

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

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

For the quarterly period ended March 31, 2011
or

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

For the transition period from ____ to ____

Commission File Number 1-87

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

NEW JERSEY
(State of incorporation)

16-0417150
(IRS Employer Identification No.)

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

14650
(Zip Code)

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

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

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

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

Yes ☐ No ☒

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

Title of each Class	Number of shares Outstanding at April 21, 2011
Common Stock, \$2.50 par value	269,038,172

Eastman Kodak Company
Form 10-Q
March 31, 2011

Table of Contents

	Page
<u>Part I. - Financial Information</u>	
<u>Item 1.</u>	<u>Financial Statements</u>
	3
	<u>Consolidated Statement of Operations (Unaudited)</u>
	3
	<u>Consolidated Statement of Retained Earnings (Unaudited)</u>
	4
	<u>Consolidated Statement of Financial Position (Unaudited)</u>
	5
	<u>Consolidated Statement of Cash Flows (Unaudited)</u>
	6
	<u>Notes to Financial Statements (Unaudited)</u>
	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	26
	<u>Liquidity and Capital Resources</u>
	35
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	40
<u>Item 4.</u>	<u>Controls and Procedures</u>
	41
<u>Part II. - Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>
	41
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	43
<u>Item 6.</u>	<u>Exhibits</u>
	43
	<u>Signatures</u>
	44
	<u>Index to Exhibits</u>
	45

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

EASTMAN KODAK COMPANY

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

(in millions, except per share data)

	Three Months Ended March 31,	
	2011	2010
Net sales		
Products	\$ 1,115	\$ 1,154
Services	192	197
Licensing & royalties	15	563
Total net sales	<u>\$ 1,322</u>	<u>\$ 1,914</u>
Cost of sales		
Products	\$ 1,043	\$ 973
Services	154	148
Total cost of sales	<u>\$ 1,197</u>	<u>\$ 1,121</u>
Gross profit	\$ 125	\$ 793
Selling, general and administrative expenses	311	309
Research and development costs	78	78
Restructuring costs, rationalization and other	33	13
Other operating (income) expenses, net	(70)	4
(Loss) earnings from continuing operations before interest expense, other income (charges), net and income taxes	(227)	389
Interest expense	38	38
Loss on early extinguishment of debt, net	-	102
Other income (charges), net	(8)	(4)
(Loss) earnings from continuing operations before income taxes	(273)	245
(Benefit) provision for income taxes	(24)	126
(Loss) earnings from continuing operations	(249)	119
Earnings from discontinued operations, net of income taxes	3	-
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	<u>\$ (246)</u>	<u>\$ 119</u>
Basic net (loss) earnings per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ (0.92)	\$ 0.44
Discontinued operations	0.01	-
Total	<u>\$ (0.91)</u>	<u>\$ 0.44</u>
Diluted net (loss) earnings per share attributable to Eastman Kodak Company common shareholders:		
Continuing operations	\$ (0.92)	\$ 0.40
Discontinued operations	0.01	-
Total	<u>\$ (0.91)</u>	<u>\$ 0.40</u>
Number of common shares used in basic net (loss) earnings per share	268.9	268.3
Number of common shares used in diluted net (loss) earnings per share	268.9	326.2

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

(in millions)	Three Months Ended March 31,	
	2011	2010
Retained earnings at beginning of period	\$ 4,969	\$ 5,676
Net (loss) earnings	(246)	119
Loss from issuance of treasury stock	(7)	(7)
Retained earnings at end of period	<u>\$ 4,716</u>	<u>\$ 5,788</u>

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

(in millions)	March 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,300	\$ 1,624
Receivables, net	1,066	1,196
Inventories, net	815	746
Deferred income taxes	126	120
Other current assets	88	100
Total current assets	3,395	3,786
Property, plant and equipment, net of accumulated depreciation of \$5,062 and \$4,985, respectively	1,026	1,037
Goodwill	292	294
Other long-term assets	1,169	1,109
TOTAL ASSETS	\$ 5,882	\$ 6,226
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable, trade	\$ 678	\$ 959
Short-term borrowings and current portion of long-term debt	50	50
Accrued income and other taxes	314	343
Other current liabilities	1,399	1,468
Total current liabilities	2,441	2,820
Long-term debt, net of current portion	1,396	1,195
Pension and other postretirement liabilities	2,677	2,661
Other long-term liabilities	642	625
Total liabilities	7,156	7,301
Commitments and Contingencies (Note 6)		
Equity (Deficit)		
Common stock, \$2.50 par value	978	978
Additional paid in capital	1,110	1,105
Retained earnings	4,716	4,969
Accumulated other comprehensive loss	(2,092)	(2,135)
	4,712	4,917
Less: Treasury stock, at cost	(5,988)	(5,994)
Total Eastman Kodak Company shareholders' deficit	(1,276)	(1,077)
Noncontrolling interests	2	2
Total deficit	(1,274)	(1,075)
TOTAL LIABILITIES AND DEFICIT	\$ 5,882	\$ 6,226

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

EASTMAN KODAK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(in millions)	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net (loss) earnings	\$ (246)	\$ 119
Adjustments to reconcile to net cash used in operating activities:		
Earnings from discontinued operations, net of income taxes	(3)	-
Depreciation and amortization	75	101
(Gain) loss on sales of businesses/assets	(71)	4
Loss on early extinguishment of debt	-	102
Non-cash restructuring and rationalization costs, asset impairments and other charges	2	-
Provision for deferred income taxes	2	3
Decrease (increase) in receivables	177	(69)
Increase in inventories	(52)	(102)
Decrease in liabilities excluding borrowings	(383)	(582)
Other items, net	(16)	(47)
Total adjustments	(269)	(590)
Net cash used in continuing operations	(515)	(471)
Net cash used in discontinued operations	(10)	-
Net cash used in operating activities	(525)	(471)
Cash flows from investing activities:		
Additions to properties	(23)	(25)
Proceeds from sales of businesses/assets	72	3
Business acquisitions, net of cash acquired	(27)	-
Funding of restricted cash and investment accounts	(22)	-
Marketable securities - sales	20	8
Marketable securities - purchases	(20)	(24)
Net cash provided by (used in) investing activities	-	(38)
Cash flows from financing activities:		
Proceeds from borrowings	247	491
Repayment of borrowings	(50)	(492)
Debt issuance costs	(6)	(12)
Net cash provided by (used in) financing activities	191	(13)
Effect of exchange rate changes on cash	10	(2)
Net decrease in cash and cash equivalents	(324)	(524)
Cash and cash equivalents, beginning of period	1,624	2,024
Cash and cash equivalents, end of period	\$ 1,300	\$ 1,500

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

EASTMAN KODAK COMPANY
NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1: BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

BASIS OF PRESENTATION

The consolidated interim financial statements are unaudited, and certain information and footnote disclosures related thereto normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted in accordance with Rule 10-01 of Regulation S-X. In the opinion of management, the accompanying unaudited consolidated financial statements were prepared following the same policies and procedures used in the preparation of the audited financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the results of operations, financial position and cash flows of Eastman Kodak Company and its subsidiaries (the Company). The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. These consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Certain amounts for prior periods have been reclassified to conform to the current period classification.

CHANGE IN ESTIMATE

In conjunction with the Company's goodwill impairment analysis in the fourth quarter of 2010, the Company reviewed its estimates of the remaining useful lives of its Film, Photofinishing and Entertainment Group segment's long-lived assets. This analysis indicated that overall these assets will continue to be used in these businesses for a longer period than anticipated in 2008, the last time that depreciable lives were adjusted for these assets. As a result, the Company revised the useful lives of certain existing production machinery and equipment, and manufacturing-related buildings effective January 1, 2011. These assets, many of which were previously set to fully depreciate by 2012 to 2013, were changed to depreciate with estimated useful lives ending from 2014 to 2017. This change in useful lives reflects the Company's current estimate of future periods to be benefited from the use of the property, plant, and equipment.

The effect of this change in estimate for the three months ended March 31, 2011 was a reduction in depreciation expense of \$9 million, \$3 million of which was recognized in Cost of sales as a benefit to earnings from continuing operations, and \$6 million of which was capitalized as a reduction of inventories at March 31, 2011. The net impact of this change was a decrease in fully diluted loss per share of \$.01.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts," which amends Accounting Standards Codification (ASC) Topic 350, "Intangibles – Goodwill and Other." ASU No. 2010-28 amends the ASC to require entities that have a reporting unit with a zero or negative carrying value to assess whether qualitative factors indicate that it is more likely than not that an impairment of goodwill exists, and if an entity concludes that it is more likely than not that an impairment exists, the entity must measure the goodwill impairment. The changes to the ASC as a result of this update were effective for annual and interim reporting periods beginning after December 15, 2010 (January 1, 2011 for the Company). The adoption of this guidance in the first quarter of 2011 did not impact the Company's Consolidated Financial Statements.

In October 2009, the FASB issued ASU No. 2009-13, "Multiple-Deliverable Revenue Arrangements," which amends ASC Topic 605, "Revenue Recognition." ASU No. 2009-13 amends the ASC to eliminate the residual method of allocation for multiple-deliverable

revenue arrangements, and requires that arrangement consideration be allocated at the inception of an arrangement to all deliverables using the relative selling price method. The ASU also establishes a selling price hierarchy for determining the selling price of a deliverable, which includes: (1) vendor-specific objective evidence if available, (2) third-party evidence if vendor-specific objective evidence is not available, and (3) estimated selling price if neither vendor-specific nor third-party evidence is available. Additionally, ASU No. 2009-13 expands the disclosure requirements related to a vendor's multiple-deliverable revenue arrangements. The changes to the ASC as a result of this update were effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 (January 1, 2011 for the Company). The adoption of this guidance in the first quarter of 2011 did not have a material impact on the Company's Consolidated Financial Statements.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements," which amends ASC Topic 985, "Software." ASU No. 2009-14 amends the ASC to change the accounting model for revenue arrangements that include both tangible products and software elements, such that tangible products containing both software and non-software components that function together to deliver the tangible product's essential functionality are no longer within the scope of software revenue guidance. The changes to the ASC as a result of this update were effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 (January 1, 2011 for the Company). The adoption of this guidance in the first quarter of 2011 did not have a material impact on the Company's Consolidated Financial Statements.

NOTE 2: RECEIVABLES, NET

(in millions)	As of	
	March 31, 2011	December 31, 2010
Trade receivables	\$ 939	\$ 1,074
Miscellaneous receivables	127	122
Total (net of allowances of \$74 and \$77 as of March 31, 2011 and December 31, 2010, respectively)	<u>\$ 1,066</u>	<u>\$ 1,196</u>

Of the total trade receivable amounts of \$939 million and \$1,074 million as of March 31, 2011 and December 31, 2010, respectively, approximately \$178 million and \$224 million, respectively, are expected to be settled through customer deductions in lieu of cash payments. Such deductions represent rebates owed to the customer and are included in Other current liabilities in the accompanying Consolidated Statement of Financial Position at each respective balance sheet date.

NOTE 3: INVENTORIES, NET

(in millions)	As of	
	March 31, 2011	December 31, 2010
Finished goods	\$ 508	\$ 471
Work in process	170	154
Raw materials	<u>137</u>	<u>121</u>
Total	<u>\$ 815</u>	<u>\$ 746</u>

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

Long-term debt and related maturities and interest rates were as follows at March 31, 2011 and December 31, 2010:

				As of	
				March 31, 2011	December 31, 2010
				Carrying Value	Carrying Value
Country	Type	Maturity	Weighted-Average Effective Interest Rate		
U.S.	Term note	2011-2013	6.16%	\$ 28	\$ 27
Germany	Term note	2011-2013	6.16%	110	109
U.S.	Term note	2013	7.25%	250	300
U.S.	Convertible	2017	12.75%	307	305
U.S.	Secured term note	2018	10.11%	491	491
U.S.	Term note	2018	9.95%	3	3
U.S.	Secured term note	2019	10.87%	247	-
U.S.	Term note	2021	9.20%	10	10
				1,446	1,245
Current portion of long-term debt				(50)	(50)
Long-term debt, net of current portion				\$ 1,396	\$ 1,195

Annual maturities (in millions) of long-term debt outstanding at March 31, 2011 were as follows:

	Carrying Value	Maturity Value
2011	\$ 50	\$ 50
2012	46	50
2013	292	300
2014	-	-
2015	-	-
2016 and thereafter	1,058	1,163
Total	\$ 1,446	\$ 1,563

Issuance of Senior Secured Notes due 2019

On March 15, 2011, the Company issued \$250 million of aggregate principal amount of 10.625% senior secured notes due March 15, 2019 (the "2019 Senior Secured Notes"). The Company will pay interest at an annual rate of 10.625% of the principal amount at issuance, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2011.

Upon issuance of the 2019 Senior Secured Notes, the Company received proceeds of approximately \$247 million (\$250 million aggregate principal less \$3 million stated discount). The proceeds were used to repurchase \$50 million of the 7.25% Senior Notes due 2013 with the remaining amount expected to be used for other general corporate purposes.

In connection with the issuance of the 2019 Senior Secured Notes, the Company and the subsidiary guarantors (as defined below) entered into an indenture, dated as of March 15, 2011, with Bank of New York Mellon as trustee and second lien collateral agent (the “Indenture”).

At any time prior to March 15, 2015, the Company will be entitled at its option to redeem some or all of the 2019 Senior Secured Notes at a redemption price of 100% of the principal plus accrued and unpaid interest and a “make-whole” premium (as defined in the Indenture). On and after March 15, 2015, the Company may redeem some or all of the 2019 Senior Secured Notes at certain redemption prices expressed as percentages of the principal plus accrued and unpaid interest. In addition, prior to March 15, 2014, the Company may redeem up to 35% of the 2019 Senior Secured Notes at a redemption price of 110.625% of the principal plus accrued and unpaid interest using proceeds from certain equity offerings, provided the redemption takes place within 120 days after the closing of the related equity offering and not less than 65% of the original aggregate principal remains outstanding immediately thereafter.

Upon the occurrence of a change of control, each holder of the 2019 Senior Secured Notes has the right to require the Company to repurchase some or all of such holder’s 2019 Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

The Indenture contains covenants limiting, among other things, the Company’s ability and the ability of the Company’s restricted subsidiaries (as defined in the Indenture) to (subject to certain exceptions and qualifications): incur additional debt or issue certain preferred stock; pay dividends or make distributions in respect of capital stock or make other restricted payments; make principal payments on, or purchase or redeem subordinated indebtedness prior to any scheduled principal payment or maturity; make certain investments; sell certain assets; create liens on assets; consolidate, merge, sell or otherwise dispose of all or substantially all of the Company’s and its subsidiaries’ assets; enter into certain transactions with affiliates; and designate the Company’s subsidiaries as unrestricted subsidiaries. The Company was in compliance with these covenants as of March 31, 2011.

The 2019 Senior Secured Notes are fully and unconditionally guaranteed (the “guarantees”) on a senior secured basis by each of the Company’s existing and future direct or indirect 100% owned domestic subsidiaries, subject to certain exceptions (the “Subsidiary Guarantors”). The 2019 Senior Secured Notes and guarantees are secured by second-priority liens, subject to permitted liens, on substantially all of the Company’s domestic assets and substantially all of the domestic assets of the Subsidiary Guarantors pursuant to a supplement, dated March 15, 2011, to the security agreement, dated March 5, 2010, entered into with Bank of New York Mellon as second lien collateral agent. The carrying value of the assets pledged as collateral at March 31, 2011 was approximately \$2 billion.

The 2019 Senior Secured Notes are the Company’s senior secured obligations and rank senior in right of payment to any future subordinated indebtedness; rank equally in right of payment with all of the Company’s existing and future senior indebtedness; are effectively senior in right of payment to the Company’s existing and future unsecured indebtedness, are effectively subordinated in right of payment to indebtedness under the Company’s Second Amended Credit Agreement (as defined below) to the extent of the collateral securing such indebtedness on a first-priority basis; and effectively are subordinated in right of payment to all existing and future indebtedness and other liabilities of the Company’s non-guarantor subsidiaries.

Certain events are considered events of default and may result in the acceleration of the maturity of the 2019 Senior Secured Notes, including, but not limited to (subject to applicable grace and cure periods): default in the payment of principal or interest when it becomes due and payable; failure to purchase Senior Secured Notes tendered when and as required; events of bankruptcy; and non-compliance with other provisions and covenants and the acceleration or default in the payment of principal of certain other forms of debt. If an event of default occurs, the aggregate principal amount and accrued and unpaid interest may become due and payable immediately.

Repurchase of Senior Notes due 2013

On March 15, 2011, the Company repurchased \$50 million aggregate principal amount of Senior Notes due 2013 (the “2013 Notes”) at par using proceeds from the issuance of the 2019 Senior Secured Notes. As of March 31, 2011, \$250 million of the 2013 Notes remain outstanding.

Amended Credit Agreement

As of March 31, 2011, the Company and its subsidiary, Kodak Canada, Inc. (together the “Borrowers”) had an Amended Credit Agreement (the “Amended Credit Agreement”) dated March 31, 2009 (amended September 17, 2009 and February 10, 2010), together with the Company’s U.S. subsidiaries as guarantors (the “Guarantors”) with the named lenders and Citicorp, USA, Inc., as agent. The maximum borrowing availability under the Amended Credit Agreement was \$410 million as of March 31, 2011.

Advances under the Amended Credit Agreement are available based on the Borrowers’ respective borrowing base from time to time. The borrowing base is calculated based on designated percentages of eligible accounts receivable, inventory, machinery and equipment and, once mortgages are recorded, certain real property, subject to applicable reserves. As of March 31, 2011, based on this borrowing base calculation and after deducting the face amount of letters of credit outstanding of \$99 million and \$90 million of collateral to secure other banking arrangements, the Company had \$182 million available to borrow under the Amended Credit Agreement. As of March 31, 2011, the Company had no debt for borrowed money outstanding under the Amended Credit Agreement.

In addition to letters of credit outstanding under the Amended Credit Agreement of \$99 million, there were bank guarantees and letters of credit of \$19 million and surety bonds of \$16 million outstanding under other banking arrangements primarily to ensure payment of possible casualty and workers’ compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs and trade activities.

Under the terms of the Amended Credit Agreement, the Company has agreed to certain affirmative and negative covenants customary in similar asset-based lending facilities. In the event the Company’s excess availability under the borrowing base formula under the Amended Credit Agreement falls below \$100 million for three consecutive business days, among other things, the Company must maintain a fixed charge coverage ratio of not less than 1.1 to 1.0 until the excess availability is greater than \$100 million for 30 consecutive days. For the quarter ended March 31, 2011, excess availability was greater than \$100 million. The Company is also required to maintain cash and cash equivalents in the U.S. of at least \$250 million. The negative covenants limit, under certain circumstances, among other things, the Company’s ability to incur additional debt or liens, make certain investments, make shareholder distributions or prepay debt, except as permitted under the terms of the Amended Credit Agreement. The Company was in compliance with all covenants under the Amended Credit Agreement as of March 31, 2011.

In addition to the Amended Credit Agreement, the Company has other committed and uncommitted lines of credit as of March 31, 2011 totaling \$19 million and \$129 million, respectively. These lines primarily support operational and borrowing needs of the Company’s subsidiaries, which include term loans, overdraft coverage, revolving credit lines, letters of credit, bank guarantees and vendor financing programs. Interest rates and other terms of borrowing under these lines of credit vary from country to country, depending on local market conditions. As of March 31, 2011, usage under these lines was approximately \$42 million all of which were supporting non-debt related obligations.

Second Amended and Restated Credit Agreement

On April 26, 2011, the Company and its subsidiary, Kodak Canada, Inc. (together the “Borrowers”), together with the Company’s U.S. subsidiaries as guarantors (the “Guarantors”), entered into a Second Amended and Restated Credit Agreement (the “Second Amended Credit Agreement”), with the named lenders (the “Lenders”) and Bank of America, N.A. as administrative agent, in order to amend and extend its Amended and Restated Credit Agreement dated as of March 31, 2009, as amended (the “Amended Credit Agreement”).

The Second Amended Credit Agreement provides for an asset-based Canadian and U.S. revolving credit facility (the “Credit Facility”) of \$400 million (\$370 million in the U.S. and \$30 million in Canada), as further described below, with the ability to increase the aggregate amount. The \$99 million in letters of credit previously issued under the Amended Credit Agreement continue under the Credit Facility. Additionally, up to \$125 million of the Company’s and its subsidiaries’ obligations to Lenders under treasury management services, hedge or other agreements or arrangements are secured by the collateral under the Credit Facility. The Credit Facility can be used for ongoing working capital and other general corporate purposes. The termination date of the Credit Facility is the earlier of (a) April 26, 2016 or (b) August 17, 2013, to the extent that the 2013 Notes have not been redeemed, defeased or otherwise satisfied by that date.

Under the terms of the Credit Facility, the Company has agreed to certain affirmative and negative covenants customary in similar asset-based lending facilities. In the event the Company’s excess availability under the Credit Facility borrowing base formula falls below the greater of (a) \$40 million or (b) 12.5% of the commitments under the Credit Facility at any time (the “Trigger”), among other things, the Company must maintain a fixed charge coverage ratio of not less than 1.1 to 1.0 until the excess availability is greater than the Trigger for 30 consecutive days. As of April 26, 2011, excess availability was greater than the Trigger. The negative covenants limit, under certain circumstances, among other things, the Company’s ability to incur additional debt or liens, make certain investments, make shareholder distributions or prepay debt, except as permitted under the terms of the Second Amended Credit Agreement. The Company was in compliance with all covenants under the Credit Facility as of April 26, 2011.

The Credit Facility contains events of default customary in similar asset based lending facilities. If an event of default occurs and is continuing, the Lenders may decline to provide additional advances, impose a default rate of interest, declare all amounts outstanding under the Credit Facility immediately due and payable, and require cash collateralization or similar arrangements for outstanding letters of credit.

NOTE 5: INCOME TAXES

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

(dollars in millions)

	Three Months Ended March 31,	
	2011	2010
(Loss) earnings from continuing operations before income taxes	\$ (273)	\$ 245
Effective tax rate	8.8%	51.4%
(Benefit) provision for income taxes	\$ (24)	\$ 126
(Benefit) provision for income taxes @ 35%	\$ (96)	\$ 86
Difference between tax at effective vs. statutory rate	\$ 72	\$ 40

For the three months ended March 31, 2011, the difference between the Company’s recorded benefit and the benefit that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) losses generated within the U.S. and certain jurisdictions outside the U.S. for which no benefit was recognized due to management’s conclusion that it was more likely than not that the tax benefits would not be realized, (2) a benefit associated with the release of a deferred tax asset valuation allowance in a certain jurisdiction outside the U.S., (3) tax accounting impacts related to items reported in Accumulated other comprehensive loss, and (4) changes in audit reserves and settlements.

For the three months ended March 31, 2010, the difference between the Company’s recorded provision and the provision that would result from applying the U.S. statutory rate of 35.0% is primarily attributable to: (1) withholding taxes related to a non-recurring licensing agreement entered into in that quarter, (2) realization of tax attributes in certain jurisdictions that were previously reserved for, and (3) losses generated within certain jurisdictions outside the U.S. for which no benefit was recognized due to management’s conclusion

that it was more likely than not that the tax benefits would not be realized.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Environmental

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

(in millions)	As of	
	March 31, 2011	December 31, 2010
Eastman Business Park site, Rochester, NY	\$ 51	\$ 53
Other operating sites	11	11
Sites associated with former operations	22	20
Sites associated with the non-imaging health businesses sold in 1994	20	19
Total	\$ 104	\$ 103

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

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

The Company is presently designated as a potentially responsible party (“PRP”) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the “Superfund Law”), or under similar state laws, for environmental assessment and cleanup costs as the result of the Company’s alleged arrangements for disposal of hazardous substances at seven Superfund sites. Numerous other PRPs have also been designated at all of these sites. Although the law imposes joint and several liability on PRPs, the Company’s historical experience demonstrates that these costs are shared with other PRPs. Settlements and costs paid by the Company in Superfund matters to date have not been material.

Among these matters is a case in which the Company has been named by the U.S. Environmental Protection Agency as a PRP with potential liability for the study and remediation of the Lower Passaic River Study Area portion of the Diamond Alkali Superfund Site. Additionally,the Company has been named as a third-party defendant (along with approximately 300 other entities) in an action initially brought by the New Jersey Department of Environmental Protection in the Supreme Court of New Jersey, Essex County seeking recovery of all costs associated with the investigation, removal, cleanup and damage to natural resources resulting from the disposal of various forms of chemicals in the Passaic River. The total costs (for all parties involved) to clean up the Passaic River could potentially be as high as several billions of dollars. Based on currently available information, the Company is unable to determine the likelihood or reasonably estimate a range of loss pertaining to this matter at this time.

Estimates of the amount and timing of future costs of environmental remediation requirements are by their nature imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among the potentially responsible parties. Based on information presently available, the Company does not believe it is reasonably possible that losses for known exposures could exceed current accruals by material amounts, although costs could be material to a particular quarter or year, with the possible exception of matters related to the Passaic River which are described above.

Other Commitments and Contingencies

As of March 31, 2011, the Company had outstanding letters of credit of \$99 million issued under the Amended Credit Agreement, as well as bank guarantees and letters of credit of \$19 million, surety bonds in the amount of \$16 million, and cash and investments in trust of \$32 million, primarily to ensure the payment of possible casualty and workers' compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, tax and trade activities. The restricted cash and investment amounts are recorded within Other long-term assets in the Consolidated Statement of Financial Position.

The Company's Brazilian operations are involved in governmental assessments of indirect and other taxes in various stages of litigation, primarily related to federal and state value-added taxes. The Company is disputing these matters and intends to vigorously defend its position. Based on the opinion of legal counsel and current reserves already recorded for those matters deemed probable of loss, management does not believe that the ultimate resolution of these matters will materially impact the Company's results of operations or financial position. The Company routinely assesses all these matters as to the probability of ultimately incurring a liability in its Brazilian operations and records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of March 31, 2011, the unreserved portion of these contingencies, inclusive of any related interest and penalties, for which there was at least a reasonable possibility that a loss may be incurred, amounted to approximately \$73 million.

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

NOTE 7: GUARANTEES

The Company guarantees debt and other obligations of certain customers. The debt and other obligations are primarily due to banks and leasing companies in connection with financing of customers' purchases of equipment and product from the Company. At March 31, 2011, the maximum potential amount of future payments (undiscounted) that the Company could be required to make under these customer-related guarantees was \$38 million. At March 31, 2011, the carrying amount of any liability related to these customer guarantees was not material.

The customer financing agreements and related guarantees, which mature between the second quarter of 2011 and 2016, typically have a term of 90 days for product and short-term equipment financing arrangements, and up to five years for long-term equipment financing arrangements. These guarantees would require payment from the Company only in the event of default on payment by the respective debtor.

In some cases, particularly for guarantees related to equipment financing, the Company has collateral or recourse provisions to recover and sell the equipment to reduce any losses that might be incurred in connection with the guarantees. However, any proceeds received from the liquidation of these assets would not cover the maximum potential loss under these guarantees.

Eastman Kodak Company (“EKC”) also guarantees potential indebtedness to banks and other third parties for some of its consolidated subsidiaries. The maximum amount guaranteed is \$261 million, and the outstanding amount for those guarantees is \$239 million with \$110 million recorded within the Short-term borrowings and current portion of long-term debt, and Long-term debt, net of current portion and \$12 million recorded within the Other current liabilities and Other long-term liabilities components in the accompanying Consolidated Statement of Financial Position. These guarantees expire in 2011 through 2019. Pursuant to the terms of the Company's Amended Credit Agreement, obligations of the Borrowers to the Lenders under the Amended Credit Agreement, as well as secured agreements in an amount not to exceed \$100 million, are guaranteed by the Company and the Company's U.S. subsidiaries and included in the above amounts. These secured agreements totaled \$90 million as of March 31, 2011.

Warranty Costs

The Company has warranty obligations in connection with the sale of its products and equipment. The original warranty period is generally one year or less. The costs incurred to provide for these warranty obligations are estimated and recorded as an accrued liability at the time of sale. The Company estimates its warranty cost at the point of sale for a given product based on historical failure rates and related costs to repair. The change in the Company's accrued warranty obligations balance, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Accrued warranty obligations as of December 31, 2010	\$	43
Actual warranty experience during 2011		(21)
2011 warranty provisions		15
Accrued warranty obligations as of March 31, 2011	\$	<u>37</u>

The Company also offers its customers extended warranty arrangements that are generally one year, but may range from three months to three years after the original warranty period. The Company provides repair services and routine maintenance under these arrangements. The Company has not separated the extended warranty revenues and costs from the routine maintenance service revenues and costs, as it is not practicable to do so. Therefore, these revenues and costs have been aggregated in the discussion that follows. Costs incurred under these arrangements for the three months ended March 31, 2011 amounted to \$79 million. The change in the Company's deferred revenue balance in relation to these extended warranty and maintenance arrangements from December 31, 2010 to March 31, 2011, which is reflected in Other current liabilities in the accompanying Consolidated Statement of Financial Position, was as follows:

(in millions)

Deferred revenue on extended warranties as of December 31, 2010	\$	130
New extended warranty and maintenance arrangements in 2011		111
Recognition of extended warranty and maintenance arrangement revenue in 2011		(107)
Deferred revenue on extended warranties as of March 31, 2011	\$	<u>134</u>

NOTE 8: RESTRUCTURING AND RATIONALIZATION LIABILITIES

The Company recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. Charges for restructuring and ongoing rationalization initiatives are recorded in the period in which the Company commits to a formalized restructuring or ongoing rationalization plan, or executes the specific actions contemplated by the plans and all criteria for liability recognition under the applicable accounting guidance have been met.

Restructuring and Ongoing Rationalization Reserve Activity

The activity in the accrued balances and the non-cash charges and credits incurred in relation to restructuring initiatives and ongoing rationalization activities for the three months ended March 31, 2011 were as follows:

(in millions)	Severance Reserve	Exit Costs Reserve	Long-lived Asset Impairments and Inventory Write-downs	Accelerated Depreciation	Total
Balance as of December 31, 2010	\$ 22	\$ 20	\$ -	\$ -	42
Q1 2011 charges	30	2	1	2	35
Q1 2011 utilization/cash payments	(14)	(3)	(1)	(2)	(20)
Q1 2011 other adjustments & reclasses (1)	(11)	1	-	-	(10)
Balance as of March 31, 2011	<u>\$ 27</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>47</u>

(1) The \$(10) million includes \$(12) million for severance-related charges for pension plan curtailments, settlements, and special termination benefits, which are reflected in Pension and other postretirement liabilities and Other long-term assets in the Consolidated Statement of Financial Position. The remaining \$2 million reflects foreign currency translation adjustments.

The \$35 million of charges for the first quarter of 2011 includes \$2 million of charges for accelerated depreciation, which was reported in Cost of sales in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2011. The remaining costs incurred of \$33 million were reported as Restructuring costs, rationalization and other in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2011. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

The severance costs related to the elimination of approximately 475 positions, including approximately 250 manufacturing/service positions, 175 administrative positions, and 50 research and development positions. The geographic composition of these positions includes approximately 375 in the United States and Canada, and 100 throughout the rest of the world.

The charges of \$35 million recorded in the first quarter of 2011 included \$11 million applicable to FPEG, \$3 million applicable to CDG, \$9 million applicable to GCG, and \$12 million that was applicable to manufacturing, research and development, and administrative functions, which are shared across all segments.

As a result of these initiatives, severance payments will be paid during periods through the end of the first quarter of 2012 since, in some instances, the employees whose positions were eliminated can elect or are required to receive their payments over an extended period of time. In addition, certain exit costs, such as long-term lease payments, will be paid over periods throughout 2012 and beyond.

NOTE 9: RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

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

(in millions)	Three Months Ended March 31,			
	2011		2010	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Major defined benefit plans:				
Service cost	\$ 13	\$ 4	\$ 12	\$ 4
Interest cost	63	45	66	45
Expected return on plan assets	(109)	(52)	(120)	(53)
Amortization of:				
Recognized prior service cost	-	1	-	-
Recognized net actuarial loss	17	13	1	8
Pension (income) expense before special termination benefits, curtailments, and settlements	(16)	11	(41)	4
Special termination benefits	11	1	-	1
Curtailment gains	-	-	-	(1)
Net pension (income) expense	(5)	12	(41)	4
Other plans including unfunded plans	-	3	-	3
Total net pension (income) expense from continuing operations	<u>\$ (5)</u>	<u>\$ 15</u>	<u>\$ (41)</u>	<u>\$ 7</u>

For the three months ended March 31, 2011 and 2010, \$12 million and \$1 million, respectively, of special termination benefits charges were incurred as a result of the Company's restructuring actions and, therefore, have been included in Restructuring costs, rationalization and other in the Consolidated Statement of Operations. In addition, curtailment gains for the major funded and unfunded U.S. and Non-U.S. defined benefit plans totaling \$1 million for the three months ended March 31, 2010 were incurred as a result of the Company's restructuring actions and, therefore, have been included in Restructuring costs, rationalization and other in the Consolidated Statement of Operations.

The Company made contributions (funded plans) or paid benefits (unfunded plans) totaling approximately \$10 million relating to its major U.S. and non-U.S. defined benefit pension plans in the first quarter of 2011. The Company expects its contribution (funded plans) and benefit payment (unfunded plans) requirements for its major U.S. and non-U.S. defined benefit pension plans for the balance of 2011 to be approximately \$100 million.

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

(in millions)	Three Months Ended March 31,	
	2011	2010
Service cost	\$ -	\$ -
Interest cost	17	18
Amortization of:		
Prior service credit	(19)	(19)
Recognized net actuarial loss	8	7
Total net postretirement benefit expense	<u>\$ 6</u>	<u>\$ 6</u>

The Company paid benefits totaling approximately \$23 million relating to its U.S., United Kingdom and Canada postretirement benefit plans in the first quarter of 2011. The Company expects to pay benefits of approximately \$106 million for these postretirement plans for the balance of 2011.

Certain of the Company's retirement plans were remeasured during the first quarter of 2011. The remeasurement of the funded status of those plans during the quarter decreased the Company's recognized defined benefit and other postretirement benefit plan obligation by \$22 million.

NOTE 10: OTHER OPERATING (INCOME) EXPENSES, NET

(in millions)	Three Months Ended March 31,	
	2011	2010
(Income) expenses:		
Gain on sale of certain image sensor patents	\$ (62)	\$ -
Other	(8)	4
Total	<u>\$ (70)</u>	<u>\$ 4</u>

On March 31, 2011, the Company sold patents and patent applications related to CMOS image sensors to OmniVision Technologies Inc. for \$65 million. The Company recognized a gain, net of transaction costs, of \$62 million from this transaction.

NOTE 11: EARNINGS PER SHARE

Basic earnings per share computations are based on the weighted-average number of shares of common stock outstanding during the year. As a result of the net loss from continuing operations presented for the three months ended March 31, 2011, the Company calculated diluted earnings per share using weighted-average basic shares outstanding for the period, as utilizing diluted shares would be anti-dilutive to loss per share. Weighted-average basic shares outstanding for the quarter ended March 31, 2011 were 268.9 million.

If the Company had reported earnings from continuing operations for the quarter ended March 31, 2011, approximately 4.1 million potential shares of the Company's common stock from unvested share-based awards would have been included in the computation of diluted earnings per share. However, potential shares of the Company's common stock related to the assumed conversion of (1) approximately 18.0 million outstanding employee stock options, (2) approximately 40.0 million outstanding detachable warrants to purchase common shares, and (3) approximately \$307 million of convertible senior notes due 2017 would still have been excluded from

the computation of diluted earnings per share, as these securities were anti-dilutive.

Diluted earnings per share calculations for the quarter ended March 31, 2010 reflect dilutive shares related to unvested share-based awards, warrants to purchase common shares, and the assumed conversion of outstanding convertible senior notes due 2033 and outstanding convertible senior notes due 2017. The following table sets forth the computations of basic and diluted earnings from continuing operations per share of common stock for the three months ended March 31, 2010:

	For the Three Months Ended March 31, 2010		
	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
(in millions, except per share amounts)			
Basic EPS:			
Earnings from continuing operations available to common stockholders	\$ 119	268.3	\$ 0.44
Effect of dilutive securities:			
Warrants to purchase common shares	-	0.9	
Unvested share-based awards	-	2.6	
Convertible securities	10	54.4	
Diluted EPS:			
Adjusted earnings from continuing operations available to common stockholders and assumed issuances and conversions	\$ 129	326.2	\$ 0.40

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

NOTE 12: SHAREHOLDERS' EQUITY

The Company has 950 million shares of authorized common stock with a par value of \$2.50 per share, of which 391 million shares had been issued as of March 31, 2011 and December 31, 2010. Treasury stock at cost consisted of approximately 122 million shares as of March 31, 2011 and December 31, 2010.

Comprehensive Loss

(in millions)	Three Months Ended March 31,	
	2011	2010
Net (loss) earnings	\$ (246)	\$ 119
Realized and unrealized gain (loss) from hedging activity, net of tax and reclassifications	9	(3)
Currency translation adjustments	(2)	24
Pension and other postretirement benefit plan obligation activity, net of tax	36	(166)
Total comprehensive loss, net of tax	<u>\$ (203)</u>	<u>\$ (26)</u>

NOTE 13: SEGMENT INFORMATION

Current Segment Reporting Structure

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

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

Graphic Communications Group Segment (“GCG”): GCG encompasses workflow software and digital controllers; digital printing, which includes commercial inkjet and electrophotographic products, including equipment, consumables and service; prepress consumables; prepress equipment and packaging solutions; business solutions and consulting services; and document scanners.

Film, Photofinishing and Entertainment Group Segment (“FPEG”): FPEG encompasses consumer and professional film, one-time-use cameras, aerial and industrial materials, and entertainment imaging products and services. In addition, this segment also includes paper and output systems, and photofinishing services.

Change in Segment Measure of Profit and Loss

During the first quarter of 2011, the Company changed its segment measure of profit and loss to exclude certain components of pension and other postretirement obligations (OPEB). As a result of this change, the operating segment results exclude the interest cost, expected return on plan assets, amortization of actuarial gains and losses, and special termination benefit, curtailment and settlement components of pension and OPEB expense. The service cost and amortization of prior service cost components will continue to be reported as part of operating segment results.

Prior period segment results have been revised to reflect this change.

Segment financial information is shown below:

(in millions)	Three Months Ended March 31,	
	2011	2010
Net sales from continuing operations:		
Consumer Digital Imaging Group	\$ 330	\$ 884
Graphic Communications Group	625	601
Film, Photofinishing and Entertainment Group	367	429
Consolidated total	<u>\$ 1,322</u>	<u>\$ 1,914</u>

(in millions)	Three Months Ended March 31,	
	2011	2010
(Loss) earnings from continuing operations before interest expense, other income (charges), net and income taxes:		
Consumer Digital Imaging Group	\$ (168)	\$ 401
Graphic Communications Group	(71)	(40)
Film, Photofinishing and Entertainment Group	(15)	22
All Other	-	(2)
Total of reportable segments	<u>(254)</u>	<u>381</u>
Restructuring costs, rationalization and other	(35)	(14)
Corporate components of pension and OPEB (expense) income	(8)	26
Other operating income (expenses), net	70	(4)
Loss on early extinguishment of debt, net	-	(102)
Interest expense	(38)	(38)
Other income (charges), net	(8)	(4)
Consolidated (loss) earnings from continuing operations before income taxes	<u>\$ (273)</u>	<u>\$ 245</u>

(in millions)	As of March 31, 2011	As of December 31, 2010
Segment total assets:		
Consumer Digital Imaging Group	\$ 962	\$ 1,126
Graphic Communications Group	1,658	1,566
Film, Photofinishing and Entertainment Group	1,136	1,090
Total of reportable segments	<u>3,756</u>	<u>3,782</u>
Cash and marketable securities	1,304	1,628
Deferred income tax assets	824	815
All Other/corporate items	(2)	1
Consolidated total assets	<u>\$ 5,882</u>	<u>\$ 6,226</u>

NOTE 14: FINANCIAL INSTRUMENTS

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

(in millions)		Assets			
		March 31, 2011		December 31, 2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Location					
Marketable securities:					
Available-for-sale (1)	Other current assets and Other long-term assets	\$ 10	\$ 10	\$ 10	\$ 10
Held-to-maturity (2)	Other current assets and Other long-term assets	8	8	8	8
Derivatives designated as hedging instruments:					
Commodity contracts (1)	Receivables, net	12	12	2	2
Derivatives not designated as hedging instruments:					
Foreign exchange contracts (1)	Receivables, net	7	7	11	11
Foreign exchange contracts (1)	Other long-term assets	-	-	1	1
(in millions)		Liabilities			
		March 31, 2011		December 31, 2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Location					
Long-term borrowings, net of current portion (2)	Long-term debt, net of current portion	\$ 1,396	\$ 1,418	\$ 1,195	\$ 1,242
Derivatives not designated as hedging instruments:					
Foreign exchange contracts (1)	Other current liabilities	4	4	8	8
Foreign exchange contracts (1)	Other long-term liabilities	2	2	-	-

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

Long-term debt is generally used to finance long-term investments, while short-term borrowings (excluding the current portion of long-term debt) are used to meet working capital requirements. The carrying value of the current portion of long-term debt approximates its fair value as of March 31, 2011 and December 31, 2010. The Company does not utilize financial instruments for trading or other speculative purposes.

Fair value

The fair values of marketable securities are determined using quoted prices in active markets for identical assets (Level 1 fair value measurements). Fair values of the Company's forward contracts are determined using other observable inputs (Level 2 fair value measurements), and are based on the present value of expected future cash flows (an income approach valuation technique) considering the risks involved and using discount rates appropriate for the duration of the contracts. Transfers between levels of the fair value

hierarchy are recognized based on the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2011.

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

Foreign exchange

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

(in millions)	Three Months Ended March 31,	
	2011	2010
Net loss	\$ 13	\$ 11

Derivative financial instruments

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

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

The Company's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. The Company manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. The Company has procedures to monitor the credit exposure amounts. The maximum credit exposure at March 31, 2011 was not significant to the Company.

In the event of a default under the Company's Second Amended and Restated Credit Agreement, or one of the Company's Indentures, or a default under any derivative contract or similar obligation of the Company, the derivative counterparties would have the right, although not the obligation, to require immediate settlement of some or all open derivative contracts at their then-current fair value, but with liability positions netted against asset positions with the same counterparty. At March 31, 2011, the Company had open derivative contracts in liability positions with a total fair value of \$6 million.

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

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI Into Cost of Sales (Effective Portion)		Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	For the three months ended March 31,		For the three months ended March 31,		For the three months ended March 31,	
	2011	2010	2011	2010	2011	2010
(in millions)						
Commodity contracts	\$ 14	\$ 2	\$ -	\$ 5	\$ -	\$ -

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative		Gain (Loss) Recognized in Income on Derivative	
			For the three months ended March 31,	
			2011	2010
(in millions)				
Foreign exchange contracts	Other income (charges), net		\$ -	\$ 4

Foreign currency forward contracts

Certain of the Company's foreign currency forward contracts used to mitigate currency risk related to existing foreign currency denominated assets and liabilities are not designated as hedges, and are marked to market through net (loss) earnings at the same time that the exposed assets and liabilities are remeasured through net (loss) earnings (both in Other income (charges), net). The notional amount of such contracts open at March 31, 2011 was approximately \$1,253 million. The majority of the contracts of this type held by the Company are denominated in British pounds, euros, and Hong Kong dollars.

Silver forward contracts

The Company enters into silver forward contracts that are designated as cash flow hedges of commodity price risk related to forecasted purchases of silver. The value of the notional amounts of such contracts open at March 31, 2011 was \$48 million. Hedge gains and losses related to these silver forward contracts are reclassified into cost of sales as the related silver-containing products are sold to third parties. These gains or losses transferred to cost of sales are generally offset by increased or decreased costs of silver purchased in the open market. The amount of existing gains and losses at March 31, 2011 to be reclassified into earnings within the next 12 months is a net gain of \$16 million. At March 31, 2011, the Company had hedges of a portion of its forecasted purchases through October 2011.

NOTE 15: ACQUISITION

On March 1, 2011, the Company completed the acquisition of substantially all of the assets of the relief plates business of Tokyo Ohka Kogyo Co., Ltd, for a purchase price of approximately \$27 million, net of cash acquired. The acquisition expands and enhances the Company's capabilities to serve customers, particularly in the packaging industry. The acquired relief plates business is part of the Company's Prepress Solutions group within the GCG segment. This acquisition was immaterial to the Company's financial position as of March 31, 2011, and its results of operations and cash flows for the three months ended March 31, 2011.

The Company's estimated fair value of the assets acquired and liabilities assumed at the date of acquisition exceeded the purchase price by \$5 million. This amount was recorded as a gain from a bargain purchase within Other income (charges), net in the Consolidated Statement of Operations for the three months ended March 31, 2011.

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

Overview

The Company's key goals for 2011 are:

- Increase revenue from the digital growth initiative businesses –consumer inkjet within the Consumer Digital Imaging Group segment and commercial inkjet, workflow software and services, and packaging solutions within the Graphic Communications Group segment.
- Drive positive cash generation before restructuring payments, which is equal to net cash from operating activities, minus capital expenditures, plus proceeds from the sale of assets and certain businesses, plus cash restructuring payments.

The Company's digital growth strategy is centered around exploiting its competitive advantage at the intersection of materials science and digital imaging science. The Company has leading market positions in large markets including digital printing plates, scanners, digital still and video cameras, and kiosks. In addition, the Company has been introducing differentiated value propositions in new growth markets that are in need of transformation. While the digital growth initiatives have largely been in an investment mode, revenue in these product lines grew 23% in the first quarter of 2011 versus the comparable period in the prior year. The Company expects to continue to gain scale in these product lines to enable a more significant and profitable contribution from them.

Revenue and profitability for the quarter as compared with the prior year quarter declined primarily due to a non-recurring intellectual property licensing arrangement in the first quarter of 2010 and were also negatively impacted by secular volume declines and increased commodity costs, particularly silver, in the Film, Photofinishing, and Entertainment Group (FPEG) segment.

While some of the revenue decline in FPEG was offset by revenue growth in the commercial business, profitability was negatively impacted by the ongoing investment in the consumer and commercial inkjet businesses, as the Company continues to grow its installed base of printing equipment.

The Company has taken the following actions in 2011 designed to provide continued financial flexibility:

- Issued \$250 million of Senior Secured Notes due 2019. The proceeds from this issuance were used to repurchase \$50 million of Senior Notes due 2013, with the remaining amount expected to be used for other general corporate purposes.
- Entered into a Second Amended and Restated Credit Agreement with its lenders, which extends the current asset-based revolving credit facility and favorably amends certain covenants.
- Completed sales of certain non-strategic businesses and assets and received \$72 million of cash.

Approximately 5% of the Company's 2010 revenues were generated in Japan. In March 2011, a major earthquake occurred off the coast of Japan, triggering a tsunami that caused widespread damage to the country's infrastructure. The Company's assets in Japan were not materially damaged by these events, and there was no material impact on the Company's current quarter results. However, the Company's future results may be negatively impacted by the aftermath of this natural disaster and its effects on the Company's supply chain, customers, and suppliers. The Company is currently assessing the potential consequences of the events in Japan and is taking actions to mitigate the financial impacts of this disaster.

Kodak Operating Model and Reporting Structure

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

reportable segment, are reported in All Other. A description of the segments is as follows:

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

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

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

Retail Systems Solutions includes kiosks, APEX drylab systems, and related consumables and services.

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

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

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

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

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

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

Entertainment Imaging includes entertainment imaging products and services.

Traditional Photofinishing includes paper and output systems and photofinishing services.

Industrial Materials includes aerial and industrial film products, film for the production of printed circuit boards, and specialty chemicals.

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

Change in Segment Measure of Profit and Loss

During the first quarter of 2011, the Company changed its segment measure of profit and loss to exclude certain components of pension and other postretirement obligations (OPEB). As a result of this change, the operating segment results exclude the interest cost, expected return on plan assets, amortization of actuarial gains and losses, and special termination benefit, curtailment and settlement components of pension and OPEB expense. The service cost and amortization of prior service cost components will continue to be reported as part of operating segment results.

Prior period segment results have been revised to reflect this change.

Net Sales from Continuing Operations by Reportable Segment

(dollars in millions)	Three Months Ended March 31,			
	2011	2010	% Change	Foreign Currency Impact*
Consumer Digital Imaging Group				
Inside the U.S.	\$ 149	\$ 712	-79%	0%
Outside the U.S.	181	172	+5	+2
Total Consumer Digital Imaging Group	330	884	-63	0
Graphic Communications Group				
Inside the U.S.	183	181	+1	0
Outside the U.S.	442	420	+5	+2
Total Graphic Communications Group	625	601	+4	+2
Film, Photofinishing and Entertainment Group				
Inside the U.S.	97	130	-25	0
Outside the U.S.	270	299	-10	+1
Total Film, Photofinishing and Entertainment Group	367	429	-14	+1
Consolidated				
Inside the U.S.	429	1,023	-58	0
Outside the U.S.	893	891	0	+2
Consolidated Total	\$ 1,322	\$ 1,914	-31%	+1%

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

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

(dollars in millions)	Three Months Ended March 31,		
	2011	2010	Change
Consumer Digital Imaging Group	\$ (168)	\$ 401	-142%
Graphic Communications Group	(71)	(40)	-78%
Film, Photofinishing and Entertainment Group	(15)	22	-168%
All Other	-	(2)	+100%
Total	<u>\$ (254)</u>	<u>\$ 381</u>	<u>-167%</u>
Percent of Sales	(19)%	20%	
Restructuring costs, rationalization and other	(35)	(14)	
Corporate components of pension and OPEB (expense) income	(8)	26	
Other operating income (expenses), net	70	(4)	
Loss on early extinguishment of debt, net	-	(102)	
Interest expense	(38)	(38)	
Other income (charges), net	(8)	(4)	
Consolidated (loss) earnings from continuing operations before income taxes	<u><u>\$ (273)</u></u>	<u><u>\$ 245</u></u>	<u>-211%</u>

2011 COMPARED WITH 2010
First Quarter
RESULTS OF OPERATIONS – CONTINUING OPERATIONS
CONSOLIDATED

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2011	% of Sales	2010	% of Sales		
Net sales	\$ 1,322		\$ 1,914		\$ (592)	-31%
Cost of sales	1,197		1,121		76	7%
Gross profit	125	9.5%	793	41.4%	(668)	-84%
Selling, general and administrative expenses	311	24%	309	16%	2	1%
Research and development costs	78	6%	78	4%	-	0%
Restructuring costs, rationalization and other	33		13		20	154%
Other operating (income) expenses, net	(70)		4		(74)	-1850%
(Loss) earnings from continuing operations before interest expense, other income (charges), net and						
income taxes	(227)	-17%	389	20%	(616)	-158%
Interest expense	38		38		-	0%
Loss on early extinguishment of debt, net	-		102		(102)	-100%
Other income (charges), net	(8)		(4)		(4)	-100%
(Loss) earnings from continuing operations before income taxes	(273)		245		(518)	-211%
(Benefit) provision for income taxes	(24)		126		(150)	-119%
(Loss) earnings from continuing operations	(249)	-19%	119	6%	(368)	-309%
Earnings from discontinued operations, net of income taxes	3		-		3	
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	\$ (246)		\$ 119		\$ (365)	-307%

	Three Months Ended March 31,		Percent Change vs. 2010			
	2011 Amount	Change vs. 2010	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 1,322	-30.9%	0.4%	-32.2%	0.9%	n/a
Gross profit margin	9.5%	-31.9pp	n/a	-28.4pp	0.5pp	-4.0pp

Revenues

For the three months ended March 31, 2011, net sales decreased approximately 31% compared with the same period in 2010 due primarily to a decline in the CDG segment.

Included in revenues in the prior year quarter was a non-recurring intellectual property licensing agreement in the CDG segment. This licensing agreement contributed approximately \$550 million to revenues in the first quarter of 2010. There were no non-recurring intellectual property licensing agreements in the current quarter. The Company expects to secure other new licensing agreements, the timing and amounts of which are difficult to predict. These types of arrangements provide the Company with a return on portions of its R&D investments, and new licensing opportunities are expected to have a continuing impact on the results of operations.

Gross Profit

The decrease in gross profit margin as compared with the prior year quarter primarily resulted from unfavorable price/mix within the CDG segment (-28pp), largely due to the decrease in revenue from non-recurring intellectual property agreements in the current quarter as compared with the prior year quarter. Also contributing to the decline in gross profit margin were higher silver and aluminum commodity costs (-2pp) and increased pension and OPEB expense (-1pp).

Included in gross profit in the prior year quarter was a non-recurring intellectual property licensing agreement in the CDG segment. This licensing agreement contributed approximately \$550 million to gross profit in the first quarter of 2010. There were no non-recurring intellectual property licensing agreements in the current quarter.

Restructuring Costs, Rationalization and Other

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

Other Operating (Income) Expenses, Net

The current year amount in Other operating (income) expenses, net primarily reflects a gain of approximately \$62 million related to the sale of CMOS image sensor patents and patent applications.

Loss on Early Extinguishment of Debt, Net

On March 5, 2010, the Company issued \$500 million of aggregate principal amount of 9.75% senior secured notes due March 1, 2018. The net proceeds of this issuance were used to repurchase all \$300 million of the 10.5% senior secured notes due 2017 and \$200 million of 7.25% senior notes due 2013 (collectively, the "Notes"). The Company recognized a net loss of \$102 million on the early extinguishment of the Notes in the first quarter of 2010, representing the difference between the carrying values of the Notes and the costs to repurchase.

Income Tax (Benefit) Provision

(dollars in millions)

	Three Months Ended March 31,	
	2011	2010
(Loss) earnings from continuing operations before income taxes	\$ (273)	\$ 245
(Benefit) provision for income taxes	\$ (24)	\$ 126
Effective tax rate	8.8%	51.4%

The change in the Company's effective tax rate from continuing operations is primarily attributable to: (1) losses generated in the U.S. for which no benefit was recognized due to management's conclusion that it was more likely than not that the tax benefits would not be realized in the three months ended March 31, 2011, (2) realization of tax attributes in certain jurisdictions that were previously reserved for in the three months ended March 31, 2010, (3) withholding taxes related to a non-recurring licensing agreement entered into in the three months ended March 31, 2010, (4) a benefit associated with the release of a deferred tax asset valuation allowance in a jurisdiction outside of the U.S. in the three months ended March 31, 2011, (5) tax accounting impacts related to items reported in Accumulated other comprehensive loss in the three months ended March 31, 2011, and (6) changes in audit reserves and settlements.

CONSUMER DIGITAL IMAGING GROUP

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2011	% of Sales	2010	% of Sales		
Net sales	\$ 330		\$ 884		\$ (554)	-63%
Cost of sales	339		322		17	5%
Gross profit	(9)	-2.7%	562	63.6%	(571)	-102%
Selling, general and administrative expenses	120	36%	121	14%	(1)	-1%
Research and development costs	39	12%	40	5%	(1)	-3%
(Loss) earnings from continuing operations before interest expense, other income (charges), net and income taxes	\$ (168)	-51%	\$ 401	45%	\$ (569)	-142%

	Three Months Ended March 31,		Percent Change vs. 2010			
	2011 Amount	Change vs. 2010	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 330	-62.7%	3.5%	-66.5%	0.3%	n/a
Gross profit margin	-2.7%	-66.3pp	n/a	-73.4pp	1.1pp	6.0pp

Revenues

CDG's first quarter revenue decline of approximately 63% was primarily attributable to unfavorable price/mix, driven by a decrease in non-recurring intellectual property royalty revenues (-62%) and competitive pricing pressures for digital cameras within *Digital Capture and Devices* (-2%). Partially offsetting these declines were higher volumes within *Consumer Inkjet Systems* (+4%), which management believes is reflective of how the Company's value proposition continues to resonate with customers. Total revenues for *Consumer Inkjet Systems* grew 54% from the prior year quarter.

Included in revenues for the prior year quarter was a non-recurring intellectual property licensing agreement within *Digital Capture and Devices*. This licensing agreement contributed approximately \$550 million of revenues in the first quarter of 2010. There were no non-recurring intellectual property licensing agreements in the current quarter.

Gross Profit

The decrease in gross profit margin was primarily the result of unfavorable price/mix (-73pp), which was predominantly driven by lower non-recurring intellectual property royalty revenues (-60pp) as discussed below. The remainder of the unfavorable price/mix in the segment is reflective of the growth in *Consumer Inkjet Systems*, as the Company continues to build the installed base of inkjet printers. These declines were partially offset by ongoing cost improvements (+6pp), primarily attributable to *Consumer Inkjet Systems*.

Included in gross profit for the prior year quarter was a non-recurring intellectual property licensing agreement within *Digital Capture and Devices*. This licensing agreement contributed approximately \$550 million to gross profit in the first quarter of 2010. There were no non-recurring intellectual property licensing agreements in the current quarter.

GRAPHIC COMMUNICATIONS GROUP

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2011	% of Sales	2010	% of Sales		
Net sales	\$ 625		\$ 601		\$ 24	4%
Cost of sales	510		456		54	12%
Gross profit	115	18.4%	145	24.1%	(30)	-21%
Selling, general and administrative expenses	146	23%	145	24%	1	1%
Research and development costs	40	6%	40	7%	-	0%
Loss from continuing operations before interest expense, other income (charges), net and income taxes	<u>\$ (71)</u>	-11%	<u>\$ (40)</u>	-7%	<u>\$ (31)</u>	-78%

	Three Months Ended March 31,		Percent Change vs. 2010			
	2011 Amount	Change vs. 2010	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 625	4.0%	4.5%	-2.2%	1.7%	n/a
Gross profit margin	18.4%	-5.7pp	n/a	-0.9pp	0.3pp	-5.1pp

Revenues

The increase in GCG net sales of approximately 4% for the quarter was primarily driven by volume increases in *Business Services and Solutions* (+3%) and *Prepress Solutions* (+2%). The growth in *Business Services and Solutions* was mainly attributable to improved demand for production, workgroup and departmental scanners, particularly in emerging markets, while the growth in *Prepress Solutions* was largely due to increased print demand in emerging markets.

Gross Profit

GCG gross profit margin decreased primarily due to (1) increased costs in *Digital Printing Solutions* (-3pp), largely attributable to start-up costs associated with the commercialization and placement of PROSPER printing systems, and (2) higher costs in *Prepress Solutions* (-2pp), driven by increased distribution and aluminum costs.

FILM, PHOTOFINISHING AND ENTERTAINMENT GROUP

(dollars in millions)

	Three Months Ended March 31,				Increase / (Decrease)	% Change
	2011	% of Sales	2010	% of Sales		
Net sales	\$ 367		\$ 429		\$ (62)	-14%
Cost of sales	334		348		(14)	-4%
Gross profit	33	9.0%	81	18.9%	(48)	-59%
Selling, general and administrative expenses	45	12%	53	12%	(8)	-15%
Research and development costs	3	1%	6	1%	(3)	-50%
(Loss) earnings from continuing operations before interest expense, other income (charges), net and income taxes	\$ (15)	-4%	\$ 22	5%	\$ (37)	-168%

	Three Months Ended March 31,		Percent Change vs. 2010			
	2011 Amount	Change vs. 2010	Volume	Price/Mix	Foreign Exchange	Manufacturing and Other Costs
Net sales	\$ 367	-14.5%	-11.9%	-3.5%	0.9%	n/a
Gross profit margin	9.0%	-9.9pp	n/a	-3.7pp	0.4pp	-6.6pp

Revenues

The decrease in net sales for FPEG was primarily attributable to secular volume declines across all SPGs (-12%), and unfavorable price/mix (-4%) driven by competitive pricing pressures.

Gross Profit

The decrease in gross profit margin for FPEG was primarily driven by higher silver costs (-6pp), as silver prices continue to increase. Also contributing to the decline in gross profit margin was unfavorable price/mix (-4pp) across all SPGs due to competitive pricing pressures.

Selling, General and Administrative Expenses

The decline in SG&A expenses for FPEG was primarily attributable to continued focused cost reduction actions.

RESTRUCTURING COSTS, RATIONALIZATION AND OTHER

The Company recognizes the need to continually rationalize its workforce and streamline its operations in the face of ongoing business and economic changes. Charges for restructuring and ongoing rationalization initiatives are recorded in the period in which the Company commits to a formalized restructuring or ongoing rationalization plan, or executes the specific actions contemplated by the plans and all criteria for liability recognition under the applicable accounting guidance have been met.

The Company recorded \$35 million of charges, including \$2 million of charges for accelerated depreciation, which was reported in Cost of sales in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2011. The remaining costs incurred of \$33 million were reported as Restructuring costs, rationalization and other in the accompanying Consolidated Statement of Operations for the three months ended March 31, 2011. The severance and exit costs reserves require the outlay of cash, while long-lived asset impairments, accelerated depreciation and inventory write-downs represent non-cash items.

During the three months ended March 31, 2011, the Company made cash payments of approximately \$17 million, related to restructuring and rationalization.

The charges of \$35 million recorded in the three months ended March 31, 2011 included \$11 million applicable to FPEG, \$3 million applicable to CDG, \$9 million applicable to GCG, and \$12 million that was applicable to manufacturing, research and development, and administrative functions, which are shared across all segments.

The restructuring actions implemented in the first quarter of 2011 are expected to generate future annual cash savings of approximately \$43 million. These savings are expected to reduce future annual Cost of sales, SG&A, and R&D expenses by \$23 million, \$15 million, and \$5 million, respectively. The Company began realizing a portion of these savings in the first quarter of 2011, and expects the majority of the annual savings to be in effect by the end of the second quarter of 2011 as actions are completed.

LIQUIDITY AND CAPITAL RESOURCES

(in millions)	March 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 1,300	\$ 1,624

Cash Flow Activity

(in millions)	Three Months Ended March 31,		
	2011	2010	Change
Cash flows from operating activities:			
Net cash used in continuing operations	(515)	(471)	\$ (44)
Net cash used in discontinued operations	(10)	-	(10)
Net cash used in operating activities	(525)	(471)	(54)
Cash flows from investing activities:			
Net cash used in investing activities	-	(38)	38
Cash flows from financing activities:			
Net cash provided by (used in) financing activities	191	(13)	204
Effect of exchange rate changes on cash	10	(2)	12
Net decrease in cash and cash equivalents	\$ (324)	\$ (524)	\$ 200

Operating Activities

Net cash used in operating activities increased \$54 million for the three months ended March 31, 2011 as compared with the corresponding period in 2010, due to the loss from continuing operations for the three months ended March 31, 2011 as compared with earnings in the prior year period. Earnings in the prior year period included a non-recurring intellectual property licensing arrangement. Cash received for non-recurring licensing arrangements, net of applicable withholding taxes, was \$94 million lower in the current quarter as compared with the first quarter of 2010. This increase in cash usage was largely offset by lower use of cash for settlement of liabilities in the current period versus the comparable prior year period including legal settlements, restructuring payments and employment-related benefit payments.

Investing Activities

Net cash used in investing activities decreased \$38 million for the current quarter as compared with the three months ended March 31, 2010, due primarily to the increase in proceeds from sales of businesses/assets of \$69 million, partially offset by cash used for a business acquisition of \$27 million in the current quarter, with no such cash usage in the prior year quarter.

Financing Activities

Net cash provided by financing activities increased \$204 million for the three months ended March 31, 2011 as compared with the corresponding period in 2010 primarily due to higher net proceeds received from the issuances of debt. Refer to discussion below for more details on current quarter financing activities.

Sources of Liquidity

The Company believes that its current cash balance, combined with cash flows from operating activities and proceeds from sales of businesses and assets, will be sufficient to meet its anticipated needs, including working capital, capital investments, scheduled debt repayments, restructuring payments, and employee benefit plan payments or required plan contributions. In addition to the sources of liquidity noted, the Company has financing arrangements, as described in more detail below under "Second Amended and Restated Credit Agreement," to compensate for unplanned timing differences between required expenditures and available cash for unforeseen shortfalls in cash flows. The Company has not found it necessary to borrow against its revolving asset-based lending facility.

The Company does however face an uncertain business environment, particularly in North America and Europe, and a number of substantial challenges, including rapidly rising commodity costs, aggressive price competition, and short-term uncertainty relating to the Company's intellectual property licensing activities with Apple, Inc. and Research in Motion Ltd. pending the outcome of the infringement litigation against these companies before the International Trade Commission. The Company is actively addressing these challenges through a variety of means, including hedge strategies and indexing of new contracts to commodity pricing, and the introduction of differentiated products.

The Company's liquidity requirements may make it necessary to incur additional debt. Under the Company's borrowing arrangements, additional unsecured debt can be incurred to support its ongoing operational needs, subject to certain restrictions. The Company's ability to incur additional secured debt is also restricted.

Liens on assets under the Company's borrowing arrangements are not expected to affect the Company's strategy of divesting non-core assets.

Refer to Note 4, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements for further discussion of sources of liquidity, presentation of long-term debt, related maturities and interest rates as of March 31, 2011 and December 31, 2010.

Issuance of Senior Secured Notes due 2019

On March 15, 2011, the Company issued \$250 million of aggregate principal amount of 10.625% senior secured notes due March 15, 2019 (the "2019 Senior Secured Notes"). The Company will pay interest at an annual rate of 10.625% of the principal amount at issuance, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2011.

Upon issuance of the 2019 Senior Secured Notes, the Company received proceeds of approximately \$247 million (\$250 million aggregate principal less \$3 million stated discount). The proceeds were used to repurchase \$50 million of the 7.25% Senior Notes due 2013 with the remaining amount expected to be used for other general corporate purposes.

The Indenture contains covenants limiting, among other things, the Company's ability and the ability of the Company's restricted subsidiaries (as defined in the Indenture) to (subject to certain exceptions and qualifications): incur additional debt or issue certain preferred stock; pay dividends or make distributions in respect of capital stock or make other restricted payments; make principal payments on, or purchase or redeem subordinated indebtedness prior to any scheduled principal payment or maturity; make certain investments; sell certain assets; create liens on assets; consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's and its subsidiaries' assets; enter into certain transactions with affiliates; and designate the Company's subsidiaries as unrestricted subsidiaries. The Company was in compliance with these covenants as of March 31, 2011.

Refer to Note 4, "Short-Term Borrowings and Long-Term Debt," in the Notes to Financial Statements for redemption provisions, guarantees, events of default, and subordination and ranking of the 2019 Senior Secured Notes.

Repurchase of Senior Notes due 2013

On March 15, 2011, the Company repurchased \$50 million aggregate principal amount of Senior Notes due 2013 (the "2013 Notes") at par using proceeds from the issuance of the 2019 Senior Secured Notes. As of March 31, 2011, \$250 million of the 2013 Notes remain outstanding.

Second Amended and Restated Credit Agreement

On April 26, 2011, the Company and its subsidiary, Kodak Canada, Inc. (together the “Borrowers”), together with the Company’s U.S. subsidiaries as guarantors (the “Guarantors”), entered into a Second Amended and Restated Credit Agreement (the “Second Amended Credit Agreement”), with the named lenders (the “Lenders”) and Bank of America, N.A. as administrative agent, in order to amend and extend its Amended and Restated Credit Agreement dated as of March 31, 2009, as amended (the “Amended Credit Agreement”).

The Second Amended Credit Agreement provides for an asset-based Canadian and U.S. revolving credit facility (the “Credit Facility”) of \$400 million (\$370 million in the U.S. and \$30 million in Canada), as further described below, with the ability to increase the aggregate amount. The \$99 million in letters of credit previously issued under the Amended Credit Agreement continue under the Credit Facility. Additionally, up to \$125 million of the Company’s and its subsidiaries’ obligations to Lenders under treasury management services, hedge or other agreements or arrangements are secured by the collateral under the Credit Facility. The Credit Facility can be used for ongoing working capital and other general corporate purposes. The termination date of the Credit Facility is the earlier of (a) April 26, 2016 or (b) August 17, 2013, to the extent that the 2013 Notes have not been redeemed, defeased or otherwise satisfied by that date.

Under the terms of the Credit Facility, the Company has agreed to certain affirmative and negative covenants customary in similar asset-based lending facilities. In the event the Company’s excess availability under the Credit Facility borrowing base formula falls below the greater of (a) \$40 million or (b) 12.5% of the commitments under the Credit Facility at any time (the “Trigger”), among other things, the Company must maintain a fixed charge coverage ratio of not less than 1.1 to 1.0 until the excess availability is greater than the Trigger for 30 consecutive days. As of April 26, 2011, excess availability was greater of than \$100 million. The negative covenants limit, under certain circumstances, among other things, the Company’s ability to incur additional debt or liens, make certain investments, make shareholder distributions or prepay debt, except as permitted under the terms of the Second Amended Credit Agreement. The Company was in compliance with all covenants under the Credit Facility as of April 26, 2011.

The Credit Facility contains events of default customary in similar asset based lending facilities. If an event of default occurs and is continuing, the Lenders may decline to provide additional advances, impose a default rate of interest, declare all amounts outstanding under the Credit Facility immediately due and payable, and require cash collateralization or similar arrangements for outstanding letters of credit.

As of March 31, 2011, the Company had outstanding letters of credit of \$99 million issued under the Amended Credit Agreement, as well as bank guarantees and letters of credit of \$19 million, surety bonds in the amount of \$16 million, and cash and investments in trust of \$32 million, primarily to ensure the payment of possible casualty and workers’ compensation claims, environmental liabilities, legal contingencies, rental payments, and to support various customs, tax and trade activities.

In addition to the Second Amended Credit Agreement, the Company has other committed and uncommitted lines of credit as of March 31, 2011 totaling \$19 million and \$129 million, respectively. These lines primarily support operational and borrowing needs of the Company’s subsidiaries, which include term loans, overdraft coverage, revolving credit lines, letters of credit, bank guarantees and vendor financing programs. Interest rates and other terms of borrowing under these lines of credit vary from country to country, depending on local market conditions. As of March 31, 2011, usage under these lines was approximately \$42 million all of which were supporting non-debt related obligations.

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

Credit Quality

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

	Corporate Rating	Secured Rating	Senior Unsecured Rating	Outlook	Most Recent Update
Moody's	Caa1	B1	Caa2	Negative	March 9, 2011
S&P	CCC	CCC	CC	Negative	March 25, 2011

On February 28, 2011, S&P lowered the Company's Corporate, Secured, and Senior Unsecured credit rating from B- to CCC, B- to CCC, and CCC to CC, respectively. These ratings were removed from CreditWatch with negative implications, where it was placed on January 26, 2011. S&P's outlook on the Company's credit ratings is negative.

On March 25, 2011, S&P issued a rating of CCC on the Company's 2019 Senior Secured Notes.

On March 3, 2011, Moody's lowered the Company's Corporate, Secured, and Senior Unsecured credit ratings from B3 to Caa1, Ba3 to B1, and Caa1 to Caa2, respectively. Moody's outlook on the Company's credit rating was revised from stable to negative.

On March 9, 2011, Moody's issued a B1 rating on the Company's 2019 Senior Secured Notes.

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

Contractual Obligations

During the fourth quarter of 2007, EKC issued a guarantee to Kodak Limited (the "Subsidiary") and the Trustees (the "Trustees") of the Kodak Pension Plan of the United Kingdom (the "Plan"). Under that arrangement, EKC guaranteed to the Subsidiary and the Trustees the ability of the Subsidiary, only to the extent it becomes necessary to do so, to (1) make contributions to the Plan to ensure sufficient assets exist to make plan benefit payments, and (2) make contributions to the Plan such that it will achieve full funded status by the funding valuation for the period ending December 31, 2015. On October 12, 2010, the 2007 guarantee was replaced by a new guarantee from EKC to the Subsidiary and the Trustees. The new guarantee continues to guarantee the Subsidiary's ability to make contributions as set forth in the 2007 guarantee but extends the full funding date to December 31, 2022.

In connection with the issuance of the guarantee, the Subsidiary agreed to make certain contributions to the Plan as determined by a funding plan agreed to by the Trustees. Under the terms of this agreement, the Subsidiary is obligated to pay a minimum amount of \$50 million to the Plan in each of the years 2011 through 2014, and a minimum amount of \$90 million to the Plan in each of the years 2015 through 2022. Future funding beyond 2022 may be required if the Plan is still not fully funded as determined by the funding valuation for the period ending December 31, 2022. These payment amounts for the years 2015 through 2022 could be lower, and the payment amounts for all years noted could be higher by up to \$5 million, based on the exchange rate between the U.S. dollar and British pound. These minimum amounts do not include potential contributions related to tax benefits received by the Subsidiary. The additional amounts would only be contributed to the Plan to the extent the Subsidiary received a cash tax benefit as a result of the minimum contributed amount.

The amount of potential future contributions is dependent on the funding status of the Plan as it fluctuates over the term of the guarantee. The funded status of the Plan may be materially impacted by future changes in the key assumptions used in the valuation of the Plan, particularly the discount rate and expected rate of return on plan assets. A new funding valuation is required to be submitted to and approved by the United Kingdom Pension Regulator every three years. The 2010 funding valuation is required to be completed by March 31, 2012. The funded status of the Plan (calculated in accordance with U.S. GAAP) is included in Pension and other postretirement liabilities presented in the Consolidated Statement of Financial Position.

Other

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

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

Certain statements in this report may be forward-looking in nature, or "forward-looking statements" as defined in the United States Private Securities Litigation Reform Act of 1995. For example, references to the Company's expectations regarding the following are forward-looking statements: revenue; revenue growth; cost of sales; gross margins; savings and expenses from restructuring and rationalization; earnings; cash generation; increased demand for our products, including commercial inkjet, consumer inkjet, workflow software and packaging printing solutions; potential revenue, cash and earnings from intellectual property licensing; environmental contingencies; the impact of the Japan earthquake and tsunami; liquidity; debt; and benefit costs.

Actual results may differ from those expressed or implied in forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the following risks, uncertainties, assumptions and factors as described in more detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, and in this report under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995" and in other filings the Company makes with the SEC from time to time:

- Continued weakness or worsening of economic conditions which could continue to adversely impact our financial performance and our liquidity;
- Whether we are successful with the strategic investment decisions we have made which could adversely affect our financial performance;
- Whether we effectively anticipate technology trends and develop and market new products to respond to changing customer preferences which could adversely affect our revenue and earnings;
- The competitive pressures we face which could adversely affect our revenue, earnings and market share;
- Whether our commercialization and manufacturing processes prevent product reliability and quality issues which could adversely affect our revenue, earnings and market share;
- Whether we are successful in licensing and enforcing our intellectual property rights or in defending against alleged infringement of the intellectual property rights of others which could adversely affect our revenue, earnings, expenses and liquidity;
- Whether our pension and postretirement plan costs and contribution levels are impacted by changes in actuarial assumptions, future market performance of plan assets or obligations imposed by legislative or regulatory authorities which could adversely affect our financial position, results of operations and cash flow;
- Whether we are successful in attracting, retaining and motivating key employees which could adversely affect our revenue and earnings;
- Changes in currency exchange rates, interest rates and commodity costs which could adversely impact our results of operations and financial position;
- Whether we are able to provide competitive financing arrangements or extend credit to customers which could adversely impact our revenue and earnings;
- Our reliance on third party suppliers which could adversely affect our revenue, earnings and results of operations;
- Whether we can generate or raise sufficient cash to fund our continued investments, capital needs, restructuring payments and service our debt.

The Company cautions readers to carefully consider such factors. Many of these factors are beyond the Company's control. In addition, any forward-looking statements represent the Company's estimates only as of the date they are made, and should not be relied upon as representing the Company's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, even if its estimates change.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company, as a result of its global operating and financing activities, is exposed to changes in foreign currency exchange rates, commodity prices, and interest rates, which may adversely affect its results of operations and financial position. In seeking to minimize the risks associated with such activities, the Company may enter into derivative contracts. The Company does not utilize financial instruments for trading or other speculative purposes. Foreign currency forward contracts are used to hedge existing foreign currency denominated assets and liabilities, especially those of the Company's International Treasury Center, as well as forecasted foreign currency denominated intercompany sales. Silver forward contracts are used to mitigate the Company's risk to fluctuating silver prices. The Company's exposure to changes in interest rates results from its investing and borrowing activities used to meet its liquidity needs. Long-term debt is generally used to finance long-term investments, while short-term debt is used to meet working capital requirements.

Using a sensitivity analysis based on estimated fair value of open foreign currency forward contracts using available forward rates, if the U.S. dollar had been 10% stronger at March 31, 2011 and 2010, the fair value of open forward contracts would have decreased \$51 million and \$2 million, respectively. Such changes in fair value would be substantially offset by the revaluation or settlement of the underlying positions hedged.

Using a sensitivity analysis based on estimated fair value of open silver forward contracts using available forward prices, if available forward silver prices had been 10% lower at March 31, 2011 and 2010, the fair value of open forward contracts would have decreased \$6 million and \$3 million, respectively. Such changes in fair value, if realized, would be offset by lower costs of manufacturing silver-containing products.

The Company is exposed to interest rate risk primarily through its borrowing activities and, to a lesser extent, through investments in marketable securities. The Company may utilize borrowings to fund its working capital and investment needs. The majority of short-term and long-term borrowings are in fixed-rate instruments. There is inherent roll-over risk for borrowings and marketable securities as they mature and are renewed at current market rates. The extent of this risk is not predictable because of the variability of future interest rates and business financing requirements.

Using a sensitivity analysis based on estimated fair value of short-term and long-term borrowings, if available market interest rates had been 10% (about 91 basis points) lower at March 31, 2011, the fair value of short-term and long-term borrowings would have increased less than \$1 million and \$63 million, respectively. Using a sensitivity analysis based on estimated fair value of short-term and long-term borrowings, if available market interest rates had been 10% (about 86 basis points) lower at March 31, 2010, the fair value of short-term and long-term borrowings would have increased less than \$1 million and \$57 million, respectively.

The Company's financial instrument counterparties are high-quality investment or commercial banks with significant experience with such instruments. The Company manages exposure to counterparty credit risk by requiring specific minimum credit standards and diversification of counterparties. The Company has procedures to monitor the credit exposure amounts. The maximum credit exposure at March 31, 2011 was not significant to the Company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

Part II. Other Information

Item 1. Legal Proceedings

The Company has been named by the U.S. Environmental Protection Agency (EPA) as a Potentially Responsible Party (PRP) with potential liability for the study and remediation of the Lower Passaic River Study Area (LPRSA) portion of the Diamond Alkali Superfund Site, based on releases from the former Hilton Davis site in Newark and Lehn & Fink operations in Bloomfield, New Jersey. Based on currently available information, the Company is unable to determine the likelihood or reasonably estimate a range of loss pertaining to this matter at this time.

The Company has been named as third-party defendant (along with approximately 300 other entities) in an action initially brought by the New Jersey Department of Environmental Protection (NJDEP) in the Supreme Court of New Jersey, Essex County against Occidental Chemical Corporation and several other companies that are successors in interest to Diamond Shamrock Corporation. The NJDEP seeks recovery of all costs associated with the investigation, removal, cleanup and damage to natural resources occasioned by Diamond Shamrock's disposal of various forms of chemicals in the Passaic River. The damages are alleged to potentially range "from hundreds of millions to several billions of dollars." Pursuant to New Jersey's Court Rules, the defendants were required to identify all other parties which could be subject to permissive joinder in the litigation based on common questions of law or fact. Third-party complaints seeking contribution from more than 300 entities, which have been identified as potentially contributing to the contamination in the Passaic, were filed on February 5, 2009. Based on currently available information, the potential monetary exposure is likely to be in excess of \$100,000. Refer to Note 6, "Commitments and Contingencies," in the Notes to Financial Statements for additional information.

On November 20, 2008, Research in Motion Ltd. and Research in Motion Corp. (collectively "RIM") filed a declaratory judgment action against the Company in Federal District Court in the Northern District of Texas. The suit, Research in Motion Limited and Research in Motion Corporation v. Eastman Kodak Company, seeks to invalidate certain Company patents related to digital camera technology and software object linking, and seeks a determination that RIM handheld devices do not infringe such patents. On February 17, 2009, the Company filed its answer and counterclaims for infringement of each of these same patents. A Markman Hearing was held on March 23, 2010. The Court has not yet issued its Markman decision. The Court rescheduled to August 2011 a trial on merits which was originally

scheduled for December 2010. The Company intends to vigorously defend itself.

On January 14, 2010 the Company filed a complaint with the International Trade Commission (ITC) against Apple Inc. and Research in Motion Limited (RIM) for infringement of patents related to digital camera technology. In the Matter of Certain Mobile Telephones and Wireless Communication Devices Featuring Digital Cameras and Components Thereof, the Company is seeking a limited exclusion order preventing importation of infringing devices including iPHONES and camera enabled BLACKBERRY devices. On February 16, 2010, the ITC ordered that an investigation be instituted to determine whether importation or sale of the accused Apple and RIM devices constitutes violation of the Tariff Act of 1930. A Markman Hearing was held in May 2010 and an initial determination was issued by the Administrative Law Judge in June 2010, which determination is being reviewed by the Commission. A hearing on the merits occurred in September 2010. In December 2010, as a result of a re-examination proceeding initiated by RIM and other parties, the U.S. Patent and Trademark Office affirmed the validity of the same patent claim at issue in the ITC investigation. On January 24, 2011, the Company received notice that the Administrative Law Judge (ALJ) had issued an initial determination recommending that the Commission find the patent claim at issue invalid and not infringed. The Company has petitioned the Commission to review the initial determination of the ALJ. On March 25, 2011, the ITC issued a notice of its decision to review the ALJ's initial determination in its entirety. A final determination by the Commission is expected by June 23, 2011.

On January 14, 2010 the Company filed two suits against Apple Inc. in the Federal District Court in the Western District of New York (Eastman Kodak Company v. Apple Inc.) claiming infringement of patents related to digital cameras and certain computer processes. The Company is seeking unspecified damages and other relief. The case related to digital cameras has been stayed pending the ITC action referenced above. On April 15, 2010, Apple Inc. filed a counterclaim against Kodak claiming infringement of patents related to digital cameras and all-in-one printers. Apple is in the process of amending its Answer in the Western District of New York case pertaining to digital cameras. The parties have agreed to lift the stay in this case for that limited purpose. The Company intends to vigorously defend itself.

On April 15, 2010, Apple Inc. filed a complaint in the ITC against Kodak asserting infringement of patents related to digital cameras. In the Matter of Certain Digital Imaging Devices and Related Software, Apple is seeking a limited exclusion order preventing importation of infringing devices. A hearing on the merits before an Administrative Law Judge was concluded on February 2, 2011 and an initial determination is expected by May 18, 2011. On April 15, 2010 Apple also filed in Federal District Court in the Northern District of California (Apple Inc. v. Eastman Kodak Company) a complaint asserting infringement of the same patents asserted in the ITC. The Company intends to vigorously defend itself.

On August 26, 2010, Apple filed a claim in California State Court (Santa Clara) claiming ownership of the Kodak patent asserted by Kodak against Apple in the ITC action referenced above. This action has been removed to Federal District Court in the Northern District of California. The Court has subsequently stayed this action. The Company intends to vigorously defend itself.

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

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

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

Item 6. Exhibits

(a) Exhibits required as part of this report are listed in the index appearing on page 45.

SIGNATURES

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

EASTMAN KODAK COMPANY
(Registrant)

Date: April 28, 2011

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

Eastman Kodak Company and Subsidiary Companies
Index to Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	Period Ending	Exhibit	Filing Date
3.1	Certificate of Incorporation, as amended and restated May 11, 2005.		10-Q	6/30/2005	(3) A.	8/9/2005
3.2	By-laws, as amended and restated October 19,2010.		10-Q	9/30/2010	3.2	10/28/2010
10.1	Agreement between Eastman Kodak Company and Antonio M. Perez (N280K) effective January 1, 2011.	X				
10.2	Agreement between Eastman Kodak Company and Antonio M. Perez (N404VL) effective January 1, 2011.	X				
10.3	Administrative Guide for the 2011 Performance Stock Unit Program under Article 7 (Performance Awards) of the 2005 Omnibus Long-Term Compensation Plan, Granted to Antonio M. Perez.	X				
10.4	2005 Omnibus Long-Term Compensation Plan of Eastman Kodak Company (As Amended and Restated January 1, 2011)	X				
12	Statement Re Computation of Ratio of Earnings to Fixed Charges.	X				
31.1	Certification.	X				
31.2	Certification.	X				
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase	X				
101.INS*	XBRL Instance Document	X				
101.LAB*	XBRL Taxonomy Extension Label Linkbase	X				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase	X				
101.SCH*	XBRL Taxonomy Extension Schema Linkbase	X				

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement of prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

TIME-SHARING AGREEMENT

[Canadair Ltd Model CL-600-2B16 Aircraft/FAA Registration Mark N280K/Manufacturer's Serial Number 5365]

This Time-Sharing Agreement (the "Agreement") is made and entered into effective as of January 1, 2011 (the "Effective Date"), by and between Eastman Kodak Company, a New Jersey corporation ("EKC") and Antonio M. Perez ("AMP"), and is made and entered into with reference to the following facts and objectives:

RECITALS:

A. Wells Fargo Bank Northwest, N.A., not in its individual capacity, but solely as owner trustee (the "Owner Trustee"), is the registered owner of that certain aircraft identified as a Canadair Ltd Model CL-600-2B16 aircraft (shown on the International Registry as Bombardier Model Challenger 604 aircraft), bearing a current FAA Registration Mark N280K, Manufacturer's Serial Number 5365 Aircraft, with two General Electric Model CF3403 engines (shown on the International Registry as GE Model CF34-3 engines) (serial numbers 872276) and auxiliary power unit, avionics, equipment, components, accessories, instruments and other items installed in or attached to the airframe, the engines or the auxiliary power unit, together with all spare parts, manuals and log books carried on board and including any replacement part(s) or engine(s) which may be installed on the Aircraft from time to time, and all logs, manuals and other records relating to such Aircraft (collectively, the "Aircraft").

B. The Owner Trustee and Kodak Aviation Leasing, LLC ("KAL") and have heretofore entered into that certain Amended and Restated Aircraft Lease Agreement, dated as of March 19, 2010 (the "KAL Lease"), whereby the Owner Trustee has leased the Aircraft to KAL.

C. KAL and EKC have heretofore entered into that certain Aircraft Sublease Agreement, dated as of March 19, 2010 (the "EKC Sublease"), whereby KAL has subleased the Aircraft to EKC.

D. EKC has a fully qualified flight crew to operate the Aircraft.

E. AMP is the Chief Executive Officer of EKC and AMP desires to lease the Aircraft and flight crew from EKC for non-business related travel, on a time-sharing basis, as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR").

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and conditions herein set forth, EKC and AMP agree as follows:

1. Lease of Aircraft. EKC hereby agrees to lease the Aircraft to AMP for non-business related travel, pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all operations for the period commencing on the Effective Date of this Agreement and terminating on March 18, 2011; provided, however, that EKC may terminate this Agreement on thirty (30) days prior written notice to AMP; provided further that this Agreement is subject to the provisions of Section 13 hereof.

2. AMP's Payment Obligations. AMP shall pay EKC for each flight conducted under this Agreement (including ferry flights from or to the Aircraft's home base necessary to accommodate AMP's request for use of the Aircraft) the aggregate incremental cost of each specific flight; subject to the qualification that AMP shall be responsible for such incremental costs only to the extent that the total incremental costs for all flights (i) under this Agreement; and (ii) under that certain Time-Sharing Agreement, of even date herewith between EKC and AMP with respect to that certain Bombardier Aerospace Corporation Model Global Express Aircraft, MSN 9085 and FAA Registration Mark N404VL, exceed \$100,000.00 in any calendar year, in which case AMP shall be responsible only for payment of such incremental costs that exceed \$100,000.00. Such cost shall in no event exceed the sum of the following expenses authorized by FAR Part 91.501(d):

- i. fuel, oil, lubricants, and other additives;
- ii. travel expenses of the crew, including food, lodging and ground transportation;
- iii. hangar and tie down costs away from the Aircraft's base of operation;
- iv. insurance obtained for the specific flight;
- v. landing fees, airport taxes and similar assessments including, but not limited to IRC Section 4261 and related excise taxes;
- vi. customs, foreign permit, and similar fees directly related to the flight;
- vii. in-flight food and beverages;
- viii. passenger ground transportation; and
- ix. flight planning and weather contract services.

3. *Invoicing for Flights*. EKC will pay all expenses related to the operation of the Aircraft when incurred, and will provide, or contract with third parties to provide, an invoice and bill AMP for the incremental cost of each specific flight (to the extent permitted under Section 2) within 10 days of the end of the month in which any flight or flights for the account of AMP occur. AMP shall pay EKC for said expenses within thirty (30) days of receipt of the invoice and bill therefor.
4. *Request for Flights by AMP*. AMP will provide EKC with requests for flight time and proposed flight schedules as far in advance of any given flight as possible. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, AMP shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by EKC or EKC's flight crew:
- i. proposed departure point;
 - ii. destination;
 - iii. date and time of flight;
 - iv. the number of anticipated passengers;
 - v. the nature and extent of luggage and/or cargo to be carried;
 - vii. the date and time of return flight, if any; and
 - viii. any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.
5. *Scheduling Flights*. EKC shall have final authority over the scheduling of the Aircraft, provided, however, that EKC will use ITS best efforts to accommodate AMP's needs and to avoid conflicts in scheduling.
6. *Maintenance of Aircraft*. EKC shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any

flight for any reason or condition which in his or her judgment would compromise the safety of the flight.

7. Flight Crew. EKC shall employ or contract with others to employ, pay for and provide to AMP a qualified flight crew for each flight undertaken under this Agreement.

8. Safety of Flights. In accordance with applicable FAR, the qualified flight crew provided by EKC shall exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. AMP specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage or delay to AMP or any other person. The parties further agree that EKC shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God.

9. Additional Insurance. EKC will provide such additional insurance coverage as AMP shall request or require, provided, however, that the cost of such additional insurance, if any, shall be borne by AMP as set forth in Section 2.iv. hereof.

10. Representations of AMP. AMP warrants that:

(a) AMP will use the Aircraft for and on account of his own business only, and will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire;

(b) AMP shall refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, nor shall there be any attempt by any party hereto to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) During the term of this Agreement, AMP will abide by and conform to all such laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time-sharing lessee.

11. Aircraft Base. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Rochester, New York; provided, however, that EKC retain the right to change the permanent base in the exercise of its sole discretion.

12. No Assignment. Neither this Agreement nor any party's interest herein shall be assigned to any other party whatsoever. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives and successors.

13. Subordination. Notwithstanding anything to the contrary in this Agreement, AMP agrees for the benefit of the Owner Trustee that the rights of AMP in and to the Aircraft are subject and subordinate to all terms of the KAL Lease and all rights of the Owner Trustee in and to the Aircraft and under the KAL Lease, including, without limitation, the right of the Owner Trustee to inspect and take possession of the Aircraft from time to time according to the terms and provisions of the KAL Lease and applicable law.

14. TRUTH IN LEASING STATEMENT

AMP HAS REVIEWED THE AIRCRAFT'S MAINTANANCE RECORDS AND OPERATION LOGS AND HAS FOUND THAT DURING THE PERIOD BETWEEN MANUFACTURE OF THE AIRCRAFT AND THE DATE OF THIS LEASE THE AIRCRAFT, A CANADAIK LTD MODEL CL-600-2B12, MANUFACTURER'S SERIAL NIMBER 5365 CURRENTLY REGISTERED WITH THE FEDERAL AVIATION ADMINISTRATION AS N280K HAS BEEN MAINTAINED AND INSPECTED UNDER PART 14 CFR 91.409(f).

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 14 CFR 91.409(f) FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. DURING THE DURATION OF THIS LEASE, EASTMAN KODAK COMPANY, 1343 STATE STREE, ROCHESTER, NEW YORK 14650-0217 S CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO ARE INCORPORATED HEREIN BY REFERENCE.

I, THE UNDERSIGNED, ANTOINETTE P. MCCORVEY, AS CHIEF FINANCIAL OFFICER AND SENIOR VICE PRESIDENT OF EASTMAN KODAK COMPANY, 1343 STATE STREE, ROCHESTER, NEW YORK 14650-0217 S

CERTIFY THAT EASTMAN KODAK COMPANY IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Time-Sharing Agreement as of the day and year first above written.

"EKC"

Eastman Kodak Company

By: /s/ Antoinette P. McCorvey
Name: Antoinette P. McCorvey
Title: Chief Financial Officer
and Senior Vice President

Date and Time of Execution

"AMP"

/s/ Antonio M. Perez
Name: Antonio M. Perez Date and Time of Execution

INSTRUCTIONS FOR COMPLIANCE WITH "TRUTH IN LEASING"
REQUIREMENTS

1. Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within twenty-four hours after it is signed):

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P. O. Box 25724
Oklahoma City, Oklahoma 73125

2. Telephone the nearest Flight Standards District Office at least forty-eight hours prior to the first flight under this lease.

3. Carry a copy of the lease in the aircraft at all times.

TIME-SHARING AGREEMENT**[Bombardier Aerospace Corporation Model Global Express Aircraft/FAA Registration Mark N404VL/Manufacturer's Serial Number 9085]**

This Time-Sharing Agreement (the "Agreement") is made and entered into effective as of January 1, 2011 (the "Effective Date"), by and between Eastman Kodak Company, a New Jersey corporation ("EKC") and Antonio M. Perez ("AMP"), and is made and entered into with reference to the following facts and objectives:

RECITALS:

- A. Vesey Air, LLC ("Vesey Air") is the registered owner of that certain aircraft identified as a Bombardier Aerospace Corporation Model Global Express aircraft, bearing a current FAA Registration Mark N404VL, Manufacturer's Serial Number 9085 Aircraft, with two BMW Rolls Royce BR710 engines (serial numbers 12284 and 12285) and auxiliary power unit, avionics, equipment, components, accessories, instruments and other items installed in or attached to the airframe, the engines or the auxiliary power unit, together with all spare parts, manuals and log books carried on board and including any replacement part(s) or engine(s) which may be installed on the Aircraft from time to time, and all logs, manuals and other records relating to such Aircraft (collectively, the "Aircraft").
- B. Vesey Air and The von Liebig Office, Inc. ("VLO") have heretofore entered into that certain Aircraft Lease Agreement, dated as of March 30, 2009 (the "Head Lease"), whereby Vesey Air has leased the Aircraft to VLO.
- C. VLO and Kodak Aviation Leasing, LLC ("KAL") and have heretofore entered into that certain Aircraft Lease Agreement, dated as of April 14, 2010 (the "KAL Sublease"), whereby VLO has subleased the Aircraft to KAL.
- D. KAL and EKC have heretofore entered into that certain Aircraft Lease Agreement, dated as of May 4, 2010 (the "EKC Sublease"), whereby KAL has subleased the Aircraft to EKC.
- E. EKC has a fully qualified flight crew to operate the Aircraft.
- F. AMP is the Chief Executive Officer of EKC and AMP desires to lease the Aircraft and flight crew from EKC for non-business related travel, on a time-sharing basis, as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR").

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and conditions herein set forth, EKC and AMP agree as follows:

1. Lease of Aircraft. EKC hereby agrees to lease the Aircraft to AMP for non-business related travel, pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all operations for the period commencing on the Effective Date of this Agreement and terminating on May 6, 2011; provided, however, that EKC may terminate this Agreement on thirty (30) days prior written notice to AMP; provided further that this Agreement is subject to the provisions of Section 13 hereof.

2. AMP's Payment Obligations. AMP shall pay EKC for each flight conducted under this Agreement (including ferry flights from or to the Aircraft's home base necessary to accommodate AMP's request for use of the Aircraft) the aggregate incremental cost of each specific flight; subject to the qualification that AMP shall be responsible for such incremental costs only to the extent that the total incremental costs for all flights (i) under this Agreement; and (ii) under that certain Time-Sharing Agreement, of even date herewith between EKC and AMP with respect to that certain Bombardier Ltd Model CL-600-2B16 Aircraft, MSN 5365 and FAA Registration Mark N280K, exceed \$100,000.00 in any calendar year, in which case AMP shall be responsible only for payment of such incremental costs that exceed \$100,000.00. Such cost shall in no event exceed the sum of the following expenses authorized by FAR Part 91.501(d):

- i. fuel, oil, lubricants, and other additives;
- ii. travel expenses of the crew, including food, lodging and ground transportation;
- iii. hangar and tie down costs away from the Aircraft's base of operation;
- iv. insurance obtained for the specific flight;
- v. landing fees, airport taxes and similar assessments including, but not limited to IRC Section 4261 and related excise taxes;
- vi. customs, foreign permit, and similar fees directly related to the flight;
- vii. in-flight food and beverages;
- viii. passenger ground transportation; and
- ix. flight planning and weather contract services.

3. *Invoicing for Flights.* EKC will pay all expenses related to the operation of the Aircraft when incurred, and will provide, or contract with third parties to provide, an invoice and bill AMP for the incremental cost of each specific flight (to the extent permitted under Section 2) within 10 days of the end of the month in which any flight or flights for the account of AMP occur. AMP shall pay EKC for said expenses within thirty (30) days of receipt of the invoice and bill therefor.
4. *Request for Flights by AMP.* AMP will provide EKC with requests for flight time and proposed flight schedules as far in advance of any given flight as possible. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, AMP shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by EKC or EKC's flight crew:
- i. proposed departure point;
 - ii. destination;
 - iii. date and time of flight;
 - iv. the number of anticipated passengers;
 - v. the nature and extent of luggage and/or cargo to be carried;
 - vii. the date and time of return flight, if any; and
 - viii. any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.
5. *Scheduling Flights.* EKC shall have final authority over the scheduling of the Aircraft, provided, however, that EKC will use ITS best efforts to accommodate AMP's needs and to avoid conflicts in scheduling.
6. *Maintenance of Aircraft.* EKC shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any

flight for any reason or condition which in his or her judgment would compromise the safety of the flight.

7. Flight Crew. EKC shall employ or contract with others to employ, pay for and provide to AMP a qualified flight crew for each flight undertaken under this Agreement.

8. Safety of Flights. In accordance with applicable FAR, the qualified flight crew provided by EKC shall exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. AMP specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage or delay to AMP or any other person. The parties further agree that EKC shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God.

9. Additional Insurance. EKC will provide such additional insurance coverage as AMP shall request or require, provided, however, that the cost of such additional insurance, if any, shall be borne by AMP as set forth in Section 2.iv. hereof.

10. Representations of AMP. AMP warrants that:

(a) AMP will use the Aircraft for and on account of his own business only, and will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire;

(b) AMP shall refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, nor shall there be any attempt by any party hereto to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) During the term of this Agreement, AMP will abide by and conform to all such laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time-sharing lessee.

11. Aircraft Base. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Rochester, New York; provided, however, that EKC retain the right to change the permanent base in the exercise of its sole discretion.

12. No Assignment. Neither this Agreement nor any party's interest herein shall be assigned to any other party whatsoever. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives and successors.

13. Subordination. Notwithstanding anything to the contrary in this Agreement, AMP agrees for the benefit of Vesey Air and VLO that:

(a) The rights of AMP in and to the Aircraft are subject and subordinate to all terms of the Head Lease and all rights of Vesey Air in and to the Aircraft and under the Head Lease, including, without limitation, the right of Vesey Air to inspect and take possession of the Aircraft from time to time according to the terms and provisions of the Head Lease and applicable law.

(b) The rights of AMP in and to the Aircraft are subject and subordinate to all terms of the KAL Sublease and all rights of VLO in and to the Aircraft and under the KAL Sublease, including, without limitation, the right of VLO to inspect and take possession of the Aircraft from time to time according to the terms and provisions of the KAL Sublease and applicable law.

14. TRUTH IN LEASING STATEMENT

AMP HAS REVIEWED THE AIRCRAFT'S MAINTANANCE RECORDS AND OPERATION LOGS AND HAS FOUND THAT DURING THE PERIOD BETWEEN MANUFACTURE OF THE AIRCRAFT AND THE DATE OF THIS LEASE THE AIRCRAFT, A BOMBARDIER AEROSPACE CORPORATION MODEL GLOBAL EXPRESS, MANUFACTURER'S SERIAL NIMBER 9085 CURRENTLY REGISTERED WITH THE FEDERAL AVIATION ADMINISTRATION AS N404VL, HAS BEEN MAINTAINED AND INSPECTED UNDER PART 14 CFR 91.409(f).

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 14 CFR 91.409(f) FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. DURING THE DURATION OF THIS LEASE, EASTMAN KODAK COMPANY, 1343 STATE STREE, ROCHESTER, NEW YORK 14650-0217 S CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE “INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS” ATTACHED HERETO ARE INCORPORATED HEREIN BY REFERENCE.

I, THE UNDERSIGNED, ANTOINETTE P. MCCORVEY AS CHIEF FINANCIAL OFFICER AND SENIOR VICE PRESIDENT OF EASTMAN KODAK COMPANY, 1343 STATE STREET, ROCHESTER, NEW YORK 14650-0217 S CERTIFY THAT EASTMAN KODAK COMPANY IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Time-Sharing Agreement as of the day and year first above written.

"EKC"

Eastman Kodak Company

By: /s/ Antoinette P. McCorvey
Name: Antoinette P. McCorvey
Title: Chief Financial Officer
and Senior Vice President

Date and Time of Execution

"AMP"

/s/ Antonio M. Perez
Name: Antonio M. Perez Date and Time of Execution

INSTRUCTIONS FOR COMPLIANCE WITH "TRUTH IN LEASING"
REQUIREMENTS

1. Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within twenty-four hours after it is signed):

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P. O. Box 25724
Oklahoma City, Oklahoma 73125

2. Telephone the nearest Flight Standards District Office at least forty-eight hours prior to the first flight under this lease.

3. Carry a copy of the lease in the aircraft at all times.

Granted to Mr. Antonio M. Perez**2011 Performance Stock Unit Program Administrative Guide
under Article 7 (Performance Awards) of the
2005 Omnibus Long-Term Compensation Plan****ARTICLE 1. INTRODUCTION****1.1 Background**

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

1.2 Purpose

This Administrative Guide governs the Committee’s grant of Awards under Article 7 of the Plan pursuant to a subprogram that is hereinafter referred to as the “Performance Stock Unit Program” to be effective as of January 3, 2011, by which the Committee will award the opportunity to earn shares of Common Stock for the Cycle to the Participant, with the objectives of improving the relationship between controllable performance and realized compensation and enhancing the focus on operating goals. It is expected that improvement in these areas will have a corollary effect upon the price of the Common Stock. Unless otherwise determined by the Committee, the terms of the Plan shall apply to Awards granted under this Administrative Guide.

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

1.3 Administration

This Performance Stock Unit Program shall be administered by the Committee. The Committee is authorized to issue this Administrative Guide and to make changes in this Administrative Guide as it from time to time deems proper. The Committee is authorized to interpret and construe the Performance Stock Unit Program and this Administrative Guide, to prescribe, amend, and rescind rules and regulations relating to each, and to make all other determinations necessary, appropriate or advisable for the administration of the Performance Stock Unit Program, including without limitation, whether or not to pay fractional shares, whether and how to round fractional shares, and any issues regarding valuation, withholding and international considerations. If there are any inconsistencies between the terms of this Administrative Guide and the terms of the Plan, the terms of the Plan will control. Any determination by the Committee in carrying out, administering or construing the Performance Stock Unit Program will be final and binding for all purposes and upon all interested persons and their heirs, successors and personal representatives. The Committee is authorized to suspend or terminate the Performance Stock Unit Program, at any time, for any reason, with or without prior notice. Notwithstanding any provision herein to the contrary, the Company’s Chief Human Resources Officer is authorized to round fractional shares arising in any way under the Plan either up or down for ease of administration or some other reasonable purpose.

ARTICLE 2. DEFINITIONS

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

2.1 Approved Reason

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

2.2 Award Payment Date

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

2.3 Cycle

“Cycle” or “Performance Cycle” means the one-year period commencing on January 1, 2011 and ending December 31, 2011.

2.4 Participant Account

“Participant Account” means the account established by the Company for the Participant who is granted an Award under the Performance Stock Unit Program to record and account for the grant of the Award that are to be credited to the Account pursuant to Article 10, until such time as the balance in the Account is paid, canceled, forfeited or terminated, as the case may be.

2.5 Performance Criteria

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

2.6 Performance Cycle

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

2.7 Performance Goals

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

2.8 Participant’s Individual Allocation

“Participant’s Individual Allocation” means, for the Performance Cycle of the Performance Stock Unit Program, the target allocation amount, expressed as a number of units of Common Stock, allocated to the Participant at the start of the Performance Cycle pursuant to Article 5.

2.9 Unit

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

2.10 Vesting Date

“Vesting Date” shall mean December 31, 2013.

ARTICLE 3. TERMINATION OF PARTICIPATION

A Participant’s participation in this Cycle of the Performance Stock Unit Program is subject to immediate termination upon the Participant’s termination of employment from the Company during the Performance Cycle. In the case of the Participant’s termination of employment after the end of the Performance Cycle but prior to the Vesting Date, the Participant will forfeit any and all rights to receive payment on account of an Award for the Cycle, except as specified in Section 8.2 (Death, Disability, or Termination for an Approved Reason).

ARTICLE 4. FORM OF AWARDS

4.1 Form of Awards

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

4.2 Participant Account

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

4.3 Participant’s Account Unfunded

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

ARTICLE 5. ESTABLISHING THE PARTICIPANT’S AWARD ALLOCATION

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

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

ARTICLE 6. ESTABLISHING PERFORMANCE FACTORS

6.1 Performance Goals

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

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

The “Maximum Performance Goals” are same as the Target Performance Goals.

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

6.2 Performance Formula

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

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

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

ARTICLE 7. DETERMINATION OF EARNED AWARDS

7.1 Certification

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

7.2 Discretion

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

ARTICLE 8. PRECONDITIONS TO RECEIPT OF AN EARNED AWARD

8.1 Continuous Employment Until Payment

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

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

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

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

8.3 Pro-rata Award

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

ARTICLE 9. PAYMENT OF AWARDS

9.1 Timing of Award Payments

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

9.2 Form of Payment of Awards

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

9.3 Issuance of Shares of Common Stock

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

Participant's request, the transfer agent will deliver to the Participant a stock certificate for the remaining number of shares of Common Stock held in that account of the Participant.

9.4 Non-Assignable

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

ARTICLE 10. REORGANIZATION

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

ARTICLE 11. MISCELLANEOUS

11.1 Compliance with Laws

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

11.2 Termination/Amendment

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

11.3 Section 162(m) of the Code

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

11.4 Participant's Rights Unsecured

The amounts payable under this Administrative Guide shall be unfunded, and the right of the Participant or his estate to receive payment under this Administrative Guide shall be an unsecured claim against the general assets of the Company. The Participant shall have no right to exercise any of the rights or privileges of a shareholder with respect to the Units credited to the Participant Account.

11.5 No Guarantee of Tax Consequences

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

11.6 Tax Withholding

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

11.7 Section 409A Compliance

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

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

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

2005 OMNIBUS LONG-TERM COMPENSATION PLAN OF EASTMAN KODAK COMPANY
(AS AMENDED AND RESTATED JANUARY 1, 2011)

Article 1 – Purpose and Term of Plan**1.1 Purpose**

The purpose of the Plan is to provide motivation to selected Employees and Directors to put forth maximum efforts toward the continued growth, profitability, and success of the Company by providing equity-based and cash-based incentives to such Employees and Directors.

1.2 Term

The Plan was originally effective as of January 1, 2005. The Plan was amended and restated, with approval by shareholder vote, as required by applicable law, effective January 1, 2010. The Plan was further amended and restated effective as of January 1, 2011, and, unless sooner terminated by the Board pursuant to Section 16.6, the Plan shall have a term of 10 years from the original effective date. Awards may not be granted after December 31, 2014; except that the Committee may grant Awards after this date in recognition of performance for Performance Cycles commencing prior to such date.

Article 2 – Definitions

In any necessary construction of a provision of this Plan, the masculine gender may include the feminine, and the singular may include the plural, and vice versa.

2.1 Award

“Award” means grants of both equity-based, and cash-based awards, including Performance Awards, Stock Options, SARs, Restricted Stock Awards, Restricted Stock Unit Awards, Other Stock-Based Awards, or any form of award established by the Committee pursuant to Subsection 4.2(o), whether singly, in combination, or in tandem, to a Participant by the Committee pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee may establish by the Award Notice or otherwise.

2.2 Award Notice

“Award Notice” means the written document establishing the terms, conditions, restrictions, and/or limitations of an Award in addition to those established by this Plan and by the Committee’s exercise of its administrative powers. The Committee shall establish the form of the written document in the exercise of its sole and absolute discretion. The Committee may, but need not, require a Participant to sign a copy of the Award Notice as a precondition to receiving an Award.

2.3 Board

“Board” means the board of directors of Kodak.

2.4 CEO

“CEO” means the Chief Executive Officer of Kodak.

2.5 Change in Control

“Change in Control” means the occurrence of any one of the following events:

- (a) within any twenty-four (24) month period, the Incumbent Directors shall cease to constitute at least a majority of the Board or the board of directors of any successor to the Company;
 - (b) any person is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Kodak representing 25% or more of the combined voting power of Kodak’s then outstanding securities eligible to vote for the election of the Board (the “Kodak Voting Securities”); provided, however, that the event described in this paragraph (b) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (1) by Kodak or any Subsidiary, (2) by any employee benefit plan (or related trust) sponsored or maintained by Kodak or any Subsidiary, (3) by any underwriter temporarily holding securities pursuant to an offering of such securities, (4) pursuant to a Non-Qualifying Transaction (as defined in paragraph (c) below), or (5) a transaction (other than one described in paragraph (c) below) in which Kodak Voting Securities are acquired from Kodak, if a majority of the Incumbent Directors approve a resolution providing expressly that the acquisition pursuant to this clause (5) does not constitute a Change in
-

Control under this paragraph (b);

- (c) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving Kodak or any of its Subsidiaries that requires the approval of Kodak's shareholders, whether for such transaction or the issuance of securities in the transaction (a "Reorganization"), unless immediately following such Reorganization: (1) more than 60% of the total voting power of (x) the corporation resulting from such Reorganization (the "Surviving Company"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Company (the "Parent Company"), is represented by Kodak Voting Securities that were outstanding immediately prior to such Reorganization (or, if applicable, is represented by shares into which such Kodak Voting Securities were converted pursuant to such Reorganization), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Kodak Voting Securities among the holders thereof immediately prior to the Reorganization, (2) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Company or the Parent Company), is or becomes the beneficial owner, directly or indirectly, of 25% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Company (or, if there is no Parent Company, the Surviving Company), and (3) at least a majority of the members of the board of directors of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Reorganization were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization (any Reorganization which satisfies all of the criteria specified in (1), (2) and (3) above shall be deemed to be a "Non-Qualifying Transaction");
- (d) the shareholders of Kodak approve a plan of complete liquidation or dissolution of Kodak; or
- (e) the consummation of a sale of all or substantially all of Kodak's assets to an entity that is not an affiliate of Kodak.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person obtains a beneficial ownership of 25% or more of Kodak Voting Securities as a result of the acquisition of Kodak Voting Securities by Kodak which reduces the number of Kodak Voting Securities outstanding; provided that if after such acquisition by Kodak such person becomes the beneficial owner of additional Kodak Voting Securities that increases the percentage of outstanding Kodak Voting Securities beneficially owned by such person, a Change in Control shall then occur.

2.6 Change in Control Price

"Change in Control Price" means, for events described in clause (c) of the definition of Change in Control, the consideration received by shareholders of the Company in respect of a share of Common Stock in connection with the transaction, or, for events described in clauses (a), (b), (d) or (e) of the definition of Change in Control, the average of the closing prices for the five (5) days preceding the date of the Change in Control.

2.7 Code

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and any successor provisions and regulations thereto.

2.8 Committee

"Committee" means the Executive Compensation and Development Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan; provided that the Committee shall consist of two or more directors, each of whom is (1) an "independent" director under the New York Stock Exchange's listing requirements, (2) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act, and (3) an "outside director" within the meaning of Section 162(m) of the Code and the applicable regulation thereunder. However, if a member of the Committee does not meet each of the foregoing requirements, the Committee must delegate some or all of its functions under the Plan to a committee or subcommittee composed of members that meet the relevant requirements. The term "Committee" includes any such committee or subcommittee, to the extent of the Executive Compensation and Development Committee's delegation.

2.9 Common Stock

"Common Stock" means the common stock, \$2.50 par value per share, of Kodak that may be newly issued or treasury stock.

2.10 Company

“Company” means Kodak and its Subsidiaries.

2.11 Covered Employee

“Covered Employee” means an Employee who is a “Covered Employee” within the meaning of Section 162(m) of the Code.

2.12 Director

“Director” means a non-employee member of the Board.

2.13 Disability

“Disability” means a disability as defined under the terms of the long-term disability plan maintained by the Participant’s employer, or in the absence of such a plan, the Kodak Long-Term Disability Plan.

2.14 Effective Date

“Effective Date” means the date an Award is determined to be effective by the Committee upon its grant of such Award.

2.15 Employee

“Employee” means any person employed by Kodak or any Subsidiary on a full or part time basis.

2.16 Exchange Act

“Exchange Act” means the Securities and Exchange Act of 1934, as amended from time to time, including rules thereunder and any successor provisions and rules thereto.

2.17 Fair Market Value

“Fair Market Value” means (a) prior to May 12, 2010, the mean of the high and low sales prices of a share of Common Stock on a particular date on the New York Stock Exchange and (b) on and after May 12, 2010, the closing sales price of a share of Common Stock on a particular date on the New York Stock Exchange. In the event that the Common Stock is not traded on the New York Stock Exchange on the relevant date, the Fair Market Value will be determined on the immediately preceding day on which the Common Stock was traded.

2.18 Freestanding SAR

“Freestanding SAR” shall have the meaning as set forth in Section 9.1.

2.19 Incentive Stock Options

“Incentive Stock Option” means incentive stock options within the meaning of Section 422 of the Code.

2.20 Incumbent Director

“Incumbent Directors” means the persons who were members of the Board as of January 1, 2010 plus, any person becoming a director subsequent to January 1, 2010 whose election or nomination for election was approved by a vote of at least two thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval for the proxy statement of Kodak in which such person is named as a nominee for director, without written objection to such nomination); provided, however, that no individual initially elected or nominated as a director of Kodak as a result of an actual or threatened election contest with respect to directors (“Election Contest”) or any other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act) other than the Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed to be an Incumbent Director until twenty-four (24) months after such election.

2.21 Indemnified Person

“Indemnified Person” shall have the meaning as set forth in Section 4.7.

2.22 Kodak

“Kodak” means Eastman Kodak Company.

2.23 Non-Qualified Stock Option

“Non-Qualified Stock Option” shall have the meaning as set forth in Section 8.1.

2.24 Option Proceeds

“Option Proceeds” means the cash (or equivalents) received by the Company for the option price in connection with the exercise of Stock Options plus the maximum tax benefit that could be realized by the Company as a result of the exercise of such Stock Options, which tax benefit shall be determined by multiplying (a) the amount that is deductible for federal income tax purposes as a result of any such Stock Option exercise, times (b) the maximum federal corporate income tax rate for the year of exercise. To

the extent that a Participant pays the option price and/or withholding taxes with shares of Common Stock, Option Proceeds shall not be calculated with respect to the amounts so paid in shares of Common Stock.

2.25 Other Stock-Based Award

“Other Stock-Based Award” means the unrestricted shares, deferred share units, or such other form as the Committee may determine, granted pursuant to Article 11 of the Plan.

2.26 Parent Company

“Parent Company” shall have the meaning set forth in Section 2.5.

2.27 Participant

“Participant” means either an Employee or Director to whom an Award has been granted by the Committee under the Plan.

2.28 Performance Awards

“Performance Awards” means the equity-based and cash-based Awards that vest on satisfying the Performance Criteria granted pursuant to Article 7.

2.29 Performance Criteria

“Performance Criteria” means the one or more criteria that the Committee shall select for a Performance Cycle.

2.30 Performance Cycle

“Performance Cycle” means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of the Performance Criteria will be measured for the purpose of determining a Participant’s right to and the payment of a Performance Award.

2.31 Performance Formula

“Performance Formula” means, for a Performance Cycle, the one or more objective formulas applied against the relevant Performance Criteria to determine if any of the Award has been earned for the Performance Cycle. The formula may exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of accounting changes each as defined by generally accepted accounting principles and as identified in the financial statements, notes to the financial statements, management’s discussion and analysis or other SEC filings.

2.32 Plan

“Plan” means the 2005 Omnibus Long-Term Compensation Plan, as amended and restated as of January 1, 2010, and as further amended and restated as of January 1, 2011, including all attachments thereto.

2.33 Restricted Stock Award

“Restricted Stock Award” means the equity-based awards in actual shares granted pursuant to Article 10 of the Plan.

2.34 Restricted Stock Unit Award

“Restricted Stock Unit Award” means the equity-based awards in share units granted pursuant to Article 10 of the Plan pursuant to which shares of Common Stock or cash in lieu thereof may be issued in the future.

2.35 Retirement

“Retirement” means, in the case of a Participant employed by Kodak, voluntary termination of employment on or after age 55 with 10 or more years of service or on or after age 65. In the case of a Participant employed by a Subsidiary, “Retirement” means early or normal retirement under the terms of the Subsidiary’s retirement plan, or if the Subsidiary does not have a retirement plan, termination of employment on or after age 60. A Participant must voluntarily terminate his or her employment in order for his or her termination of employment to be for “Retirement.”

2.36 SARs

“SARs” means the stock appreciation rights granted pursuant to Article 9 of the Plan.

2.37 Section 409A

“Section 409A” means Section 409A of the Code, and the Treasury Regulations promulgated and other official guidance issued thereunder.

2.38 Section 409A Change in Control

“Section 409A Change in Control” means an event that qualifies as a “change in the ownership or effective control of the

corporation, or in the ownership of a substantial portion of the assets of the corporation” within the meaning of Sections 1.409A-3(a)(5) and 1.409A-3(i)(5) of the Treasury regulations.

2.39 Stock Option

“Stock Option” means any right granted to a Participant to purchase Common Stock at such price or prices and during such periods established pursuant to Article 8 of the Plan.

2.40 Subsidiary

“Subsidiary” means a corporation or other business entity in which Kodak directly or indirectly has an ownership interest of 50 percent or more, except that with respect to Incentive Stock Options, “Subsidiary” shall mean “subsidiary corporation” as defined in Section 424(f) of the Code.

2.41 Substitute Awards

“Substitute Awards” means Awards granted or shares issued by the Company in assumption of, or in substitution or exchange for, Awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

2.42 Surviving Company

“Surviving Company” shall have the meaning set forth in Section 2.5.

2.43 Tandem SAR

“Tandem SAR” shall have the meaning set forth in Section 9.1.

2.44 Year

“Year” means Kodak’s fiscal year.

Article 3 – Eligibility

All Employees and Directors are eligible to participate in the Plan. The Committee may select, from time to time, Participants from those Employees who, in the opinion of the Committee, can further the Plan’s purposes. In addition, the Committee may select, from time to time, Participants from those Directors (who may or may not be Committee members) who, in the opinion of the Committee, can further the Plan’s purposes. Once a Participant is so selected, the Committee shall determine the type(s) of Awards to be made to the Participant and shall establish in the related Award Notice(s) or administrative guide(s), the terms, conditions, restrictions and/or limitations, if any, applicable to the Award(s) in addition to those set forth in this Plan and the administrative rules and regulations issued by the Committee.

Article 4 – Plan Administration

4.1 Responsibility

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

4.2 Authority of the Committee

The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Committee shall have the exclusive right to: (a) select the Participants and determine the type of Awards to be made to Participants, the number of shares or amount of cash (or equivalents) subject to Awards and the terms, conditions, restrictions and limitations of the Awards; (b) interpret the Plan; (c) determine eligibility for participation in the Plan; (d) decide all questions concerning eligibility for and the amount of Awards payable under the Plan; (e) construe any ambiguous provision of the Plan; (f) correct any defect; (g) supply any omission; (h) reconcile any inconsistency; (i) issue administrative guidelines or sub-plans as an aid to administer the Plan and make changes in such guidelines or sub-plans as it from time to time deems proper; (j) prescribe, amend and rescind rules and regulations relating to the Plan, including rules governing its own operation; (k) amend the Plan in accordance with Section 16.6; (l) determine whether Awards should be granted singly, in combination or in tandem; (m) to the extent permitted under the Plan and, if applicable, by Section 409A, grant waivers of Plan terms, conditions, restrictions, and limitations; (n) accelerate the vesting, exercise or payment of an Award or the Performance Cycle of an Award when such action or actions would be in the best interests of the Company and in compliance with Section 409A and other applicable tax law; (o) establish such other types of Awards, besides those specifically enumerated in Article 5 hereof, which the Committee determines are consistent with the Plan’s purpose; (p) establish and administer Performance Formula and certify whether, and to what extent, the goals have been attained; (q) determine the terms and provisions of any Award Notice or other agreements entered into hereunder;

(r) take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan; (s) make all other determinations it deems necessary or advisable for the administration of the Plan, including factual determinations; and (t) determine whether, to what extent and under what circumstances Awards may be settled or exercised in cash or shares of Common Stock or cancelled, forfeited or suspended and the method or methods by which Awards may be settled, cancelled, forfeited or suspended.

4.3 Discretionary Authority

The Committee shall have full discretionary authority in all matters related to the discharge of its responsibilities and the exercise of its authority under the Plan including, without limitation, its construction of the terms of the Plan and its determination of eligibility for participation and Awards under the Plan. It is the intent of the Plan that the decisions of the Committee and its actions with respect to the Plan shall be final, binding and conclusive upon all persons having or claiming to have any right or interest in or under the Plan.

4.4 Section 162(m) of the Code and Covered Employees

The terms set forth in Article 7 shall apply to all Awards granted to any Covered Employee that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, other than Awards of Stock Options or SARs.

4.5 Action by the Committee

The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee and action so taken shall be fully effective as if it had been taken by a vote at a meeting. In addition, the Committee may authorize any one or more of its number to execute and deliver documents on behalf of the Committee.

4.6 Allocation and Delegation of Authority

The Committee may allocate all or any portion of its responsibilities and powers under the Plan to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it, provided that any such allocation or delegation be in writing; provided, however, that only the Committee may select and grant Awards to Participants who are subject to Section 16 of the Exchange Act. The Committee may revoke any such allocation or delegation at any time for any reason with or without prior notice.

4.7 Liability

No member of the Board or the Committee or any employee of the Company (each such person an “Indemnified Person”) shall have any liability to any person (including, without limitation, any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Indemnified Person shall be indemnified and held harmless by Kodak against and from any loss, cost, liability or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnified Person in connection with or resulting from any action, suit or proceeding to which such Indemnified Person may be a party or in which such Indemnified Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Indemnified Person, with Kodak’s prior approval, in settlement thereof, or paid by such Indemnified Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnified Person, provided that Kodak shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once Kodak gives notice of its intent to assume the defense, Kodak shall have sole control over such defense with counsel of Kodak’s choice. The foregoing right of indemnification shall not be available to an Indemnified Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Indemnified Person giving rise to the indemnification claim resulted from such Indemnified Person’s bad faith, fraud or willful criminal act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Indemnified Persons may be entitled under the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

4.8 Interim Decision Making

Notwithstanding anything to the contrary contained herein: (i) until the Board shall appoint the members of the Committee, the Plan shall be administered by the Board and (ii) the Board may, in its sole discretion, at any time and from time to time, grant Awards or resolve to administer the Plan. In either of the foregoing events, the Board shall have all of the authority and responsibility granted to the Committee herein.

Article 5 – Form of Awards

5.1 In General

Awards may, at the Committee's sole discretion, be paid in the form of Performance Awards pursuant to Article 7, Stock Options pursuant to Article 8, SARs pursuant to Article 9, Restricted Stock Awards and Restricted Stock Unit Awards pursuant to Article 10, Other Stock-Based Awards pursuant to Article 11 and any form established by the Committee pursuant to Subsection 4.2(o), or a combination thereof. All Awards shall be subject to the terms, conditions, restrictions and limitations of the Plan. The Committee may, in its sole judgment, subject an Award to such other terms, conditions, restrictions and/or limitations (including, but not limited to, the time and conditions of exercise and restrictions on transferability, termination and vesting), provided that they are not inconsistent with the terms of the Plan. Awards under a particular Article of the Plan need not be uniform and Awards under two or more Articles may be combined into a single Award Notice. Any combination of Awards may be granted at one time and on more than one occasion to the same Participant. For purposes of the Plan, the value of any Award granted in the form of Common Stock shall be the Fair Market Value as of the grant's Effective Date.

5.2 Foreign Jurisdictions

- (a) **Special Terms.** In order to facilitate the making of any Award to Participants who are employed by the Company outside the United States (or who are foreign nationals temporarily within the United States), the Committee may provide for such modifications and additional terms and conditions ("special terms") in Awards as the Committee may consider necessary or appropriate to accommodate differences in local law, policy or custom or to facilitate administration of the Plan. The special terms may provide that the grant of an Award is subject to (1) applicable governmental or regulatory approval or other compliance with local legal requirements and/or (2) the execution by the Participant of a written instrument in the form specified by the Committee, and that in the event such conditions are not satisfied, the grant shall be void. The Committee may adopt or approve sub-plans, appendices or supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for purposes of implementing any special terms, without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, no such sub-plans, appendices or supplements to, or amendments, restatements, or alternative versions of, the Plan shall: (a) increase the limitations contained in Sections 7.5, 8.6 and 9.5; (b) increase the number of available shares under Section 6.1; or (c) cause the Plan to cease to satisfy any conditions of Rule 16b-3 under the Exchange Act, Section 409A of the Code (to the extent applicable) or, with respect to Covered Employees, Section 162(m) of the Code.
- (b) **Currency Effects.** Unless otherwise specifically determined by the Committee, all Awards and payments pursuant to such Awards shall be determined in U.S. currency. The Committee shall determine, in its discretion, whether and to the extent any payments made pursuant to an Award shall be made in local currency, as opposed to U.S. dollars. In the event payments are made in local currency, the Committee may determine, in its discretion and without liability to any Participant, the method and rate of converting the payment into local currency.
- (c) **Modifications to Awards.** The Committee shall have the right at any time and from time to time and without prior notice to modify outstanding Awards to comply with or satisfy local laws and regulations, to avoid costly governmental filings or to implement administrative changes to the Plan that are deemed necessary or advisable by the Committee for compliance with laws. By means of illustration but not limitation, the Committee may restrict the method of exercise of an Award to avoid securities laws or exchange control filings, laws or regulations. Notwithstanding the foregoing, the Committee may not modify an outstanding Award without the consent of the affected Participant if such modification would cause the Award to violate Section 409A.
- (d) **Acquired Rights.** No Employee in any country shall have any right to receive an Award, except as expressly provided for under the Plan. All Awards made at any time are subject to the prior approval of the Committee.

Article 6 – Shares Subject to Plan

6.1 Available Shares

- (a) **Aggregate Limits.** The aggregate number of shares of the Company's Common Stock that shall be available for grant under this Plan shall be eleven million (11,000,000), plus any shares subject to awards made under the 1990 Omnibus Long-Term Compensation Plan, the 1995 Omnibus Long-Term Compensation Plan and the 2000 Omnibus Long-Term Compensation Plan, in each case that are outstanding upon the expiration of such plan and become available pursuant to Section 6.1(b). The aggregate number of shares available for grant under

this Plan and the number of shares subject to outstanding Awards shall be subject to adjustment as provided by Section 6.2. The shares issued pursuant to Awards granted under this Plan may be shares that either were reacquired by the Company, including shares purchased in the open market, or authorized but unissued shares.

- (b) For purpose of this Section 6.1, the aggregate number of shares available for Awards under this Plan shall be increased by, (i) shares subject to Awards that have been canceled, expired, forfeited or settled in cash, without the issuance of substitute shares, (ii) shares subject to Awards that have been retained by the Company in payment or satisfaction of the purchase price or tax withholding obligation of an Award, (iii) shares issued in connection with reinvestment of dividends or dividend equivalents (iv) shares that have been delivered (either actually or constructively by attestation) to the Company in payment or satisfaction of the purchase price or tax withholding obligation of an Award, (v) shares reacquired by the Company on the open market using Option Proceeds; provided, however, that the aggregate number of shares that may be added back to the aggregate limit shall not be greater than the amount of such Option Proceeds divided by the Fair Market Value on the date of exercise of the Stock Option giving rise to such Option Proceeds, and (vi) shares subject to Awards that otherwise do not result in the issuance of shares in connection with payment or settlement of an Award. In addition, the aggregate number of shares available for grant under this Plan shall not be reduced by shares granted as Substitute Awards.

6.2 Adjustment to Shares

If there is any change in the number of outstanding shares of Common Stock through the declaration of stock dividends, stock splits or the like, the number of shares available for Awards, the shares subject to any Award and the option prices or exercise prices of Awards shall be automatically adjusted. If there is any change in the number of outstanding shares of Common Stock through any change in the capital account of Kodak, or through a merger, consolidation, separation (including a spin-off or other distribution of stock or property), reorganization (whether or not such reorganization comes within the meaning of such term in Section 368(a) of the Code) or partial or complete liquidation, the Committee shall make appropriate adjustments in the maximum number of shares of Common Stock which may be granted under the Plan and any adjustments and/or modifications to outstanding Awards as it, in its sole discretion, deems equitable. In the event of any other change in the capital structure or in the Common Stock of Kodak (including through payment of an extraordinary cash dividend), the Committee shall also make such appropriate adjustments in the maximum number of shares of Common Stock available for grant under the Plan and any adjustments and/or modifications to outstanding Awards as it, in its sole discretion, deems equitable. The maximum number of shares available for grant under the Plan shall be automatically adjusted to the extent necessary to reflect any dividend equivalents paid in the form of Common Stock.

Article 7 – Performance Awards

7.1 In General

Awards may be granted to Participants in the form of Performance Awards under the Plan. For awards applicable solely to Covered Employees, the terms of this Article 7 apply to all Awards, other than Stock Options or SARs, that are intended by the Committee to satisfy the requirements for deductibility as “performance-based compensation” under Section 162(m)(4)(C) of the Code.

7.2 Performance Criteria

“Performance Criteria” means one or more of the following for the Company on a consolidated basis and/or for any subsidiary, division, strategic product group, segment, business unit and/or one or more product lines: return on assets; return on net assets; return on equity; return on shareholder equity; return on invested capital; return on capital; total shareholder return; share price; improvement in and/or attainment of expense levels; improvement in and/or attainment of cost levels, selling, general and administrative expense (“SG&A”); SG&A as a percent of revenue; costs as a percent of revenue; productivity objectives; unit manufacturing costs; gross profit margin; operating margin; cash margin; earnings per share; earnings from operations; segment earnings from operations; earnings; earnings before taxes; earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); revenue measures; number of units sold; number of units installed; revenue per employee; market share; market position; working capital measures; inventory; accounts receivable; accounts payable; cash conversion cycle; cash flow; cash generation; net cash generation; proceeds from asset sales; free cash flow; investable cash flow; capital expenditures; capital structure measures; cash balance; debt levels; equity levels; economic value added models; technology milestones; commercialization milestones; customer metrics; customer satisfaction; consumable

burn rate; installed base; repeat customer orders; acquisitions; divestitures; employee metrics; employee engagement; employee retention; employee attrition; workforce diversity; and diversity initiatives, in each case, measured either annually or cumulatively over a period of years, on an absolute basis and/or relative to a pre-established target and/or plan, to previous years' results, as a percentage of revenue, and/or to a designated comparison group.

7.3 Performance Cycle

For awards applicable solely to Covered Employees, a Performance Cycle shall be at least twelve (12) calendar months.

7.4 Discretion of Committee with Respect to Performance Awards

To the extent required by Section 162(m) of the Code, the Committee shall have full discretion, within the first ninety (90) days of a Performance Cycle (or, if longer, within the maximum period allowed under Section 162(m) of the Code), to designate the Employees who will be Participants for the Performance Cycle, the length of such Performance Cycle (which shall be at least 12 months for Covered Employees), the type(s) of Awards to be issued, the Performance Criteria that will be used to calculate, in an objective manner, the Performance Formula, the kind(s) and/or level(s) of the goals under the Performance Formula, whether the Performance Criteria shall apply to the Company, Kodak, a Subsidiary, or any one or more subunits of the foregoing, and the Performance Formula.

7.5 Adjustment of Awards

The Committee is authorized at any time during the first ninety (90) days of a Performance Cycle, or at any time thereafter (but only to the extent the exercise of such authority after the first ninety (90) days of a Performance Cycle would not cause the Awards granted to the Participant for the Performance Cycle to fail to qualify as "performance-based compensation" under Section 162(m) of the Code), in its sole and absolute discretion, to adjust or modify the Performance Formula for such Performance Cycle in order to prevent the dilution or enlargement of the rights of Participants, (A) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (B) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; and (C) in view of the Committee's assessment of the business strategy of the Company, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant. In no event shall any Award that applies to a Covered Employee be adjusted pursuant to Section 6.2 of the Plan to the extent it would cause such Award to fail to qualify as "performance-based compensation" under Section 162(m) of the Code.

7.6 Determination of Awards

Following the completion of a Performance Cycle, the Committee may, and, with respect to Covered Employees shall, review and certify in writing whether, and to what extent, the goals under the Performance Formula for the Performance Cycle have been achieved and, if so, to calculate and certify in writing the amount of the Awards earned for the period. The Committee may reduce, eliminate or, except with respect to Covered Employees, increase the amount of the Award earned under the Performance Formula for the Performance Cycle, if in the Committee's sole judgment, such reduction or elimination is appropriate.

7.7 Payment of Performance Awards

- (a) Condition to Receipt of Performance Award. Unless otherwise provided in the relevant Award Notice or administrative guide, a Participant must be employed by the Company on the last day of a Performance Cycle to be eligible for an earned Performance Award for such Performance Cycle.
- (b) Limitation. Unless otherwise determined by the Committee, a Participant shall be eligible to receive a Performance Award for a Performance Cycle only to the extent that achievement of the goals under the Performance Formula for such period is measured and as a result, all or some portion of such Participant's Performance Award has been earned for the Performance Cycle.
- (c) Timing of Award Payments. The Awards granted for a Performance Cycle shall be paid to Participants as soon as administratively practicable following determination of achievement of the goals under the Performance Formula and satisfaction of any applicable vesting periods or other terms and conditions. Unless otherwise provided in the relevant Award Notice or administrative guide, such payment shall be made no earlier than January 1 of the calendar year following the end of the applicable Performance Cycle and no later than December 31 of such calendar year.

7.8 Maximum Award Payable

The maximum Performance Award payable to any one Participant under the Plan for a Performance Cycle is five hundred thousand (500,000) shares of Common Stock. In the event that the Performance Award is denominated in cash rather than shares of Common Stock, the maximum individual cash award paid in respect of any Performance Cycle shall be five million dollars (\$5,000,000).

Article 8 – Stock Options

8.1 In General

Awards may be granted in the form of Stock Options. These Stock Options may be Incentive Stock Options or non-qualified stock options (i.e., Stock Options which are not Incentive Stock Options) (“Non-Qualified Stock Options”), or a combination of both.

8.2 Terms and Conditions of Stock Options

- (a) In General. A Stock Option shall be exercisable in accordance with such terms and conditions and at such times and during such periods as may be determined by the Committee in its sole discretion and as set forth in an individual Award Notice; provided, however, no Stock Option shall be exercisable after the expiration of 7 years from the Effective Date of the Stock Option. The price at which Common Stock may be purchased upon exercise of a Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock on the Effective Date of the Stock Option’s grant except for grants of Substitute Awards. Moreover, all Stock Options shall have a vesting schedule not less than one year from the date of grant, except under certain circumstances contemplated by Section 12.2 or Article 15.
- (b) Other than pursuant to Section 6.2 or as a result of a grant of a Substitute Award, the Committee shall not be permitted to (i) lower the option price per share of a Stock Option after it is granted, (ii) cancel a Stock Option when the option price per share exceeds the Fair Market Value of the underlying shares in exchange for cash, another Award or any other form of consideration, or (iii) take any other action with respect to a Stock Option that may be treated as a repricing under the rules and regulations of the New York Stock Exchange, in each case, without shareholder approval.

8.3 Restrictions Relating to Incentive Stock Options

Stock Options issued in the form of Incentive Stock Options shall, in addition to being subject to the terms and conditions of Section 8.2, comply with Section 422 of the Code. Accordingly, the aggregate Fair Market Value (determined at the time the Incentive Stock Option was granted) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under this Plan or any other plan of the Company) shall not exceed one hundred thousand dollars (\$100,000) (or such other limit as may be required by the Code). Stock Options designated as Incentive Stock Options that do not satisfy the requirements of this Section 8.3 shall be deemed Non-Qualified Stock Options.

8.4 Additional Terms and Conditions

The Committee may, by way of the Award Notice or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any Stock Option Award, provided that they are not inconsistent with the Plan.

8.5 Exercise

Upon exercise, the option price of a Stock Option may, at the Committee’s discretion, be paid in cash (or equivalents), or by tendering, by either actual delivery of shares or by attestation, shares of Common Stock, a combination of the foregoing, or such other consideration as the Committee may deem appropriate. The Committee shall establish appropriate methods for accepting Common Stock, whether restricted or unrestricted, and may impose such conditions as it deems appropriate on the use of such Common Stock to exercise a Stock Option.

8.6 Maximum Award Payable

Notwithstanding any provision contained in the Plan to the contrary, the maximum number of shares for which Stock Options may be granted under the Plan to any one Participant in any thirty-six (36) month period is two million (2,000,000) shares of Common Stock.

Article 9 – Stock Appreciation Rights

9.1 In General

Awards may be granted in the form of SARs. SARs entitle the Participant to receive a payment equal to the appreciation in a

stated number of shares of Common Stock from the exercise price to the Fair Market Value of the Common Stock on the date of exercise. An SAR may be granted in tandem with all or a portion of a related Stock Option under the Plan (“Tandem SARs”), or may be granted separately (“Freestanding SARs”). A Tandem SAR may be granted only at the time of the grant of the related Stock Option.

9.2 Terms and Conditions of SARs

- (a) Tandem SARs. A Tandem SAR shall be exercisable to the extent, and only to the extent, that the related Stock Option is exercisable, and the “exercise price” of such an SAR (the base from which the value of the SAR is measured at its exercise) shall be the option price under the related Stock Option. If a related Stock Option is exercised as to some or all of the shares covered by the Award, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the Stock Option exercise. Upon exercise of a Tandem SAR as to some or all of the shares covered by the Award, the related Stock Option shall be canceled automatically to the extent of the number of shares covered by such exercise. Moreover, all Tandem SARs shall expire upon the expiration of the related Stock Option.
- (b) Freestanding SARs. Freestanding SARs shall be exercisable in accordance with such terms and conditions and at such times and during such periods as may be determined by the Committee. The exercise price of a Freestanding SAR shall be not less than 100% of the Fair Market Value of the Common Stock, as determined by the Committee, on the Effective Date of the Freestanding SAR’s grant. Moreover, all Freestanding SARs shall expire not later than seven years from the Effective Date of the Freestanding SAR’s grant and generally have the same terms and conditions as Stock Options.
- (c) Other than pursuant to Section 6.2 or as a result of a grant of a Substitute Award, the Committee shall not be permitted to (i) lower the exercise price of an SAR after it is granted, (ii) cancel an SAR when the exercise price exceeds the Fair Market Value of the underlying shares of Common Stock in exchange for cash, another Award or any other form of consideration or, (iii) take any other action with respect to an SAR that may be treated as a repricing under the rules and regulations of the New York Stock Exchange, in each case without shareholder approval.

9.3 Intentionally Omitted

9.4 Additional Terms and Conditions

The Committee may, by way of the Award Notice or otherwise, determine such other terms, conditions, restrictions and/or limitations, if any, of any SAR Award, provided that they are not inconsistent with the Plan.

9.5 Maximum Award Payable

Notwithstanding any provision contained in the Plan to the contrary, the maximum number of shares for which SARs may be granted under the Plan to any one Participant for a thirty-six (36) month period is two million (2,000,000) shares of Common Stock.

9.6 Payments of SARs

In the event that the SAR is paid in cash, the corresponding cash (or equivalents) thereof shall be paid as of the date that the SAR is exercised.

Article 10 – Restricted Stock Awards

10.1 Grants

Awards under this Article 10 may be granted to Participants, either alone or in addition to other Awards granted under the Plan, as Restricted Stock Awards or Restricted Stock Unit Awards. Awards may be granted in the form of (i) freestanding grants that vest based on the passage of time, or (ii) grants in payment of earned Performance Awards or other incentive compensation under another plan maintained by the Company.

10.2 Award Restrictions

Restricted Stock Awards or Restricted Stock Unit Awards shall be subject to such terms, conditions, restrictions, and/or limitations, if any, as the Committee deems appropriate including, but not by way of limitation, restrictions on transferability and continued employment; provided, however, they are not inconsistent with the Plan. The Committee may modify or accelerate the delivery of a Restricted Stock Award or Restricted Stock Unit Award under such circumstances as it deems would be in the best interest of the Company; provided, however, that such action would not cause a violation of Section 409A.

10.3 Vesting Period for Awards to Employees

Except as provided in Section 12.2 or Article 15, the period to achieve full vesting for Restricted Stock Awards and Restricted

Stock Unit Awards granted to Employees in the form of freestanding grants shall not be shorter than three years. Vesting under the Plan can be on a pro rata or graded basis over the period or cliff at the end of the period; provided, however, that grants made to new hires to replace forfeited awards from a prior employer and grants in payment of earned Performance Awards (or other incentive compensation) are not subject to the minimum vesting period.

10.4 Evidence of Award

Any Restricted Stock Award or Restricted Stock Unit Award granted under the Plan may be evidenced in such manner as the Committee deems appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates.

Article 11 – Other Stock Based Awards

11.1 Grants

Awards under this Article 11 may be granted to Participants, either alone or in addition to the Awards granted under the Plan, in the form of Other stock-based Awards. Awards may be granted either as freestanding grants or payments of earned Performance Awards or other incentive compensation under another plan maintained by the Company.

11.2 Conditions and Terms of Other Stock-Based Grants

The Committee may by way of the Award Notice or otherwise, determine such other terms, conditions, restrictions and/or limitations, if any, of any other stock-based Award, provided that they are not inconsistent with the Plan. Other stock-based Awards granted to Employees shall be subject to the requirements of Section 10.3. Subject to the preceding sentence, other stock-based Awards in the form of deferred stock units shall not be subject to a minimum vesting period.

Article 12 – Payment of Awards

12.1 In General

Absent a Plan provision to the contrary, payment of Awards may, at the discretion of the Committee, be made in cash (or equivalents), Common Stock, or a combination of cash and Common Stock. In addition, payment of Awards may include such terms, conditions, restrictions and/or limitations, if any, as the Committee deems appropriate, including, in the case of Awards paid in the form of Common Stock, restrictions on transfer and forfeiture provisions; provided, however, such terms, conditions, restrictions and/or limitations are not inconsistent with the Plan. Further, payment of Awards may be made in the form of a lump sum or installments, as determined by the Committee, in accordance with the requirements of Section 409A, to the extent applicable.

12.2 Termination of Employment

Subject to the requirements of Section 409A, the Committee shall determine the treatment of a Participant's Award under the Plan in the event of the Participant's termination of employment, either in an individual Award Notice or administrative guide, or at the time of termination. Notwithstanding anything herein to the contrary, except as set forth in Article 15, in no event shall any Award (other than an Award of Stock Options and/or SARs) granted to any Covered Employee that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code provide for accelerated vesting and/or payment without regard to the satisfaction of any Performance Criteria applicable thereto upon termination of the applicable Participant's employment for any reason other than death or Disability.

12.3 Inimical Conduct

If a Participant performs any act or engages in any activity which the CEO, in the case of an Employee or former Employee, or the Committee, in the case of the CEO, a Director, or a former Director, determines is inimical to the best interests of the Company, the Participant shall, effective as of the date the Participant engages in such conduct, forfeit all unexercised, unearned and/or unpaid Awards, including, but not by way of limitation, Awards earned but not yet paid, all unpaid dividends and dividend equivalents, and all interest, if any, accrued on the foregoing.

12.4 Breach of Employee's Agreement

- (a) In General. A Participant who engages in conduct described in Section 12.4(c) below shall immediately: (1) forfeit, effective as of the date the Participant engages in such conduct, all unexercised, unearned, and/or unpaid Awards, including, but not by way of limitation, Awards earned but not yet paid, all unpaid dividends and dividend equivalents, and all interest, if any, accrued on the foregoing; and (2) pay to the Company the amount of any gain realized or payment received as a result of any Stock Option or SAR exercised by the

Participant under the Plan within the two year period immediately preceding the date the Participant engages in such conduct.

- (b) **Set-Off.** By accepting an Award under this Plan, a Participant consents to a deduction from any amounts the Company owes the Participant from time to time (including, but not limited to, amounts owed to the Participant as wages or other compensation, fringe benefits, or vacation pay), to the extent of the amounts the Participant owes the Company under Section 12.4(a). If the Company elects to make an off-set in whole or in part, the Company will not off-set amounts owed by a Participant to the Company against amounts subject to Section 409A that are payable by the Company until the time that payment would have been made, except as permitted by Section 409A. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Participant owes the Company, the Participant shall immediately pay the unpaid balance to the Company.
- (c) **Conduct.** The following conduct shall result in the consequences described in Section 12.4(a):
- (i) **Kodak.** In the case of a Participant who has signed a Kodak company employee's agreement that has restrictive covenants similar to those in Section (iii) below (an "Eastman Kodak Company Employee's Agreement"), the Participant's breach of the Eastman Kodak Company Employee's Agreement.
- (ii) **Subsidiary.** In the case of a Participant who is employed by a Subsidiary and has signed a written agreement with the Subsidiary that contains restrictive covenants similar to those in the Eastman Kodak Company Employee's Agreement, the Participant's breach of such written agreement.
- (iii) **Other Participants.** In the case of a Participant other than a Participant described in Subsection 12(c)(i) or (ii) above, the Participant without the prior written consent of Kodak, in the case of an Employee or former Employee, or the Committee, in the case of a Director or former Director: (A) engages directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, stockholder, employee, or otherwise, in any business or activity competitive with the business conducted by Kodak or any Subsidiary; or (B) at any time divulges to any person or any entity other than the Company any trade secrets, methods, processes or the proprietary or confidential information of the Company. For purposes of this Section 12.4(c)(iii), a Participant shall not be deemed a stockholder if the Participant's record and beneficial ownership amount to not more than 1% of the outstanding capital stock of any company subject to the periodic and other reporting requirements of the Exchange Act.

Article 13 – Dividend and Dividend Equivalent

The Committee may choose, at the time of the grant of an Award or any time thereafter up to the time of the Award's payment, to include as part of such Award an entitlement to receive cash dividends or dividend equivalents, subject to such terms, conditions, restrictions and/or limitations, if any, as the Committee may establish. Dividends and dividend equivalents shall be paid in such form and manner (i.e., lump sum or installments), and at such time(s) as the Committee shall determine in accordance with Section 409A, to the extent applicable. All dividends or dividend equivalents, which are not paid currently, may, at the Committee's discretion, accrue interest or be reinvested into additional shares of Common Stock subject to the same vesting or performance conditions as the underlying Award. Notwithstanding anything herein to the contrary, dividend equivalents will not be paid to Participants in respect of unvested Performance Awards during the applicable Performance Cycle; provided, however, that such dividends may accrue during the Performance Cycle and be paid as and when the underlying Performance Awards are earned and paid.

Article 14 – Deferral of Awards

At the discretion of the Committee, payment of any Award (other than any Stock Options or SARs), dividend, or dividend equivalent, or any portion thereof, may be deferred by a Participant until such time as the Committee may establish in accordance with Section 409A and other applicable federal income tax requirements. All such deferrals shall be accomplished by the delivery of a written, irrevocable election by the Participant prior to the time established by the Committee for such purpose, on a form provided by the Company. Further, all deferrals shall be made in accordance with administrative guidelines established by the Committee to ensure that such deferrals comply with Section 409A and all other applicable requirements of the Code. Deferred payments shall be paid in a lump sum or installments, as determined by the Committee in accordance with the requirements of Section 409A. Deferred Awards may also be credited with interest, at such rates to be determined by the Committee, and, with respect to those deferred Awards denominated in the form of Common Stock, with dividends or dividend equivalents.

Article 15 – Change in Control

15.1 Treatment of Non-Continued Awards

Notwithstanding any provision contained in the Plan, including, but not limited to, Section 4.4, the provisions of this Article 15 shall control over any contrary provision. Except as otherwise set forth in Section 15.6, upon a Change in Control: (i) the terms of this Article 15 shall immediately become operative, without further action or consent by any person or entity unless otherwise expressly set forth in an Award Notice or administrative guide, (ii) all terms, conditions, restrictions, and limitations in effect on any unexercised, unearned, unpaid, and/or deferred Award in each case, other than Performance Awards, or any other outstanding Award, shall immediately lapse as of the date of such event; (iii) no other terms, conditions, restrictions and/or limitations shall be imposed upon any Awards on or after such date, and in no circumstance shall an Award be forfeited on or after such date; and (iv) except as set forth in Section 15.3, all unexercised, unvested, unearned, and/or unpaid Awards or any other outstanding Awards shall automatically become one hundred percent (100%) vested immediately. Notwithstanding the foregoing, the treatment described in this Section 15.1 shall not apply to any Award to the extent that such treatment would violate Section 409A unless the Change in Control event also qualifies as a Section 409A Change in Control, in which event the treatment described in this Section 15.1 shall further apply to such Award to the extent such treatment would not violate Section 409A.

15.2 Dividends and Dividend Equivalents

Except as otherwise set forth in Section 15.6, upon a Change in Control, all unpaid dividends and dividend equivalents and all interest accrued thereon, if any, shall be treated and paid under this Article 15 in the identical manner and time as the Award under which such dividends or dividend equivalents have been credited. For example, if upon a Change in Control, an Award under this Article 15 is to be paid at the target award opportunity, all unpaid dividends and dividend equivalents with respect to such Award shall be paid according to the number of shares associated with the target award opportunity. Notwithstanding the foregoing, if such dividends or dividend equivalents are subject to Section 409A and the treatment described by this Section 15.2 would violate Section 409A, then the treatment described in this Section 15.2 shall not apply to the extent such treatment would violate Section 409A unless the Change in Control event also qualifies as a Section 409A Change in Control, in which event the treatment described in this Section 15.2 shall further apply to such dividends and dividend equivalents to the extent such treatment would not violate Section 409A. Any payment of unpaid dividends and dividend equivalents pursuant to this Section 15.2 shall be made as soon as practicable following the Change in Control event, but in no event later than ninety (90) days thereafter.

15.3 Valuation and Payment of Awards

Except as otherwise set forth in Section 15.6, upon a Change in Control, any Participant, whether or not he or she is still employed by the Company, shall be paid, in a single lump-sum payment, as soon as practicable but in no event later than ninety (90) days after the Change in Control, in exchange for all of his or her Freestanding SARs, Stock Options (including Incentive Stock Options), Other Stock-Based Awards, Restricted Stock Awards and Restricted Stock Unit Awards, and all other outstanding Awards (including those granted by the Committee pursuant to its authority under Subsection 4.2(o) hereof), other than Performance Awards, a cash payment (or the delivery of shares of stock, other securities or a combination of cash, stock and securities equivalent to such cash payment) equal to the difference, if any, between the Change in Control Price and the purchase price per share, if any, under the Award multiplied by the number of shares of Common Stock subject to such Award; provided that if such product is zero or less, the Awards will be cancelled and terminated without payment therefore. Except as otherwise set forth in Section 15.6, upon a Change in Control any Performance Awards granted to any Participant shall vest and Awards shall be paid out as soon as practicable in cash (or the delivery of shares of stock, other securities or a combination of cash, stock and securities equivalent to such cash payment), but in no event later than ninety (90) days after the Change in Control, in an amount equal to one hundred percent (100%) of target performance set out in the Performance Formula without consideration of actual performance. Notwithstanding the foregoing, if the Award is subject to Section 409A and the treatment described by this Section 15.3 would violate Section 409A, then the treatment described in this Section 15.3 shall not apply to the extent such treatment would violate Section 409A unless the Change in Control event also qualifies as a Section 409A Change in Control, in which event the treatment described in this Section 15.3 shall further apply to such Award to the extent such treatment would not violate Section 409A.

15.4 Deferred Awards

Upon a Change in Control, all Awards deferred by a Participant under Article 14 hereof, but for which he or she has not received

payment as of such date, shall be paid in a single lump-sum cash payment as soon as practicable, but in no event later than ninety (90) days after the Change in Control. For purposes of making such payment, the value of all Awards that are equity-based shall be determined by the Change in Control Price. Notwithstanding the foregoing, if the Award is subject to Section 409A and the treatment described by this Section 15.4 would violate Section 409A, then the treatment described in this Section 15.4 shall not apply to the extent such treatment would violate Section 409A unless the Change in Control event also qualifies as a Section 409A Change in Control, in which event the treatment described in this Section 15.4 shall further apply to such Award to the extent such treatment would not violate Section 409A.

15.5 Miscellaneous

Upon a Change in Control, the provisions of Sections 12.2, 12.3, 12.4 and 16.3 hereof shall become null and void and of no further force and effect and no action, including, but not by way of limitation, the amendment, suspension or termination of the Plan, shall be taken which would affect the rights of any Participant or the operation of the Plan with respect to any Award to which the Participant may have become entitled hereunder on or prior to the date of such action or as a result of such Change in Control.

15.6 Continuation of Awards

Unless otherwise determined by the Committee, upon a Change in Control to the extent that the Surviving Company or Parent Company, as applicable, assumes (or substitutes) outstanding Awards pursuant to the terms hereof, then the provisions of Sections 15.1 through 15.3 shall not apply to such Award; provided, however, that if the Award is subject to Section 409A and the treatment described by this Section 15.6 would violate Section 409A, then the treatment described in this Section 15.6 shall not apply to the extent such treatment would violate Section 409A. The Committee shall determine in its sole discretion whether an Award shall be considered “assumed” or “substituted.” Without limiting the foregoing, for the purposes of this Article, a Stock Option or SAR shall be considered “assumed” or “substituted” if in the reasonable determination of the Committee, (i) the aggregate intrinsic value (the difference between the then Fair Market Value and the exercise price per share of Common Stock multiplied by the number of shares of Common Stock subject to such award) of the assumed (or substituted) Award immediately after the Change in Control is substantially the same as the aggregate intrinsic value of such Award immediately before such transaction, (ii) the ratio of the exercise price per assumed (or substituted) Award to the fair market value per share of successor corporation stock immediately after the Change in Control is substantially the same as such ratio for such Award immediately before such transaction, (iii) the Award is exercisable for the consideration approved by the Committee (including shares of stock, other securities or property or a combination of cash, stock, securities and other property), and (iv) the other terms and conditions of the Stock Options or SARs remain substantially the same. For the purposes of this Article, Restricted Stock Awards and Restricted Stock Unit Awards shall be considered an assumed (or substituted) Award if in the reasonable determination of the Committee, the value and terms and conditions of the assumed (or substituted) Award immediately after the Change in Control are substantially the same as the value and terms and conditions of such Award immediately before such transaction. For the purposes of this Article, Performance Awards shall be considered an assumed (or substituted) Award if they are converted to Restricted Stock Awards or Restricted Stock Unit Awards which, in the reasonable determination of the Committee, have a value based on an amount equal to one hundred percent (100%) of target performance set out in the Performance Formula and have terms and conditions (other than with respect to performance) that are substantially the same as the terms and conditions of such Award immediately before such transaction.

15.7 Termination of Employment Following a Change in Control

- (a) Eligibility. Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 4.4, and 12.2, the provisions of this Section 15.7 shall control over any contrary provision. All Participants shall be eligible for the treatment afforded by this Section 15.7 if their employment by the Company terminates within two years following a Change in Control, unless the termination is due to (i) death, (ii) Disability, (iii) one of the following reasons (A) the willful and continued failure by the Participant to substantially perform his or her duties with his or her employer after a written warning identifying the lack of substantial performance is delivered to the Participant by his or her employer to specifically identify the manner in which the employer believes that Participant has not substantially performed his or her duties, or (B) the willful engaging by the Participant in illegal conduct which is materially and demonstrably injurious to Kodak or a Subsidiary, (iv) resignation other than (A) a resignation from a declined reassignment to a job that is not reasonably equivalent in responsibility or compensation (as would be determined under Kodak’s Termination Allowance Plan), or that is not in the same geographic area (as would be determined under Kodak’s Termination Allowance Plan), or (B) a resignation within 30 days following a reduction in base pay, or (v) Retirement.

- (b) If a Participant is eligible for treatment under this Section 15.7, (i) all of the terms, conditions, restrictions, and limitations in effect on any of his or her unexercised, unearned, unpaid and/or deferred Awards shall immediately lapse as of the date of his or her termination of employment; (ii) no other terms, conditions, restrictions and/or limitations shall be imposed upon any of his or her Awards on or after such date, and in no event shall any of his or her Awards be forfeited on or after such date; and (iii) all of his or her unexercised, unvested, unearned and/or unpaid Awards shall automatically become one hundred percent (100%) vested immediately upon his or her termination of employment; provided, however, the treatment described in this Section 15.7 shall not apply to any Award subject to Section 409A to the extent such treatment would violate Section 409A unless (A) the Change in Control event also qualifies as a Section 409A Change in Control, and (B) the termination of employment qualifies as a “separation from service” for purposes of Section 409A, in which event the treatment described in this Section 15.7 shall further apply to such Award to the extent such treatment would not violate Section 409A. Payment of Awards shall be made as soon as practicable following the Participant’s termination of employment, but in no event later than ninety (90) days thereafter, unless the Participant at the time of his or her termination of employment is subject to the six-month waiting period following separation from service that Kodak requires for certain executive employees as a result of Section 409A, in which event payment instead will be made as soon as practicable after the expiration of such period, but in no event later than ninety (90) days thereafter. (c) If a Participant is eligible for treatment under this Section 15.7, all of his or her unpaid dividends and dividend equivalents and all interest accrued thereon, if any, shall be treated and paid under this Article 15 in the identical manner and time as the Award under which such dividends or dividend equivalents have been credited. Notwithstanding the foregoing, if such dividends or dividend equivalents are subject to Section 409A and the treatment described by this Section 15.7(c) would violate Section 409A, then the treatment described in this Section 15.7(c) shall not apply to the extent such treatment would violate Section 409A unless (A) the Change in Control event also qualifies as a Section 409A Change in Control, and (B) the termination of employment qualifies as a “separation from service” for purposes of Section 409A, in which event the treatment described in this Section 15.7(c) shall further apply to such dividends and dividend equivalents to the extent such treatment would not violate Section 409A. Any payment of unpaid dividends and dividend equivalents pursuant to this Section 15.7(c) shall be made as soon as practicable following the Participant’s termination of employment, but in no event later than ninety (90) days thereafter, unless the Participant at the time of his or her termination of employment is subject to the six-month waiting period following separation from service that Kodak requires for certain executive employees as a result of Section 409A, in which event payment instead will be made as soon as practicable after the expiration of such period, but in no event later than ninety (90) days thereafter.

15.8 Legal Fees

Kodak shall pay all reasonable legal fees and related expenses incurred by a Participant in seeking to obtain or enforce any payment, benefit or right he or she reasonably may be entitled to under the Plan in connection with a Change in Control; provided, however, the Participant shall be required to repay any such amounts to Kodak to the extent a court of competent jurisdiction issues a final and non-appealable order setting forth the determination that the position taken by the Participant was frivolous or advanced in bad faith. Any reimbursement by Kodak under this section shall be made in accordance with Eastman Kodak Company’s Policy Regarding Section 409A Compliance.

Article 16 – Miscellaneous

16.1 Nonassignability

- (a) In General. Except as otherwise determined by the Committee or as otherwise provided in Subsection (b) below, no Awards or any other payment under the Plan shall be subject to any manner to alienation, anticipation, sale, transfer (except by will, the laws of descent and distribution, or domestic relations order), assignment, pledge, or encumbrance, nor shall any Award be payable to or exercisable by anyone other than the Participant to whom it was granted.
- (b) Non-Qualified Stock Options. The Committee shall have the discretionary authority to grant Awards of Non-Qualified Stock Options or amend outstanding Awards of Non-Qualified Stock Options to provide that they be transferable, subject to such terms and conditions as the Committee shall establish. In addition to any such terms and conditions, the following terms and conditions shall apply to all transfers of Non-Qualified Stock Options:
- (i) Permissible Transferors. The only Participants permitted to transfer their Non-Qualified Stock Options are those Participants who

are, on the date of the transfer of their Non-Qualified Stock Option, either in wage grade 56 or above, or the equivalent thereof, a corporate officer of Kodak, or a Director.

- (ii) Permissible Transferees. Transfers shall only be permitted to: (i) the Participant's "Immediate Family Members," as that term is defined in Subsection (b)(9) below; (ii) a trust or trusts for the exclusive benefit of such Immediate Family Members; or (iii) a family partnership or family limited partnership in which each partner is, at the time of transfer and all times subsequent thereto, either an Immediate Family Member or a trust for the exclusive benefit of one or more Immediate Family Members.
- (iii) No Consideration. All transfers shall be made for no consideration.
- (iv) Subsequent Transfers. Once a Participant transfers a Non-Qualified Stock Option, any subsequent transfer of such transferred option shall, notwithstanding Section 16.1(b)(i) to the contrary, be permitted provided, however, such subsequent transfer complies with all of the terms and conditions of this Section 16.1(b), with the exception of Section 16.1(b)(i).
- (v) Transfer Agent. In order for a transfer to be effective, the Committee's designated transfer agent must be used to effectuate the transfer. The costs of such transfer agent shall be borne solely by the transferor.
- (vi) Withholding. In order for a transfer to be effective, a Participant must agree in writing prior to the transfer on a form provided by Kodak to pay any and all payroll and withholding taxes due upon exercise of the transferred option. In addition, prior to the exercise of a transferred option by a transferee, arrangements must be made by the Participant with Kodak for the payment of all payroll and withholding taxes.
- (vii) Terms and Conditions of Transferred Option. Upon transfer, a Non-Qualified Stock Option continues to be governed by and subject to the terms and conditions of the Plan and the Stock Option's applicable administrative guide and Award Notice. A transferee of a Non-Qualified Stock Option is entitled to the same rights as the Participant to whom such Non-Qualified Stock Options were awarded, as if no transfer had taken place. Accordingly, the rights of the transferee are subject to the terms and conditions of the original grant to the Participant, including provisions relating to expiration date, exercisability, option price and forfeiture.
- (viii) Notice to Transferees. Kodak shall be under no obligation to provide a transferee with any notice regarding the transferred options held by the transferee upon forfeiture or any other circumstance.
- (ix) Immediate Family Member. For purposes of this Section 16.1, the term "Immediate Family Member" shall mean the Participant and his or her spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

16.2 Withholding Taxes

In connection with any payments to a Participant or other event under the Plan that gives rise to a federal, state, local or other tax withholding obligation relating to the Plan (including, without limitation, FICA tax), the Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld (or cause to be withheld) with respect to such payment or may require the Participant to pay to the Company such tax prior to and as a condition of the making of such payment. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a Participant to pay the amount of taxes required to be withheld from an Award by withholding from any payment of Common Stock due as a result of such Award at minimum statutory tax rates, or by permitting the Participant to tender (actually or through attestation) to the Company, shares of Common Stock having a Fair Market Value, as determined by the Committee, equal to the amount of such required withholding taxes up to the maximum marginal tax rate.

16.3 Amendments to Awards

The Committee may at any time unilaterally amend any unexercised, unearned or unpaid Award, including, but not by way of limitation, Awards earned but not yet paid, to the extent it deems appropriate; provided, however, that (a) any such amendment which, in the opinion of the Committee, materially impairs the rights or materially increases the obligation of a Participant under an outstanding Award shall be made only with the consent of the Participant (or, upon the Participant's death, the person having the right to exercise the Award), except that amendments to implement administrative changes to the Plan that are deemed necessary or advisable by the Committee for compliance with laws shall not require Participant consent, and (b) no such amendment shall cause a violation of Section 409A. By means of illustration but not limitation, the Committee may restrict the method of exercise of an Award to avoid securities laws or exchange control filings, laws or regulations.

16.4 Regulatory Approvals and Listings

Notwithstanding anything contained in this Plan to the contrary, the Company shall have no obligation to issue or deliver certificates of Common Stock evidencing any Award resulting in the payment of Common Stock prior to (a) the obtaining of any approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (b) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed, and (c) the completion of any registration or other qualification of said shares under any state or federal law or ruling of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

16.5 No Right to Continued Employment or Grants; Recoupment

Participation in the Plan shall not give any Employee any right to remain in the employ of Kodak or any Subsidiary. Kodak or, in the case of employment with a Subsidiary, the Subsidiary, reserves the right to terminate any Employee at any time for any or no reason. Further, the adoption of this Plan shall not be deemed to give any Employee or any other individual any right to be selected as a Participant or to be granted an Award. In addition, no Employee having been selected for an Award, shall have at any time the right to receive any additional Awards. Notwithstanding anything in this Plan to the contrary, nothing in this Plan shall affect, or constitute a waiver by Kodak of, any of its rights or obligations to recoup any compensation of whatever kind paid by Kodak or any of its affiliates at any time to the Employee to the fullest extent such recoupment is permitted or required by applicable law or listing standards, or any Kodak policy or other agreement with the Employee.

16.6 Amendment/Termination

The Committee may suspend or terminate the Plan at any time for any reason with or without prior notice. In addition, the Committee may, from time to time for any reason and with or without prior notice, amend the Plan in any manner, but may not (a) without shareholder approval adopt any amendment which would require the vote of the shareholders of Kodak required under the New York Stock Exchange's shareholder approval rules, or (b) adopt any amendment to the Plan which would cause any Award outstanding under the Plan at the time of the amendment to violate Section 409A.

16.7 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

16.8 No Right, Title or Interest in Company Assets; No Rights as a Shareholder

No Participant shall have any rights as a shareholder, including the right to vote, as a result of participation in the Plan until the date of issuance of a stock certificate in his or her name or such other evidence of ownership as may be determined by the Committee and, in the case of Restricted Stock Awards such rights as are granted to the Participant under the Plan. To the extent any person acquires a right to receive payments from the Company under the Plan, such rights shall be no greater than the rights of an unsecured creditor of the Company and the Participant shall not have any rights in or against any specific assets of the Company. All of the Awards granted under the Plan shall be unfunded.

16.9 Section 16 of the Exchange Act

In order to avoid any Exchange Act violations, the Committee may, from time to time, impose additional restrictions upon an Award, including but not limited to, restrictions regarding tax withholdings.

16.10 No Guarantee of Tax Consequences

No person connected with the Plan in any capacity, including, but not limited to, Kodak and its Subsidiaries and their 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 under the Plan, or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.

16.11 Other Benefits

No Award granted under the Plan shall be considered compensation for purposes of computing benefits under any retirement plan of the Company nor affect any benefits or compensation under any other benefit or compensation plan of the Company now or subsequently in effect.

16.12 Section Headings

The section headings contained herein are for the purpose of convenience only and are not intended to define or limit the contents of the sections.

16.13 Severability; Entire Agreement

If any of the provisions of this Plan or any Award Notice is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby; provided, that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan, any administrative guidelines or sub-plans issued pursuant to Section 4.2(i), and any Award Notices contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

16.14 No Third Party Beneficiaries

Except as expressly provided therein, neither the Plan nor any Award Notice shall confer on any person other than the Company and the grantee of any Award any rights or remedies thereunder.

16.15 Successors and Assigns

The terms of this Plan shall be binding upon and inure to the benefit of the Company and its successors and assigns.

16.16 Waiver of Claims

Each Participant recognizes and agrees that prior to being selected by the Committee to receive an Award he or she has no right to any benefits hereunder. Accordingly, in consideration of the Participant's receipt of any Award hereunder, he or she expressly waives any right to contest the amount of any Award, the terms of any Award Notice, any determination, action or omission hereunder or under any Award Notice by the Committee, the Company or the Board, or any amendment to the Plan or any Award Notice (other than an amendment to this Plan or an Award Agreement to which his or her consent is expressly required by the express terms of the Plan or an Award Notice).

16.17 Section 409A

The Plan and the Awards granted thereunder are intended to be exempt from or comply with the requirements of Section 409A, and the Plan, and Award Notices and administrative guides issued thereunder, shall be administered and interpreted consistent with such intention. In addition, the Plan, Award Notices and administrative guidelines will be interpreted and administered in accordance with Eastman Kodak Company's Policy Regarding Section 409A Compliance with respect to benefits subject to Section 409A.

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

	Three Months Ended March 31, 2011
Loss from continuing operations before income taxes	\$ (273)
Adjustments:	
Interest expense	38
Interest component of rental expense (1)	8
Amortization of capitalized interest	-
Loss from continuing operations as adjusted	<u>\$ (227)</u>
Fixed charges:	
Interest expense	\$ 38
Interest component of rental expense (1)	8
Capitalized interest	-
Total fixed charges	<u>\$ 46</u>
Ratio of earnings to fixed charges	*

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

* Earnings for the three months ended March 31, 2011 were inadequate to cover fixed charges. The coverage deficiency was \$273 million.

CERTIFICATION

I, Antonio M. Perez, certify that:

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

Date: April 28, 2011

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

CERTIFICATION

I, Antoinette P. McCorvey, certify that:

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

Date: April 28, 2011

/s/ Antoinette P. McCorvey
Antoinette P. McCorvey
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Eastman Kodak Company (the "Company") for the three month period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antonio M. Perez, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

April 28, 2011

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

In connection with the Quarterly Report on Form 10-Q of Eastman Kodak Company (the "Company") for the three month period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antoinette P. McCorvey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

/s/ Antoinette P. McCorvey
Antoinette P. McCorvey
Chief Financial Officer

April 28, 2011