



# Third Quarter 2014 Earnings Call

November 4, 2014

# Cautionary Statement Regarding Forward-looking Statements

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

This document includes "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs, business trends, and other information that is not historical information. When used in this document, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "predicts," "forecasts," or future or conditional verbs, such as "will," "should," "could," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends and data are based upon the Company's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in these forward-looking statements. Important factors that could cause actual events or results to differ materially from these forward-looking statements include, among others, the risks and uncertainties described in more detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 under the headings "Business," "Risk Factors," and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," the Risk Factors section of the Company's Report on Form 10-Q for the period ended September 30, 2014 and those described in other filings the Company makes with the SEC from time to time, as well as the following: the Company's ability to improve and sustain its operating structure, financial results and profitability; the ability of the Company to achieve cash forecasts, financial projections, and projected growth; our ability to achieve the financial and operational results contained in our business plans; the ability of the Company to discontinue or sell certain non-core businesses or operations; the Company's ability to comply with the covenants in its credit facilities; our ability to obtain additional financing if and as needed; any potential adverse effects of the Chapter 11 proceedings on the Company's brand or business prospects; the Company's ability to fund continued investments, capital needs, restructuring payments and service its debt; changes in foreign currency exchange rates, commodity prices and interest rates; the resolution of claims against the Company; our ability to attract and retain key executives, managers and employees; our ability to maintain product reliability and quality and growth in relevant markets; our ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; and the impact of the global economic environment on the Company. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this document. The Company undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

# AGENDA

- Introduction  
David Bullwinkle, Director, Global Financial Planning & Analysis and Investor Relations
- CEO Perspective on Third Quarter  
Jeff Clarke, Chief Executive Officer
- Financial Review  
John McMullen, Chief Financial Officer
- Concluding Remarks and Q&A  
Jeff Clarke, John McMullen

1. Quarter Performance
2. Portfolio Lifecycle Overview
3. Strategic Technology Businesses Highlights
4. Mature Businesses
5. Operating Leverage and Efficiency Improvement
6. Full Year Expectations

# 2014 Actual Results

(\$millions)

## Total Company

	2013 Q3	2014 Q3	2013 YTD	2014 YTD
Revenue	\$563	\$564	\$1,740	\$1,573
Operational EBITDA <sup>1</sup>	\$ 42	\$ 89	\$116	\$119

### Year-over-Year Change

Revenue		\$1	(\$167)
Operational EBITDA <sup>1</sup>		\$47	\$3

## Strategic Technology Businesses

	Q3 2013A	Q3 2014A	2013 YTD	2014 YTD
Revenue	\$438	\$475	\$1,326	\$1,314
Operational EBITDA <sup>1</sup>	(\$3)	\$64	(\$9)	\$70

### Year-over-Year Change

Revenue		\$37	(\$12)
Operational EBITDA <sup>1</sup>		\$67	\$79

<sup>1</sup> Operational EBITDA is defined as Total Segment Earnings (Loss) plus depreciation and amortization expense, and excluding the reallocation of costs previously allocated to discontinued businesses, the impact of fresh start accounting, stock-based compensation expense and certain consulting costs. This measure is calculated on a comparable basis for the prior year.

This document should be read in conjunction with Eastman Kodak Company's Form 10-Q filing for the three and nine months, ended September 30, 2014.

# Portfolio Lifecycle Overview

- Graphics
- Packaging
- Prosper
- Functional Printing
- Kodak Technology Solutions

# Strategic Technology Businesses



(\$ millions)

Kodak's strategic technology businesses include Graphics, Digital Printing Solutions, Packaging, Functional Printing, Enterprise Services and Intellectual Property/Brand Licensing

## Strategic Technology Businesses

	Q3 2013A	Q3 2014A	2013 YTD	2014 YTD
Revenue	\$438	\$475	\$1,326	\$1,314
Operational EBITDA <sup>1</sup>	(\$3)	\$64	(\$9)	\$70
<b>Year-over-Year Change</b>				
Revenue		\$37		(\$12)
Operational EBITDA <sup>1</sup>		\$67		\$79

### Quarterly Highlights:

- SONORA Plate unit volume increase of approximately 200% year-over-year.
- Total Plate unit volume up almost 5% year-over-year.
- CTP unit growth of 6% year-over-year.
- FLEXCEL Plates revenue growth of 34%.
- Revenue recognition of 3 PROSPER systems and a total installed base of 38 Systems.

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## Functional Printing Update

- Kingsbury
- Uni-Pixel



## Kodak Technology Solutions

- An accelerator for the inventive work from Kodak Research
- Emerging technologies include use of micro-3D manufacturing



# Mature Businesses

(\$ millions)

Kodak's mature businesses include Entertainment and Commercial Films and Consumer Inkjet ink businesses

## Mature Businesses

	Q3 2013A	Q3 2014A	2013 YTD	2014 YTD
Revenue	\$125	\$89	\$414	\$259
Operational EBITDA <sup>1</sup>	\$45	\$25	\$125	\$49
<b>Year-over-Year Change</b>				
Revenue		(\$36)		(\$155)
Operational EBITDA <sup>1</sup>		(\$20)		(\$76)

**Mature businesses continue to decline with lower film and consumer inkjet ink sales (29% decrease year-over-year; 37% decrease YTD)**

<sup>1</sup> Operational EBITDA is defined as Total Segment Earnings (Loss) plus depreciation and amortization expense, and excluding the reallocation of costs previously allocated to discontinued businesses, the impact of fresh start accounting, stock-based compensation expense and certain consulting costs. This measure is calculated on a comparable basis for the prior year.

# Operating Leverage and Efficiency Improvement

- Q3 YTD Operational SG&A improvement of approximately \$40 million.
- Full year reduction in Operational SG&A expected to be greater than \$50 million.
- Going forward, savings in global benefits expense in excess of \$20 million.
- Graphics manufacturing footprint
  - Consolidation of plate manufacturing sites from 5 to 4 sites worldwide
  - Increase in capability to manufacture process free Sonora plates globally
  - \$4 million in operational savings expected to be realized in 2014
  - \$20 - \$25 million in annual operational savings expected when consolidation process is completed in Q3 2015

# Full Year Expectations

## Total EK

	2013 Full Year	2014 Prior Guidance
Revenue	\$2,347	\$2,100 - \$2,300
Operational EBITDA <sup>1</sup>	\$151	\$145 - \$165

- We expect to be within the guidance for the Full Company.
- Projecting Strategic Technology Businesses will be modestly below the Revenue and Operational EBITDA ranges by single-digit percentage due to lower expectations for Functional Printing and a negative foreign exchange impact.
- Mature Businesses will offset with above plan performance.

<sup>1</sup> Operational EBITDA is defined as Total Segment Earnings (Loss) plus depreciation and amortization expense, and excluding the reallocation of costs previously allocated to discontinued businesses, the impact of fresh start accounting, stock-based compensation expense and certain consulting costs. This measure is calculated on a comparable basis for the prior year.

- Full Company Results
- Cash Flow and Balance Sheet
- Full Year Outlook

# 2014 Actual Results

(\$millions)

Total Company				
	2013 Q3	2014 Q3	2013 YTD	2014 YTD
Revenue	\$563	\$564	\$1,740	\$1,573
Operational EBITDA <sup>1</sup>	\$ 42	\$ 89	\$116	\$119
Year-over-Year Change				
Revenue		\$1		(\$167)
Operational EBITDA <sup>1</sup>		\$47		\$3

**Revenue year-over-year declines are primarily attributable to continued declines in film, consumer inkjet and legacy digital printing products.**

<sup>1</sup> Operational EBITDA is defined as Total Segment Earnings (Loss) plus depreciation and amortization expense, and excluding the reallocation of costs previously allocated to discontinued businesses, the impact of fresh start accounting, stock-based compensation expense and certain consulting costs. This measure is calculated on a comparable basis for the prior year.

# YTD 2013 to YTD 2014 Improvement

(\$ millions)

	Nine Months Ended September 30	
	2014	2013
Net (Loss) Earnings	\$ (77)	\$ 2,045
Other Operating Loss (Income), net <sup>(1)</sup>	2	(495)
Reorganization Costs <sup>(2)</sup>	11	(2,021)
Loss on early extinguishment of debt	-	8
Net Loss on a comparable basis	\$ (64)	\$ (463)

**Improvement of \$399 million**

	Three Months Ended September 30	
	2014	2013
Net Earnings	\$ 19	\$ 1,986
Other Operating Loss (Income), net <sup>(1)</sup>	2	-
Reorganization Costs <sup>(2)</sup>	1	(2,212)
Loss on early extinguishment of debt	-	2
Net Earnings (Loss) on a comparable basis	\$ 22	\$ (224)

**Improvement of \$246 million**

<sup>1</sup> Refer to Note 8 in the Company's Form 10-Q filed in November, 2014

<sup>2</sup> Refer to Note 2 in the Company's Form 10-Q filed in November, 2014

# Balance Sheet and Cash Flow

- Strong Liquidity
  - Cash at September 30, 2014 of \$744 million
  
- Primary cash usage drivers year-to-date include (approximately, dollars in millions):

• Interest and debt payments	\$50
• Reorganization and legacy payments	\$37
• Restructuring employee severance payments	\$35
• Prior year incentive compensation paid in 2014	\$34
• Capital expenditures & commercial capital	\$30
• Exchange impacts on cash	\$12
  
- Expect cash to be at or above current level for remainder of the year

# Concluding Remarks



# Q&A

# APPENDIX

# Non-GAAP Measures

Reference is made to certain non-GAAP financial measures of Operational EBITDA, Strategic Technology Businesses Operational EBITDA, Mature Businesses Operational EBITDA, and improvement in Operational Selling, General and Administrative (“SG&A”) expenses.

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

The reconciliations on the following pages are provided with respect to terms used in this presentation.

# Non-GAAP Measures



The following table reconciles Strategic Technology Businesses Operational EBITDA, Mature Businesses Operational EBITDA, and Operational EBITDA to the most directly comparable GAAP measure of net earnings attributable to Eastman Kodak Company for the three months ended September 30, 2014:

(in millions)	Q3 2014	Q3 2013	Change
<b>Strategic Technology Businesses Operational EBITDA</b>	<b>\$ 64</b>	<b>\$ (3)</b>	<b>\$ 67</b>
<b>Mature Businesses Operational EBITDA</b>	<b>25</b>	<b>45</b>	<b>(20)</b>
<b>Operational EBITDA</b>	<b>\$ 89</b>	<b>\$ 42</b>	<b>\$ 47</b>
Reportable segments depreciation and amortization	(45)	(41)	(4)
Impact of fresh start adjustments	-	(27)	27
Impact of stock based compensation and certain consulting costs	(3)	(2)	(1)
Impact of costs previously allocated to discontinued operations	-	(10)	10
Total segment earnings (loss)	\$ 41	\$ (38)	\$ 79
All other	(2)	(1)	(1)
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	(9)	(7)	(2)
Corporate components of pension and OPEB income (1)	30	29	1
Other operating loss, net	(2)	-	(2)
Loss on early extinguishment of debt	-	(2)	2
Interest expense	(15)	(39)	24
Other charges, net	(1)	(2)	1
Reorganization items, net	(1)	2,212	(2,213)
Consolidated earnings from continuing operations before income taxes	41	2,152	(2,111)
Provision for income taxes	10	98	(88)
Earnings from continuing operations	31	2,054	(2,023)
Loss from discontinued operations, net of income taxes	(12)	(68)	56
Net Earnings	19	1,986	(1,967)
Less: Net income (loss) attributable to noncontrolling interests	2	(3)	5
Net earnings attributable to Eastman Kodak Company (GAAP basis)	\$ 17	\$ 1,989	\$ (1,972)

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

# Non-GAAP Measures



The following table reconciles Strategic Technology Businesses Operational EBITDA, Mature Businesses Operational EBITDA, and Operational EBITDA to the most directly comparable GAAP measure of net (loss) earnings attributable to Eastman Kodak Company for the nine months ended September 30, 2014:

(in millions)	2014 YTD	2013 YTD	Change
<b>Strategic Technology Businesses Operational EBITDA</b>	<b>\$ 70</b>	<b>\$ (9)</b>	<b>\$ 79</b>
<b>Mature Businesses Operational EBITDA</b>	<b>49</b>	<b>125</b>	<b>(76)</b>
<b>Operational EBITDA</b>	<b>\$ 119</b>	<b>\$ 116</b>	<b>\$ 3</b>
Reportable segments depreciation and amortization	(150)	(107)	(43)
Impact of fresh start adjustments	-	(27)	27
Impact of stock based compensation and certain consulting costs	(11)	(2)	(9)
Impact of costs previously allocated to discontinued operations	(4)	(36)	32
Total segment loss	\$ (46)	\$ (56)	\$ 10
All other	(9)	(4)	(5)
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	(42)	(53)	11
Corporate components of pension and OPEB income (1)	90	56	34
Other operating (loss) income, net	(2)	495	(497)
Loss on early extinguishment of debt, net	-	(8)	8
Interest expense	(47)	(112)	65
Other charges, net	(4)	(13)	9
Reorganization items, net	(11)	2,021	(2,032)
Consolidated (loss) earnings from continuing operations before income taxes	(71)	2,326	(2,397)
Provision for income taxes	11	156	(145)
(Loss) earnings from continuing operations	(82)	2,170	(2,252)
Earnings (loss) from discontinued operations, net of income taxes	5	(125)	130
Net (loss) earnings	(77)	2,045	(2,122)
Less: Net income (loss) attributable to noncontrolling interests	4	(3)	7
Net (loss) earnings attributable to Eastman Kodak Company (GAAP basis)	\$ (81)	\$ 2,048	\$ (2,129)

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

# Non-GAAP Measures

The following table reconciles Strategic Technology Businesses Operational EBITDA, Mature Businesses Operational EBITDA, and Operational EBITDA to the most directly comparable GAAP measure of net earnings attributable to Eastman Kodak Company for the twelve months ended December 31, 2013:

(in millions)	<u>2013 Full Year</u>
<b>Operational EBITDA</b>	<b>\$ 151</b>
Reportable segments depreciation and amortization	(158)
Impact of fresh start adjustments	(73)
Impact of stock based compensation and certain consulting costs	(5)
Impact of costs previously allocated to discontinued operations	<u>(43)</u>
Total segment loss	\$ (128)
All other	(3)
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	(66)
Corporate components of pension and OPEB income (1)	110
Other operating income, net	493
Legal contingencies, settlements and other	3
Loss on early extinguishment of debt, net	(8)
Interest expense	(128)
Other charges, net	(1)
Reorganization items, net	<u>2,010</u>
Consolidated earnings from continuing operations before income taxes	2,282
Provision for income taxes	<u>163</u>
Earnings from continuing operations	2,119
Loss from discontinued operations, net of income taxes	<u>(131)</u>
Net earnings	1,988
Less: Net income attributable to noncontrolling interests	<u>3</u>
Net earnings attributable to Eastman Kodak Company (GAAP basis)	<u>\$ 1,985</u>

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

# Non-GAAP Measures

The following table reconciles the improvement in year-to-date Operational SG&A to the most directly comparable GAAP measure of SG&A:

(in millions)	<u>3Q YTD 2014</u>	<u>3Q YTD 2013</u>	<u>Change</u>
<b>Operational SG&amp;A</b>	\$ 255	\$ 293	\$ (38)
Impact of costs previously allocated to discontinued operations	4	32	(28)
Impact of stock based compensation and certain consulting costs	7	2	5
Corporate components of pension and OPEB income (1)	(28)	(6)	(22)
All other	1	5	(4)
Selling, General and Administrative costs (GAAP basis)	<u>\$ 239</u>	<u>\$ 326</u>	<u>\$ (87)</u>

- (1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

A graphic consisting of two thick yellow lines forming a crosshair. One line is vertical and the other is horizontal, intersecting at a point. The vertical line is positioned to the left of the word 'Kodak', and the horizontal line extends across the width of the page.

**Kodak**