

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 March 31, 1997

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 March 31, 1997
Common Stock, \$2.50 par value	329,021,120

Eastman Kodak Company and Subsidiary Companies
 CONSOLIDATED STATEMENT OF EARNINGS

	First Quarter	
	1997	1996
	(in millions)	
REVENUES		
Sales	\$3,133	\$3,388
Earnings from equity interests and other revenues	69	58
	-----	-----
TOTAL REVENUES	3,202	3,446
	-----	-----
COSTS		
Cost of goods sold	1,643	1,776
Selling, general and administrative expenses	849	971
Research and development costs	257	241
Purchased research and development	186	-
Interest expense	22	18
Other costs	20	19
	-----	-----
TOTAL COSTS	2,977	3,025
	-----	-----
Earnings before income taxes	225	421
Provision for income taxes	76	147
	-----	-----
NET EARNINGS	\$ 149	\$ 274
	=====	=====
Earnings per share	\$.45	\$.80

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	First Quarter	
	1997	1996
	(in millions)	
Retained earnings at beginning of year	\$5,931	\$5,184
Net earnings	149	274
Cash dividends declared	(147)	(137)
Other changes	(5)	2
	-----	-----
RETAINED EARNINGS at end of quarter	\$5,928	\$5,323
	=====	=====

 See Notes to Financial Statements

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 31, 1997	Dec. 31, 1996
	(in millions)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 843	\$ 1,777
Marketable securities	29	19
Receivables	2,583	2,738
Inventories	1,734	1,575
Deferred income tax charges	650	644
Other	232	212
	-----	-----
Total current assets	6,071	6,965
PROPERTIES		
Land, buildings and equipment at cost	12,578	12,585
Less: Accumulated depreciation	7,129	7,163
	-----	-----
Net properties	5,449	5,422
OTHER ASSETS		
Goodwill (net of accumulated amortization of \$367 and \$366)	616	581
Long-term receivables and other noncurrent assets	1,214	1,238
Deferred income tax charges	278	232
	-----	-----
TOTAL ASSETS	\$13,628	\$14,438
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables	\$ 3,364	\$ 4,116
Short-term borrowings	557	541
Taxes-income and other	692	603
Dividends payable	147	133
Deferred income tax credits	26	24
	-----	-----
Total current liabilities	4,786	5,417
OTHER LIABILITIES		
Long-term borrowings	577	559
Postemployment liabilities	2,943	2,967
Other long-term liabilities	908	659
Deferred income tax credits	72	102
	-----	-----
Total liabilities	9,286	9,704
SHAREHOLDERS' EQUITY		
Common stock at par*	978	978
Additional capital paid in or transferred from retained earnings	892	910
Retained earnings	5,928	5,931
Accumulated translation adjustment	(29)	75
	-----	-----
7,769	7,769	7,894
Less: Treasury stock shares at cost*	3,427	3,160
	-----	-----
Total shareholders' equity	4,342	4,734
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$13,628	\$14,438
	=====	=====

*Common stock: \$2.50 par value, 950 million shares authorized, 391 million shares issued as of March 31, 1997. Treasury stock shares at cost consists of approximately 62 million shares at March 31, 1997 and 59 million shares at December 31, 1996.

See Notes to Financial Statements

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF CASH FLOWS

First Quarter
1997 1996
(in millions)

Cash flows from operating activities:		
Net earnings	\$ 149	\$ 274
Adjustments to reconcile above earnings to net cash (used in) provided by operating activities, excluding the effect of initial consolidation of acquired companies:		
Depreciation and amortization	193	213
Purchased research and development	186	-
(Benefit) provision for deferred income taxes	(75)	1
(Gain) loss on sale and retirement of properties	(16)	13
Decrease in receivables	97	286
Increase in inventories	(198)	(247)
Decrease in liabilities excluding borrowings	(354)	(24)
Other items, net	13	(92)
	-----	-----
Total adjustments	(154)	150
	-----	-----
Net cash (used in) provided by operating activities	(5)	424
	-----	-----
Cash flows from investing activities:		
Additions to properties	(309)	(250)
Proceeds from sale of properties	50	15
Acquisitions, net of cash acquired	(283)	-
Marketable securities - purchases	-	(8)
Marketable securities - sales	10	27
Cash flows related to sales of non-imaging health businesses	-	(7)
	-----	-----
Net cash used in investing activities	(532)	(223)
	-----	-----
Cash flows from financing activities:		
Net increase (decrease) in borrowings with original maturity of		
90 days or less	31	(185)
Proceeds from other borrowings	427	213
Repayment of other borrowings	(407)	(217)
Dividends to shareholders	(133)	(137)
Exercise of employee stock options	52	70
Stock repurchases	(348)	(571)
	-----	-----
Net cash used in financing activities	(378)	(827)
	-----	-----
Effect of exchange rate changes on cash	(19)	1
	-----	-----
Net decrease in cash and cash equivalents	(934)	(625)
Cash and cash equivalents, beginning of year	1,777	1,764
	-----	-----
Cash and cash equivalents, end of quarter	\$ 843	\$ 1,139
	=====	=====

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: COMMITMENTS AND CONTINGENCIES

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

NOTE 3: ACQUISITION OF WANG LABORATORIES' SOFTWARE UNIT

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

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

David J. FitzPatrick, Controller and
Vice President
May 14, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY

(in millions, except earnings per share)

	First Quarter		Change
	1997	1996	
Sales	\$3,133	\$3,388	- 8%
Net earnings	149	274	-46
Earnings per share	.45	.80	-44

1997

The Company results for the first quarter include a pre-tax charge of \$186 million (\$.37 per share after-tax) for in-process research and development (R & D) associated with the acquisition of Wang Laboratories' software unit on March 17, 1997. Excluding this charge, net earnings per share would have been \$.82. Refer to Notes to Financial Statements on page 5.

1996

On April 16, 1996, the Company announced a program to repurchase up to an additional \$2 billion of its outstanding common stock; as of March 31, 1997, \$971 million had been repurchased under this program. The remainder is expected to be repurchased over the next one to two years.

Sales by Industry Segment
(in millions)

	First Quarter		Change
	1997	1996	
Consumer Imaging			
Inside the U.S.	\$ 625	\$ 558	+12%
Outside the U.S.	877	897	- 2
	-----	-----	---
Total Consumer Imaging	1,502	1,455	+ 3
	-----	-----	---
Commercial Imaging			
Inside the U.S.	776	933	-17
Outside the U.S.	862	1,008	-14
	-----	-----	---
Total Commercial Imaging	1,638	1,941	-16
	-----	-----	---
Deduct: Intersegment Sales	(7)	(8)	---
	-----	-----	---
Total Sales	\$3,133	\$3,388	- 8%
	=====	=====	===

Earnings from Operations by Industry Segment
(in millions)

	1997	First Quarter 1996	Change
Consumer Imaging	\$ 145	\$ 161	-10%
Percent of Segment Sales	9.7%	11.1%	
Commercial Imaging	\$ 55	\$ 239	-77%
Percent of Segment Sales	3.4%	12.3%	
	-----	-----	---
Total Earnings from Operations	\$ 200	\$ 400	-50%
	=====	=====	===

COSTS AND EXPENSES
(in millions)

	1997	First Quarter 1996	Change
Gross profit	\$1,490	\$1,612	- 8%
Percent of Sales	47.6%	47.6%	
Selling, general and administrative expenses	\$ 849	\$ 971	-13%
Percent of Sales	27.1%	28.7%	
Research and development costs	\$ 257 *	\$ 241	+ 7%
Percent of Sales	8.2%	7.1%	

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

1997 COMPARED WITH 1996

First quarter 1997 sales decreased 8% compared with the first quarter of 1996, due to the sale of the Office Imaging business. With Office Imaging sales excluded from both years, the Company's sales would have increased 2%, due to higher unit volumes partially offset by lower effective selling prices and unfavorable effects of foreign currency rate changes.

Sales in the Consumer Imaging segment increased 3%, due to higher unit volumes partially offset by lower effective selling prices and unfavorable effects of foreign currency rate changes. Sales inside the U.S. increased 12%, due to higher unit volumes partially offset by lower effective selling prices. Unit volume gains were driven by good growth in Kodacolor films and one-time-use cameras, plus revenues from the acquisition of Fox Photo Inc. Sales outside the U.S. decreased 2%, as lower effective selling prices and unfavorable effects of foreign currency rate changes more than offset higher unit volumes.

Sales in the Commercial Imaging segment decreased 16%, due to the sale of the Office Imaging business. With Office Imaging sales excluded from both years, sales would have been level, as higher unit volumes were completely offset by unfavorable effects of foreign currency rate changes and lower effective selling prices. The Entertainment Imaging and Digital & Applied Imaging business units posted excellent sales growth.

Earnings from operations decreased 50% to \$200 million, primarily due to the R & D charge associated with the purchase of Wang Laboratories' software unit.

Earnings from operations in the Consumer Imaging segment decreased 10%, as higher unit volumes were more than offset by lower effective selling prices and unfavorable effects of foreign currency rate changes.

Excluding the R & D charge associated with the purchase of Wang Laboratories' software unit, earnings from operations in the Commercial Imaging segment were essentially level, as higher unit volumes were offset by lower effective selling prices and unfavorable effects of foreign currency rate changes.

Earnings from equity interests and other revenues increased for the first quarter of 1997 compared with 1996, due primarily to gains on the sale of property and on a non-strategic element of the Business Imaging Systems business unit. The lower effective tax rate in 1997 principally results from the utilization of certain foreign tax loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash used in operating activities for the first quarter of 1997 was \$5 million, as net earnings of \$149 million, which included non-cash expenses for depreciation and amortization of \$193 million, were offset by decreases in liabilities (excluding borrowings) and increases in inventories. Net cash used in investing activities of \$532 million was primarily due to additions to properties of \$309 million and acquisitions, net of cash acquired, of \$283 million. Net cash used in financing activities of \$378 million was due to stock repurchases of \$348 million and dividend payments of \$133 million.

Total cash dividends of \$147 million (\$.44 per share) and \$137 million (\$.40 per share) were declared in the first quarters of 1997 and 1996, respectively.

Cash, cash equivalents and marketable securities decreased from \$1,796 million at December 31, 1996 to \$872 million at March 31, 1997. Net working capital also decreased from \$1,548 million at year-end 1996 to \$1,285 million at March 31, 1997. Both decreases are primarily attributable to the stock repurchase program and the acquisition of Wang Laboratories' software unit.

Capital additions for the first quarter of 1997 were \$309 million compared with \$250 million for the first quarter of 1996.

OTHER

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

The Company has been designated as a potentially responsible party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (the Superfund law), or under similar state laws, for environmental assessment and cleanup costs as the result of the Company's alleged arrangements for disposal of hazardous substances at approximately twenty Superfund sites. With respect to each of these sites, the Company's actual or potential allocated share of responsibility is small. Furthermore, numerous other PRPs have similarly been designated at these sites and, although the law imposes joint and several liability on PRPs, as a practical matter, costs are shared with other PRPs. Settlements and costs paid by the Company in Superfund matters to date have not been material. Future costs are not expected to be material to the Company's financial position or results of operations.

Item 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 11.
- (b) Reports on Form 8-K
No reports on Form 8-K were filed or required to be filed for the quarter ended March 31, 1997.

SIGNATURES

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

EASTMAN KODAK COMPANY
(Registrant)

David J. FitzPatrick, Controller and
Vice President

Date May 14, 1997

Eastman Kodak Company and Subsidiary Companies

Index to Exhibits

Exhibit Number	Page No.
(10) F. Eastman Kodak Company 1985 Stock Option Plan, as amended effective November 1, 1996. (Incorporated by reference to the Eastman Kodak Company Annual Report on Form 10-K for the fiscal year ended December 31, 1996.) Amendment dated February 13, 1997 to Eastman Kodak Company 1985 Stock Option Plan.	12
G. Eastman Kodak Company 1990 Omnibus Long-Term Compensation Plan, as amended effective November 1, 1996. (Incorporated by reference to the Eastman Kodak Company Annual Report on Form 10-K for the fiscal year ended December 31, 1996.) Amendment dated February 13, 1997 to Eastman Kodak Company 1990 Omnibus Long-Term Compensation Plan.	14
H. Eastman Kodak Company Management Variable Compensation Plan, as amended effective December 12, 1996.	16
I. Eastman Kodak Company 1995 Omnibus Long-term Compensation Plan, effective as of November 1, 1996. (Incorporated by reference to the Eastman Kodak Company Annual Report on Form 10-K for the fiscal year ended December 31, 1996.) Amendment dated February 13, 1997 to Eastman Kodak Company 1995 Omnibus Long-Term Compensation Plan.	31
P. Eastman Kodak Company 1997 Stock Option Plan, as adopted effective February 13, 1997.	33
(11) Statement Re Computation of Earnings Per Common Share	40
(27) Financial Data Schedule, Exhibit (27) - Submitted with the Edgar filing as a second document to this Form 10-Q.	

EASTMAN KODAK COMPANY BOARD OF DIRECTORS
EXECUTIVE COMPENSATION AND DEVELOPMENT COMMITTEE

February 13, 1997

RESOLVED: That Section 7(a)(v) of the Eastman Kodak Company 1985 Stock Option Plan is hereby amended to read as follows:

7(a)(v) 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 corporate officers of Kodak on the date of the transfer of their nonqualified stock option.
 2. Permissible Transferees. Transfers shall only be permitted to: (i) the Participant's "Immediate Family Members," as that term is defined in Subsection (a)(v)(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 such Immediate Family Members are the only partners.
 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 7(a)(v)(B)(1) to the contrary, be permitted provided, however, such subsequent transfer complies with all of the terms and conditions of this Section 7(a)(v), with the exception of Section 7(a)(v)(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 7(a)(v), the term "Immediate Family Member" shall mean the Participant's spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

EASTMAN KODAK COMPANY BOARD OF DIRECTORS
EXECUTIVE COMPENSATION AND DEVELOPMENT COMMITTEE

February 13, 1997

RESOLVED: That Section 17 of the Eastman Kodak Company 1990 Omnibus Long-Term Compensation Plan is hereby amended to read as follows:

17. 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 corporate officers of Kodak on the date of the transfer of their nonqualified stock option.
 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 such Immediate Family Members are the only partners.
 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 17(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 17(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 17, the term "Immediate Family Member" shall mean the Participant's spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

EASTMAN KODAK COMPANY
MANAGEMENT VARIABLE COMPENSATION PLAN

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1996, Eastman Kodak Company

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, 1995, subject to approval by Kodak's shareholders at the 1995 Annual Meeting of the Shareholders of Kodak.

1.3 Term

Awards shall not be granted pursuant to the Plan after December 31, 1999; 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 6.4.

2.2 Average Net Assets

"Average Net Assets" means, for the Performance Period, the simple average of the Company's Net Assets for each of the following five fiscal quarters of the Company: the four fiscal quarters of the Performance Period and the fiscal quarter immediately preceding the Performance Period. For purposes of this calculation, Net Assets for a fiscal quarter shall be determined as of the end of such quarter.

2.3 Award

"Award" means the compensation granted to a Participant by the Committee for a Performance Period pursuant to Articles 6 and 7 or the compensation granted to a Key Employee by the Committee pursuant to Article 9. All Awards shall be issued in the form(s) specified by Article 5.

2.4 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 7, without regard to any election to defer receipt of the Award made by the Participant under Article 8 of the Plan.

2.5 Board

"Board" means the Board of Directors of Kodak.

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 Sections 6.4(d) and 9.5.

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, 1995 (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, 1995 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 which 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 the common stock, \$2.50 par value per share, of Kodak which may be newly issued or treasury stock.

2.15 Company

"Company" means Kodak and its Subsidiaries.

2.16 Covered Employee

"Covered Employee" means a Key Employee who is a "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 Effective Date

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

2.19 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.

2.20 Key Employee

"Key Employee" means:

- (a) either (1) a salaried employee of the Company in wage grade 48 or above, or the equivalent thereof; or (2) 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: provided, however, that the persons described in Subsection (b) below of this Section 2.20 are not Key Employees.
- (b) The following persons are not Key Employees:
 - (1) Any person employed by the Company who: (i) is offered a position of employment by Danka; (ii) accepts such offer of employment; and (iii) is employed by Danka on January 1, 1997.
 - (2) Any person employed by the Company who: (i) is disabled and receiving benefits under the Short Term Disability Plan on January 1, 1997; (ii) does not have a "Continuous Disability" (as defined in Section 2.06 of the Short Term Disability Plan) as a result of such disability for a period in excess of 180 days; (iii) returns to work for the Company prior to March 14, 1997, (iv) is offered a position of employment by Danka; (v) accepts such offer of employment; and (vi) is employed by Danka prior to March 14, 1997; and
 - (3) Any person employed by the Company who: (i) is on a leave of absence on January 1, 1997; (ii) returns to work for the Company prior to March 14, 1997, (iii) is offered a position of employment by Danka; (iv) accepts such offer of employment; and (v) is employed by Danka prior to March 14, 1997.

2.21 Kodak

"Kodak" means Eastman Kodak Company.

2.22 Maximum Award

"Maximum Award" means, for a Performance Period, the dollar amount calculated in accordance with Section 6.2 by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period.

2.23 Maximum Award Pool

"Maximum Award Pool" means, for a Performance Period, the dollar amount calculated in accordance with Section 6.3(b) by adding the Maximum Award for the Performance Period with the Carryforward Amount.

2.24 Negative Discretion

"Negative Discretion" means the discretion granted to the Committee pursuant to Section 6.3(e) to reduce or eliminate the Maximum Award Pool or a portion of the Maximum Award Pool allocated to a Covered Employee.

2.25 Net Assets

"Net Assets" means the Company's consolidated Total Shareholders' Equity and Borrowings (both short-term and long-term) as reported in its audited consolidated financial statements. 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 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 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, 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.

2.26 Net Income

"Net Income" means, for a Performance Period, the Company's consolidated Net Earnings (Loss) before Cumulative Effect of Changes in Accounting Principle for the Performance Period as reported in its audited consolidated financial statements. 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 Income 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.

2.27 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 9, a Key Employee who is granted an Award pursuant to such Article.

2.28 Performance Criterion

"Performance Criterion" means the stated business criterion 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, RONA shall be the Performance Criterion.

2.29 Performance Formula

"Performance Formula" means, for a Performance Period, the one or more objective formulas applied against the Performance Goals to determine whether all, some portion but less than all, or none of the Awards have been earned for the Performance Period. The dollar amount obtained through application of the Performance Formula shall be the Maximum Award. 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).

2.30 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 Criterion. 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.

2.31 Performance Period

"Performance Period" means Kodak's fiscal year or any other period designated by the Committee with respect to which an Award may be granted.

2.32 Plan

"Plan" means the Management Variable Compensation Plan.

2.33 Retirement

"Retirement" means retirement under any defined benefit pension plan maintained by the Company which is either a tax-qualified plan under Section 401(a) of the Code or is identified in writing by the Committee as a defined benefit pension plan.

2.34 RONA

"RONA" means, for a Performance Period, Return on Net Assets for the Performance Period. RONA shall be calculated by dividing Net Income for the Performance Period by Average Net Assets for the same period.

2.35 Subsidiary

Subsidiary means a subsidiary which is majority owned by Kodak and reported in Kodak's audited consolidated financial statements.

2.36 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 6.4(c), but subject to Section 6.5, a Participant may receive an Award for a Performance Period which 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 6 and 7 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 they from time to time deem 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 provided that any such delegation be in writing; provided, however, only the Committee may select and grant Awards to Participants who are Covered Employees.

ARTICLE 5 -- FORM OF AWARDS

Awards may at the Committee's sole discretion be paid in cash, Common Stock or a combination thereof. The Committee may, in its sole judgment, subject an Award to such terms, conditions, restrictions and/or limitations (including, but not limited to, restrictions on transferability and vesting), provided they are not inconsistent with the terms of the Plan. 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.

ARTICLE 6 -- DETERMINATION OF AWARDS FOR A PERFORMANCE PERIOD

6.1 Procedure for Determining Awards

As detailed below in the succeeding Sections of this Article 6, the procedure for determining Awards for a Performance Period entails the following: (a) determination of Maximum Award; (b) determination of Maximum Award Pool; (c) determination of Actual Award Pool; and (d) allocation of Actual Award Pool among individual Participants. Upon completion of this process, any Awards earned for the Performance Period shall be paid in accordance with Article 7.

6.2 Determination of Maximum Award

- (a) Purpose of Maximum Award. The Maximum Award for a Performance Period is an addend in the calculation of the Maximum Award Pool for such Performance Period.

- (b) Calculation of Maximum Award. The Maximum Award for a Performance Period is the dollar amount obtained by applying the Performance Formula for such Performance Period against the Performance Goals for the same Performance Period.

6.3 Determination of Maximum Award Pool

- (a) Purpose of Maximum Award Pool. 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 .
- (b) Calculation of Maximum Award Pool. The Maximum Award Pool for a Performance Period shall be calculated by adding the Maximum Award for such Performance Period with the Carryforward Amount.
- (c) Limitation. The total of all Awards granted for a Performance Period shall not exceed the amount of the Maximum Award Pool for such Performance Period.
- (d) Allocation of Maximum Award Pool to Covered Employees. 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 allocate in writing, or establish in writing 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 6.5(a)) to be granted for such Performance Period in the event the Performance Goals for such period are attained.
- (e) Negative Discretion. The Committee is authorized at any time during or after a Performance Period, in its sole and absolute discretion, to reduce or eliminate the Maximum Award Pool for the Performance Period, for any reason, based on such factors, indicia, standards, goals, and/or measures it determines in the exercise of its sole discretion. Similarly, the Committee is authorized at any time during or after a Performance Period, in its sole and absolute discretion, to reduce or eliminate the portion of the Maximum Award Pool allocated to any Covered Employee for the Performance Period, for any reason.

6.4 Determination of Actual Award Pool

- (a) Purpose of Actual Award Pool. 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.
- (b) Establishment of Actual Award Pool. The Actual Award Pool for a Performance Period shall be the Maximum Award Pool for such period after adjustment, if any, by the Committee through Negative Discretion. Thus, to the extent the Committee elects for a Performance Period not to exercise Negative Discretion with respect to the Maximum Award Pool, the Actual Award Pool for the Performance Period shall be the Maximum Award Pool for such period.

- (c) Allocation of Actual Award Pool to Individual Participants. The portion of the Actual Award Pool that will be awarded to any individual Participant will be determined by the Committee, in its sole and absolute discretion, based on such factors, indicia, standards, goals, and measures which it determines in the exercise of its sole discretion. 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.
- (d) Adjustment to Carryforward Amount. 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.

6.5 Limitations on Awards to Covered Employees

The provisions of this Section 6.5 shall control over any Plan provision to the contrary.

- (a) Maximum Award Payable to Covered Employees. The maximum Award payable to any Covered Employee under the Plan for a Performance Period shall be \$4,000,000.
- (b) 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.
- (c) Allocation of Actual Award Pool. The portion of the Actual Award Pool allocated to a Covered Employee by the Committee pursuant to Section 6.4(c) shall not exceed the portion of the Maximum Award Pool allocated to such Covered Employee under Section 6.3(d).

ARTICLE 7 -- PAYMENT OF AWARDS FOR A PERFORMANCE PERIOD

7.1 Certification

- (a) In General. Following the completion of each 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.
- (b) Performance Goals 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 period, calculate and certify in writing 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 6.3(d). Upon completion of these written certifications, the Committee shall determine the amount of the Actual Award Pool for the Performance Period.
- (c) Performance Goals Not Achieved. In the event the Performance Goals for a Performance Period are not achieved, the limitation contained in Section 6.5(b) shall apply to the Covered Employees. Further, any Awards granted for the Performance Period must be paid from the Carryforward Amount which shall be reduced to reflect the amount of such Awards.

7.2 Election of Form of Award

Prior to or coincident with its calculation of the amount of the Actual Award Pool for a Performance Period, the Committee shall, in its sole discretion, determine the form(s) in which to grant Awards under the Plan for such period.

7.3 Timing of Award Payments

Unless deferred pursuant to Article 8 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 7.1.

ARTICLE 8 -- 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 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 9 -- ADDITIONAL AWARDS

9.1 In General

In addition to the Awards that are authorized to be granted under Article 6 and paid under Article 7 for a Performance Period, the Committee may, in its sole judgment, from time to time grant Awards under the Plan from the Carryforward Amount.

9.2 Eligibility

All Key Employees, other than those who are Covered Employees, are eligible to receive the Awards authorized to be granted under this Article 9.

9.3 Form of Awards

Any Award granted by the Committee pursuant to the provisions of this Article 9 shall be issued in one or more of the forms permitted under Article 5 of the Plan.

9.4 Terms and Conditions

The Committee shall, by way of an award notice or otherwise, establish the terms, conditions, restrictions and/or limitations that will apply to an Award issued pursuant to this Article 9; provided, however, such terms, conditions, restrictions and limitations are not inconsistent with the terms of the Plan.

9.5 Carryforward Amount

Upon the issuance of any Award under this Article 9, the Carryforward Amount shall be immediately reduced by an amount equal to the value of such Award.

ARTICLE 10 -- CHANGE IN OWNERSHIP

10.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 1.1, 4.4 and 13.10, the provisions of this Article 10 shall control over any contrary provision. Upon a Change in Ownership: (a) the terms of this Article 10 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; (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; and (d) except where a prorated Award is required to be paid under this Article 10, all unvested and/or unpaid Awards or any other outstanding Awards shall automatically become one hundred percent (100%) vested immediately.

10.2 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 and/or deferred 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.

10.3 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 11 -- CHANGE IN CONTROL

11.1 Background

Notwithstanding any provision contained in the Plan, including, but not limited to, Sections 1.1, 4.4 and 13.10, the provisions of this Article 11 shall control over any contrary provision. All Key Employees shall be eligible for the treatment afforded by this Article 11 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.

11.2 Vesting and Lapse of Restrictions

If a Key Employee qualifies for treatment under Section 11.1, his or her Awards shall be treated in the manner described in Subsections 10.1(b) and (c). Further, except where a prorated Award is required to be paid under this Article 11, all of the Key Employee's unvested and/or unpaid Awards shall automatically become one hundred percent (100%) vested immediately.

11.3 Payment of Awards

If a Key Employee qualifies for treatment under Section 11.1, 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 and/or deferred 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.

11.4 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 12 -- SHARES SUBJECT TO THE PLAN

12.1 Available Shares

Subject to adjustment as provided in Subsection 12.2 below, the maximum number of shares of Common Stock, \$2.50 par value per share, of the Company which shall be available for grant of Awards under the Plan during its term shall not exceed 1,000,000. 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 not be available again for grant under the Plan. The shares of Common Stock available for issuance under the Plan may be authorized and unissued shares or treasury shares.

12.2 Adjustment of Shares Available

- (a) In General. The provisions of this Subsection 12.2(a) are subject to the limitation contained in Subsection 12.2(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 and the shares subject to any Award 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 definition 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 the Company, 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.
- (b) Covered Employees. In no event shall the Award of any Participant who is a Covered Employee be adjusted pursuant to Subsection 12.2(a) to the extent it would cause such Award to fail to qualify as "Performance-Based Compensation" under Section 162(m) of the Code.

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. 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.

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 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 Awards or any other Award resulting in the payment of Common Stock prior to (a) the obtaining of any approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (b) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed, and (c) the completion of any registration or other qualification of said shares under any state or Federal law or ruling of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

13.5 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.

13.6 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.

13.7 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.

13.8. 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 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.

13.9 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.

13.10 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.

EASTMAN KODAK COMPANY BOARD OF DIRECTORS
EXECUTIVE COMPENSATION AND DEVELOPMENT COMMITTEE

February 13, 1997

RESOLVED: That Section 19.1 of the Eastman Kodak Company 1995 Omnibus Long-Term Compensation Plan is hereby amended to read as follows:

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 corporate officers of Kodak on the date of the transfer of their nonqualified stock option.
 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 such Immediate Family Members are the only partners.
 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's spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

EASTMAN KODAK COMPANY
1997 STOCK OPTION PLAN

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ARTICLE 1 -- PURPOSE AND TERM OF PLAN

1.1 Purpose

The purpose of the Plan is to provide motivation to the corporate officers of Kodak to put forth maximum efforts toward the continued growth, profitability, and success of Kodak by providing incentives through the ownership and performance of the Common Stock of Kodak. Toward this objective, the Committee may grant stock options to the corporate officers of Kodak on the terms and subject to the conditions set forth in the Plan.

1.2 Term

The Plan shall become effective on February 13, 1997. Awards shall not be granted pursuant to the Plan after December 31, 1997.

ARTICLE 2 -- DEFINITIONS

2.1 Award

"Award" means any stock option granted under the Plan to a Participant by the Committee pursuant to the terms, conditions, restrictions and limitations of the Plan and those that the Committee may establish by the Award Notice or otherwise.

2.2 Award Notice

"Award Notice" means a written notice from Kodak to a Participant that establishes the terms, conditions, restrictions, and/or limitations applicable to an Award in addition to those established by this Plan and by the Committee's exercise of its administrative powers.

2.3 Board

"Board" means the Board of Directors of Kodak.

2.4 Code

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

2.5 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 a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act.

2.6 Common Stock

"Common Stock" means common stock, \$2.50 par value per share, of Kodak.

2.7 Effective Date

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

2.8 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.

2.9 Kodak

"Kodak" means Eastman Kodak Company.

2.10 Participant

"Participant" means any corporate officer of Kodak to whom an Award has been granted by the Committee under the Plan.

2.11 Plan

"Plan" means the Eastman Kodak Company 1997 Stock Option Plan.

ARTICLE 3 -- ELIGIBILITY

3.1 In General

All of the corporate officers of Kodak are eligible to participate in the Plan. The Committee shall select, from time to time, Participants from those corporate officers who, in the opinion of the Committee, can further the Plan's purposes. Once a Participant is so selected, the Committee shall determine the size of the Award(s) 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 any administrative rules and regulations issued by the Committee.

ARTICLE 4 -- PLAN ADMINISTRATION

4.1 Responsibility

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

4.2 Authority of the Committee

The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Committee shall have the exclusive right to: (a) interpret the Plan; (b) determine eligibility for participation in the Plan; (c) decide all questions concerning eligibility for and the amount of Awards payable under the Plan; (d) construe any ambiguous provision of the Plan; (e) correct any default; (f) supply any omission; (g) reconcile any inconsistency; (h) issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper; (i) make regulations for carrying out the Plan and make changes in such regulations as it from time to time deems proper; (j) determine whether Awards should be granted singly, in combination or in tandem; (k), to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions, and limitations; (l) accelerate the vesting, exercise, or payment of an Award when such action or actions would be in the best interest of Kodak; and (m) take any and all other action it deems necessary or advisable for the proper operation or administration 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 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.

4.5 Delegation of Authority

The Committee may delegate some or all of its authority under the Plan to any person or persons so long as such delegation is 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.

ARTICLE 5 -- FORM OF AWARDS

5.1 In General

Awards shall be paid in the form of stock options pursuant to Article 7. 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.

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 during its term shall not exceed 2,000,000. (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 not be available again for grant under the Plan. The shares of Common Stock available for issuance under the Plan shall be treasury shares.

6.2 Adjustment to Shares

If the number of outstanding shares of Common Stock shall, at any time, be increased or decreased or changed or converted into cash or other property as a result of (a) any subdivision or consolidation of shares, stock dividend, stock split, recapitalization, reclassification or similar capital adjustment or (b) any combination, exchange of shares or similar event arising from Kodak's participation in any corporate merger, consolidation, or similar transaction in which Kodak is the surviving entity and is not substantially or completely liquidated, the number and kind of shares with respect to which an Award may thereafter be exercised and the exercise price shall be appropriately adjusted by the Committee. Any fractional shares resulting from such adjustments shall be disregarded.

ARTICLE 7 -- STOCK OPTIONS

7.1 In General

Awards may be granted under the Plan by the Committee in the form of stock options. These stock options shall be non-qualified stock options (i.e., stock options which are not incentive stock options).

7.2 Terms and Conditions of Stock Options

An option shall be exercisable in whole or in such installments and at such times 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.

7.3 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.

7.4 Exercise

Upon exercise, the option price of a stock option may be paid in cash, shares of Common Stock, a combination of the foregoing, or such other consideration as the Committee may deem appropriate. The Committee shall establish appropriate methods for accepting Common Stock, whether restricted or unrestricted, and may impose such conditions as it deems appropriate on the use of such Common Stock to exercise a stock option. Stock options awarded under the Plan may be exercised by way of Kodak'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 withhold a portion of the shares of Common Stock to be delivered for the payment of such taxes.

ARTICLE 8 -- MISCELLANEOUS

8.1 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). Exception. The Committee shall have the discretionary authority to grant Awards or amend outstanding Awards 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 Awards:
1. Permissible Transferees. Transfers shall only be permitted to: (i) the Participant's "Immediate Family Members," as that term is defined in Subsection (b)(8) 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 such Immediate Family Members are the only partners.
 2. No Consideration. All transfers shall be made for no consideration.
 3. Subsequent Transfers. Once a Participant transfers an Award, any subsequent transfer of such transferred Award shall be permitted provided, however, such subsequent transfer complies with all of the terms and conditions of this Section 8.1.

4. 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.
5. 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 Award. In addition, prior to the exercise of a transferred Award by a transferee, arrangements must be made by the Participant with Kodak for the payment of all payroll and withholding taxes.
6. Terms and Conditions of Transferred Awards. Upon transfer, an Award continues to be governed by and subject to the terms and conditions of the Plan and the Award's Award Notice. A transferee of an Award is entitled to the same rights as the Participant to whom such Award 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.
7. Notice to Transferees. Kodak shall be under no obligation to provide a transferee with any notice regarding the transferred Award held by the transferee upon forfeiture or any other circumstance.
8. Immediate Family Member. For purposes of this Section 8.1, the term "Immediate Family Member" shall mean the Participant's spouse, children or grandchildren, whether natural, step or adopted children or grandchildren.

8.2 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 Kodak, shares of Common Stock having a fair market value, as determined by the Committee, equal to the amount of such required withholding taxes.

8.3 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.

8.4 Regulatory Approvals and Listings

Notwithstanding anything contained in this Plan to the contrary, Kodak shall have no obligation to issue or deliver certificates of Common Stock evidencing any Award resulting in the payment of Common Stock prior to (i) the obtaining of any approval from any governmental agency which Kodak 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 Kodak shall, in its sole discretion, determine to be necessary or advisable.

8.5 No Right to Continued Employment or Grants

Participation in the Plan shall not give a Participant any right to remain in the employ of Kodak. Kodak 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.

8.6 Amendment/Termination

The Committee may suspend or terminate the Plan at any time with or without prior notice. In addition, the Committee may at any time and from time to time, with or without prior notice, amend the Plan in any manner.

8.7 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.

8.8 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 Kodak under the Plan, such rights shall be no greater than the rights of an unsecured creditor of Kodak and the Participant shall not have any rights in or against any specific assets of Kodak. All of the Awards granted under the Plan shall be unfunded.

8.9 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 Kodak's broker-assisted exercise program.

8.10 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 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.

8.11 Other Benefits

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

Exhibit (11)

Eastman Kodak Company and Subsidiary Companies
 Computation of Earnings Per Common Share

	First Quarter	
	1997	1996
	(in millions, except per share amounts)	
Earnings before income taxes	\$ 225	\$ 421
Provision for income taxes	76 -----	147 -----
Net Earnings	\$ 149 =====	\$ 274 =====
Average number of common shares outstanding	332.4 -----	343.4 -----
Earnings per share	\$.45 =====	\$.80 =====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FIRST QUARTER 1997 FORM 10-Q OF EASTMAN KODAK COMPANY, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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

3-MOS	DEC-31-1997	JAN-01-1997	MAR-31-1997
	1.0		843
	29		
	2583		
	89		
	1734		
	6071		12578
	7129		
	13628		
4786			577
0			0
			978
			3364
13628			3133
	3202		1643
	1643		
	1312		
	0		
	22		
	225		
	76		
149			0
	0		
	0		0
	149		
	.45		
	0		