



Kodak

Global Sustainability

Eastman Kodak Company 2007 Annual Report



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A Letter from Management

Over the last four years, Kodak completed one of the most remarkable turnarounds in corporate history. We have emerged as a digitally oriented company, with 80% of revenues now derived from digital businesses with strong growth prospects.

We continue to change to drive future success. We are forging stronger partnerships with outside suppliers in order to be more responsive to rapid changes in technology and markets. We are revamping our corporate culture to simplify processes and drive focus on critical success factors, while we are investing in development of our people.

One constant amidst these changes is our commitment to sustainability. We recognize our role in helping society prosper by driving business growth in a responsible manner that creates value for all stakeholders. We also recognize that expectations regarding sustainability continue to rise, and we are moving to ensure that our commitment remains at a high level.

Important trends drive our major actions. Energy costs are challenging every business, so we have extended our award-winning efforts to conserve energy and curtail greenhouse gas emissions throughout our operations. Conservation of resources is another significant concern, so we are taking fresh approaches and developing new programs to consider wise use of materials and identify the best options for waste minimization and recycling.

For more than ten years, we have set aggressive, quantitative goals as a key measure of our progress. We're pleased to report substantial progress in meeting or exceeding goals in all focus areas, and will continue to develop new goals that challenge us. Our Global Sustainability Report highlights other specific examples of how we are meeting our commitment to socially responsible business conduct across our operations.

We're extremely pleased that our performance has been specifically recognized by a number of leading worldwide authorities in the areas of ethics, corporate citizenship, diversity and environmental stewardship. This recognition is made possible by the sustained focus and accountability of Kodak people worldwide. Our company and our people will continue to be unwavering in Kodak's commitment to further progress.

Antonio M. Perez
Chairman and
Chief Executive Officer

David M. Kiser
Vice President and Director
Health, Safety, Environment and
Sustainability

Report Scope

Kodak is happy to present our second Global Sustainability Report as well as our 18th public report to include health, safety and environmental performance. This report covers data and activities for the year 2007. Greenhouse gas emission and energy data, for the years up to and including 2006, have been verified by a third party auditor and certified by the California Climate Action Registry of which Kodak has been a member since 2004. The remaining environmental, health, safety, diversity and philanthropy data are internally verified. Financial data is from the Eastman Kodak Company 2007 Annual Report on Form 10-K available at www.kodak.com/go/annualreport.

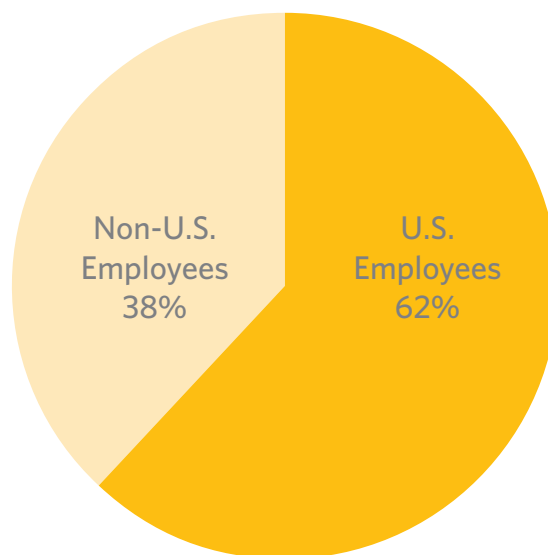
Since our last report was released in April 2007, we have made significant efforts to align our report more closely with the Global Reporting Initiative (GRI) and the G3 Guidelines. This 2007 Global Sustainability Report was constructed to better reflect the breadth of Kodak's performance, its successes and its challenges in the framework of our overarching sustainability and business strategy. You are welcome to provide comments on our progress to kes@kodak.com.

Company Profile

As the world's foremost imaging innovator, Kodak helps consumers, businesses, and creative professionals unleash the power of pictures and printing to enrich their lives. Kodak's portfolio is broad, including image capture and output devices, consumables and systems, and solutions for consumer, business and commercial printing applications.

Kodak was founded by George Eastman in 1880 and incorporated in 1901 in the State of New Jersey. Kodak's common stock is traded on the New York Stock Exchange under the symbol "EK." There were 58,477 shareholders of record of common stock as of January 31, 2008.

Kodak is headquartered in Rochester, New York. We are a global company with worldwide sales and operations including manufacturing operations in Brazil, Bulgaria, Canada, China, Germany, India, Israel, Japan, Mexico, Russia, the United Kingdom and the United States.



Kodak Products and Services

Reportable Segment	Significant Products and/or Services	2007 Net sales from continuing operations (in billions)
Consumer Digital Imaging	Digital cameras and accessories, Snapshot printers and media, Consumer inkjet printers and media, Digital picture frames, Retail printing kiosks and related media, On-line imaging services, Photographic paper and processing chemicals, Wholesale photofinishing services, CCD and CMOs sensors	\$4.6
Film Products Group	Traditional photographic products and services used to create motion pictures, and for consumer, professional and industrial imaging applications, One-time use and re-loadable film cameras	\$2.0
Graphic Communications Group	Prepress equipment and consumables, Workflow software for commercial printing, Electrophotographic equipment and consumables, Inkjet printing systems, Document scanners, Micrographic peripherals and media, Maintenance and professional services for printing products	\$3.6

“Over the last four years, Kodak has completed what is one of the most remarkable turnarounds in corporate history: transitioning primarily from a film company to one positioned to compete in the digital world. Throughout this time one unwavering constant has been our commitment to operate as a responsible corporate citizen. Going forward we are poised to achieve sustainable, profitable growth while continuing to set and report on challenging goals for environmental and social stewardship.”

—Antonio Perez

2007 Significant Changes

On April 30, 2007 Kodak sold its Health Group to Onex Healthcare Holdings, Inc., a subsidiary of Onex Corporation. Approximately 8,100 employees associated with the Health Group transitioned to Carestream Health, Inc. as part of the transaction. Also included in the sale were manufacturing operations focused on the production of health imaging products, as well as an office building in Rochester, NY.

In November 2007, Kodak announced that effective January 1, 2008 the Film Products Group would be renamed the Film, Photofinishing, and Entertainment Group and that certain strategic product groups previously included in the other segments would become part of Film, Photofinishing, and Entertainment Group.

In 2007, Kodak substantially completed a four-year corporate restructuring, and our 2007 results begin to reflect the benefits. We have a traditional business with a strong business model as a result of taking costs out ahead of the market decline. We have a strong digital portfolio with differentiated products in growing markets where our unique technology and brand allow us to have leading market positions.

Going forward, we are poised to achieve sustainable, profitable growth through portfolio expansion in our digital capture businesses and significant growth in our output businesses. These businesses will be built by continuing to create competitive solutions from a unique intellectual property portfolio combining materials science and digital image science.

Refer to Kodak's 2007 Annual Report at www.kodak.com/go/annualreport for additional detail including sectors served and types of customers/beneficiaries by reportable segment (pg. 5), risk factors (pg. 9), properties and countries with major operations (pg. 12), legal proceedings (pg. 12), subsidiaries (pg. 114) and beneficial ownership (pg. 153).

Sustainability Framework

Kodak is committed to sustainability worldwide. We recognize that we have a role to play in helping society prosper by driving business growth in a responsible manner that creates value for all stakeholders. It's the way George Eastman set up his fledgling company in the 1880's, and it's our legacy today.

Carl W. Ackerman, a biographer, writing in 1932, said: "Mr. Eastman was a giant in his day. The social philosophy, which he practiced in building his company, was not only far in advance of the thinking during his lifetime, but it will be years before it is generally recognized and accepted."

Beyond his inventive genius, Eastman blended human and democratic qualities, with remarkable foresight, into the building of his business. Among the many important philanthropic interests of Eastman were worker's rights, institutes of higher learning, scientific research, dental technology, music appreciation, cinema, international business, African-American education, and women's education and employment.

The results of such progressive thinking of the 1880's is seen in our current sustainability framework, consisting of the Kodak Values, the Corporate Responsibility Principles and our Responsible Growth Goals.

The Kodak Values

At Kodak, we conduct ourselves according to six corporate values. These values define who we are, and how we act toward each other, our customers, our shareholders and all our publics.

- Respect for the Dignity of the Individual
- Uncompromising Integrity
- Trust
- Credibility
- Continuous Improvement and Personal Renewal
- Recognition and Celebration



Corporate Responsibility Principles

We believe that doing well by shareholders also means doing right by customers, employees, neighbors, and suppliers. Our Corporate Responsibility Principles serve as our guide for strategic action on sustainability.

Corporate Responsibility Principles

1. Kodak conducts its business activities to high ethical standards.
2. Kodak respects internationally accepted legal principles, and obeys the laws of countries in which it does business.
3. Kodak is committed to sound corporate governance. In this regard, the Company's diverse, independent Board of Directors has adopted publicly available governance principles.
4. Kodak conducts its business activities in an environmentally responsible manner.
5. Kodak respects the privacy rights of its employees, customers, and suppliers.
6. Kodak promotes a work environment of equal opportunity for all employees, and treats its employees in a non-discriminatory manner.
7. Kodak is committed to employing a diverse work force, and to building and maintaining an inclusive work environment.
8. Kodak maintains a safe and healthy work environment.
9. Kodak recognizes the right of our employees to join associations of their own choosing or to refrain from joining, and the right to collective bargaining unless otherwise prohibited by law.
10. Kodak expects that suppliers and distributors will comply with applicable laws and generally accepted standards relating to business ethics, labor and environmental protection.
11. Kodak respects the economic development priorities of the developing countries in which it does business.
12. Kodak maintains a philanthropic program that reflects its global corporate goals in community development, business opportunity and quality of life.



Responsible Growth Goals

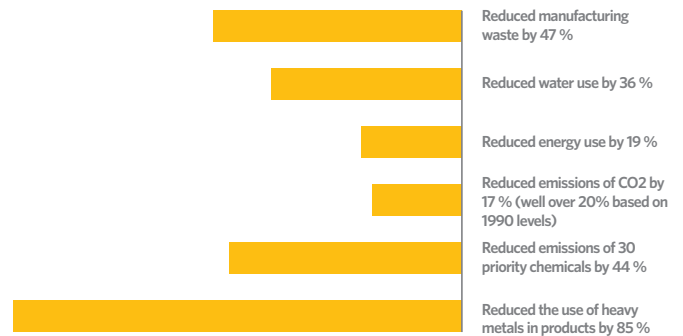
Kodak has had targeted improvement programs in its manufacturing operations for many years. Since 1998, we have set, achieved and publicly reported on two sets of health, safety and environmental goals. Our commitment to sustainability is illustrated by our latest set of aggressive voluntary Responsible Growth goals. Established in 2006, these goals reflect our changing business model and evolution to a digital imaging company. They acknowledge a greater supplier role, encompass an ever-broadening portfolio of products, and integrate strategic social aspects.

We are proud that during our unprecedented transformation to a digital imaging company, we maintained a high standard of corporate citizenship. However, in order to ensure focus on improvements during such difficult times, we made difficult choices when setting our goals. For example, we prioritized energy use and greenhouse gas emission reductions and discontinued other corporate-wide operational goals where significant improvement had already been achieved.

To strengthen this approach, we relied on our ISO 14001-certified Health, Safety and Environment Management System and empowered our manufacturing sites to set additional sustainability goals specific to their local priorities. Each responded with impressive results. Going forward, we intend to revisit the need for corporate-wide operational goals while we also prioritize all of our sustainability challenges, implement strategies to drive improvements and strive for meaningful and quantifiable goals.

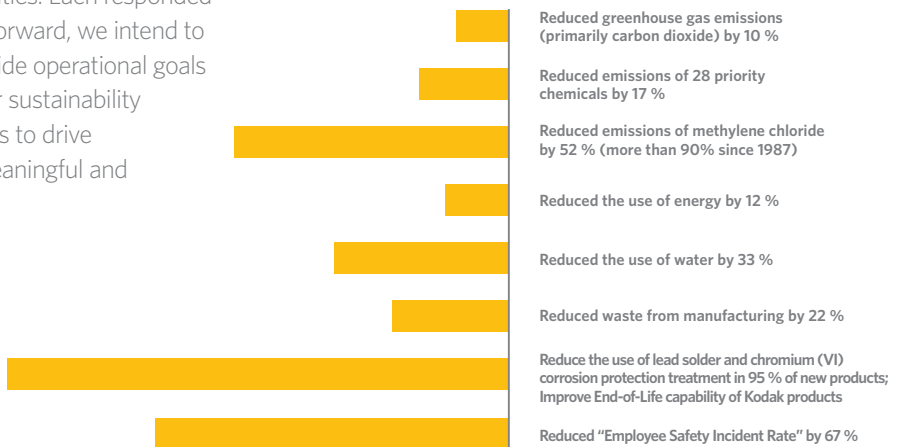
A History of Worldwide Progress 1999-2005:

In 1998, Kodak set out an ambitious 5-year program to voluntarily reduce emissions, conserve natural resources, and improve the system by which it manages its environmental responsibilities. Our results:



Certified 29 major manufacturing sites to internationally-recognized ISO 14001

The next set of goals included new elements to address employee health and safety, and responsible growth reporting, and covered the period from 2003 to 2005.



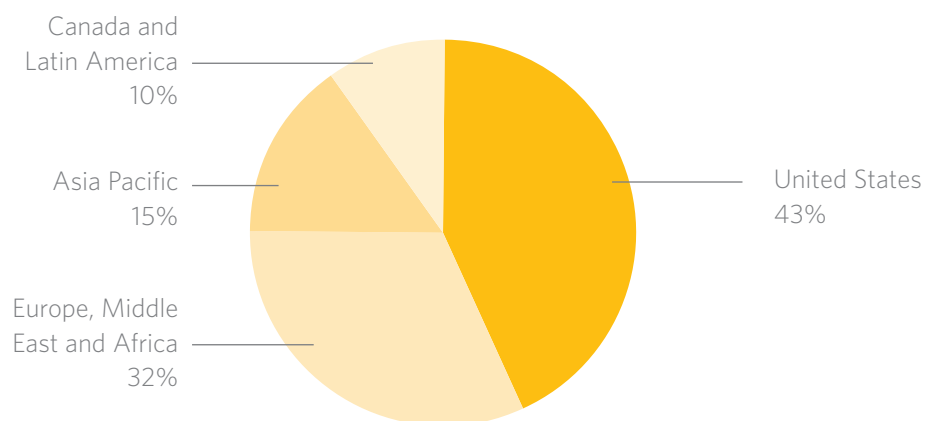
Performance Data

Financial Highlights

Amounts in millions except earnings per share amount

	2007	2006
Net Sales	\$10,301	\$10,568
R&D Expenses	535	578
SGA Expenses	1,764	1,950
Restructuring Costs	543	416
Earnings from Continuing Operations	(256)	(583)
Earnings per Share	2.35	(2.09)
Total Assets	13,659	14,320
Long Term Debt	1,289	2,714
Shareholders Equity	3,029	1,388

Net Sales By Region, 2007



Refer to Kodak's 2007 Annual Report at www.kodak.com/go/annualreport for additional financial detail.

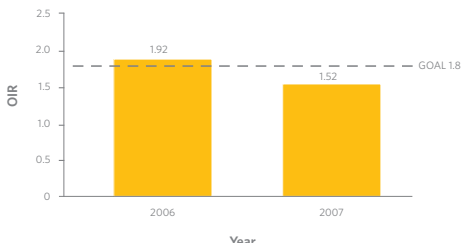
Ongoing Responsible Growth Progress

The following table summarizes progress towards achieving our Responsible Growth goals since their introduction in 2006 through year end 2007.

Goal		Progress
Social Responsibility		
Global Citizenship	Improve access to KODAK products that provide direct benefits to societal needs	<ul style="list-style-type: none"> ▪ Kodak's former Health Group (now Carestream Health, Inc.) supported the establishment and continuing operations of 40 mammography clinics across China. ▪ Kodak's businesses continue to enhance products such as kiosks and scanners to ensure they are accessible to people with disabilities.
Employee Health and Safety	Achieve 50% reduction in Kodak's Occupational Injury Rate by 2008	<ul style="list-style-type: none"> ▪ Down 58% from 2002 baseline with significant reductions achieved in the United States and Canada. ▪ Initiatives focused on property loss prevention, contractor health and safety, field service operations, injury/illness reporting and prevention of musculoskeletal disorders.
Product Responsibility		
Product Stewardship	Improve the environmental attributes of KODAK products throughout their life cycle	<ul style="list-style-type: none"> ▪ Continued the practice that all new products are evaluated for HSE lifecycle impacts and conformance with Kodak's product improvement standards. ▪ Reduced packaging by 23% for Kodak's NEXPRESS Dryink products. ▪ Recycled, reused or refurbished 42 million pounds of waste through the Printer's EnviroServices Program. ▪ Approaching 100% of Single Use Cameras manufactured from recycled bodies and/or parts. Total number of Single Use Cameras collected over the life of the program reached 1.2 billion. ▪ Improved energy efficiency and material usage of photo kiosks. ▪ Reduced battery consumption and material usage in digital cameras.
Suppliers	Partner with Suppliers to meet Kodak's environmental and social responsibility expectations	<ul style="list-style-type: none"> ▪ Delivered a Kodak Supplier Performance Standard to all high priority suppliers. ▪ Joined the Electronics Industry Citizenship Coalition, actively participate in its supply chain performance improvement activities and supplier assessments.
Operational Responsibility		
Energy Usage	Achieve 20% reduction in Kodak's energy usage by 2008*	<ul style="list-style-type: none"> ▪ Reduced total energy usage (both direct and indirect) by 36% from 2002 baseline year. ▪ Continued the use of multi-disciplinary employee teams and lean manufacturing methodology to aggressively improve energy efficiency. ▪ Successful energy efficiency programs and site transformation allows 67-MW power plant to be closed in Rochester, NY.
GHG Emissions	Achieve 20% reduction in Kodak's greenhouse gas emissions (GHG) by 2008*	<ul style="list-style-type: none"> ▪ Achieved a 36% reduction in total GHG emissions (both direct and indirect) from 2002 baseline year. ▪ Externally certified and publicly reported GHG emission inventories are in place for years 2002 to 2006.

*Compared to 2002 baseline year

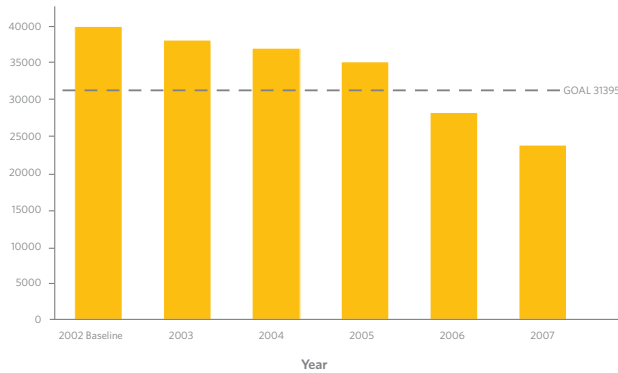
**Kodak Worldwide Occupational Injury /Illness Rate (OIR)
(Incidents per 200,000 work hours)**



Employee Safety

In 2007, Kodak's injury/illness rate improved by 21% over 2006 and 58% over the baseline year of 2002. Kodak has exceeded its goal, ahead of schedule, to reduce its occupational injury/illness rate by 50% in five years.

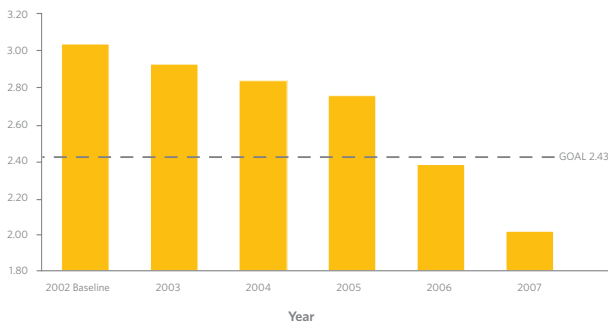
**Kodak Worldwide Energy Usage Reduction Progress
(tera joules)**



Energy Use and Greenhouse Gas Emissions

In 2007, Kodak used about 25,591 tera joules of energy - a drop of 14% from 2006 and 36% from the 2002 baseline. These reductions are actual values, which exceed previously released estimates. Kodak measures energy use from their manufacturing operations. Energy use creates over 90% of Kodak's greenhouse gas emissions.

**Kodak Worldwide Global Greenhouse Gas Reduction
Progress (millions metric tons)**



In 2007, Kodak emitted about 1.95 million metric tons of carbon dioxide-equivalents from its operations around the world - most of it from U.S. operations. This represents a 17% reduction from 2006, and 36% in the past five years. These are actual values, which exceed previously released estimates, and are calculated in accordance with the protocols for the California Climate Action Registry (CCAR) and U.S. EPA Climate Leaders. All results through 2006 have been certified by CCAR. 2007 data will be CCAR certified by year-end 2008.

Additional Operational Data

Each Kodak manufacturing site establishes annual objectives and reports quarterly progress.

Depending on the site's operations, size and current status, performance metrics in addition to corporate-wide goals may be defined for emission reductions to land, water and air, natural resource conservation and/or compliance assurance.

Manufacturing Site	2007 Results and Reductions Over 2006	
Rochester, NY	<ul style="list-style-type: none"> 6.5% water use reduction 	<ul style="list-style-type: none"> 11.8% energy use reduction
Peabody, MA	<ul style="list-style-type: none"> 9.9% water use reduction 20% energy use reduction 	<ul style="list-style-type: none"> Manufacturing process approaching zero solid waste to the environment, as by-products are either recycled, sold for industrial use or land-applied as farm fertilizer
Columbus, GA	<ul style="list-style-type: none"> 1.3% electricity use reduction 8% water use reduction 	<ul style="list-style-type: none"> 10% natural gas use reduction 33% solid waste to landfill reduction
Dayton, OH	<ul style="list-style-type: none"> 3.8% electricity use reduction 14.4% water use reduction 	<ul style="list-style-type: none"> 410 tons of waste recycled
Windsor, CO	<ul style="list-style-type: none"> 8% electricity use reduction 12% nitrogen use reduction 	<ul style="list-style-type: none"> 8% natural gas use reduction 12% total waste reduction
Harrow, UK	<ul style="list-style-type: none"> 15 % energy use reduction 	<ul style="list-style-type: none"> Eliminated heavy fuel oil as an energy source
Leeds, UK	<ul style="list-style-type: none"> 1.3% electricity use reduction 11.4% solid waste reduction 	<ul style="list-style-type: none"> 83% of waste recycled
Osterode, Germany	<ul style="list-style-type: none"> 3.5% electricity use reduction 11.4% natural gas use reduction 	<ul style="list-style-type: none"> 2% hydrochloric acid use reduction 1% chloride load reduction in waste water
Guadalarjara, Mexico	<ul style="list-style-type: none"> Zero water discharge operations 	<ul style="list-style-type: none"> 12.6% energy use reduction
Xiamen, China	<ul style="list-style-type: none"> 30% electricity use reduction 52% water use reduction 	<ul style="list-style-type: none"> 60% solid waste reduction
Shanghai, China	<ul style="list-style-type: none"> 39.9% electricity use reduction 33.3% water use reduction 	<ul style="list-style-type: none"> 2.9% solid waste reduction
Malanpur, India	<ul style="list-style-type: none"> 6.1% electricity use reduction 11% water use reduction 	<ul style="list-style-type: none"> 36.8% diesel use reduction

Kodak conducts its business activities to high ethical standards. Kodak is committed to sound corporate governance. In this regard, the Company's diverse, independent Board of Directors has adopted publicly available governance principles.

Governance

Ethical business conduct and good corporate governance are not new at Kodak. The reputation of our Company and our brand has been built by more than a century of ethical business conduct. The Company and Board have long practiced good corporate governance and believe it to be a prerequisite to providing sustained, long-term value to our shareholders. We continually monitor developments in the area of corporate governance and lead in developing and implementing best practices.

First adopted in July 2001, our Corporate Governance Guidelines reflect the principles by which the Company operates. They establish a common set of expectations to assist the Board and its committees in fulfilling their responsibilities. In 2004, our Board adopted a Directors' Code of Conduct to guide the Directors in recognizing and addressing ethical issues and in ensuring that their activities are consistent with the Kodak Values. Additionally, the Board operates within the framework of Committee Charters, Independence Standards and Qualification Standards.

All of our employees are required to comply with our long-standing code of conduct, the "Business Conduct Guide." Available in 20 languages, the Guide requires our employees to maintain the highest ethical standards in the conduct of company business so that they and Kodak are always above reproach. Training on the Guide is delivered annually to all employees worldwide.

Additional information on Kodak's Board of Directors, Codes of Conduct, Corporate Governance Guidelines, and Board standards and processes can be found on our website at www.kodak.com/go/governance.

Committee Structure

The Corporate Responsibility and Governance Committee, a committee of the Board of Directors, oversees the governance structure by

- identifying and recommending individuals to the Board for nomination as directors;
- performing an annual review of the Board's performance; and
- overseeing the Company's activities in the areas of environmental and social responsibility, charitable contributions, diversity and equal employment opportunity.

The Audit Committee, a committee of the Board of Directors, assists the company's governance structure by overseeing:

- the integrity of the Company's financial reports;
- the Company's compliance with legal and regulatory requirements;
- the Company's systems of disclosure controls and procedures and internal control over financial reporting; and
- the performance of the Company's internal auditors.

Kodak utilizes a Corporate Management Committee structure to oversee its sustainability activities and ensure they are aligned with the Responsibility Principles. Each committee is lead by a company officer and comprised of senior leaders from across the company. The committees are:

- Contributions Policy Committee
- Corporate Ethics Committee
- Health, Safety and Environment Management Council
- Risk Management Council, and
- Senior Executive Diversity & Inclusion Council

External Membership

Kodak’s internal governance structure is complemented by its membership in strategic external associations

- Business Roundtable. An association of chief executive officers of leading U.S. companies, the Roundtable task forces focuses on issues it believes will have an effect on the economic well-being of the nation. Kodak participates on Environment, Technology and the Economy Task Force specifically supporting the Society, Environment and Economy Initiative and the Climate Resolve Initiative.



Business Roundtable™

- The Electronics Industry Citizenship Coalition (EICC). EICC outlines standards to ensure that working conditions among manufacturers in the electronics industry are safe, workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.



- The Global Environmental Management Initiative (GEMI). GEMI strives to improve environmental performance, promote corporate citizenship and contribute to financial success and shareholder value.



Stakeholder Engagement

Kodak Park in Rochester, NY is our largest site. Spanning over 1,100 acres, there are approximately 13,000 households and 550 businesses considered site neighbors. To ensure we are supporting this community’s information needs and responding to concerns, Kodak has established a Neighborhood Information Center, an Environmental Concerns Line and a Community Advisory Council (CAC). CAC members representing local government, school districts, plant neighbors, special interest groups and Kodak meet monthly to exchange information. In addition, Kodak representatives meet monthly with members of specific

neighborhoods adjacent to the site for in-depth discussions on environmental issues and other topics. During 2007, a large portion of the concerns raised by site neighbors related to the site’s footprint reduction program and the resulting demolition projects.

External Recognition

We are proud to be externally recognized for the results that our focus on high ethical standards and sound corporate governance have achieved.

Covalence Ethical Ranking

Of the twenty multinational companies analyzed in the entertainment & leisure sector, Kodak ranked within the top seven for Best Ethical Score, Best Ethical Progress and Best Reported Performance. Covalence’s ethical quotation system is a reputation index based on an analysis of business contribution to human development such as labor standards, waste management, product social utility and human rights policy.



Dow Jones Sustainability Index

Kodak was again named to the Dow Jones Sustainability Index (DJSI). The annual review of the DJSI is based on a thorough assessment of corporate economic, environmental and social performance.



FTSE4Good Index

For the fifth consecutive year, Kodak has been included in the FTSE4Good Index, a London-based system designed to give investors a global standard for comparing the environmental and social performance of companies that also meet financial criteria for being on the FTSE index.



Global 100

For the third consecutive year, Kodak has been named to the list of “Global 100 Most Sustainable Corporations in the World.” A company that makes the Global 100 is part of a select group whose sustainability performance demonstrates a strategic ability to manage economic, social and environmental responsibility.



Pacific Sustainability Index

Kodak has received an A+ rating on the Pacific Sustainability Index (PSI) from Roberts Environmental Center at Claremont McKenna College. The PSI uses a questionnaire approach to analyze the quality of sustainability reporting and assign companies a letter grade. A+ indicates a company with a score in the highest 4%.

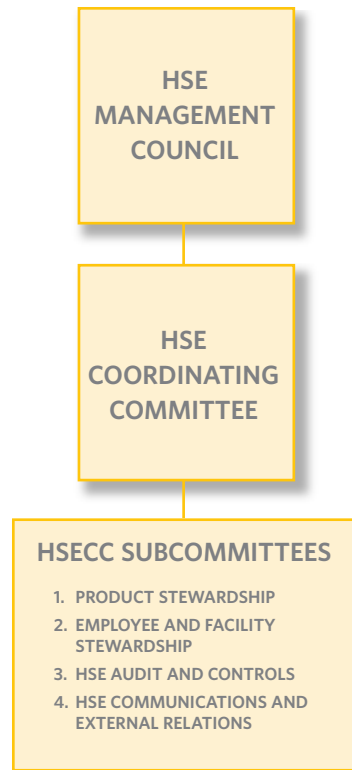


A Closer Look at Kodak’s Health, Safety and Environment Management System

Kodak’s commitment to Health, Safety and Environment (HSE) starts with the senior leaders of the corporation. The HSE Management Council, which is chaired by a Company Vice President, provides leadership, sets policy and reviews company HSE performance. The Management Council includes senior leaders from the company’s Worldwide Business Units, Legal, Communications & Public Affairs and HSE. The HSE Coordinating Committee, which is chaired by the Vice President and Director of HSE, develops and administers appropriate programs under the direction of the Management Council. The Coordinating Committee includes a number of subcommittees and key programs that focus on critical issues such as product design, supplier performance, compliance and management systems, and functions as a technical advisory panel to the Management Council.

Kodak continues to maintain ISO 14001 certification of its Corporate HSE management system and the majority of manufacturing sites, as well as meeting continuous improvement targets. The management system includes Corporate HSE Performance Standards for Employees, Facilities and Loss Prevention, Partnerships with Suppliers and Product Commercialization activities. Facilities worldwide, including subsidiaries, are routinely audited to verify compliance with Corporate HSE Performance Standards, policies, procedures, and the laws and regulations of applicable governing entities.

Corporate HSE Management System



Kodak respects internationally accepted legal principles, and obeys the laws of countries in which it does business.

Compliance

Kodak periodically conducts enterprise level risk assessments. The process is administered by the Company's Chief Compliance Officer and Internal Auditors and includes assessment of compliance with U.S. and international laws, such as labor and human rights laws.

Currently, Kodak and its subsidiaries are involved in various legal proceedings which are being handled and defended in the ordinary course of business. Although Kodak does not expect that the outcome in any of these matters will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable.

Significant Health, Safety and Environmental Compliance

	2007	2006
Health, Safety or Environmental Fines and Penalties	\$0	\$53,226
Long-Term Environmental Liabilities (in millions)	\$125	\$154
<ul style="list-style-type: none"> ▪ Kodak Park Corrective Action Program (Rochester, NY) ▪ Various Other Operating Sites ▪ Former Operations and Plant Closures ▪ Retained Obligations from Businesses Sold in 1994 ▪ Acquired Businesses 	<ul style="list-style-type: none"> \$63 \$19 \$23 \$20 - 	<ul style="list-style-type: none"> \$65 \$16 \$32 \$21 \$20

Regarding the Kodak Park site, Kodak is currently implementing a Corrective Action Program required by the Resource Conservation and Recovery Act (RCRA) and is currently in the process of completing, and in many cases has completed, required actions for areas at the site. The majority of future work relates to long-term operation, maintenance of remediation systems and monitoring costs.

In addition to these activities and as a result of a 1994 Consent Decree, Kodak is subject to a Compliance Schedule, under which it has improved its waste characterization procedures, upgraded one of its incinerators, and is evaluating and upgrading its

industrial sewer system at the Kodak Park facility. The total expenditures required to complete this program are currently estimated to be less than \$1 million over the next year and are incurred as part of plant operations. Additional information on environmental compliance activities at Kodak Park can be found in the 2007 Kodak Park HSE Annual Report available at www.kodak.com/go/sustainability.

Kodak is presently designated as a potentially responsible party (PRP) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the Superfund Law), or under similar state laws, for environmental assessment and cleanup costs at nine Superfund sites; two of which are related to businesses sold in 1994. With respect to each of these sites, Kodak's liability is minimal.

Kodak respects the privacy rights of its employees, customers, and suppliers.

Privacy

Kodak strongly believes in the fundamental right to individual privacy. To that end, we are committed to use personal data relating to our employees, customers and suppliers only for legitimate business purposes. Such information is collected, processed, stored and transferred among Kodak locations worldwide -- and between Kodak and third parties -- in a manner that is consistent with Kodak business practices and policies, and in compliance with all applicable laws.

Particular attention is given to the administration of sensitive information. Oversight of this policy is the responsibility of the company's Chief Privacy Officer. Every Kodak organization must comply with this policy, and all employees worldwide who work with personal data are required to complete data privacy training every two years.

In addition, all vendors who access personal data collected by the company are required by contract to handle data in a manner consistent with our policies.

The firm commitment to safeguarding privacy extends to customers in the Kodak Gallery (operated by Kodak Imaging Network, Inc.) and sites maintained by the Gallery on behalf of third-party partners.

Safe Harbor Program

The United States (U.S.) and the European Union (EU) have negotiated a Safe Harbor Agreement that allows U.S. companies to import personal information from Europe. Essentially, the program is designed to assure that the transfer of personal data from the EU to the U.S. complies with core privacy principles. As part of its compliance with the Safe Harbor guidelines, Kodak completes a self-assessment each year and certifies compliance with the Safe Harbor Principles to the U.S. Department of Commerce (DOC). Kodak Gallery makes a separate certification of compliance to the DOC.

Kodak is a member of the Direct Marketing Association (DMA). Kodak.com and the Kodak Gallery web site participate in the DMA Safe Harbor Seal Program, under which the DMA provides an independent third-party dispute resolution mechanism for privacy complaints. No customer complaint has ever been filed against Kodak under this program.

The DMA also has developed educational materials for companies and consumers interested in finding out more about the Safe Harbor framework and the DMA Safe Harbor Program.



Product Stewardship: A Priority Throughout the Life-Cycle

Kodak established a product design strategy in 1991, to ensure that product life-cycle considerations look beyond current regulatory compliance. The strategy integrates sources of potential future regulatory requirements, competitors' actions and issues of public concern into measurable standards that must be met by all Kodak products.

Comprehensive health, safety and environmental assessments continue to be integral to the process of ensuring compliance with regulatory requirements and conformance with the design strategy. They enable design teams to identify potential improvement opportunities during all stages of a product's life-cycle and opportunities to create sustainable competitive advantages for Kodak and our customers.

For a number of years, Kodak has worked cooperatively with the U.S. Environmental Protection Agency on **Project XL** to demonstrate the benefits of using EPA methodologies early in product development to screen chemicals for hazard and risk. Kodak's pioneering role in Project XL led to charter membership in EPA's **Sustainable Futures (SF)**, designed to engage industry more broadly in the adoption of EPA's chemical risk screening models.

In 2007, Kodak's product stewardship programs resulted in numerous eco-efficiency gains. Photolab systems, OLED technology, digital cameras, single use cameras, commercial graphic products and traditional film have made improvements in energy efficiency, material usage, recycling and design for remanufacturability.

Product Stewardship initiatives also extend to our customers whether they are large graphic print shops, retail photofinishers or individual consumers. Kodak is dedicated to helping all customers cost-effectively address sustainability challenges.



Moving to Dry Technology

In recent years, Kodak's Photo Retailing technology has made great strides in capabilities, performance and flexibility. Photo Retailing continues to become more eco-efficient during the transition from "wet" processing to digital "dry" solutions.

Kodak thermal papers and media are leading the way in dry technology for producing excellent color prints, whether used with Kodak Picture Kiosks, or Kodak Photolab Systems. Thermal imaging involves no water or photo processing chemicals, and generates no regulated waste.

Kodak Picture Kiosks have continued to evolve and improve. Today's models take up less floor space than earlier models, yet they deliver a wider variety of prints at a faster speed. The smaller units require fewer materials needed in manufacturing and less packaging needed to deliver the units to retailers. And, power efficiency has improved every year since 2002.

The environmental and efficiency improvements in Kodak Picture Kiosks are equally evident when it comes to Kodak's behind-the-counter photo processing technology. As compared with previous wet photolab technologies, the Kodak photolab dry systems require less manufacturing material, less retail space, less power and no photo processing chemicals.

The company's unique dry photolab technology was rewarded at the International Consumer Electronics Show when the Kodak Digital Picture System 900 (DPS 900) received the 2007 Eco-Design Award. In the DPS 900, the material compositions of the new electronic equipment components are below the most restrictive regulatory thresholds for mercury, lead, chromium VI, cadmium, and brominated flame-retardants. A package redesign for thermal media used in the system saved materials by reducing package size by 30% and package weight by 11%. The DPS 900 requires less space, power and labor than a traditional photolab, and it can deliver up to 900 4"x 6" prints per hour.

Environmental Progress – Kodak Photo Retailing Technology



	2000	2002	2004	2005	2006	2007
Footprint Reduction		24"W X 37"D X 65"H	17"W X 31"D X 58"H	17', 24", and 36" W Flexibility for 8 X 10 Printer	36" W Flexibility for 8 X 12 Printer	26" up to 122"W Modular Configurations
Throughput Of Prints (4 x 6)	1 print per minute	2.2 prints per minute	5 prints per minute	Up to 15 prints per minute	15 prints per minute	8 - 38 prints per minute
Image Media	Digital	Digital	Digital	Digital	Digital	Digital



Kodak
Adaptive
Picture Exchange

In January 2008, the Digital Imaging Marketing Association gave its Innovative Digital Product Award to the new Kodak Adaptive Picture Exchange (APEX), a modular, behind-the-counter thermal dry photolab system that enables retailers to produce profitable, high-quality photo products while dramatically reducing costs. The environmentally friendly APEX system consumes 70-to-90% less energy and saves up to 90% of GHG emissions from comparable silver halide-based photolabs, and lowers energy costs by eliminating warm-up times for chemical solutions.

The APEX system was ergonomically designed for serviceability and ease of operator use. Its scalable and modular features ensure maximum material efficiency, and the inclusion of the Kodak 7000 Photo Printer within the APEX system enables retailers to produce a wider variety of photo products from one piece of equipment, saving the retailer supplies and costs while streamlining inventory.

Kodak's many advancements in technology did not go unrecognized by large retailers, as the company was named Wal-Mart's 2007 Supplier of the Year in the Photo Center/Electronics category. The honor recognized Kodak for driving growth and product innovation in all 3,500 Wal-Mart stores across the U.S. with its Kodak Instant Picture Kiosks.



Award-Winning Digital Camera Designs

When Kodak researcher Steve Sasson was inducted into the Consumer Electronics Hall of Fame in 2007, he was in good company. Among others in the "Class of 2007" were Paul Allen, co-founder of Microsoft, Amar Bose, founder of Bose, and the team of German inventors who developed the MP3 format.



Sasson's achievement? He invented the world's first digital camera. His pioneering work at Kodak began in 1975, and the technology employed for producing the first digital camera, using a charge coupled device (CCD) sensor, was patented in 1978.

Today, some 30 years after that first patent, Kodak continues to deliver digital cameras with the features and flexibility that consumers value, in efficient designs that reduce potential impact on the environment.

Application of Kodak Imaging Science technology also has improved the efficiency with which digital images are processed, reducing the amount of time and energy required for image manipulation. Features that help consumers capture the perfect image the first time reduce the need for additional editing and image manipulation.



For the second year in a row, the company received a highly regarded *red dot* Award for Product Design. The 2007 honor was for the Kodak

EasyShare V1003 digital camera, which a panel of design experts cited for its innovation, functionality, ergonomics, durability, ecological compatibility, and clarity of function.



reddot design award
winner 2007



The Kodak EasyShare ZD710 camera's energy-efficient design led to an Innovations 2008 Design and Engineering Award in the Eco-Design and Sustainable Technology category. A new eco-design

feature allowed the ZD710 to capture almost twice as many shots as the previous model, a substantial reduction in battery consumption. Whereas early 0.9 megapixel Kodak digital cameras required four AA alkaline batteries for about 50 pictures, the ZD710 model with 7.4 megapixels provides more than 800 pictures per one CR-V3 lithium battery.



Kodak not only designs its cameras to be energy efficient and environmentally friendly, it also takes a responsible approach to their use and end-of-life stages. For example, Kodak participates in the Rechargeable Battery Recycling Corporation's national *Call2Recycle* program, which helps consumers recycle used portable rechargeable batteries, such as those found in digital cameras, as well as old cell phones.



Kodak also offers a "trade-in and trade-up" program specifically for digital cameras. Partnering with DealTree, the program allows camera owners to trade in old digital cameras (regardless of brand) for a cash rebate. The initiative, which began in 2006, results in digital cameras being re-used rather than discarded.

Advances in OLED Technology

As a world leader in imaging technology for more than a century, Kodak is leveraging its experience in optical properties, image science, specialty chemicals and thin films to drive advancements in OLED technology for applications such as panel displays and solid-state lighting.

In the late 1970s, Kodak scientist Dr. Ching Tang discovered that sending an electrical current through a carbon compound caused these materials to glow. He and Steven Van Slyke continued with research that led to OLED materials that became the foundation of modern OLED displays.

Today, Kodak's OLED materials, which feature low toxicity and are non-regulated for disposal, create full-color displays that surpass even LCDs in color, lightness and luminance. OLED displays inherently require less material than comparably sized LCD displays, and new Kodak Vapor Injection Source technology, developed by the company with manufacturing partners, significantly reduces manufacturing waste for both OLED displays and OLED solid-state lighting. The new technology enables a 20% OLED material savings and a 20% productivity gain compared with conventional deposition techniques.

The fundamentally different design of OLED displays is ideal for many uses, with applications in the automotive, consumer electronics, digital video technologies, entertainment, telecommunications, industrial, scientific and medical arenas. Light-emitting layers of just a few microns replace the bulk of a liquid crystal sub-section used in the glass layer in LCDs, which makes the slimmer, lighter form of OLED displays potentially more energy efficient. The OLED displays also replace display technologies that require mercury backlights.

From almost any angle, the brightness and clarity of Kodak's OLED displays produce the consistent image quality one would expect from Kodak. Easier to see in

changing ambient light conditions, OLED displays bring an edge to device ergonomics. And, because OLED's emit their own light, their power consumption is dependent only on the complexity of the images presented. Typically OLED displays use only 25% of their maximum possible power consumption.

Kodak is also bringing its expertise in OLED technologies to the advancement of solid-state lighting, a promising area that may well provide an inexpensive, high-efficiency alternative to fluorescent or incandescent lighting. Solid-state lighting can use OLEDs as sources of illumination rather than electrical filaments or gas. The result is reduced heat generation and energy dissipation, as well as greater resistance to shock, vibration and wear.

In addition to significant economic and environmental advantages, solid-state lighting devices can be manufactured as flat packages of any shape that can be placed on floors, walls, ceilings, or even on furniture.



Kodak Remains Worldwide Leader In Single-Use Camera Recycling

For nearly two decades, Kodak has stood as the unparalleled leader in recycling single-use cameras, a global effort with enormous environmental benefit.

In 2007, alone, Kodak collected 120 million single-use cameras of all manufacturers' types for recycling. That brings the total number of cameras recycled under Kodak's program since its inception in 1990 to 1.2 billion.



Kodak's innovative single-use camera design has allowed nearly all camera parts to be reused or recycled in some

manner. Even partially used batteries are offered to other companies for consumer reuse. In fact, in 2007, virtually 100% of Kodak's single-use cameras were manufactured from recycled cameras and parts. Since 1990, 800 million Kodak single-use cameras have been remanufactured through the recycle program, and the balance have been sent back to other manufacturers.

Over the years, nearly 250 million pounds of mixed plastic and metal materials have been kept from the waste stream of this program - that's some 7,500 tractor trailer loads of material kept from landfills.

Thanks in large part to the single-use camera recycling program, as well as many other company initiatives, Kodak was inducted in 2003 into the Environmental Protection Agency's (EPA) WasteWi\$e Hall of Fame, the highest honor for program partners. Kodak is a charter member of WasteWi\$e, a voluntary EPA program that targets reduction of municipal solid waste.



Kodak NexPress Digital Color Presses

While Kodak NexPress Digital Production Color Presses are known in the printing industry for their outstanding performance, they are also designed to lessen their environmental impact. Many recycled materials are used in manufacturing, and the mainframes, accessories and replacements parts are designed to be remanufactured or recycled.



The presses run with virtually no emissions, do not use or generate any harmful compounds, require no hazardous waste removal, and consume a low amount of energy.

In 2007, a materials manufacturing team supporting Electrophotographic Printing Systems in Rochester redesigned packaging and labeling for the Kodak NexPress 2100 Dryink Products. The overall result of a number of individual initiatives: 23% less packaging, a reduction of more than 100,000 pounds of packaging materials.

Kodak Endura Media Becoming "Greener"

Improvements in product design and manufacturing over the years have helped Kodak Professional Endura Papers and Endura Transparency and Clear Display Materials become ever more environmentally friendly. Advancements include substantial reduction in silver in the media, elimination of mercury, recyclable packaging and paper obtained from renewable sources. Customers using today's Kodak Endura products benefit from shorter processing cycles and lower replenishment rates than in the past, saving energy and water and creating less effluent waste.



Kodak Offers “Green Kit” for Printers

Like many other businesses, print service providers in the graphics industry realize that more and more customers – and potential customers – prefer to work with companies that are environmentally responsible and committed to environmental sustainability.

To help printers achieve such environmental goals, Kodak has created a “Green Kit,” an easy-to-understand overview of sustainability and its importance to printers, and a compilation of useful suggestions and information to assist in their efforts.

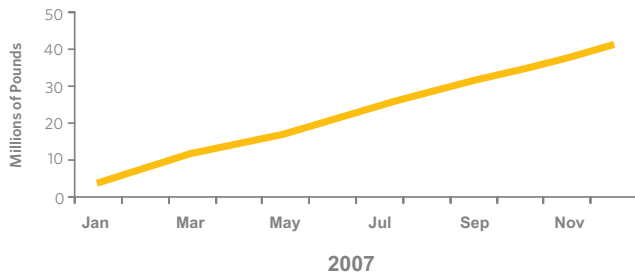
The Green Kit includes the “Top Ten Strategies for Sustainability,” tips and suggestions for “going green,” insight on what customers think about the green movement, a glossary of terms, and links to nearly 30 different sources of information.



Printer's EnviroServices Program

Kodak is committed to providing customers with superior sustainable solutions, helping them grow their businesses while protecting the environment. A comprehensive range of environmental solutions is offered through the company's Printer's Environmental Program (PEP).

Recycled, Reused & Refurbished - 42 Million Pounds in 2007



In 2007, PEP helped more than 400,000 customers find ways to avoid 42 million pounds of waste through recycling, reuse or refurbishment.

The multi-faceted PEP initiative includes recycling/reuse programs for aluminum, equipment, parts, polyethylene terephthalate (PET), media, drums and totes, pallets, and end caps.

Help is also provided under the PEP banner through a pollution prevention program, a waste disposal services program, a customer sustainability website, an EnviroServices hotline, and several other initiatives.



Making Energy Efficiency a Culture

Energy efficiency and greenhouse gas (GHG) emission reductions are a corporate-wide focus at Kodak. For more than a decade we have set stringent, multi-year voluntary goals, and have publicly reported on our results. Since 2002, Kodak has reduced energy use and GHG emissions each by 36%. At the same time, we have collaborated with many stakeholders, and we continue to participate in several partnerships and initiatives aimed at improving efficiency and reducing emissions.

Since 2004, Kodak has been a member of the **California Climate Action Registry**, a non-profit organization recognized as a standard-setter for tracking and reporting GHG emissions. Two years ago, Kodak became the first Registry participant to achieve third-party certification of its data. As of 2007, five years of Kodak data have been certified for all six GHGs identified by the Kyoto Protocol.



In 2007, Kodak continued its participation in the U.S. EPA **Climate Leaders** program, a partnership between government and industry that challenges companies to establish goals and measure GHG emission reductions. By voluntarily reporting their emission reductions to EPA, partners demonstrate that GHG emission reductions can be achieved in an economical way and serve as corporate environmental leaders.



Kodak is a proud participant in the Business Roundtable's **Climate RESOLVE** initiative. Roundtable CEOs believe that forward-looking companies working in partnership with government can find many practical opportunities to improve energy efficiency and reduce, avoid, offset or sequester GHG emissions without serious economic disruption.



For several years, Kodak has been a part of the **Carbon Disclosure Project**, an independent, not-for-profit organization designed to create a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change.

For more than a decade, Kodak has partnered with the U.S. EPA as an **Energy Star Partner** to produce energy efficient products and operations.



Our Colorado manufacturing site continued as a member of the U.S. EPA's **National Environmental Performance Track** program and the **Colorado Environmental Leadership** program. Both programs are designed to recognize top environmental performance among participating U.S. facilities.

Success at Kodak Park

Annual savings of \$75,000 in energy costs would be a great benefit to the environment as well as a company's bottom line. But how about saving \$75,000 in energy costs a DAY -- or \$27 million in savings a year?

That's exactly what was accomplished in an 18-month period at Kodak Park in Rochester, NY by a team focused on reducing energy demand to the point that one power plant, instead of two large ones, would be required to meet the need.

The energy reduction team began its work in November, 2005. It implemented a web-based Energy Information System, which displayed real-time energy usage data so that team members could see exactly where and how energy was being used. The team then held a series of energy Kaizens throughout the site, shared information and ideas broadly, and eventually was assisted by a capital program to improve the remaining powerhouse.

A Kaizen is a planning process that combines a quick technical assessment of a situation with brainstorming to develop a more energy efficient product or solution at low or no capital cost. In Japanese, "Kai" means "change," and "zen" means "better." The energy Kaizens at Kodak Park included a mix of employees from a given operating area as well as someone from outside that department.

The team's efforts resulted in a reduction of 200,000 tons of annual coal usage at Kodak Park, results that not only led to the huge savings, but also made a major contribution to Kodak's commitment to reduce GHG emissions.

Many of the improvements centered on optimizing Kodak's cogeneration power plant operations. Because both electricity and steam are used for productive purposes, cogeneration facilities are extremely efficient—nearly doubling the energy value from fuel as compared with power plants that produce only electricity.

In recognition of Kodak's energy-saving initiatives, the U.S. Department of Energy named Kodak Park a recipient of the Energy Champion Award, an honor presented only to industrial sites that undergo a comprehensive assessment and demonstrate energy savings of more than 15%.



Improvement at Kodak Colorado

Energy Kaizens were a key element in the success of a team in Kodak Colorado, which also found ways to save \$500,000 worth of electrical energy, with anticipated savings of \$1 million a year going forward. The Kaizen events helped the team make a number of investment-free changes, such as time-of-day climate and lighting control, elimination of unneeded ventilation exhaust, and implementation of other best management practices.

Energy Savings in Germany

Efforts to improve wet section processing by a team at Kodak's lithographic plate manufacturing facility in Osterode, Germany, saved the company \$329,000 worth of energy. In addition to other steps, the team created a data-based formula to more precisely control the wet section processing of the aluminum surface of a plate. This reduced surface roughness, reduced the weight of the plate, and resulted in lower consumption of energy during the production.

Optimizing Our Company Eco-Footprint

While strong policies and programs have led to many successes in manufacturing and product development, opportunities exist in the rest of Kodak's operations, as well. The goal is to achieve a future sustainability leadership position in part by leveraging past success in areas such as real estate management, procurement, logistics, transportation, and office and facilities management.

In 2007, this initiative drove successes in a number of real estate examples. Kodak's manufacturing facility in Israel, for instance, is an example of a "green" building.

The curtain wall in much of the building's shell and the inside walls of rooms facing the interior of the building are made of transparent glass to provide the greatest amount of natural light and thus a considerable savings in energy. Rainwater and air conditioning condensate are harvested and stored in a water tank (540 cubic meters) and then used to irrigate the lawns and gardens around the building.

Light fixtures in all the central areas are energy efficient—consuming 15% less energy than regular fixtures—and reflectors disperse the light in the atrium and the entrance hall, reducing the amount of energy required for illumination. A building management system provides complete control over all electromechanical systems so they will perform with the greatest efficiency. A professional waste disposal system was created for the removal of all types of waste from the building and the separation of different types of recyclable materials.

The air conditioning system automatically adjusts according to the outside temperature, the floor and employees' personal thermostat settings.

Coincidentally, a survey of employees at high-tech companies in Israel ranked Kodak among the 20 "Best Companies to Work For" in that country. Perhaps working in a "green environment" and adhering to the principles of sustainability contribute to individual pride and high morale among employees.

A similar, strong "green" effort is in evidence at Kodak's San Diego, California site, where employees are able to recycle all office paper, monitors, old printers, ink cartridges, batteries and more through a partnership program with Mission Recycling of Pomona.

In Norwalk, Connecticut, Kodak's building has earned the Environmental Protection Agency's Energy Star designation, a national symbol of energy efficiency. The energy performance of commercial and industrial facilities is scored on a 1-100 scale, and only those facilities that achieve a score of 75 or higher are eligible for the Energy Star label. This indicates that Kodak's Norwalk building is in the top 25% of facilities in the country for energy performance.



Safety and Health

Employee Safety

Kodak has exceeded its goal to reduce its occupational injury/illness rate (OIR)* by 50% in five years. In 2007, the OIR was improved by approximately 21% over 2006, an impressive achievement in a year of transformation across worldwide operations. Compared with the baseline year of 2002, OIR has been reduced by 58%.

The trend for performance is most improved in the United States and Canada Region (US&C). As has been observed in many global companies, all non-US and Canada regions—Greater Asia Region (GAR), Latin American Region (LAR) and European, African, Middle Eastern Region (EAMER) -- have consistently delivered better OIRs than the US&C.



EAMER: European, African and Middle Eastern Region; GAR: Greater Asia Region; LAR: Latin American Region; US&C: United States and Canada Region

*The primary safety performance metric for Kodak's worldwide operations is the Occupational Injury/Illness Rate (OIR); a measure of the rate of occurrence of work related occupational injuries and/or illnesses that warrant medical treatment greater than first aid, or result in restricted and/or lost time.

Kodak embraces a zero-injury philosophy. In 2007, continuous improvement initiatives included the following special emphasis areas: property loss prevention, contractor health and safety, field service operations, injury/illness reporting and prevention of musculoskeletal disorders.

Property Loss Prevention

Property Loss Prevention programs are designed to protect people, assets, and the uninterrupted flow of products and services from perils such as fires, explosions, and natural hazards. Training in the principles of Property Loss Prevention was developed in conjunction with FM Global and deployed to many sites in the US and EAMER. More sites will be trained in 2008.

Contractor Health and Safety

Major manufacturing sites continued to emphasize the importance of contractor safety in 2007 through the implementation of good management systems and best practices. A program of self-assessments at major sites, started in 2005, was completed and all improvement opportunities were implemented.

Field Service

A new training program for laser safety for Kodak Field Service personnel was developed in 2007. A new driver safety training program was piloted and will be implemented in US&C in 2008 for some 1300 drivers. The program may be expanded to other regions in the future. Ten training programs are in place for Field Engineers on various work environment hazards, and there has been a sustained effort to document and implement the use of risk assessments to guide safe field service operations.

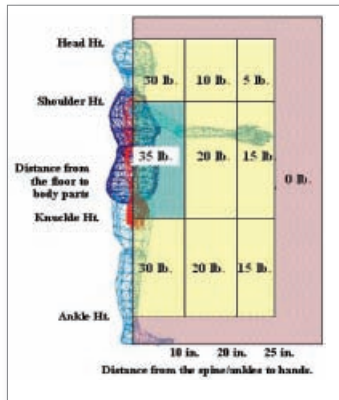
Injury/Illness Reporting

Supervisors for operations in the US can more readily access safety, health and medical experts in a single, virtual meeting to review occupational incidents. This "morning market" reporting enables a supervisor to review the incident with health, safety, medical and ergonomic experts to minimize potential recurrence of an injury. It also ensures consistent and timely recordkeeping.

A new incident reporting system was implemented in 2007 in the US, enabling supervisors to report incidents and near misses more efficiently. In EAMER, remotely located field service personnel have a new incident reporting system, which is simple and effective to use, even in field locations. The goal is to ensure complete reporting through the simplest means.

Prevention of Musculoskeletal Disorders

Continued focus on prevention of musculoskeletal disorders has resulted in 16 “single-point” lessons for identifying workplace stressors that could lead to musculoskeletal disorders (MSDs). These one-page documents feature simple text and images that enable supervisors and employees to clearly recognize safe/risky personal behaviors, and the number of MSDs was lower in 2007.



Safety Awards

We believe external recognition is an important indicator of the success of our zero-injury philosophy and safety progress. In 2007, Kodak received the following safety awards.

Imaging Association Awards

Twelve Kodak company units received Safety Excellence Awards and another – the Chief Technical Office, Research and Development, Rochester, NY — received a Best In Class Award from the International Imaging Industry Association (I3A). The criteria for a Safety Excellence Award include a lost time incident rate of 0.3 or less. For an organization of 100

employees, this means zero lost time incidents. For an organization of 1,000, this means three or fewer lost time incidents. Best in Class Awards recognize the site that had the lowest number of injuries and the most hours worked in a specific category. Companies receiving awards are recognized for superior performance among the I3A member companies.



Safety Award in China

Kodak’s Wuxi manufacturing plant in China was named a Wuxi District Safety Administration’s “Safety Model Unit.”

Employee Well-Being

To help employees balance their commitment to the business with their personal, family and community responsibilities, Kodak has created a comprehensive **Work/Life Effectiveness Program.**

Work/Life Effectiveness Initiatives provide:

- Personal telephone consultations
- Online access to a variety of work/life topics
- Emergency backup care for children and older relatives
- Noontime seminars on managing stress, parenting, caring for older relatives and paying for college
- Flexible work schedules that help employees balance business and personal needs
- External referrals as needed

The **Employee Assistance Program** provides guidance and direction to Kodak employees facing personal challenges. Confidential assessment, counseling and referral services are available 24 hours a day, 365 days a year. Consulting with regard to corporate policy and regulatory matters also is available.

Kodak expects that suppliers and distributors will comply with applicable laws and generally accepted standards relating to business ethics, labor and environmental protection.

Supplier Responsibility

It is the policy of Kodak to obtain the best value from its suppliers and to maintain the highest ethical standards in dealing with them. Additionally, Kodak is committed to providing products that are safe and that minimize environmental burdens through their product life-cycle.

We cannot meet this global performance expectation unless we engage our suppliers. Our interaction with suppliers, however, goes well beyond environmental considerations. We encourage and foster relationships with suppliers who exhibit strong ethics, fair labor practices, respect for diversity, and a good record in many other social aspects. In short, we only do business with suppliers who earn the right to be called good corporate citizens.

Our desire to work with suppliers who reflect Kodak's own commitment to corporate responsibility is manifested in our Supplier Quality Process. Through this process, Kodak has established Supplier Performance Expectations that cover traditional performance issues of price, quality and service, as well as Health, Safety and Environment (HSE) Excellence, and Supplier Diversity. Our Supplier Performance Expectations can be found at www.kodak.com/go/purchasing.

Health, Safety and Environment Excellence

With respect to HSE Excellence, Kodak expects its suppliers to:

- Meet and preferably surpass, all applicable regulatory requirements
- Work with their own suppliers to ensure compliance throughout their supply chain
- Minimize waste by recycling, recovery or reuse
- Work constructively with Kodak to resolve mutual environmental concerns, and
- Comply with Kodak's HSE Performance Standard and HSE Product Specifications.

The HSE Performance Standard complements the Supplier Performance Expectation by explicitly establishing the expectations that suppliers will:

- Operate in an environmentally and socially responsible manner,
- Ensure responsible employment practices,
- Maintain safe facilities and operations, and
- Provide goods that are safe and minimize environmental burdens throughout their life-cycle.

Responsibility for monitoring and verifying that suppliers meet this Standard lies with Kodak's **Supplier Social and Environmental Responsibility Assessment Program**. The Standard is communicated to suppliers through contracts, purchase orders and other types of agreements as well as through e-mails and training events. A supplier's ability to meet our requests to provide us with environmentally responsible products and operate in an environmentally, ethically and socially responsible manner is used in purchasing decisions.

In addition to the more general performance expectations, suppliers are required to meet **HSE Product Specifications**. These Specifications include lists of restricted materials and other HSE product-related requirements for equipment, components, media, consumables, and packaging. Suppliers are required to provide declarations to verify conformance to these Specifications.

To strengthen our supplier process and align with industry best practices, Kodak has joined the **Electronics Industry Citizenship Coalition (EICC)** and has committed to implementing the EICC Code of Conduct throughout the supply chain. EICC outlines standards to ensure that working conditions among manufacturers in the electronics industry are safe, workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. Expectations set in the



EICC Code of Conduct are monitored and verified through an EICC sponsored supplier Self-Assessment and On-Site Assessment Process. The EICC Code of Conduct is available in Chinese, Japanese, and Spanish at <http://www.eicc.info/>.

Supplier Diversity

With respect to Supplier Diversity, Kodak expects its suppliers to:

- Support Kodak's supplier diversity initiatives when applicable,
- Have an effective program for purchasing from diverse suppliers and increase the percentages of purchase with these diverse suppliers each year, and
- Work collectively with Kodak's Commodity Managers to identify and utilize diverse suppliers.

Kodak is committed to being a leader in promoting supplier diversity, which provides us the means to engage the best, most agile and innovative companies. Our policy is to use diverse businesses in our supplier base in order to expand opportunities for all segments of society to experience economic progress and competitive advantage.

In 2007, Kodak spent 11 percent of its domestic budget for goods, services, equipment, and raw materials with minority-owned businesses, exceeding a 10.5-percent goal. Spending with women-owned enterprises topped 11.7 percent, eclipsing a 10.7-percent goal. This marks the fourth consecutive year that Kodak's Supplier Diversity program achieved its goals of placing more than 10 percent of its annual domestic spending with women-owned and minority-owned businesses.

Women and minority business owners are encouraged to contact Kodak through several channels, including the company's web site devoted to developing these relationships www.kodak.com/go/supplierdiversity. Kodak's commodity managers rely on a database created from online registrations from the website.

Kodak's focus on supplier diversity has earned recognition in Black Enterprise and DiversityInc magazines, which both included the company on their lists of top companies in diversity in 2007. This is the third consecutive year of recognition from Black Enterprise magazine and the seventh from DiversityInc magazine.



Additional Supplier Expectations

The company's other overarching policies, such as equal employment opportunity (EEO) and privacy, also apply to suppliers, vendors and contractors and hold them to the policy standard. The EEO policy addresses issues of discrimination and harassment, unprofessional behavior, retaliation, and the right to collective bargaining while the privacy policy addresses the handling of personal data.

Supplier Management Process

Kodak has in place three tools – a Supplier Sourcing Process, Quality Assessment, and Business/Technical Reviews – that are used to manage the company's key critical suppliers, which represent approximately 80% of total spend and 20% of the supplier base.

The Supplier Assessment Program employs an iterative, risk-based prioritization to select suppliers for self-assessments and on-site audits, as warranted. Where necessary, HSE components are built into the quality assessment process.

Kodak promotes a work environment of equal opportunity for all employees, and treats its employees in a non-discriminatory manner.

Kodak is committed to employing a diverse work force, and to building and maintaining an inclusive work environment.

Kodak recognizes the right of our employees to join associations of their own choosing or to refrain from joining, and the right to collective bargaining unless otherwise prohibited by law.

Our Employees

Kodak is committed to providing a work environment that is free from unlawful discrimination and harassment in any form. It is Kodak's policy to comply with all applicable laws that provide equal opportunity in employment for all persons and to prohibit unlawful discrimination in employment. Kodak's policy is not to discriminate by reason of race, color, religion, sex/gender, gender identity, sexual orientation, marital status, pregnancy, citizenship status, national origin, age, disability or veteran status. In addition, in each country in which it operates, Kodak will comply with all applicable laws prohibiting employment discrimination based on any other factor.

Our success as a digital company relies upon not only an environment free of discrimination, but also an engaged, diverse workforce focused on winning – and growing a culture that is organizationally inclusive. Throughout our transformation, Kodak has focused on diversity and inclusion and has maintained representation of women and people of color.

Kodak's diversity and inclusion philosophy includes:

- A commitment to a diverse and organizationally inclusive culture;
- A global employee population that reflects appropriate demographics and helps direct our efforts going forward; and
- Knowledge and skill development for global inclusion in order to execute specific diversity expectations.

Across the globe, Kodak customers are more diverse and multicultural than ever. As we reach out to their cultures and communities, we need the insights that tell us how our marketing messages will be received, and how to tailor or products for different consumers.

Several factors contribute to diversity at Kodak, including

- Establishment of the Global Diversity Office, an entity charged with developing and providing leadership to implement a global strategy.
- Eight employee networks for women, people of color, the gay, lesbian, bisexual, transgender community, veterans, and people with disabilities.



CEO Perez Champions Diversity and Inclusion

At Kodak, commitment to a winning and inclusive culture starts at the top. Chairman and CEO Antonio Perez heads the Senior Executive Diversity & Inclusion Council, which sets policy, gives direction, and monitors results.

Perez displays a personal passion for diversity and inclusion both within Kodak and outside the company. Perez recently was profiled in a book on CEO diversity leadership published by Washington, D.C.-based Diversity Best Practices. The book, entitled "CEOs Who Get It: Diversity Leadership from the Heart and Soul," is a collection of feature articles



drawn from in-depth interviews with 20 top chief executive officers.

The following are short excerpts from the chapter on Perez:

Underscoring that the business case for Kodak is clear and compelling, Perez said his charge is to ensure that everybody in the company not only lives the letter but the spirit of diversity....Every business leader is required to complete a plan that outlines goals, objectives and challenges and how he or she intends to meet them. Key to the plan is identifying diverse customer segments.

"As a company, we probably have just about as diverse a customer base as anybody, and their needs and wants are constantly changing," Perez said. "To understand them, we have to know them and look like them."...

As a means of monitoring the culture, Perez personally conducts "Can We Talk?" sessions with his Executive Council and different diverse groups. "These are what I call 'from-the-heart gatherings' where we hear first-hand what different constituencies are experiencing. They bring up tough issues and this is what I want to hear," he said....

Diversity is also a main topic once a quarter at his Executive Council meetings. In addition, once a year, the top 220 leaders come together and diversity is always on the agenda.

"It is just a way of life for us, just like any other business topic like quality, pricing, product portfolios. Diversity is not different and no less important."

—Antonio Perez

Organized for Effectiveness

The company has placed greater responsibility for diversity and inclusion within its business units and functional groups, charging them to set and meet

goals that align their organizations with the company's overall diversity imperative. The Global Diversity office works with each group's leadership to provide support in defining these strategic goals and integrating them with the company efforts to build a winning and inclusive culture.

The key to this structure is commitment from senior managers. Eight Corporate Diversity & Inclusion Champions, appointed by the CEO, serve as advocates for key diversity constituencies. Each employee network also has a Management Sponsor, giving it access to leaders of the company. We hold senior leaders accountable under three key diversity metrics and how they perform against these metrics affects their compensation. The metrics are:

- Representation
- Personal leadership of diversity and inclusion, and
- Supplier diversity.

Personal leadership means:

- Personal involvement in diversity recruitment, retention and development – including mentoring and sponsorship of diverse talent.
- Actions taken to create a leadership team and an organization with a winning and inclusive environment that stimulates new thinking, creativity and debate.
- Incorporation of multicultural marketing strategies in their business or marketing plans.
- Support of employee networks, diversity councils and other initiatives.,

In addition, a CEO Diversity Award, introduced in 1998, is presented annually to an executive-level individual who role-models exemplary leadership and embraces a mindset and behaviors that lead to a winning and inclusive culture at Kodak. Nominations for the award are submitted by Kodak employees. In 2007, Kodak's John Bryant, Director of Corporate

Engineering and Vice President, Office of the Chief Technical Officer, earned this recognition.

Diversity Best Practices CEO Initiative

In November 2007, Kodak CEO Antonio Perez became chairman of the Diversity Best Practices CEO Leadership Initiative. Diversity Best Practices is an organization focused on sharing best practices with its member companies and helping them develop innovative solutions for culture change.

The Diversity Best Practices CEO Leadership Initiative is a five-point plan driven by the chief executive officers of the member companies to support and advance diversity and inclusion. The initiative includes CEO speakers, roundtables and forums, the CEO Diversity Leadership Magazine, a system for stating, communicating and tracking diversity and inclusion goals, an annual leadership summit, and a collection of CEO advice and counsel regarding diversity on a member website. For more information go to www.diversitybestpractices.com.



Kodak Honored for Diversity

Kodak's commitment to diversity continued to be recognized through many honors and awards in 2007. A selected few are listed here, and a complete list can be found at www.kodak.com/go/diversity.

For the fifth time, Kodak was named to DiversityInc. Magazine's list of Top 50 Companies for Diversity. Kodak ranked No. 1 on the list of top companies with for people with disabilities, No. 6 on list of companies for gay, lesbian, bisexual and transgender employees, and No. 8 on the list of companies with a commitment to supplier diversity.

For the third consecutive year, Kodak was named to Black Enterprise's list of 40 Best Companies for Diversity. Kodak was also listed among the top 15 companies for both Corporate Board Diversity and Supplier Diversity.



Once again in 2007, Kodak was included on the list of "Best Places to Work for GLBT Equality." Honorees were selected by the Human Rights Campaign Foundation (HRC), a civil rights organization working to achieve gay, lesbian, bisexual and transgender equality. Each of the 195 companies included on the list received a 100% score on HRC's Corporate Equality Index, which measures policies and practices that promote fairness and equality in the workplace for GLBT employees. Kodak has received a perfect score every year since the Equality Index began in 2002.

Employee Programs

In addition to its diversity and inclusion initiatives, Kodak maintains a number of programs for managing employee relations.

In the United States and many other countries around the world, when business conditions require significant downsizing of operations or plant closure, Kodak provides comprehensive **Outplacement Services** to affected employees at every level of the company. These services may include transition counseling, training and coaching on resume preparation and interviewing, job search tools and resources, and expanded networking opportunities.

Because Kodak is committed to provide effective means for responding to employee concerns, the company has established a unit known as **Resolution Support Services (RSS)** within Global Diversity and Community Affairs. RSS supports employees in appealing management decisions in order to resolve workplace issues, which diminishes the need for external sources of support and problem solving. The services offered by RSS have been selected from state-of-the-art elements of proven alternative dispute resolution strategies.

Kodak respects the economic development priorities of the developing countries in which it does business.

Kodak maintains a philanthropic program that reflects its global corporate goals in community development, business opportunity and quality of life

Our Communities

True to the legacy of its founder, George Eastman, Kodak continues its commitment to the communities in which it operates. At the heart of this commitment is an active community relations and contributions program designed to support the achievement of company goals. As such, programs and initiatives are focused to instill employee pride, build public trust, foster education, respond to community needs and enhance company image.

Kodak support takes many forms and is based on its corporate values: respect for the individual, uncompromising integrity, trust, credibility and continuous improvement, personal renewal, and recognition and celebration.

In 2007, Kodak contributed approximately \$4 million to organizations around the world. In addition, Kodak donated an array of products to schools and not-for-profit organizations in the United States, with an estimated value of \$375,000.

Kodak Continues to Sponsor American Greenways

Since 1992, the Kodak American Greenways program—a partnership with The Conservation Fund and the National Geographic Society—has awarded more than 630 seed grants across the nation, totaling roughly \$764,000, to support the development of community-based, action-oriented greenways projects.

The small grants, generally between \$500 and \$1000, are designed to stimulate the planning and design of greenways in communities throughout America. The program also honors groups and individuals whose ingenuity and creativity foster the creation of greenways. In 2007, 31 nonprofits and other organizations from Alaska to Vermont received grants to support local greenways, trail and open space projects.

Kodak Supports China Photo Project for The Nature Conservancy

Kodak is proud to continue its strong support of The Nature Conservancy's Photovoice Project, an innovative conservation program that integrates photography, local people and traditional knowledge to help shape conservation decisions in the Yunnan Province of China—one of the world's biodiversity hotspots.

Founded in 2000, the Photovoice Project has provided some 250 villagers with Kodak easy-to-use, point-and-shoot cameras and a roll of film each month for one year to document their rich environment, culture and ancestral protection of the land's natural diversity. Monthly interviews with the photographers about the stories behind the pictures have produced valuable information that is helping shape effective conservation decisions. In past years, Kodak has provided cameras, film and financial support for the project.

In 2007, Kodak's financial donation helped make possible an exhibit of photographs by the village photographers at the George Eastman House in Rochester, NY.



World Resources Institute

In 2007, Kodak was a sponsor of the World Resource Institute's Global Forest Watch Initiative. The Initiative's core strategy is to improve forest management practices around the world, assess risks of unsustainable practices, and catalyze preventative or corrective actions.

Pro Cycling Team Goes Carbon Neutral

The Kodak Gallery Pro Cycling Team presented by Sierra Nevada Brewing Company took a leadership position in 2007 by becoming the first American sports team to go carbon neutral.

The environmentally friendly step was accomplished by purchasing enough wind power credits from Renewable Choice Energy to not only offset its team travel emissions for the 2007 season, but also for the support vehicles used in races and for each team member's home electricity usage. Because professional cycling reaches a vast audience around the world, the Kodak Gallery Pro Cycling team hopes that its efforts will inspire many others.

International Flavor Among Kodak Film School Winners

Three students, one each from New Zealand, Mexico, and the United States, won first-place regional prizes in the 2007 Kodak Filmschool competition. Now in its eighth year, the annual competition, sponsored by Kodak's Entertainment Imaging Division, recognizes outstanding achievements in cinematography by student filmmakers. The winners received a trip to the Clermont-Ferrand Short Film Festival in France, where their films were presented at the Kodak Short Film Showcase. Kodak designed the competition to provide international recognition and tangible support for talented cinematographers at the start of their careers.

Kodak and UNICEF

Since 2000, Kodak in the United Kingdom has been supporting UNICEF, the United Nations Children's Fund, through the company's Corporate

Contributions Program. Via a wide range of activities from co-branding of picture CD packing and processing envelopes, website links, the online Christmas card collaboration and photo magic card initiatives, Kodak has shown its commitment to UNICEF's mission.

In 2007, UNICEF and Kodak worked closely together to make a difference in the lives of the many thousands of children who have been orphaned because of AIDS in Lesotho. Home gardening and cooking kits, purchased with funding support from Kodak, allow these children to cultivate their own vegetables and turn them into nutritious meals. UNICEF is there to ensure that they receive the training they need to make the most of their crops.

Kodak also supports Hope for Children, a charity based in Hemel Hempstead, which has enabled more than 80,000 children in Sri Lanka to have free eye tests and free glasses if needed.

EPA CARE Program

The EPA's Community Action for a Renewed Environment (CARE) grant program supports communities in creating and using collaborative partnerships to reduce exposure to toxic materials. Kodak Park in Rochester, NY is one of several local industries that have joined forces with representatives from county and state government and local colleges to support this effort. The Collaborative successfully completed projects in the areas of lead hazard reduction, small business air pollution prevention, neighborhood toxics education, diesel fuel exhaust reduction, and other mobile source air toxics reduction. Committing to go beyond the original EPA grant period, CARE plans to pursue vehicle idling reduction at local schools, launching an energy conservation website and reducing air pollution from construction vehicles and equipment in 2008. Kodak provides in-kind support to the program.



Volunteer Week in Brazil

Kodak was among some 50 American companies operating in Brazil to participate in the first annual Volunteer Week, held under the auspices of the USAID organization and with environmental improvement as the theme. One highlight of the week was the planting of 50 trees in a state park in Sao Paulo, a symbolic act that is the first step toward planting 5,000 trees.

All employees at Kodak Brasileira were involved in Volunteer Week, and each of them received training on five environmental themes: global warming, water, energy, waste and sustainability.

Kodak Brasileira also was one of the first companies to lend financial support to Grupo de Apoio a Crianca com Cancer (GACC), a non-profit organization based in Sao Jose dos Campos that plans to create a hospital for children with cancer.

Kodak and The Prince's Trust

Since 2005, Kodak has joined forces with The Prince's Trust in the areas of its sites in the United Kingdom - Hemel Hempstead, Harrow and Cambridge. In 2007, Kodak sponsored a digital photography contest throughout the UK. The company donated more than 50 digital cameras to enable young people in a Prince's Trust Team, 12-week, self-development program to participate in the competition.

The images taken by the young people were divided into four categories - Respect, Teamwork, Overcoming Barriers and Celebration. Each winning Team member received a Kodak EasyShare digital camera.

KOFOTO Photography Contest in Mexico

The Kodak Diversity Forum of Mexico is a group of volunteers that promotes inclusive cultural development through communication, education, entertainment and respect for Kodak Values. In 2007, the Diversity Forum conducted its third annual KOFOTO photography contest, a competition open to Kodak direct and indirect employees throughout Mexico and designed to generate a venue for

individual expression and enrichment. Some 145 photographs were entered in several categories, and a jury of two Mexican professional photographers selected the winners.

Kodak and the Royal Armouries

In 2007, Kodak support enabled The Royal Armouries in London to host a Science 'Local Schools Week' program that served 23 schools. Pupils visited the famed Tower of London for a variety of educational programs on the history and the collections at the site. The Royal Armouries plans to establish its various sites as community resources, enhancing public access to and engagement with the collections and as serving as bases for expanding community outreach programs.

Paper Recycling in Kodak Argentina

Employees at Kodak Argentina participate in a paper recycling project to benefit Casa Garrahan, a facility that houses young patients and their parents who live more than 60 miles away from Buenos Aires, and who, because of medical treatment, must stay in the city overnight or for extended periods of time. Kodak Argentina has contributed thousands of pounds of paper. Papelera del Plata, a paper company, receives and processes the material, then sends the proceeds to Casa Garrahan.

Kodak Sponsors Hispanic American History Supplement

Every year since the late 1980s, as part of the celebration of Hispanic Heritage Month, Kodak has sponsored a 16-page supplement in partnership with the Democrat and Chronicle and its Newspaper in Education Program in Rochester.

The publication is an introduction to the history and traditions of Hispanic Americans and Spanish-speaking countries, and their contributions to the United States.

Images in the Curriculum

Through this new partnership, Kodak lends EasyShare equipment—digital cameras and printer docks—to six schools in Rochester. Kodak employees train principals and teachers, who, in turn, train the students.

Each school has the equipment for three months, and the children take beautiful pictures during that period. At the completion of their project, teachers select the best shots taken by the students for a community display sponsored by Kodak. Once the equipment is returned and checked, a new group of schools becomes part of the partnership.

Kodak Colorado Helps Habitat for Humanity Thrift Store

A team from Kodak Colorado's Graphic Communications Group spent a weekend day in December, 2007, doing a wide variety of tasks for a thrift store that generates funds for its local Habitat for Humanity, the group that builds homes for needy families. The Colorado employees organized the lumber section of the store, cleaned and repaired household appliances, unloaded donated lighting supplies, and helped store customers load their purchased items.

Aluminum Plate Recycling Benefits Ronald McDonald House Charities®

In 2006, Kodak launched an aluminum plate recycling program for customers as part of its Printer's EnviroServices Program. This innovative service allows customers to easily recycle aluminum plates while receiving maximum value and preserving the environment. As an added incentive, customers also receive a Ronald McDonald House Charities® receptacle to collect aluminum cans at their facilities when they join the program. A portion of the proceeds from the aluminum plate recycling plus 100% of the aluminum can revenue is donated to charity. In 2007, the program recycled almost 13,000,000 pounds of aluminum.