



# Kodak Highlights

November 1975

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## **On the Cover**

U.S. Navy frogmen prepare for the exit of astronauts from the Apollo command module after splashdown of the successful Apollo-Soyuz space mission. The astronauts returned with hundreds of feet of exposed film recording various scientific and technical aspects of the flight. Story on page 3.

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

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## **KODAK EKTAPRINT Copier Sales Under Way in Eight U.S. Cities**

Sales and rentals of Kodak Ektaprint 100 copier-duplicators got under way during late October.

The copier is available for sale or rental in eight U.S. cities. As the service and marketing forces expand, Kodak will introduce the unit into new cities until all major market areas are covered.

Kodak will also offer paper in a variety of weights and sizes as well as toner and developer for the unit.

Commenting on the user evaluation program which began this summer, Walter A. Fallon, Kodak president and chief executive officer, said: "We are as pleased as most of our customers about the extremely high quality of the copies the units consistently turn out. On the basis of our experience, we'll be taking orders in New York, Cleveland, Chicago, Washington, Atlanta, Dallas, Los Angeles, and San Francisco. We're offering pricing plans we think will be especially attractive for users who produce more than 40,000 each month.

"Kodak will enter this market in an orderly way," Fallon added. "Our ability to service customers will be at least as important as sheer physical demand in determining production and marketing schedules, now and as we head into 1976. We expect to be in this

business a long time, with the Ektaprint copier and with follow-on products now in advanced development."

John R. Robertson, assistant vice president and general manager of Kodak's Business Systems Markets Division, elaborated on the user evaluations.

"Banks, public utilities, government agencies, manufacturing companies, retailers, telephone companies, universities, and others used the Ektaprint copier. The units were expected to run from 20,000 to 120,000 copies a month. Many users were so impressed with the quality of the copies from the Ektaprint copier that they utilized them for jobs they would not ordinarily run on a copier—for example, forms duplication or company newsletters. In fact, one user increased his normal volume three-fold."

Robertson went on to discuss pricing plans. "At the onset, all rental customers will be offered the benefits of the lowest multi-machine annual rate without an initial commitment to an annual contract. The basic monthly rental of \$795—under the multi-machine annual rate schedule—includes 27,500 copies with declining per copy charges for additional monthly volume. The sale price is \$32,500."



Wylie S. Robson (left), executive vice president and general manager, International Photographic Division, and representative of P. T. Foto Gunung Agung, Djakarta, Indonesia, sign agreement for distribution of Kodak products in Indonesia.

## Kodak Exports Important To U.S. Balance of Payments

Kodak has improved the U.S. balance of payments by \$3.2 billion over the last 10 years with exports accounting for a substantial portion of the total, according to Wylie S. Robson, executive vice-president and general manager of the International Photographic Division (IPD). Robson is chairman of the 24-member Upstate New York District Export Council.

Kodak's positive contributions to the U.S. balance of payments in 1974 was detailed in the 1974 Annual Report (page 32): "On the strength of increased exports to trade customers, as well as higher shipments to Kodak units overseas, the company's domestic divisions again contributed significantly to the U.S. balance of payments, receiving over \$520 million more from exports, dividends, and royalties from abroad than was paid for imports, additional overseas investments, and dividends to shareowners in other countries."

The IPD general manager is not worried that Kodak exports will compete with the company's substantial manufacturing facilities abroad.

"About half of our sales abroad (\$1.45 million in 1974) come from products made in the United States," he comments. "The remainder are from IPD manufacturing facilities. While it isn't expected that the ratio will change substantially in years ahead, it is obvious that 50 percent of a larger pie will result in greater U.S. exports."

Noting that the company's foreign manufacturing operations are excellent "customers" for U.S. Kodak products, Robson says that IPD regions are doing a fine job in building markets and demand for products in their areas.

Turning to the overall impact of the export business on the U.S. economy, Robson says exports give the U.S. a better overall combination of income, employment and production. "Our standard of living is significantly higher with foreign trade than it would be without exports and imports."

The IPD general manager cites figures that indicate exports create an estimated five million jobs. And, with today's need for increased employment, a 10 percent increase in exports by U.S. firms could create more than a half-million new jobs.

Shareowners, too, benefit from the business generated by exports. "About six percent of all U.S. corporate sales are exports, a significant proportion of business," he says.

Increases in exports are needed to balance climbing imports, Robson says. The scarcity of certain raw materials in the U.S. necessary for the survival of modern industry is one of the chief reasons imports have begun to outpace exports. "We must pay for these imports with exports," he states.

World trade offers a global balance between countries, Robson notes. It also creates a bigger marketplace for business. "The way to expand the pie is to provide customers, wherever they are, with products and services they need, as efficiently as possible," he maintains.

"In world trade, the customer is you, me, everyone, and the beauty of 'meeting the customer's needs' is that the customer benefits—in the form of varied products and attractive prices—and so does the manufacturer or farmer who sells the products or produce. We all fit somewhere in this seller's picture."



## **Apollo-Soyuz Space Mission Used Plenty of Cameras, Film**

American astronauts and Russian cosmonauts exposed approximately 3,000 feet of film in support of a variety of scientific experiments during the 10-day Apollo-Soyuz space mission recently.

Five types of photographic cameras were used to expose seven types of Kodak film in 16 mm, 35 mm, and 70 mm formats.

Technical and logistic support to NASA

and the Air Force Eastern Test Range photographic operations was provided by regional and Rochester representatives of Government and Education Markets Services, Graphics Markets Division, and Motion Picture and Audiovisual Markets Division, who were at the site before, during, and after the launch.



Douglass C. Harvey

## Harvey Cites Strengths Of Free Enterprise System

Correcting the defects of the free enterprise system is much more desirable than casting it aside for alternatives that have proven to be less productive of goods and more restrictive of freedom, according to Douglass C. Harvey, an Eastman Kodak Company vice-president and general manager of Kodak Apparatus Division.

"Despite its problems, the free enterprise system—the economic system built on competition, innovation, and profit—has brought more good to more people than any other economic system in the history of mankind," Harvey said.

Speaking as part of the Executive in the Classroom program held at the Purdue University's School of Industrial Management, Harvey said, "Often we forget how far and how fast we have come behind the engine of free enterprise."

One reason we forget, Harvey pointed out, is that people in business have been slow to share what they have learned from experience about the economic facts of life.

"This is a serious oversight on our part," he admitted, "because failure to understand practical economics can have unfortunate consequences for the nation."

The "uninvited guests at our bicentennial celebration" include massive government spending; higher and higher taxes; federal borrowing that has mortgaged our future; excessive regulation of business that stifles innovation and profits; declining capital investment; low productivity growth; inflation; high unemployment; and a climate of hostility toward business. Combined, these—with the widespread misunderstanding of the economic facts of life—make for a "Big Ten" of

economic ills, Harvey said.

"It is time for business people to present a brief for free enterprise," Harvey said.

"Unfortunately, free enterprise with its notion of profit has come to be widely misunderstood by the public," he said.

"Profit," Harvey stated, "is the something that has to happen to keep a going concern going.

"One of the frequent charges against an economy driven by profit," he said, "is that it is somehow inhuman. On the contrary, its genius is that it is one-hundred percent human. An early economist put it this way, 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.'"

Harvey asserted that, in the words of one authority, the Founding Fathers were ready to make a "vehement connection" between government and a competitive, private economy. And, in the words of Alexander Hamilton, "Not only the wealth but the independence and security of the country appear to be materially connected with the prosperity of manufactures."

Harvey went on to discuss retained earnings and how they are used at Kodak.

"Retained earnings," he said, "are that nugget of earnings left after all taxes and dividends are disbursed. They are the dynamic part of profit. They are used to create innovative products with newly designed tools and machines. The result is more productive employees and more useful products for customers.

"And, the best part about investing in technology is that it doesn't turn people out of their jobs. Quite the contrary," Harvey said.

Harvey encouraged the students to keep in mind the objectives of the Founding Fathers.

"They intended to set up a system that could include self-interest and harness it to useful purposes. To my mind, that still sounds like the most optimistic, the most revolutionary, and the most realistic experiment in self-government ever tried," Harvey said.

That experiment, he observed, is also one that still makes sense to the American people when they have all the facts.

In Thomas Jefferson's words, Harvey said, "Providing the people the full information of their affairs" is clearly one of our most important tasks today.

*To obtain the full text of Mr. Harvey's remarks, write: Editor, Kodak Highlights, 343 State Street, Rochester, N.Y. 14650.*



## Third Quarter Report to Shareowners

(in millions, except earnings per share)	Third Quarter			First Three Quarters		
	1975	1974	Change	1975	1974	Change
Sales . . . . .	<b>\$1,295.2</b>	\$1,177.3	+ 10%	<b>\$3,398.6</b>	\$3,143.1	+ 8%
Earnings from						
Operations . . . . .	<b>330.8</b>	288.3	+ 15	<b>724.5</b>	707.9	+ 2
Net Earnings . . . . .	<b>183.4</b>	160.5	+ 14	<b>409.5</b>	409.6	0
Per Share . . . . .	<b>\$1.14</b>	\$1.00		<b>\$2.54</b>	\$2.54	

### In Summary

Operating results for the third quarter reflected the general upturn in economic activity, accompanied by a strengthening in the company's business worldwide. Unit volume compared favorably with the third quarter of 1974, and the gain in dollar sales was augmented by selling prices higher than those of a year ago. Business overseas continued vigorous through the third quarter, and earnings benefited from a favorable effect of foreign currency and translation adjustments.

### Sales Advance

Worldwide sales advanced in the third quarter, reflecting the effect of higher selling prices and about the same unit volume as last year.

Sales by Division (in millions)	Third Quarter			First Three Quarters		
	1975	1974	Change	1975	1974	Change
U.S. & Canadian						
Photographic . . . . .	<b>\$ 692.9</b>	\$ 658.8	+ 5%	<b>\$1,864.4</b>	\$1,800.5	+ 4%
International						
Photographic . . . . .	<b>494.0</b>	407.0	+ 21	<b>1,273.7</b>	1,047.8	+ 22
Eastman Chemicals . . . . .	<b>252.4</b>	241.0	+ 5	<b>697.7</b>	673.0	+ 4
Deduct:						
Interdivisional Sales . . . . .	<b>(144.1)</b>	(129.5)		<b>(437.2)</b>	(378.2)	
Worldwide . . . . .	<b>\$1,295.2</b>	\$1,177.3	+ 10%	<b>\$3,398.6</b>	\$3,143.1	+ 8%

Sales to the U.S. Government and defense contractors amounted to \$127.1 million for the first three quarters, representing 4 percent of total sales.

The volume of shipments by the U.S. and Canadian Photographic Division approached the level of last year's third quarter, and dollar sales continued to advance. Sales of photographic materials, supplies and services reflected good demand for amateur roll films, professional products, graphic arts materials and business systems. Consumer photographic equipment sales made a strong recovery during the third quarter, reflecting deliveries of the new Trimlite Instamatic and Tele-Instamatic cameras. For the first three quarters, sales of all major markets divisions were ahead of last year.

Business outside the United States was strong during the third quarter as all regions of the International Photographic Division reported gains in both unit volume and dollar sales.

A general strengthening in demand for products manufactured by the Eastman Chemicals Division contributed to the overall dollar gain in sales. Improved shipments of fibers and plastics during the quarter, as well as increases in industrial chemicals, brought unit volume close to the levels of the third quarter of 1974.

## Earnings Higher in Quarter

Important among the factors contributing to the good earnings results for the third quarter were the favorable effects of improved volume, and the continuing efforts of Kodak people to control operating costs in all the company divisions.

Research and development expenses amounted to \$70.0 million in the quarter compared with \$64.7 million last year; for the first three quarters, these expenses totaled \$218.5 million, up from \$192.0 million in the three quarters of 1974.

Costs and Expenses (in millions)	Third Quarter			First Three Quarters		
	1975	1974	Change	1975	1974	Change
Cost of goods sold . . . . .	<b>\$738.0</b>	\$681.5	+ 8%	<b>\$2,023.3</b>	\$1,851.7	+ 9%
Percent of sales . . . . .	<b>57.0%</b>	57.9%		<b>59.5%</b>	58.9%	
Sales, advertising, distribution and administrative expenses . . . . .	<b>\$226.4</b>	\$207.5	+ 9%	<b>\$650.8</b>	\$583.5	+ 12%
Percent of sales . . . . .	<b>17.5%</b>	17.6%		<b>19.2%</b>	18.6%	

Sales, advertising, distribution and administrative expenses for the quarter were held in line with the increase in sales, despite higher levels of wages, salaries and benefits.

During the third quarter, earnings benefited from a net favorable effect of exchange gains and losses and adjustments related to the translation of foreign currencies. The effect was to increase third quarter earnings by \$8 million, in contrast to an unfavorable effect of \$1 million last year. For the year to date, the impact of these adjustments represents a net increase in earnings of \$13 million in contrast to a \$4 million reduction in 1974.

Earnings from Operations	Third Quarter			First Three Quarters		
	1975	1974	Change	1975	1974	Change
Amount (in millions) . . . . .	<b>\$330.8</b>	\$288.3	+ 15%	<b>\$724.5</b>	\$707.9	+ 2%
Percent of sales . . . . .	<b>25.5%</b>	24.5%		<b>21.3%</b>	22.5%	

Interest income declined during the third quarter as a result of lower balances of securities held. Other income, chiefly royalties from licensees, also continued lower than in 1974. Other charges were significantly lower in the third quarter. The provision for income taxes was \$152.5 million for the third quarter and \$331.5 million year-to-date; this compared with \$133.0 million and \$338.0 million respectively during 1974.

Net Earnings	Third Quarter			First Three Quarters		
	1975	1974	Change	1975	1974	Change
Amount (in millions) . . . . .	<b>\$183.4</b>	\$160.5	+ 14%	<b>\$409.5</b>	\$409.6	0%
Percent of sales . . . . .	<b>14.2%</b>	13.6%		<b>12.1%</b>	13.0%	
Net earnings per share . . . . .	<b>\$1.14</b>	\$1.00		<b>\$2.54</b>	\$2.54	

## Dividends to Shareowners

Cash dividends of 39 cents per share were declared in the third quarter, bringing the total for the first three quarters to \$1.17 compared with \$1.10 per share last year. Total cash dividends amounted to \$188.8 million for the three quarters, up from \$177.5 million in 1974.

### Capital Improvement Program

Capital expenditures for additions and improvements to plant and facilities totaled \$397.8 million by the end of the third quarter. As mentioned at midyear, careful selection and deferment of less critical projects are expected to result in lower capital spending than the \$616 million originally planned.

#### Capital Expenditures by Division

(in millions)

	Third Quarter		First Three Quarters	
	1975	1974	1975	1974
U.S. & Canadian				
Photographic . . . . .	\$ 53.6	\$ 53.3	\$169.8	\$163.2
International				
Photographic . . . . .	31.2	29.0	87.3	66.7
Eastman Chemicals . . . . .	46.1	41.7	140.7	110.6
Worldwide . . . . .	\$130.9	\$124.0	\$397.8	\$340.5


The provision for depreciation was \$155.6 million, an increase of 10 percent from the \$141.9 million recorded during the first three quarters of 1974.

### Financial Position

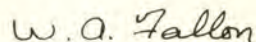
Worldwide cash and marketable securities totaled \$571.4 million at the end of the third quarter, compared with a balance of \$723.9 million at the same time last year. Receivables of \$879.2 million were up 9 percent from last year, in line with higher levels of sales. Inventories were reduced during the third quarter; the total at the end of the quarter amounted to \$992.6 million, compared with \$1,033.9 million at the beginning of the quarter and \$886.0 million a year ago.

### Outlook

A gradual economic recovery now appears to be underway. While prospects for the balance of the year continue favorable, the recent strengthening of the dollar in foreign exchange markets indicates an unfavorable effect on fourth quarter earnings in contrast to our experience last year. Also, we would point out that fourth quarter 1974 earnings benefited from the capitalization of certain costs previously charged to expense. All factors considered, we continue to be cautiously optimistic concerning the company's business for the remainder of the year.



Chairman



President

# Consolidated Statement of Earnings

Eastman Kodak Company and Subsidiary Companies

For Three Quarters (36 Weeks) Ended

**Sept. 7, 1975**      Sept. 8, 1974

(in thousands, except earnings per share)

## Sales

Sales to: Customers in the United States . . . . .	<b>\$1,852,525</b>	\$1,833,846
Customers outside the United States . . . . .	<b>1,546,071</b>	1,309,273
<b>TOTAL SALES . . . . .</b>	<b><u>3,398,596</u></b>	<u>3,143,119</u>

## Costs

Cost of goods sold . . . . .	<b>2,023,308</b>	1,851,716
Sales, advertising, distribution, and administrative expenses . . . . .	<b>650,745</b>	583,509
<b>Total costs and expenses . . . . .</b>	<b><u>2,674,053</u></b>	<u>2,435,225</u>

## Earnings

EARNINGS FROM OPERATIONS . . . . .	<b>724,543</b>	707,894
Interest income . . . . .	<b>26,721</b>	40,409
Other income . . . . .	<b>12,785</b>	16,986
Less: Other charges . . . . .	<b>23,000</b>	17,661
<b>EARNINGS BEFORE INCOME TAXES . . . . .</b>	<b>741,049</b>	747,628
Provision for United States, foreign, and other income taxes . . . . .	<b>331,500</b>	338,000
<b>NET EARNINGS . . . . .</b>	<b><u>\$ 409,549</u></b>	<u>\$ 409,628</u>
 Average number of shares of common stock outstanding . . . . .	 <b>161,345</b>	 161,330
 Net earnings per share . . . . .	 <b>\$2.54</b>	 \$2.54

# Consolidated Statement of Retained Earnings

## Retained Earnings

Retained earnings at beginning of year . . . . .	<b>\$2,755,635</b>	\$2,447,164
Net earnings . . . . .	<b>409,549</b>	409,628
<b>TOTAL . . . . .</b>	<b>3,165,184</b>	2,856,792
Cash dividends declared at \$1.17 per share (\$1.10 in 1974) . . . . .	<b>188,774</b>	177,464
<b>RETAINED EARNINGS at end of quarter . . . . .</b>	<b><u>\$2,976,410</u></b>	<u>\$2,679,328</u>

Financial statements for the three quarters have been prepared by the company in accordance with the accounting policies stated in the 1974 Annual Report and should be read in conjunction with the Notes to Financial Statements appearing in that report. Research and development costs included in cost of goods sold were \$218.5 million in 1975 and \$192.0 million in 1974.

The statements are based in part on approximations and have not been audited by independent accountants. The year-end statements will be audited by Price Waterhouse & Co.

Robert B. Murray, General Comptroller  
October 15, 1975

# Consolidated Balance Sheet

Eastman Kodak Company and Subsidiary Companies

<b>Assets</b>	<b>Sept. 7, 1975</b>	Dec. 29, 1974	Sept. 8, 1974
		(amounts in thousands)	
<b>Current Assets</b>			
Cash . . . . .	\$ 46,919	\$ 109,157	\$ 82,519
Marketable securities at cost (Sept. 7, 1975 market value \$505,926) . . . . .	524,456	704,655	641,365
Receivables . . . . .	879,193	756,688	807,814
Inventories . . . . .	992,586	937,822	886,018
Prepaid charges applicable to future operations . . . . .	81,463	77,110	86,443
Total current assets . . . . .	<u>2,524,617</u>	<u>2,585,432</u>	<u>2,504,159</u>
<b>Properties</b>			
Land, buildings, machinery, and equipment at cost . . . . .	4,202,654	3,829,731	3,632,086
Less: Accumulated depreciation . . . . .	1,916,322	1,778,581	1,726,554
Net properties . . . . .	<u>2,286,332</u>	<u>2,051,150</u>	<u>1,905,532</u>
<b>Other Assets</b>			
Unamortized excess cost of investments in consolidated subsidiaries over net assets acquired . . . . .	14,189	15,403	15,931
Long-term receivables and other noncurrent assets . . . . .	39,108	51,308	71,783
TOTAL ASSETS . . . . .	<u>\$4,864,246</u>	<u>\$4,703,293</u>	<u>\$4,497,405</u>
<b>Liabilities and Shareowners' Equity</b>			
<b>Current Liabilities</b>			
Payables . . . . .	\$ 654,272	\$ 638,080	\$ 635,183
Taxes—income and other . . . . .	238,107	251,954	210,411
Dividends payable . . . . .	62,924	143,584	62,920
Total current liabilities . . . . .	<u>955,303</u>	<u>1,033,618</u>	<u>908,514</u>
<b>Other Liabilities and Deferred Credits</b>			
4½% convertible debentures—due 1988 . . . . .	66,076	66,076	66,076
Other long-term liabilities . . . . .	69,989	71,865	67,317
Deferred income taxes . . . . .	124,351	104,265	104,336
Total liabilities and deferred credits . . . . .	<u>1,215,719</u>	<u>1,275,824</u>	<u>1,146,243</u>
<b>Shareowners' Equity</b>			
Common stock			
Par value—paid in or transferred from retained earnings* . . . . .	403,966	403,966	403,966
Additional capital paid in or transferred from retained earnings . . . . .	268,151	267,868	267,868
Retained earnings . . . . .	2,976,410	2,755,635	2,679,328
Total shareowners' equity . . . . .	<u>3,648,527</u>	<u>3,427,469</u>	<u>3,351,162</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY . . . . .	<u>\$4,864,246</u>	<u>\$4,703,293</u>	<u>\$4,497,405</u>

\*\$2.50 par value, 360,000,000 shares authorized; Issued: 161,586,286 shares; 688,292 authorized but unissued shares of common stock are reserved for the conversion of the debentures issued by Eastman Kodak International Capital Company, Inc. 40,850 shares have been issued as a result of conversions to date.

# Consolidated Statement of Changes in Financial Position

Eastman Kodak Company and Subsidiary Companies

For Three Quarters (36 weeks) Ended

**Sept. 7, 1975**      Sept. 8, 1974

(amounts in thousands)

## Funds Provided by:

Net earnings . . . . .	<b>\$ 409,549</b>	\$ 409,628
Charges to earnings not requiring cash outlay:		
Depreciation . . . . .	<b>155,636</b>	141,867
Retirement of properties, net . . . . .	<b>7,029</b>	7,154
Provision for deferred income taxes, net . . . . .	<b>15,350</b>	13,550
Amortization of excess cost of investments in subsidiaries . . . . .	<b>1,214</b>	1,214
Total from earnings . . . . .	<b>588,778</b>	573,413
Decrease (increase) in long-term receivables and other noncurrent assets . . . . .	<b>12,200</b>	(16,348)
<b>TOTAL FUNDS PROVIDED . . . . .</b>	<b>600,978</b>	557,065

## Funds Used for:

Dividends to shareowners . . . . .	<b>188,774</b>	177,464
Additions to properties . . . . .	<b>397,847</b>	340,472
Increase in: Receivables . . . . .	<b>122,505</b>	142,255
Inventories . . . . .	<b>54,764</b>	148,533
Decrease in current payables . . . . .	<b>78,315</b>	52,643
Decrease in other items, net . . . . .	<b>1,210</b>	7,604
<b>TOTAL FUNDS USED . . . . .</b>	<b>843,415</b>	868,971
Decrease in cash and marketable securities . . . . .	<b>242,437</b>	311,906
Cash and marketable securities, beginning of year . . . . .	<b>813,812</b>	1,035,790
Cash and marketable securities, end of quarter . . . . .	<b>\$ 571,375</b>	\$ 723,884

## Three Quarters Results for Companies Operating Outside the U.S.

The consolidated financial statements include the following amounts related to operations outside the U.S.

(amounts in millions)	First Three Quarters		
	<b>1975</b>	1974	Change
Sales . . . . .	<b>\$1,449.5</b>	\$1,208.6	+20%
Earnings from Operations . . . . .	<b>215.5</b>	192.3	+12
Net Earnings . . . . .	<b>119.4</b>	95.2	+25



Hawkeye Instamatic cameras make attractive items for premium markets.

## Kodak Premium Cameras Boost Photo Goods Sales

The Hawkeye pocket Instamatic camera may not receive the nationwide attention given other Kodak pocket cameras, but it has introduced countless people to the joys of picture-taking while building business for Kodak and photo retailers.

The camera is a special line manufactured by Kodak for the premium market—those merchandisers and others who for promotional reasons offer goods, at a good value, to complement and enhance the value of their established product lines or services.

A familiar example is the savings institution which offers Hawkeye pocket Instamatic cameras to those opening new accounts. Also, the camera is often included among the selection of prizes offered to contest winners or to consumers for a required proof of purchase.

Kodak premium items not only build Kodak business, but are also good for photo retailers, maintains A. J. Freimark, director of catalog and premium trade relations. "A camera is a unique premium in that it creates future business for photo retailers in terms of related photo items and services. For example, a person using the camera will require film, flash and photofinishing."

Because a premium camera is often a person's introduction to picture-taking, it also can be a catalyst for additional photo equipment sales. Freimark notes that each year thousands of people who discover photography through premium or incentive programs eventually become the purchasers of additional cameras and equipment.

The same principle works with sales in-

centive programs to a company's dealers or salespeople. "Suppose a company rewards its outstanding sales personnel with a vacation trip, and in addition they receive Kodak XL movie cameras to record their travels. There is a good possibility they will be in the market not only for film, but for projectors as well," Freimark explains.

To assist businesses interested in premium and incentive promotions, Kodak has incentive marketing representatives headquartered in eight regional offices throughout the nation. The company also provides special shipping arrangements and other promotional assistance.

Even though the Kodak premium camera is obtained through a nonphotographic source, the new owner can be confident that it has been manufactured to Kodak quality standards, according to Freimark. "We have built expected Kodak quality in these cameras just as we do in our retail products," he states.

The premium business is not new, nor is it new at Kodak. George Eastman offered his No. 1 Kodak camera as a premium in 1889. It is a tradition that has paid off through the generations, putting cameras in the hands of thousands of people each year, with the benefit that it promotes photography for all those selling its products.

"After all, you can't shoot pictures with a toaster or a pocket calculator," Freimark comments. "That makes it good business for Kodak, the consumer, photo retailers, and premium customers. A Kodak camera is a premium that keeps giving."

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## Kodak Pocket Camera Sales Top One Million Units in Japan

The purchase of a Kodak pocket Instamatic camera recently turned out to be a one-in-a-million choice for the Keiki Kamakura family of Tokyo, Japan.

It was the one-millionth Kodak pocket Instamatic camera sold in Japan. All the cameras were manufactured at Kodak Apparatus Division in Rochester, N.Y. The sale was made through Nagase & Co., Ltd., Kodak's principal distributor in Japan.

The Kumakura family made the purchase at the Eifukucho Branch of Hotta Camera Store. It was the third pocket Instamatic camera bought by the family. They received a four-day vacation trip and a number of photography-related gifts from Nagase & Co.

Kodak pocket Instamatic cameras were introduced in Japan in October, 1972. At the time of the camera's debut, part of the photographic industry was skeptical about the selling potential of the pocket camera in Japan, according to Nagase & Co. officials.

"The situation, however, rapidly changed as demand for Kodak pocket cameras won general recognition of the trade," stated Shozo Nagase, executive vice president of the firm. "It helped usher in the era of 'pocket' products for the consumer market in Japan, which was then suffering from inac-



Reiko Kumakura photographs her family with the one millionth Kodak pocket Instamatic camera sold in Japan. The scene is the Sensoji Temple in Tokyo.

tive sales due to a sluggish economy.

"The industry is almost unanimous in appreciation of the important role which Kodak pocket cameras played in making picture-taking an everyday affair."

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Quality performance of Kodak films calls for extensive testing in the manufacturing phase. Here a laboratory technician inspects sample strips of film after immersion in a temperature-controlled bath.

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