



Kodak Highlights

February 1974

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On the Cover

Photo of a boy jumping puddles was among winning entries in the 1973 Kodak International Newspaper Snapshot Awards competition. Taken by William M. Johannes of Columbus, Ohio, the photo was entered through the *Columbus Citizen-Journal*. See story on page 13.

Kodak **Highlights** is published quarterly for shareowners and others with an interest in the company.

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Kodak Budgets \$516 Million for Capital Improvements in 1974

Your company plans capital expenditures totaling \$516 million during 1974.

The 1974 capital budget includes estimated expenditures of \$229 million for the U.S. and Canadian Photographic Division, \$194 million for the Eastman Chemicals Division, and \$93 million for the International Photographic Division.

The company's worldwide budgeted expenditures for 1973 totaled \$360 million.

Gerald B. Zornow, board chairman, and Walter A. Fallon, president and chief executive officer, said in a joint statement: "Kodak's record capital budget reflects our confidence in the company's ability to sustain good growth and states our commitment to that goal.

"All elements of the company—research, development, manufacturing, marketing, and distribution—will benefit from the 1974 capital program. The expenditures we plan will enable Kodak to meet growing demand for existing products, support our progress towards new and better things, achieve even greater productivity, protect and improve the environment and, in summary, to serve customers better."

About \$158 million will be used for expansion and improvement in Rochester, N.Y., the company's headquarters and principal manufacturing location:

- At Kodak Park—continuation of projects to increase manufacturing capacity for film and paper; improved incineration and sludge treatment facilities; and projects to improve the quality and availability of water resources.

- At the Kodak Apparatus Division—construction and occupancy costs related to the 800,000 square feet addition to the Division's Elmgrove Plant, where pocket Instamatic cameras and other items of photographic equipment are manufactured.

- At Kodak Office, the Distribution Center and the Research Laboratories—continued renovation and expansion of facilities.

Significant budgeted expenditures for the U.S. and Canadian Photographic Division outside of Rochester include the continuation of these major projects:

- At Kodak Colorado—construction of film

Capital improvement projects (above right) proceed at Kodak Colorado Division. From Kodak Park (right) come photochemicals in packages designed for customer convenience.





At Kodak Colorado, construction continues on film and paper sensitizing facilities at the manufacturing complex near Windsor.



and paper sensitizing facilities, and Estar polyester film base facilities.

- At Kodak Canada—modernization of paper sensitizing facilities.
- At Oak Brook, Illinois, and at Whittier, California—expansion of marketing and distribution facilities.

Major projects for the Eastman Chemicals Division at Kingsport, Tennessee, and Columbia, South Carolina, provide for the continued expansion of fibers, chemicals, dyes, cellulose esters, and supporting facilities. Projects at the Longview, Texas, plant will provide additional ethylene glycol, oxo aldehyde and polypropylene capacities, completion of a hydrocarbon cracking plant, and related services. Environmental improvement programs will be expanded throughout the Eastman Chemicals Division.

Major projects in the \$93 million International Photographic Division budget for 1974:

Continued construction of an administra-

New computer facilities at Tennessee Eastman Company speed color matching operations.



Work nears completion on bridge linking Kodak Research Laboratory buildings in Rochester, N.Y.

tion building, a new research laboratory and expansion of film finishing facilities in England; expansion of film finishing facilities, the continued construction of a synthetic chemicals facility, and the new head office building and construction of a systems technology center in France; expansion of color print and processing facilities in Germany. Expenditures by other Kodak companies in Europe will provide for the general continued expansion and improvement of processing, marketing and distribution facilities, with specific projects planned for company locations in Austria, Greece, Italy, Spain and Switzerland in 1974.

Other projects outside the U.S. provide for the modernization of facilities in Latin America, Asia, Africa, the Middle East and Australia. These include construction of a new technical operations building and the continued construction of color film sensitizing facilities in Mexico, new administrative offices in Brazil, and the completion of facilities for photochemical production and warehousing in Australia.



Sound Super 8 Products for Professional Use Announced by Kodak

Four new sound super 8 products designed for filmmakers in television, education, business, industry, and government have been announced by your company. Available by mid-year, the new products are a sound super 8 camera, a 200-foot capacity sound cartridge for magnetic prestriped super 8 film, a super 8 Ektachrome film, and a compact, automated super 8 film processor.

The Kodak Supermatic 200 sound camera is an existing-light sound super 8 unit that runs at 18 or 24 frames per second with 18-frame sound separation. The camera will accept silent or sound 50-foot super 8 cartridges and the new 200-foot super 8 cartridge.

Features of the camera include a fast, 9-21mm, $f/1.2$ Kodak Ektar zoom lens, 230-degree shutter opening, manual zoom, manual exposure control from $f/1.2$ to $f/32$ or automatic exposure control from $f/1.2$ to an effective $f/36$ using a double-vane CdS exposure control system. A modified viewfinder is coupled with the zoom lens with corner marker references to television safe action area. The external viewfinder and exposure system do not take light from the lens.

The new camera incorporates a highly sophisticated sound recording system including amplifier with automatic gain control, allowing the camera to adjust by itself for existing sound. An alternate microphone input on the camera decreases amplifier pickup by 10 db to help reduce the recording of unwanted background noises.

The Kodak Supermatic 200 camera has a list price of \$425.

Kodak Ektachrome SM film 7244 will be available in 50- and 200-foot super 8 cartridges, silent and sound. The new film has a daylight ASA speed of 100 (with a type A filter) and tungsten ASA speed of 160 and will be available in the super 8 format only.

Compact Processor

The Kodak Supermatic 8 processor is cartridge-loaded, accepting 50- and 200-foot sound and silent cartridges, as well as a 400-foot cartridge (darkroom-loaded). It operates at 10 feet per minute, processes a 50-foot roll in 13½ minutes, and utilizes process ES-8 extended batch chemicals in kit form. The processor is designed for use



The Kodak Supermatic 200 sound camera is an existing light, super 8 camera designed for use in television, education, business, industry and government.

in office buildings, as well as television stations and laboratories and may be operated by non-technical personnel who have been familiarized with the unit.

Loading the processor consists of pulling a short section of film from the cartridge, cutting it, splicing it to a polyester threading tab, securing the cartridge in a nest that checks the film type at the end of the processor, feeding the threading tab around four rollers, and inserting the tab into the access hole. With practice an operator can continuously feed film into the machine which automatically winds the processed film onto a take-up reel at the opposite end of the processor.

Processing chemicals are provided in color and shape-coded plastic containers to help minimize operator error in loading chemicals. All chemicals are liquid concentrates which are diluted and mixed by the processor. Design of the machine stresses simplicity and safety of operation. A series of controls and interlocks, including warning lights and buzzers, helps to prevent operator



error and to inform the operator of potential problems, such as low chemical supply.

The Kodak Supermatic 8 processor is scheduled to be available in mid-1974 at a list price of \$12,500.

"Sound super 8 film has now matured as a viable low cost professional communications medium," said Anthony Frothingham, Kodak assistant vice-president and general manager of Motion Picture and Audiovisual Markets Division, in making the announcement. "Today's super 8 sound film is the closest thing to a truly universal visual communications medium. These product announcements close the final gap left by double-system super 8, slow emulsion speeds, post-stripping and re-recording and, just as important, the lack of readily available in-house film processing."

In addition to noting the significant features of the new products, Frothingham related them to products announced earlier this year by Kodak for the display of sound super 8 film, such as the Supermatic film videoplayer, Eastman videofilm projector, and Supermatic film projectors. He added that the company would provide vigorous advertising and marketing support for the new products.

The Kodak Supermatic 8 processor processes the new Kodak Ektachrome SM film, 7244, and features a dry-to-dry time of 8½ minutes.

A new 200-foot super 8 cartridge available with silent and prestriped super 8 film is for use with the new Supermatic 200 sound camera.





Walter A. Fallon

Kodak President Examines Roles of Film and Tape in the Entertainment Industry

"The future of film and tape is not an either-or proposition," Walter A. Fallon, president and chief executive officer of Eastman Kodak Company told the Society of Motion Picture & Television Engineers at its 114th technical conference meeting last fall in New York City.

Fallon addressed himself to the competition between film and video tape in the entertainment industry. "We received the first announcement of the imminent passing of film more than 15 years ago," Fallon said. "In the meantime, the quality of film has gotten better and better. Film prices have actually gone down. And the volume sold has increased annually at a rate in excess of the Gross National Product as a whole."

Acknowledging the recent technological advances in video tape and electronics equipment, Fallon noted that photographic technology has made great strides over the years, as well. "During the past 15 years," he said, "Kodak has introduced more than 30 new or improved motion picture films for the theatrical motion picture industry, television, business, industry and government." Within the past year, Kodak has made dramatic improvements in its Eastman color negative film that will offer theatrical and television producers a realistic option for originating on 16mm and that, in the 35mm format, is expected to upgrade image quality

substantially. Even more recently, the company has introduced sound super 8 cameras and film cartridges (see page 6).

With regard to cost comparisons between film and video tape software and hardware, Fallon said, "Most of the cost justifications made for tape rest on two rather wobbly premises. First, the inherently higher cost of electronic equipment is not allowed to enter the picture and, second, the re-use factor of the tape is weighted heavily. In other words, you get the razor free and the blade stays sharp indefinitely."

Technological Progress

Fallon dismissed as a "misassumption" the notion that technological progress is a process of replacement. "If you took a broad survey of a hundred or more significant developments of this century," Fallon said, "I believe you would find that they were more additive than subtractive. That is, new things coming along establish themselves alongside what was already there, rather than pushing them out."

As an example, Fallon noted that when the phonograph was invented, people no less prominent than John Philip Sousa predicted the demise of live musical performances and claimed that man would never learn to sing. "When radio came along," he continued, "everyone said it would kill the sale of phonograph records. And when television came along, radio, movies and newspapers were all said to be doomed.

"One could cite many other instances in which new technology moved in alongside existing technology with the two getting along just fine," Fallon said. "It is true that there are certain applications within the broad technology of repeatable experience where one or the other has clear-cut superiority." For examples he pointed to the instant playback capability of tape and the mobility of the film camera, among others.

"Users are going to want all of these characteristics on different occasions," he continued. "It looks as though both media are going to be around together as long as they have something to offer the user. So, this would be as good a time as any to stop promoting fights and start talking sense about the inter-relationships."

One of the inter-relationships Fallon dealt with was research going into tape-to-film transfers at Kodak and by some electronics manufacturers. He noted recent advances in transfer technology using the Triniscope method of recording.

Robert W. Miller Dies, Was Executive Vice-President

Robert W. Miller, executive vice-president and general manager, U.S. and Canadian Photographic Division, Eastman Kodak Company, died of a heart attack January 13 while vacationing in Florida.



Mr. Miller, 56, was a member of Kodak's board of directors and the company's executive committee.

Mr. Miller began his Kodak career 34 years ago as a business and technical personnel department trainee. After a year with Eastman Kodak Stores in Atlantic City, N.J., he returned to Rochester in 1940 as a staff assistant in the comptroller's department. In 1952, he was assigned to the comptroller's department staff, then was transferred to the general manager's staff as administrative assistant. In 1959, Mr. Miller was elected a vice-president of the company. In 1968, he was appointed vice-president, finance

and administration, with responsibility for the operations of the treasurer's, general comptroller's and administrative services divisions, and the development of pricing policies for company products.

In 1969, Mr. Miller was elected a director of the company, and two years later was elected a director of Kodak-Pathé. In 1972, he assumed his most recent duties.

Mr. Miller was a member of the board of trustees of the Rochester Institute of Technology and University of Rochester, and a member of the board of directors of the Genesee Valley Group Health Association, the Rochester General Hospital, Marine Midland Trust Company, Industrial Management Council, the National Association of Manufacturers, and the Rochester Hospital Service.

Mr. Miller was graduated from Ohio State University in 1939 with a bachelor's degree in business administration. From 1951 to 1952, he studied at Massachusetts Institute of Technology on an Alfred P. Sloan Fellowship for Executive Development and received a master's degree.

Policy Committee Formed; Sherman, Chandler Add Duties

Walter A. Fallon, president and chief executive officer, has announced the formation of a corporate policy and finance committee. The committee's function is to evaluate corporate objectives and develop policies relating to current and future corporate needs. Other members of the committee include Gerald B. Zornow, chairman of the board, and Robert A. Sherman, vice-president and director of finance and administration.

In another development, the company's board of directors took special action, electing Sherman a member of the board's executive committee to fill the vacancy created by the death of Robert W. Miller (see story above.)

Sherman assumed his present duties in 1972, and last April was elected to the company's board of directors.

The company also announced the appointment of Colby H. Chandler, a Kodak assistant vice-president, as general manager of the U.S. and Canadian Photographic Division. Chandler was also appointed a member of the operations committee. Since November of last year, he has served as



Sherman



Chandler

director, special projects, in the U.S. and Canadian Photographic Division.

With Kodak since 1950, Chandler has held a series of supervisory positions in the color print and processing organization at Kodak Park and, in 1971, was named general manager of color print and processing. Later that year, he moved to Kodak Office as director, photographic program development, U.S. and Canadian Photographic Division, and in 1972 was elected an assistant vice-president.

Other Changes

In recent management changes, Dr. H. W. Coover, Jr. was elected an executive vice-president of Tennessee Eastman Company. In his new capacity, Dr. Coover will be responsible for development,



Coover



Kennedy



Imray

succeeding Dr. Lee G. Davy who retired last December as executive vice-president in charge of development. Appointed to succeed Dr. Coover as vice-president and director of the company's research laboratories in Kingsport is Dr. William D. Kennedy, formerly an assistant works manager.

H. H. Imray was named president and manager of Texas Eastman Company, effective January 1. Mr. Imray, an assistant manager of Texas Eastman, succeeds D.C. Hull who has retired following a career spanning more than 42 years with Eastman Kodak Company. Mr. Hull has been president of Texas Eastman since 1963.

The appointments were announced by H. D. McNeeley, executive vice-president of Eastman Kodak Company and general manager of its Eastman Chemicals Division.

Company directors have elected James S. Bruce an assistant vice-president of Eastman Kodak Company. Bruce was named assistant director of corporate relations last December. The directors have also elected Dr. Harold L. Smith an assistant



Bruce



Smith

vice-president of Eastman Kodak Company. Dr. Smith currently serves as an assistant general manager of the Kodak Park Division, U.S. and Canadian Photographic Division, a post he has held since September of last year.

Kenneth G. Stuart, an assistant vice-president of Eastman Kodak Company and member of the president's staff, retired on January 1. With Kodak since 1930, Stuart was assigned to the president's staff in 1967 to assist in organization planning.



New Book Outlines Basic Photographic Principles

A new "how-to" book, *Photography Is . . .*, serves as an ideal introduction to basic photographic principles. Author Wyatt Brummitt, a writer and editor for Kodak for 35 years, discusses cameras, films, processing, enlarging, color photography, lighting, portraiture, action photography, in 272 pages, generously illustrated with color and black-and-white photographs. Available at camera and book stores throughout the country, the book lists for \$9.95 and is published by Amphoto in cooperation with Kodak editors.



Kodak's air-supported "bubble theater" at Expo '74 will offer visitors a photographic story featuring the wonders of nature. The multi-screen slide show ties in with the fair's theme of "Celebrating Tomorrow's Fresh New Environment" with special emphasis on how photography can help us study, understand and promote beneficial use of our natural resources. The company's pavilion will be part of Expo '74, scheduled to open May 3 in Spokane, Wash.

Company to Sponsor National 4-H Photo Exhibit

Sponsorship of a new 4-H National Photo Exhibit by Eastman Kodak Company was announced by Van B. Phillips, vice-president and general manager of the marketing division, as he addressed state and national winners in the Kodak-sponsored 4-H photography project at a banquet in their honor at the annual congress in Chicago.

Speaking on the 10th anniversary of Kodak's participation as a 4-H sponsor,

Phillips reviewed the growth and development of the photography project. He explained that like most all activities in 4-H, the National Photo Exhibit will progress from county to state to national level. Each participating county will have a photo exhibit from which photos will be selected for state fair exhibits. The national exhibit, made up of photos from state fairs, will make its debut at the 1974 4-H Congress.

Slide Duplication Film Available from Kodak

A new film for the production of duplicate transparencies from 110-size color slides is available from your company.

Kodak Ektachrome slide duplicating film 7038 process E-4 is a 16mm version of Kodak Ektachrome slide duplicating film 5038 process E-4 which has been available for 35mm applications. The new film has 110-size film perforations to allow photofin-

ishers to duplicate color slides from 110-size Kodachrome and Kodak Ektachrome-X transparencies.

The film is intended primarily for exposure with tungsten illumination, although electronic flash can also be used with appropriate filtration. Photofinishers can expose this film with production color printers.



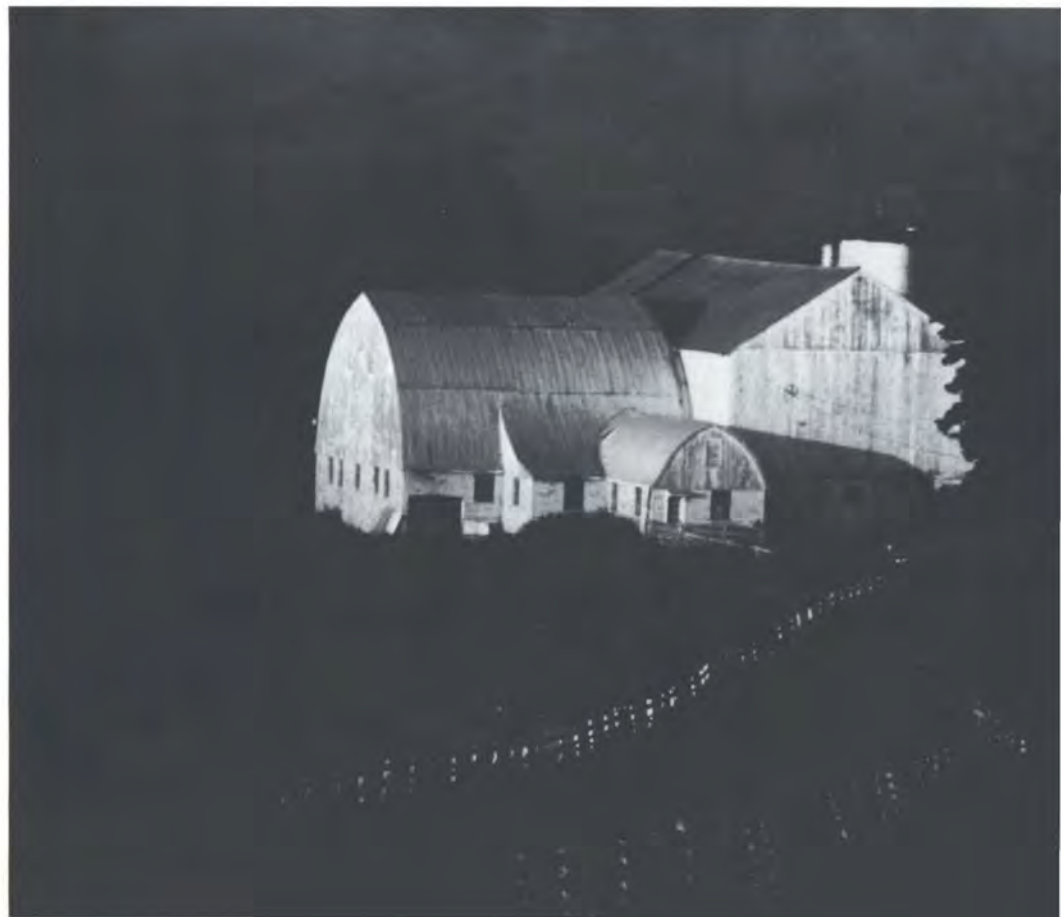
Newspaper Snapshot Awards—1973

The Kodak International Newspaper Snapshot Awards competition is held annually to stimulate public interest in better picture-taking. Last year, prizes in the form of "photo safaris" and cash awards went to about one-third of the more than 650 entries submitted by 95 newspapers in the U.S., Canada, and Mexico for final round judging.

The charming portrait at left, entitled "Little Estelle," and made by Mrs. Jeannine M. Matthews of Cerritos, California, took first prize in the color snapshot category. The photo was entered through the *Schenectady (N.Y.) Gazette*.

Other winners include a landscape scene (below) entered through the *Cleveland Press* by Mrs. Elsie Ziegler, and refugees in Afghanistan entered through the *San Francisco Examiner* by Ronald C. Dixon.

What's the secret of their success? A keen eye for the picture-taking opportunities that are everywhere . . . and, a handy camera.



Company Honored for Social Responsibility Advertising

Eastman Kodak Company was among 20 corporations named winners of *Esquire Magazine's* first annual corporate social responsibility advertising awards program.

According to *Esquire* publisher Arnold Gingrich, the winning entries met the criteria of "effectively working to improve our environment—both physical and social—as well as the quality of life in America." Accepting the award for Kodak was Frederic S. Welsh, director of corporate relations.

Kodak was honored for one of nine advertisements that appeared in more than 250 college newspapers throughout the country. Headlined "Pictures talk. Some little boys don't.", the winning Kodak entry tells how, through the use of cameras and film, some inner-city youngsters, turned off by conventional educational methods, are becoming more aware of their environment, are gaining self-esteem, are beginning to communicate more openly, and as a result, are beginning to learn.

The ad says, "We're showing how our products can help a teacher—and maybe creating a whole new market. And we're also cultivating young customers who will someday buy their own cameras and film. But more than that, we're cultivating alert,



Pictures talk. Some little boys don't.

Some inner-city youngsters have learned to communicate through pictures. They are beginning to understand, in words of their own, the world around them. They are becoming more aware of their environment, are gaining self-esteem, are beginning to communicate more openly, and as a result, are beginning to learn.

Kodak's "Pictures talk. Some little boys don't." advertisement was selected as one of the most effective in the country. It was chosen by a panel of judges from 250 college newspapers throughout the country. The advertisement was selected as one of the most effective in the country. It was chosen by a panel of judges from 250 college newspapers throughout the country.



Kodak
More than a business.

educated citizens who will someday be responsible for our society. After all, our business depends on our society. So we care what happens to it."

Annual Report Wins "Oscar-of-Industry" Award

The company's 1972 annual report has earned a bronze "Oscar-of-Industry" award for being the most informative shareowner

report among chemical companies with sales over \$300 million.

The annual competition is sponsored by *Financial World*, the nation's oldest business and financial weekly. Accepting the trophy for Kodak was Frederic S. Welsh, who also received *Esquire's* award (above story).

The winners were selected from an estimated 5,000 reports with judging based on a number of considerations: information primarily of interest to shareowners; detail of special interest to the security analyst; and graphic arts elements such as design, layout, photography and printing.



Frederic S. Welsh (left), vice-president and director of corporate relations for Eastman Kodak Company, accepts bronze award from Robert I. Weingarten (center), publisher of *Financial World*, and Alfred H. Kingon, editor-in-chief.

If you receive multiple copies of Kodak shareowner publications, including the annual report and HIGHLIGHTS, in your household and wish to avoid this duplication, you can do so by completing the form below and returning it to our transfer agent, Lincoln First Bank of Rochester, P.O. Box 1250, Rochester, New York 14603. A separate form should be completed and returned for each account for which you do *not* wish to receive Kodak shareowner publications.

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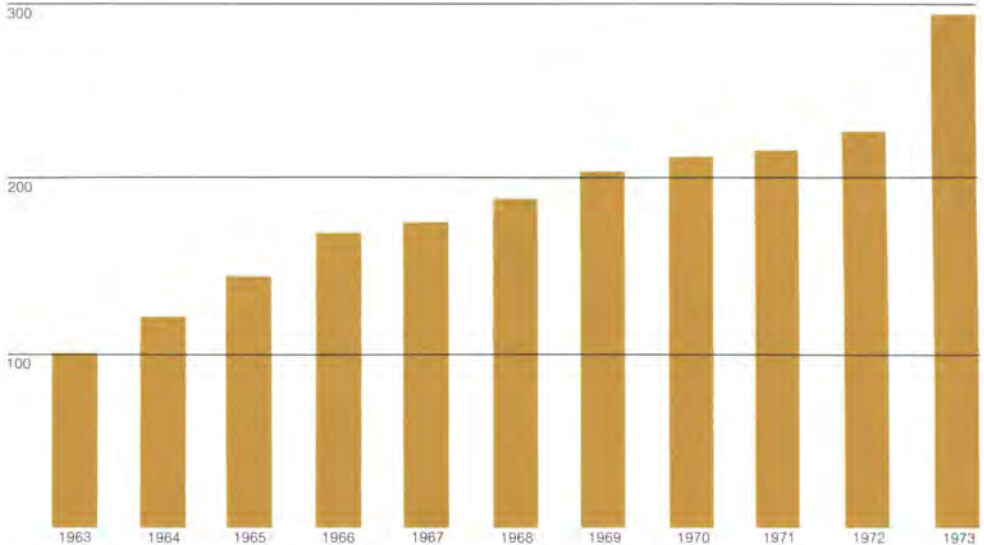
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Signature _____

(sign name exactly as it appears on stock certificate)

Dividends Declared

Millions
of
Dollars



Quarterly and Extra Dividends Declared by Directors

At a meeting of the Board, Eastman Kodak Company directors declared a quarterly cash dividend of 32 cents a share and an extra dividend of 50 cents a share on the company's common stock. The dividends were paid on January 2 to shareowners of record December 3, 1973.

The action brought 1973 dividends declared on the stock to \$1.81 a share. The

total amount of cash dividends declared in 1973 for the company's nearly 233,000 shareowners is \$292 million.

Your company paid its first quarterly cash dividend in 1902 and has made continuous payments since that year. The chart above shows the total amount of cash dividends declared during the period 1963-1973.

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EASTMAN KODAK COMPANY
ROCHESTER, N.Y. 14650

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Photo above shows one of the visuals from a program entitled "Science Meets Art: The World of Photography." Sponsored by Kodak and produced by Rick Trow Productions of Philadelphia, Pa., the 50-minute multimedia show is aimed directly at interesting hundreds of thousands of junior and high school youngsters in careers and hobbies in photography, cinematography and audiovisual production.

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