

Q2 2016 Earnings Call

August 9, 2016

Kodak

Kodak

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation includes “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning Kodak’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 presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “predicts,” “forecasts,” “strategy,” “continues,” “goals,” “targets” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions, as well as statements that do not relate strictly to historical or current facts, 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 Kodak’s expectations and various assumptions.

Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks, uncertainties and other factors described in Kodak’s Annual Report on Form 10-K for the year ended December 31, 2015 under the headings “Business,” “Risk Factors,” “Legal Proceedings” and/or “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” in the corresponding sections of Kodak’s reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, and in other filings Kodak makes with the U.S. Securities and Exchange Commission from time to time, as well as the following: Kodak’s ability to comply with the covenants in its credit agreements; Kodak’s ability to improve and sustain its operating structure, cash flow, profitability and other financial results; the ability of Kodak to achieve cash forecasts, financial projections, and projected growth; Kodak’s ability to achieve the financial and operational results contained in its business plans; Kodak’s ability to fund continued investments, capital needs and restructuring payments and service its debt; Kodak’s ability to discontinue, sell or spin-off certain businesses or operations, including the Prosper business, or otherwise monetize assets; changes in foreign currency exchange rates, commodity prices and interest rates; Kodak’s ability to effectively anticipate technology trends and develop and market new products, solutions and technologies, including its micro 3D printing of touch sensors; Kodak’s ability to effectively compete with large, well-financed industry participants; continued sufficient availability of borrowings and letters of credit under Kodak’s revolving credit facility, Kodak’s ability to obtain additional financing if and as needed and Kodak’s ability to provide or facilitate financing for its customers; Kodak’s ability to attract and retain key executives, managers and employees; the performance by third parties of their obligations to supply products, components or services to Kodak; and the impact of the global economic environment on Kodak.

There may be other factors that may cause Kodak’s actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements included or referenced in this presentation. Kodak 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**
Bill Love, Treasurer and Investor Relations
- **CEO Perspective on Q2 2016 and FY 2016 Guidance**
Jeff Clarke, Chief Executive Officer
- **2016 First Half Results and Financial Review**
David Bullwinkle, Chief Financial Officer
- **Concluding Remarks and Q&A**
David Bullwinkle, Jeff Clarke



- **Welcome**
- **Quarter Performance**
- **Division Overview**
- **2016 Guidance**



CEO PERSPECTIVE

2016 Second Quarter Results

Total Company Q2 2016

	Q2 2016	Q2 2015
Revenue	\$397	\$434
Operational EBITDA ¹	\$34	\$34
Year over Year Change - B/(W)		
Revenue (\$)		(\$37)
Operational EBITDA (\$)		\$0
Revenue (%)		-9%
Operational EBITDA (%)		0%
Comparable Basis (excluding FX impact)⁽²⁾		
Revenue	\$396	\$434
Year over Year Change - B/(W)	(\$38)	
Comparable Basis (excluding FX impact)⁽²⁾		
Operational EBITDA	\$37	\$34
Year over Year Change - B/(W)	\$3	

Q2 2015 results restated for Discontinued Operations

This document should be read in conjunction with Eastman Kodak Company's Form 10-Q filing for the quarter ended June 30, 2016.

¹ Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 17. Segment Information of Kodak's Form 10-Q filed August 9, 2016.

² Refer to page 29, footnote 2 of this presentation for the explanation on the calculation of constant currency.



Q2 2016 Improved Quality of Earnings

	(\$ millions)	Q2 2016	Q2 2015	\$ Change	% Change	YTD 2016	YTD 2015	\$ Change	% Change
Operational EBITDA		\$ 34	\$ 34	\$ -		\$ 63	\$ 65	\$ (2)	
Year over year impact of foreign exchange ⁽¹⁾		3	-	3		6	-	6	
Operational EBITDA on a constant currency basis		37	34	3	9%	69	65	4	6%
Consumer Inkjet Operational EBITDA before Corporate Costs		6	10	(4)		14	25	(11)	
Adjusted Operational EBITDA on a constant currency basis		\$ 31	\$ 24	\$ 7	29%	\$ 55	\$ 40	\$ 15	38%
<i>Discontinued Operations:</i>									
PROSPER EBITDA		(7)	(5)	(2)		(13)	(21)	8	
Overhead Previously Allocated to PROSPER		(4)	(6)	2		(8)	(11)	3	
Subtotal		(11)	(11)	-		(21)	(32)	11	
Adjusted Operational EBITDA on a constant currency basis including Disc Ops & Overhead		\$ 20	\$ 13	\$ 7		\$ 34	\$ 8	\$ 26	

Operational EBITDA Adjusted for currency and the decline in Consumer Inkjet shows improvement year over year in Q2 of 29% and YTD of 38%.

¹ Refer to page 29, footnote 2 of this presentation for the explanation on the calculation of constant currency.



Second Quarter 2016 Financial Summary by Division

Q2 2016 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 258	\$ 19	\$ 35	\$ 21	\$ 61	\$ -	\$ 3	\$ 397
Operational EBITDA b/f corp costs	34	6	4	-	13	(4)	1	54
Corporate SGA	<u>12</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	-	-	<u>20</u>
Operational EBITDA	22	5	2	(2)	10	(4)	1	34

Q2 2015 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 283	\$ 21	\$ 33	\$ 27	\$ 66	\$ -	\$ 4	\$ 434
Operational EBITDA b/f corp costs	34	6	6	3	11	(6)	2	56
Corporate SGA	<u>14</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	-	-	<u>22</u>
Operational EBITDA	20	5	4	1	8	(6)	2	34

Q2 2016 Actuals vs. Q2 2015 Actuals B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (25)	\$ (2)	\$ 2	\$ (6)	\$ (5)	\$ -	\$ (1)	\$ (37)
Operational EBITDA b/f corp costs	-	-	(2)	(3)	2	2	(1)	(2)
Corporate SGA	<u>2</u>	-	-	-	-	-	-	<u>2</u>
Operational EBITDA	2	-	(2)	(3)	2	2	(1)	-

Q2 2016 Actuals on constant currency vs. Q2 2015 Actuals B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (27)	\$ (2)	\$ 2	\$ (6)	\$ (4)	\$ -	\$ (1)	\$ (38)
Operational EBITDA	3	-	(1)	(3)	3	2	(1)	3

PSD: Print Systems Division

EISD: Enterprise Inkjet Solutions Division

MPPD: Micro 3D Printing and Packaging Division

SSD: Software and Solutions Division

CFD: Consumer and Film Division

IPSD: Intellectual Property Solutions Division

EBPD: Eastman Business Park Division

Note: Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 17. Segment Information of Kodak's Financial Statement included in its Form 10-Q. Refer to page 29, footnote 2 of this presentation for the explanation on the calculation of constant currency.



Kodak PROSPER Momentum

- Annuity revenue improved year over year by 35% for the second quarter reaching an annualized run rate of \$47 million
- EBITDA for the three and six months ended June 30, 2016 includes \$3 million of drupa investment
- The company continues to invest in the development of ULTRASTREAM technology

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues	\$ 25	\$ 24	\$ 39	\$ 40
Cost of sales	18	22	30	45
Gross Margin (\$)	7	2	9	(5)
Gross Margin (%)	28%	8%	23%	-13%
Selling, general and administrative expenses	9	5	14	11
Research and development expenses	5	5	11	10
Loss from discontinued operations, before income taxes	(7)	(8)	(16)	(26)
Depreciation and amortization	-	3	3	5
EBITDA	\$ (7)	\$ (5)	\$ (13)	\$ (21)

TTM Q2 2016 PROSPER revenues were \$88 million, up \$16 million or 22% on constant currency ⁽¹⁾

⁽¹⁾ The impact of foreign exchange has been computed using average foreign exchange rates for each quarter of the TTM period compared to the prior year quarter.



2016 Guidance

(\$ millions)

	2016 Full Year Guidance
Revenue	\$1,500 - \$1,700
Operational EBITDA	\$135 - \$150





FINANCIAL OVERVIEW

- **First Half Financial Results**
- **Cost Reduction Update**
- **2016 Second Quarter Cash Flow**

S-3 Shelf Registration

- August 9, 2016 public filings
 - Form 10-Q for the period ending June 30, 2016
 - Report on Form 8-K filed recasting historical financial statements for the fiscal year 2015 period
 - Registration Statement on Form S-3 filed to register debt and equity securities
 - S-3 filing satisfies a contractual right of certain shareholders who received registration rights in connection with Kodak's emergence in 2013

The registration of securities provides flexibility to the Company to facilitate potential access to the capital markets



2015 to 2016 YTD Net Loss Improvement

(\$ millions)

Income (loss) from continuing operations before income taxes
 Provision for income taxes
 Income (loss) from continuing operations
 Loss from discontinued operations, net of income taxes
 Net earnings (loss)

Three Months Ended June 30,	
2016	2015
\$ 22	\$ (7)
6	8
16	(15)
(8)	(8)
\$ 8	\$ (23)

**Improvement
of \$31 million**

Six Months Ended June 30,	
2016	2015
\$ 24	\$ (39)
12	13
12	(52)
(19)	(25)
\$ (7)	\$ (77)

**Improvement
of \$70 million**

Significant improvement in GAAP earnings for Q2 and first half of 2016 driven by operational improvements, pension income and depreciation and amortization expense reduction.



First Half 2016 Financial Summary by Division

1H 2016 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 489	\$ 39	\$ 64	\$ 43	\$ 117	\$ -	\$ 7	\$ 759
Operational EBITDA b/f corp costs	64	12	7	3	23	(8)	1	102
Corporate SGA	<u>24</u>	<u>2</u>	<u>4</u>	<u>3</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>39</u>
Operational EBITDA	40	10	3	-	17	(8)	1	63

1H 2015 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 537	\$ 44	\$ 64	\$ 55	\$ 138	\$ -	\$ 7	\$ 845
Operational EBITDA b/f corp costs	59	14	8	7	32	(14)	1	107
Corporate SGA	<u>26</u>	<u>2</u>	<u>4</u>	<u>4</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>42</u>
Operational EBITDA	33	12	4	3	26	(14)	1	65

1H 2016 Actuals vs. 1H 2015 Actuals B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (48)	\$ (5)	\$ -	\$ (12)	\$ (21)	\$ -	\$ -	\$ (86)
Operational EBITDA b/f corp costs	5	(2)	(1)	(4)	(9)	6	-	(5)
Corporate SGA	<u>2</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Operational EBITDA	7	(2)	(1)	(3)	(9)	6	-	(2)

1H 2016 Actuals on constant currency vs. 1H 2015 Actuals B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (46)	\$ (5)	\$ 2	\$ (11)	\$ (20)	\$ -	\$ -	\$ (80)
Operational EBITDA	9	(2)	2	(3)	(8)	6	-	4

PSD: Print Systems Division

EISD: Enterprise Inkjet Solutions Division

MPPD: Micro 3D Printing and Packaging Division

SSD: Software and Solutions Division

CFD: Consumer and Film Division

IPSD: Intellectual Property Solutions Division

EBPD: Eastman Business Park Division

Note: Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 17. Segment Information of Kodak's Financial Statement included in its Form 10-Q. Refer to page 29, footnote 2 of this presentation for the explanation on the calculation of constant currency.



Cost Reduction Update

Year over Year Operating Expense Reductions

<i>(dollars in millions)</i>	Quarter Ended June 30, 2015	Quarter Ended June 30, 2016 ⁽¹⁾	Year over Year Change (%)
Headcount	6,711	6,117	-9%
SG&A and R&D Expenses <i>Total</i>	70	60	-14%

Drivers of Change: Reduction in Headcount year over year by approximately 9%
Streamlining and simplification of processes

⁽¹⁾ Includes \$4 million of drupa 2016 expense in Q2 2016



2016 Q2 Cash Flow

2016 Q2 Cash Flow

(\$ millions)	
Quarter Ended March 31, 2016	\$ 513
Primary drivers of cash:	
-Operational EBITDA	34
- Cash from ABL amendment	16
-D2L Divestiture and Alibaba Partnership	10
-Cash provided by Working Capital (Continuing Operations Only)	2
- Interest and Debt Payments	(17)
-Cash Used in Discontinued Operations, "Disc Ops" ⁽¹⁾	(14)
-Reorganization, Other Legacy and Restructuring Related Payments ⁽²⁾	(11)
-Capital Expenditures, "CapEx" (direct and commercial)	(8)
-Cash Income Taxes, net	(6)
-Customer Rebate Payments	(4)
-Other	(2)
Quarter Ended June 30, 2016	\$ 513

⁽¹⁾ Cash Used in Disc Ops is defined as PROSPER EBITDA plus Overhead expenses +/- Change in Working Capital less CapEx

⁽²⁾ Includes \$4 million payment to Kodak Alaris for contingent consideration related to the sales of the business



YTD Year over Year Cash Improvement

1H 2015 vs. 1H 2016 Cash Improvement

(\$ millions)	
Cash Used in 1H 2015	\$ (136)
Primary drivers of cash improvement - B/(W):	
-Cash generated from continuing and discontinued operations ⁽¹⁾	46
-Reorganization and Legacy Related Payments	15
-Restructuring Related Payments	14
- Use/(Funding) of Restricted Cash	13
-Effect of exchange rate changes on cash	11
-Proceeds from sale of businesses/assets	8
-Other	(3)
Total Year over Year Improvement	104
Cash Used in 1H 2016	\$ (32)

⁽¹⁾ Includes \$2M year over year reduction in cash used for direct capital expenditures





Q&A



CONCLUDING REMARKS

Key Messages

- Kodak was profitable on a GAAP basis for the second quarter
- Second quarter results reflect an improving quality of earnings
- PROSPER business is executing well
- Year over year cash flow performance has improved significantly
- 2016 guidance remains at \$1.5 to \$1.7 billion in Revenues, \$135 to \$150 million in Operational EBITDA





APPENDIX

Non-GAAP Measures

In this second quarter 2016 earnings presentation, reference is made to the following non-GAAP financial measures:

- Operational EBITDA;
- Operational EBITDA and Revenues on a constant currency basis;
- Operational EBITDA on a constant currency basis excluding Consumer Inkjet Operational EBITDA before Corporate Costs;
- Operational EBITDA on a constant currency basis including Prosper EBITDA and overhead costs previously allocated to Prosper but excluding Consumer Inkjet Operational EBITDA before Corporate Costs;
- Consumer Inkjet Operational EBITDA before Corporate Costs;
- Prosper EBITDA;
- Prosper EBITDA including overhead costs previously allocated to Prosper; and
- Improvement in Cash Generated from Continuing and Discontinued Operations.

Kodak believes that these non-GAAP measures represent important internal measures of performance as used by 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 Kodak, its financial condition, results of operations and cash flow.

Kodak's segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization ("Operational EBITDA").

This presentation also contains a forward-looking estimate of full year 2016 Operational EBITDA. Kodak is unable to provide a reconciliation of full year 2016 Operational EBITDA to a forward-looking estimate of GAAP Net income / loss because projected GAAP net income / loss for the full year would require inclusion of the projected impact of future excluded items, including items that are not currently determinable or dependent on future events which may be uncertain or outside of Kodak's control, such as asset impairments, foreign exchange gains / losses, unanticipated non-recurring items not reflective of ongoing operations, or other items. Due to the uncertainty of the likelihood, amount and timing of any such items, Kodak does not have information available to provide a quantitative reconciliation of full year 2016 projected net income/loss to an Operational EBITDA projection.



Non-GAAP Measures

The following table reconciles Operational EBITDA on a constant currency basis including Prosper EBITDA and overhead costs previously allocated to Prosper but excluding Consumer Inkjet Operational EBITDA, Operational EBITDA on a constant currency basis excluding Consumer Inkjet Operational EBITDA, Operational EBITDA on a constant currency basis and Operational EBITDA to the most directly comparable GAAP measure of Net Income (Loss) Attributable to Eastman Kodak Company for the three months ended June 30, 2016 and 2015, respectively:

(in millions)

	Q2 2016	Q2 2015	\$ Change	% Change
Operational EBITDA on a constant currency basis including Prosper EBITDA and overhead costs previously allocated to Prosper but excluding Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 20	\$ 13	\$ 7	-54%
Less: Overhead supporting, but not directly absorbed by discontinued operations (1)	(4)	(6)	2	-33%
Less: Prosper EBITDA	(7)	(5)	(2)	40%
Operational EBITDA on a constant currency basis excluding Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 31	\$ 24	\$ 7	29%
Consumer Inkjet Operational EBITDA before Corporate Costs	6	10	(4)	-40%
Operational EBITDA on a constant currency basis	\$ 37	\$ 34	\$ 3	9%
Impact of foreign exchange (2)	(3)			
Operational EBITDA	\$ 34	\$ 34	-	0%
All other (3)	2	-	2	n/a
Corporate components of pension and OPEB income (4)	40	33	7	21%
Depreciation and amortization	(27)	(36)	9	-25%
Restructuring costs and other (5)	(7)	(5)	(2)	40%
Overhead supporting, but not directly absorbed by discontinued operations (1)	(4)	(6)	2	-33%
Stock-based compensation	(1)	(5)	4	-80%
Consulting and other costs (6)	(2)	(5)	3	-60%
Idle Costs (7)	(1)	(1)	-	0%
Manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production (8)	(1)	-	(1)	n/a
Other operating expense, net (9)	6	1	5	500%
Interest expense (9)	(16)	(15)	(1)	7%
Other charges, net (9)	(1)	(2)	1	-50%
Income (loss) from continuing operations before income taxes	22	(7)	29	-414%
Provision for income taxes (9)	6	8	(2)	-25%
Income (loss) from continuing operations	16	(15)	31	-207%
Loss from discontinued operations, net of income taxes (9)	(8)	(8)	-	0%
Net income (loss)	8	(23)	31	-135%
Less: Net income attributable to noncontrolling interests (9)	1	1	-	0%
Net Income (Loss) Attributable to Eastman Kodak Company (GAAP basis)	\$ 7	\$ (24)	\$ 31	-129%

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following table reconciles Operational EBITDA on a constant currency basis including Prosper EBITDA and overhead costs previously allocated to Prosper but excluding Consumer Inkjet Operational EBITDA, Operational EBITDA on a constant currency basis excluding Consumer Inkjet Operational EBITDA, Operational EBITDA on a constant currency basis and Operational EBITDA to the most directly comparable GAAP measure of Net Loss Attributable to Eastman Kodak Company for the six months ended June 30, 2016 and 2015, respectively:

(in millions)

	YTD 2016	YTD 2015	\$ Change	% Change
Operational EBITDA on a constant currency basis including Prosper EBITDA and overhead costs previously allocated to Prosper but excluding Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 34	\$ 8	\$ 26	-325%
Less: Overhead supporting, but not directly absorbed by discontinued operations (1)	(8)	(11)	3	-27%
Less: Prosper EBITDA	(13)	(21)	8	-38%
Operational EBITDA on a constant currency basis excluding Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 55	\$ 40	\$ 15	38%
Consumer Inkjet Operational EBITDA before Corporate Costs	14	25	(11)	-44%
Operational EBITDA on a constant currency basis	\$ 69	\$ 65	4	6%
Impact of foreign exchange (2)	(6)			
Operational EBITDA	\$ 63	\$ 65	(2)	-3%
All other (3)	5	4	1	25%
Corporate components of pension and OPEB income (4)	81	66	15	23%
Depreciation and amortization	(54)	(72)	18	-25%
Restructuring costs and other (5)	(12)	(22)	10	-45%
Overhead supporting, but not directly absorbed by discontinued operations (1)	(8)	(11)	3	-27%
Stock-based compensation	(3)	(11)	8	-73%
Consulting and other costs (6)	(3)	(7)	4	-57%
Idle Costs (7)	(2)	(2)	-	0%
Manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production (8)	(1)	-	(1)	n/a
Other operating expense, net (9)	(8)	(2)	(6)	300%
Interest expense (9)	(32)	(30)	(2)	7%
Other charges, net (9)	(2)	(12)	10	-83%
Reorganization items, net (9)	-	(5)	5	-100%
Income (loss) from continuing operations before income taxes	24	(39)	63	-162%
Provision for income taxes (9)	12	13	(1)	-8%
Income (loss) from continuing operations	12	(52)	64	-123%
Loss from discontinued operations, net of income taxes (9)	(19)	(25)	6	-24%
Net loss	(7)	(77)	70	-91%
Less: Net income attributable to noncontrolling interests (9)	4	5	(1)	-20%
Net Loss Attributable to Eastman Kodak Company (GAAP basis)	\$ (11)	\$ (82)	\$ 71	-87%

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following table reconciles Prosper EBITDA including overhead costs previously allocated to Prosper and Prosper EBITDA to the most directly comparable GAAP measure of Loss from discontinued operations, net of income taxes for the three and six months ended June 30, 2016 and 2015, respectively:

(in millions)

	Q2 2016	Q2 2015	\$ Change	% Change
Prosper EBITDA and overhead costs previously allocated to Prosper	\$ (11)	\$ (11)	\$ -	0%
Overhead supporting, but not directly absorbed by discontinued operations (1)	4	6	(2)	-33%
Prosper EBITDA	(7)	(5)	(2)	40%
Depreciation and amortization	-	(3)	3	-100%
Prosper loss from discontinued operations, net of income taxes	(7)	(8)	1	-13%
Loss from other discontinued operations	(1)	-	(1)	n/a
Loss from discontinued operations, net of income taxes (GAAP basis)	\$ (8)	\$ (8)	\$ -	0%

(in millions)

	YTD 2016	YTD 2015	\$ Change	% Change
Prosper EBITDA and overhead costs previously allocated to Prosper	\$ (21)	\$ (32)	\$ 11	-34%
Overhead supporting, but not directly absorbed by discontinued operations (1)	8	11	(3)	-27%
Prosper EBITDA	(13)	(21)	8	-38%
Depreciation and amortization	(3)	(5)	2	-40%
Benefit for income taxes	-	1	(1)	-100%
Prosper loss from discontinued operations, net of income taxes	(16)	(25)	9	-36%
Loss from other discontinued operations	(3)	-	(3)	n/a
Loss from discontinued operations, net of income taxes (GAAP basis)	\$ (19)	\$ (25)	\$ 6	-24%

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following table reconciles Consumer Inkjet Operational EBITDA to the most directly comparable GAAP measure of Consumer and Film Division Operational EBITDA (Segment Measure) for the three and six months ended June 30, 2016 and 2015, respectively:

(in millions)

	<u>Q2 2016</u>	<u>Q2 2015</u>	<u>\$ Change</u>	<u>% Change</u>
Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 6	\$ 10	\$ (4)	-40%
Motion Picture, Industrial Chemicals and Films and Consumer Products Operational EBITDA before Corporate Costs	7	1	6	600%
Consumer and Film Division Corporate Costs	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>0%</u>
Consumer and Film Division Operational EBITDA (Segment Measure)	<u>\$ 10</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>25%</u>

(in millions)

	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>\$ Change</u>	<u>% Change</u>
Consumer Inkjet Operational EBITDA before Corporate Costs	\$ 14	\$ 25	\$ (11)	-44%
Motion Picture, Industrial Chemicals and Films and Consumer Products Operational EBITDA before Corporate Costs	9	7	2	29%
Consumer and Film Division Corporate Costs	<u>(6)</u>	<u>(6)</u>	<u>-</u>	<u>0%</u>
Consumer and Film Division Operational EBITDA (Segment Measure)	<u>\$ 17</u>	<u>\$ 26</u>	<u>\$ (9)</u>	<u>-35%</u>

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following table reconciles the improvement in Cash Generated from Continuing and Discontinued Operations to the most directly comparable GAAP measure of Net Cash Used in Operating Activities for the six months ended June 30, 2016 and 2015, respectively:

(in millions)

	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>Improvement</u>
Cash Generated from Continuing and Discontinued Operations	\$ 13	\$ (33)	\$ 46
Litigation settlements	6	(6)	12
Severance	(10)	(22)	12
Payment of reorganization claims	-	(10)	10
Tax	(17)	(11)	(6)
Settlement of contractual obligation	-	(3)	3
Vacation in-lieu of severance	(1)	(3)	2
Additions to properties	12	14	(2)
Interest	(32)	(31)	(1)
Workers compensation	(2)	(2)	-
Other	1	3	(2)
Net Cash Used in Operating Activities (GAAP Basis)	\$ (30)	\$ (104)	\$ 74

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following tables provide additional information for the improvement in Reorganization and Other Legacy Costs, improvement in Restructuring Related Payments and Improvement in Other for the six months ended June 30, 2016 and 2015, respectively:

(in millions)

Improvement in Reorganization and Legacy Related Payments:

Payment of reorganization claims
 Litigation settlements
 Settlement of contractual obligation
 Payment of contingent consideration related to the sale of a business

	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>Improvement</u>
	\$ -	\$ (10)	\$ 10
	-	(6)	6
	-	(3)	3
	(4)	-	(4)
	<u>\$ (4)</u>	<u>\$ (19)</u>	<u>\$ 15</u>

(in millions)

Improvement in Restructuring Related Payments:

Severance
 Vacation in-lieu of severance

	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>Improvement</u>
	\$ (10)	\$ (22)	\$ 12
	(1)	(3)	2
	<u>\$ (11)</u>	<u>\$ (25)</u>	<u>\$ 14</u>

(in millions)

Improvement in Other:

Litigation settlements
 Tax
 Workers compensation
 Interest
 Other

	<u>YTD 2016</u>	<u>YTD 2015</u>	<u>Improvement</u>
	\$ 6	\$ -	\$ 6
	(17)	(11)	(6)
	(2)	(2)	-
	(32)	(31)	(1)
	1	3	(2)
	<u>\$ (44)</u>	<u>\$ (41)</u>	<u>\$ (3)</u>

Refer to Page 29 of this presentation for footnote explanations.



Non-GAAP Measures

The following table provides additional information for Reorganization, Other Legacy Costs and Restructuring Payments for the three months ended June 30, 2016:

(in millions)

Reorganization, Other Legacy Costs and Restructuring Related Payments:

	<u>Q2 2016</u>
Workers compensation	\$ (2)
Payment of contingent consideration related to the sale of a business	(4)
Severance	(4)
Vacation in-lieu of severance	(1)
	<u>\$ (11)</u>



Non-GAAP Measures

Footnote Explanations:

- (1) Primarily consists of costs for shared resources allocated to the PROSPER Enterprise Inkjet business discontinued operation in the prior-year periods which are now included in the results of continuing operations and an estimate of costs for shared resources which would have been allocated to the PROSPER Enterprise Inkjet business discontinued operation in the current year period had the business remained in continuing operations.
- (2) The impact of foreign exchange represents the foreign exchange impact using average foreign exchange rates for the respective periods in 2015 rather than the actual exchange rates in effect for the three and six months ended June 30, 2016.
- (3) Earnings of the RED utilities consolidated variable interest entity.
- (4) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.
- (5) Restructuring costs and other as reported in the Consolidated Statement of Operations plus \$1 million inventory write-down included in cost of revenues for the six months ended June 30, 2016.
- (6) Consulting and other costs are professional services and other costs associated with certain corporate strategic initiatives.
- (7) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.
- (8) Consists of manufacturing costs originally planned to be absorbed by silver metal mesh touch screen production that are now excluded from the measure of segment profit and loss.
- (9) As reported in the Consolidated Statement of Operations.





Geo. Eastman

Kodak



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