term borrowings and current portion of long-term debt, and Long-term debt, net of current portion and \$12 million recorded within the Other current liabilities and Other long-term liabilities components in the accompanying Consolidated Statement of Financial Position. These guarantees expire in 2010 through 2019. Pursuant to the terms of the Company's Amended Credit Agreement, obligations of the Borrowers to the Lenders under the Amended Credit Agreement, as well as secured agreements in an amount not to exceed \$100 million, are guaranteed by the Company and the Company's U.S. subsidiaries and included in the above amounts.

During the fourth quarter of 2007, EKC issued a guarantee to Kodak Limited (the "Subsidiary") and the Trustees (the "Trustees") of the Kodak Pension Plan of the United Kingdom (the "Plan"). Under this arrangement, EKC guarantees to the Subsidiary and the Trustees the ability of the Subsidiary, only to the extent it becomes necessary to do so, to (1) make contributions to the Plan to ensure sufficient assets exist to make plan benefit payments, and (2) make contributions to the Plan such that it will achieve full funded status by the funding valuation for the period ending December 31, 2015. The guarantee expires upon the conclusion of the funding valuation for the period ending December 31, 2015 whereby the Plan achieves full funded status or earlier, in the event that the Plan achieves full funded status for two consecutive funding valuation cycles which are typically performed at least every three years. The limit of potential future payments is dependent on the funding status of the Plan as it fluctuates over the term of the guarantee. The Plan's most recent local funding valuation was completed in March 2009. EKC and the Subsidiary are in discussions with the Trustees regarding the amount of future annual contributions and the date by which the Plan will achieve full funded status. These negotiations may require changes to the existing guarantee described above. The funded status of the Plan (calculated in accordance with U.S. GAAP) is included in Pension and other postretirement liabilities presented in the Consolidated Statement of Financial Position.

#### **Warranty Costs**

The Company has warranty obligations in connection with the sale of its products and equipment. The original warranty period is generally one year or less. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. The Company estimates its warranty cost at the point of sale for a given product based on historical

failure rates and related costs to repair. The change in the Company's accrued warranty obligations balance, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Accrued warranty obligations as of December 31, 2009	\$	61
Actual warranty experience during 2010		(21)
2010 warranty provisions		7
Accrued warranty obligations as of March 31, 2010	\$	<u>47</u>

The Company also offers its customers extended warranty arrangements that are generally one year, but may range from three months to three years after the original warranty period. The Company provides repair services and routine maintenance under these arrangements. The Company has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. Costs incurred under these arrangements for the three months ended March 31, 2010 amounted to \$44 million. The change in the Company's deferred revenue balance in relation to these extended warranty and maintenance arrangements from December 31, 2009 to March 31, 2010, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Deferred revenue on extended warranties as of December 31, 2009	\$	130
New extended warranty and maintenance arrangements in 2010		101
Recognition of extended warranty and maintenance arrangement revenue in 2010		(94)
Deferred revenue on extended warranties as of March 31, 2010	\$	<u>137</u>

#### NOTE 8: RESTRUCTURING AND RATIONALIZATION LIABILITIES

The Company has engaged in restructuring programs in response to significant changes in the business and economic climates in which it operates. Recent restructuring programs included the 2004-2007 Program which was aimed at reducing and realigning our global workforce and assets in order to successfully negotiate the transformation from a traditional to a digital imaging company, and the 2009 Program which focused on additional cost reductions to more appropriately size the organization as a result of the economic downturn. In addition, the Company recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. As a result, there may be supplemental provisions for new initiatives, as well as changes in estimates to amounts previously recorded, as payments are made or actions are completed. The actual charges for restructuring and ongoing rationalization initiatives are recorded in the period in which the Company commits to a formalized restructuring or ongoing rationalization plan, or executes the specific actions contemplated by the plans and all criteria for liability recognition under the applicable accounting guidance have been met.

## Restructuring and Ongoing Rationalization Reserve Activity

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring initiatives and ongoing rationalization activities for the three months ended March 31, 2010 were as follows:

(in millions)	<u>Severance Reserve</u>	<u>Exit Costs Reserve</u>	<u>Fixed Assets &amp; Inventory Write-downs</u>	<u>Accelerated Depreciation</u>	<u>Total</u>
Balance as of December 31, 2009	\$ 68	\$ 27	\$ -	\$ -	95
Q1 2010 charges	5	8	-	1	14
Q1 2010 utilization/cash payments	(32)	(5)	-	(1)	(38)
Q1 2010 other adjustments & reclasses (1)	(1)	-	-	-	(1)
Balance as of March 31, 2010	<u>\$ 40</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70</u>

(1) The \$(1) million reflects foreign currency translation adjustments.

The \$14 million of charges for the first quarter of 2010 includes \$1 million of charges for accelerated depreciation, which was reported in Cost of goods sold in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2010. The remaining costs incurred of \$13 million were reported as Restructuring costs, rationalization and other in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2010. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The severance costs related to the elimination of approximately 50 positions, administrative in nature. The majority of these positions were located outside of the United States and Canada.

The charges of \$14 million recorded in the first quarter of 2010 included \$2 million applicable to FPEG, \$1 million applicable to CDG, \$8 million applicable to GCG, and \$3 million that was applicable to manufacturing, research and development, and administrative functions, which are shared across all segments.

As a result of these initiatives, severance payments will be paid during periods through 2010 since, in many instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will be paid over periods throughout 2010 and beyond.



**NOTE 9: RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS**

Components of the net periodic benefit cost for all major funded and unfunded U.S. and Non-U.S. defined benefit plans for the three months ended March 31 are as follows:

(in millions)	<b>Three Months Ended March 31,</b>			
	<b>2010</b>		<b>2009</b>	
	<b>U.S.</b>	<b>Non-U.S.</b>	<b>U.S.</b>	<b>Non-U.S.</b>
<b>Major defined benefit plans:</b>				
Service cost	\$ 12	\$ 4	\$ 13	\$ 3
Interest cost	66	45	77	42
Expected return on plan assets	(120)	(53)	(118)	(47)
Amortization of:				
Recognized net actuarial loss	1	8	1	2
Pension (income) expense before special termination benefits, curtailments, and settlements	(41)	4	(27)	-
Special termination benefits	-	1	36	-
Curtailment (gains) losses	-	(1)	1	-
Net pension (income) expense	(41)	4	10	-
<b>Other plans including unfunded plans</b>	-	3	-	(2)
Total net pension (income) expense from continuing operations	<u>\$ (41)</u>	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ (2)</u>

For the three months ended March 31, 2010 and 2009, \$1 million and \$36 million, respectively, of special termination benefits charges were incurred as a result of the Company's restructuring actions and, therefore, have been included in Restructuring costs, rationalization and other in the Consolidated Statement of Operations. In addition, curtailment (gains) losses for the major funded and unfunded U.S. and Non-U.S. defined benefit plans totaling \$(1) million and \$1 million for the three months ended March 31, 2010 and 2009, respectively, were also incurred as a result of the Company's restructuring actions and, therefore, have been included in Restructuring costs, rationalization and other in the Consolidated Statement of Operations for those respective periods.

The Company made contributions (funded plans) or paid benefits (unfunded plans) totaling approximately \$12 million relating to its major U.S. and non-U.S. defined benefit pension plans in the first quarter of 2010. The Company expects its contribution (funded plans) and benefit payment (unfunded plans) requirements for its major U.S. and non-U.S. defined benefit pension plans for the balance of 2010 to be approximately \$117 million.

Postretirement benefit costs for the Company's U.S., United Kingdom and Canada postretirement benefit plans, which represent the Company's major postretirement plans, includes:

(in millions)	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Service cost	\$ -	\$ -
Interest cost	18	24
Amortization of:		
Prior service credit	(19)	(17)
Recognized net actuarial loss	7	5
Total net postretirement benefit expense	<u>\$ 6</u>	<u>\$ 12</u>

The Company paid benefits totaling approximately \$46 million relating to its U.S., United Kingdom and Canada postretirement benefit plans in the first quarter of 2010. The Company expects to pay benefits of approximately \$109 million for these postretirement plans for the balance of 2010.

Certain of the Company's retirement plans were remeasured during the first quarter of 2010. The remeasurement of the funded status of those plans during the quarter increased the Company's recognized defined benefit and other postretirement benefit plan obligation by \$183 million.

The Company reports the aggregate funded status of all overfunded defined benefit pension and other postretirement plans as an asset and reports the aggregate funded status of all underfunded plans as a liability. As of March 31, 2010 and December 31, 2009 the funded status of all overfunded plans was approximately \$110 million and \$147 million, respectively, which is reflected in Other long-term assets in the Company's Consolidated Statement of Financial Position. As of March 31, 2010 and December 31, 2009, the funded status of all underfunded plans was approximately \$2.7 billion for both periods, which is reflected in Other current liabilities and Pension and other postretirement liabilities in the accompanying Consolidated Statement of Financial Position. The measurement date used to determine the funded status of each of the Company's pension and other postretirement benefits plans is December 31 unless certain remeasurement events occur.

The Kodak Retirement Income Plan ("KRIP") is the major U.S. defined benefit pension plan. During the fourth quarter of 2008, the Kodak Retirement Income Plan Committee ("KRIPCO," the committee that oversees KRIP) approved a change to KRIP's asset portfolio with the intention of re-assessing the asset allocation and completing a new asset and liability study in early 2009. The Company originally assumed an 8.0% expected long-term rate of return on plan asset assumption ("EROA") for 2009 based on the asset allocation at December 31, 2008. During the first quarter of 2009, as intended, KRIPCO again approved a change in the asset allocation for the KRIP. A new asset and liability study was completed and resulted in an 8.75% EROA. As the KRIP was remeasured as of March 31, 2009, the Company's long-term assumption for EROA for the remainder of 2009 was updated to reflect this change in asset allocation. The Company's EROA assumption for KRIP for 2010 is 8.75%.

#### **NOTE 10: EARNINGS PER SHARE**

Basic earnings per share computations are based on the weighted-average number of shares of common stock outstanding during the year. As a result of the net loss from continuing operations presented for the three months ended March 31, 2009, the Company calculated diluted earnings per share using weighted-average basic shares outstanding for the period, as utilizing diluted shares would be anti-dilutive to loss per share. Weighted-average basic shares outstanding for the quarter ended March 31, 2009 were 268.2 million.

If the Company had reported earnings from continuing operations for the quarter ended March 31, 2009, no potential shares of the Company's common stock from unvested share-based awards, including approximately 23 million outstanding employee stock options, would have been included in the computation of diluted earnings per share because their effects would have been anti-dilutive.

Diluted earnings per share calculations for the quarter ended March 31, 2010 reflect dilutive shares related to unvested share-based awards, warrants to purchase common shares, and the assumed conversion of outstanding convertible senior notes due 2033 and outstanding convertible senior notes due 2017.

The following table sets forth the computations of basic and diluted earnings from continuing operations per share of common stock for the three months ended March 31, 2010:

(in millions, except per share amounts)	<u>Earnings (Numerator)</u>	<u>Shares (Denominator)</u>	<u>Per Share Amount</u>
<b>Basic EPS:</b>			
Earnings from continuing operations available to common stockholders	\$ 119	268.3	\$ <u>0.44</u>
<b>Effect of dilutive securities:</b>			
Warrants to purchase common shares	-	0.9	
Unvested share-based awards	-	2.6	
Convertible securities	<u>10</u>	<u>54.4</u>	
<b>Diluted EPS:</b>			
Adjusted earnings from continuing operations available to common stockholders and assumed issuances and conversions	<u>\$ 129</u>	<u>326.2</u>	<u>\$ 0.40</u>

For the three months ended March 31, 2010, the Company calculated diluted net earnings per share excluding the assumed conversion of outstanding options to purchase 18.5 million shares of the Company's common stock. These options were excluded in the computation of diluted net earnings per share because the effects would be anti-dilutive.

#### NOTE 11: SHAREHOLDERS' EQUITY

The Company has 950 million shares of authorized common stock with a par value of \$2.50 per share, of which 391 million shares had been issued as of March 31, 2010 and December 31, 2009. Treasury stock at cost consisted of approximately 123 million shares as of March 31, 2010 and December 31, 2009.

#### Comprehensive Loss

(in millions)	<u>Three Months Ended March 31,</u>	
	<u>2010</u>	<u>2009</u>
Net earnings (loss)	\$ 119	\$ (353)
Realized and unrealized (loss) gain from hedging activity, net of tax and reclassifications	(3)	8
Currency translation adjustments	24	(35)
Pension and other postretirement benefit plan obligation activity, net of tax	(166)	51
Total comprehensive loss, net of tax	<u>\$ (26)</u>	<u>\$ (329)</u>

#### NOTE 12: SEGMENT INFORMATION

##### Current Segment Reporting Structure

The Company has three reportable segments: Consumer Digital Imaging Group ("CDG"), Film, Photofinishing and Entertainment Group ("FPEG"), and Graphic Communications Group ("GCG"). The balance of the Company's continuing operations, which individually and in the aggregate do not meet the criteria of a reportable segment, are reported in All Other. A description of the segments is as follows.

**Consumer Digital Imaging Group Segment (“CDG”):** CDG encompasses digital still and video cameras, digital devices such as picture frames, kiosks and related media, APEX drylab systems, consumer inkjet printing systems, Kodak Gallery products and services, and imaging sensors. CDG also includes the licensing activities related to the Company's intellectual property in digital imaging products.

**Film, Photofinishing and Entertainment Group Segment (“FPEG”):** FPEG encompasses consumer and professional film, one-time-use cameras, aerial and industrial film, and entertainment imaging products and services. In addition, this segment also includes paper and output systems, and photofinishing services. This segment provides consumers, professionals, cinematographers, and other entertainment imaging customers with film-related products and services.

**Graphic Communications Group Segment (“GCG”):** GCG serves a variety of customers in the creative, in-plant, data center, commercial printing, packaging, newspaper and digital service bureau market segments with a range of software, media and hardware products that provide customers with a variety of solutions for prepress equipment, workflow software, analog and digital printing, and document scanning. Products and related services include workflow software and digital controllers; digital printing, which includes commercial inkjet and electrophotographic products, including equipment, consumables and service; prepress consumables; prepress equipment and packaging solutions; business solutions and consulting services; and document scanners.

**All Other:** This category includes the results of the Company's display business, up to the date of sale of assets of this business in the fourth quarter of 2009.

Segment financial information is shown below:

(in millions)	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net sales from continuing operations:</b>		
Consumer Digital Imaging Group	\$ 891	\$ 369
Film, Photofinishing and Entertainment Group	431	503
Graphic Communications Group	611	603
All Other	-	2
Consolidated total	<u>\$ 1,933</u>	<u>\$ 1,477</u>

(in millions)	Three Months Ended March 31,	
	2010	2009
<b>Earnings (loss) from continuing operations before interest expense, other income (charges), net and income taxes:</b>		
Consumer Digital Imaging Group	\$ 415	\$ (157)
Film, Photofinishing and Entertainment Group	16	8
Graphic Communications Group	(22)	(60)
All Other	(2)	(3)
Total of segments	407	(212)
Restructuring costs, rationalization and other	(14)	(116)
Other operating income (expenses), net	(4)	(3)
Legal contingencies and settlements	-	(5)
Loss on early extinguishment of debt, net	(102)	-
Interest expense	(38)	(25)
Other income (charges), net	(4)	(15)
Consolidated earnings (loss) from continuing operations before income taxes	<u>\$ 245</u>	<u>\$ (376)</u>

(in millions)	As of March 31, 2010	As of December 31, 2009
	<b>Segment total assets:</b>	
Consumer Digital Imaging Group	\$ 1,387	\$ 1,203
Film, Photofinishing and Entertainment Group	1,920	1,992
Graphic Communications Group	1,642	1,737
Total of segments	4,949	4,932
Cash and marketable securities	1,525	2,031
Deferred income tax assets	704	728
Consolidated total assets	<u>\$ 7,178</u>	<u>\$ 7,691</u>

**NOTE 13: FINANCIAL INSTRUMENTS**

The following table presents the carrying amounts, estimated fair values, and location in the Consolidated Statement of Financial Position for the Company's financial instruments:

(in millions)		Assets			
		March 31, 2010		December 31, 2009	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Location					
<b>Marketable securities:</b>					
Available-for-sale (1)	Other current assets and Other long-term assets	\$ 20	\$ 20	\$ 7	\$ 7
Held-to-maturity (2)	Other current assets and Other long-term assets	11	11	8	9
<b>Derivatives designated as hedging instruments:</b>					
Commodity contracts (1)	Other current assets	2	2	1	1
<b>Derivatives not designated as hedging instruments:</b>					
Foreign exchange contracts (1)	Other current assets	4	4	7	7
(in millions)		Liabilities			
		March 31, 2010		December 31, 2009	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Location					
Long-term borrowings, net of current portion (2)	Long-term debt, net of current portion	\$ 1,229	\$ 1,241	\$ 1,129	\$ 1,142
<b>Derivatives not designated as hedging instruments:</b>					
Foreign exchange contracts (1)	Other current liabilities	3	3	11	11
Foreign exchange contracts (1)	Other long-term liabilities	2	2	6	6

- (1) Recorded at fair value.  
(2) Recorded at historical cost.

Long-term debt is generally used to finance long-term investments, while short-term borrowings (excluding the current portion of long-term debt) are used to meet working capital requirements. The carrying value of the current portion of long-term debt approximates its fair value as of March 31, 2010 and December 31, 2009. The Company does not utilize financial instruments for trading or other speculative purposes.

**Fair value**

The fair values of marketable securities are determined using quoted prices in active markets for identical assets (Level 1 fair value measurements). Fair values of the Company's forward contracts are determined using significant other observable inputs (Level 2 fair value measurements), and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. Transfers between levels of the fair value hierarchy are recognized based on the actual date of the event or change in circumstances that caused the transfer. There were no material transfers between levels of the fair value hierarchy during the three months ended March 31, 2010.

Fair values of long-term borrowings are determined by reference to quoted market prices, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates. The carrying values of cash and cash equivalents, trade receivables, short-term borrowings and payables (which are not shown in the table above) approximate their fair values.

### **Foreign exchange**

Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved are included in Other income (charges), net in the accompanying Consolidated Statement of Operations. The net effects of foreign currency transactions, including related hedging activities, are shown below:

(in millions)

	Three Months Ended	
	March 31,	
	2010	2009
Net loss	\$ 11	\$ 26

### **Derivative financial instruments**

The Company, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates, commodity prices, and interest rates, which may adversely affect its results of operations and financial position. The Company manages such exposures, in part, with derivative financial instruments.

Foreign currency forward contracts are used to hedge existing foreign currency denominated assets and liabilities, especially those of the Company's International Treasury Center. Silver forward contracts are used to mitigate the Company's risk to fluctuating silver prices. The Company's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs.

The Company's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. The Company manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. The Company has procedures to monitor the credit exposure amounts. The maximum credit exposure at March 31, 2010 was not significant to the Company.

In the event of a default under the Company's Amended Credit Agreement, or a default under any derivative contract or similar obligation of the Company, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty. At March 31, 2010, the Company had open derivative contracts in liability positions with a total fair value of \$5 million.

The location and amounts of gains and losses related to derivatives reported in the Consolidated Statement of Operations are shown in the following tables:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI Into Cost of Goods Sold (Effective Portion)		Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	For the three months ended March 31,		For the three months ended March 31,		For the three months ended March 31,	
	2010	2009	2010	2009	2010	2009
(in millions)						
Commodity contracts	\$ 2	\$ 10	\$ 5	\$ (3)	\$ -	\$ -

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Gain (Loss) Recognized in Income on Derivative	
		For the three months ended March 31,	
		2010	2009
(in millions)			
Foreign exchange contracts	Other income (charges), net	\$ 4	\$ (4)

#### Foreign currency forward contracts

The Company's foreign currency forward contracts used to hedge existing foreign currency denominated assets and liabilities are not designated as hedges, and are marked to market through net (loss) earnings at the same time that the exposed assets and liabilities are remeasured through net (loss) earnings (both in Other income (charges), net). The notional amount of such contracts open at March 31, 2010 was approximately \$783 million. The majority of the contracts of this type held by the Company are denominated in euros and British pounds.

Additionally, the Company may enter into foreign currency forward contracts that are designated as cash flow hedges of exchange rate risk related to forecasted foreign currency denominated purchases, sales and intercompany sales.

#### Silver forward contracts

The Company enters into silver forward contracts that are designated as cash flow hedges of commodity price risk related to forecasted purchases of silver. The value of the notional amounts of such contracts open at March 31, 2010 was \$31 million. Hedge gains and losses related to these silver forward contracts are reclassified into cost of goods sold as the related silver-containing products are sold to third parties. These gains or losses transferred to cost of goods sold are generally offset by increased or decreased costs of silver purchased in the open market. The amount of existing gains and losses at March 31, 2010 to be reclassified into earnings within the next 12 months is a net gain of \$2 million. At March 31, 2010, the Company had hedges of forecasted purchases through October 2010.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

The Company's key goals for 2010 are:

- Improve segment earnings
- Accelerate digital revenue growth
- Continue to invest in new markets in need of transformation



- Exploit benefits of operating leverage
- Drive positive cash flow before restructuring

Despite continuing challenges in the global economy, the Company achieved improved profitability and cash flow in the first quarter of 2010 as compared with the prior year quarter, while realizing the benefits of a leaner cost structure and continuing to invest in innovative, higher-margin digital products. For 2010, the Company will leverage its expanding portfolio of digital and traditional businesses, and will continue its focus on operational efficiency, to deliver on its revenue, earnings, and cash flow goals for the year. The Company will continue to work with its suppliers to mitigate any impact of an industry-wide electronic components supply constraint on its full year digital revenue growth. In addition, the Company is monitoring the impact of foreign exchange, particularly the euro which has weakened as compared with the U.S. dollar since year-end 2009, and is implementing operational counter-measures to mitigate any potential adverse impacts to revenues and earnings on the assumption that exchange rates could remain in the current range for some time.

The recessionary trends in the global economy that began in 2008 continued to affect the Company's revenue in the first quarter of 2010. While there have been some signs of recovery in the economy, particularly in Asia and other emerging markets, the level of business activity, as expected, has not returned to pre-recession levels. However, the Company believes that the actions taken during 2009 have helped to mitigate the impacts to its results in the first quarter of 2010 and position it well for the future as the global economy continues to rebound. The demand for the Company's consumer products is largely discretionary in nature, and sales and earnings of the Company's consumer businesses are linked to the timing of holidays, vacations, and other leisure or gifting seasons. Continued weakness in consumer spending has resulted in price pressures, which have had an impact in the Company's Digital Capture and Devices business in the CDG segment. For the first quarter of 2010 as compared with the prior year quarter, this decline was more than offset by a nonrecurring intellectual property transaction within CDG. In the GCG segment, economic weakness continued to affect revenues, while productivity improvements and favorable foreign exchange impacts resulted in improved profitability for the segment. Sales within the FPEG segment decreased in the first quarter of 2010 as compared with the prior year quarter, reflecting continued secular declines.

In the first quarter of 2010, the Company issued \$500 million of 9.75% senior secured notes due March 1, 2018. The net proceeds of this issuance were used to repurchase all of the 10.5% senior secured notes due 2017 (\$300 million) and to fund the tender of \$200 million of the Company's 7.25% senior notes due 2013. These financing transactions provide the Company with increased financial flexibility resulting from extended maturity dates. The next significant debt maturity is in 2013, and the majority of the Company's debt is due in 2017 and beyond.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law in the United States. This legislation extends health care coverage to many uninsured individuals and expands coverage to those already insured. The Company is continuing to assess the potential impacts that this legislation may have on future results of operations, cash flows or financial position related to our health care benefits and postretirement health care obligations. One provision that will impact certain companies significantly is the change in the tax deductibility of the Medicare Part D subsidy available from the U.S. Government to companies that provide qualifying prescription drug coverage to retirees. This provision does not impact the Company as it does not receive this subsidy.

### **Kodak Operating Model and Reporting Structure**

The Company has three reportable segments: Consumer Digital Imaging Group ("CDG"), Film, Photofinishing and Entertainment Group ("FPEG"), and Graphic Communications Group ("GCG"). Within each of the Company's reportable segments are various components, or Strategic Product Groups ("SPGs"). Throughout the remainder of this document, references to the segments' SPGs are indicated in italics. The balance of the Company's continuing operations, which individually and in the aggregate do not meet the criteria of a reportable segment, are reported in All Other. A description of the segments is as follows:

**Consumer Digital Imaging Group Segment ("CDG"):** This segment provides a full range of digital imaging products and service offerings to consumers. CDG encompasses the following SPGs. Products and services included within each SPG are identified below.

*Digital Capture and Devices* includes digital still and pocket video cameras, digital picture frames, and imaging essentials, branded license products, imaging sensors and licensing activities related to the Company's intellectual property in digital imaging products.

*Consumer Inkjet Systems* includes consumer inkjet printers and related ink and media consumables.

*Retail Systems Solutions* includes kiosks and related media and APEX drylab systems.

*Consumer Imaging Services* includes Kodak Gallery products and photo sharing services.

**Film, Photofinishing and Entertainment Group Segment (“FPEG”):** This segment provides consumers, professionals, cinematographers, and other entertainment imaging customers with film-related products and services. FPEG encompasses the following SPGs. Products and services included within each SPG are identified below.

*Film Capture* includes consumer and professional film and one-time-use cameras.

*Traditional Photofinishing* includes paper and output systems and photofinishing services.

*Entertainment Imaging* includes entertainment imaging products and services.

*Industrial Films* includes aerial and industrial film products and components sales.

**Graphic Communications Group Segment (“GCG”):** GCG serves a variety of customers in the creative, in-plant, data center, commercial printing, packaging, newspaper and digital service bureau market segments with a range of software, media and hardware products that provide customers with a variety of solutions for prepress equipment, workflow software, analog and digital printing, and document scanning. GCG encompasses the following SPGs. Products and services included within each SPG are identified below.

*Prepress Solutions* includes digital and traditional prepress equipment, consumables including plates, chemistry and media, related services, and packaging solutions.

*Digital Printing Solutions* includes high-speed, high-volume commercial inkjet, and color and black-and-white electrophotographic printing equipment and related consumables and services.

*Business Services and Solutions* includes workflow software and digital controllers, document scanning products and services and related maintenance offerings. Also included in this SPG are the activities related to the Company’s business solutions and consulting services.

**All Other:** This category includes the results of the Company’s display business, up to the date of sale of assets of this business in the fourth quarter of 2009.

Net Sales from Continuing Operations by Reportable Segment and All Other

(dollars in millions)	Three Months Ended March 31,			
	2010	2009	% Change	Foreign Currency Impact*
<b>Consumer Digital Imaging Group</b>				
Inside the U.S.	\$ 717	\$ 194	+270%	0%
Outside the U.S.	174	175	-1	+5
<b>Total Consumer Digital Imaging Group</b>	<b>891</b>	<b>369</b>	<b>+141</b>	<b>+2</b>
<b>Film, Photofinishing and Entertainment Group</b>				
Inside the U.S.	98	123	-20	0
Outside the U.S.	333	380	-12	+4
<b>Total Film, Photofinishing and Entertainment Group</b>	<b>431</b>	<b>503</b>	<b>-14</b>	<b>+3</b>
<b>Graphic Communications Group</b>				
Inside the U.S.	182	198	-8	0
Outside the U.S.	429	405	+6	+6
<b>Total Graphic Communications Group</b>	<b>611</b>	<b>603</b>	<b>+1</b>	<b>+4</b>
<b>All Other</b>				
Inside the U.S.	-	3	-	-
Outside the U.S.	-	(1)	-	-
<b>Total All Other</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Consolidated</b>				
Inside the U.S.	997	518	+92	0
Outside the U.S.	936	959	-2	+5
<b>Consolidated Total</b>	<b>\$ 1,933</b>	<b>\$ 1,477</b>	<b>+31%</b>	<b>+3%</b>

\* Represents the percentage point change in segment net sales for the period that is attributable to foreign currency fluctuations

**Earnings (Loss) from Continuing Operations Before Interest Expense, Other Income (Charges), Net and Income Taxes by Reportable Segment and All Other**

(dollars in millions)	Three Months Ended March 31,		
	2010	2009	Change
Consumer Digital Imaging Group	\$ 415	\$ (157)	+364%
Film, Photofinishing and Entertainment Group	16	8	+100%
Graphic Communications Group	(22)	(60)	+63%
All Other	(2)	(3)	+33%
<b>Total of segments</b>	<b>\$ 407</b>	<b>\$ (212)</b>	<b>+292%</b>
Percent of Sales	21%	(14)%	
Restructuring costs, rationalization and other	(14)	(116)	
Other operating income (expenses), net	(4)	(3)	
Legal contingencies and settlements	-	(5)	
Loss on early extinguishment of debt, net	(102)	-	
Interest expense	(38)	(25)	
Other income (charges), net	(4)	(15)	
<b>Consolidated earnings (loss) from continuing operations before income taxes</b>	<b>\$ 245</b>	<b>\$ (376)</b>	<b>+165%</b>

2010 COMPARED WITH 2009

First Quarter

RESULTS OF OPERATIONS – CONTINUING OPERATIONS

CONSOLIDATED

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2010	% of Sales	2009	% of Sales		
Net sales	\$ 1,933		\$ 1,477		\$ 456	31%
Cost of goods sold	1,138		1,283		(145)	-11%
Gross profit	795	41.1%	194	13.1%	601	310%
Selling, general and administrative expenses	310	16%	313	21%	(3)	-1%
Research and development costs	79	4%	105	7%	(26)	-25%
Restructuring costs, rationalization and other	13		109		(96)	-88%
Other operating (income) expenses, net	4		3		1	33%
Earnings (loss) from continuing operations before interest expense, other income (charges), net and						
income taxes	389	20%	(336)	-23%	725	216%
Interest expense	38		25		13	52%
Loss on early extinguishment of debt, net	102		-		102	
Other income (charges), net	(4)		(15)		11	73%
Earnings (loss) from continuing operations before income taxes	245		(376)		621	165%
Provision (benefit) for income taxes	126		(16)		142	888%
Earnings (loss) from continuing operations	119	6%	(360)	-24%	479	133%
Earnings from discontinued operations, net of income taxes	-		7		(7)	-100%
NET EARNINGS (LOSS) ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ 119		\$ (353)		\$ 472	134%

	Three Months Ended March 31,		Percent Change vs. 2009			
	2010 Amount	Change vs. 2009	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 1,933	30.9%	-5.2%	32.8%	3.3%	n/a
Gross profit margin	41.1%	28.0pp	n/a	22.1pp	0.6pp	5.3pp

## Revenues

For the three months ended March 31, 2010, net sales increased significantly compared with the same period in 2009 primarily due to an increase in intellectual property royalty revenues within *Digital Capture and Devices*, partially offset by lower volumes driven by the secular declines in the FPEG segment.

## Gross Profit

Gross profit increased significantly in the first quarter of 2010 in dollars and as a percentage of sales, primarily due to increased intellectual property royalty revenues as discussed below. The gross profit increase was also driven by cost improvements within the CDG and GCG segments.

Included in gross profit for the quarter is \$550 million resulting from a non-recurring intellectual property licensing agreement, previously disclosed in the Company's 2009 Form 10-K, that became effective in February 2010. The license provided for a \$100 million deposit paid in December 2009 and calls for payments totaling \$450 million throughout 2010, which will be reduced by applicable withholding taxes. Of this amount, approximately \$112 million (before applicable withholding taxes) was received by the Company in the current quarter. The Company expects to secure future licensing arrangements, the timing and amounts of which are difficult to predict. These types of arrangements provide the Company with a return on portions of its research and development investments.

## Selling, General and Administrative Expenses

The decrease in consolidated selling, general and administrative expenses (SG&A) was a result of company-wide cost reduction actions completed in 2009, offset by unfavorable foreign exchange and intellectual property litigation costs.

## Research and Development Costs

The decrease in consolidated research and development (R&D) costs was a result of focused cost reduction efforts.

## Restructuring Costs, Rationalization and Other

These costs, as well as the restructuring and rationalization-related costs reported in cost of goods sold, are discussed under "RESTRUCTURING COSTS, RATIONALIZATION AND OTHER" section.

## Interest Expense

The increase in interest expense for the first quarter of 2010 as compared with the prior year quarter was primarily attributable to higher weighted-average effective interest rates on the Company's outstanding debt, resulting from the refinancing of a portion of the Company's debt portfolio in the third quarter of 2009.

## Loss on Early Extinguishment of Debt, Net

On March 5, 2010, the Company issued \$500 million of aggregate principal amount of 9.75% senior secured notes due March 1, 2018. The net proceeds of this issuance were used to repurchase all of the \$300 million of 10.5% senior secured notes due 2017 previously issued to KKR (the "KKR Notes") and \$200 million of 7.25% senior notes due 2013 (collectively, the "Notes"). The Company recognized a net loss of \$102 million on the early extinguishment of the Notes in the first quarter of 2010, representing the difference between the carrying values of the Notes and the costs to repurchase. This difference between the carrying values and costs to repurchase was primarily due to the original allocation of the proceeds received from the issuance of the KKR Notes to Additional paid-in-capital for the value of the detachable warrants issued to the holders of the KKR Notes.

**Income Tax Provision (Benefit)**

(dollars in millions)

	Three Months Ended March 31,	
	2010	2009
Earnings (loss) from continuing operations before income taxes	\$ 245	\$ (376)
Provision (benefit) for income taxes	\$ 126	\$ (16)
Effective tax rate	51.4%	4.3%

The change in the Company's effective tax rate from continuing operations is primarily attributable to: (1) withholding taxes related to a non-recurring licensing agreement entered into in the current quarter, (2) losses generated in the U.S. and in certain jurisdictions outside the U.S., that were not benefited due to management's conclusion that it was not more likely than not that the tax benefits would be realized, (3) additional valuation allowances that were recorded during 2009, and (4) the mix of earnings from operations in certain lower-taxed jurisdictions outside the U.S.

**CONSUMER DIGITAL IMAGING GROUP**

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2010	% of Sales	2009	% of Sales		
Net sales	\$ 891		\$ 369		\$ 522	141%
Cost of goods sold	326		382		(56)	-15%
Gross profit	565	63.4%	(13)	-3.5%	578	4446%
Selling, general and administrative expenses	117	13%	103	28%	14	14%
Research and development costs	33	4%	41	11%	(8)	-20%
Earnings (loss) from continuing operations before interest expense, other income (charges), net and income taxes	\$ 415	47%	\$ (157)	-43%	\$ 572	364%

	Three Months Ended March 31,		Percent Change vs. 2009			
	2010 Amount	Change vs. 2009	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 891	141.5%	-0.9%	140.5%	1.9%	n/a
Gross profit margin	63.4%	66.9pp	n/a	59.4pp	0.2pp	7.3pp

**Revenues**

CDG's first quarter performance reflects the benefit of a non-recurring intellectual property royalty arrangement and continued weakness in consumer discretionary spending. The demand for many of the consumer products within the CDG portfolio is discretionary in nature and consumer discretionary spending remains weak.

Net sales of *Digital Capture and Devices* increased 231% in the first quarter of 2010 as compared with the prior year quarter, primarily reflecting higher intellectual property royalties (see gross profit discussion below) and volume improvements in image sensors, partially offset by unfavorable price/mix and lower volumes in digital still cameras.

Net sales of *Consumer Inkjet Systems* increased 17%, reflecting volume increases in both consumables and printers. These increases were partially offset by unfavorable price/mix in printers. The volume increases experienced by the Company outpaced the consumer printing industry, which management believes are reflective of favorable consumer response to the Company's unique value proposition.

Net sales of *Retail Systems Solutions* decreased 4% in the first quarter of 2010, driven by lower media volumes in the U.S., partially offset by favorable foreign exchange and media volume increases outside the U.S. due to increased demand.

### **Gross Profit**

The significant increase in gross profit both in dollars and as a percentage of sales for CDG is primarily attributable to the increase in intellectual property royalties included in price/mix within *Digital Capture and Devices*, and significantly lower product cost in *Consumer Inkjet Systems* and *Digital Capture and Devices* in the first quarter of 2010. Partially offsetting these increases were unfavorable price/mix for digital cameras within components of *Digital Capture and Devices*, and the impact of printer sales volume increases within *Consumer Inkjet Systems* as the Company continues its investment in printer placements.

Included in gross profit for the quarter is \$550 million resulting from a non-recurring intellectual property licensing agreement, previously disclosed in the Company's 2009 Form 10-K, that became effective in February 2010. The license provided for a \$100 million deposit paid in December 2009 and calls for payments totaling \$450 million throughout 2010, which will be reduced by applicable withholding taxes. Of this amount, approximately \$112 million (before applicable withholding taxes) was received by the Company in the current quarter. The Company expects to secure future licensing arrangements, the timing and amounts of which are difficult to predict. These types of arrangements provide the Company with a return on portions of research and development investments.

### **Selling, General and Administrative Expenses**

The increase in SG&A expenses for CDG was primarily driven by intellectual property litigation costs and increased advertising costs as compared with the prior year quarter.

### **Research and Development Costs**

The decrease in R&D costs for CDG was primarily attributable to lower spending related to portfolio rationalization and focused spending efforts across the segment.



**FILM, PHOTOFINISHING AND ENTERTAINMENT GROUP**

(dollars in millions)

	<b>Three Months Ended March 31,</b>				<b>Increase / (Decrease)</b>	<b>% Change</b>
	<b>2010</b>	<b>% of Sales</b>	<b>2009</b>	<b>% of Sales</b>		
Net sales	\$ 431		\$ 503		\$ (72)	-14%
Cost of goods sold	355		414		(59)	-14%
Gross profit	76	17.6%	89	17.7%	(13)	-15%
Selling, general and administrative expenses	54	13%	72	14%	(18)	-25%
Research and development costs	6	1%	9	2%	(3)	-33%
Earnings from continuing operations before interest expense, other income (charges), net and income taxes	\$ 16	4%	\$ 8	2%	\$ 8	100%

	<b>Three Months Ended March 31,</b>		<b>Percent Change vs. 2009</b>			
	<b>2010 Amount</b>	<b>Change vs. 2009</b>	<b>Volume</b>	<b>Price/Mix</b>	<b>Foreign Exchange</b>	<b>Manufacturing and Other Costs</b>
Net sales	\$ 431	-14.3%	-16.2%	-1.1%	3.0%	n/a
Gross profit margin	17.6%	-0.1pp	n/a	-0.3pp	2.0pp	-1.8pp

**Revenues**

The decrease in net sales for FPEG was primarily driven by volume declines across all SPGs within the segment, and the discontinuation of graphics film and closure of Qualex central lab operations in the U.S. and Canada in 2009, partially offset by favorable foreign exchange.

*Traditional Photofinishing* sales decreased 13% from the prior year quarter, driven by volume declines primarily resulting from the previously announced closure of the Qualex central lab operations in the U.S. and Canada at the end of March 2009, partially offset by favorable foreign exchange.

Net sales of *Film Capture* decreased 21% in the three months ended March 31, 2010 as compared with the first quarter of 2009 due to secular declines in the industry.

Net worldwide sales for *Entertainment Imaging* decreased 10% compared with the prior year period, primarily reflecting volume declines and unfavorable price/mix. The lower volumes are due to the impact of the economic climate on film makers, resulting in lower film production and the use of digital technology, as expected, as well as a reduction in the number of movies released for wide distribution. Partially offsetting these declines was the favorable impact of foreign exchange.

**Gross Profit**

The decrease in FPEG gross profit in dollars and as a percentage of sales was primarily driven by lower sales volumes as mentioned above, as well as unfavorable price/mix within *Entertainment Imaging* and increased manufacturing and other costs driven by higher costs of silver. These decreases were partially offset by favorable price/mix within *Traditional Photofinishing* due primarily to the closure of the Qualex central lab operations in the U.S. and Canada at the end of March 2009, as well as favorable foreign exchange.

## Selling, General and Administrative Expenses

The decline in SG&A expenses for FPEG was attributable to focused cost reduction actions completed during 2009 that have resulted in lower SG&A expenses in 2010.

## GRAPHIC COMMUNICATIONS GROUP

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2010	% of Sales	2009	% of Sales		
Net sales	\$ 611		\$ 603		\$ 8	1%
Cost of goods sold	456		476		(20)	-4%
Gross profit	155	25.4%	127	21.1%	28	22%
Selling, general and administrative expenses	139	23%	136	23%	3	2%
Research and development costs	38	6%	51	8%	(13)	-25%
Loss from continuing operations before interest expense, other income (charges), net and income taxes	\$ (22)	-4%	\$ (60)	-10%	\$ 38	63%

	Three Months Ended March 31,		Percent Change vs. 2009			
	2010 Amount	Change vs. 2009	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 611	1.3%	1.2%	-4.2%	4.3%	n/a
Gross profit margin	25.4%	4.3pp	n/a	-2.6pp	1.1pp	5.8pp

## Revenues

The increase in GCG net sales for the quarter was largely driven by volume improvements within *Prepress Solutions*, and the favorable impacts of foreign exchange across all SPGs, partially offset by unfavorable price/mix, primarily within *Prepress Solutions*.

Net sales of *Prepress Solutions* increased slightly for the quarter, primarily driven by volume improvements in digital plates and favorable foreign exchange, almost entirely offset by unfavorable price/mix of digital plates and analog plates.

Net sales of *Digital Printing Solutions* increased 1% due to favorable foreign exchange, partially offset by unfavorable price/mix driven by black and white electrophotographic equipment. This was partially offset by favorable price/mix attributable to commercial inkjet equipment, driven by continued placements of VL systems and Prosper S10 printheads.

Net sales of *Business Service and Solutions* increased 4%, driven by the favorable impacts of foreign exchange and increased volumes of business process services, partially offset by volume declines in scanning products and services. The volume declines were largely attributable to decreased customer demand for scanning products and services associated with delays in upgrades of scanning capacity, partially offset by sales stemming from the acquisition of the scanner division of BÖWE BELL + HOWELL, which closed in the third quarter of 2009.

## Gross Profit

The increase in gross profit, both in dollars and as a percentage of sales, was driven by reduced manufacturing costs due to lower aluminum costs and increased productivity, primarily within *Prepress Solutions* and *Digital Printing Solutions*, and favorable foreign exchange across all SPGs. These contributions to gross profit were partially offset by unfavorable price/mix within *Prepress Solutions*.

## Research and Development Costs

The decrease in R&D costs for GCG was driven by an overall rationalization and refocusing of research and development spending in the segment.

## RESTRUCTURING COSTS, RATIONALIZATION AND OTHER

The Company has engaged in restructuring programs in response to significant changes in the business and economic climates in which it operates. Recent restructuring programs included the 2004-2007 Program which was aimed at reducing and realigning our global workforce and assets in order to successfully negotiate the transformation from a traditional to a digital imaging company, and the 2009 Program which focused on additional cost reductions to more appropriately size the organization as a result of the economic downturn. In addition, the Company recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. As a result, there may be supplemental provisions for new initiatives, as well as changes in estimates to amounts previously recorded, as payments are made or actions are completed.

The Company recorded \$14 million of charges, including \$1 million of charges for accelerated depreciation, which was reported in Cost of goods sold in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2010. The remaining costs incurred of \$13 million were reported as Restructuring costs, rationalization and other in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2010. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

During the three months ended March 31, 2010, the Company made cash payments of approximately \$37 million, related to restructuring and rationalization.

The charges of \$14 million recorded in the three months ended March 31, 2010 included \$2 million applicable to FPEG, \$1 million applicable to CDG, \$8 million applicable to GCG, and \$3 million that was applicable to manufacturing, research and development, and administrative functions, which are shared across all segments.

The restructuring actions implemented in the first quarter of 2010 are expected to generate future annual cash savings of approximately \$5 million, primarily as a reduction in SG&A expenses. The Company began realizing these savings in the first quarter of 2010, and expects the savings to be fully realized by the end of the third quarter of 2010 as most of the actions and severance payouts are completed.

In connection with the 2009 Program, for the three months ended March 31, 2009, the Company recorded \$116 million of charges, including \$4 million of charges for accelerated depreciation and \$3 million of charges for inventory write-downs, which were reported in Cost of goods sold in the accompanying Consolidated Statement of Operations. The remaining costs incurred, net of reversals, of \$109 million were reported as Restructuring costs, rationalization and other in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2009.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow Activity

(in millions)	Three Months Ended March 31,		Change
	2010	2009	
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	\$ (471)	\$ (781)	\$ 310
<b>Cash flows from investing activities:</b>			
Net cash used in investing activities	(38)	(25)	(13)
<b>Cash flows from financing activities:</b>			
Net cash used in financing activities	(13)	(13)	-
Effect of exchange rate changes on cash	(2)	(17)	15
Net decrease in cash and cash equivalents	\$ (524)	\$ (836)	\$ 312

### Operating Activities

Net cash used in operating activities decreased \$310 million for the three months ended March 31, 2010 as compared with the corresponding period in 2009, due primarily to improvements in working capital (excluding the increase in miscellaneous receivables of \$338 million related to revenue recognized in the current quarter on a non-recurring intellectual property arrangement), primarily in the area of trade accounts payable. Net cash received in the first quarter of 2010 for non-recurring license agreements was approximately the same as the cash received in the corresponding period in 2009. The combination of these and other factors led to the use of cash in operating activities in the current quarter of \$471 million, as compared with cash used on the same basis of \$781 million in the prior year quarter. □ 0;

### Investing Activities

Net cash used in investing activities increased \$13 million for the three months ended March 31, 2010 as compared with the corresponding period in 2009, due primarily to increased purchases of marketable securities.

### Financing Activities

Net cash used in financing activities was \$13 million for the three months ended March 31, 2010 and the corresponding period in 2009. Refer to discussion below for more details on current quarter financing activities.

### Sources of Liquidity

The Company believes that its current cash balance, combined with cash flows from operating activities and proceeds from sales of businesses and assets, will be sufficient to meet its anticipated needs, including working capital, capital investments, scheduled debt repayments, restructuring payments, and employee benefit plan payments or required plan contributions. If the global economic weakness trends continue for a greater period of time than anticipated, or worsen, it could impact the Company's profitability and related cash generation capability and therefore, affect the Company's ability to meet its anticipated cash needs. In addition to its existing cash balance, the Company has financing arrangements, as described in more detail below under "Credit Facilities and Other Banking Arrangements," to facilitate unplanned timing differences between required expenditures and cash generated from operations or for unforeseen shortfalls in cash flows from operating activities. The Company has not found it necessary to borrow against its revolving asset-based lending facility.

Refer to Note 4, “Short-Term Borrowings and Long-Term Debt,” in the Notes to Financial Statements for further discussion of sources of liquidity, presentation of long-term debt, related maturities and interest rates as of March 31, 2010 and December 31, 2009.

#### ***Issuance of Senior Secured Notes due 2018***

On March 5, 2010, the Company issued \$500 million of aggregate principal amount of 9.75% senior secured notes due March 1, 2018 (the “2018 Senior Secured Notes”). The Company will pay interest at an annual rate of 9.75% of the principal amount at issuance, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2010.

Upon issuance of the 2018 Senior Secured Notes, the Company received net proceeds of approximately \$490 million (\$500 million aggregate principal less \$10 million stated discount). The proceeds were used to repurchase all of the Senior Secured Notes due 2017 and to fund the tender of \$200 million of the 7.25% Senior Notes due 2013.

The Indenture contains covenants limiting, among other things, the Company’s ability and the ability of the Company’s restricted subsidiaries (as defined in the Indenture) to (subject to certain exceptions and qualifications): incur additional debt or issue certain preferred stock; pay dividends or make distributions in respect of capital stock or make other restricted payments; make principal payments on, or purchase or redeem subordinated indebtedness prior to any scheduled principal payment or maturity; make certain investments; sell certain assets; create liens on assets; consolidate, merge, sell or otherwise dispose of all or substantially all of the Company’s and its subsidiaries’ assets; enter into certain transactions with affiliates; and designate the Company’s subsidiaries as unrestricted subsidiaries. The Company was in compliance with these covenants as of March 31, 2010.

Refer to Note 4, “Short-Term Borrowings and Long-Term Debt,” in the Notes to Financial Statements for redemption provisions, guarantees, events of default, and subordination and ranking of the 2018 Senior Secured Notes.

#### ***Repurchase of Senior Secured Notes due 2017***

On February 24, 2010, the Company entered into an agreement with affiliates of Kohlberg, Kravis Roberts & Co. L.P. (“KKR”) to repurchase all \$300 million aggregate principal amount of the Company’s 10.5% Senior Secured Notes due 2017 previously issued to KKR (the “KKR Notes”).

On March 5, 2010, the Company completed the private placement of the 2018 Senior Secured Notes and the repurchase of the KKR Notes. KKR received cash equal to 100% of the principal amount plus accrued and unpaid interest. The repurchase of the KKR Notes resulted in a loss on early debt extinguishment of \$111 million, which is reported in Loss on early extinguishment of debt, net in the Statement of Operations for the three months ended March 31, 2010. This loss was primarily the result of the principal repayment of \$300 million exceeding the carrying value of approximately \$195 million as of the repurchase date.

#### ***Repurchase of Senior Notes due 2013***

On March 10, 2010, the Company accepted for purchase \$200 million aggregate principal amount of Senior Notes due 2013 (the “2013 Notes”) pursuant to the terms of a tender offer that commenced on February 3, 2010. Holders who validly tendered their 2013 Notes received cash equal to approximately 95% of the principal amount of the 2013 Notes accepted in the tender offer plus accrued and unpaid interest.

The repurchase of the 2013 Notes resulted in a gain on early debt extinguishment of approximately \$9 million, reported in Loss on early extinguishment of debt, net in the Statement of Operations for the three months ended March 31, 2010. The gain was a result of the principal repayment of approximately \$190 million being less than the carrying value of the repurchased debt of \$200 million. \$300 million of the 2013 Notes remain outstanding as of March 31, 2010.

#### ***Credit Facilities and Other Banking Arrangements***

The Company has a revolving asset-based lending facility (the “Amended Credit Agreement”) that provides for a maximum borrowing availability of up to \$500 million. Advances under the Amended Credit Agreement are available based on the Company’s respective borrowing base from time to time. The borrowing base is calculated based on designated percentages of eligible accounts receivable,

inventory, machinery and equipment and, once mortgages are recorded, certain real property, subject to applicable reserves. As of March 31, 2010, based on this borrowing base calculation and after deducting the face amount of letters of credit outstanding and collateral to secure other banking arrangements, the Company had \$172 million available to borrow under the Amended Credit Agreement. As of March 31, 2010, the Company had no debt for borrowed money outstanding under the Amended Credit Agreement.

In addition to the Amended Credit Agreement, the Company has other committed and uncommitted lines of credit as of March 31, 2010 totaling \$10 million and \$134 million, respectively. These lines primarily support operational and borrowing needs of the Company's subsidiaries, which include term loans, overdraft coverage, revolving credit lines, letters of credit, bank guarantees and vendor financing programs. Interest rates and other terms of borrowing under these lines of credit vary from country to country, depending on local market conditions. As of March 31, 2010, usage under these lines was approximately \$42 million, all of which were supporting non-debt related obligations.

In addition to the lines of credit noted above, there were bank guarantees and letters of credit of \$20 million and surety bonds of \$25 million outstanding under other banking arrangements primarily to ensure payment of possible casualty and workers' compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs and trade activities.

Refer to Note 4, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements for additional information about the Company's credit facilities and other banking arrangements.

#### **Credit Quality**

Moody's and S&P's ratings for the Company, including their outlooks, as of the filing date of this Form 10-Q are as follows:

	<b>Corporate Rating</b>	<b>Secured Rating</b>	<b>Senior Unsecured Rating</b>	<b>Outlook</b>	<b>Most Recent Update</b>
Moody's	B3	Ba3	Caa1	Stable	February 24, 2010
S&P	B-	B-	CCC	Stable	February 24, 2010

On February 24, 2010, Moody's issued a rating of Ba3 on the Company's \$500 million 9.75% Senior Secured Notes due 2018.

On February 24, 2010, S&P issued a rating of B- on the Company's \$500 million 9.75% Senior Secured Notes due 2018.

The Company does not have any rating downgrade triggers that would accelerate the maturity dates of its debt. However, the Company could be required to increase the dollar amount of its letters of credit or provide other financial support up to an additional \$38 million at the current credit ratings. As of the filing date of this Form 10-Q, the Company has not been requested to materially increase its letters of credit or other financial support. Downgrades in the Company's credit rating or disruptions in the capital markets could impact borrowing costs and the nature of its funding alternatives.

#### **Other**

Refer to Note 6, "Commitments and Contingencies" in the Notes to Financial Statements for discussion regarding the Company's undiscounted liabilities for environmental remediation costs, and other commitments and contingencies including legal matters.

#### **Recently Issued Accounting Pronouncements**

See Note 1, "Basis of Presentation," in the Notes to Financial Statements in Item 1.

## CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements in this report 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 expectations regarding the following are forward-looking statements: revenue; revenue growth; cost of goods sold; gross margins; selling, general and administrative expenses; research and development costs; savings from restructuring and rationalization; earnings; cash generation; increased demand for our products, including commercial inkjet, consumer inkjet, workflow software and digital packaging printing solutions; new product introductions; electronic component supplies; potential currency exchange counter-measures; potential revenue, cash and earnings from intellectual property licensing; liquidity; debt; and benefit costs.

Actual results may differ from those expressed or implied in forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks, uncertainties, assumptions and factors specified in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the quarter ended March 31, 2010 under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Cautionary Statement Pursuant to Safe Harbor Provisions the Private Litigation Reform Act of 1995" and in other filings the Company makes with the SEC from time to time. The Company cautions readers to carefully consider such factors. Many of these factors are beyond the Company's control. In addition, any forward-looking statements represent the Company's estimates only as of the date they are made, and should not be relied upon as representing the Company's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, even if its estimates change.

Any forward-looking statements in this report should be evaluated in light of the factors and uncertainties referenced above and should not be unduly relied upon.

### Item 3. Quantitative And Qualitative Disclosures About Market Risk

Please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for a complete discussion of the Company's market risk. There have been no material changes in the current year regarding this market risk information.

### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management, with participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

#### Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Part II. Other Information

### Item 1. Legal Proceedings

The Company has been named as third-party defendant (along with approximately 200 other entities) in an action initially brought by the New Jersey Department of Environmental Protection (NJDEP) in the Supreme Court of New Jersey, Essex County against Occidental Chemical Corporation and several other companies that are successors in interest to Diamond Shamrock Corporation. The NJDEP seeks recovery of all costs associated with the investigation, removal, cleanup and damage to natural resources occasioned by Diamond Shamrock's disposal of various forms of chemicals in the Passaic River. The damages are alleged to potentially range "from hundreds of millions to several billions of dollars." Pursuant to New Jersey's Court Rules, the defendants were required to identify all other parties which could be subject to permissive joinder in the litigation based on common questions of law or fact. Third-party complaints seeking contribution from more than 200 entities, which have been identified as potentially contributing to the contamination in the Passaic, were filed on February 5, 2009. Based on currently available information, the potential monetary exposure is likely to be in excess of \$100,000 but is not expected to be material.

On November 20, 2008, Research in Motion Ltd. and Research in Motion Corp. (collectively "RIM") filed a declaratory judgment action against the Company in Federal District Court in Dallas, Texas. The suit seeks to invalidate certain Company patents related to digital camera technology and software object linking, and seeks a determination that RIM handheld devices do not infringe such patents. On February 17, 2009, the Company filed its answer and counterclaims for infringement of each of these same patents. A Markman hearing was held on March 23, 2010. The Company intends to vigorously defend itself.

On January 14, 2010 the Company filed a complaint with the ITC against Apple Inc. and Research in Motion Limited (RIM) for infringement of patents related to digital camera technology. The Company is seeking a limited exclusion order preventing importation of infringing devices including IPHONES and camera enabled BLACKBERRY devices. On February 16, 2010, the ITC ordered that an investigation be instituted to determine whether importation or sale of the accused Apple and RIM devices constitutes violation of the Tariff Act of 1930. A hearing has been scheduled for September 1, 2010.

On January 14, 2010 the Company filed two suits against Apple Inc. in the Federal District Court in Rochester, New York claiming infringement of patents related to digital cameras and certain computer processes. The Company is seeking unspecified damages and other relief. The case related to digital cameras has been stayed pending the ITC action referenced above. On April 15, 2010, Apple Inc. filed a counterclaim against Kodak claiming infringement of patents related to digital cameras and all-in-one printers. The Company intends to vigorously defend itself.

On April 15, 2010, Apple Inc. filed a complaint in the ITC against Kodak asserting infringement of patents related to digital cameras. Apple is seeking a limited exclusion order preventing importation of infringing devices. On April 15, 2010 Apple also filed in Federal District Court in the Northern District of California a complaint asserting infringement of the same patents asserted in the ITC. The Company intends to vigorously defend itself.

The Company and its subsidiaries are involved in various lawsuits, claims, investigations and proceedings, including commercial, customs, employment, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. In addition, the Company is subject to various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that are incorporated in a broad spectrum of the Company's products. These matters are in various stages of investigation and litigation, and are being vigorously defended. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Refer to Note 4, "Short-Term Borrowings and Long-Term Debt" in the Notes to Financial Statements in Part I, Item 1 of this report for information on working capital restrictions and limitations on the Company's ability to pay dividends under its debt agreements.

### Item 6. Exhibits

(a) Exhibits required as part of this report are listed in the index appearing on page 42.



**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 thereunto duly authorized.

**EASTMAN KODAK COMPANY**  
(Registrant)

Date: April 29, 2010

/s/ Eric Samuels  
**Eric Samuels**  
**Chief Accounting Officer and Corporate Controller**

**Eastman Kodak Company and Subsidiary Companies**  
**Index to Exhibits**

<b>Exhibit:</b>	<b>Where Exhibit may be found:</b>
(3.1) Certificate of Incorporation, as amended and restated May 11, 2005.	Filed as an Exhibit to Form 10-Q for the quarterly period ended June 30, 2005, Exhibit 3.
(3.2) By-laws, as amended and restated February 24, 2009.	Filed as an Exhibit to Form 8-K for the date February 24, 2009, as filed on March 3, 2009, Exhibit 3.2.
(4.1) Indenture, dated as of March 5, 2010, by and among the Company, the Subsidiary Guarantors and The Bank of New York Mellon, as trustee.	Filed as an Exhibit to Form 8-K for the date March 5, 2010, as filed on March 10, 2010, Exhibit 4.1.
(4.9 a) Amendment No. 1 to the Security Agreement, dated October 18, 2005, amended and restated as of March 31, 2009, from the grantors party thereto to Citicorp USA, Inc.	Filed Herewith
(4.9 b) Amendment No. 2 to the Security Agreement, dated October 18, 2005, amended and restated as of March 31, 2009, from the grantors party thereto to Citicorp USA, Inc.	Filed Herewith
(4.10 a) Amendment No. 1 to the Canadian Security Agreement, dated October 18, 2005, amended and restated as of March 31, 2009, from the grantors party thereto to Citicorp USA, Inc.	Filed Herewith
(4.10 b) Amendment No. 2 to the Canadian Security Agreement, dated October 18, 2005, amended and restated as of March 31, 2009, from the grantors party thereto to Citicorp USA, Inc.	Filed Herewith
(4.16) Note Purchase Agreement, dated as of February 24, 2010, by and among Eastman Kodak Company and KKR et al.	Filed Herewith
(10.1) Security Agreement, dated as of March 5, 2010, by and among the Company, the Subsidiary Guarantors and The Bank of New York Mellon, as collateral agent.	Filed as an Exhibit to Form 8-K for the date March 5, 2010, as filed on March 10, 2010, Exhibit 10.1.
(10.2) Collateral Trust Agreement, dated as of March 5, 2010, by and among the Company, the Subsidiary Guarantors and The Bank of New York Mellon, as collateral agent.	Filed as an Exhibit to Form 8-K for the date March 5, 2010, as filed on March 10, 2010, Exhibit 10.2.
(10.6) Administrative Guide for the 2010 Performance Stock Unit Program under Article 7 (Performance Awards) of the 2005 Omnibus Long-Term Compensation Plan, Granted to Antonio M. Perez.	Filed Herewith
(12) Statement Re Computation of Ratio of Earnings to Fixed Charges.	Filed Herewith
(31.1) Certification.	Filed Herewith
(31.2) Certification.	Filed Herewith
(32.1) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
(32.2) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed Herewith



## AMENDMENT NO. 1 TO THE SECURITY AGREEMENT

This AMENDMENT NO. 1 TO THE SECURITY AGREEMENT, dated as of January 27, 2010 (this "**Amendment**"), is entered into by EASTMAN KODAK COMPANY, a New Jersey corporation (the "**Company**"), and each direct or indirect subsidiary of the Company listed on the signature pages hereof (the Company and such subsidiaries, collectively, the "**Grantors**", and each, individually, a "**Grantor**"), and CITICORP USA, INC., as Agent (in such capacity, together with its successors and assigns from time to time, the "**Agent**") for the Secured Parties, and is made with reference to that certain Security Agreement, dated as of October 18, 2005 and amended and restated as of March 31, 2009 (as further amended, amended and restated, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"), among the Company, the other Grantors party thereto and the Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Security Agreement after giving effect to this Amendment.

## RECITALS

WHEREAS, the Company and the other Grantors have requested that the Agent agree to amend certain provisions of the Security Agreement as provided for herein; and

WHEREAS, the Agent is willing to amend the Security Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to Security Agreement. Effective as of the Amendment Effective Date (as defined below), the Security Agreement is hereby amended as follows:

(a) The first paragraph of Section 1 of the Security Agreement is hereby amended by (i) deleting "(collectively, the "**Collateral**")" immediately after clause (E) thereof, (ii) replacing the comma immediately after "hereafter existing or arising" in the third and fourth lines thereof with " (collectively, the "**Collateral**") (" and (iii) inserting " (other than Equity Interests as otherwise provided in this Agreement)" immediately following "United States" in clause (A) thereof.

(b) Section 1 of the Security Agreement is hereby amended by deleting clause (c) thereof in its entirety and inserting the following in lieu thereof:

"(c) (i) all accounts, instruments (including, without limitation, promissory notes), deposit accounts, chattel paper, general intangibles (including, without limitation, payment intangibles) and other obligations of any kind owing to the Grantors, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services and whether or not earned by performance (any and all such instruments, deposit accounts, chattel paper, general intangibles and other obligations to the extent not referred to in clause (d), (e) or (f) below, being the "**Receivables**"), and all supporting obligations, security agreements, Liens, leases, letters of credit and other contracts owing to the Grantors or supporting the obligations owing to the Grantors under the Receivables (collectively, the "**Related Contracts**"), and (ii) all commercial tort claims now or hereafter described on Schedule XI hereto;"

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Section 1(d)(iii) of the Security Agreement is hereby amended by replacing the phrase “other Material Subsidiaries of such Borrower” with “each direct Subsidiary of the Borrower that, for the most recently completed fiscal year of the Borrower for which audited financial statements are available, either (A) has, together with its Subsidiaries, assets that exceed 2% of the total assets shown on the consolidated statement of financial condition of the Borrower as of the last day of such period or (B) has, together with its Subsidiaries, net sales that exceed 2% of the consolidated net sales of the Borrower for such period (each, for purposes of this Agreement, a “**Material Subsidiary**”).”

(c) Section 1 of the Security Agreement is hereby amended by deleting the words “subject to restrictions on assignment and/or transfer,” appearing in clauses (d)(v), (d)(vi), (e), (g)(v) and (g)(vi) thereof.

(d) Section 1 of the Security Agreement is hereby amended by deleting clause (g)(i) thereof in its entirety and inserting the following in lieu thereof:

“(i) all patents, patent applications, utility models and statutory invention registrations, all inventions claimed or disclosed therein and all improvements thereto (other than those patents and related rights currently contemplated to be sold by the Company or any other Grantor to the extent identified as such on Schedule IV attached hereto) (“**Patents**”);”.

(e) Section 1 of the Security Agreement is hereby amended by (i) re-lettering existing clause (h) as clause (i) and (ii) inserting a new clause (h) immediately following clause (g)(vi) thereof as follows:

“(h) all documents, all money and all letter-of-credit rights; and”.

(f) Section 6(n) of the Security Agreement is hereby amended by (i) replacing “and” immediately prior to clause (D) thereof with a comma, (ii) inserting “and” immediately prior to clause (E) thereof and (iii) renumbering clause (F) thereof as clause (iii).

(g) Section 9(a) of the Security Agreement is hereby amended by replacing the reference to Section 1(h) in the last sentence thereof with Section 1(i).

(h) Section 14 of the Security Agreement is hereby amended by inserting the words “and Commercial Tort Claims” after the words “Letter-of-Credit-Rights” appearing in the heading of such Section.

(i) Section 14 of the Security Agreement is hereby amended by inserting a new clause (c) at the end of clause (b) thereof as follows:

“(c) In the event that any Grantor hereafter acquires or has any commercial tort claim that has been filed with any court in excess of \$25,000,000 in the aggregate, it shall, promptly after such claim has been filed with such court, deliver a supplement to Schedule XI hereto, identifying such new commercial tort claim; provided, however, that, with respect to any commercial tort claim in respect of Intellectual Property Collateral, the obligation set forth in this Section 14(c) shall only be applicable with respect to any such commercial tort claims to the extent relating to Intellectual Property Collateral with respect to which the applicable Grantors have executed or otherwise authenticated (or have an obligation pursuant to Section 11(e) to execute or otherwise authenticate) an Intellectual Property Security Agreement.”.

(j) The Security Agreement is hereby amended by adding the following new Section 27:

“Section 27. Jurisdiction; Waiver of Jury Trial. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each Grantor hereby further irrevocably consents to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Borrower at its address specified pursuant to Section 9.02 of the Credit Agreement. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the parties hereto hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of the Agent or any Secured Party in the negotiation, administration, performance or enforcement thereof.”

(k) The Security Agreement is hereby amended by inserting a new Schedule XI as set forth in Exhibit A attached hereto.

(l) Exhibit C to the Security Agreement is hereby amended by deleting the words “subject to restrictions on assignment or transfer,” appearing in Section 1 thereof.

SECTION 2. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof only upon the satisfaction or waiver by the Agent of all of the following conditions precedent (the “**Amendment Effective Date**”):

(a) Execution. The Agent shall have received counterparts of this Amendment duly executed and delivered by the Company, each other Grantor and the Agent.

(b) Payment of Fees and Expenses. The Grantors shall have paid to the Agent all reasonable costs and expenses owing to the Agent as of such date (including the reasonable fees and expenses of Shearman & Sterling LLP) required to be reimbursed or paid by the Grantors

(c) pursuant to the Loan Documents.

(d) Representations and Warranties. Each of the representations and warranties in Section 3 below shall be true and correct in all material respects.

SECTION 3. Representations and Warranties. In order to induce the Agent to enter into this Amendment and to amend the Security Agreement in the manner provided herein, each Grantor represents and warrants to the Agent that the following statements are true and correct in all material respects:

(a) Corporate Power and Authority. Each Grantor has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, this Amendment and under the Security Agreement as amended by this Amendment (the "**Amended Agreement**").

(b) Authorization; No Conflict. The execution and delivery of this Amendment and the performance by each Grantor of its obligations under this Amendment and under the Amended Agreement have been duly authorized by all necessary corporate, partnership or other applicable entity action on its part (including, without limitation, any required shareholder approvals), and do not and will not conflict with, or result in a breach of, or require any consent under, the charter or by-laws or other constitutive document of any Grantor, or any applicable law or regulation, or any order, writ, injunction or decree of any federal, state, foreign or other governmental authority or regulatory body, or any agreement or instrument to which any Grantor or any of its subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for Liens created pursuant to the Collateral Documents and Liens created pursuant to the Permitted Senior Debt Documents) result in the creation or imposition of any Lien upon any property of any Grantor or any of its subsidiaries pursuant to the terms of any such agreement or instrument.

(c) Governmental Consents. No authorizations, approvals or consents of, and except for filings and recordings in respect of the Liens created pursuant to the Collateral Documents, no filings or registrations with, any federal, state, foreign or other governmental authority or regulatory body, or any securities exchange or other third party, are necessary for the execution or delivery by any Grantor of this Amendment, or the performance by any Grantor of this Amendment or the Amended Agreement or for the legality, validity or enforceability hereof or thereof.

(d) Binding Effect. This Amendment has been duly and validly executed and delivered by each Grantor. Each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of each Grantor, enforceable against each Grantor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Absence of Default. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Amendment or the Amended Agreement.

SECTION 4. Miscellaneous.

Reference to and Effect on the Security Agreement and the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in the Security Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Security Agreement, and each reference in the other Loan Documents to the “Security Agreement”, “thereunder”, “thereof” or words of like import referring to the Security Agreement shall mean and be a reference to the Amended Agreement.

(ii) Except as specifically amended by this Amendment, the Security Agreement and the other Loan Documents (including any exhibits, schedules and annexes thereto) shall remain in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents to the extent provided in the Collateral Documents.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Agent or any other Secured Party under, the Security Agreement or any of the other Loan Documents.

(a) Headings. Section and subsection headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

(b) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(c) Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission shall be effective as delivery of an original executed counterpart of this Amendment.

(e) Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

(f) Loan Document. This Amendment is a “Collateral Document” and a “Loan Document” under and as defined in the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

(g) Foreign Pledge Documents. The Company agrees to deliver to the Agent, within 120 days from the date of this Amendment, with respect to any Material Subsidiaries (as defined in the Security Agreement) as of the date of this Amendment that were not Material Subsidiaries



(h) (as defined in the Security Agreement) immediately prior to giving effect to this Amendment, such Collateral Documents governed by the laws of jurisdictions other than the United States or any State thereof or the District of Columbia that are required to be delivered to the Agent pursuant to the Loan Documents.

[Remainder of page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

EASTMAN KODAK COMPANY

By: /s/ William G. Love  
Name: William G. Love  
Title: Treasurer

CREO MANUFACTURING AMERICA LLC

KODAK AVIATION LEASING LLC

By: /s/ William G. Love  
Name: William G. Love  
Title: Manager

EASTMAN GELATINE CORPORATION

EASTMAN KODAK INTERNATIONAL CAPITAL COMPANY, INC.

FAR EAST DEVELOPMENT LTD.

FPC INC.

KODAK (NEAR EAST), INC.

KODAK AMERICAS, LTD.

KODAK IMAGING NETWORK, INC.

KODAK PORTUGUESA LIMITED

KODAK REALTY, INC.

LASER EDIT, INC.

LASER-PACIFIC MEDIA CORPORATION

PACIFIC VIDEO, INC.

PAKON, INC.

QUALEX INC.

By: /s/ William G. Love  
Name: William G. Love  
Title: Treasurer

KODAK PHILIPPINES, LTD.

NPEC INC.

By: /s/ William G. Love  
Name: William G. Love  
Title: Assistant Treasurer

CITICORP USA, INC.,  
as Agent

By: /s/ Jeffrey Stern  
Name: Jeffrey Stern  
Title: Vice President

COMMERCIAL TORT CLAIMS

None.



## AMENDMENT NO. 2 TO THE SECURITY AGREEMENT

This AMENDMENT NO. 2 TO THE SECURITY AGREEMENT, dated as of March 5, 2010 (this "**Amendment**"), is entered into by EASTMAN KODAK COMPANY, a New Jersey corporation (the "**Company**"), and each direct or indirect subsidiary of the Company listed on the signature pages hereof (the Company and such subsidiaries, collectively, the "**Grantors**", and each, individually, a "**Grantor**"), and CITICORP USA, INC., as Agent (in such capacity, together with its successors and assigns from time to time, the "**Agent**") for the Secured Parties, and is made with reference to that certain Security Agreement, dated as of October 18, 2005 and amended and restated as of March 31, 2009 and amended by Amendment No. 1 to the Security Agreement, dated as of January 27, 2010 (as further amended, amended and restated, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"), among the Company, the other Grantors party thereto and the Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Security Agreement after giving effect to this Amendment.

## RECITALS

WHEREAS, the Company and the other Grantors have requested that the Agent agree to amend certain provisions of the Security Agreement as provided for herein; and

WHEREAS, the Agent is willing to amend the Security Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to Security Agreement. Effective as of the Amendment Effective Date (as defined below), the Security Agreement is hereby amended as follows:

(a) The second Preliminary Statement of the Security Agreement is amended by amending and restating the first parenthetical therein as follows:

“(such shares of stock or other equity interests, for so long as the issuer thereof is a Material Subsidiary, the **“Initial Pledged Equity”**)”.

(b) The first paragraph of Section 1 of the Security Agreement is amended by (i) adding “, or indebtedness of,” after the words “other equity interest in” in the first proviso thereto and (ii) replacing the words “Equity Interests” with “equity interests” in clause (A) of the second proviso thereto.

(c) Section 1(d)(iii) of the Security Agreement is amended and restated as follows:

“(iii) all additional shares of stock and other equity interests from time to time acquired by such Grantor in any manner of (X) the issuers of the Initial Pledged Equity and (Y) each direct Subsidiary of the Borrower that, for the most recently completed fiscal year of the Borrower for which audited financial statements are available, either (A) has, together with its Subsidiaries, assets that exceed 5% of the total assets shown on the Consolidated statement of financial condition of the Borrower as of the last day of such period or (B) has, together with its Subsidiaries, net sales that exceed 5% of the

Consolidated net sales of the Borrower for such period (each, for purposes of this Agreement, a “**Material Subsidiary**”), provided that not more than 65% of the voting equity in any CFC shall be subject to the pledge hereunder (such shares and other equity interests, together with the Initial Pledged Equity, being the “**Pledged Equity**”), and the certificates, if any, representing such additional shares or other equity interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other equity interests and all warrants, rights or options issued thereon or with respect thereto;”

(d) Section 1(d)(vi) is amended by adding “)” immediately following the words “excluded from the Pledged Equity”.

(e) Section 1(i) of the Security Agreement is amended by replacing the reference to clause “(g)” therein with clause “(h)”.

(f) Section 15(a) of the Security Agreement is amended and restated as follows:

“(a) Each Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Credit Agreement or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor except for the pledge, assignment and security interest created under this Agreement and Liens permitted under the Credit Agreement.”

(g) Section 24(a) of the Security Agreement is amended by inserting the words “in such Collateral or in the shares of stock or equity interests (including, without limitation, any Initial Pledged Equity) of such Subsidiary that has ceased to be a Material Subsidiary” immediately after the words “the security interests granted under this Agreement by such Grantor”.

(h) The first sentence of Section 24(b) of the Security Agreement is amended and restated as follows:

“(b) The pledge and security interest granted hereby will be terminated as set forth in Section 9.14(b) of the Credit Agreement and upon such termination all rights to the Collateral shall revert to the applicable Grantor and the Agent will promptly deliver to the applicable Grantors all certificates representing any Pledged Equity or Pledged Debt, Receivables or other Collateral.”.

SECTION 2. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof only upon the satisfaction or waiver by the Agent of all of the following conditions precedent (the “**Amendment Effective Date**”):

(a) Execution. The Agent shall have received counterparts of this Amendment duly executed and delivered by the Company, each other Grantor and the Agent.

(b) Payment of Fees and Expenses. The Grantors shall have paid to the Agent all reasonable costs and expenses owing to the Agent as of such date (including the reasonable fees and expenses of Shearman & Sterling LLP) required to be reimbursed or paid by the Grantors

(c) pursuant to the Loan Documents.

(d) Representations and Warranties. Each of the representations and warranties in Section 3 below shall be true and correct in all material respects.

SECTION 3. Representations and Warranties. In order to induce the Agent to enter into this Amendment and to amend the Security Agreement in the manner provided herein, each Grantor represents and warrants to the Agent that the following statements are true and correct in all material respects:

(a) Corporate Power and Authority. Each Grantor has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, this Amendment and under the Security Agreement as amended by this Amendment (the "**Amended Agreement**").

(b) Authorization; No Conflict. The execution and delivery of this Amendment and the performance by each Grantor of its obligations under this Amendment and under the Amended Agreement have been duly authorized by all necessary corporate, partnership or other applicable entity action on its part (including, without limitation, any required shareholder approvals), and do not and will not conflict with, or result in a breach of, or require any consent under, the charter or by-laws or other constitutive document of any Grantor, or any applicable law or regulation, or any order, writ, injunction or decree of any federal, state, foreign or other governmental authority or regulatory body, or any agreement or instrument to which any Grantor or any of its subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for Liens created pursuant to the Collateral Documents) result in the creation or imposition of any Lien upon any property of any Grantor or any of its subsidiaries pursuant to the terms of any such agreement or instrument.

(c) Governmental Consents. No authorizations, approvals or consents of, and except for filings and recordings in respect of the Liens created pursuant to the Collateral Documents and as otherwise provided in Section 4 of the Security Agreement, no filings or registrations with, any federal, state, foreign or other governmental authority or regulatory body, or any securities exchange or other third party, are necessary for the execution or delivery by any Grantor of this Amendment, or the performance by any Grantor of this Amendment or the Amended Agreement or for the legality, validity or enforceability hereof or thereof.

(d) Binding Effect. This Amendment has been duly and validly executed and delivered by each Grantor. Each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of each Grantor, enforceable against each Grantor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Absence of Default. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Amendment or the Amended Agreement.

SECTION 4. Miscellaneous.



Reference to and Effect on the Security Agreement and the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in the Security Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Security Agreement, and each reference in the other Loan Documents to the “Security Agreement”, “thereunder”, “thereof” or words of like import referring to the Security Agreement shall mean and be a reference to the Amended Agreement.

(ii) Except as specifically amended by this Amendment, the Security Agreement and the other Loan Documents (including any exhibits, schedules and annexes thereto) shall remain in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents to the extent provided in the Collateral Documents.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Agent or any other Secured Party under, the Security Agreement or any of the other Loan Documents.

(a) Headings. Section and subsection headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

(b) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(c) Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission shall be effective as delivery of an original executed counterpart of this Amendment.

(e) Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

(f) Loan Document. This Amendment is a “Collateral Document” and a “Loan Document” under and as defined in the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

[Remainder of page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

EASTMAN KODAK COMPANY

By: /s/ William G. Love  
Name: William G. Love  
Title: Treasurer

CREO MANUFACTURING AMERICA LLC

KODAK AVIATION LEASING LLC

By: /s/ William G. Love  
Name: William G. Love  
Title: Manager

EASTMAN GELATINE CORPORATION

EASTMAN KODAK INTERNATIONAL CAPITAL COMPANY, INC.

FAR EAST DEVELOPMENT LTD.

FPC INC.

KODAK (NEAR EAST), INC.

KODAK AMERICAS, LTD.

KODAK IMAGING NETWORK, INC.

KODAK PORTUGUESA LIMITED

KODAK REALTY, INC.

LASER EDIT, INC.

LASER-PACIFIC MEDIA CORPORATION

PACIFIC VIDEO, INC.

PAKON, INC.

QUALEX INC.

By: /s/ William G. Love  
Name: William G. Love  
Title: Treasurer

KODAK PHILIPPINES, LTD.

NPEC INC.

By: /s/ William G. Love  
Name: William G. Love  
Title: Assistant Treasurer

CITICORP USA, INC.,  
as Agent

By: /s/ Jeffrey Stern  
Name: Jeffrey Stern  
Title: Vice President



## AMENDMENT NO. 1 TO THE CANADIAN SECURITY AGREEMENT

This AMENDMENT NO. 1 TO THE CANADIAN SECURITY AGREEMENT, dated as of January 27, 2010 (this "**Amendment**"), is entered into by KODAK CANADA INC., an Ontario corporation (the "**Borrower**"), and CITICORP USA, INC., as Agent (in such capacity, together with its successors and assigns from time to time, the "**Agent**") for the Secured Parties, and is made with reference to that certain Canadian Security Agreement, dated as of October 18, 2005 and amended and restated as of March 31, 2009 (as further amended, amended and restated, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"), among the Borrower, the other Grantors party thereto and the Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Security Agreement after giving effect to this Amendment.

## RECITALS

WHEREAS, the Borrower has requested that the Agent agree to amend certain provisions of the Security Agreement as provided for herein; and

WHEREAS, the Agent is willing to amend the Security Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to Security Agreement. Effective as of the Amendment Effective Date (as defined below), the Security Agreement is hereby amended as follows:

(a) The first paragraph of Section 1(1) of the Security Agreement is hereby amended by inserting " (other than Equity Interests as otherwise provided in this Agreement)" immediately following "Canada" in cause (A) thereof.

(b) Section 1(1) of the Security Agreement is hereby amended by deleting clause (c) thereof in its entirety and inserting the following in lieu thereof:

"(c) all accounts, instruments (including, without limitation, promissory notes), deposit accounts, chattel paper, general intangibles (including, without limitation, payment intangibles) and other obligations of any kind owing to the Grantors, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services and whether or not earned by performance (any and all such instruments, deposit accounts, chattel paper, general intangibles and other obligations to the extent not referred to in clause (f), (g) or (h) below, being the "**Receivables**"), and all supporting obligations, security agreements, Liens, leases, letters of credit and other contracts owing to the Grantors or supporting the obligations owing to the Grantors under the Receivables (collectively, the "**Related Contracts**");".

(c) Section 1(1) of the Security Agreement is hereby amended by deleting the words "subject to restrictions on assignment and/or transfer," appearing in clauses (f)(v), (f)(vi), (g), (i)(v) and (i)(vi) thereof.

(d) Section 1(1) of the Security Agreement is hereby amended by deleting clause

(e) (i)(i) thereof in its entirety and inserting the following in lieu thereof:

“(i) all patents, patent applications, utility models and statutory invention registrations, all inventions claimed or disclosed therein and all improvements thereto (other than those patents and related rights currently contemplated to be sold by any Grantor to the extent identified as such on Schedule IV attached hereto) (“**Patents**”);”.

SECTION 2. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof only upon the satisfaction or waiver by the Agent of all of the following conditions precedent (the “**Amendment Effective Date**”):

(a) Execution. The Agent shall have received counterparts of this Amendment duly executed and delivered by the Borrower and the Agent.

(b) Payment of Fees and Expenses. The Borrower shall have paid to the Agent all reasonable costs and expenses owing to the Agent as of such date (including the reasonable fees and expenses of Shearman & Sterling LLP) required to be reimbursed or paid by the Borrower pursuant to the Loan Documents.

(c) Representations and Warranties. Each of the representations and warranties in Section 3 below shall be true and correct in all material respects.

SECTION 3. Representations and Warranties. In order to induce the Agent to enter into this Amendment and to amend the Security Agreement in the manner provided herein, the Borrower represents and warrants to the Agent that the following statements are true and correct in all material respects:

(a) Corporate Power and Authority. The Borrower has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, this Amendment and under the Security Agreement as amended by this Amendment (the “**Amended Agreement**”).

(b) Authorization; No Conflict. The execution and delivery by the Borrower of this Amendment and the performance by the Borrower of its obligations under this Amendment and under the Amended Agreement have been duly authorized by all necessary corporate, partnership or other applicable entity action on its part (including, without limitation, any required shareholder approvals), and do not and will not conflict with, or result in a breach of, or require any consent under, the charter or by-laws or other constitutive document of the Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any federal, state, foreign or other governmental authority or regulatory body, or any agreement or instrument to which the Borrower or any of its subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for Liens created pursuant to the Collateral Documents) result in the creation or imposition of any Lien upon any property of the Borrower or any of its subsidiaries pursuant to the terms of any such agreement or instrument.

(c) Governmental Consents. No authorizations, approvals or consents of, and except for filings and recordings in respect of the Liens created pursuant to the Collateral Documents, no filings or registrations with, any federal, state, foreign or other governmental authority or regulatory body, or any securities exchange or other third party, are necessary for the execution or delivery by the Borrower of this Amendment, or the performance by the Borrower of this

(d) Amendment to the Amended Agreement or for the legality, validity or enforceability hereof or thereof.

(e) Binding Effect. This Amendment has been duly and validly executed and delivered by the Borrower. Each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(f) Absence of Default. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Amendment or the Amended Agreement.

#### SECTION 4. Miscellaneous.

(a) Reference to and Effect on the Security Agreement and the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in the Security Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Security Agreement, and each reference in the other Loan Documents to the "Canadian Security Agreement", "thereunder", "thereof" or words of like import referring to the Security Agreement shall mean and be a reference to the Amended Agreement.

(ii) Except as specifically amended by this Amendment, the Security Agreement and the other Loan Documents (including any exhibits, schedules and annexes thereto) shall remain in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents to the extent provided in the Collateral Documents.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Agent or any other Secured Party under, the Security Agreement or any of the other Loan Documents.

(b) Headings. Section and subsection headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

(c) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(d) Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission shall be effective as delivery of an original executed counterpart of this Amendment.

(f) Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(g) Loan Document. This Amendment is a “Collateral Document” and a “Loan Document” under and as defined in the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

[Remainder of page Intentionally Blank]



IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

KODAK CANADA INC.,  
as the Borrower

By: /s/ William G. Love  
Name: William G. Love  
Title: Assistant Treasurer

CITICORP USA, INC.,  
as Agent

By: /s/ Jeffrey Stern  
Name: Jeffrey Stern  
Title: Vice President



## AMENDMENT NO. 2 TO THE CANADIAN SECURITY AGREEMENT

This AMENDMENT NO. 2 TO THE CANADIAN SECURITY AGREEMENT, dated as of March 5, 2010 (this "**Amendment**"), is entered into by KODAK CANADA INC., an Ontario corporation (the "**Borrower**"), and CITICORP USA, INC., as Agent (in such capacity, together with its successors and assigns from time to time, the "**Agent**") for the Secured Parties, and is made with reference to that certain Canadian Security Agreement, dated as of October 18, 2005 and amended and restated as of March 31, 2009 and amended by Amendment No. 1 to the Canadian Security Agreement, dated as of January 27, 2010 (as further amended, amended and restated, supplemented or otherwise modified through the date hereof, the "**Security Agreement**"), among the Borrower, the other Grantors party thereto and the Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Security Agreement after giving effect to this Amendment.

## RECITALS

WHEREAS, the Borrower has requested that the Agent agree to amend certain provisions of the Security Agreement as provided for herein; and

WHEREAS, the Agent is willing to amend the Security Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment to Security Agreement. Effective as of the Amendment Effective Date (as defined below), the Security Agreement is hereby amended as follows:

(a) The second Preliminary Statement of the Security Agreement is amended by amending and restating the first parenthetical therein as follows:

“(such shares of stock or other equity interests, for so long as the issuer thereof is a Material Subsidiary, the “**Initial Pledged Equity**”).”

(b) The first paragraph of Section 1(1) of the Security Agreement is amended by (i) adding “, or indebtedness of,” after the words “other equity interest in” in the first proviso thereto, (ii) inserting the words “to the extent that any lien or security interest in such asset created under this Agreement would require that the notes or other debt securities issued pursuant to the Indenture be equally and ratably secured by such assets under the terms of the Indenture” immediately following the parenthetical “(as defined in the Credit Agreement)” in the first proviso thereto and (iii) replacing the words “Equity Interests” with “equity interests” in clause (A) of the second proviso thereto.

(c) The first paragraph of Section 1(1) of the Security Agreement is amended by (i) deleting clause (C) of the first proviso thereto in its entirety and (ii) renumbering clauses (E) and (F) of the first proviso thereto as clauses (C) and (D), respectively.

(d) Section 1(1)(f)(iii) of the Security Agreement is amended and restated as follows:

“(iii) all additional shares of stock and other equity interests from time to time

acquired by such Grantor in any manner of (X) the issuers of the Initial Pledged Equity and (Y) each direct Subsidiary of the Borrower that, for the most recently completed fiscal year for which audited financial statements of the Company are available, either (A) has, together with its Subsidiaries, assets that exceed 5% of the total assets shown on the consolidating statements of the Borrower and its Subsidiaries used in preparation of the Company's Consolidated statement of financial condition as of the last day of such period or (B) has, together with its Subsidiaries, net sales that exceed 5% of the Consolidated net sales of the Borrower and its Subsidiaries for such period (each, for purposes of this Agreement, a "**Material Subsidiary**") (*such shares and other equity interests, together with the Initial Pledged Equity, being the "Pledged Equity", and the certificates, if any, representing such additional shares or other equity interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other equity interests and all warrants, rights or options issued thereon or with respect thereto;*"

(e) Section 2 of the Security Agreement is amended by adding the following proviso at the end of the first sentence thereof:

“; provided that the Secured Obligations shall not include any such obligations of any US Guarantor”

(f) Section 24(a) of the Security Agreement is amended by inserting the words “in such Collateral or in the shares of stock or other equity interests (including, without limitation, any Initial Pledged Equity) of such Subsidiary that has ceased to be a Material Subsidiary” immediately after the words “the security interests granted under this Agreement by such Grantor”.

(g) The first sentence of Section 24(b) of the Security Agreement is amended and restated as follows:

“(b) The pledge and security interest granted hereby will be terminated as set forth in Section 9.14(b) of the Credit Agreement and upon such termination all rights to the Collateral shall revert to the applicable Grantor and the Agent will promptly deliver to the applicable Grantors all certificates representing any Pledged Equity or Pledged Debt, Receivables or other Collateral.”

SECTION 2. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof only upon the satisfaction or waiver by the Agent of all of the following conditions precedent (the “**Amendment Effective Date**”):

(a) Execution. The Agent shall have received counterparts of this Amendment duly executed and delivered by the Borrower and the Agent.

(b) Payment of Fees and Expenses. The Borrower shall have paid to the Agent all reasonable costs and expenses owing to the Agent as of such date (including the reasonable fees and expenses of Shearman & Sterling LLP) required to be reimbursed or paid by the Borrower pursuant to the Loan Documents.

(c) Representations and Warranties. Each of the representations and warranties in Section 3 below shall be true and correct in all material respects.

SECTION 3. Representations and Warranties. In order to induce the Agent to enter into this Amendment and to amend the Security Agreement in the manner provided herein, the Borrower represents and warrants to the Agent that the following statements are true and correct in all material respects:

(a) Corporate Power and Authority. The Borrower has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, this Amendment and under the Security Agreement as amended by this Amendment (the "**Amended Agreement**").

(b) Authorization; No Conflict. The execution and delivery by the Borrower of this Amendment and the performance by the Borrower of its obligations under this Amendment and under the Amended Agreement have been duly authorized by all necessary corporate, partnership or other applicable entity action on its part (including, without limitation, any required shareholder approvals), and do not and will not conflict with, or result in a breach of, or require any consent under, the charter or by-laws or other constitutive document of the Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any federal, state, foreign or other governmental authority or regulatory body, or any agreement or instrument to which the Borrower or any of its subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for Liens created pursuant to the Collateral Documents) result in the creation or imposition of any Lien upon any property of the Borrower or any of its subsidiaries pursuant to the terms of any such agreement or instrument.

(c) Governmental Consents. No authorizations, approvals or consents of, and except for filings and recordings in respect of the Liens created pursuant to the Collateral Documents and as otherwise provided in Section 4 of the Security Agreement, no filings or registrations with, any federal, state, foreign or other governmental authority or regulatory body, or any securities exchange or other third party, are necessary for the execution or delivery by the Borrower of this Amendment, or the performance by the Borrower of this Amendment or the Amended Agreement or for the legality, validity or enforceability hereof or thereof.

(d) Binding Effect. This Amendment has been duly and validly executed and delivered by the Borrower. Each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Absence of Default. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Amendment or the Amended Agreement.

SECTION 4. Miscellaneous.

(a) Reference to and Effect on the Security Agreement and the Loan Documents.

(i) On and after the Amendment Effective Date, each reference in the Security Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Security Agreement, and each reference in the other Loan

Documents to the “Canadian Security Agreement”, “thereunder”, “thereof” or words of like import referring to the Security Agreement shall mean and be a reference to the Amended Agreement.

(ii) Except as specifically amended by this Amendment, the Security Agreement and the other Loan Documents (including any exhibits, schedules and annexes thereto) shall remain in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents to the extent provided in the Collateral Documents.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Agent or any other Secured Party under, the Security Agreement or any of the other Loan Documents.

(b) Headings. Section and subsection headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Amendment.

(c) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(d) Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission shall be effective as delivery of an original executed counterpart of this Amendment.

(f) Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(g) Loan Document. This Amendment is a “Collateral Document” and a “Loan Document” under and as defined in the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

[Remainder of page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

KODAK CANADA INC.,  
as the Borrower

By: /s/ William G. Love  
Name: William G. Love  
Title: Assistant Treasurer



CITICORP USA, INC.,  
as Agent

By: /s/ Jeffrey Stern  
Name: Jeffrey Stern  
Title: Vice President



## NOTE PURCHASE AGREEMENT

This Note Purchase Agreement (this "Agreement"), dated as of February 24, 2010, is entered into by and among Eastman Kodak Company, a New Jersey corporation (the "Purchaser"), 8 North America Investor (Cayman) Limited, a Cayman Islands exempted limited company ("8NAI"), OPERF Co-Investment LLC, a Delaware limited liability company ("OPERF"), and KKR Jet Stream (Ireland) Corporation, an Ireland corporation ("Jet Stream Ireland") and together with 8NAI and OPERF, collectively, the "Sellers" and each a "Seller").

RECITAL

WHEREAS, on September 29, 2009, 8NAI, OPERF and KKR Jet Stream (Cayman) Limited ("Jet Stream Cayman"), and together with 8NAI and OPERF, the "Original Investors"), pursuant to (i) that certain Note and Warrant Purchase Agreement, dated as of September 16, 2009, between the Purchaser, Jet Stream Cayman, and Kohlberg Kravis & Roberts & Co. L.P. ("KKR") (with respect to specified provisions) (the "Purchase Agreement"), (ii) that certain Assignment and Assumption Agreement, dated as of September 29, 2009, among the Original Investors and KKR Jet Stream LLC, a Delaware limited liability company ("Jet Stream") (the "Assignment Agreement") and (iii) that certain Joinder Agreement, dated as of September 29, 2009, among the Original Investors, Jet Stream and the Purchaser (the "Joinder Agreement"), purchased \$300,000,000 principal amount of the Purchaser's 10.50% Senior Secured Notes due 2017 (the "Notes");

WHEREAS, the Notes initially held by Jet Stream Cayman were transferred to Jet Stream Ireland on October 16, 2009;

WHEREAS, each Seller holds the principal amount of Notes set forth opposite each such Seller's name on Schedule A hereto, and each Seller desires to sell the Notes held by such Seller to the Purchaser on the terms and conditions set forth herein; and

WHEREAS, the Purchaser desires to purchase all outstanding Notes from the Sellers on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the premises and mutual agreements contained herein, the parties agree as follows:

1. **Purchase of the Notes.** Subject to the conditions set forth herein, on the Closing Date (as defined below) each Seller hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from each such Seller, all of the Notes held by each such Seller as set forth on Schedule A hereto, at the purchase price to be determined by the parties by mutual agreement (the "Purchase Price").

2. **Closing.**

(a) The closing of the purchase of the Notes contemplated hereby is expressly conditioned upon the closing of the issuance by the Purchaser of at least \$300,000,000 aggregate principal amount of

senior secured notes (the "High Yield Offering"). In the event that (a) the price at which the Notes will be purchased hereunder shall not have been agreed to by the parties by 9:00 a.m. E.S.T. on February 24, 2010, (b) Purchaser has not entered into a customary purchase agreement with respect to the High Yield Offering by 9:00 p.m. E.S.T. on February 25, 2010, (c) any of the conditions to the purchase agreement becomes impossible to satisfy (in the reasonable judgment of the Purchaser) without waiver from the party entitled thereto, or (d) the closing of the High Yield Offering does not occur by 5:00 p.m. E.S.T. on March 11, 2010, this Agreement shall immediately terminate, the Purchaser shall have no further obligation to purchase the Notes hereunder, and the Sellers shall have no further obligation to sell the Notes hereunder. Unless this Agreement is so terminated, the closing of the purchase of the Notes contemplated hereby shall take place simultaneously with the closing of the High Yield Offering. The date the closing of the purchase of the Notes occurs is referred to herein as the "Closing Date".

(b) On the Closing Date, the Purchaser will cause the Purchase Price payable to each Seller to be paid by wire transfer of immediately available funds pursuant to wire instructions provided in writing to the Purchaser prior to the Closing Date. Immediately upon receipt of the aggregate Purchase Price, the Sellers shall effect the transfer of the Notes in accordance with the procedures of the Depository Trust Company and shall deliver a receipt of payment to the Purchaser. For the avoidance of doubt, each Seller shall cease to own any Notes upon the settlement of such transfer and the Purchaser shall be entitled to instruct the appropriate parties immediately thereafter to terminate the indenture governing the Notes and the security documents related thereto.

3. **Representations of the Purchaser.** The Purchaser represents and warrants to each Seller on the date hereof and as of the Closing Date that:

(a) The Purchaser is duly organized and validly existing under the laws of the jurisdiction of its organization and has all requisite power and authority to enter into and perform its obligations under this Agreement.

(b) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of the Purchaser, and this Agreement is a valid and binding obligation of Purchaser, enforceable against it in accordance with its terms, except as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity. Purchaser has the full right, power, legal capacity and authority to purchase the Notes and to enter into and perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement will not conflict with, violate or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (A) any provision of the organizational or governing documents of the Purchaser or (B) any mortgage, note, indenture, deed of trust, lease, loan agreement or other agreement or instrument or any permit, concession, grant, franchise, license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to the Purchaser or any of its properties or assets, other than any such conflict, violation, breach, default, termination and acceleration under clause (B) that would not reasonably be expected to adversely impact the ability of the Purchaser to consummate the transactions contemplated hereby.

(d) No material consent, approval, order or authorization of, or material registration, declaration or filing with, any governmental entity is required on the part of the Purchaser in connection

with the execution, delivery and performance by it of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby.

4. **Representations of the Sellers.** Each Seller represents and warrants to the Purchaser on that date hereof and as of the Closing Date that:

(a) Such Seller is duly organized and validly existing under the laws of the jurisdiction of its organization and has all requisite power and authority to enter into and perform its obligations under this Agreement.

(b) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of such Seller, and this Agreement is a valid and binding obligation of such Seller, enforceable against it in accordance with its terms, except as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity. Such Seller has the full right, power, legal capacity and authority to sell and transfer the Notes and to enter into and perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement will not conflict with, violate or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (A) any provision of the organizational or governing documents of such Seller or (B) any mortgage, note, indenture, deed of trust, lease, loan agreement or other agreement or instrument or any permit, concession, grant, franchise, license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to such Seller or any of its properties or assets, other than any such conflict, violation, breach, default, termination and acceleration under clause (B) that would not reasonably be expected to adversely impact the ability of such Seller to consummate the transactions contemplated hereby.

(d) No material consent, approval, order or authorization of, or material registration, declaration or filing with, any governmental entity is required on the part of such Seller in connection with the execution, delivery and performance by it of this Agreement and the consummation by such Seller of the transactions contemplated hereby.

(e) Such Seller owns the principal amount of the Notes set forth opposite its name on Schedule A hereto and has the absolute and unrestricted right, power and authority to sell, transfer and assign the Notes held by it to the Purchaser pursuant to this Agreement, in each case free and clear of any liens, claims, pledges, options, rights of first offer, rights of first refusal or other encumbrances (collectively, "Liens"). Upon consummation of the purchase and sale of the Notes as provided in this Agreement, the Purchaser shall receive good and marketable title to the Notes, free and clear of any Liens, other than any Liens created by the Purchaser.

5. **No Transfer.** Unless and until this Agreement is terminated in accordance with its terms, each Seller agrees not to convey, sell, assign, or otherwise transfer any Notes held by it, other than to Purchaser as contemplated by this Agreement.

6. **Specific Enforcement.** The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that in addition to any other available remedy, the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to

7. enforce specifically the terms and provisions of this Agreement. Each party irrevocably waives any defenses based on adequacy of any other remedy, whether at law or in equity, that might be asserted as a bar to the remedy of specific performance of any of the terms or provisions of this Agreement or injunctive relief in any action brought therefor.

8. **Publicity.** The parties agree to keep the subject matter of this Agreement confidential and no written public release or public announcement concerning the matters contemplated hereby shall be issued by any party without the prior written consent of the other party (which consent shall not be unreasonably withheld), except (i) for any disclosure reasonably necessary in connection with (A) the High Yield Offering, (B) the Purchaser's tender offer for its 7.25% Senior Notes due 2013 (the "Tender Offer"), or (C) any amendment of the Purchaser's credit facilities relating to the High Yield Offering, the transactions contemplated hereby or the Tender Offer, or (ii) as such release or announcement may be required by law or the rules or regulations of any securities exchange, in which case the party required to make the release or announcement shall, to the extent reasonably practicable, allow the other party reasonable time to comment on such release or announcement in advance of such issuance. The provisions of this paragraph shall not restrict the ability of a party to summarize or describe the transactions contemplated by this Agreement in any required report, prospectus or other similar document so long as the other party is provided a reasonable opportunity to review such disclosure in advance.

9. **Entire Agreement.** This Agreement and any subsequent written correspondence between the parties relating to the setting of the purchase price of the Notes constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersede all other prior agreements and understandings, both oral and written, between the parties, with respect to the subject matter hereof.

9. **Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses; *provided*, that, the Purchaser agrees to reimburse the reasonable fees and expenses of outside legal counsel of the Sellers and their affiliates directly arising out of the negotiation of this Agreement and the consummation of the transactions specifically contemplated hereby.

10. **Miscellaneous.** This Agreement (i) may be amended only by written agreement between the Purchaser and Sellers holding a majority in principal amount of Notes; (ii) shall be governed by and construed under the laws of the State of New York, without regard to its rules governing conflicts of laws; (iii) may be executed in counterparts, each of which shall be deemed an original; and (iv) may not be assigned, nor may the rights or obligations hereunder be transferred, without the consent of the Purchaser and Sellers holding a majority in principal amount of Notes. The parties hereto agree to execute any additional documents necessary to carry out the purposes of this Agreement. Any party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted herein are cumulative and shall not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Each party hereto acknowledges and agrees that it has been represented, or had the opportunity to be represented, by independent counsel of its own choosing and that it has had the full right and opportunity to consult with its respective attorney(s), that to the extent, if any, that it desired, it availed itself of this right and opportunity, that it or its authorized

officers (as the case may be) have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's respective counsel, that each is fully aware of the contents thereof and their meaning, intent and legal effect (including with respect to tax matters), and that it or its authorized officer (as the case may be) is competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence. If an ambiguity or question of intent or interpretation arises, then this Agreement will be construed as if drafted jointly by the parties to this Agreement, and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by virtue of the authorship of any of the provisions of this Agreement.

(Signature Page Follows)

The parties hereto have executed this Note Purchase Agreement as of the day and year first set forth above.

**EASTMAN KODAK COMPANY**

By: /s/ Joyce P. Haag  
Name: Joyce P. Haag  
Title: Sr. VP and General Counsel



**SELLERS:**

8 NORTH AMERICA INVESTOR (CAYMAN) LIMITED

By: /s/ William Janetschek  
Name: William Janetschek  
Title: Director

OPERF CO-INVESTMENT LLC

By: KKR Associates 2006 L.P., its general manager

By: KKR 2006 GP LLC, its general partner

By: /s/ William Janetschek  
Name: William Janetschek  
Title: Director

KKR JET STREAM (IRELAND) CORPORATION

By: /s/ William Janetschek  
Name: William Janetschek  
Title: Director

**SCHEDULE A**

<b>Name of Seller</b>	<b>Principal Amount of Notes Beneficially Owned</b>
KKR Jet Stream (Ireland) Corporation	\$279,728,000
8 North America Investor (Cayman) Limited	15,064,000
OPERF Co-Investment LLC	5,208,000
<b>Total</b>	<b>\$300,000,000</b>



Granted to Mr. Antonio M. Perez

**2010 Performance Stock Unit Program Administrative Guide  
under Article 7 (Performance Awards) of the  
2005 Omnibus Long-Term Compensation Plan**

**ARTICLE 1. INTRODUCTION**

**1.1 Background**

Under Article 7 (Performance Awards) of the 2005 Omnibus Long-Term Compensation Plan (the "Plan"), the Executive Compensation and Development Committee of Kodak's Board of Directors (the "Committee") may, among other things, award the opportunity to earn shares of Common Stock to those Participants as the Committee in its discretion may determine, subject to such terms, conditions and restrictions as it deems appropriate.

**1.2 Purpose**

This Administrative Guide governs the Committee's grant of Awards under Article 7 of the Plan pursuant to a subprogram that is hereinafter referred to as the "Performance Stock Unit Program" to be effective as of January 4, 2010, by which the Committee will award the opportunity to earn shares of Common Stock for the Cycle to the Participant, with the objectives of improving the relationship between controllable performance and realized compensation and enhancing the focus on operating goals. It is expected that improvement in these areas will have a corollary effect upon the price of the Common Stock. Unless otherwise determined by the Committee, the terms of the Plan shall apply to Awards granted under this Administrative Guide.

In addition, this Administrative Guide is intended to establish those requirements necessary to ensure that the Cycle's Awards will be treated as performance-based compensation for the purposes of Section 162(m) of the Code. These requirements include establishment of the Cycle's Performance Criteria, performance goals under the Performance Criteria and Performance Formula.

**1.3 Administration**

This Performance Stock Unit Program shall be administered by the Committee. The Committee is authorized to issue this Administrative Guide and to make changes in this Administrative Guide as it from time to time deems proper. The Committee is authorized to interpret and construe the Performance Stock Unit Program and this Administrative Guide, to prescribe, amend, and rescind rules and regulations relating to each, and to make all other determinations necessary, appropriate or advisable for the administration of the Performance Stock Unit Program,

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including without limitation, whether or not to pay fractional shares, whether and how to round fractional shares, and any issues regarding valuation, withholding and international considerations. If there are any inconsistencies between the terms of this Administrative Guide and the terms of the Plan, the terms of the Plan will control. Any determination by the Committee in carrying out, administering or construing the Performance Stock Unit Program will be final and binding for all purposes and upon all interested persons and their heirs, successors and personal representatives. The Committee is authorized to suspend or terminate the Performance Stock Unit Program, at any time, for any reason, with or without prior notice. Notwithstanding any provision herein to the contrary, the Company's Chief Human Resources Officer is authorized to round fractional shares arising in any way under the Plan either up or down for ease of administration or some other reasonable purpose.

## **ARTICLE 2. DEFINITIONS**

Any defined term used in this Administrative Guide, other than those set forth in this Article 2 or defined within another Article of this Administrative Guide, will have the same meaning for purposes of this document as that ascribed to it under the terms of the Plan.

### **2.1 Approved Reason**

With regard to a Participant who is subject to Section 16 of the Exchange Act or is a Covered Employee, "Approved Reason" means a reason for terminating employment which, in the opinion of the Committee, is in the best interests of the Company.

### **2.2 Award Payment Date**

"Award Payment Date" is the date payment of an Award in the form of shares of Common Stock is credited to the Participant's account with Kodak's transfer agent pursuant to Section 9.3, which shall be as soon as is administratively practicable after the Vesting Date, but in no event later than 90 days thereafter.

### **2.3 Cycle**

"Cycle" or "Performance Cycle" means the one-year period commencing on January 4, 2010 and ending December 31, 2010.

### **2.4 Participant Account**

"Participant Account" means the account established by the Company for the Participant who is granted an Award under the Performance Stock Unit Program to record and account for the grant of the Award that are to be credited to the Account pursuant to Article 10, until

such time as the balance in the Account is paid, canceled, forfeited or terminated, as the case may be.

**2.5 Performance Criteria**

“Performance Criteria” means, with respect to the Performance Stock Unit Program, the criteria that will be used to establish the Performance Goal for the Performance Cycle, as described in Article 6.

**2.6 Performance Cycle**

“Performance Cycle” has the meaning specified in Section 2.3.

**2.7 Performance Goals**

“Performance Goals” means, with respect to the Performance Cycle of the Performance Stock Unit Program, the goals based upon the Performance Criteria and established by the Committee, as more particularly described in Article 6.

**2.8 Participant’s Individual Allocation**

“Participant’s Individual Allocation” means, for the Performance Cycle of the Performance Stock Unit Program, the target allocation amount, expressed as a number of units of Common Stock, allocated to the Participant at the start of the Performance Cycle pursuant to Section 5.2.

**2.9 Unit**

“Unit” means a bookkeeping entry used by the Company to record and account for the amount of an Award granted to the Participant that are to be credited to the Participant’s Account pursuant to Article 10, even though such Award and have not yet been earned, until such time as the balance in the Account is paid, canceled, forfeited, or terminated, as the case may be. Units are expressed in terms of one Unit being the equivalent of one share of Common Stock.

**2.10 Vesting Date**

“Vesting Date” shall mean December 31, 2013.

**ARTICLE 3. TERMINATION OF PARTICIPATION**

A Participant’s participation in this Cycle of the Performance Stock Unit Program is subject to immediate termination upon the Participant’s termination of employment from the Company during the Performance Cycle. In the case of the Participant’s termination of employment

after the end of the Performance Cycle but prior to the Vesting Date, the Participant will forfeit any and all rights to receive payment on account of an Award for the Cycle, except as specified in Section 8.2 (Death, Disability, or Termination for an Approved Reason).

#### **ARTICLE 4. FORM OF AWARDS**

##### **4.1 Form of Awards**

Awards granted under the Performance Stock Unit Program provide the Participant with the opportunity to earn shares of Common Stock, subject to the terms and conditions contained in this Administrative Guide and the Plan. Each Award granted under the Performance Stock Unit Program shall be expressed as a fixed number of Units that will be equivalent to an equal number of shares of Common Stock. The fixed number of Units that are allocated to the Participant by the Committee at the start of the Performance Cycle is referred to herein and in the Plan as the Participant's Individual Allocation.

##### **4.2 Participant Account**

The Company will establish a Participant Account for the Participant who is granted an Award.

##### **4.3 Participant's Account Unfunded**

The maintenance of individual Participant Account is for bookkeeping purposes only; the Units recorded in the account are not actual shares of Common Stock. The Company will not reserve or otherwise set aside any Common Stock for or to the Participant Account. The Participant shall not have the right to exercise any of the rights or privileges of a shareholder with respect to the Units credited to his Participant Account. As more specifically described in Article 10, until the Committee has certified the Award earned by the Participant pursuant to the procedure referred to in Article 7 of this Guide, no Units will be credited.

#### **ARTICLE 5. ESTABLISHING THE PARTICIPANT'S AWARD ALLOCATION**

On the first business day of the Cycle, a fixed number of Units will be determined by dividing the intended dollar value of the award by the average 10-day closing price of Eastman Kodak Common Stock up to and including the grant date.

The fixed number of Units allocated to the Participant at the start of the Performance Cycle is referred to herein as the "Participant's Individual Allocation."

## **ARTICLE 6. ESTABLISHING PERFORMANCE FACTORS**

### **6.1 Performance Goals**

In the first 90 days of the Performance Cycle, the Committee will establish the target "Performance Goals" for purposes of assessing the Participant's performance during the Performance Cycle.

The Committee will also establish the "Minimum Performance Goals" that will serve as the minimum actual amount for the Performance Cycle that will be necessary in order for any amount of an Award to be considered to have been earned by the Participant for the Performance Cycle.

The "Maximum Performance Goals" are same as the Target Performance Goals.

The Committee will cause the Performance Goals and the Minimum Performance Goals to be documented in an Exhibit to be maintained by the Company's Chief Human Resources Officer.

### **6.2 Performance Formula**

The "Performance Formula," which will determine the amount of an Award that will be considered to have been earned by the Participant is as follows:

$$\text{Award Earned} = \text{Participant's Individual Allocation} \times \text{Applicable Performance Percentage}$$

The "Applicable Performance Percentage" will be determined from the performance matrix documented in an Exhibit to be maintained by the Company's Chief Human Resources Officer. For purposes of the performance matrix, results between the amounts shown will be interpolated to derive an Applicable Performance Percentage. The maximum Applicable Performance Percentage is same as the Target Performance Percentage which is 100%.

## **ARTICLE 7. DETERMINATION OF EARNED AWARDS**

### **7.1 Certification**

Following the completion of the Performance Cycle, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved. If the Committee certifies that the Minimum Performance Goals have been achieved, it shall also calculate and certify in writing the Applicable Performance Percentage. By applying the Performance Formula, the Committee shall then determine and certify the actual amount of the Participant's Award that has been earned for the Performance Cycle,



keeping any fractional shares in the Participant's Account.

**7.2 Discretion**

Notwithstanding any provision contained herein to the contrary, in determining the actual amount of an individual Award to be deemed earned for the Cycle, the Committee may, through the use of negative discretion, reduce the amount of the Award that would otherwise be earned by application of the Performance Formula, if, in its sole judgment, such reduction is appropriate. No positive discretion may be exercised to increase the size of an Award.

**ARTICLE 8. PRECONDITIONS TO RECEIPT OF AN EARNED AWARD**

**8.1 Continuous Employment Until Payment**

The Participant must remain continuously employed with the Company at all times from the first day of the Cycle through the Vesting Date in order to remain eligible for an Award. If the Participant's employment with the Company ceases during this period for any reason, the Participant will forfeit the entire number of Units that have been allocated to him for the Cycle (including any Units that are earned but not vested) and that have been credited to the Account pursuant to Article 10 hereof. The limited exceptions to the requirements of this Section 8.1 are specified in Section 8.2 below.

**8.2 Death, Disability, or Termination for an Approved Reason before the Vesting Date**

Notwithstanding any provision contained in this Article 8 to the contrary, if after the end of the Performance Cycle but prior to the Vesting Date, the Participant's employment with the Company ceases for an Approved Reason or as a result of his death or Disability, and if the Participant had been employed with the Company for the entire Performance Cycle, the Participant shall be entitled to receive a pro-rata Award calculated according to the formula set forth in Section 8.3 below.

In the event the Participant's employment with the Company ceases at any time during the Performance Cycle (whether for an Approved Reason or as a result of his or her death or Disability), the Participant will no longer be eligible for an Award for such Cycle and, consequently, will forfeit any and all rights to receive an Award for such Cycle.

### **8.3 Pro-rata Award**

The pro-rata Award to which the Participant may become entitled pursuant to the provisions of Sections 8.2 shall be determined by dividing the number of full months in the vesting period prior to the Participant's cessation of employment with the Company by the total number of full months in the vesting period. For purposes of this calculation, a partial month shall be treated as a full month to the extent of 15 or more days in such month have elapsed.

## **ARTICLE 9. PAYMENT OF AWARDS**

### **9.1 Timing of Award Payments**

Awards that have been earned for this Cycle that are credited to the Account pursuant to Article 10 shall be paid on the Award Payment Date by the procedure described in Section 9.3. Participants cannot defer Awards.

### **9.2 Form of Payment of Awards**

All awards for this Cycle that are credited to the Account pursuant to Article 10 shall be paid in the form of shares of Common Stock in accordance with the procedure described in Section 9.3, subject to the terms, restrictions and conditions of the Plan and those set forth in this Administrative Guide.

### **9.3 Issuance of Shares of Common Stock**

On the Award Payment Date, Kodak will subtract from a Participant's account the number of Units that are withheld for taxes under Section 11.6 below, and then, with respect to the remaining Units, promptly instruct its transfer agent to reflect, in an account of the Participant on the books of the transfer agent, the shares of Common Stock that are to be delivered to the Participant. Upon the Participant's request, the transfer agent will deliver to the Participant a stock certificate for the remaining number of shares of Common Stock held in that account of the Participant.

### **9.4 Non-Assignable**

No Awards or any other payment under the Performance Stock Unit Program shall be subject in any manner to alienation, sale, transfer (except by will of the laws of descent and distribution), assignment, pledge or encumbrance, nor shall any Award be payable to any one other than the Participant to whom it was granted.

## **ARTICLE 10. REORGANIZATION**

If the Company undergoes a reorganization (as defined in Section 368(a) of the Code) during the period beginning on the date the Committee certifies the amount of the Award that has been earned by the Participants and ending on the Vesting Date, the Committee may, in its sole and absolute discretion, take whatever action it deems necessary, advisable or appropriate with respect to the Account of each Participant that has earned an Award in order to reflect such transaction, including, but not limited to, adjusting the number of Units credited to each such Participant's Account.

## **ARTICLE 11. MISCELLANEOUS**

### **11.1 Compliance with Laws**

The obligations of the Company to issue Common Stock awarded pursuant hereto are subject to compliance with all applicable governmental laws, regulations, rules and administrative actions, including, but not limited to, the Securities Act of 1933, as amended, and the Exchange Act, and all rules promulgated thereunder.

### **11.2 Termination/Amendment**

The Committee may amend, suspend or terminate the Performance Stock Unit Program in whole or in part at any time, for any reason, with or without prior notice. In addition, the Committee, or any person to whom the Committee has delegated the requisite authority, may, at any time and from time to time, amend this Administrative Guide in any manner.

### **11.3 Section 162(m) of the Code**

If any provision of this Administrative Guide would cause the Awards granted to a Covered Person not to constitute "qualified performance-based compensation" under Section 162(m) of the Code, that provision, insofar as it pertains to the Covered Person, shall be severed from, and shall be deemed not to be a part of, this Administrative Guide, but the other provisions hereof shall remain in full force and effect. Further, if this Administrative Guide fails to contain any provision required under Section 162(m) in order to make the Awards granted hereunder to a Covered Employee be "qualified performance-based compensation," then this Administrative Guide shall be deemed to incorporate such provision, effective as of the date of this Administrative Guide's adoption by the Committee.

### **11.4 Participant's Rights Unsecured**

The amounts payable under this Administrative Guide shall be unfunded, and the right of the Participant or his estate to receive payment under this Administrative Guide shall be an unsecured claim against the general assets of the Company. The Participant shall have no

right to exercise any of the rights or privileges of a shareholder with respect to the Units credited to the Participant Account.

#### **11.5 No Guarantee of Tax Consequences**

No person connected with the Performance Stock Unit Program or this Administrative Guide in any capacity, including, but not limited to, the Company and its directors, officers, agents and employees makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to amounts paid to or for the benefit of a Participant or Beneficiary under the Performance Stock Unit Program, or that such tax treatment will apply to or be available to a Participant or Beneficiary on account of participation in the Performance Stock Unit Program.

#### **11.6 Tax Withholding**

Kodak will pay the taxes required to be withheld with respect to an Award under the Performance Stock Unit Program by reducing a portion of the Units otherwise due the Participant as a result of an Award. The portion of the Units withheld will equal in amount the taxes required to be withheld. The Units which are so withheld will be valued at the Fair Market Value of the Common Stock on the date of the payment of the Award.

#### **11.7 Section 409A Compliance**

The Awards described in this Administrative Guide are intended to comply with Section 409A of the Internal Revenue Code to the extent such arrangements are subject to that law, and this Administrative Guide shall be interpreted and administered consistent with such intention, and in accordance with Eastman Kodak Company's Policy Regarding Section 409A Compliance. The Company may unilaterally amend this Administrative Guide for purposes of compliance if, in its sole discretion, Kodak determines that such amendment would not have a material adverse effect with respect to the Participant's rights under the Administrative Guide.

**EXHIBIT - PERFORMANCE GOAL (SECTION 6.1) AND PERFORMANCE FORMULA (SECTION 6.2)**

To be approved by the Committee within the first 90 days of the start of the Performance Cycle. Approved document will be maintained by the Company's Chief Human Resources Officer.



**Eastman Kodak Company**  
**Computation of Ratio of Earnings to Fixed Charges**  
(in millions, except for ratio)

	<b>Three Months Ended March 31, 2010</b>
Earnings from continuing operations before income taxes	\$ 245
<b>Adjustments:</b>	
Interest expense	38
Interest component of rental expense (1)	9
Amortization of capitalized interest	1
Loss from continuing operations as adjusted	<u>\$ 293</u>
<b>Fixed charges:</b>	
Interest expense	\$ 38
Interest component of rental expense (1)	9
Capitalized interest	-
Total fixed charges	<u>\$ 47</u>
Ratio of earnings to fixed charges	6.23

(1) Interest component of rental expense is estimated to equal 1/3 of such expense, which is considered a reasonable approximation of the interest factor.

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## CERTIFICATION

I, Antonio M. Perez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eastman Kodak Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2010

/s/ Antonio M. Perez  
Antonio M. Perez  
Chairman and Chief Executive Officer

## CERTIFICATION

I, Frank S. Sklarsky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eastman Kodak Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2010

/s/ Frank S. Sklarsky  
Frank S. Sklarsky  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Eastman Kodak Company (the "Company") for the three month period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antonio M. Perez, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Antonio M. Perez  
Antonio M. Perez  
Chairman and Chief Executive Officer

April 29, 2009

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Eastman Kodak Company (the "Company") for the three month period ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank S. Sklarsky, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank S. Sklarsky  
Frank S. Sklarsky  
Chief Financial Officer

April 29, 2009