

SECOND QUARTER 2015 EARNINGS CALL

AUGUST 4, 2015

Kodak

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document includes "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995.

CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF 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," "strategy," "continues," "goals," "targets," or future or conditional verbs, such as "will," "should," "could," or "may," and variations of such words or similar expressions, as well as statements that do not relate strictly to historical or current facts, 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, 2014, under the headings "Business," "Risk Factors," "Legal Proceedings," and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," in the corresponding sections of the Company's Quarterly Report on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015, 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; the Company's ability to achieve the financial and operational results contained in its business plans; the ability of the Company to discontinue, spin off, or sell certain non-core businesses or operations; the Company's ability to comply with the covenants in its credit facilities; the Company's ability to obtain additional financing if and as needed; any potential adverse effects of the concluded Chapter 11 proceedings on the Company's brand or business prospects; the Company's ability to fund continued investments, capital needs and restructuring payments and service its debt; changes in foreign currency exchange rates, commodity prices and interest rates; the resolution of claims against the Company; the Company's ability to attract and retain key executives, managers and employees; the Company's ability to maintain product reliability and quality and growth in relevant markets; the Company's 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 this date and are expressly qualified in their entirety by the cautionary statements included in this document. 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.

AGENDA

- Introduction
David Bullwinkle, Director, Global Financial Planning & Analysis and Investor Relations
- CEO Perspective on Second Quarter 2015 and 2015 FY Outlook
Jeff Clarke, Chief Executive Officer
- Financial Review
John McMullen, Chief Financial Officer
- Concluding Remarks and Q&A
Jeff Clarke, John McMullen

CEO PERSPECTIVE

- Welcome
- Quarter Performance
- Operational Results on a Comparable Basis compared to Full Year Expectations
- 2015 Second Quarter Divisional Results

2015 SECOND QUARTER RESULTS

(\$ millions)

Total Company Q2 2015

	Q2 2014	Q2 2015
Revenue	\$528	\$458
Operational EBITDA ¹	\$24	\$23
Year over Year Change - Better/(Worse)		
Revenue (\$)		(\$70)
Operational EBITDA (\$)		(\$1)
Revenue (%)		-13%
Operational EBITDA (%)		-4%
Comparable Basis (excluding non-recurring IP and FX impact)		
Revenue	\$519	\$502
Year over Year Change - Better/(Worse)		(\$17)

- After adjusting for the negative impact of foreign exchange, non-recurring IP revenues in 2014 and the expected decline in legacy inkjet sales, revenues are essentially flat year over year.

This document should be read in conjunction with Eastman Kodak Company's Form 10-Q filing for the quarter ended June 30, 2015.

¹ Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 14. Segment Information of Kodak's Form 10-Q filed August 4, 2015.

2015 GUIDANCE

(\$ in millions)

	2014 Actual	2015 Guidance
Revenue	\$ 2,116	\$1,800 to \$2,000
Operational EBITDA	\$ 158	\$100 to \$120

Full Year 2014 EBITDA	\$ 158
Impact of Fx Exchange 2015 vs 2014	(21)
Non Recurring Intellectual Property Licensing	(70)
Baseline 2014 EBITDA	67
2015 Projected EBITDA	\$100 to \$120
2015 Projected EBITDA Improvement from Baseline 2014	50% to 80%

Note: Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 14. Segment Information of Kodak's Form 10-Q filed August 4, 2015.

OPERATIONAL IMPROVEMENT

Operational EBITDA Improvement

<i>(\$ in millions)</i>		Q2 Actuals	Q2 YTD Actuals	Full Year Guidance
2015		\$ 23	\$ 35	\$100 - \$120
2014		\$ 24	\$ 31	\$158
	Year over year change (\$)	\$ (1)	\$ 4	\$(58) to \$(38)
	Foreign Exchange Impact	\$ 8	\$ 12	21
	2014 Non Recurring IP	\$ 9	\$ 18	70
	Year over year improvement on a comparable basis (\$)	\$ 16	\$ 34	\$33 to \$53
	Year over year improvement on a comparable basis (%)			50% to 80%



2015 2ND QUARTER RESULTS BY DIVISION

(\$millions)

Q2 2015 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 282	\$ 45	\$ 34	\$ 27	\$ 66	\$ -	\$ 4	\$ 458
Operational EBITDA b/f corp costs	34	(2)	6	3	11	(7)	2	47
<u>Corporate SGA</u>	<u>14</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>24</u>
Operational EBITDA	20	(5)	4	1	8	(7)	2	23

Q2 2014 Actuals	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ 321	\$ 47	\$ 33	\$ 27	\$ 87	\$ 9	\$ 4	\$ 528
Operational EBITDA b/f corp costs	40	(8)	2	3	20	1	-	58
<u>Corporate SGA</u>	<u>20</u>	<u>4</u>	<u>2</u>	<u>3</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>34</u>
Operational EBITDA	20	(12)	-	-	15	1	-	24

Q2 2015 Actuals vs. Q2 2014 Actuals - B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (39)	\$ (2)	\$ 1	\$ -	\$ (21)	\$ (9)	\$ -	\$ (70)
Operational EBITDA b/f corp costs	(6)	6	4	-	(9)	(8)	2	(11)
<u>Corporate SGA</u>	<u>6</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>10</u>
Operational EBITDA	-	7	4	1	(7)	(8)	2	(1)

Q2 2015 Actuals on constant currency vs. Q2 2014 - B/(W)	PSD	EISD	MPPD	SSD	CFD	IPSD	EBPD	Total EK
Revenue	\$ (7)	\$ 2	\$ 5	\$ 2	\$ (20)	\$ (9)	\$ -	\$ (26)
Operational EBITDA	\$ 3	\$ 9	\$ 5	\$ 2	\$ (6)	\$ (8)	\$ 2	\$ 7

Acronym Key:

PSD – Print Systems Division

SSD – Software & Solutions Division

EBPD – Eastman Business Park Division

EISD: Enterprise Inkjet Solutions Division

CFD: Consumer & Film Division

MPPD: Micro 3D Printing and Packaging

IPSD: IP Solutions Division

FINANCIAL OVERVIEW

- 2015 Second Quarter Results
- Cost Reduction Update
- 2015 Second Quarter Cash Flow

COST REDUCTION UPDATE

Year over Year Operating Expense Reductions

<i>(dollars in millions)</i>	Quarter Ended June 30, 2014	Quarter Ended June 30, 2015	Year over Year Change (%)	1st Quarter Actuals plus Second Quarter 2015 Run Rate Annual Reduction
Headcount	8,166	6,711	-18%	
Operating Expense:				
- SG&A	91	66	-27%	(69)
- R&D	30	20	-33%	(26)
Total	121	86	-29%	(95)

Drivers of Change: Reduction in Headcount year over year by approximately 18%
Reduction in Benefits expense effective January 1, 2015 of approximately \$20M
Streamlining and simplification of processes

2015 Q2 CASH FLOW

- Strong Liquidity
 - Cash and cash equivalents at June 30, 2015 of \$576 million

- Primary cash usage drivers in the quarter include (approximately, dollars in millions):
 - Interest and debt payments \$ 16
 - Capital expenditures & commercial capital \$ 11
 - Restructuring employee severance payments \$ 11
 - Cash used for working capital \$ 7
 - Cash tax payments \$ 4
 - International pension payments \$ 4
 - Exchange impacts on cash \$ 2
 - Reorganization and legacy payments \$ 2

Concluding Remarks

Q&A

APPENDIX

Non-GAAP Measures

Reference is made to certain non-GAAP financial measures of the reduction in revenue excluding non-recurring intellectual property revenue, decrease in legacy Consumer Inkjet printer cartridge sales and the impact of foreign exchange, change in revenues excluding the impact of foreign exchange (“Revenues on a constant currency basis”), Operational EBITDA, improvement in Operational EBITDA excluding non-recurring intellectual property revenue and the impact of foreign exchange, change in Operational EBITDA excluding the impact of foreign exchange (“Operational EBITDA on a constant currency basis”), improvement in 2014 Operational EBITDA on a comparable basis, reduction in Operational Selling, General and Administrative (“SG&A”) and Operational Research and Development (“R&D”) expense, and Operational SG&A and Operational R&D expense savings for 2015 on an annual run rate basis.

The Company believes that these non-GAAP measures represent important internal measures of performance as used by the Company’s management. 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.

Non-GAAP Measures

The following table reconciles the reduction in revenue excluding non-recurring intellectual property revenue, decrease in legacy Consumer Inkjet printer cartridge sales and the impact of foreign exchange, and the change in revenue on a constant currency basis to the most directly comparable GAAP measure of Total Revenues for the three months ended June 30, 2015 and 2014, respectively:

(in millions)

	<u>Q2 2015</u>	<u>Q2 2014</u>	<u>Improvement (Decline)</u>	<u>Improvement (Decline)</u>
Revenues excluding non-recurring intellectual property revenue, decrease in legacy Consumer Inkjet printer cartridge sales and impact of foreign exchange	\$ 515	\$ 519	\$ (4)	-1%
Non-recurring intellectual property revenue	-	9	(9)	
Decrease in legacy Consumer Inkjet printer cartridge sales	(13)	-	(13)	
Revenue on a constant currency basis	502	528	(26)	-5%
Impact of foreign exchange 2015 vs 2014	(44)	-	(44)	
Total Revenues (GAAP Basis)	\$ 458	\$ 528	\$ (70)	-13%

The impact of foreign exchange represents the impact to 2015 revenues using average foreign exchange rates for the three months ended June 30, 2014 rather than the actual exchange rates in effect for the three months ended June 30, 2015.

Non-GAAP Measures

The following table reconciles Operational EBITDA and improvement in Operational EBITDA excluding non-recurring intellectual property revenue and the impact of foreign exchange to the most directly comparable GAAP measure of Net loss attributable to Eastman Kodak Company for the three months ended June 30, 2015 and 2014, respectively:

(in millions)

	<u>Q2 2015</u>	<u>Q2 2014</u>	<u>Improvement (Decline)</u>
Operational EBITDA excluding non-recurring intellectual property revenue and impact of foreign currency	\$ 31	\$ 15	\$ 16
Non-recurring intellectual property revenue	-	9	(9)
Impact of foreign exchange 2015 vs 2014	(8)	-	(8)
Operational EBITDA	\$ 23	\$ 24	\$ (1)
All other	1	-	1
Restructuring costs and other	(6)	(20)	14
Corporate components of pension and OPEB income (1)	33	30	3
Depreciation and amortization	(39)	(56)	17
Stock-based compensation	(4)	(2)	(2)
Consulting and other costs (2)	(5)	(2)	(3)
Idle Costs (3)	(1)	(1)	-
Impact of costs previously allocated to discontinued operations	-	(1)	1
Impact of fresh start adjustments	-	(1)	1
Other operating income, net	1	-	1
Interest expense	(15)	(16)	1
Other charges, net	(2)	(2)	-
Reorganization items, net	-	(5)	5
Consolidated loss from continuing operations before income taxes	(14)	(52)	38
Provision for income taxes	9	8	(1)
Loss from continuing operations	(23)	(60)	37
Loss from discontinued operations, net of income taxes	-	(2)	2
Net loss	(23)	(62)	39
Less: Net income attributable to noncontrolling interests	1	-	1
Net loss attributable to Eastman Kodak Company (GAAP basis)	\$ (24)	\$ (62)	\$ 38

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in the current year periods. The prior year periods primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

(3) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

The impact of foreign exchange represents the impact to 2015 Operational EBITDA using average foreign exchange rates for the three months ended June 30, 2014 rather than the actual exchange rates in effect for the three months ended June 30, 2015.

Non-GAAP Measures

The following table reconciles Operational EBITDA and the improvement in Operational EBITDA excluding non-recurring intellectual property revenue and the impact of foreign exchange to the most directly comparable GAAP measure of Net loss attributable to Eastman Kodak Company for the six months ended June 30, 2015 and 2014, respectively:

(in millions)

	Q2 YTD 2015	Q2 YTD 2014	Improvement (Decline)
Operational EBITDA excluding non-recurring intellectual property revenue and impact of foreign currency	\$ 47	\$ 13	\$ 34
Non-recurring intellectual property revenue	-	18	(18)
Impact of foreign exchange 2015 vs 2014	(12)	-	(12)
Operational EBITDA	\$ 35	\$ 31	\$ 4
All other	4	1	3
Restructuring costs and other	(23)	(33)	10
Corporate components of pension and OPEB income (1)	66	60	6
Depreciation and amortization	(77)	(112)	35
Stock-based compensation	(11)	(4)	(7)
Consulting and other costs (2)	(7)	(4)	(3)
Idle Costs (3)	(2)	(2)	-
Impact of costs previously allocated to discontinued operations	-	(4)	4
Other operating charges, net	(2)	-	(2)
Interest expense	(30)	(32)	2
Other charges, net	(12)	(3)	(9)
Reorganization items, net	(5)	(10)	5
Consolidated loss from continuing operations before income taxes	(64)	(112)	48
Provision for income taxes	13	-	13
Loss from continuing operations	(77)	(112)	35
Earnings from discontinued operations, net of income taxes	-	17	(17)
Net loss	(77)	(95)	18
Less: Net income attributable to noncontrolling interests	5	3	2
Net loss attributable to Eastman Kodak Company (GAAP basis)	\$ (82)	\$ (98)	\$ 16

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in the current year periods. The prior year periods primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

(3) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

The impact of foreign exchange represents the impact to 2015 Operational EBITDA using average foreign exchange rates for the three months ended June 30, 2014 rather than the actual exchange rates in effect for the three months ended June 30, 2015.

Non-GAAP Measures

The following table reconciles the 2014 Operational EBITDA and the improvement in 2014 Operational EBITDA on a comparable basis to the most directly comparable GAAP measure of Net loss attributable to Eastman Kodak Company for the year ended December 31, 2014:

(in millions)	Year Ended December 31, 2014	2015 Guidance	2015 Projected Operational EBITDA Improvement - \$	2015 Projected Operational EBITDA Improvement - %
Operational EBITDA on a comparable basis	\$ 67	\$100 - \$120	\$33 - \$53	49% - 79%
Impact of foreign exchange 2015 vs 2014	21			
Non-recurring intellectual property revenue	70			
Operational EBITDA	\$ 158			
All other	5			
Restructuring costs and other (including restructuring related expenses reported in cost of sales)	(59)			
Corporate components of pension and OPEB income (1)	110			
Depreciation and amortization	(199)			
Stock-based compensation	(8)			
Consulting and other costs (2)	(6)			
Idle Costs (3)	(4)			
Impact of costs previously allocated to discontinued operations	(4)			
Impact of fresh start adjustments	-			
Other operating expenses, net	(9)			
Legal contingencies, settlements and other	(4)			
Interest expense	(62)			
Other charges, net	(17)			
Reorganization items, net	(13)			
Consolidated loss from continuing operations before income taxes	(112)			
Provision for income taxes	10			
Loss from continuing operations	(122)			
Earnings from discontinued operations, net of income taxes	4			
Net loss	(118)			
Less: Net income attributable to noncontrolling interests	5			
Net loss attributable to Eastman Kodak Company (GAAP basis)	\$ (123)			

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

(3) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

The impact of foreign exchange represents the impact to 2014 Operational EBITDA using average foreign exchange rates for the twelve months ended December 31, 2013 rather than the actual exchange rates in effect for the twelve months ended December 31, 2014.

Non-GAAP Measures

The following tables reconcile the change in revenues on a constant currency basis to the most directly comparable GAAP measure of Total Segment Revenues for the three months ended June 30, 2015 and 2014, respectively:

(in millions)

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Print Systems Division revenues as reported (GAAP Basis)	\$ 282	\$ 321	\$ (39)	-12%
Impact of foreign exchange 2015 vs 2014	32	-	32	
Print Systems Division revenues on a constant currency basis	<u>\$ 314</u>	<u>\$ 321</u>	<u>\$ (7)</u>	<u>-2%</u>

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Enterprise Inkjet Systems Division revenues as reported (GAAP Basis)	\$ 45	\$ 47	\$ (2)	-4%
Impact of foreign exchange 2015 vs 2014	4	-	4	
Enterprise Inkjet Systems Division revenues on a constant currency basis	<u>\$ 49</u>	<u>\$ 47</u>	<u>\$ 2</u>	<u>4%</u>

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Micro 3D Printing and Packaging Division revenues as reported (GAAP Basis)	\$ 34	\$ 33	\$ 1	3%
Impact of foreign exchange 2015 vs 2014	4	-	4	
Micro 3D Printing and Packaging Division revenues on a constant currency basis	<u>\$ 38</u>	<u>\$ 33</u>	<u>\$ 5</u>	<u>15%</u>

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Software and Solutions Division revenues as reported (GAAP Basis)	\$ 27	\$ 27	\$ -	0%
Impact of foreign exchange 2015 vs 2014	2	-	2	
Software and Solutions Division revenues on a constant currency basis	<u>\$ 29</u>	<u>\$ 27</u>	<u>\$ 2</u>	<u>7%</u>

The impact of foreign exchange represents the impact to 2015 revenues using average foreign exchange rates for the three months ended June 30, 2014 rather than the actual exchange rates in effect for the three months ended June 30, 2015.

Non-GAAP Measures

The following tables reconcile the change in Operational EBITDA on a constant currency basis to the most directly comparable GAAP measure of Operational EBITDA (Segment Measure) for the three months ended June 30, 2015 and 2014, respectively:

(in millions)

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Print Systems Division Operational EBITDA (Segment Measure)	\$ 20	\$ 20	\$ -	0%
Impact of foreign exchange 2015 vs 2014	3	-	3	
Print Systems Division Operational EBITDA on a constant currency basis	\$ 23	\$ 20	\$ 3	15%

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Enterprise Inkjet Systems Division Operational EBITDA (Segment Measure)	\$ (5)	\$ (12)	\$ 7	58%
Impact of foreign exchange 2015 vs 2014	2	-	2	
Enterprise Inkjet Systems Division Operational EBITDA on a constant currency basis	\$ (3)	\$ (12)	\$ 9	75%

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Micro 3D Printing and Packaging Division Operational EBITDA (Segment Measure)	\$ 4	\$ -	\$ 4	100%
Impact of foreign exchange 2015 vs 2014	1	-	1	
Micro 3D Printing and Packaging Division Operational EBITDA on a constant currency basis	\$ 5	\$ -	\$ 5	100%

	Q2 2015	Q2 2014	Improvement (Decline)	Improvement (Decline)
Software and Solutions Division Operational EBITDA (Segment Measure)	\$ 1	\$ -	\$ 1	100%
Impact of foreign exchange 2015 vs 2014	1	-	1	
Software and Solutions Division Operational EBITDA on a constant currency basis	\$ 2	\$ -	\$ 2	100%

The impact of foreign exchange represents the impact to 2015 Operational EBITDA using average foreign exchange rates for the three months ended June 30, 2014 rather than the actual exchange rates in effect for the three months ended June 30, 2015.

Non-GAAP Measures

The following tables reconcile the reduction in Operational SG&A and Operational R&D expenses to the most directly comparable GAAP measure of SG&A and R&D, respectively, for the three months ended June 30, 2015 and 2014, respectively:

(in millions)

	Q2 2015	Q2 2014	\$ Change
Operational SG&A	\$ 66	\$ 91	\$ 25
Impact of costs previously allocated to discontinued operations	-	2	2
Impact of stock based compensation	3	-	(3)
Corporate components of pension and OPEB income (1)	(12)	(10)	2
Impact of consulting and other costs (2)	5	2	(3)
Selling, General and Administrative costs (GAAP basis)	\$ 62	\$ 85	\$ 23

	Q2 2015	Q2 2014	\$ Change
Operational R&D	\$ 20	\$ 30	\$ 10
Corporate components of pension and OPEB income (1)	(4)	(4)	-
Research and Development Costs (GAAP basis)	\$ 16	\$ 26	\$ 10

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in the current year periods. The prior year periods primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

Non-GAAP Measures

The following tables reconcile the reduction in Operational SG&A and Operational R&D expenses to the most directly comparable GAAP measure of SG&A and R&D, respectively, for the six months ended June 30, 2015 and 2014, respectively:

(in millions)

	<u>Q2 YTD 2015</u>	<u>Q2 YTD 2014</u>	<u>\$ Change</u>
Operational SG&A	\$ 128	\$ 180	\$ 52
Impact of costs previously allocated to discontinued operations	-	4	4
Impact of stock based compensation	7	1	(6)
Corporate components of pension and OPEB income (1)	(23)	(19)	4
Impact of consulting and other costs (2)	7	4	(3)
Idle costs (3)	1	1	-
All other	-	1	1
Selling, General and Administrative expenses (GAAP basis)	\$ 120	\$ 172	\$ 52

	<u>Q2 YTD 2015</u>	<u>Q2 YTD 2014</u>	<u>\$ Change</u>
Operational R&D	\$ 43	\$ 61	\$ 18
Impact of stock based compensation	1	-	(1)
Corporate components of pension and OPEB income (1)	(9)	(8)	1
Research and Development Costs (GAAP basis)	\$ 35	\$ 53	\$ 18

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Consulting and other costs are primarily related to professional services provided for corporate strategic initiatives in the current year periods. The prior year periods primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

(3) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

Non-GAAP Measures

The following tables reconcile the Operational SG&A and R&D expense savings for 2015 on an annual run rate basis to the most directly comparable GAAP measures of SG&A and R&D, respectively, for the three months ended June 30, 2015:

(in millions)

	Q2 2015		Q1 2015	YTD 2015		FY 2014	\$ Change
	Q2 2015	Annual Run Rate		Annual Run Rate			
Operational SG&A excluding environmental settlement	\$ 66	\$ 198	\$ 67	\$ 265	\$ 329	\$ (64)	
Environmental settlement	-	-	(5)	(5)	-	(5)	
Operational SG&A	66	198	62	260	329	(69)	
Impact of costs previously allocated to discontinued operations	-	-	-	-	4	(4)	
Impact of stock based compensation	3	9	4	13	3	10	
Corporate components of pension and OPEB income (1)	(12)	(36)	(11)	(47)	(34)	(13)	
Impact of consulting and other costs (2)	5	15	2	17	5	12	
Idle costs (3)	-	-	1	1	2	(1)	
All other	-	-	-	-	1	(1)	
Selling, General and Administrative Costs (GAAP basis)	\$ 62	\$ 186	\$ 58	\$ 244	\$ 310	\$ (66)	

	Q2 2015		Q1 2015	YTD 2015		FY 2014	\$ Change
	Q2 2015	Annual Run Rate		Annual Run Rate			
Operational R&D	\$ 20	\$ 60	\$ 23	\$ 83	\$ 109	\$ (26)	
Impact of stock based compensation	-	-	1	1		1	
Corporate components of pension and OPEB income (1)	(4)	(12)	(5)	(17)	(15)	(2)	
Research and Development Costs (GAAP basis)	\$ 16	\$ 48	\$ 19	\$ 67	\$ 94	\$ (27)	

(1) Composed of interest cost, expected return on plan assets, amortization of actuarial gains and losses and curtailments and settlement components of pension and other postretirement benefit expenses.

(2) Primarily represent the cost of AlixPartners filling interim executive positions which are not captured within "Reorganization items, net" as well as consulting services provided by former executives during transitional periods.

(3) Consists of third party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations.

Kodak