

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF EARNINGS

(in millions)

| | Second Quarter | | First Half-Year | |
|--|----------------|----------------|-----------------|----------------|
| | 1997 | 1996 | 1997 | 1996 |
| REVENUES | | | | |
| Sales | \$3,853 | \$4,117 | \$6,986 | \$7,505 |
| Earnings from equity interests and other revenues | 37 | 85 | 106 | 143 |
| | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 3,890 | 4,202 | 7,092 | 7,648 |
| | ----- | ----- | ----- | ----- |
| COSTS | | | | |
| Cost of goods sold | 2,015 | 2,100 | 3,658 | 3,876 |
| Selling, general and administrative expenses | 1,021 | 1,137 | 1,870 | 2,108 |
| Research and development costs | 266 | 247 | 523 | 488 |
| Purchased research and development | - | - | 186 | - |
| Interest expense | 21 | 21 | 43 | 39 |
| Other costs | 9 | 37 | 29 | 56 |
| | ----- | ----- | ----- | ----- |
| TOTAL COSTS | 3,332 | 3,542 | 6,309 | 6,567 |
| | ----- | ----- | ----- | ----- |
| Earnings before income taxes | 558 | 660 | 783 | 1,081 |
| Provision for income taxes | 190 | 220 | 266 | 367 |
| | ----- | ----- | ----- | ----- |
| NET EARNINGS | \$ 368 | \$ 440 | \$ 517 | \$ 714 |
| | ===== | ===== | ===== | ===== |
| Earnings per share | \$ 1.12 | \$ 1.30 | \$ 1.57 | \$ 2.09 |
| CONSOLIDATED STATEMENT OF RETAINED EARNINGS | | | | |
| Retained earnings at beginning of period | \$5,928 | \$5,323 | \$5,931 | \$5,184 |
| Net earnings | 368 | 440 | 517 | 714 |
| Cash dividends declared | (144) | (135) | (291) | (272) |
| Other changes | 1 | 5 | (4) | 7 |
| | ----- | ----- | ----- | ----- |
| RETAINED EARNINGS at end of period | \$6,153 | \$5,633 | \$6,153 | \$5,633 |
| | ===== | ===== | ===== | ===== |

See Notes to Financial Statements

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

| | June 30, 1997 | Dec. 31, 1996 |
|---|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 371 | \$ 1,777 |
| Marketable securities | 29 | 19 |
| Receivables | 2,884 | 2,738 |
| Inventories | 1,730 | 1,575 |
| Deferred income tax charges | 654 | 644 |
| Other | 270 | 212 |
| | ----- | ----- |
| Total current assets | 5,938 | 6,965 |
| | ----- | ----- |
| PROPERTIES | | |
| Land, buildings and equipment at cost | 12,814 | 12,585 |
| Less: Accumulated depreciation | 7,194 | 7,163 |
| | ----- | ----- |
| Net properties | 5,620 | 5,422 |
| | ----- | ----- |
| OTHER ASSETS | | |
| Goodwill (net of accumulated amortization of \$399 and \$366) | 624 | 581 |
| Long-term receivables and other noncurrent assets | 1,359 | 1,238 |
| Deferred income tax charges | 277 | 232 |
| | ----- | ----- |
| TOTAL ASSETS | \$13,818 | \$14,438 |
| | ===== | ===== |
| ----- | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Payables | \$ 3,397 | \$ 4,116 |
| Short-term borrowings | 874 | 541 |
| Taxes - income and other | 586 | 603 |
| Dividends payable | 144 | 133 |
| Deferred income tax credits | 31 | 24 |
| | ----- | ----- |
| Total current liabilities | 5,032 | 5,417 |
| OTHER LIABILITIES | | |
| Long-term borrowings | 610 | 599 |
| Postemployment liabilities | 2,969 | 2,967 |
| Other long-term liabilities | 853 | 659 |
| Deferred income tax credits | 74 | 102 |
| | ----- | ----- |
| Total liabilities | 9,538 | 9,704 |
| SHAREHOLDERS' EQUITY | | |
| Common stock at par* | 978 | 978 |
| Additional capital paid in or transferred from retained earnings | 911 | 910 |
| Retained earnings | 6,153 | 5,931 |
| Accumulated translation adjustment | (60) | 75 |
| | ----- | ----- |
| | 7,982 | 7,894 |
| Less: Treasury stock at cost* | 3,702 | 3,160 |
| | ----- | ----- |
| Total shareholders' equity | 4,280 | 4,734 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$13,818 | \$14,438 |
| | ===== | ===== |

* Common stock: \$2.50 par value, 950 million shares authorized, 391 million shares issued as of June 30, 1997 and as of December 31, 1996. Treasury stock at cost consists of approximately 65 million shares at June 30, 1997 and 59 million shares at December 31, 1996.

See Notes to Financial Statements

Eastman Kodak Company and Subsidiary Companies
 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

| | First Half-Year | |
|--|-----------------|--------|
| | 1997 | 1996 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 517 | \$ 714 |
| Adjustments to reconcile above earnings to net cash provided by operating activities, excluding the effect of initial consolidation of acquired companies: | | |
| Depreciation and amortization | 390 | 442 |
| Purchased research and development | 186 | - |
| Benefit for deferred taxes | (68) | (22) |
| (Gain) loss on sale and retirement of properties | (16) | 40 |
| Increase in receivables | (197) | (166) |
| Increase in inventories | (193) | (310) |
| (Decrease) increase in liabilities excluding borrowings | (366) | 73 |
| Other items, net | (160) | (138) |
| | ----- | ----- |
| Total adjustments | (424) | (81) |
| | ----- | ----- |
| Net cash provided by operating activities | 93 | 633 |
| | ----- | ----- |
| Cash flows from investing activities: | | |
| Additions to properties | (678) | (532) |
| Proceeds from sale of properties and investments | 54 | 44 |
| Acquisitions, net of cash acquired | (316) | - |
| Marketable securities - sales | 10 | 35 |
| Marketable securities - purchases | - | (16) |
| Cash flows related to sales of non-imaging health businesses | (65) | (1) |
| | ----- | ----- |
| Net cash used in investing activities | (995) | (470) |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Net increase (decrease) in borrowings with original maturity of 90 days or less | 540 | (206) |
| Proceeds from other borrowings | 699 | 853 |
| Repayment of other borrowings | (865) | (659) |
| Dividends to shareholders | (280) | (274) |
| Exercise of employee stock options | 82 | 124 |
| Stock repurchases | (659) | (827) |
| | ----- | ----- |
| Net cash used in financing activities | (483) | (989) |
| | ----- | ----- |
| Effect of exchange rate changes on cash | (21) | 2 |
| | ----- | ----- |
| Net decrease in cash and cash equivalents | (1,406) | (824) |
| Cash and cash equivalents, beginning of year | 1,777 | 1,764 |
| | ----- | ----- |
| Cash and cash equivalents, end of quarter | \$ 371 | \$ 940 |
| | ===== | ===== |

 See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The financial statements have been prepared by the Company in accordance with the accounting policies stated in the 1996 Annual Report and should be read in conjunction with the Notes to Financial Statements appearing therein. In the opinion of the Company, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation have been included in the financial statements. The statements are based in part on estimates and have not been audited by independent accountants. The annual statements will be audited by Price Waterhouse LLP.

NOTE 2: COMMITMENTS AND CONTINGENCIES

The Company and its subsidiary companies are involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. There are no such matters pending that the Company and its General Counsel expect to be material in relation to the Company's business, financial position or results of operations.

NOTE 3: ACQUISITION OF WANG LABORATORIES' SOFTWARE UNIT

On March 17, 1997, the Company acquired Wang Laboratories' software business unit for approximately \$260 million in cash. The unit is engaged in the development of workflow, imaging, document management and network storage management software. The transaction was accounted for by the purchase method and, accordingly, the operating results of the business have been included in the accompanying consolidated financial statements from the date of acquisition.

In connection with the acquisition, the Company recorded a pre-tax charge of \$186 million in purchased research and development expense in the first quarter. The amount attributed to purchased research and development was determined by a nationally recognized independent valuation firm through established valuation techniques in the high technology document imaging industry. The amount was expensed upon acquisition as the technology has not reached technological feasibility and has no alternative future use.

David J. FitzPatrick,
Controller and Vice President
August 13, 1997

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

SUMMARY

(in millions, except earnings per share)

| | Second Quarter | | | First Half-Year | | |
|--------------------|----------------|---------|--------|-----------------|---------|--------|
| | 1997 | 1996 | Change | 1997 | 1996 | Change |
| Sales | \$3,853 | \$4,117 | - 6% | \$6,986 | \$7,505 | - 7% |
| Net earnings | 368 | 440 | -16 | 517 | 714 | -28 |
| Earnings per share | 1.12 | 1.30 | -14 | 1.57 | 2.09 | -25 |

1997

The Company results for the first half-year include a pre-tax charge of \$186 million (\$.37 per share after tax) for in-process research and development (R&D) associated with the acquisition of Wang Laboratories' software unit on March 17, 1997. Excluding this charge, net earnings per share for the first half-year would have been \$1.94.

1996

During the 1996 second quarter, the Company initiated a \$2 billion share repurchase program which is expected to be completed by mid-year 1998.

Sales by Industry Segment
(in millions)

| | Second Quarter | | | First Half-Year | | |
|---------------------------|----------------|---------|--------|-----------------|---------|--------|
| | 1997 | 1996 | Change | 1997 | 1996 | Change |
| Consumer Imaging | | | | | | |
| Inside the U.S. | \$ 986 | \$ 903 | + 9% | \$1,611 | \$1,461 | +10% |
| Outside the U.S. | 1,135 | 1,124 | + 1 | 2,012 | 2,021 | 0 |
| | ----- | ----- | --- | ----- | ----- | --- |
| Total Consumer Imaging | 2,121 | 2,027 | + 5 | 3,623 | 3,482 | + 4 |
| | ----- | ----- | --- | ----- | ----- | --- |
| Commercial Imaging | | | | | | |
| Inside the U.S. | 816 | 1,031 | -21 | 1,592 | 1,964 | -19 |
| Outside the U.S. | 923 | 1,066 | -13 | 1,785 | 2,074 | -14 |
| | ----- | ----- | --- | ----- | ----- | --- |
| Total Commercial Imaging | 1,739 | 2,097 | -17 | 3,377 | 4,038 | -16 |
| | ----- | ----- | --- | ----- | ----- | --- |
| Deduct Intersegment Sales | (7) | (7) | | (14) | (15) | |
| | ----- | ----- | --- | ----- | ----- | --- |
| Total Sales | \$3,853 | \$4,117 | - 6% | \$6,986 | \$7,505 | - 7% |
| | ===== | ===== | === | ===== | ===== | === |

Earnings from Operations by Industry Segment

(in millions)

| Year | Second Quarter | | | First Half- | | |
|--------------------------------|----------------|-------|--------|-------------|---------|--------|
| | 1997 | 1996 | Change | 1997 | 1996 | Change |
| Consumer Imaging | \$353 | \$422 | -16% | \$ 498 | \$ 583 | -15% |
| Percent of Sales | 16.6% | 20.8% | | 13.7% | 16.7% | |
| Commercial Imaging | \$197 | \$209 | - 6% | \$ 252 | \$ 448 | -44% |
| Percent of Sales | 11.3% | 10.0% | | 7.5% | 11.1% | |
| Total Earnings from Operations | \$550 | \$631 | -13% | \$ 750 | \$1,031 | -27% |
| | ==== | ==== | === | ===== | ===== | === |

COSTS AND EXPENSES

(in millions)

| | Second Quarter | | | First Half-Year | | |
|--|----------------|---------|--------|-----------------|---------|--------|
| | 1997 | 1996 | Change | 1997 | 1996 | Change |
| Gross profit | \$1,838 | \$2,017 | - 9% | \$3,328 | \$3,629 | - 8% |
| Percent of Sales | 47.7% | 49.0% | | 47.6% | 48.4% | |
| Selling, general and administrative expenses | \$1,021 | \$1,137 | -10% | \$1,870 | \$2,108 | -11% |
| Percent of Sales | 26.5% | 27.6% | | 26.8% | 28.1% | |
| Research and development costs | \$ 266 | \$ 247 | + 8% | \$ 523* | \$ 488 | + 7% |
| Percent of Sales | 6.9% | 6.0% | | 7.5% | 6.5% | |

* Excludes \$186 million R&D charge associated with the purchase of Wang Laboratories' software unit.

1997 COMPARED WITH 1996

Second quarter

For the second quarter of 1997, sales decreased 6% compared with the second quarter of 1996, due to the sale of the Office Imaging business on December 31, 1996. With Office Imaging sales excluded from both years, sales were up 2% on a year-over-year basis, or up 5% excluding the effects of the stronger dollar.

Sales in the Consumer Imaging segment increased 5%, due to higher unit volumes partially offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes. Excluding the impact of the stronger dollar, sales would have increased 8%. Sales inside the U.S. increased 9%, or \$83 million, of which \$40 million are a result of the Company's acquisition of Fox Photo, Inc. in October, 1996. Sales outside the U.S. increased 1%, due to higher unit volumes offset by the unfavorable effects of foreign currency rate changes and lower effective selling prices.

Worldwide film sales increased 2%, as a 9% volume increase was largely offset by lower prices and negative foreign exchange. U.S. film sales were essentially level, with 4% volume growth offset by lower prices, principally in the one-time-use camera category. Outside the U.S., film sales increased 3%, with a 15% volume growth partially offset by lower prices and the unfavorable effects of foreign currency rate changes.

Worldwide color paper sales decreased 2%, as 11% volume gains were more than offset by negative price and unfavorable foreign exchange. U.S. sales decreased 15%, driven by a 7% decline in volumes and lower prices caused by recent consolidation of the U.S. photofinishing industry. While this unfavorable year-over-year comparison will continue for the balance of 1997, we expect the magnitude of the decline to lessen in the second half. Paper sales outside the U.S. increased 6%, driven by a 21% volume increase partially offset by lower price and unfavorable foreign exchange. Sales increases reflect the impact of continuing growth in emerging markets.

Sales in the Commercial Imaging segment decreased 17%, largely due to the sale of the Office Imaging business. Excluding the sales of Office Imaging from both years, sales decreased 2% (or increased 1% excluding the effects of the stronger dollar), as higher unit volumes were more than offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes.

Earnings from operations for the Company decreased 13%, as the benefits of higher unit volumes, reduced selling, general and administrative expenses and manufacturing productivity were more than offset by lower effective selling prices, the unfavorable effects of foreign currency rate changes and write-offs of first generation Advantix camera tooling and parts.

Earnings from operations in the Consumer Imaging segment decreased 16%, as the benefits of higher unit volumes were more than offset by lower effective selling prices, the unfavorable effects of foreign currency rate changes and increased year-over-year losses from the Company's Advantix business. The increased Advantix losses reflect principally continued investment to ensure system success and a charge of \$25 million (\$.05 per share after tax) to write off tooling and parts for some first generation Advantix cameras. The Company expects losses attributable to Advantix in 1997 to exceed those of 1996.

Earnings from operations in the Commercial Imaging segment decreased 6% as the benefits of reduced selling, general and administrative expenses and manufacturing productivity were more than offset by lower unit volumes, lower effective selling prices and the unfavorable effects of foreign currency rate changes. Excluding the effects of the stronger dollar, earnings from operations would have increased.

Improvements in Entertainment Imaging and Kodak Professional were insufficient to offset reduced earnings in Business Imaging, Health Imaging and Digital & Applied Imaging. In Digital & Applied Imaging, losses were higher in the 1997 second quarter compared with a year ago and the rate of sales growth slowed during the period. Increased expenses on a year-over-year basis reflecting the costs of integrating acquisitions, the largest of which was the Company's purchase of Wang Laboratories' software unit, also contributed to decreased earnings primarily in the Company's Business Imaging Systems business unit. In that unit, sales declined 3% on a year-over-year basis with level volume offset by negative exchange. Kodak Professional continues its long-term strategy to improve its cost structure while leveraging its strong product portfolio, including computer-to-plate technology, improved color reversal films and digital proofing systems. Strategic alliances, such as the one recently announced with Heidelberg, should also improve performance over the long haul. Health Imaging worldwide revenues were down 7% on modest volume growth, unfavorable foreign exchange and continuing price pressures in the medical X-ray line of products. Price pressures and unfavorable foreign exchange caused a year-over-year earnings decline. Entertainment Imaging continues its excellent performance, with strong top line growth and record quarterly earnings.

For the second quarter of 1997, earnings from equity interests and other revenues decreased \$48 million primarily due to a reduction in interest income attributable to lower average cash balances. Other costs decreased \$28 million due primarily to lower reportable foreign exchange costs. The increase in the effective tax rate from 33% in the second quarter of 1996 to 34% in the second quarter of 1997 was primarily due to the effect, on the 1996 rate, of the expected increased utilization of certain foreign tax loss carryforwards.

Year to date

For the first half of 1997, sales decreased 7% compared with the first half of 1996, due to the sale of the Office Imaging business on December 31, 1996. With Office Imaging sales excluded from both years, sales were up 2% on a year-over-year basis, or up 5% excluding the effects of the stronger dollar.

Sales in the Consumer Imaging segment increased 4%, as higher unit volumes were partially offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes. Excluding the impact of the stronger dollar, sales would have increased 7%. Sales inside the U.S. increased 10%, or \$150 million, of which \$73 million are a result of the Company's acquisition of Fox Photo, Inc. in October, 1996. Sales outside the U.S. were level, as higher unit volumes were offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes.

Worldwide film sales increased 2%, as an 11% volume increase was largely offset by lower prices and unfavorable foreign exchange. U.S. film sales increased 6%, with 10% volume growth partially offset by lower prices. Outside the U.S., film sales decreased 1%, with a 12% volume growth more than offset by lower prices and unfavorable foreign exchange.

Worldwide color paper sales decreased 3%, as 9% volume gains were more than offset by negative price and unfavorable exchange. U.S. sales decreased 16%, driven by lower prices and a 7% decline in volumes caused by recent consolidation of the U.S. photofinishing industry. Paper sales outside the U.S. increased 4%, driven by an 18% volume increase partially offset by lower price and unfavorable foreign exchange. Sales increases reflect the impact of continuing growth in emerging markets.

Sales in the Commercial Imaging segment decreased 16%, largely due to the sale of the Office Imaging business. Excluding the sales of Office Imaging from both years, sales decreased 1% (or increased 2% excluding the effects of the stronger dollar), as higher unit volumes were more than offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes.

Earnings from operations for the Company decreased 27%, as the benefits of reduced selling, general and administrative expenses, higher unit volumes and manufacturing productivity were more than offset by lower effective selling prices, the R&D charge associated with the purchase of Wang Laboratories' software unit in the first quarter 1997, the unfavorable effects of foreign currency rate changes and write-offs of first generation Advantix camera tooling and parts. Excluding the R&D charge associated with the purchase of Wang Laboratories' software unit, earnings from operations decreased 9%. Losses on the Company's digital products portfolio, which are in both the Commercial and Consumer segments, were in excess of \$100 million for the first six months and larger than the comparable 1996 period.

Earnings from operations in the Consumer Imaging segment decreased 15%, as the benefits of higher unit volumes were more than offset by lower effective selling prices, the unfavorable effects of foreign currency rate changes and increased year-over-year losses from the Company's Advantix business.

Earnings from operations in the Commercial Imaging segment decreased 44%, as the benefits of reduced selling, general and administrative expenses were more than offset by the R&D charge associated with the purchase of Wang Laboratories' software unit in the first quarter 1997, lower effective selling prices, lower unit volumes and the unfavorable effects of foreign currency rate changes. Excluding the R&D charge associated with the purchase of Wang Laboratories' software unit, earnings from operations decreased 2%. Improvements in Entertainment Imaging and Kodak Professional were insufficient to offset reduced earnings in Business Imaging, Health Imaging and Digital & Applied Imaging.

For the first half of 1997, earnings from equity interests and other revenues decreased \$37 million primarily due to a reduction in interest income attributable to lower average cash balances. Other costs decreased \$27 million due primarily to lower reportable foreign exchange costs.

With the Company facing continuing pressure from the effect of the stronger dollar compared with 1996, encountering price pressures, making investments to support the Advantix system and experiencing widening losses in digital products, it is unlikely full year 1997 earnings per share will exceed \$4.50 (the 1996 earnings per share, adjusted to exclude: \$358 million (\$256 million after tax) of restructuring costs, a \$387 million loss (\$252 million after tax) related to the sale of the Office Imaging business, and a gain on the sale of discontinued operations of \$277 million).

LIQUIDITY AND CAPITAL RESOURCES

Available cash reserves and cash from operations have been and will be used to complete the \$2 billion stock repurchase program.

Net cash provided by operating activities for the first half of 1997 was \$93 million, as net earnings of \$517 million, which included non-cash expenses for depreciation and amortization of \$390 million and a \$186 million R&D charge associated with the purchase of Wang Laboratories' software unit, were offset by decreases in liabilities (excluding borrowings) of \$366 million, a \$197 million increase in receivables and a \$193 million increase in inventories. Net cash used in investing activities of \$995 million for the first half of 1997 was due primarily to additions to properties of \$678 million and acquisitions, net of cash acquired, of \$316 million. Net cash used in financing activities of \$483 million for the first half of 1997 was primarily due to \$659 million of stock repurchases and \$280 million of dividend payments.

During the second quarter of 1997, a cash dividend of \$144 million (44 cents per share) was declared on the Company's common stock, versus \$135 million (40 cents per share) a year ago. Total cash dividends declared for the year-to-date periods of 1997 and 1996 amounted to \$291 million (88 cents per share) and \$272 million (80 cents per share), respectively.

Cash, cash equivalents and marketable securities were \$400 million at the end of the second quarter, compared with \$1,796 million at year-end 1996. Net working capital at the end of the quarter was \$906 million, compared with \$1,548 million at year-end 1996. Both decreases are primarily attributable to the stock repurchase program and the acquisition of Wang Laboratories' software unit.

Capital additions for the second quarter of 1997 were \$369 million compared with \$282 million for the second quarter of 1996. For the first half of 1997, capital additions were \$678 million versus \$532 million a year ago.

OTHER

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share." This standard replaces primary earnings per share with basic earnings per share and requires presentation of diluted EPS as well as a reconciliation of basic earnings per share to diluted earnings per share. The Company plans to adopt SFAS No. 128 in the fourth quarter of 1997 and at that time all historical earnings per share data presented will be restated to conform to the provisions of SFAS No. 128. The Company does not expect this statement to have a material impact on its earnings per share.

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 Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by such words and phrases as "expects" and "is unlikely." The sentence in this report that reads, in part, "... it is unlikely full year 1997 earnings per share will exceed \$4.50 ..." is a forward-looking statement.

Actual results may differ from those expressed or implied in forward-looking statements. With respect to any forward-looking statements contained in this report, the Company believes that it is subject to a number of risk factors, including: the Company's ability to implement its product strategies (including strategies for digital products and Advantix products) and to develop its business in emerging markets; competitive actions; the nature and pace of technological development; fluctuations in foreign currency; and general economic and business conditions.

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

In April 1987, the Company was sued in federal district court in San Francisco by a number of independent service organizations who alleged violations of Sections 1 and 2 of the Sherman Act and of various state statutes in the sale by the Company of repair parts for its copier and micrographics equipment (Image Technical Service, Inc. (ITS), et al v. Eastman Kodak Company). The complaint sought unspecified compensatory and punitive damages. Trial began on June 19, 1995 and concluded on September 18, 1995 with a jury verdict for plaintiffs of \$23,948,300 (\$71,844,900 after trebling). The Company's appeal of the jury's verdict was argued in the 9th Circuit Court of Appeals on September 19, 1996, and a decision is awaited. The Company intends to continue to vigorously defend the ITS case.

Three cases that raise essentially the same antitrust issues as ITS are pending (Nationwide, et al v. Eastman Kodak Company, filed March 10, 1995, A-1 Copy Center, et al v. Eastman Kodak Company, filed December 13, 1993, and Broward Microfilm, Inc. v. Eastman Kodak Company, filed February 27, 1996). The Nationwide and A-1 cases are pending in federal district court in San Francisco, while Broward Microfilm is pending in federal district court in Miami. A-1 is a consolidated class action, while Broward Microfilm purports to be a national class action. The complaints in all three cases seek unspecified compensatory and punitive damages. As is the case in ITS, the Company is defending these matters vigorously.

The Company has been 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 approximately twenty Superfund sites. With respect to each of these sites, the Company's actual or potential allocated share of responsibility is small. Furthermore, numerous other PRPs have similarly been designated at these sites and, although the law imposes joint and several liability on PRPs, as a practical matter, 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 not expected to be material to the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

The 1997 Annual Meeting of Shareholders of Eastman Kodak Company was held on May 14.

A total of 266,154,146 of the Company's shares were present or represented by proxy at the meeting. This represented more than 79% of the Company's shares outstanding.

The individuals named below were elected to three-year terms as Class I Directors:

| Name | Votes Received | Votes Withheld |
|----------------------|----------------|----------------|
| Martha Layne Collins | 262,590,329 | 3,563,817 |
| George M. C. Fisher | 262,596,596 | 3,557,550 |
| Paul E. Gray | 262,622,868 | 3,531,278 |
| John J. Phelan, Jr. | 262,593,237 | 3,560,909 |

The individuals named below were elected to a one-year term as Class II Directors:

| Name | Votes Received | Votes Withheld |
|----------------------|----------------|----------------|
| Harry L. Kavetas | 262,616,367 | 3,537,779 |
| Laura D'Andrea Tyson | 262,203,077 | 3,951,069 |

Alice F. Emerson, Roberto C. Goizueta, Richard S. Braddock, Karlheinz Kaske and Richard A. Zimmerman all continue as Directors of the Company.

The election of Price Waterhouse LLP as independent accountants was ratified, with 264,745,936 shares voting for, 662,626 shares voting against, and 745,584 shares abstaining.

The shareholder proposal concerning the annual election of directors was approved, with 111,342,915 shares voting for, 110,009,242 shares voting against, 5,215,434 shares abstaining, and 39,586,555 non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits and financial statement schedules required as part of this report are listed in the index appearing on page 16.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or required to be filed for the quarter ended June 30, 1997.

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 August 13, 1997

David J. FitzPatrick
Controller and Vice President

Eastman Kodak Company and Subsidiary Companies
Index to Exhibits and Financial Statement Schedules

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| (10) C. Eastman Kodak Company Deferred Compensation Plan for Directors, as amended and restated effective July 10, 1997. | 17 |
| (11) Computation of Earnings Per Common Share. | 31 |
| (27) Financial Data Schedule - Submitted with the EDGAR filing as a second document to this Form 10-Q. | |

EASTMAN KODAK COMPANY

DEFERRED COMPENSATION PLAN FOR DIRECTORS

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Amended and Restated
Effective July 10, 1997

Eastman Kodak Company
Deferred Compensation Plan For Directors

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Eastman Kodak Company
Deferred Compensation Plan For Directors

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EASTMAN KODAK COMPANY

DEFERRED COMPENSATION PLAN FOR DIRECTORS

Preamble

The name of this Plan is the Eastman Kodak Company Deferred Compensation Plan for Directors. Its purpose is to provide certain members of the Board of Directors of Eastman Kodak Company with an opportunity to defer compensation earned as a Director.

Article 1 Definitions

1.1 Account

"Account" means the Deferred Compensation Account or the Stock Account.

1.2 Administrator

"Administrator" means the Controller of Kodak.

1.3 Beneficiary

"Beneficiary" means the person or persons (including, but not limited to, a trust) designated as such in accordance with Section 8.5(C).

1.4 Board

"Board" means Board of Directors of Kodak.

1.5 Cash Deferrable Amount

"Cash Deferrable Amount" means that portion of the Deferrable Amount that would otherwise be paid to a Participant in cash.

1.6 Change in Control

"Change in Control" means a change in control of Kodak of a nature that would be required to be reported (assuming such event has not been "previously reported") in response to Item 1(a) of the Current Report of Form 8-K, as in effect on August 1, 1989, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, a Change in Control shall be deemed to have occurred at such time as (i) any "person" within the meaning of Section 14(d) of the Exchange Act is or has become the "beneficial owner" as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of 25% or more of the combined voting power of the outstanding securities of Kodak ordinarily having the right to vote at the election of directors ("Voting Securities"), or (ii) individuals who constitute the Board of Directors of Kodak on March 1, 1990 (the "Incumbent Board") have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to March 1, 1990 whose election, or nomination for election by Kodak's stockholders, was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board (either

by a specific vote or by approval of the proxy statement of Kodak in which such person is named as a nominee for director without objection to such nomination) shall be, for purposes of this clause (ii), considered as though such person were a member of the Incumbent Board.

1.7 Common Stock

"Common Stock" means the common stock of Kodak.

1.8 Deferrable Amount

"Deferrable Amount" means the amount of compensation (whether payable in cash or Common Stock) otherwise payable to a Participant (exclusive of expense reimbursements) for serving on the Board and attending meetings or committee meetings thereof.

1.9 Deferred Compensation Account

"Deferred Compensation Account" means the account established by Kodak for each Participant for compensation deferred pursuant to this Plan. The maintenance of individual Deferred Compensation Accounts is for bookkeeping purposes only.

1.10 Enrollment Period

"Enrollment Period" means the period designated by the Administrator each year; provided however, that the Enrollment Period for a given calendar year shall always commence and end in the year immediately prior to such calendar year.

1.11 Interest Rate

"Interest Rate" means the base rate, as reported in the "Money Rates" section of The Wall Street Journal, on corporate loans posted by at least 75% of the nation's 30 largest banks (known as the "Prime Rate").

1.12 Kodak

"Kodak" means Eastman Kodak Company.

1.13 Market Value

"Market Value" means the mean between the high and low at which the Common Stock trades as quoted in the New York Stock Exchange Composite Transactions as published in The Wall Street Journal on the day for which the determination is to be made or, if such day is not a trading day, the immediately preceding trading day.

1.14 Plan

"Plan" means the Eastman Kodak Company Deferred Compensation Plan For Directors as adopted by the Board and amended.

1.15 Participant

"Participant" means (i) any member of the Board who is not an employee of Kodak; or (ii) any former member of the Board who has a balance in an Account under the Plan.

1.16 Stock Account

"Stock Account" means the account established by Kodak for each Participant, the performance of which shall be measured by reference to the Market Value of Common Stock. The maintenance of individual Stock Accounts is for bookkeeping purposes only.

1.17 Stock Deferrable Amount

"Stock Deferrable Amount" means that portion of the Deferrable Amount that would otherwise be payable to a Participant in Common Stock.

1.18 Valuation Date

"Valuation Date" means, with regards to a Participant's Deferred Compensation Account, the last day of each calendar month and, with regards to the Participant's Stock Account, the last business day of each calendar month.

Article 2 Term

The Plan became effective January 1, 1979.

Article 3 Participation

Only Participants shall be eligible to participate in the Plan.

Article 4 Deferral of Compensation

For any given calendar year, a Participant may make a deferral election, in accordance with the requirements of Article 5 below, to defer receipt of all or any portion of his or her Deferrable Amount to be earned during such year into his or her Accounts. Any Deferrable Amount which is so deferred shall be credited to the Participant's Accounts in accordance with Article 6 below.

Article 5 Deferral Elections

5.1 In General

A Participant may make a deferral election to defer compensation by executing and returning to the Administrator in accordance with this Article 5 a deferred compensation form provided by Kodak.

5.2 Timing

A Participant who wishes to make a deferral election must irrevocably elect to do during an Enrollment Period. Such election shall be effective for the calendar year immediately following the Enrollment Period during which such election was made and for all succeeding calendar years, unless the Participant revokes his or her election or files a new election during the Enrollment Period for such a succeeding calendar year. In which case, such revocation or election, as the case may be, shall be effective on the first day of such succeeding calendar year.

5.3 Irrevocability

Deferral elections made under this Plan with respect to any calendar year will be final and, after the close of the Enrollment Period for such calendar year, may not be revoked or amended in any manner until the Enrollment Period for a succeeding calendar. In which case, such revocation or amendment, as the case may be, shall be effective on the first day of such succeeding calendar year.

5.4 Elections

A deferred compensation form filed by a Participant during an Enrollment Period shall indicate: (1) the amount of the Cash Deferrable Amount to be deferred; (2) the amount of the Stock Deferrable Amount to be deferred; and (3) the allocation in whole percentages of the deferred Cash Deferrable Amount between the Deferred Compensation Account and the Stock Account. Stock Deferrable Amounts may only be deferred by a Participant into his or her Stock Account; they may not be deferred into the Participant's Deferred Compensation Account.

Article 6 Hypothetical Investments

6.1 Deferred Compensation Account

Amounts in a Participant's Deferred Compensation Account are hypothetically invested in an interest bearing account which bears interest computed at the Interest Rate, compounded monthly.

6.2 Stock Account

Amounts in a Participant's Stock Account are hypothetically invested in units of Common Stock. Amounts transferred to a Stock Account are recorded as units of Common Stock, and fractions thereof, with one unit equating to a single share of Common Stock. Thus, the value of one unit shall be the Market Value of a single share of Common Stock. The use of units is merely a bookkeeping convenience; the units are not actual shares of Common Stock. Kodak will not reserve or otherwise set aside any Common Stock for or to any Stock Account.

6.3 Time Accounts are Credited

Amounts to be deferred shall be credited to the Participant's Accounts on the date such amounts would otherwise be payable.

6.4 Stock Account Crediting

- A. If a Participant makes an election to defer into his or her Stock Account pursuant to Section 5.4 above, the Stock Account of the Participant shall, for so long as the election remains in effect, be credited with that number of units of Common Stock, and fractions thereof, determined in accordance with Section 6.4(B) immediately below as of each applicable date specified in Section 6.3 above.
- B. In accordance with Section 6.4(A) above, the Stock Account of a Participant shall be credited as follows:
 - i. Cash Deferrable Amounts. In the case of elections to defer Cash Deferrable Amounts, with that number of units of Common Stock, and fractions thereof, equal to the number of full and fractional shares of Common Stock, that could be purchased with the dollar amount that would otherwise be paid to the Participant but for his or her election to defer into the Stock Account using the Market Value of the Common Stock as of the applicable date specified in Section 6.3 above.
 - ii. Stock Deferrable Amounts. In the case of elections to defer Stock Deferrable Amounts, with that number of units of Common Stock equal to the number of shares of Common Stock that would otherwise be paid to the Participant but for his or her election to defer into the Stock Account.

Article 7 Investment Elections

7.1 Elections

- A. In General. Subject to Section 7.1(B) below, a Participant may make an investment election to direct that all or any portion, designated as a whole percentage, of the existing balance of one of his or her Accounts be transferred to his or her other Account, effective as of the close of business on the last day of any calendar month (hereinafter the election's "Effective Date"), by filing a written election with the Administrator on or prior to such date.
- B. Deferred Stock Deferrable Amounts. A Participant may not transfer to his or her Deferred Compensation Account any Stock Deferrable Amounts that he or she has elected to defer under the Plan. All units of Common Stock credited as a result of such amounts pursuant to Sections 7.4 or 7.5 below may, however, be transferred by the Participant to his or her Deferred Compensation Account pursuant to Section 7.3.

7.2 Election into the Stock Account

If a Participant makes an investment election pursuant to Section 7.1 to transfer an amount from his or her Deferred Compensation Account to his or her Stock Account, effective as of the election's Effective Date, (i) his or her Stock Account shall be credited with that number of units of Common Stock, and

fractions thereof, obtained by dividing the dollar amount elected to be transferred by the Market Value of the Common Stock on the Valuation Date immediately preceding or coincident with the election's Effective Date; and (ii) his or her Deferred Compensation Account shall be reduced by the amount elected to be transferred.

7.3 Election out of the Stock Account

If a Participant makes an investment election pursuant to Section 7.1 to transfer an amount from his or her Stock Account to his or her Deferred Compensation Account, effective as of the election's Effective Date, (i) his or her Deferred Compensation Account shall be credited with a dollar amount equal to the amount obtained by multiplying the number of units to be transferred by the Market Value of the Common Stock on the Valuation Date immediately preceding or coincident with the election's Effective Date; and (ii) his or her Stock Account shall be reduced by the number of units elected to be transferred.

7.4 Dividend Equivalents

Effective as of the payment date for each cash dividend on the Common Stock, additional units of Common Stock shall be credited to the Stock Account of each Participant who has a balance in his or her Stock Account on the record date for such dividend. The number of units that shall be credited to the Stock Account of such a Participant shall be computed by multiplying the dollar value of the dividend paid upon a single share of Common Stock by the number of units of Common Stock held in the Participant's Stock Account on the record date for such dividend and dividing the product thereof by the Market Value of the Common Stock on the payment date for such dividend.

7.5 Stock Dividends

Effective as of the payment date for each stock dividend (as defined in Section 305 of the Internal Revenue Code of 1986) on the Common Stock, additional units of Common Stock shall be credited to the Stock Account of each Participant who has a balance in his or her Stock Account on the record date for such dividend. The number of units that shall be credited to the Stock Account of such a Participant shall equal the number of shares of Common Stock which the Participant would have received as stock dividends had he or she been the owner on the record date for such stock dividend of the number of shares of Common Stock equal to the number of units credited to his or her Stock Account on such record date. To the extent the Participant would have also received cash, in lieu of fractional shares of Common Stock, had he or she been the record owner of such shares for such stock dividend, then his or her Stock Account shall also be credited with that number of units, or fractions thereof, equal to such cash amount divided by the Market Value of the Common Stock on the payment date for such dividend.

7.6 Recapitalization

If Kodak undergoes a reorganization as defined in Section 368 (a) of the Internal Revenue Code of 1986, the Administrator may, in his or her sole and absolute discretion, take whatever action he or she deems necessary, advisable

or appropriate with respect to the Stock Accounts in order to reflect such transaction, including, but not limited to, adjusting the number of units credited to a Participant's Stock Account.

7.7 Distributions

Amounts in respect of units of Common Stock shall be distributed in cash in accordance with Articles 8 and 11. For purposes of a distribution pursuant to Articles 8 or 11, the number of units to be distributed from a Participant's Stock Account shall be valued by multiplying the number of such units by the Market Value of the Common Stock as of the Valuation Date immediately preceding the date such distribution is to occur. Pending the complete distribution under Section 8.2 of the Stock Account of a Participant who is no longer a member of the Board, the Participant shall continue to be able to make elections pursuant to Sections 7.2 and 7.3 and his or her Stock Account shall continue to be credited with additional units of Common Stock pursuant to Sections 7.4, 7.5, and 7.6.

Article 8 Payment of Deferred Compensation

8.1 Background

No withdrawal may be made from a Participant's Accounts except as provided in this Article 8 and Article 11.

8.2 Manner of Payment

Payment of a Participant's Accounts shall be made at the sole discretion of the Administrator in a single sum or in annual installments; provided, however, that payment in the event of death shall be made in accordance with Section 8.5 below. The maximum number of annual installments is ten. All payments from the Plan shall be made in cash.

8.3 Timing

Payments shall be made as soon as administratively possible following the fifth business day in March and shall commence in any year designated by the Administrator up through the tenth year following the year in which the Participant for any reason ceases to be a member of the Board. Notwithstanding the immediately preceding sentence, payment in the event of death shall be made in accordance with Section 8.5.

8.4 Valuation

The amount of each payment shall be equal to the value, as of the immediately preceding Valuation Date, of the Participant's Accounts, divided by the number of installments remaining to be paid. If payment of a Participant's Accounts is determined by the Administrator to be paid in installments and the Participant has a balance in his or her Stock Account at the time of the payment of an installment, the amount that shall be distributed from his or her Stock Account shall be the amount obtained by multiplying the total amount of the installment determined in accordance with the immediately preceding

sentence by the percentage obtained by dividing the balance in the Stock Account as of the immediately preceding Valuation Date by the total value of the Participant's Accounts as of such Valuation Date. Similarly, in such case, the amount that shall be distributed from the Participant's Deferred Compensation Account shall be the amount obtained by multiplying the total amount of the installment determined in accordance with the first sentence of this Section 8.4 by the percentage obtained by dividing the balance in the Deferred Compensation Account as of the immediately preceding Valuation Date by the total value of the Participant's Accounts as of such Valuation Date.

8.5 Payment of Deferred Compensation After Death

If a Participant dies prior to complete payment of his or her Accounts, the provisions of this Section 8.5 shall become operative.

- A. Stock Account. Effective as of the date of a Participant's death, the entire balance of his or her Stock Account shall, notwithstanding Section 7.1(B) to the contrary, be transferred to his or her Deferred Compensation Account. For purposes of valuing the units of Common Stock subject to such a transfer, the deceased Participant's Deferred Compensation Account shall be credited with a dollar amount equal to the amount obtained by multiplying the number of units in the deceased Participant's Stock Account at the time of his or her death by the Market Value of the Common Stock on the date of his or her death. Thereafter, no amounts in the deceased Participant's Deferred Compensation Account shall be eligible for transfer to the deceased Participant's Stock Account by any person, including, but not by way of limitation, the deceased Participant's beneficiary or legal representative.
- B. Distribution. The balance of the Participant's Accounts, valued as of the Valuation Date immediately preceding the date payment is made, shall be paid in a single, lump-sum payment to: (1) the beneficiary or contingent beneficiary designated by the Participant in accordance with Section 8.5(C); or, in the absence of a valid designation of a beneficiary or contingent beneficiary, (2) the Participant's estate within 30 days after appointment of a legal representative of the deceased Participant.
- C. Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both primary and contingent) to whom payment under this Plan shall be paid in the event of his or her death prior to complete distribution to the Participant of the benefits due him or her under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Administrator during the Participant's lifetime on a form provided by the Administrator. The filing of a new Beneficiary designation form with the Administrator will cancel all Beneficiary designation(s) previously filed.

Article 9 Administration

9.1 Responsibility

The Administrator shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

9.2 Authority of the Administrator

The Administrator shall have all the authority that may be necessary or helpful to enable him or her to discharge his or her responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Administrator shall have the exclusive right: to interpret the Plan, to decide all questions concerning the amount of benefits payable under the Plan, to construe any ambiguous provision of the Plan, to correct any default, to supply any omission, to reconcile any inconsistency, and to decide any and all questions arising in the administration, interpretation, and application of the Plan.

9.3 Discretionary Authority

The Administrator shall have full discretionary authority in all matters related to the discharge of his or her responsibilities and the exercise of his or her authority under the Plan including, without limitation, the construction of the terms of the Plan and the determination of benefits under the Plan. It is the intent of the Plan that the decisions of the Administrator and his or her actions with respect to the Plan shall be final and binding upon all persons having or claiming to have any right or interest in or under the Plan and that no such decision or action shall be modified upon judicial review unless such decision or action is proven to be arbitrary or capricious.

9.4 Delegation of Authority

The Administrator may delegate some or all of his or her authority under the Plan to any person or persons provided that any such delegation be in writing.

Article 10 Miscellaneous

10.1 Participant's Rights Unsecured

The amounts payable under the Plan shall be unfunded, and the right of any Participant or his or her estate to receive any payment under the Plan shall be an unsecured claim against the general assets of Kodak. No Participant shall have the right to exercise any of the rights or privileges of a shareholder with respect to the units credited to his or her Stock Account.

10.2 Non-Assignability

The right of a Participant to the payment of deferred compensation as provided in this Plan shall not be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution), assignment, pledge, or encumbrance.

10.3 Statement of Account

Statements will be sent no less frequently than annually to each Participant or his or her beneficiary or estate showing the value of the Participant's Accounts.

10.4 Amendment

The Plan may at any time or from time to time be amended, modified, suspended or terminated by resolution of the Board. However, no amendment, modification, or termination shall, without the consent of a Participant, adversely affect such Participant's accruals in his or her Accounts.

10.5 Governing Law

The Plan shall be construed, governed and enforced in accordance with the law of New York State, except as such laws are preempted by applicable federal law.

10.6 No Guarantee of Tax Consequences

No person connected with the Plan in any capacity, including, but not limited to, Kodak 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 deferred under the Plan, or paid to or for the benefit of a Participant or Beneficiary under the Plan, or that such tax treatment will apply to or be available to a Participant or Beneficiary on account of participation in the Plan.

10.7 Compliance with Securities Laws

The Board may, from time to time, impose additional, or modify or eliminate existing, Plan terms, provisions, restrictions or requirements, including, but not by way of limitation, the provisions regarding a Participant's ability to elect into and out of his or her Stock Account under Sections 7.2 and 7.3 or the requirement of an automatic transfer pursuant to Section 8.5(A), as it deems necessary, advisable or appropriate in order to comply with applicable federal or state securities laws.

Article 11 Change in Control

11.1 Background

Upon a Change In Control: (i) the terms of this Section 11 shall immediately become operative, without further action or consent by any person or entity, (ii) all terms, conditions, restrictions, and limitations in effect on any deferred compensation shall immediately lapse as of the date of such event; and (iii) no other terms, conditions, restrictions, and/or limitations shall be imposed upon any deferred compensation on or after such date, and in no circumstance shall any Account be forfeited on or after such date.

11.2 Payment of Deferred Compensation

Upon a Change in Control, each Participant, whether or not he or she is still a member of the Board, shall be paid in a single, lump-sum cash payment the balance of his or her Accounts as of the Valuation Date immediately preceding the date payment is made. Such payment shall be made as soon as practicable, but in no event later than 90 days after the date of the Change in Control.

11.3 Amendment On or After Change In Control

Upon a Change in Control, no action, including, but not by way of limitation, the amendment, modification, suspension or termination of the Plan, shall be taken which would affect the rights of any Participant or the operation of this Plan with respect to the balance in the Participant's Accounts.

Eastman Kodak Company and Subsidiary Companies
 Exhibit (11)
 Computation of Earnings Per Common Share

(in millions, except per share amounts)

| | Second Quarter 1997 | Quarter 1996 | First Half-Year 1997 | Half-Year 1996 |
|--|------------------------|-----------------|-------------------------|-------------------|
| Earnings before income taxes | \$ 558 | \$ 660 | \$ 783 | \$1,081 |
| Provision for income taxes | 190 | 220 | 266 | 367 |
| | ----- | ----- | ----- | ----- |
| Net earnings | \$ 368 | \$ 440 | \$ 517 | \$ 714 |
| | ===== | ===== | ===== | ===== |
| Average number of common shares outstanding | 327.4 | 338.2 | 329.9 | 340.8 |
| | ----- | ----- | ----- | ----- |
| Earnings per share | \$ 1.12 | \$ 1.30 | \$ 1.57 | \$ 2.09 |
| | ===== | ===== | ===== | ===== |

This schedule contains summary financial information extracted from the second quarter 1997 form 10-Q of Eastman Kodak Company, and is qualified in its entirety by reference to such financial statements.

0000031235
 EASTMAN KODAK COMPANY
 1,000,000
 U.S. DOLLARS

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| | JAN-01-1997 | |
| | JUN-30-1997 | |
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| | 29 | |
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| | 92 | |
| | 1730 | |
| | 5938 | 12814 |
| | 7194 | |
| | 13818 | |
| | 5032 | 610 |
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