

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

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

For the quarterly period ended June 30, 1999

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: 716-724-4000

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 X No

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

Class	Number of Shares Outstanding at June 30, 1999
Common Stock, \$2.50 par value	316,495,142

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

Eastman Kodak Company and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS

(in millions, except per share data)

	Second Quarter		First Half-Year	
	1999	1998	1999	1998
Sales	\$3,610	\$3,541	\$6,710	\$6,452
Cost of goods sold	1,886	1,828	3,755	3,413
	-----	-----	-----	-----
Gross profit	1,724	1,713	2,955	3,039
Selling, general and administrative expenses	810	834	1,556	1,587
Research and development costs	198	224	405	447
	-----	-----	-----	-----
Earnings from operations	716	655	994	1,005
Interest expense	38	40	68	64
Other income (charges)	67	135	108	150
	-----	-----	-----	-----
Earnings before income taxes	745	750	1,034	1,091
Provision for income taxes	254	255	352	371
	-----	-----	-----	-----
NET EARNINGS	\$ 491	\$ 495	\$ 682	\$ 720
	=====	=====	=====	=====
Basic earnings per share	\$ 1.54	\$ 1.53	\$ 2.13	\$ 2.23
	=====	=====	=====	=====
Diluted earnings per share	\$ 1.52	\$ 1.51	\$ 2.11	\$ 2.20
	=====	=====	=====	=====
Earnings used in basic and diluted earnings per share	\$ 491	\$ 495	\$ 682	\$ 720
Number of common shares used in basic earnings per share	319.1	323.0	320.6	323.0
Incremental shares from assumed conversion of options	3.9	4.2	3.5	3.8
	-----	-----	-----	-----
Number of common shares used in diluted earnings per share	323.0	327.2	324.1	326.8
	=====	=====	=====	=====

CONSOLIDATED STATEMENT OF
RETAINED EARNINGS

Retained earnings at beginning of period	\$6,212	\$5,426	\$6,163	\$5,343
Net earnings	491	495	682	720
Cash dividends declared (285)	(140)	(143)	(282)	
	-----	-----	-----	-----
Retained earnings at end of period	\$6,563	\$5,778	\$6,563	\$5,778
	=====	=====	=====	=====

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

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

	June 30, 1999	Dec. 31, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 292	\$ 457
Marketable securities	13	43
Receivables	2,945	2,527
Inventories	1,398	1,424
Deferred income tax charges	833	855
Other	333	293
	-----	-----
Total current assets	5,814	5,599
	-----	-----
PROPERTIES		
Land, buildings and equipment at cost	13,113	13,482
Less: Accumulated depreciation	7,268	7,568
	-----	-----
Net properties	5,845	5,914
	-----	-----
OTHER ASSETS		
Goodwill (net of accumulated amortization of \$567 and \$534)	1,053	1,232
Long-term receivables and other noncurrent assets	1,834	1,705
Deferred income tax charges	276	283
	-----	-----
TOTAL ASSETS	\$14,822	\$14,733
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables	\$ 3,479	\$ 3,906
Short-term borrowings	2,278	1,518
Taxes - income and other	713	593
Dividends payable	140	142
Deferred income tax credits	20	19
	-----	-----
Total current liabilities	6,630	6,178
OTHER LIABILITIES		
Long-term borrowings	487	504
Postemployment liabilities	2,902	2,962
Other long-term liabilities	913	1,032
Deferred income tax credits	74	69
	-----	-----
Total liabilities	11,006	10,745
SHAREHOLDERS' EQUITY		
Common stock at par*	978	978
Additional paid in capital	891	902
Retained earnings	6,563	6,163
Accumulated other comprehensive loss	(209)	(111)
	-----	-----
	8,223	7,932
Less: Treasury stock at cost*	4,407	3,944
	-----	-----
Total shareholders' equity	3,816	3,988
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$14,822	\$14,733
	=====	=====

* Common stock: \$2.50 par value, 950 million shares authorized, 391 million shares issued at June 30, 1999 and December 31, 1998. Treasury stock at cost consists of approximately 75 million shares at June 30, 1999 and 68 million shares at December 31, 1998. Total comprehensive income was \$475 million and \$527 million for the quarters, and \$584 million and \$741 million for the half-years, ended June 30, 1999 and June 30, 1998, respectively.

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

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

	First Half-Year	
	1999	1998
Cash flows from operating activities:		
Net earnings	\$ 682	\$ 720
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	442	405
Asset impairment and other charges	103	-
Provision (benefit) for deferred taxes	35	(29)
Gain on sale/retirement of assets	(37)	(98)
Increase in receivables	(536)	(390)
Increase in inventories	(83)	(253)
Decrease in liabilities excluding borrowings	(245)	(332)
Other items, net	(218)	(112)
	-----	-----
Total adjustments	(539)	(809)
	-----	-----
Net cash provided by (used in) operating activities	143	(89)
	-----	-----
Cash flows from investing activities:		
Additions to properties	(478)	(373)
Proceeds from sale of assets	78	158
Cash flows related to sales of businesses	51	20
Acquisitions, net of cash acquired	(3)	(240)
Sales of marketable securities	63	7
Purchases of marketable securities	(33)	(113)
	-----	-----
Net cash used in investing activities	(322)	(541)
	-----	-----
Cash flows from financing activities:		
Net increase in borrowings with original maturity of 90 days or less	778	747
Proceeds from other borrowings	518	578
Repayment of other borrowings	(516)	(661)
Dividends to shareholders	(284)	(286)
Exercise of employee stock options	17	45
Stock repurchase programs	(491)	(101)
	-----	-----
Net cash provided by financing activities	22	322
	-----	-----
Effect of exchange rate changes on cash	(8)	(4)
	-----	-----
Net decrease in cash and cash equivalents	(165)	(312)
Cash and cash equivalents, beginning of year	457	728
	-----	-----
Cash and cash equivalents, end of quarter	\$ 292	\$ 416
	=====	=====

The following transactions are not reflected in the Consolidated
Statement of Cash Flows:
(in millions)

	First Half-Year	
	1999	1998
Liabilities assumed in acquisitions	\$ -	\$205
	-----	-----

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The accompanying financial statements have been prepared by the Company in accordance with the accounting policies stated in the 1998 Annual Report and should be read in conjunction with the Notes to Financial Statements appearing therein. In the opinion of the Company, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation have been included in the financial statements. Certain reclassifications of 1998 financial statement and related footnote amounts have been made to conform with the 1999 presentation. The financial statements are based in part on estimates and have not been audited by independent accountants. PricewaterhouseCoopers LLP will audit the annual statements.

NOTE 2: SEGMENT INFORMATION

Refer to Management's Discussion and Analysis.

NOTE 3: COMMITMENTS AND CONTINGENCIES

The Company and its subsidiary companies are involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. There are no such matters pending that the Company and its General Counsel expect to be material in relation to the Company's business, financial position or results of operations. Refer to Item 1, Legal Proceedings, on page 23.

NOTE 4: DIVESTITURES

In April 1999, the Company sold its digital printer, copier-duplicator, and roller assembly operations primarily associated with its Office Imaging business to Heidelberger Druckmaschinen AG ("Heidelberg"), which included its operations in Rochester, NY, Muehlhausen, Germany and Tijuana, Mexico. The transaction did not have a material effect on the Company's results of operations or financial position.

In connection with this transaction, the Company and Heidelberg also announced an agreement to expand their joint venture company, NexPress, to include the black-and-white electrophotographic business. The Company contributed research and development resources to NexPress, as well as its toner and developer operations in Rochester and Kirkby, England. Kodak and Heidelberg established the NexPress joint venture in September 1997 for the purpose of developing and marketing new digital color printing solutions for the graphic arts industry. In connection with these arrangements, the Company serves as a supplier both to Heidelberg and NexPress for consumables such as photoconductors and raw materials for toner/developer manufacturing.

NOTE 5: SUBSEQUENT EVENT

On July 21, 1999, the Company announced that it is in the process of completing additional plans to further reduce its cost structure to reach its target business model. These plans are expected to be finalized during the third quarter and the Company anticipates recording a pre-tax charge of approximately \$300 million at that time. Current analysis indicates that an estimated two-thirds of the charge is related to employment reductions and one-third is related to the writedown of assets related to the Company's decision to reduce excess manufacturing capacity. This is a worldwide program covering a variety of actions; however, two significant actions involving the rationalization and consolidation of manufacturing operations in Rochester, NY include the sale and exit of the Company's Elmgrove manufacturing facility, which will be sold and exited over a three-year period, as well as the shutdown of an older film coating machine in sensitizing operations at Kodak Park, and consolidation of that production at other Kodak facilities, to be completed over the next eighteen months. It is anticipated that these and other actions under this new program will result in a reduction in employment of between 2,000 and 2,500 positions.

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

SUMMARY

(in millions, except per share data)

Change	Second Quarter			First Half-Year		
	1999	1998	Change	1999	1998	
Sales	\$3,610	\$3,541	+ 2%	\$6,710	\$6,452	+4%
Earnings from operations	716	655	+ 9	994	1,005	-1
Net earnings	491	495	- 1	682	720	-5
Basic earnings per share	1.54	1.53	+ 1	2.13	2.23	-4
Diluted earnings per share	1.52	1.51	+ 1	2.11	2.20	-4

1999

Sales for the first half-year were positively impacted by strong volume gains in consumer films, papers, and digital cameras, and the contribution of the medical imaging business acquired from Imation, but negatively impacted by the sale of the Office Imaging business and certain retail operations, as well as lower effective selling prices. Net earnings were reduced by after-tax charges in the first quarter totaling \$68 million or \$.21 per share related to portfolio adjustments to exit non-strategic or under-performing businesses and product lines. Excluding these charges, first half-year diluted earnings per share would have been \$2.32, or 10% over adjusted first-half 1998 diluted earnings per share of \$2.11, the latter excluding an after-tax gain of \$44 million on the sale of part of the Company's equity interest in Gretag, and a charge of \$12 million for a litigation settlement.

During the first half-year, the Company sold its digital printer, copier-duplicator and roller assembly operations primarily associated with the Office Imaging business to Heidelberg (see Note 4, Divestitures). In addition, the Company announced a new stock repurchase program for up to \$2 billion of the Company's outstanding common stock.

On July 21, 1999, the Company announced plans to further reduce its cost structure, which is expected to result in a pre-tax charge of approximately \$300 million in the third quarter of 1999 (see Note 5, Subsequent Event).

Sales by Operating Segment

(in millions)

	Second Quarter			First Half-Year		
	1999	1998	Change	1999	1998	Change
Consumer Imaging						
Inside the U.S.	\$1,002	\$ 972	+ 3%	\$1,679	\$1,573	+ 7%
Outside the U.S.	994	1,033	- 4	1,786	1,843	- 3
	-----	-----	---	-----	-----	---
Total Consumer Imaging	1,996	2,005	0	3,465	3,416	+ 1
	-----	-----	---	-----	-----	---
Kodak Professional						
Inside the U.S.	182	176	+ 3	348	352	- 1
Outside the U.S.	303	271	+12	586	538	+ 9
	-----	-----	---	-----	-----	---
Total Kodak Professional	485	447	+ 9	934	890	+ 5
	-----	-----	---	-----	-----	---
Health Imaging						
Inside the U.S.	248	161	+54	469	322	+46
Outside the U.S.	277	208	+33	577	417	+38
	-----	-----	---	-----	-----	---
Total Health Imaging	525	369	+42	1,046	739	+42
	-----	-----	---	-----	-----	---
Other Imaging						
Inside the U.S.	293	401	-27	617	772	-20
Outside the U.S.	311	319	- 3	648	635	+ 2
	-----	-----	---	-----	-----	---
Total Other Imaging	604	720	-16	1,265	1,407	-10
	-----	-----	---	-----	-----	---
Total Sales	\$3,610	\$3,541	+ 2%	\$6,710	\$6,452	+ 4%
	=====	=====	===	=====	=====	===

Earnings from Operations by Operating Segment

(in millions)

	Second Quarter			First Half-Year		
	1999	1998	Change	1999	1998	Change
Consumer Imaging	\$417	\$404	+ 3%	\$558	\$ 498	+12%
Percent of Sales	20.9%	20.1%		16.1%	14.6%	
Kodak Professional	\$ 99	\$ 83	+19%	\$161	\$ 155	+ 4%
Percent of Sales	20.4%	18.6%		17.2%	17.4%	
Health Imaging	\$127	\$ 95	+34%	\$227	\$ 191	+19%
Percent of Sales	24.2%	25.7%		21.7%	25.8%	
Other Imaging	\$ 73	\$ 73	0%	\$ 48	\$ 161	-70%
Percent of Sales	12.1%	10.1%		3.8%	11.4%	
	-----	-----	---	-----	-----	---
Total Earnings from Operations	\$716	\$655	+ 9%	\$994	\$1,005	- 1%
	=====	=====	===	=====	=====	===

Net Earnings by Operating Segment

(in millions)

	Second Quarter			First Half-Year		
	1999	1998	Change	1999	1998	Change
Consumer Imaging	\$289	\$325	-11%	\$394	\$395	0%
Percent of Sales	14.5%	16.2%		11.4%	11.6%	
Kodak Professional	\$ 86	\$ 62	+39%	\$138	\$110	+25%
Percent of Sales	17.7%	13.9%		14.8%	12.4%	
Health Imaging	\$ 90	\$ 64	+41%	\$157	\$118	+33%
Percent of Sales	17.1%	17.3%		15.0%	16.0%	
Other Imaging	\$ 49	\$ 69	-29%	\$ 33	\$135	-76%
Percent of Sales	8.1%	9.6%		2.6%	9.6%	
	----	----	---	----	----	---
Total of segments	\$514	\$520	- 1%	\$722	\$758	- 5%
Percent of Sales	14.2%	14.7%		10.8%	11.7%	
Interest expense	(38)	(40)		(68)	(64)	
Corporate interest income	6	4		10	8	
Income tax effects on above items and taxes not allocated to segments	9	11		18	18	
	----	----	----	----	----	----
Total Net Earnings	\$491	\$495	- 1%	\$682	\$720	- 5%
	====	====	===	====	====	===

COSTS AND EXPENSES

(in millions)

	Second Quarter			First Half-Year		
	1999	1998	Change	1999	1998	Change
Gross profit	\$1,724	\$1,713	+ 1%	\$2,955	\$3,039	- 3%
Percent of Sales	47.7%	48.4%		44.0%	47.1%	
Selling, general and administrative expenses	\$ 810	\$ 834	- 3%	\$1,556	\$1,587	- 2%
Percent of Sales	22.4%	23.6%		23.2%	24.6%	
Research and development costs	\$ 198	\$ 224	-12%	\$ 405	\$ 447	- 9%
Percent of Sales	5.5%	6.3%		6.0%	6.9%	

1999 COMPARED WITH 1998

Second Quarter

Consolidated

Second quarter 1999 sales increased 2% compared with the second quarter of 1998. Excluding the effects of portfolio actions, sales increased 3%. Portfolio actions had a small impact in the quarter-to-quarter comparison, as the benefits of the acquisition of the Imation medical imaging business were substantially offset by divestitures including the sale of the Office Imaging business to Heidelberg, the divestiture of significant elements of Consumer Imaging's retail operations (primarily Fox Photo), the elimination of the personal computer service business, and the transfer of the Japanese graphics business to the Kodak Polychrome Graphics joint venture.

Sales in emerging markets increased 1%, continuing the positive trend since the fourth quarter of 1998. Sales in emerging markets accounted for approximately 15% of the Company's worldwide sales. Sales were particularly strong in Korea (+34%) and China (+18%). Sales in Latin America decreased 7%, as a 17% sales decrease in Brazil was partially offset by growth in other parts of the region. Sales in Russia remained weak, reflecting a 51% sales decline from the prior year quarter.

Sales of digital products were \$556 million, up 54% from \$360 million in the quarter a year ago. Sales of digital products accounted for 17% of the Company's worldwide sales.

Gross profit declined 0.7 percentage points, from 48.4% of sales to 47.7% of sales. Adjusting the first quarter 1999 for the portfolio actions discussed above, gross profit improved by 5 percentage points on a quarter-sequential basis. During the quarter, gross profit came under pressure from lower prices, increased levels of goodwill amortization, startup costs in the China manufacturing project, and the acquired Imation medical imaging business, which has a gross profit rate lower than the Company average. These pressures were largely offset by gains in manufacturing productivity, improvements in digital businesses, and the beneficial effects of portfolio actions taken, including the divestiture of Office Imaging and a significant portion of Consumer Imaging's retail business.

Selling, general and administrative (SG&A) expenses declined as a percentage of sales from 23.6% to 22.4%, while SG&A excluding advertising expenses also declined from 17.7% to 17.2%. The Company demonstrated solid expense control, with a decrease in SG&A dollars spent despite growing sales and the net effect of portfolio actions which increased SG&A costs.

Research and development (R&D) expenditures declined both as a percentage of sales (from 6.3% to 5.5%) and in dollars (from \$224 million to \$198 million), resulting in an overall 12% reduction. This reflects the benefits of a number of factors, including improvement in R&D cost structure; a more tightly focused portfolio, resulting in more effort devoted to a narrower range of inquiry; and more joint development, with more work shared with partners.

Earnings from operations increased 9%, as the benefits of manufacturing productivity, as well as other cost reductions, and higher unit volumes more than offset lower effective selling prices.

Interest expense was essentially level. Other income (charges) decreased \$68 million primarily due to the Gretag gain related to its IPO in 1998. The effective tax rate was 34% in both periods.

Consumer Imaging

Sales in the Consumer Imaging segment were essentially level with the prior year second quarter. However, sales were reduced by the divestiture of the Fox Photo operating unit in September 1998, and a number of small retail operations in Europe and Latin America. These divestitures reduced second quarter 1999 sales by \$51 million when compared with the quarter a year ago. Adjusting for this portfolio impact, segment sales increased 2% as the benefits of higher unit volumes more than offset lower effective selling prices and the negative effects of foreign exchange.

Sales inside the U.S. increased 3% as reported, or 7% excluding the effects of the divested retail operations. Outside the U.S., sales were down 4% as reported, and down 3% with non-U.S. divestitures excluded. The non-U.S. sales decline reflected a decline of 5% in Western Europe. Excluding the effects of the divested retail operations and foreign exchange, sales in Western Europe were down 1%. Sales in Russia declined more than 50% while sales in Latin America declined 14%. These decreases were partially offset by 12% gains in China and gains in other Asian countries.

Worldwide film sales to dealers decreased 6%, reflecting a 2% volume increase offset by a 7% price decline and minimal foreign exchange impact. U.S. film sales to dealers were down 8%, reflecting volume growth of 4% offset by an 11% price decline. The U.S. film industry continued its strong growth in the second quarter, with retail sales to customers up more than 9%. Outside the U.S., film sales to dealers were down 3%, reflecting level unit volumes and a 3% price decline.

Worldwide color paper sales continued to grow, up 2% due to 5% volume gains partially offset by lower prices. U.S. color paper sales were particularly strong, up 7% due to 8% volume gains with slightly lower prices. Outside the U.S., paper sales were level, with 4% volume gains offset by lower price and foreign exchange.

SG&A expenses for the segment decreased 7%, from 26.1% of sales to 24.4% of sales. Excluding advertising expenses, SG&A expenses decreased 3%, from 17.3% of sales to 16.8% of sales. Research and development expenses decreased 9%, from 4.7% of sales to 4.3% of sales.

Segment earnings from operations increased \$13 million or 3%. The increased earnings were led by worldwide photofinishing operations, color paper, Advantix film, and Picture Maker kiosks and media. Net earnings were \$289 million, a decline of 11% from the prior year, which included the \$44 million after-tax gain related to the Gretag Imaging initial public offering. Excluding the year-ago Gretag gain, net earnings increased 3%.

Kodak Professional

Sales in the Kodak Professional segment increased 9%, led by significant growth in graphics products, whose sales were up more than 30%. Graphics sales benefited from the ongoing rationalization of manufacturing capacity within the Kodak Polychrome Graphics joint venture that has resulted in higher manufacturing and sales volumes for the Company. Beyond graphics products, segment sales were essentially flat as growth from the new Portra family of films and papers was offset by declines in other products. Sales inside the U.S. increased 3%, and sales outside the U.S. increased 12%.

SG&A expenses for the segment decreased 1%, from 20.4% of sales to 18.8% of sales. Excluding advertising expenses, SG&A expenses decreased 3%, from 17.9% of sales to 15.9% of sales. Research and development expenses decreased 22%, from 10.1% of sales to 7.2% of sales.

Earnings from operations increased 19%, as the benefits of higher unit sales volumes in graphics and sensitized products and manufacturing productivity more than offset lower effective selling prices. Net earnings increased 39% due to the increase in earnings from operations, improved results from the Kodak Polychrome Graphics joint venture, and gains on sales of investments.

Health Imaging

Sales in the Health Imaging segment increased 42% from the second quarter of 1998. Excluding the impact of the acquired Imation medical business, worldwide sales were up 1%. Sales inside the U.S. increased 54%, and sales outside the U.S. increased 33%.

Worldwide analog film sales increased 19%, reflecting volume growth of 19% and no price/mix impact. In the U.S., analog film sales were up 4%, reflecting 7% volume increases and negative 3% price/mix. Outside the U.S., analog film sales were up 27%, reflecting 26% volume gains and 1% favorable price/mix. Overall, significant volume growth worldwide is primarily attributed to the acquisition of Imation's medical imaging business.

SG&A expenses for the segment increased 33%, but decreased from 20.1% of sales to 18.7% of sales. Excluding advertising expenses, SG&A expenses increased 35%, but decreased from 19.0% of sales to 18.1% of sales. Research and development expenses increased 25%, but decreased from 7.6% of sales to 6.7% of sales.

Earnings from operations increased 34%, as the benefits of manufacturing productivity and earnings from the acquired Imation medical imaging business were partially offset by lower effective selling prices. Net earnings increased as a result of the increase in earnings from operations.

Other Imaging

Sales in the Other Imaging segment decreased 16% from the second quarter of 1998, primarily due to the divestiture of the Office Imaging business. Excluding the impact of the Office Imaging divestiture, segment sales were essentially flat, as higher volumes were offset by lower prices. Sales inside the U.S. decreased 27%, and sales outside the U.S. decreased 3%.

Segment sales were favorably impacted by a 75% increase for high-volume digital cameras, a 72% increase for inkjet media, and strong double-digit gains for CD media products. Offsetting these sales gains were lower sales of motion picture films, due to softness in the motion picture industry reflecting fewer films released in the U.S.

SG&A expenses for the segment decreased 8%, but increased from 20.1% of sales to 22.0% of sales. Excluding advertising expenses, SG&A expenses decreased 11%, but increased from 17.6% of sales to 18.7% of sales. Research and development expenses decreased 24%, from 8.1% of sales to 7.3% of sales.

Earnings from operations were level year over year at \$73 million. Net earnings decreased 29%, as a result of the comparison with the second quarter of 1998 which included significant gains on sales of assets.

Year to date

Consolidated

Sales increased 4% compared with the first half of 1998. Excluding the effects of portfolio actions, the increase would have been 5%. Currency changes against the dollar favorably affected sales by \$30 million in the first half of 1999 compared with the first half of 1998.

The Company achieved growth in sales of digital cameras, APS film, one-time-use cameras, color paper, and laser imaging products of the acquired medical imaging business. These increases were offset by decreases from the sale of Office Imaging, the divestiture of certain Consumer Imaging retail operations, the transfer of the Japanese graphics business to Kodak Polychrome Graphics, and the elimination of the personal computer service business.

Gross profit declined 3.1 percentage points, from 47.1% of sales to 44.0% of sales. Excluding the charges recorded in the first quarter of 1999 related to sticker kiosks, CalComp, and Eastman Software, gross profit declined 1.8 percentage points, from 47.1% of sales to 45.3% of sales. Gross profit came under pressure from lower prices, increased levels of goodwill amortization, startup costs in the China manufacturing project, and the acquired Imation medical imaging business, which has a gross profit rate lower than the Company average. These pressures were offset, in part, by gains in manufacturing productivity, improvements in digital businesses, and the beneficial effects of portfolio actions taken, including the divestiture of Office Imaging and a significant portion of Consumer Imaging's retail business.

Selling, general and administrative (SG&A) expenses declined as a percentage of sales from 24.6% to 23.2%, while SG&A excluding advertising expenses also declined from 18.9% to 18.4%.

Research and development (R&D) expenditures declined both as a percentage of sales (from 6.9% to 6.0%) and in dollars (from \$447 million to \$405 million), resulting in an overall 9% reduction. This reflects the benefits of a number of factors, including improvement in R&D cost structure; a more tightly focused portfolio, resulting in more effort devoted to a narrower range of inquiry; and more joint development, with more work shared with partners.

Earnings from operations declined 1%. Excluding the first quarter 1999 charges for the exit of Eastman Software, the exit of the sticker print kiosk product line, and the CalComp write-off, earnings from operations increased 9%, as the benefits of higher unit sales volumes across many of the Company's key products, manufacturing productivity, and cost reduction more than offset lower effective selling prices.

Interest expense was up slightly due to higher levels of debt. Other income (charges) decreased \$42 million, primarily due to the net effect of a \$66 million pre-tax gain on Gretag and an \$18 million pre-tax litigation charge in 1998. The effective tax rate was 34% in both periods.

Consumer Imaging

Sales in the Consumer Imaging segment increased 1%. Adjusting for the impact of the divestiture of the Fox Photo operating unit in September 1998, and a number of small retail operations in Europe and Latin America, segment sales would have increased 4%.

Sales inside the U.S. increased 7% as reported, or 12% excluding the effects of the divested retail operations. Outside the U.S., sales were down 3% as reported, and down 2% with non-U.S. divestitures excluded. The non-U.S. sales decline reflected a decline of 4% in Western Europe. Excluding the effects of the divested retail operations and foreign exchange, sales in Western Europe were down 2%. Sales in Russia declined more than 50% while sales in Latin America declined 14%. These decreases were partially offset by 31% gains in China and small gains in other Asian countries.

Worldwide film sales to dealers decreased 1%, as a 6% volume increase was more than offset by price declines. U.S. film sales to dealers were down 1%, reflecting volume growth of 11% offset by price declines. Outside the U.S., film sales were level, with small volume increases offset by lower prices.

Worldwide color paper sales were up 5%, as 7% volume gains were partially offset by lower prices. U.S. color paper sales were particularly strong, up 11%, due to volume gains. Outside the U.S., paper sales increased 1%, as 5% volume gains were mostly offset by lower prices.

SG&A expenses for the segment decreased 8%, from 28.5% of sales to 25.9% of sales, reflecting the benefits of the Company's cost reduction efforts. Excluding advertising expenses, SG&A expenses decreased 5%, from 19.7% of sales to 18.5% of sales. Research and development expenses decreased 9%, from 5.5% of sales to 4.9% of sales.

Earnings from operations increased 12%, as the benefits of higher unit sales volumes, manufacturing productivity, and cost reductions were only partially offset by lower effective selling prices. Net earnings were \$394 million, level with the prior year, which included the \$44 million after-tax gain related to the Gretag Imaging initial public offering. Excluding the year-ago Gretag gain, net earnings increased 12%.

Kodak Professional

Sales in the Kodak Professional segment increased 5%, as higher unit sales volumes and the favorable effects of foreign exchange were partially offset by lower prices. Sales in the U.S. decreased 1%, while sales outside the U.S. increased 9%.

SG&A expenses for the segment decreased 4%, from 20.1% of sales to 18.6% of sales. Excluding advertising expenses, SG&A expenses decreased 6%, from 18.2% of sales to 16.3% of sales. Research and development expenses decreased 15%, from 10.2% of sales to 8.2% of sales.

Earnings from operations increased 4%. Excluding from 1999 the first quarter CalComp charge, earnings from operations increased 17%, as the benefits of manufacturing productivity and other cost reductions, as well as higher unit volumes, more than offset lower effective selling prices. Net earnings increased 25%, reflecting strong contributions to earnings from operations, improved results from the Kodak Polychrome Graphics joint venture, and from gains on the sales of investments.

Health Imaging

Sales in the Health Imaging segment increased 42%, primarily due to the acquisition of Imation's medical imaging business. Sales in the U.S. increased 46%, while sales outside the U.S. increased 38%.

Worldwide analog film sales increased 14%, reflecting volume growth of 17% and negative 3% price/mix. In the U.S., analog film sales were up 5%, reflecting volume growth of 12% and negative 6% price/mix. Outside the U.S., analog film sales were up 20%, due to volume growth. Overall, significant volume growth worldwide is primarily attributed to the acquisition of Imation's medical imaging business.

SG&A expenses for the segment increased 44%, due primarily to the acquisition of Imation's medical imaging business, but rose only .5 percentage points from 19.6% of sales to 20.1% of sales. Excluding advertising expenses, SG&A expenses increased 46%, from 18.8% of sales to 19.4% of sales. Research and development expenses increased 18%, but decreased from 8.1% of sales to 7.4% of sales.

Earnings from operations increased 19%, as the benefits of manufacturing productivity were partially offset by lower effective selling prices. Net earnings increased 19%. Excluding from 1998 the \$12 million after-tax charge for litigation, net earnings increased 21% primarily as a result of the increase in earnings from operations.

Other Imaging

Sales in the Other Imaging segment decreased 10%, as higher unit volumes were more than offset by portfolio changes and lower prices. Excluding the impact of portfolio adjustments, segment sales increased 4%. Sales of digital cameras and CD media increased significantly, but sales of motion picture films decreased due to softness in the motion picture industry.

SG&A expenses for the segment decreased 4%, but increased from 20.2% of sales to 21.7% of sales. Excluding advertising expenses, SG&A expenses decreased 4%, but increased from 17.7% of sales to 19.0% of sales. Research and development expenses decreased 18%, from 8.1% of sales to 7.4% of sales.

Earnings from operations were \$48 million, down \$113 million or 70% from the prior year. The 1999 results include \$83 million of charges related to the repositioning of the Eastman Software business and the exit of the sticker kiosk business recorded in the first quarter of 1999. Excluding these charges, earnings from operations decreased 19%, as the benefits of higher unit volumes and manufacturing productivity were offset by lower effective selling prices and the unfavorable effects of foreign currency rate changes.

Net earnings for the segment were \$33 million, down 76% from the prior year. Excluding the \$55 million after-tax charges in the first quarter of 1999, net earnings decreased 35%, primarily due to a slowdown in the sales of motion picture films and as a result of the comparison with the first half of 1998 which included significant gains on sales of assets.

RESTRUCTURING PROGRAMS

Net savings from cost reduction activities under the Company's \$1.2 billion cost reduction program continued during the second quarter, with net savings totaling approximately \$135 million, up significantly from the \$80 million reported in the first quarter of 1999. While the Company achieved improvements in SG&A and R&D during the quarter, manufacturing productivity accounted for more than half of the net cost savings. The Company anticipates achieving a full year net cost savings of \$470 million in 1999, to bring the total two-year savings under this program to \$1.2 billion.

The Company anticipates that actions under its 1996 and 1997 restructuring programs will be substantially completed by the end of 1999. It is anticipated that by program end, approximately 17,700 employees will have been separated, 2,200 fewer than originally planned. This is due to certain actions not completed by the Company as a result of significantly changed business conditions, most notably the retention by the Company of its CD media business, as well as higher than expected rates of attrition. The Company anticipates that the full value of the severance reserves will be largely utilized by program end due to a higher average cost per employee separated.

The Company is completing additional plans, including rationalization and consolidation of manufacturing operations, to further reduce its cost structure to attain its target business model. These plans are expected to be finalized during the third quarter of 1999 at which time the Company anticipates recording a pre-tax charge of approximately \$300 million. This charge will cover the sale and exit of the Company's Elmgrove manufacturing facility in Rochester, New York, which will be sold and exited over a three-year period, as well as the shutdown of an older film coating machine in sensitizing operations at Kodak Park, and consolidation of that production at other Kodak facilities, to be completed over the next eighteen months. It is anticipated that these and other actions under this program will result in a reduction in employment of between 2,000 and 2,500 positions.

Estimated employment at June 30, 1999 is 83,500, up from the 83,000 reported at March 31, 1999, and down from the 86,200 at December 31, 1998. During the second quarter of 1999, approximately 1,000 employees left under provisions of restructuring plans. The balance of the changes reflect the net of seasonal staffing increases in photofinishing operations, hiring in China, the addition of former Imation staff, and the transfer of approximately 1,500 employees to Heidelberg and NexPress. Since the beginning of the fourth quarter of 1997, approximately 14,800 employees have been separated under the provisions of the 1996 and 1997 restructuring programs.

YEAR 2000

In 1996, the Company established a formal global program office to assess the impact of the Year 2000 issue on the software and hardware utilized in the Company's internal operations and included in its product offerings to customers. The assessment addresses software applications, systems software, information technology (IT) infrastructure, embedded manufacturing control technology, and products and services. Representatives of the global program office and operating divisions meet monthly with the Chief Financial Officer to monitor program status and address issues. In June 1998, an independent third party completed a comprehensive review of the Company's overall Year 2000 program. Since October 1998, senior line management has presented status reports to the Board of Directors on a bi-monthly basis.

The project phases include: inventorying affected technology and assessing the impact of the Year 2000 issue; developing solution plans; modification; testing and certification; implementation; and developing contingency plans. All components of software and hardware of the Company are presently certified or are being audited for certification. As of the end of June 1999, the Company's mission-critical IT systems and server infrastructure, along with the manufacturing control systems, have successfully concluded testing and attained certification. Certification of the Company's actively supported products and services is 97% complete. Compliance efforts for the remainder of the portfolio will be completed by October 1999. The product commercialization process has been modified so that it will produce compliant products.

During the second quarter of 1999, the project team continued to validate its global mission-critical IT compliance, using mainframe test facilities to simulate support for mission-critical operations, completing any remaining remediation and solution plans for the Company's U.S. server network, and allocated resources to support the remaining 1999 workplan. The business unit project teams are making significant progress in the distribution and implementation of remediated products and services, developing operating division contingencies and compliance validation of third parties.

The Company relies on third-party suppliers for many systems, products and services including telecommunications and data center support. The Company will be adversely impacted if these suppliers do not make necessary changes to their own systems and products successfully and in a timely manner. The Company has a formalized comprehensive supplier compliance program in place. As a third-party supplier to other companies, the Company has posted its own product compliance plan on its Internet web site (www.kodak.com/go/year2000), which was recently updated in response to the changing Year 2000 information needs of customers and business partners.

Costs of software and hardware remediation were \$13 million in 1997, \$27 million in 1998, and are estimated to be \$12 million and \$6 million in 1999 and 2000, respectively. These remediation efforts, almost entirely for software, will not materially increase the Company's spending on information technology because some normal development and maintenance work has been postponed. Furthermore, some non-compliant systems will be eliminated in 1999 as the Company installs Year 2000 compliant globally deployed ERP/SAP software in connection with its enterprise resource planning project. A charge of \$20 million for the total cost of customer product modification was accrued in 1997. At June 30, 1999, the Company had a reserve of \$5 million to cover remaining product modifications.

Management of the Company believes its program has effectively addressed the Year 2000 issue in a timely manner. However, since it is not possible to anticipate all possible future outcomes, especially when third parties are involved, there could be "worst-case scenarios" in which the Company would be unable to take customer orders, manufacture and ship products, invoice customers or collect payments. In addition, the Company could be subject to litigation for Year 2000-related product failure, including equipment shutdown or failure to properly date business or medical records, and for health, environmental and safety issues relating to its facilities. The amount of potential liability and lost revenue cannot be reasonably estimated.

The Company has contingency plans for most mission-critical applications and is working on plans for others. For example, plans for the U.S. payroll system have been in place since January 1998, while detailed plans for sensitized goods manufacturing are undergoing quality audits. An Executive Steering Committee is closely monitoring the progress of enterprise and business process contingency plans involving, among other actions, manual workarounds, increased inventories and extra staffing.

THE EURO

The Treaty on European Union provided that an economic and monetary union (EMU) be established in Europe whereby a single European currency, the euro, replaces the currencies of participating member states. The euro was introduced on January 1, 1999, at which time the value of participating member state currencies was irrevocably fixed against the euro and the European Currency Unit (ECU) was replaced at the rate of one euro to one ECU. For the three-year transitional period ending December 31, 2001, the national currencies of member states will continue to circulate but be sub-units of the euro. New public debt will be issued in euro and existing debt may be re-denominated into euro. At the end of the transitional period, euro banknotes and coins will be issued, and the national currencies of the member states will cease to be legal tender no later than June 30, 2002. The countries that adopted the euro on January 1, 1999 are Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, and Spain. Other countries are expected to follow later. The Company has operations in all of these countries.

As a result of the euro conversion, it is probable that selling prices of the Company's products and services will experience downward pressure, as current price variations among countries are reduced due to easy comparability of euro prices across countries. Prices will tend to harmonize, although value added taxes and transportation costs will still justify price differentials. Adoption of the euro will probably accelerate existing market and pricing trends including pan-European buying and general price erosion.

On the other hand, currency exchange and hedging costs will be reduced; lower prices and pan-European buying will benefit the Company in its purchasing endeavors; the number of banks and suppliers needed will be reduced; there will be less variation in payment terms; and it will be easier for the Company to expand into new marketing channels such as mail order and Internet marketing.

The Company is in the process of making changes in areas such as marketing and pricing, purchasing, contracts, payroll, taxes, cash management and treasury operations. Billing systems have been modified so that, in 1999, the Company will be able to show total gross, value added tax, and net in euros on national currency invoices, to enable customers to pay in the new euro currency if they wish to do so. Countries that have installed ERP/SAP software in connection with the Company's enterprise resource planning project are able to invoice and receive payments in euros as well as in other currencies. Systems for pricing, payroll and expense reimbursements will continue to use national currencies until year-end 2001. The functional currencies of the Company's operations in affected countries will remain the national currencies until approximately mid-year 2001, when they will change to the euro. By that time, all affected countries will have converted to the new ERP/SAP software.

LIQUIDITY AND CAPITAL RESOURCES

Net cash from operating activities for the first half of 1999 was \$143 million. Net earnings, adjusted for depreciation and amortization and asset impairment and other charges, provided \$1,227 million of operating cash. This was partially offset by increases in receivables of \$536 million (primarily seasonal), decreases in liabilities (excluding borrowings) of \$245 million (related primarily to severance payments for restructuring programs, litigation settlement payments for amounts accrued in prior years, and payment of accrued wage dividend to employees, as well as other changes in working capital), and miscellaneous other items. Net cash used in investing activities of \$322 million for the first half of 1999 was utilized primarily for capital expenditures of \$478 million. Proceeds from the sale of assets were \$78 million. Net cash provided by financing activities of \$22 million for the first half of 1999 was primarily due to net increases in total borrowings of \$780 million, reduced by \$284 million of dividend payments and \$474 million for stock repurchases net of stock issued.

Cash dividends per share of \$.44, payable quarterly, were declared in the second quarter of 1999 and 1998. Total cash dividends of \$282 million and \$285 million were declared in the first half of 1999 and 1998, respectively.

Net working capital (excluding short-term borrowings) at the end of the quarter was \$1,462 million, compared with \$939 million at year-end 1998. This increase is due to the strong sales performance in the first half of 1999, coupled with the seasonality of the Company's operating cash flow.

Capital additions were \$343 million in the second quarter and \$478 million for the first half-year. The Company anticipates total capital spending of approximately \$1.2 billion in 1999, with the majority of the spending relating to the Company's China manufacturing operations, productivity improvements and ongoing environmental and safety spending.

During the second quarter, the Company completed repurchases under the existing \$2 billion authorization. That program, initiated in May 1996, resulted in 26.8 million shares being repurchased. Under the new \$2 billion program announced on April 15, 1999, the Company repurchased an additional 3.1 million shares for \$222 million during the second quarter of 1999. The total repurchased during the second quarter under both programs amounted to \$405 million. During the remainder of 1999, the program will continue but at lower levels than in the first half of 1999 as the Company returns to its target debt-to-total-capital ratio of about 34%. The Company expects to spend a total of \$700 million on stock repurchases during 1999.

On April 14, 1999, the Company announced a series of worldwide environmental goals to provide for greater reductions in emissions, waste generated, water usage and energy consumption, preservation of natural resources and improvements to the Company's environmental management system. These goals will result in spending, primarily capital in nature, of approximately \$100 million over the next five years.

OTHER

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. This Statement must be adopted by the Company by the year 2001, but may be adopted in any earlier fiscal quarter, and is not to be applied retroactively. If the Company had adopted SFAS No. 133 in the second quarter of 1999, the impact would not have been material to its results of operations or financial position. The Company has not yet determined when it will adopt this Statement.

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

Certain statements in this report may be forward-looking in nature, or "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this Form 10-Q relate to the Company's Year 2000 compliance efforts, including expectations about compliance timetables and costs. Also, references to the Company's cost reduction initiatives and to expected savings are forward-looking statements.

Actual results may differ from those expressed or implied in forward-looking statements. The forward-looking statements contained in this report are subject to a number of risk factors, including: the Company's ability to implement its product strategies (including its category expansion and digitization strategies and its plans for digital products and Advantix products), to develop its business in emerging markets, like China, and to assimilate acquisitions, including the Imation acquisition, quickly; the successful completion of other planned portfolio actions; the inherent unpredictability of currency fluctuations; competitive actions, including pricing; the ability to realize cost reductions and operating efficiencies, including the ability to implement headcount reduction programs and facility closings timely and in a manner that does not unduly disrupt business operations, and the ability to identify and to realize other cost-reduction opportunities; the nature and pace of technology substitution; general economic and business conditions; the ability of the Company to identify and address successfully Year 2000 issues in a timely manner, and at costs that are reasonably in line with projections; and the ability of the Company's vendors to identify and address successfully their own Year 2000 issues in a timely manner.

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

- - - - -

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 and/or costs associated with such activities, the Company manages exposures to changes in commodity prices, interest rates and foreign currency exchange rates.

The majority of foreign currency forward contracts held by the Company are denominated in the Euro or in British pounds sterling. If foreign currency exchange rates at June 30, 1999 and 1998 increased 10%, the Company would incur losses of \$52 million and \$104 million on foreign currency forward contracts outstanding at June 30, 1999 and 1998, respectively. Such losses would be substantially offset by gains from the revaluation or settlement of the underlying positions hedged.

The Company has used silver option and forward contracts to minimize almost all of its exposure to increases in silver prices in 1998 and continues to do so in 1999. As of June 30, 1999, the Company had open forward contracts hedging the majority of its planned silver requirements for 1999. Based on broker-quoted termination values, if the price of silver decreased 10% from \$5.22 and \$5.36 per troy ounce at June 30, 1999 and 1998, respectively, the fair value of silver forward contracts would be reduced by \$15 million and \$16 million, respectively. Such losses 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 less so through investments in marketable securities. The Company utilizes U.S. dollar-denominated commercial paper and borrowings as well as foreign currency-denominated borrowings to fund its working capital and investment needs. The majority of short-term and long-term borrowings and marketable securities 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 quantifiable or predictable because of the variability of future interest rates and business financing requirements. Using a yield to maturity analysis, if June 30, 1999 interest rates increased 10% (about 58 basis points) with the June 30, 1999 level of short-term and long-term borrowings, there would be decreases in fair value of short-term and long-term borrowings of \$2 million and \$7 million, respectively. If June 30, 1998 interest rates increased 10% (about 55 basis points) with the June 30, 1998 level of debt and marketable securities, there would be decreases in fair value of marketable securities, short-term and long-term borrowings of \$1 million, \$1 million and \$8 million, respectively.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

On July 7, 1998, the Company received a proposed administrative Consent Order seeking unspecified penalties and a compliance schedule from the New York State Department of Environmental Conservation, to address alleged violations of the Environmental Conservation Law and regulations at the Company's Kodak Park manufacturing complex in Rochester, New York. The violations alleged are primarily comprised of air, water, and hazardous substance releases and incidents, largely accidental, that have been reported by the Company to the Agency over the past five years. The Company expects that it will be assessed a civil fine in excess of \$100,000. The entire matter is subject to negotiation, which can be expected to result in an administrative settlement that will include a penalty and a compliance schedule for implementation of maintenance, upgrade, and reporting activities.

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

The 1999 Annual Meeting of Shareholders of Eastman Kodak Company was held on May 12.

A total of 264,866,417 of the Company's shares were present or represented by proxy at the meeting. This represented more than 82% of the Company's shares outstanding.

The individuals named below were reelected to a three-year term as Class III Directors:

Name	Votes Received	Votes Withheld
Richard S. Braddock	258,464,720	6,401,697
Daniel A. Carp	258,457,503	6,408,914
Durk I. Jager	258,501,377	6,365,040
Richard A. Zimmerman	258,483,315	6,383,102

Martha Layne Collins, George M. C. Fisher, Paul E. Gray, Delano E. Lewis, John J. Phelan, Jr., Alice F. Emerson, Paul H. O'Neill and Laura D'Andrea Tyson all continue as directors of the Company.

The election of PricewaterhouseCoopers LLP as independent accountants was ratified, with 260,677,605 shares voting for, 1,699,501 shares voting against, and 2,489,311 shares abstaining.

The management proposal to approve the 2000 Omnibus Long-Term Compensation Plan was approved, with 184,025,549 shares voting for, 32,559,101 shares voting against, 3,935,121 shares abstaining, and 44,346,646 non-votes.

The management proposal to approve the 2000 Management Variable Compensation Plan was approved, with 250,001,293 shares voting for, 10,819,238 shares voting against, and 4,045,886 shares abstaining.

The shareholder proposal concerning the request for an executive compensation review was defeated, with 19,970,424 shares voting for, 191,946,965 shares voting against, 8,601,210 shares abstaining, and 44,347,818 non-votes.

The shareholder proposal concerning annual election of directors received a majority of the votes cast, with 126,903,259 shares voting for, 50,829,459 shares voting against, 37,522,679 shares abstaining, and 50,167,797 non-votes. Although this shareholder proposal received a majority of the votes cast, implementation of annual election of directors requires an amendment to the Company's Certificate of Incorporation, which requires a favorable vote of 80% of all shares outstanding.

The shareholder proposal concerning the request for additional environmental disclosure was defeated, with 25,819,803 shares voting for, 173,713,585 shares voting against, 20,986,532 shares abstaining, and 44,346,497 non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits and financial statement schedules required as part of this report are listed in the index appearing on page 25.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or required to be filed for the quarter ended June 30, 1999.

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 July 29, 1999

E. Mark Rajkowski
Controller

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

Exhibit	Page
(10) A. Eastman Kodak Company Retirement Plan for Directors, as amended and restated on July 27, 1999, effective as of February 12, 1999.	26
C. Eastman Kodak Company Deferred Compensation Plan for Directors, as amended and restated on July 27, 1999, effective as of February 12, 1999.	30
R. Eastman Kodak Company 2000 Omnibus Long-term Compensation Plan, effective as of January 1, 2000.	44
S. Eastman Kodak Company 2000 Management Variable Compensation Plan, effective as of January 1, 2000.	76
(27) Financial Data Schedule - Submitted with the EDGAR filing as a second document to this Form 10-Q.	

EASTMAN KODAK COMPANY

RETIREMENT PLAN FOR DIRECTORS

As Amended and Restated on July 27, 1999, effective as of February 12, 1999

EASTMAN KODAK COMPANY

RETIREMENT PLAN FOR DIRECTORS

1. Name and Purpose

This plan shall be known as the Eastman Kodak Company Retirement Plan for Directors (the "Plan"). Its purpose is to provide retirement income benefits for certain Directors of Eastman Kodak Company (the "Company") upon completion of their service as Directors of the Company.

2. Eligibility

Each Director of the Company who is not in the regular employ of the Company (including those who may have been so employed previously by the Company) shall be eligible to participate in this Plan.

3. Effective Date

This Plan shall become effective June 1, 1984.

4. Annual Retainer

When used in this Plan, "Annual Retainer" means \$38,000.

5. Benefit

a) Amount of Benefit. On January 1 and July 1 of each year, commencing with the first such date following (i) termination of service as a Director or (ii) such participant's 65th birthday, whichever occurs later, a semi-annual payment shall be paid to each eligible participant. That payment shall be equal to one-half of the Annual Retainer multiplied by a fraction the numerator of which shall be the number of months during which such participant served as a Director not in the regular employ of the Company, but in no event greater than sixty (60) and the denominator of which shall be sixty (60). Service will be measured from the effective date of election to membership on the Board of Directors of Eastman Kodak Company (the "Board") to the date of termination of such membership except that the service of a Director who had previously been in the regular employ of the Company shall be deemed to have commenced on the date such employment terminated. Service for any portion of a month shall be deemed to be service for a full month. Payments commenced hereunder will be suspended if and when the participant is reelected as a Director and recomputed and recommenced upon subsequent termination of service as a Director.

b) Pre-1/1/96 Directors. The terms of this paragraph 5 (b) shall apply only to those participants whose service as a Director commenced prior to January 1, 1996. The semi-annual benefit computed under paragraph 5 (a) above shall continue to be paid to the participant until the date of his or her death.

c) Post-12/31/95 Directors. The terms of this paragraph 5 (c) shall apply only to those participants whose service as a Director commenced on or after January 1, 1996. The semi-annual benefit computed under paragraph 5 (a) above shall continue to be paid to the participant until the earlier of: (A) his or her "Benefit Termination Date"; or (B) the date of his or her death. For purposes of this paragraph 5(c), a participant's "Benefit Termination Date" shall mean the date upon which the participant receives in the aggregate that number of payments equal to the number obtained by dividing the number of months during which such participant served as a Director not in the employ of the Company by six (6). For purposes of this calculation, service shall be measured in accordance with the terms of paragraph 5 (a) above. To the extent this calculation produces other than a whole number, any decimal equal to or in excess of .5 (five tenths) shall be rounded to the next nearest whole number and any decimal less than .5 (five tenths) shall be ignored.

6. Amendment and Termination

This Plan may be amended or terminated by the Board at any time for any reason.

7. Miscellaneous

a) Nothing contained in this Plan shall be construed as a contract of employment between the Company and a Director.

b) The benefits payable under this Plan shall not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation.

c) Notwithstanding anything to the contrary herein, any Director who is removed from the Board for cause, shall not be entitled to any benefit hereunder.

8. Change in Control

a) For purposes of this Plan, "Change In Control" means a change in control of the Company of a nature that would be required to be reported (assuming such event has not been "previously reported") in response to Item 1(a) of the Current Report on Form 8-K, as in effect on March 1, 1990, pursuant to Section 13 or 15(d) of the Exchange Act; provided that, without limitation, a Change In Control shall be deemed to have occurred at such time as (i) any "person" within the meaning of Section 14(d) of the Exchange Act, other than the Company, a subsidiary of the Company, or any employee benefit plan(s) sponsored by the Company or any subsidiary of the Company, is or has become the "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of 25% or more of the combined voting power of the outstanding securities the combined voting power of the outstanding securities of the Company ordinarily having the right to vote at the election of directors, or (ii) individuals who constitute the Board of Directors on March 1, 1990 (the "Incumbent Board") have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to March 1, 1990 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board.

b) Background. Upon a Change In Control: (i) the terms of this paragraph 8 shall immediately become operative, without further action or consent by any person or entity; (ii) all terms, conditions, restrictions, and limitations in effect on any participant's benefit accrued as of the date of the Change In Control, regardless of whether payments have commenced to such participant ("Accrued Benefit"), shall immediately lapse as of the date of such event; (iii) no other terms, conditions, restrictions, and/or limitations shall be imposed upon any Accrued Benefit on or after such date, and in no circumstance shall an Accrued Benefit be forfeited on or after such date; (iv) all Accrued Benefits shall automatically become one hundred percent (100%) vested immediately.

c) Payment of Benefit. Upon a Change In Control, any participant, whether or not he/she is still a director of the Company, shall be paid his/her Accrued Benefit in a single lump-sum cash payment equal to the present value of the Accrued Benefit. If a participant is receiving payment of his/her Accrued Benefit at the time of the Change In Control, the remaining portion of such Accrued Benefit shall be paid in a single lump sum cash payment equal to the present value of the remaining benefit. Payment of the Accrued Benefit shall be made as soon as practical but in no event later than 90 days after the Change In Control. Present value calculations shall be made by an independent actuary selected by the Company.

d) Miscellaneous. Upon a Change In Control, 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 Accrued Benefit 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.

9. Cessation of Accrual of Retirement Benefits for Service After February 12, 1999

a) Directors Who Retired Prior to February 12, 1999. Each Director who retired from the Board prior to February 12, 1999 and was entitled to benefits under the Plan will continue to receive benefits in accordance with the terms of the Plan, as amended and restated on July 27, 1999, effective as of February 12, 1999.

b) Directors Elected After February 12, 1999. Individuals elected to the Board after February 12, 1999 will not be entitled to any benefits under the Plan.

c) Directors in Office on February 12, 1999. Each Director serving as a member of the Board on February 12, 1999 (an "Incumbent Director") will receive a one-time credit to his or her account under the Eastman Kodak Company Deferred Compensation Plan for Directors in an amount representing the present value of his or her accrued benefit under the Plan for services rendered on or prior to February 12, 1999. At the Incumbent Director's election, the accrued benefit may be credited to the Incumbent Director's Stock Account or Deferred Compensation Account. Incumbent Directors will not be entitled to any benefits under the Plan for services rendered after February 12, 1999.

EASTMAN KODAK COMPANY

DEFERRED COMPENSATION PLAN FOR DIRECTORS

As Amended and Restated on July 27, 1999, effective as of February 12, 1999

EASTMAN KODAK COMPANY

DEFERRED COMPENSATION PLAN FOR DIRECTORS

Article	Page
Preamble	34
1. Definitions	34
2. Term	36
3. Participation	36
4. Deferral of Compensation	36
5. Deferral Elections	36
6. Hypothetical Investments	37
7. Investment Elections	37
8. Payment of Deferred Compensation	39
9. Administration	40
10. Miscellaneous	41
11. Change in Control	42
12. Retirement Plan Amounts	43

Eastman Kodak Company
Deferred Compensation Plan For Directors

Table of Contents

Article	Page
Preamble	34
1. Definitions	34
2. Term	36
3. Participation	36
4. Deferral of Compensation	36
5. Deferral Elections	36
5.1 In General	36
5.2 Timing	36
5.3 Irrevocability	36
5.4 Elections	37
6. Hypothetical Investments	37
6.1 Deferred Compensation Account	37
6.2 Stock Account	37
6.3 Time Accounts are Credited	37
6.4 Stock Account Crediting	37
7. Investment Elections	37
7.1 Elections	37
7.2 Elections into the Stock Account	38
7.3 Elections out of the Stock Account	38
7.4 Dividend Equivalents	38
7.5 Stock Dividends	38
7.6 Recapitalization	38
7.7 Distributions	39
8. Payment of Deferred Compensation	39
8.1 Background	39
8.2 Manner of Payment	39
8.3 Timing of Payments	39
8.4 Valuation	39
8.5 Payment of Deferred Compensation After Death	40
9. Administration	40
9.1 Responsibility	40
9.2 Authority of the Administrator	40
9.3 Discretionary Authority	41
9.4 Delegation of Authority	41
10. Miscellaneous	41
10.1 Participant's Rights Unsecured	41
10.2 Non-Assignability	41
10.3 Statement of Account	41
10.4 Amendment	41
10.5 Governing Law	41
10.6 No Guarantee of Tax Consequences	42
10.7 Compliance with Securities Laws	42

Eastman Kodak Company
Deferred Compensation Plan For Directors

Table of Contents (continued)

Article	Page
11. Change In Control	42
11.1 Background	42
11.2 Payment of Deferred Compensation	42
11.3 Amendment On or After Change In Control	42
12. Retirement Plan Amounts	43
12.1 Background	43
12.2 Crediting of Accrued Benefit	43
12.3 Dividend Equivalents	43
12.4 Stock Dividends, Recapitalization and Distributions	43
12.5 Remaining Terms of Plan	43

EASTMAN KODAK COMPANY

DEFERRED COMPENSATION PLAN FOR DIRECTORS

Preamble

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

Article 1 Definitions.

1.1 Account

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

1.2 Administrator

"Administrator" means the Controller of Kodak.

1.3 Beneficiary

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

1.4 Board

"Board" means Board of Directors of Kodak.

1.5 Cash Deferrable Amount

"Cash Deferrable Amount" means that portion of a Participant's Deferrable Amount that would otherwise be paid to the Participant in cash absent the Participant's election to defer.

1.6 Change in Control

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

1.7 Common Stock

"Common Stock" means the common stock of Kodak.

1.8 Deferrable Amount

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

1.9 Deferred Compensation Account

"Deferred Compensation Account" means the account established by Kodak for each Participant that bears interest at the Interest Rate. The maintenance of individual Deferred Compensation Accounts is for bookkeeping purposes only.

1.10 Enrollment Period

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

1.11 Interest Rate

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

1.12 Kodak

"Kodak" means Eastman Kodak Company.

1.13 Market Value

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

1.14 Plan

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

1.15 Participant

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

1.16 Stock Account

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

1.17 Stock Deferrable Amount

"Stock Deferrable Amount" means that portion of a Participant's Deferrable Amount that would otherwise be paid to the Participant in Common Stock absent the Participant's election to defer.

1.18 Valuation Date

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

Article 2 Term

The Plan became effective January 1, 1979.

Article 3 Participation

Only Participants shall be eligible to participate in the Plan.

Article 4 Deferral of Compensation

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

Article 5 Deferral Elections

5.1 In General

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

5.2 Timing

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

5.3 Irrevocability

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

5.4 Elections

A deferred compensation form filed by a Participant during an Enrollment Period shall indicate: (1) the amount of the Cash Deferrable Amount to be deferred; and (2) the amount of the Stock Deferrable Amount to be deferred. Cash Deferrable Amounts that are deferred by a Participant will be credited to the Participant's Deferred Compensation Account. Stock Deferrable Amounts that are deferred by a Participant will be credited to the Participant's Stock Account.

Article 6 Hypothetical Investments

6.1 Deferred Compensation Account

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

6.2 Stock Account

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

6.3 Time Accounts are Credited

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

6.4 Stock Account Crediting

If a Participant elects to defer into his or her Stock Account, the Stock Account of the Participant will, for so long as the election remains in effect, be credited with that number of units of Common Stock equal to the number of shares of Common Stock that would otherwise be paid to the Participant but for his or her election to defer.

Article 7 Investment Elections

7.1 Elections

A Participant may make an investment election to direct that all or any portion, designated as a whole percentage, of the existing balance of one of his or her Accounts be transferred to his or her other Account, effective as of the close of business on the last day of any calendar month (hereinafter the election's "Effective Date"), by filing a written election with the Administrator on or prior to such date.

7.2 Election into the Stock Account

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

7.3 Election out of the Stock Account

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

7.4 Dividend Equivalents

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

7.5 Stock Dividends

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

7.6 Recapitalization

If Kodak undergoes a reorganization as defined in Section 368 (a) of the Internal Revenue Code of 1986, the Administrator may, in his or her sole and absolute discretion, take whatever action he or she deems necessary, advisable or appropriate with respect to the Stock Accounts in order to reflect such transaction, including, but not limited to, adjusting the number of units credited to a Participant's Stock Account.

7.7 Distributions

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

Article 8 Payment of Deferred Compensation

8.1 Background

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

8.2 Manner of Payment

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

8.3 Timing of Payments

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

8.4 Valuation

The amount of each payment shall be equal to the value, as of the immediately preceding Valuation Date, of the Participant's Accounts, divided by the number of installments remaining to be paid. If payment of a Participant's Accounts is determined by the Administrator to be paid in installments and the Participant has a balance in his or her Stock Account at the time of the payment of an installment, the amount that shall be distributed from his or her Stock Account shall be the amount obtained by multiplying the total amount of the installment determined in accordance with the immediately preceding sentence by the percentage obtained by dividing the balance in the Stock Account as of the immediately preceding Valuation Date by the total value of the Participant's Accounts as of such Valuation Date. Similarly, in such case, the amount that shall be distributed from the Participant's Deferred Compensation Account shall be the amount obtained by multiplying the total amount of the installment determined in accordance with the first sentence of this Section 8.4 by the percentage obtained by dividing the balance in the Deferred Compensation Account as of the immediately preceding Valuation Date by the total value of the Participant's Accounts as of such Valuation Date.

8.5 Payment of Deferred Compensation After Death

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

A. **Stock Account.** Effective as of the date of a Participant's death, the entire balance of his or her Stock Account shall be transferred to his or her Deferred Compensation Account. For purposes of valuing the units of Common Stock subject to such a transfer, the deceased Participant's Deferred Compensation Account shall be credited with a dollar amount equal to the amount obtained by multiplying the number of units in the deceased Participant's Stock Account at the time of his or her death by the Market Value of the Common Stock on the date of his or her death. Thereafter, no amounts in the deceased Participant's Deferred Compensation Account shall be eligible for transfer to the deceased Participant's Stock Account by any person, including, but not by way of limitation, the deceased Participant's beneficiary or legal representative.

B. **Distribution.** The balance of the Participant's Accounts, valued as of the Valuation Date immediately preceding the date payment is made, shall be paid in a single, lump-sum payment to: (1) the beneficiary or contingent beneficiary designated by the Participant in accordance with Section 8.5(C); or, in the absence of a valid designation of a beneficiary or contingent beneficiary, (2) the Participant's estate within 30 days after appointment of a legal representative of the deceased Participant.

C. **Beneficiary Designation.** Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both primary and contingent) to whom payment under this Plan shall be paid in the event of his or her death prior to complete distribution to the Participant of the benefits due him or her under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Administrator during the Participant's lifetime on a form provided by the Administrator. The filing of a new Beneficiary designation form with the Administrator will cancel all Beneficiary designation(s) previously filed.

Article 9 Administration

9.1 Responsibility

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

9.2 Authority of the Administrator

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

9.3 Discretionary Authority

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

9.4 Delegation of Authority

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

Article 10 Miscellaneous

10.1 Participant's Rights Unsecured

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

10.2 Non-Assignability

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

10.3 Statement of Account

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

10.4 Amendment

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

10.5 Governing Law

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

10.6 No Guarantee of Tax Consequences

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

10.7 Compliance with Securities Laws

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

Article 11 Change in Control

11.1 Background

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

11.2 Payment of Deferred Compensation

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

11.3 Amendment On or After Change In Control

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

Article 12 Retirement Plan Amounts

12.1 Background

Effective as of February 12, 1999, the Eastman Kodak Company Retirement Plan for Directors (the "Retirement Plan") was amended and frozen. One of these amendments ceased the accrual of pension benefits for each Director serving as a member of the Board on February 12, 1999 (an "Incumbent Director") with regard to services rendered by the Incumbent Director after February 12, 1999. The Retirement Plan was also amended to direct that a one-time credit be made to each Incumbent Director's Account in an amount representing the present value of the Incumbent Director's accrued benefit under the Retirement Plan for all services rendered on or prior to February 12, 1999 (the "Accrued Benefit"). The terms of this Article 12 will apply to those amounts credited to a Participant's Account as required under the terms of the Retirement Plan.

12.2 Crediting of Accrued Benefit

Effective February 12, 1999, the Account of each Participant who is an Incumbent Director will be credited with an amount representing the Participant's Accrued Benefit. At the Participant's election, this amount will be credited to the Participant's Stock Account or Deferred Compensation Account. If the Accrued Benefit is credited to the Participant's Stock Account, the number of units that will be credited will equal the number of full shares of Common Stock that can be purchased with the dollar amount of the Participant's Accrued Benefit using the average of the Market Value of Common Stock for the period February 12, 1999 through May 12, 1999. Any fractional share will be rounded to the next whole share.

12.3 Dividend Equivalents

The units of Common Stock credited to a Participant's Stock Account under this Article 12 will accrue dividend equivalents in accordance with Section 7.4.

12.4 Stock Dividends, Recapitalization, and Distributions

The terms of Sections 7.5, 7.6 and 7.7 will apply to those units of Common Stock credited to a Participant's Stock Account under this Article 12.

12.5 Remaining Terms of Plan

All of the remaining terms of the Plan will apply to the Accrued Benefit credited to a Participant's Account under this Article 12, provided, however, they are not inconsistent with the terms of this Article 12.

EASTMAN KODAK COMPANY

2000 OMNIBUS LONG-TERM COMPENSATION PLAN

Effective January 1, 2000

EASTMAN KODAK COMPANY
2000 OMNIBUS LONG-TERM COMPENSATION PLAN

Article	Page
1. Purpose and Term of Plan	46
2. Definitions	46
3. Eligibility	53
4. Plan Administration	53
5. Form of Awards	55
6. Shares Subject to Plan	57
7. Performance Awards	58
8. Stock Options	60
9. Stock Appreciation Rights	61
10. Stock Awards	62
11. Performance Units	63
12. Performance Shares	63
13. Performance Stock Program	64
14. Payment of Awards	66
15. Dividend and Dividend Equivalents	68
16. Deferral of Awards	68
17. Change In Ownership	68
18. Change In Control	70
19. Miscellaneous	73

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 incentives to such Employees and Directors through the ownership and performance of Kodak Common Stock.

1.2 Term

The Plan will become effective on January 1, 2000, subject to its approval by Kodak's shareholders at the 1999 Annual Meeting of the Shareholders. Awards may not be granted after December 31, 2004; 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. This Plan should be construed in a manner consistent with the intent of Kodak to establish an omnibus long-term compensation plan subject to fixed accounting treatment.

2.1 Approved Reason

"Approved Reason" means a reason for terminating employment with the Company which, in the opinion of the Committee, is in the best interests of the Company.

2.2 Award

"Award" means any form of stock option, stock appreciation right, Stock Award, performance unit, performance share, Performance Award, shares of Common Stock under the Performance Stock Program, or other incentive award granted under the Plan, 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.

2.3 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 will 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.

2.4 Award Payment Date

"Award Payment Date" means, for a Performance Cycle, the date the Awards for such Performance Cycle shall be paid to Participants. The Award Payment Date for a Performance Cycle shall occur as soon as administratively possible following the completion of the certifications required pursuant to Subsection 13.5(c).

2.5 Board

"Board" means the Board of Directors of Kodak.

2.6 Capital Charge

"Capital Charge" means, for a Performance Period, the amount obtained by multiplying the Cost of Capital for the Performance Period by the Operating Net Assets for the Performance Period.

2.7 Cause

"Cause" means (a) the willful and continued failure by an Employee to substantially perform his or her duties with his or her employer after written warnings identifying the lack of substantial performance are delivered to the Employee by his or her employer to specifically identify the manner in which the employer believes that the Employee has not substantially performed his or her duties, or (b) the willful engaging by an Employee in illegal conduct which is materially and demonstrably injurious to Kodak or a Subsidiary.

2.8 CEO

"CEO" means the Chief Executive Officer of Kodak.

2.9 Change In Control

"Change In Control" means a change in control of Kodak of a nature that would be required to be reported (assuming such event has not been "previously reported") in response to Item 1(a) of the Current Report on Form 8-K, as in effect on August 1, 1989, pursuant to Section 13 or 15(d) of the Exchange Act; provided that, without limitation, a Change In Control shall be deemed to have occurred at such time as (i) any "person" within the meaning of Section 14(d) of the Exchange Act, other than Kodak, a Subsidiary, or any employee benefit plan(s) sponsored by Kodak or any Subsidiary, is or has become the "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of 25% or more of the combined voting power of the outstanding securities of Kodak ordinarily having the right to vote at the election of directors, or (ii) individuals who constitute the Board on January 1, 2000 (the "Incumbent Board") have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to January 1, 2000 whose election, or nomination for election by Kodak's shareholders, was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Kodak in which such person is named as a nominee for director without objection to such nomination) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board.

2.10 Change In Control Price

"Change In Control Price" means the highest closing price per share paid for the purchase of Common Stock on the New York Stock Exchange during the ninety (90) day period ending on the date the Change In Control occurs.

2.11 Change In Ownership

"Change In Ownership" means a Change In Control that results directly or indirectly in Kodak's Common Stock ceasing to be actively traded on the New York Stock Exchange.

2.12 Code

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

2.13 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 three or more directors, all of whom are both a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of the definition of such term as contained in Proposed Treasury Regulation Section 1.162-27(e)(3), or any successor definition adopted.

2.14 Common Stock

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

2.15 Company

"Company" means Kodak and its Subsidiaries.

2.16 Cost of Capital

"Cost of Capital" means, for a Performance Period, the estimated weighted average of the Company's cost of equity and cost of debt for the Performance Period as determined by the Committee in its sole and absolute discretion. The Committee will determine the Cost of Capital for a Performance Period within the first 90 days of the Performance Period.

2.17 Covered Employee

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

2.18 Director

"Director" means a non-employee member of the Board.

2.19 Disability

"Disability" means a disability 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.

2.20 Economic Profit

"Economic Profit" means, for a Performance Period, the Net Operating Profit After Tax that remains after subtracting the Capital Charge for such Performance Period. Economic Profit may be expressed as follows: Economic Profit = Net Operating Profit After Tax - Capital Charge. Economic Profit may be either positive or negative.

2.21 Economic Value Added or EVA

"Economic Value Added or EVA" means Economic Profit for the current year minus Economic Profit for the immediately prior year.

2.22 Effective Date

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

2.23 Employee

"Employee" means: (a) any person employed by Kodak on a full or part time basis; (b) any person employed by a Subsidiary on a full or part time basis; or (c) any person employed by a foreign country identified in writing by the Committee who is providing services to a Subsidiary pursuant to a written contract between such country and the Company and who would, but for the laws of such country, otherwise be classified by the Subsidiary as an Employee.

2.24 Exchange Act

"Exchange Act" means the Securities and Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provision and rules thereto.

2.25 Key Employee

"Key Employee" means a senior level Employee who holds a position of responsibility in a managerial, administrative, or professional capacity.

2.26 Kodak

"Kodak" means Eastman Kodak Company.

2.27 Negative Discretion

"Negative Discretion" means the discretion authorized by the Plan to be applied by the Committee in determining the size of an Award for a Performance Period or Performance Cycle if, in the Committee's sole judgment, such application is appropriate. Negative Discretion may only be used by the Committee to eliminate or reduce the size of an Award. By way of example and not by way of limitation, in no event shall any discretionary authority granted to the Committee by the Plan, including, but not limited to Negative Discretion, be used to: (a) grant Awards for a Performance Period or Performance Cycle if the Performance Goals for such Performance Period or Performance Cycle have not been attained; or (b) increase an Award above the maximum amount payable under Sections 7.5, 8.6, 9.6 or 13.6 of the Plan.

2.28 Net Operating Profit After Tax

"Net Operating Profit After Tax" means, for a Performance Period, the after-tax operating earnings of the Company for the Performance Period adjusted for interest expense and Wang in-process R&D. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter in its sole and absolute discretion, to adjust or modify the calculation of Net Operating Profit After Tax for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any dividend or other distribution (whether in the form of cash, securities or other property), recapitalization, restructuring, reorganization, merger, consolidation, spin off, combination, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction, event or development; (b) in recognition of, or in anticipation of, any other unusual or nonrecurring event 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; (c) in recognition of, or in anticipation of, any other extraordinary gains or losses; and (d) 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. However, if and to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.29 Operating Net Assets

"Operating Net Assets" means, for a Performance Period, the net investment used in the operations of the Company. Operating Net Assets is calculated from the Company's audited consolidated financial statements as being total assets minus non-interest-bearing liabilities adjusted for LIFO inventories, postemployment benefits other than pensions (OPEB) and Wang in-process R&D. The Committee is authorized at any time during a Performance Period to adjust or modify the calculation of Operating Net Assets for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any dividend or other distribution (whether in the form of cash, securities or other property), recapitalization, restructuring, reorganization, merger, consolidation, spin off, combination, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction, event or development; (b) in recognition of, or in anticipation of, any other unusual or nonrecurring event 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; (c) in recognition of, or in anticipation of, any other extraordinary gains or losses; and (d) 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. However, if and to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.30 Participant

"Participant" means either an Employee or Director to whom an Award has been granted by the Committee under the Plan or a Key Employee who, for a Performance Cycle, has been selected to participate in the Performance Stock Program.

2.31 Performance Awards

"Performance Awards" means the Stock Awards, Performance units and Performance Shares granted to Covered Employees pursuant to Article 7. All Performance Awards are intended to qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

2.32 Performance Criteria

"Performance Criteria" means the one or more criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period or Performance Cycle. The Performance Criteria that will be used to establish such Performance Goal(s) shall be limited to the following: Economic Profit/EVA, return on net assets ("RONA"), return on shareholders' equity, return on assets, return on capital, shareholder returns, total shareholder return, profit margin, earnings per share, net earnings, operating earnings, Common Stock price per share, and sales or market share. To the extent required by Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period or Performance Cycle (or, if longer, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period or Performance Cycle.

2.33 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 one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of an Award under the Performance Stock Program. In no event, however, shall a Performance Cycle exceed 3 years.

2.34 Performance Formula

"Performance Formula" means, for a Performance Period or Performance Cycle, the one or more objective formulas applied against the relevant Performance Goal(s) to determine, with regards to the Award of a particular Participant, whether all, some portion but less than all, or none of the Award has been earned for the Performance Period or Performance Cycle. In the case of an Award under the Performance Stock Program, in the event the Performance Goal(s) for a Performance Cycle are achieved, the Performance Formula shall determine what percentage of the Participant's Target Award for the Performance Cycle will be earned.

2.35 Performance Goals

"Performance Goals" means, for a Performance Period or Performance Cycle, the one or more goals established by the Committee for the Performance Period or Performance Cycle based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period or Performance Cycle, or at any time thereafter (but only to the extent the exercise of such authority after the first 90 days of a Performance Period or Performance Cycle would not cause the Awards granted to the Covered Employees for the Performance Period or 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 calculation of a Performance Goal for such Performance Period or 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.

2.36 Performance Period

"Performance Period" 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 one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Performance Award. In the case of Awards issued under Article 8 or Article 9 hereof, the Performance Period shall be Kodak's fiscal year.

2.37 Performance Stock Program

"Performance Stock Program" means the program established under Article 13 of the Plan pursuant to which selected Key Employee receive Awards for a Performance Cycle in the form of shares of Common Stock based upon attainment of Performance Goals for such Performance Cycle. All Awards granted to Covered Employees under the Performance Stock Program are intended to qualify as "Performance-based Compensation" under Section 162(m) of the Code.

2.38 Plan

"Plan" means the 2000 Omnibus Long-Term Compensation Plan.

2.39 Retirement

"Retirement" means, in the case of a Participant employed by Kodak, voluntary termination of employment: (i) on or after age 55 with 10 or more years of service or on or after age 65; or (ii) at any time if the Participant had an age and years of service combination of at least 75 points on December 31, 1995. 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."

2.40 Stock Award

"Stock Award" means an award granted pursuant to Article 10 in the form of shares of Common Stock, restricted shares of Common Stock, and/or Units of Common Stock.

2.41 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.

2.42 Target Award

"Target Award" means, for a Performance Cycle, the target award amount, expressed as a number of shares of Common Stock, established for each wage grade by the Committee for the Performance Cycle. The fact, however, that a Target Award is established for a Participant's wage grade shall not in any manner entitle the Participant to receive an Award for such Performance Cycle.

2.43 Unit

"Unit" means a bookkeeping entry used by the Company to record and account for the grant of the following Awards until such time as the Award is paid, canceled, forfeited or terminated, as the case may be: Units of Common Stock, performance units, and performance shares which are expressed in terms of Units of Common Stock.

ARTICLE 3 -- ELIGIBILITY

3.1 In General

Subject to Section 3.2, 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) 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.

3.2 Performance Stock Program

Only Key Employees shall be eligible to participate in the Performance Stock Program.

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 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 default; (g) supply any omission; (h) reconcile any inconsistency; (i) issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper; (j) make regulations for carrying out the Plan and make changes in such regulations as it from time to time deems proper; (k) determine whether Awards should be granted singly, in combination or in tandem; (l), to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions, and limitations; (m) accelerate the vesting, exercise, or payment of an Award or the performance period of an Award when such action or actions would be in the best interest of the Company; (n) 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; (o) subject to Section 8.2, grant Awards in replacement of Awards previously granted under this Plan or any other executive compensation plan of the Company; (p) establish and administer the Performance Goals and certify whether, and to what extent, they have been attained; (q) determine the terms and provisions of any 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; and (s) make all other determinations it deems necessary or advisable for the administration of the Plan, including factual determinations.

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 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

With regards to all Covered Employees, the Plan shall, for all purposes, be interpreted and construed in accordance with Section 162(m) of the Code.

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. 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 or are Covered Employees. The Committee may revoke any such allocation or delegation at any time for any reason with or without prior notice.

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, stock appreciation rights pursuant to Article 9, Stock Awards pursuant to Article 10, performance units pursuant to Article 11, performance shares pursuant to Article 12, shares of Common Stock pursuant to Article 13, any form established by the Committee pursuant to Subsection 4.2(n), 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 and vesting), provided 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 mean between the high and low at which the Common Stock trades on the New York Stock Exchange as of the date 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 special terms may also provide that an Award shall become exercisable or redeemable, as the case may be, if an Employee's employment with the Company ends as a result of workforce reduction, realignment or similar measure and the Committee may designate a person or persons to make such determination for a location. 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 6.3, 7.5, 8.6, 9.6 and 13.6; (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 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 or to avoid costly governmental filings. 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.

(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

The maximum number of shares of Common Stock, \$2.50 par value per share, of Kodak which shall be available for grant of Awards under the Plan (including incentive stock options) during its term shall not exceed 22,000,000. (Such amount shall be subject to adjustment as provided in Section 6.2.) Any shares of Common Stock related to Awards which terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares, are settled in cash in lieu of Common Stock, or are exchanged with the Committee's permission for Awards not involving Common Stock, shall be available again for grant under the Plan. Moreover, if the option price of any stock option granted under the Plan is satisfied by tendering shares of Common Stock to the Company (by either actual delivery or by attestation), only the number of shares of Common Stock issued net of the shares of Common Stock tendered will be deemed delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan. The maximum number of shares available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares of Common Stock or credited as additional performance shares. The shares of Common Stock available for issuance under the Plan may be authorized and unissued shares or treasury shares.

6.2 Adjustment to Shares

(a) In General. The provisions of this Subsection 6.2(a) are subject to the limitation contained in Subsection 6.2(b). 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 issued under the Plan and any adjustments and/or modifications to outstanding Awards as it, in its sole discretion, deems appropriate. In the event of any other change in the capital structure or in the Common Stock of Kodak, the Committee shall also be authorized to make such appropriate adjustments in the maximum number of shares of Common Stock available for issuance under the Plan and any adjustments and/or modifications to outstanding Awards as it, in its sole discretion, deems appropriate. The maximum number of shares available for issuance under the Plan shall be automatically adjusted to the extent necessary to reflect any dividend equivalents paid in the form of Common Stock.

(b) Covered Employees. In no event shall the Award of any Participant who is a Covered Employee be adjusted pursuant to Subsection 6.2(a) to the extent it would cause such Award to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

6.3 Maximum Number of Shares for Stock Awards, Performance Units and Performance Shares

(a) Plan Limit. From the maximum number of shares available for issuance under the Plan under Section 6.1, the maximum number of shares of Common Stock, \$2.50 par value per share, which shall be available for Awards granted in the form of Stock Awards under Article 10, performance units under Article 11 and performance shares under Article 12 (including those issued in the form of Performance Awards under Article 7) under the Plan during its term shall be 3,500,000. If granted, 1,000,000 of these shares may be awarded only if the Company achieves a specific Performance Goal. The Performance Goal is total shareholder return by the Company equal to at least that earned over the same period by a company at the 50th percentile in terms of total shareholder return within the Standard & Poor's 500 Composite Stock Price Index. Fifty percent of the Award will be earned if this Performance Goal is achieved. One hundred percent of the Award will be earned if total shareholder return for the period equals that of a company at the 60th percentile in terms of total shareholder return within the Standard & Poor's Composite Stock Price Index.

(b) Annual Limit. The maximum number of shares of Common Stock, \$2.50 par value per share, that may be awarded to any one Participant in a single calendar year in the form of Stock Awards under Article 10, performance units under Article 11 and performance shares under Article 12 (including those issued in the form of Performance Awards under Article 7) is 75,000 shares of Common Stock.

ARTICLE 7 -- PERFORMANCE AWARDS

7.1 Purpose

For purposes of grants issued to Covered Employees, the provisions of this Article 7 shall apply in addition to and, where necessary, in lieu of the provisions of Articles 10, 11 and 12. The purpose of this Article is to provide the Committee the ability to qualify the Stock Awards authorized under Article 10, the performance units under Article 11, and the performance shares under Article 12 as "Performance-Based Compensation" under Section 162(m) of the Code. The provisions of this Article 7 shall control over any contrary provision contained in Articles 10, 11 or 12.

7.2 Eligibility

Only Covered Employees shall be eligible to receive Performance Awards. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code) which Covered Employees will be Participants for such period. However, designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. The determination as to whether or not such Participant becomes entitled to an Award for such Performance Period shall be decided solely in accordance with the provisions of this Article 7. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employee as a Participant in such period or in any other period.

7.3 Discretion of Committee with Respect to Performance Awards

With regards to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period, the type(s) of Performance Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s), whether the Performance Goal(s) is(are) to apply to the Company, Kodak, a Subsidiary, or any one or more subunits of the foregoing, and the Performance Formula. Within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regards to the Performance Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 7.3 and record the same in writing.

7.4 Payment of Performance Awards

(a) Condition to Receipt of Performance Award. Unless otherwise provided in the relevant Award Notice, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for a Performance Award for such Performance Period.

(b) Limitation. A Participant shall be eligible to receive a Performance Award for a Performance Period only to the extent that: (1) the Performance Goals for such period are achieved; and (2) and the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Award has been earned for the Performance Period.

(c) Certification. Following the completion of a Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to also calculate and certify in writing the amount of the Performance Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant's Performance Award for the Performance Period and, in so doing, shall apply Negative Discretion, if and when it deems appropriate.

(d) Negative Discretion. In determining the actual size of an individual Performance Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Award earned under the Performance Formula for the Performance Period through the use of Negative Discretion, if in its sole judgment, such reduction or elimination is appropriate.

(e) Timing of Award Payments. The Awards granted for a Performance Period shall be paid to Participants as soon as administratively possible following completion of the certifications required by Subsection 7.4(c).

7.5 Maximum Award Payable

Notwithstanding any provision contained in the Plan to the contrary, the maximum Performance Award payable to any one Participant under the Plan for a Performance Period is 75,000 shares of Common Stock or, in the event the Performance Award is paid in cash, the equivalent cash value thereof on the Performance Award's Effective Date.

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 within the meaning of Section 422 of the Code or non-qualified stock options (i.e., stock options which are not incentive stock options), or a combination of both. All Awards under the Plan issued to Covered Employees in the form of stock options shall qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

8.2 Terms and Conditions of Stock Options

An 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. 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, as determined by the Committee, on the Effective Date of the option's grant. Moreover, all options shall not expire later than 10 years from the Effective Date of the option's grant. Stock options shall not be repriced, i.e., there shall be no grant of a stock option(s) to a Participant in exchange for a Participant's agreement to cancellation of a higher-priced stock option(s) that was previously granted to such Participant.

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 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 \$100,000 (or such other limit as may be required by the Code). From the maximum number of shares available for issuance under the Plan under Section 6.1, the number of shares of Common Stock that shall be available for incentive stock options granted under the Plan is 22,000,000.

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 they are not inconsistent with the Plan.

8.5 Exercise

Upon exercise, the option price of a stock option may be paid in cash, or by tendering, by either actual delivery or shares or by attestation, shares of Common Stock, a combination of the foregoing, or such other consideration as the Committee may deem appropriate. Any shares of Common Stock tendered by a Participant upon exercise of a stock option must, if acquired by the Participant pursuant to a previous stock option exercise, be owned by the Participant for at least six months prior to the date of exercise of the stock option. 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. Subject to Section 19.9, stock options awarded under the Plan may also be exercised by way of the Company's broker-assisted stock option exercise program, provided such program is available at the time of the option's exercise. The Committee may permit a Participant to satisfy any amounts required to be withheld under applicable Federal, state and local tax laws, in effect from time to time, by electing to have the Company withhold a portion of the shares of Common Stock to be delivered for the payment of such taxes.

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 for a Performance Period is 300,000 shares of Common Stock.

ARTICLE 9 -- STOCK APPRECIATION RIGHTS

9.1 In General

Awards may be granted in the form of stock appreciation rights ("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 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 either at the time of the grant of the related stock option or at any time thereafter during the term of the stock option. All Awards under the Plan issued to Covered Employees in the form of an SAR shall qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

9.2 Terms and Conditions of 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. However, at no time shall a Tandem SAR be issued if the option price of its related stock option is less than the fair market value of the Common Stock, as determined by the Committee, on the Effective Date of the Tandem SAR's grant. 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, and such shares shall not again be eligible for grant in accordance with Section 6.1. Moreover, all Tandem SARs shall not expire later than 10 years from the Effective Date of the SAR's grant.

9.3 Terms and Conditions of 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 not expire later than 10 years from the Effective Date of the Freestanding SAR's grant.

9.4 Deemed Exercise

The Committee may provide that an SAR shall be deemed to be exercised at the close of business on the scheduled expiration date of such SAR if at such time the SAR by its terms remains exercisable and, if so exercised, would result in a payment to the holder of such SAR.

9.5 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 they are not inconsistent with the Plan.

9.6 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 Performance Period is 300,000 shares of Common Stock.

ARTICLE 10 -- STOCK AWARDS

10.1 Grants

Awards may be granted in the form of Stock Awards. Stock Awards shall be awarded in such numbers and at such times during the term of the Plan as the Committee shall determine.

10.2 Award Restrictions

Stock 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 Stock Award under such circumstances as it deems appropriate.

10.3 Rights as Shareholders

During the period in which any restricted shares of Common Stock are subject to the restrictions imposed under Section 10.2, the Committee may, in its sole discretion, grant to the Participant to whom such restricted shares have been awarded all or any of the rights of a shareholder with respect to such shares, including, but not by way of limitation, the right to vote such shares and, pursuant to Article 15, the right to receive dividends.

10.4 Evidence of Award

Any Stock 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 -- PERFORMANCE UNITS

11.1 Grants

Awards may be granted in the form of performance units. Performance units, as that term is used in this Plan, shall refer to Units valued by reference to designated criteria established by the Committee, other than Common Stock.

11.2 Performance Criteria

Performance units shall be contingent on the attainment during a Performance Period of certain performance objectives. The length of the Performance Period, the performance objectives to be achieved during the Performance Period, and the measure of whether and to what degree such objectives have been attained shall be conclusively determined by the Committee in the exercise of its absolute discretion. Performance objectives may be revised by the Committee, at such times as it deems appropriate during the Performance Period, in order to take into consideration any unforeseen events or changes in circumstances.

11.3 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 Award of performance units, provided they are not inconsistent with the Plan.

ARTICLE 12 -- PERFORMANCE SHARES

12.1 Grants

Awards may be granted in the form of performance shares. Performance shares, as that term is used in this Plan, shall refer to shares of Common Stock or Units that are expressed in terms of Common Stock.

12.2 Performance Criteria

Performance shares shall be contingent upon the attainment during a Performance Period of certain performance objectives. The length of the Performance Period, the performance objectives to be achieved during the Performance Period, and the measure of whether and to what degree such objectives have been attained shall be conclusively determined by the Committee in the exercise of its absolute discretion. Performance objectives may be revised by the Committee, at such times as it deems appropriate during the Performance Period, in order to take into consideration any unforeseen events or changes in circumstances.

12.3 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 Award of performance shares, provided they are not inconsistent with the Plan.

ARTICLE 13 -- PERFORMANCE STOCK PROGRAM

13.1 Purpose

The purposes of the Performance Stock Program are: (a) to promote the interests of the Company and its shareholders by providing a means to acquire a proprietary interest in the Company to selected Key Employees who are in a position to make a substantial contribution to the continued progress and success of the Company; (b) to attract and retain qualified individuals to serve as Employees in those positions; (c) to enhance long-term performance of the Company by linking a meaningful portion of the compensation of selected Key Employees to the achievement of specific long-term financial objectives of the Company; and (d) to motivate and reward selected Key Employees to undertake actions to increase the price of the Common Stock.

13.2 Eligibility

Any Key Employee is eligible to participate in the Performance Stock Program. Within the first 90 days of a Performance Cycle (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the CEO will recommend to the Committee, and from such recommendations the Committee will select, those Key Employees who will be Participants for such Performance Cycle. However, designation of a Key Employee as a Participant for a Performance Cycle shall not in any manner entitle the Participant to receive payment of an Award for the cycle. The determination as to whether or not such Participant becomes entitled to payment of an Award for such Performance Cycle shall be decided solely in accordance with the provisions of this Article 13. Moreover, designation of a Key Employee as a Participant for a particular Performance Cycle shall not require designation of such Key Employee as a Participant in any subsequent Performance Cycle and designation of one Key Employee as a Participant shall not require designation of any other Key Employee as a Participant in such Performance Cycle or in any other Performance Cycle.

13.3 Description of Awards

Awards granted under the Performance Stock Program provide Participants with the opportunity to earn shares of Common Stock, subject to the terms and conditions of Section 13.8 below. Each Award granted under the Plan for a Performance Cycle shall consist of a Target Award expressed as fixed number of shares of Common Stock. In the event the Performance Goals for the Performance Cycle are achieved, the Performance Formula shall determine, with regards to a particular Participant, what percentage of the Participant's Target Award for the Performance Cycle will be earned. All of the Awards issued under the Performance Stock Program to Covered Employees are intended to qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

13.4 Procedure for Determining Awards

Within the first 90 days of a Performance Cycle (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the Committee shall establish in writing for such Performance Cycle the following: the specific Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s), whether the Performance Goal(s) is(are) to apply to the Company, Kodak, a Subsidiary, or any one or more subunits of the foregoing, the amount of the Target Awards, and the Performance Formula.

13.5 Payment of Awards

(a) Condition to Receipt of Awards. Except as provided in Section 13.7, a Participant must be employed by the Company on the Performance Cycle's Award Payment Date to be eligible for an Award for such Performance Cycle.

(b) Limitation. A Participant shall be eligible to receive an Award for a Performance Cycle only if: (1) the Performance Goals for such cycle are achieved; and (2) the Performance Formula as applied against such Performance Goals determines that all or some portion of the Participant's Target Award has been earned for the Performance Period.

(c) Certification. Following the completion of a 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 Performance Goals have been achieved, it shall, based upon application of the Performance Formula to the Performance Goals for such cycle, also calculate and certify in writing for each Participant what percentage of the Participant's Target Award has been earned for the cycle. The Committee shall then determine the actual size of each Participant's Award for the Performance Cycle and, in so doing, shall apply Negative Discretion, if and when it deems appropriate.

(d) Negative Discretion. In determining the actual size of an individual Award to be paid to a Participant for a Performance Cycle, the Committee may, through the use of Negative Discretion, reduce or eliminate the amount of the Award earned by the Participant under the Performance Formula for the Performance Cycle, if in its sole judgment, such reduction or elimination is appropriate.

(e) Timing of Award Payments. Any Awards payments that are to be made for a Performance Cycle shall be paid on the Award Payment Date for such Performance Cycle.

(f) New Participants. Participants who are employed by the Company after the Committee's selection of Participants for the Performance Cycle, as well as Key Employees who are selected by the Committee to be Participants after such date, shall, in the event Awards are paid for the Performance Cycle, only be entitled to a pro-rata Award. The amount of the pro-rata Award shall be determined by multiplying the Award the Participant would have otherwise been paid if he or she had been a Participant for the entire Performance Cycle by a fraction the numerator of which is the number of full months he or she was eligible to participate in the Performance Stock Program during the Performance Cycle over the total number of full months in the Performance Cycle. For purposes of this calculation, a partial month of participation shall: (1) be treated as a full month of participation to the extent a Participant participates in the Performance Stock Program on 15 or more days of such month; and (2) not be taken into consideration to the extent the Participant participates in the Performance Stock Program for less than 15 days of such month.

13.6 Maximum Award Payable

Notwithstanding any provision contained in the Plan to the contrary, the maximum Award payable to any one Participant under the Performance Stock Program for a Performance Cycle is 75,000 shares of Common Stock.

13.7 Termination of Employment During Performance Cycle

In the event a Participant terminates employment due to death, Disability, Retirement or termination of employment for an Approved Reason prior to the Award Payment Date for a Performance Cycle, the Participant will remain eligible for a pro-rata Award. The amount of the pro-rata Award shall be determined by multiplying the Award, if any, that the Participant would have otherwise been awarded by the Committee if he or she had been a Participant through the Award Payment Date for the Performance Cycle by a fraction, the numerator of which is the number of full months he or she was a Participant during such Performance Cycle over the total number of full months in the Performance Cycle. For purposes of this calculation, a partial month of participation shall: (1) be treated as a full month of participation to the extent a Participant participates in the Performance Stock Program on 15 or more days of such month; and (2) not be taken into consideration to the extent the Participant participates in the Performance Stock Program for less than 15 days of such month. Such pro-rata Award shall be paid in the form of shares of Common Stock, not subject to any restrictions, limitations or escrow requirements. In the event of Disability, Retirement or termination for an Approved Reason, the pro-rata Award shall be paid directly to the Participant and, in the event of death, to the Participant's estate.

13.8 Awards

Any Awards payments that are to be made for a Performance Cycle shall be paid by the Committee on the Award Payment Date for such Performance Cycle in the form of shares of Common Stock. Such shares of Common Stock shall be subject to such terms, conditions, limitations and restrictions as the Committee, in its sole judgment, determines.

ARTICLE 14 -- PAYMENT OF AWARDS

14.1 In General

Absent a Plan provision to the contrary, payment of Awards may, at the discretion of the Committee, be made in cash, Common Stock, a combination of cash and Common Stock, or any other form of property as the Committee shall determine. 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.

14.2 Termination of Employment

The Committee shall have the authority to determine the treatment of a Participant's Award under the Plan in the event of the Participant's termination of employment, provided, however, in the case of Awards issued under the Performance Stock Program, such rules and regulations are consistent with Section 13.7.

14.3 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 a Director or 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.

14.4 Breach of Employee's Agreement

(a) In General. A Participant who engages in conduct described in Section 14.4(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 stock appreciation right 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 14.4(a). 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 14.4(a):

1. Kodak. In the case of a Participant who has signed an Eastman Kodak Company Employee's Agreement, the Participant's breach of the Eastman Kodak Company Employee's Agreement.

2. 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.

3. Other Participants. In the case of a Participant other than a Participant described in Section 14.4(c)(1) or (2) 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: (i) 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 (ii) 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 14.4(c)(3), 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 15 -- DIVIDEND AND DIVIDEND EQUIVALENTS

If an Award is granted in the form of a Stock Award, stock option, or performance share, or in the form of any other stock-based grant, the Committee may choose, at the time of the grant of the 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 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. All dividends or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional shares of Common Stock or, in the case of dividends or dividend equivalents credited in connection with performance shares, be credited as additional performance shares and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of shares available for grant under Section 6.1 shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares of Common Stock or credited as additional performance shares.

ARTICLE 16 -- DEFERRAL OF AWARDS

At the discretion of the Committee, payment of any Award, dividend, or dividend equivalent, or any portion thereof, may be deferred by a Participant until such time as the Committee may establish. 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 all applicable requirements of the Code. Deferred payments shall be paid in a lump sum or installments, as determined by the Committee. 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 17 -- CHANGE IN OWNERSHIP

17.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 4.4 and 19.11, the provisions of this Article 17 shall control over any contrary provision. Upon a Change In Ownership: (i) the terms of this Article 17 shall immediately become operative, without further action or consent by any person or entity; (ii) all terms, conditions, restrictions, and limitations in effect on any unexercised, unearned, unpaid, and/or deferred Award, 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 in those instances where a prorated Awards is required to be paid under this Article 17, all unexercised, unvested, unearned, and/or unpaid Awards or any other outstanding Awards shall automatically become one hundred percent (100%) vested immediately.

17.2 Dividends and Dividend Equivalents

Upon a Change In Ownership, all unpaid dividends and dividend equivalents and all interest accrued thereon, if any, shall be treated and paid under this Article 17 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 Ownership, an Award under this Article 17 is to be paid in a prorated fashion, all unpaid dividends and dividend equivalents with respect to such Award shall be paid according to the same formula used to determine the amount of such prorated Award.

17.3 Treatment of Performance Units and Performance Shares

If a Change In Ownership occurs during the term of one or more Performance Periods for which the Committee has granted performance units and/or performance shares (including those issued as Performance Awards under Article 7), the term of each such Performance Period (hereinafter a "current performance period") shall immediately terminate upon the occurrence of such event. Upon a Change In Ownership, for each "current performance period" and each completed Performance Period for which the Committee has not on or before such date made a determination as to whether and to what degree the performance objectives for such period have been attained (hereinafter a "completed performance period"), it shall be assumed that the performance objectives have been attained at a level of one hundred percent (100%) or the equivalent thereof.

A Participant in one or more "current performance periods" shall be considered to have earned and, therefore, be entitled to receive, a prorated portion of the Awards previously granted to him for each such "current performance period." Such prorated portion shall be determined by multiplying the number of performance shares or performance units, as the case may be, granted to the Participant by a fraction, the numerator of which is the total number of whole months that have elapsed since the beginning of the "current performance period," and the denominator of which is the total number of full months in such "current performance period." For purposes of this calculation, a partial month shall be treated as a full month to the extent 15 or more days in such month have elapsed.

A Participant in one or more "completed performance periods" shall be considered to have earned and, therefore, be entitled to receive all the performance shares or performance units, as the case may be, previously granted to him during each such "completed performance period."

17.4 Treatment of Awards under Performance Stock Program

Upon a Change in Ownership, any Participant of the Performance Stock Program, whether or not he or she is still employed by the Company, shall be paid, as soon as practicable but in no event later than 90 days after the Change in Ownership, a pro-rata Award for each Performance Cycle in which Participant was selected to participate and during which the Change in Ownership occurs. The amount of the pro-rata Award shall be determined by multiplying the Target Award for such Performance Cycle for Participants in the same wage grade as the Participant by a fraction, the numerator of which shall be the number of full months in the Performance Cycle prior to the date of the Change in Ownership and the denominator of which shall be the total number of full months in the Performance Cycle. For purposes of this calculation, a partial month shall be treated as a full month to the extent 15 or more days in such month have elapsed. To the extent Target Awards have not yet been established for the Performance Cycle, the Target Awards for the immediately preceding Performance Cycle shall be used.

17.5 Valuation of Awards

Upon a Change In Ownership, all outstanding Units of Common Stock, Freestanding SARs, stock options (including incentive stock options), Stock Awards (including those issued as Performance Awards under Article 7), performance shares (including those earned as a result of the application of Section 17.3 above), and all other outstanding stock-based Awards (including those earned as a result of the application of Section 17.4 above and those granted by the Committee pursuant to its authority under Subsection 4.2(m) hereof), shall be valued and cashed out on the basis of the Change In Control Price.

17.6 Payment of Awards

Upon a Change In Ownership, any Participant, whether or not he or she is still employed by the Company, shall be paid, in a single lump-sum cash payment, as soon as practicable but in no event later than 90 days after the Change In Ownership, all of his or her Units of Common Stock, Freestanding SARs, stock options (including incentive stock options), Stock Awards (including those issued as Performance Awards under Article 7), performance units and shares (including those earned as a result of the application of Section 17.3 above), all other outstanding stock-based Awards (including those earned as a result of the application of Section 17.4 above and those granted by the Committee pursuant to its authority under Subsection 4.2(n) hereof), and all other outstanding Awards.

17.7 Deferred Awards

Upon a Change In Ownership, all Awards deferred by a Participant under Article 16 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 90 days after the Change In Ownership. For purposes of making such payment, the value of all Awards that are stock based shall be determined by the Change In Control Price.

17.8 Miscellaneous

Upon a Change In Ownership, (i) the provisions of Sections 14.2, 14.3, 14.4 and 19.3 hereof shall become null and void and of no further force and effect; and (ii) 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 Ownership.

ARTICLE 18 -- CHANGE IN CONTROL

18.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 4.4 and 19.11, the provisions of this Article 18 shall control over any contrary provision. All Participants shall be eligible for the treatment afforded by this Article 18 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) Cause, (iv) resignation other than (A) resignation from a declined reassignment to a job that is not reasonably equivalent in responsibility or compensation (as defined in Kodak's Termination Allowance Plan), or that is not in the same geographic area (as defined in Kodak's Termination Allowance Plan), or (B) resignation within 30 days following a reduction in base pay, or (v) Retirement.

18.2 Vesting and Lapse of Restrictions

If a Participant is eligible for treatment under this Article 18, (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) except in those instances where a prorated Award is required to be paid under this Article 18, 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.

18.3 Dividends and Dividend Equivalents

If a Participant is eligible for treatment under this Article 18, 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 18 in the identical manner and time as the Award under which such dividends or dividend equivalents have been credited.

18.4 Treatment of Performance Units and Performance Shares

If a Participant holding either performance units or performance shares (including those issued as Performance Awards under Article 7) is terminated under the conditions described in Section 18.1 above, the provisions of this Section 18.4 shall determine the manner in which such performance units and/or performance shares shall be paid to the Participant. For purposes of making such payment, each "current performance period," as that term is defined in Section 17.3, shall be treated as terminating upon the date of the Participant's termination of employment, and for each such "current performance period" and each "completed performance period," as that term is defined in Section 17.3, it shall be assumed that the performance objectives have been attained at a level of one hundred percent (100%) or the equivalent thereof. If the Participant is participating in one or more "current performance periods," he or she shall be considered to have earned and, therefore, be entitled to receive that prorated portion of the Awards previously granted to him for each such performance period, as determined in accordance with the formula established in Section 17.3 hereof. A Participant in one or more "completed performance periods" shall be considered to have earned and, therefore, be entitled to receive all the performance shares and performance units previously granted to him during each performance period.

18.5 Treatment of Awards under Performance Stock Program

If a Participant of the Performance Stock Program is eligible for treatment under this Article 18, he or she shall be paid, as soon as practicable but in no event later than 90 days after the date of his or her termination of employment, a pro-rata Award for each Performance Cycle in which Participant was selected to participate and during which the Change in Ownership occurs. The amount of the pro-rata Award shall be determined by multiplying the Target Award for such Performance Cycle for Participants in the same wage grade as the Participant by a fraction, the numerator of which shall be the number of full months in the Performance Cycle prior to the date of his or her termination of employment and the denominator of which shall be the total number of full months in the Performance Cycle. For purposes of this calculation, a partial month shall be treated as a full month to the extent 15 or more days in such month have elapsed. To the extent Target Awards have not yet been established for the Performance Cycle, the Target Awards for the immediately preceding Performance Cycle shall be used.

18.6 Valuation of Awards

If a Participant is eligible for treatment under this Article 18, his or her Awards shall be valued and cashed out in accordance with the provisions of Section 17.5.

18.7 Payment of Awards

If a Participant is eligible for treatment under this Article 18, he or she shall be paid, in a single lump-sum cash payment, as soon as practicable but in no event later than 90 days after the date of his or her termination of employment, all of his or her Units of Common Stock, Freestanding SARs, stock options (including incentive stock options), Stock Awards (including those issued as Performance Awards under Article 7), performance units and shares (including those earned as a result of the application of Section 18.4 above), all other outstanding stock-based Awards (including those earned as a result of the application of Section 18.5 above and those granted by the Committee pursuant to its authority under Subsection 4.2(n) hereof), and all other outstanding Awards.

18.8 Deferred Awards

If a Participant is eligible for treatment under this Article 18, all of his or her deferred Awards for which payment has not been received as of the date of his or her termination of employment shall be paid to the Participant in a single lump-sum cash payment as soon as practicable, but in no event later than 90 days after the date of the Participant's termination. For purposes of making such payment, the value of all Awards that are stock based shall be determined by the Change In Control Price.

18.9 Miscellaneous

Upon a Change In Control, (i) the provisions of Sections 14.2, 14.3, 14.4 and 19.3 hereof shall become null and void and of no force and effect insofar as they apply to a Participant who has been terminated under the conditions described in Section 18.1 above; and (ii) 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 the Change In Control or to which he or she may become entitled as a result of such Change In Control.

18.10 Legal Fees

Kodak shall pay all legal fees and related expenses incurred by a Participant in seeking to obtain or enforce any payment, benefit or right he or she may be entitled to under the Plan after 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.

ARTICLE 19 -- MISCELLANEOUS

19.1 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 or the laws of descent and distribution), 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) Nonqualified Stock Options. The Committee shall have the discretionary authority to grant Awards of nonqualified stock options or amend outstanding Awards of nonqualified 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 nonqualified stock options:

1. Permissible Transferors. The only Participants permitted to transfer their nonqualified stock options are those Participants who are, on the date of the transfer of their nonqualified stock option, either in wage grade 56 or above, or the equivalent thereof, a corporate officer of Kodak, or a Director.

2. 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.

3. No Consideration. All transfers shall be made for no consideration.

4. Subsequent Transfers. Once a Participant transfers a nonqualified stock option, any subsequent transfer of such transferred option shall, notwithstanding Section 19.1(b)(1) to the contrary, be permitted provided, however, such subsequent transfer complies with all of the terms and conditions of this Section 19.1, with the exception of Section 19.1(b)(1).

5. 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.

6. 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.

7. Terms and Conditions of Transferred Option. Upon transfer, a nonqualified stock option continues to be governed by and subject to the terms and conditions of the Plan and the option's applicable administrative guide and Award Notice. A transferee of a nonqualified stock option is entitled to the same rights as the Participant to whom such nonqualified stock options was 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.

8. 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.

9. Immediate Family Member. For purposes of this Section 19.1, 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.

19.2 Withholding Taxes

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 with respect to such payment or may require the Participant to pay to it 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 by law to be withheld from an Award by withholding from any payment of Common Stock due as a result of such Award, or by permitting the Participant to deliver 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.

19.3 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 any such amendment which, in the opinion of the Committee, is adverse to the Participant shall require the Participant's consent.

19.4 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 Stock Awards or any other Award resulting in the payment of Common Stock prior to (i) the obtaining of any approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (ii) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed, and (iii) 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.

19.5 No Right to Continued Employment or Grants

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. 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.

19.6 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 without shareholder approval adopt any amendment which would require the vote of the shareholders of Kodak pursuant to Section 162(m) of the Code, but only insofar as such amendment affects Covered Employees.

19.7 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.

19.8 No Right, Title, or Interest in Company Assets

No Participant shall have any rights as a shareholder as a result of participation in the Plan until the date of issuance of a stock certificate in his or her name, and, in the case of restricted shares of Common Stock, such rights 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.

19.9 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 and restrictions regarding the Participant's ability to exercise Awards under the Company's broker-assisted stock option exercise program.

19.10 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.

19.11 Compliance with Section 162(m)

If any provision of the Plan, other than the application of those contained in Articles 17 or 18 hereof, would cause the Awards granted to a Covered Person not to qualify as "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 Plan, but the other provisions hereof shall remain in full force and effect.

19.12 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.

EASTMAN KODAK COMPANY

2000 MANAGEMENT VARIABLE COMPENSATION PLAN

Effective January 1, 2000

EASTMAN KODAK COMPANY

2000 MANAGEMENT VARIABLE COMPENSATION PLAN

Article	Page
1. Purpose, Effective Date and Term of Plan	78
2. Definitions	78
3. Eligibility	84
4. Plan Administration	84
5. Form of Awards	85
6. Setting Performance Goals and Performance Formula	85
7. Award Determination	86
8. Payment of Awards for a Performance Period	87
9. Deferral of Awards	88
10. Additional Awards	88
11. Change In Ownership	88
12. Change In Control	89
13. Miscellaneous	90

ARTICLE 1 -- PURPOSE, EFFECTIVE DATE AND TERM OF PLAN

1.1 Purpose

The purposes of the Plan are to provide an annual incentive to Key Employees of the Company to put forth maximum efforts toward the continued growth and success of the Company, to encourage such Key Employees to remain in the employ of the Company, to assist the Company in attracting and motivating new Key Employees on a competitive basis, and to endeavor to qualify the Awards granted to Covered Employees under the Plan as performance-based compensation as defined in Section 162(m) of the Code. The Plan is intended to apply to Key Employees of the Company in the United States and throughout the world.

1.2 Effective Date

The Plan shall be effective as of January 1, 2000, subject to approval by Kodak's shareholders at the 1999 Annual Meeting of the Shareholders of Kodak.

1.3 Term

Awards shall not be granted pursuant to the Plan after December 31, 2004; provided, however, the Committee may grant Awards after such date in recognition of performance for a Performance Period completed on or prior to such date.

ARTICLE 2 -- DEFINITIONS

2.1 Actual Award Pool

"Actual Award Pool" means, for a Performance Period, the amount determined in accordance with Section 7.2(e). The Actual Award Pool for a Performance Period determines the aggregate amount of all the Awards that are to be issued under the Plan for such Performance Period.

2.2 Award

"Award" means the compensation granted to a Participant by the Committee for a Performance Period pursuant to Articles 7 and 8 or the compensation granted to a Key Employee by the Committee pursuant to Article 10. All Awards shall be issued in the form specified by Article 5.

2.3 Award Payment Date

"Award Payment Date" means, for each Performance Period, the date that the amount of the Award for that Performance Period shall be paid to the Participant under Article 8, without regard to any election to defer receipt of the Award made by the Participant under Article 9 of the Plan.

2.4 Board

"Board" means the Board of Directors of Kodak.

2.5 Capital Charge

"Capital Charge" means, for a Performance Period, the amount obtained by multiplying the Cost of Capital for the Performance Period by Operating Net Assets for the Performance Period.

2.6 Carryforward Amount

"Carryforward Amount" means, for any Performance Period, the sum of the Carryovers for all prior Performance Periods less the sum of all Awards granted from the Carryforward Amount pursuant to Articles 7 and 10. To the extent the sum of all Awards paid for a Performance Period exceeds the Maximum Award for such period, the Carryforward Amount shall be reduced by an amount equal to such difference.

2.7 Carryover

"Carryover" means, for a Performance Period, that portion, if any, or all of the difference, if any, between the Maximum Award for such Performance Period and the sum of all Awards paid under the Plan for such Performance Period, which the Committee elects to add to the Carryforward Amount.

2.8 Cause

"Cause" means (a) the willful and continued failure by a Key Employee to substantially perform his or her duties with his or her employer after written warnings identifying the lack of substantial performance are delivered to the Key Employee by his or her employer to specifically identify the manner in which the employer believes that the Key Employee has not substantially performed his or her duties; or (b) the willful engaging by a Key Employee in illegal conduct which is materially and demonstrably injurious to the Company.

2.9 CEO

"CEO" means the Chief Executive Officer of Kodak.

2.10 Change In Control

"Change In Control" means a change in control of Kodak of a nature that would be required to be reported (assuming such event has not been "previously reported") in response to Item 1(a) of the Current Report on Form 8-K, as in effect on August 1, 1989, pursuant to Section 12 or 15(d) of the Exchange Act; provided that, without limitation, a Change In Control shall be deemed to have occurred at such time as (i) any "person" within the meaning of Section 13(d) of the Exchange Act, other than Kodak, a Subsidiary, or any employee benefit plan(s) sponsored by Kodak or any Subsidiary, is or has become the "beneficial owner," as defined in Rule 12d-3 under the Exchange Act, directly or indirectly, of 25% or more of the combined voting power of the outstanding securities of Kodak ordinarily having the right to vote at the election of directors, or (ii) individuals who constitute the Board on January 1, 2000 (the "Incumbent Board") have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to January 1, 2000 whose election, or nomination for election by Kodak's shareholders, was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Kodak in which such person is named as a nominee for director without objection to such nomination) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board.

2.11 Change In Ownership

"Change In Ownership" means a Change In Control that results directly or indirectly in Kodak's Common Stock ceasing to be actively traded on the New York Stock Exchange.

2.12 Code

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

2.13 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 three or more directors, all of whom are both a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of the definition of such term as contained in Proposed Treasury Regulation Section 1.162-27(e)(3), or any successor definition adopted.

2.14 Company

"Company" means Kodak and its Subsidiaries.

2.15 Cost of Capital

"Cost of Capital" means, for a Performance Period, the estimated weighted average of the Company's cost of equity and cost of debt for the Performance Period as determined by the Committee in its sole and absolute discretion. The Committee will determine the Cost of Capital for a Performance Period within the first 90 days of the Performance Period.

2.16 Covered Employee

"Covered Employee" means a Key Employee who is either a "Covered Employee" within the meaning of Section 162(m) of the Code or a Key Employee who the Committee has identified as a potential "Covered Employee" within the meaning of Section 162(m) of the Code.

2.17 Disability

"Disability" means a disability under the terms of any long-term disability plan maintained by the Company.

2.18 Economic Profit

"Economic Profit" means, for a Performance Period, the Net Operating Profit After Tax that remains after subtracting the Capital Charge for such Performance Period. Economic Profit may be expressed as follows: Economic Profit = Net Operating Profit After Tax - Capital Charge. Economic Profit may be either positive or negative.

2.19 Economic Value Added or EVA

"Economic Value Added or EVA" means Economic Profit for the current year minus Economic Profit for the immediately prior year.

2.20 Effective Date

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

2.21 Exchange Act

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

2.22 Key Employee

"Key Employee" means either (a) a salaried employee of the Company in wage grade 48 or above, or the equivalent thereof; or (b) a salaried employee of the Company who holds a position of responsibility in a managerial, administrative, or professional capacity and is in wage grade 43 or above

2.23 Kodak

"Kodak" means Eastman Kodak Company.

2.24 Maximum Award

"Maximum Award" means, for a Performance Period, the dollar amount calculated in accordance with Section 7.2(b) by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period. The Maximum Award for a Performance Period is an addend in the calculation of the Maximum Award Pool for such Performance Period.

2.25 Maximum Award Pool

"Maximum Award Pool" means, for a Performance Period, the dollar amount calculated in accordance with Section 7.2(c) by adding the Maximum Award for the Performance Period with the Carryforward Amount. The Maximum Award Pool, for a Performance Period, serves as the basis for calculating the maximum amount of Awards that may be granted to all Participants for such Performance Period.

2.26 Negative Discretion

"Negative Discretion" means the discretion granted to the Committee pursuant to Sections 7.2(d) and (e) to reduce or eliminate the Maximum Award Pool or a portion of the Maximum Award Pool allocated to a Covered Employee.

2.27 Net Operating Profit After Tax

"Net Operating Profit After Tax" means, for a Performance Period, the after-tax operating earnings of the Company for the Performance Period adjusted for interest expense and Wang in-process R&D. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter in its sole and absolute discretion, to adjust or modify the calculation of Net Operating Profit After Tax for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any dividend or other distribution (whether in the form of cash, securities or other property), recapitalization, restructuring, reorganization, merger, consolidation, spin off, combination, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction, event or development; (b) in recognition of, or in anticipation of, any other unusual or nonrecurring event 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; (c) in recognition of, or in anticipation of, any other extraordinary gains or losses; and (d) 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. However, if and to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.28 Operating Net Assets

"Operating Net Assets" means, for a Performance Period, the net investment used in the operations of the Company. Operating Net Assets is calculated from the Company's audited consolidated financial statements as being total assets minus non-interest-bearing liabilities adjusted for LIFO inventories, postemployment benefits other than pensions (OPEB) and Wang in-process R&D. The Committee is authorized at any time during a Performance Period to adjust or modify the calculation of Operating Net Assets for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any dividend or other distribution (whether in the form of cash, securities or other property), recapitalization, restructuring, reorganization, merger, consolidation, spin off, combination, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction, event or development; (b) in recognition of, or in anticipation of, any other unusual or nonrecurring event 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; (c) in recognition of, or in anticipation of, any other extraordinary gains or losses; and (d) 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. However, if and to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.29 Participant

"Participant," means either (a) for a Performance Period, a Key Employee who is designated to participate in the Plan for the Performance Period pursuant to Article 3; or (b) for purposes of Article 10, a Key Employee who is granted an Award pursuant to such Article.

2.30 Performance Criteria

"Performance Criteria" means the stated business criterion or criteria upon which the Performance Goals for a Performance Period are based as required pursuant to Proposed Treasury Regulation Section 1.162-27(e)(4)(iii). For purposes of the Plan, Economic Profit/EVA shall be the Performance Criteria.

2.31 Performance Formula

"Performance Formula" means, for a Performance Period, the one or more objective formulas applied against the Performance Goals to determine the Maximum Award for the Performance Period. The Performance Formula for a Performance Period shall be established in writing by the Committee within the first 90 days of the Performance Period (or, if later, within the maximum period allowed pursuant to Section 162(m) of the Code).

2.32 Performance Goals

"Performance Goals" means, for a Performance Period, the one or more goals for the Performance Period established by the Committee in writing within the first 90 days of the Performance Period (or, if longer, within the maximum period allowed pursuant to Section 162(m) of the Code) based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period 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. However, to the extent the exercise of such authority after the first 90 days of a Performance Period would cause the Awards granted to the Covered Employees for the Performance Period to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code, then such authority shall only be exercised with respect to those Participants who are not Covered Employees.

2.33 Performance Period

"Performance Period" means Kodak's fiscal year.

2.34 Plan

"Plan" means the 2000 Management Variable Compensation Plan.

2.35 Retirement

"Retirement" means, in the case of a Participant employed by Kodak, voluntary termination of employment: (i) on or after age 55 with 10 or more years of service or on or after age 65; or (ii) at any time if the Participant had an age and years of service combination of at least 75 points on December 31, 1995. 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 Subsidiary

Subsidiary means a corporation or other business entity in which Kodak directly or indirectly has an ownership interest of at least 50%.

2.37 Target Award

"Target Award" means, for a Performance Period, the target award amounts established for each wage grade by the Committee for the Performance Period. The Target Awards shall serve only as a guideline in making Awards under the Plan. Depending upon the Committee's exercise of its discretion pursuant to Section 7.2(f), but subject to Section 7.3, a Participant may receive an Award for a Performance Period that may be more or less than the Target Award for his or her wage grade for that Performance Period. Moreover, the fact that a Target Award is established for a Participant's wage grade for a Performance Period shall not in any manner entitle the Participant to receive an Award for such period.

ARTICLE 3 -- ELIGIBILITY

All Key Employees are eligible to participate in the Plan. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period which Key Employees will be Participants for such Performance Period. However, the fact that a Key Employee is a Participant for a Performance Period shall not in any manner entitle such Participant to receive an Award for the period. The determination as to whether or not such Participant shall be paid an Award for such Performance Period shall be decided solely in accordance with the provisions of Articles 7 and 8 hereof.

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 interpret the Plan, to determine eligibility for participation in the Plan, to decide all questions concerning eligibility for and the amount of Awards payable under the Plan, to establish and administer the Performance Goals and certify whether, and to what extent, they are attained, to construe any ambiguous provision of the Plan, to correct any default, to supply any omission, to reconcile any inconsistency, to issue administrative guidelines as an aid to administer the Plan, to make regulations for carrying out the Plan and to make changes in such regulations as it from time to time deems proper, and to decide any and all questions arising in the administration, interpretation, and application of the Plan. In addition, in order to enable Key Employees who are foreign nationals or are employed outside the United States or both to receive Awards under the Plan, the Committee may adopt such amendments, procedures, regulations, subplans and the like as are necessary or advisable, in the opinion of the Committee, to effectuate the purposes of the Plan.

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 Plan that the decisions of the Committee and its action 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

With regard to all Covered Employees, the Plan shall for all purposes be interpreted and construed in accordance with Section 162(m) of the Code.

4.5 Delegation of Authority

Except to the extent prohibited by law, the Committee may delegate some or all of its authority under the Plan to any person or persons as long as any such delegation is in writing; provided, however, only the Committee may select and grant Awards to Participants who are Covered Employees.

ARTICLE 5 -- FORM OF AWARDS

All Awards will be paid in cash.

ARTICLE 6 -- SETTING PERFORMANCE GOALS AND PERFORMANCE FORMULA

Within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed pursuant to Section 162(m) of the Code), the Committee shall establish in writing:

- (a) the one or more Performance Goals for the Performance Period based upon the Performance Criteria;
- (b) the one or more Performance Formulas for the Performance Period; and

(c) an objective means of allocating, on behalf of each Covered Person, a portion of the Maximum Award Pool (not to exceed the amount set forth in Section 7.3(b) to be granted, subject to the Committee's exercise of Negative Discretion, for such Performance Period in the event the Performance Goals for such period are attained.

ARTICLE 7 -- AWARD DETERMINATION

7.1 Certification

(a) In General. As soon as practicable following the availability of performance results for the completed Performance Period, the Committee shall determine the Company's performance in relation to the Performance Goals for that period and certify in writing whether the Performance Goals were satisfied.

(b) Performance Goals Achieved. If the Committee certifies that the Performance Goals for a Performance Period were satisfied, it shall determine the Awards for such Performance Period by following the procedure described in Section 7.2. During the course of this procedure, the Committee shall certify in writing for the Performance Period the amount of: (i) the Maximum Award; (ii) the Maximum Award Pool; and (iii) the Maximum Award Pool to be allocated to each Covered Employee in accordance with Section 7.2(d).

(c) Performance Goals Not Achieved. In the event the Performance Goals for a Performance Period are not satisfied, the limitation contained in Section 7.3(c) shall apply to the Covered Employees. Should the Committee nevertheless decide to grant awards for such Performance Period to Participants other than those who are Covered Employees, such Awards must be paid pursuant to Section 7.2(f) from the Carryforward Amount. Upon payment of the Awards by the Committee, the Carryforward Amount shall be reduced to reflect the amount of such Awards.

7.2 Calculation of Awards

(a) In General. As detailed below in the succeeding provisions of this Section 7.2, the procedure for determining Awards for a Performance Period involves the following steps:

- (1) determining the Maximum Award;
- (2) determining the Maximum Award Pool;
- (3) allocating the Maximum Award Pool to Covered Employees;
- (4) determining the Actual Award Pool; and
- (5) allocating the Actual Award Pool among individual Participants other than Covered Employees.

Upon completion of this process, any Awards earned for the Performance Period shall be paid in accordance with Article 8.

(b) Determining Maximum Award. The Committee shall determine the Maximum Award for the Performance Period by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period.

(c) Determining Maximum Award Pool. By adding the Maximum Award for the Performance Period with the Carryforward Amount, if any, the Committee shall determine the Maximum Award Pool for such Performance Period.

(d) Allocating Maximum Award Pool to Covered Employees. The Committee shall determine, by way of the objective means established pursuant to Article 6, the portion of the Maximum Award Pool that is to be allocated to each Covered Employee for the Performance Period. The Committee shall have no discretion to increase the amount of any Covered Employee's Award as so determined, but may through Negative Discretion reduce the amount of or totally eliminate such Award if it determines, in its absolute and sole discretion, that such a reduction or elimination is appropriate.

(e) Determining Actual Award Pool. The Committee may through Negative Discretion reduce the amount of or totally eliminate the Maximum Award Pool for a Performance Period if it determines, in its absolute and sole discretion, that such a reduction or elimination is appropriate. To the extent the Committee determines to exercise Negative Discretion with regard to the Maximum Award Pool for a Performance Period, the amount remaining after such adjustment shall be the Actual Award Pool for the Performance Period. Thus, if the Committee elects not to exercise Negative Discretion with respect to the Maximum Award Pool for a Performance Period, the Actual Award Pool for the Performance Period shall be the Maximum Award Pool for such period.

(f) Allocating Actual Award Pool to Individual Participants Other Than Covered Employee. Based on such factors, indicia, standards, goals, criteria and/or measures that the Committee shall determine, the Committee shall, in its sole and absolute discretion, determine for each Participant, other than those that are Covered Employees, the portion, if any, of the Actual Award Pool that will be awarded to such Participant for the Performance Period. By way of illustration, and not by way of limitation, the Committee may, but shall not be required to, consider: (1) the Participant's position and level of responsibility, individual merit, contribution to the success of the Company and Target Award; (2) the performance of the Company or the organizational unit of the Participant based upon attainment of financial and other performance criteria and goals; and (3) business unit, division or department achievements.

7.3 Limitations on Awards

The provisions of this Section 7.3 shall control over any Plan provision to the contrary.

(a) Maximum Award Pool. The total of all Awards granted for a Performance Period shall not exceed the amount of the Maximum Award Pool for such Performance Period.

(b) Maximum Award Payable to Covered Employees. The maximum Award payable to any Covered Employee under the Plan for a Performance Period shall be \$5,000,000.

(c) Attainment of Performance Goals. The Performance Goals for a Performance Period must be achieved in order for a Covered Employee to receive an Award for such Performance Period.

ARTICLE 8 -- PAYMENT OF AWARDS FOR A PERFORMANCE PERIOD

8.1 Termination of Employment

The Committee shall determine rules regarding the treatment of a Participant under the Plan for a Performance Period in the event of the Participant's termination of employment prior to the Award Payment Date for such Performance Period.

8.2 Timing of Award Payments

Unless deferred pursuant to Article 9 hereof, the Awards granted for a Performance Period shall be paid to Participants on the Award Payment Date for such Performance Period, which date shall occur as soon as administratively practicable following the completion of the procedure described in Section 7.2.

ARTICLE 9 -- DEFERRAL OF AWARDS

At the discretion of the Committee, a Participant may, subject to such terms and conditions as the Committee may determine, elect to defer payment of all or any part of any Award which the Participant might earn with respect to a Performance Period by complying with such procedures as the Committee may prescribe. Any Award, or portion thereof, upon which such an election is made shall be deferred into, and be subject to the terms, conditions and requirements of, the Eastman Kodak Employees' Savings and Investment Plan, 1982 Eastman Kodak Company Executive Deferred Compensation Plan or such other applicable deferred compensation plan of the Company.

ARTICLE 10 -- ADDITIONAL AWARDS

10.1 In General

In addition to the Awards that are authorized to be granted under Article 7 and paid under Article 8 for a Performance Period, the Committee may, in its sole judgment, from time to time grant Awards under the Plan from the Carryforward Amount.

10.2 Eligibility

All Key Employees, other than those who are Covered Employees, are eligible to receive the Awards authorized to be granted under this Article 10.

10.3 Carryforward Amount

Upon the issuance of any Award under this Article 10, the Carryforward Amount shall be immediately reduced by an amount equal to the value of such Award.

ARTICLE 11 -- CHANGE IN OWNERSHIP

11.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 1.1, 4.4 and 13.9, the provisions of this Article 11 shall control over any contrary provision. Upon a Change in Ownership: (a) the terms of this Article 11 shall immediately become operative, without further action or consent by any person or entity; (b) all terms, conditions, restrictions and limitations in effect on any unpaid and/or deferred Award shall immediately lapse as of the date of such event; and (c) no other terms, conditions, restrictions, and/or limitations shall be imposed upon any Awards on or after such date, and in no event shall an Award be forfeited on or after such date.

11.2 Payment of Awards

Upon a Change in Ownership, any Key Employee, whether or not he or she is still employed by the Company, shall be paid, as soon as practicable but in no event later than 90 days after the Change in Ownership, the Awards set forth in (a) and (b) below:

(a) All of the Key Employee's unpaid Awards; and

(b) A pro-rata Award for the Performance Period in which the Change in Ownership occurs. The amount of the pro-rata Award shall be determined by multiplying the Target Award for such Performance Period for Participants in the same wage grade as the Key Employee by a fraction, the numerator of which shall be the number of full months in the Performance Period prior to the date of the Change in Ownership and the denominator of which shall be the total number of full months in the Performance 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. To the extent Target Awards have not yet been established for the Performance Period, the Target Awards for the immediately preceding Performance Period shall be used. The pro-rata Awards shall be paid to the Key Employee in the form of a lump-sum cash payment.

11.3 Miscellaneous

Upon a Change In Ownership, 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 Key Employee or the operation of the Plan with respect to any Award to which the Key Employee may have become entitled hereunder on or prior to the date of such action or as a result of such Change In Ownership.

ARTICLE 12 -- CHANGE IN CONTROL

12.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 1.1, 4.4 and 13.9, the provisions of this Article 12 shall control over any contrary provision. All Key Employees shall be eligible for the treatment afforded by this Article 12 if their employment with the Company terminates within two years following a Change In Control, unless the termination is due to (a) death; (b) Disability; (c) Cause; (d) resignation other than (1) resignation from a declined reassignment to a job that is not reasonably equivalent in responsibility or compensation (as defined in Kodak's Termination Allowance Plan), or that is not in the same geographic area (as defined in Kodak's Termination Allowance Plan), or (2) resignation within thirty days of a reduction in base pay; or (e) Retirement.

12.2 Vesting and Lapse of Restrictions

If a Key Employee qualifies for treatment under Section 12.1, his or her Awards shall be treated in the manner described in Subsections 11.1(b) and (c).

12.3 Payment of Awards

If a Key Employee qualifies for treatment under Section 12.1, he or she shall be paid, as soon as practicable but in no event later than 90 days after his or her termination of employment, the Awards set forth in (a) and (b) below:

(a) All of the Key Employee's unpaid Awards; and

(b) A pro-rata Award for the Performance Period in which his or her termination of employment occurs. The amount of the pro-rata Award shall be determined by multiplying the Target Award for such Performance Period for Participants in the same wage grade as the Key Employee by a fraction, the numerator of which shall be the number of full months in the Performance Period prior to the date of the Key Employee's termination of employment and the denominator of which shall be the total number of full months in the Performance Period. For purposes of this calculation, a partial month shall be treated as a full month to the extent 15 or more days in such month have elapsed. To the extent Target Awards have not yet been established for the Performance Period, the Target Awards for the immediately preceding Performance Period shall be used. The pro-rata Awards shall be paid to the Key Employee in the form of a lump-sum cash payment.

12.4 Miscellaneous

Upon a Change In Control, 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 Key Employee or the operation of the Plan with respect to any Award to which the Key Employee may have become entitled hereunder prior to the date of the Change In Control or to which he or she may become entitled as a result of such Change In Control.

ARTICLE 13 -- MISCELLANEOUS

13.1 Nonassignability

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

13.2 Withholding Taxes

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 with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment.

13.3 Amendments to Awards

The Committee may at any time unilaterally amend any unearned, deferred 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 any such amendment which, in the opinion of the Committee, is adverse to the Participant shall require the Participant's consent.

13.4 No Right to Continued Employment or Grants

Participation in the Plan shall not give any Key Employee any right to remain in the employ of the Company. Kodak or, in the case of employment with a Subsidiary, the Subsidiary, reserves the right to terminate any Key Employee at any time. Further, the adoption of this Plan shall not be deemed to give any Key Employee or any other individual any right to be selected as a Participant or to be granted an Award.

13.5 Amendment/Termination

The Committee may suspend or terminate the Plan at any time with or without prior notice. In addition, the Committee may, from time to time and with or without prior notice, amend the Plan in any manner, but may not without shareholder approval adopt any amendment which would require the vote of the shareholders of Kodak pursuant to Section 162(m) of the Code, but only insofar as such amendment affects Covered Employees.

13.6 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.

13.7 No Right, Title, or Interest in Company Assets

To the extent any person acquires a right to receive payments from the Company under this 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.

13.8 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.

13.9 Compliance with Section 162(m)

If any provision of the Plan 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 Plan, but the other provisions hereof shall remain in full force and effect.

This schedule contains summary financial information extracted from the second quarter 1999 form 10-Q of Eastman Kodak Company, and is qualified in its entirety by reference to such financial statements.

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

6-MOS		
	DEC-31-1999	
	JAN-01-1999	
	JUN-30-1999	
	1.0	292
	13	
	2945	
	169	
	1398	
	5814	13113
	7268	
	14822	
	6630	487
	0	0
		978
		2838
14822		6710
	6710	3755
	3755	
	1853	
	0	
	68	
	1034	
	352	
682	0	
	0	
		0
	682	
	2.13	
	2.11	