2013 Earnings Call

March 19, 2014

Cautionary Statement Regarding Forward-looking Statements

Kodak

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

This document, which includes any exhibits or appendices attached hereto, includes “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs, business trends, and other information that is not historical information. When used in this document, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “predicts,” “forecasts,” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions, are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends and data are based upon the Company's expectations and various assumptions. Future events or results may differ from those anticipated or expressed in these forward-looking statements. Important factors that could cause actual events or results to differ materially from these forward-looking statements include, among others, the risks and uncertainties described in more detail in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, under the headings “Business,” “Risk Factors,” and/or “Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources,” and those described in filings made by the Company with the U.S. Bankruptcy Court for the Southern District of New York and in other filings the Company makes with the SEC from time to time, as well as the following: the Company’s ability to improve and sustain its operating structure, financial results and profitability; the ability of the Company to achieve cash forecasts, financial projections, and projected growth; our ability to achieve the financial and operational results contained in our business plans; the ability of the Company to discontinue or sell certain non-strategic businesses or operations; the Company’s ability to comply with the covenants in its credit facilities; our ability to obtain additional financing if and as needed; any potential adverse effects of the Chapter 11 proceedings on the Company's brand or business prospects; the Company's ability to fund continued investments, capital needs, restructuring payments and service its debt; changes in foreign currency exchange rates, commodity prices and interest rates; the resolution of claims against the Company; our ability to attract and retain key executives, managers and employees; our ability to maintain product reliability and quality and growth in relevant markets; our ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; and the impact of the global economic environment on the Company. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this document and are expressly qualified in their entirety by the cautionary statements included in this document and in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. The Company undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

BEP OPEB Income Adjustment

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($ millions)

	2013 BEP[1]	OPEB	2013 BEP[1]
		Adjustment to remove U.S. OPEB Income	Adjusted Emergence Plan
Revenue	$2,518	$0	$2,518
Operational EBITDA[2]	$167	($24)	$143

To properly compare the Company's results to the emergence plan EBITDA target, it is appropriate to adjust the emergence plan in each projection year for the removal of $24 million of non-cash income from its U.S. OPEB plan on an annual basis. This income was removed from the Company's results as a result of fresh start accounting. The adjusted EBITDA targets provide for an assessment of the Company's actual results and its plans on a comparable basis.

1. The business emergence plan (BEP) was previously provided by the Company in its Disclosure Statement
2. Operational EBITDA reflects Total Segment Earnings (Loss) plus depreciation and amortization expense, and excluding the reallocation of costs previously allocated to discontinued businesses. Operational EBITDA presented here reflects the exclusion of fresh start accounting and other accounting adjustments.

This document should be read in conjunction with Eastman Kodak Company's Form 10-K filing for the year ended December 31, 2013

2013 Actual Results

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($ millions)

	2012			2013			
	Q3 YTD	Q4	FY	Q3 YTD	Q4	FY	2013 BEP
Revenue	$1,980	$739	$2,719	$1,740	$607	$2,347	$2,518
Operational EBITDA	($165)	($50)	($215)	$114	$46	$160	$143

Year-over-Year Change

	2013 Q3 YTD	2013 Q4	2013 FY
Revenue	($240)	($132)	($372)
Operational EBITDA	$279	$96	$375

FY 2013 actual Operational EBITDA exceeds target by $17 million

FY 2013A vs. FY 2012A

- Year over year decline in sales driven by reduced film demand, lower graphics volumes, and exit of consumer inkjet printer sales.
- Substantial improvement in Operational EBITDA driven by increased contribution from non-recurring intellectual property arrangements, product mix improvements, and cost reductions.

FY 2013A vs. 2013 BEP

- Actual revenue as compared to the BEP is lower due to accelerated film declines, lower product sales due to uncertainty around customer decisions while in reorganization and delayed launches, and unfavorable foreign exchange partially offset by higher consumer inkjet ink sales.
- Operational EBITDA improvement driven by productivity gains, product mix improvements and cost reductions.

Note: Please see slide 3 for the definition of Operational EBITDA

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2014 Projections

($ millions)

	FY 2013A	2014 Projection
Revenue	$2,347	$2,100 - $2,300
Operational EBITDA	$160	$145 - $165

2014 will be a year of continuing transition with substantial revenue and profitability growth in strategic technology businesses offset by earnings declines in mature businesses

Note: Please see slide 3 for the definition of Operational EBITDA

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Strategic Technology and Mature Businesses

($ millions)

Kodak's Strategic Technology businesses include Digital Printing Solutions, Packaging, Functional Printing, Enterprise Services, Intellectual Property/Brand Licensing and Graphics (including Process Free plates and Workflow Software)

Strategic Technology Businesses

	FY 2012A	FY 2013A	2014 Projection
Revenue	$1,924	$1,826	$1,825 - $1,975
Operational EBITDA	($210)	$9	$100 - $115

Mature Businesses

	FY 2012A	FY 2013A	2014 Projection
Revenue	$795	$521	$275 - $325
Operational EBITDA	($5)	$151	$45 - $50

Kodak continues to transform into a sustainable company, generating leaner, improved Operational EBITDA and revenue growth from its Strategic Technology businesses while recognizing continuing Operational EBITDA contribution from its mature businesses.

Note: Please see slide 3 for the definition of Operational EBITDA

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Appendix

Non-GAAP Measures

Reference is made to certain non-GAAP financial measures of Operational EBITDA excluding fresh start and other accounting adjustments.

The Company believes that these non-GAAP measures represent important internal measures of performance. Accordingly, where they are provided, it is to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing the underlying performance of the company, its financial condition, results of operations and cash flow.

The reconciliations on the following pages are provided with respect to terms used in this presentation.

Reconciliation of Operational EBITDA Goal to GAAP basis

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The following table reconciles 2013 Operational EBITDA to the most directly comparable GAAP measure of net earnings, as well as in comparison to the 2013 Operational EBITDA goal:

(in millions)	Twelve Months 2013	2013 Operational EBITDA Goal	Comparison to Goal
Operational EBITDA Target		**$ 167**	
Targeted amortization of prior service credit from U.S. OPEB plan from January 1, 2013 through August 31, 2013		24	
Operational EBITDA excluding fresh start and other accounting adjustments	**160**	**143**	**17**
Impact of fresh start adjustments	73	-	73
Impact of inventory valuation reserve in successor period	9	-	9
Operational EBITDA	78	143	(65)
Reportable segments depreciation and amortization	158	154	4
Costs previously allocated to discontinued operations	48	-	48
Total segment loss	(128)	(11)	(117)
All other	(3)	(15)	12
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	66	68	(2)
Corporate components of pension and OPEB income (expense) (1)	110	(3)	113
Other operating income, net	493	2,017	(1,524)
Legal contingencies, settlements and other	(3)	-	(3)
Loss on early extinguishment of debt, net	8	-	8
Interest expense	128	128	-
Other income (expenses)	(1)	1,608	(1,609)
Reorganization items, net	(2,010)	269	(2,279)
Consolidated earnings from continuing operations before income taxes	2,282	3,131	(849)
Provision for income taxes	163	33	130
Earnings from continuing operations	2,119	3,098	(979)
Loss from discontinued operations, net of income taxes	(131)	-	(131)
Net Earnings	1,988	3,098	(1,110)
Less: Net income attributable to noncontrolling interests	3		3
Net Earnings (GAAP basis)	$ 1,985	$ 3,098	$ (1,113)

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

Reconciliation of Operational EBITDA to GAAP basis

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The following table reconciles Operational EBITDA excluding fresh start and other accounting adjustments to the most directly comparable GAAP measure of net earnings (loss) for 2012 and 2013:

(in millions)	Q3 YTD 2012	4Q 2012	Twelve Months 2012	Q3 YTD 2013	4Q 2013	Twelve Months 2013
Operational EBITDA excluding fresh start and other accounting adjustments	**$ (165)**	**$ (50)**	**$ (215)**	**$ 114**	**$ 46**	**$ 160**
Impact of fresh start adjustments	-	-	-	27	46	73
Impact of inventory valuation reserve in successor period	-	-	-	-	9	9
Operational EBITDA	**(165)**	**(50)**	**(215)**	**87**	**(9)**	**78**
Reportable segments depreciation and amortization	142	25	167	107	51	158
Impact of costs previously allocated to discontinued operations	80	28	108	36	12	48
Total segment loss	**$ (387)**	**$ (103)**	**$ (490)**	**$ (56)**	**$ (72)**	**$ (128)**
All other	(3)	-	(3)	(4)	1	(3)
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	207	25	232	53	13	66
Corporate components of pension and OPEB income (expense) (1)	(10)	8	(2)	56	54	110
Other operating (expense) income, net	5	81	86	495	(2)	493
Legal contingencies, settlements and other	-	1	1	-	(3)	(3)
Loss on early extinguishment of debt, net	7	-	7	8	-	8
Interest expense	103	36	139	112	16	128
Other income (charges)	3	18	21	(13)	12	(1)
Reorganization items, net	304	539	843	(2,021)	11	(2,010)
Consolidated (loss) earnings from continuing operations before income taxes	**(1,013)**	**(597)**	**(1,610)**	**2,326**	**(44)**	**2,282**
Provision (benefit) from income taxes	(96)	(177)	(273)	156	7	163
(Loss) earnings from continuing operations	**(917)**	**(420)**	**(1,337)**	**2,170**	**(51)**	**2,119**
(Loss) earnings from discontinued operations, net of income taxes	**(60)**	**18**	**(42)**	**(125)**	**(6)**	**(131)**
Net (Loss) Earnings	**(977)**	**(402)**	**(1,379)**	**2,045**	**(57)**	**1,988**
Less: Net income attributable to noncontrolling interests	**-**	**-**	**-**	**(3)**	**6**	**3**
Net (Loss) Earnings (GAAP basis)	**$ (977)**	**$ (402)**	**$ (1,379)**	**$2,048**	**$ (63)**	**$ 1,985**

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

Reconciliation of Operational EBITDA to GAAP basis

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The following table reconciles forecasted 2014 Operational EBITDA outlook to the most directly comparable GAAP measure of 2014 forecasted net earnings (loss):

(in millions)	**2014 Outlook Range**
Operational EBITDA	$145 - $165
Depreciation and amortization	197
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	$40 - $50
Corporate components of pension and OPEB income (1)	$140 - $150
Interest expense	62
Other income	10
Reorganization items, net	10
Consolidated earnings (loss) from continuing operations before income taxes	(20) - $20
Provision from income taxes	20
(Loss) earnings from continuing operations, as presented	(40) - $0
Earnings (loss) from discontinued operations, net of income taxes	-
Net (Loss) Earnings	(40) - $0
Less: Net Loss attributable to noncontrolling interests	-
Net (Loss) Earnings (GAAP basis)	(40) - $0

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses, amortization of prior service credits related to the U.S. Postretirement Benefit Plan and special termination benefits, curtailments and settlement components of pension and other postretirement benefit expenses, except for settlements in connection with the chapter 11 bankruptcy proceedings that are recorded in Reorganization items, net and curtailments and settlements included in Earnings (loss) from discontinued operations, net of income taxes in the Consolidated Statement of Operations.

Consolidated Statement of Operations

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Consolidated Statement of Operations (in millions)	Successor	Predecessor		
	Four Months Ended December 31, 2013	Eight Months Ended August 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net Sales				
Products	$ 664	$ 1,227	$ 2,313	$ 2,959
Services	133	279	454	500
Licensing & royalties	8	36	(48)	126
Total net sales	$ 805	$ 1,542	$ 2,719	$ 3,585
Cost of sales				
Products	$ 581	$ 955	$ 2,039	$ 2,668
Services	106	219	387	427
Total cost of sales	$ 687	$ 1,174	$ 2,426	$ 3,095
Gross profit	$ 118	$ 368	$ 293	$ 490
Selling, general and administrative expenses	114	297	637	859
Research and development costs	33	66	168	195
Restructuring costs and other	17	43	215	108
Other operating expense (income), net	2	(495)	(85)	(56)
(Loss) earnings from continuing operations before interest expense, loss on early extinguishment of debt, net, other income (charges), net, reorganization items, net and income taxes	(48)	457	(642)	(616)
Interest expense	22	106	139	138
Loss on early extinguishment of debt, net	-	8	7	-
Other income (charges), net	12	(13)	21	(3)
Reorganization items, net	16	(2,026)	843	-
(Loss) earnings from continuing operations before income taxes	(74)	2,356	(1,610)	(757)
Provision (benefit) for income taxes	8	155	(273)	(18)
(Loss) earnings from continuing operations	(82)	2,201	(1,337)	(739)
Earnings (loss) from discontinued operations, net of income taxes	4	(135)	(42)	(25)
NET (LOSS) EARNINGS	(78)	2,066	(1,379)	(764)
Less: Net income attributable to noncontrolling interests	3	-	-	-
NET (LOSS) EARNINGS ATTRIBUTABLE TO EASTMAN KODAK COMPANY	$ (81)	$ 2,066	$ (1,379)	$ (764)

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