



# Kodak Highlights

November 1976

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## On the Cover

Kodak instant cameras, like the EK4 shown here, will be appearing in many homes throughout the Holiday Season. Their sales are being supported by extensive advertising on television and in print. For an update on instant products and a look at some of the possible products in Kodak's future, see the report on Walter A. Fallon's address to west coast security analysts on page 3.

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

November 1976/Volume 29/No. 4

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## Fallon describes Kodak future to investment analysts

Citing some reasons why Kodak sales have grown by more than 10% per year for the last ten years, Walter A. Fallon, Kodak president and chief executive officer, addressed security analysts meeting in San Francisco on October 19 and again in Los Angeles, October 21. He said Kodak's continued success depended on planning for profitable change in traditional markets while entering the right new markets. He showed how that planning was working today and outlined new business directions.

Noting that profit margins for Kodak products have consistently exceeded industrial averages, Fallon said: "The financial results of the past were not accidental or fortuitous, but the result of effective management of the product cycle, reflecting the synergistic effects of technology push and market pull."

### Instant products orders, shipments climb

"Since mid-summer," Fallon said, "production of Kodak instant products has increased day by day, week by week."

Fallon said shipments and orders for the new cameras were exceeding expectations. "... shipments of Kodak EK4 and EK6 instant cameras during this Christmas Season will surpass previous records set by pocket Instamatic cameras sold in a comparable price range. In all, we will manufacture and ship more than one million new Kodak instant cameras in 1976, with the bulk of those shipments taking place between now (mid-October) and the end of the year."

Next year, he said, Kodak will increase production of instant cameras and film by "a factor of several times" to meet U.S. demand and to support international marketing, which begins in 1977.

He added that customer reaction is supporting market research studies. Among thousands of customers surveyed by the company "more than 9 of 10 say that Kodak instant products either meet or exceed their expectations," Fallon noted, adding that "we find that statistic very gratifying, in view of the public's high expectations concerning Kodak goods and services." Customers frequently said the cameras were easy to use and judged picture quality to be "outstanding."



Fallon added that business in "Kodak's own conventional consumer products was never better than it is right now." This shows, Fallon continued, early marketing studies were right, "that instant and conventional photography continue to complement one another."

### Copier distribution expanded

Fallon also was pleased with customer response to Ektaprint copier-duplicators. In September and October, the company began selling Ektaprint copier-duplicators in nine new cities (five in the U.S.; four in Canada), bringing the total number of sales districts to 31. More are expected as the program steadily grows. Gradually entering new cities, Fallon explained, enabled Kodak "to control the cash drain which results naturally from any rental-based business." He reported that the program is on schedule and "shows every sign of contributing in an important way to the company's future results."

Fallon also looked at current developments in each marketing division and reflected on what the future might hold for each. Noting that about 6% of Kodak's annual sales dollar went for research and another 9-12% for new tools and facilities, Fallon said that such investment had made possible planned, profitable growth.

In order to plan for future profits, Fallon stressed that Kodak would continue to innovate in the company's traditional markets, but would also "seek entry to—and commercialize products for—fundamentally new fields."

He first listed some possible innovations in traditional markets. The Consumer Markets Division has introduced more products in 1976 than in any recent year, Fallon said. The convenience, operational ease and low price of most of these products suggested what future products might be like. Future products, he told the audience, will take advantage of Kodak capabilities in optics and electronics to create new Kodak cameras and films, including products for still photography in existing light. Moreover, Kodak will be looking for ways to improve and add to its family of instant products, both cameras and film.

Noting that the Professional and Finishing Markets Division had just introduced new Ektachrome films and other products described on pages 10-12, Fallon added that Kodak was always seeking ways to make processing and printing even simpler and less expensive. "For example," he said, "we see the day when it will be more attractive for finishers to make prints or slides from negatives or transparencies . . . and we see the day when direct copy prints will be a matter of accepted practice in this trade, with economic benefits for finisher and consumer alike."

Referring to products marketed by the Graphic Markets Division, Fallon pointed out that *THE WALL STREET JOURNAL* is moving to photolithography rather than the traditional letter press methods to print the paper. This indicates a trend, Fallon said, that's "extremely attractive" to Kodak because of "the use of film through the entire process of creating the printing plate."

The Business Systems Markets Division is looking into office systems of the 1980s and 1990s. Fallon told the analysts, "We are investigating the possibility of utilizing lasers to transfer electronic information to microfilm and to do this 'on line.'" In addition, the division is looking at ways to combine microfilm with the computer "to permit the computer to do what it does best: sort, arrange and process; and to permit film to do what it does best: to store, to publish and to serve as a selective source of hard copy."

Future efforts for the Motion Picture and Audiovisual Markets Division will, he said, "be applied to the application of film technology where film offers comparative advantage and the exploration of electronics in related and unrelated areas."

In medical markets, the Radiography Markets Division will be looking for ways to improve the effectiveness and efficiency of x-ray materials. And new technologies (ultrasonics, nuclear medicine and computerized tomography) which display results on cathode-ray tubes should encourage complementary use of films to record these same results permanently.

### **New ventures in technology**

In addition to the current copier and the instant products, Fallon said that Kodak would be venturing into new classes of products, new lines of business. Electrophotographic capability will expand "with copiers, even more versatile than those now available." In the field of health care, Fallon said: "Our base in photography and chemistry can be a springboard for the development of clinical diagnostic technology. It is a logical step from what we do routinely in Kodak research to the requirements of that technology, and to the needs of the medical community. Thus, the potential for commercial fit. Fallon added, "We intend to explore the field of electronic imaging more actively than before in the search for a variety of high technology products that stand alone and interface with film products. To each of these opportunities we will apply the same criteria which have guided Kodak since the turn of the century. That is, we will do what we know how to do best, at rates of return which will perpetuate the success of the enterprise."

A transcript of these remarks may be obtained by writing: Eastman Kodak Company, Dept. 023, 343 State Street, Rochester, New York 14650.

## Third Quarter Report to Shareowners

(in millions, except earnings per share)	Third Quarter			First Three Quarters		
	1976	1975	Change	1976	1975	Change
Sales . . . . .	\$1,377.3	\$1,295.2	+ 6%	\$3,751.0	\$3,398.6	+10%
Earnings from Operations . . . . .	320.4	330.8	- 3	762.2	724.5	+ 5
Net Earnings . . . . .	170.6	183.4	- 7	429.0	409.5	+ 5
Per Share . . . . .	\$1.06	\$1.14		\$2.66	\$2.54	

### In Summary

Sales during the third quarter continued to reflect good demand for the company's products worldwide. Earnings, however, were restrained by the continuing adverse effect of exchange gains and losses and adjustments related to the translation of foreign currencies, by anticipated high costs and expenses related to the introduction of new Kodak products, and by recent legislation which reduced the tax benefit related to export sales.

### Sales Advance

While total consolidated sales continued to advance, the improvement over last year was not as great as the gains reported in the earlier quarters of 1976.

Sales by Division (in millions)	Third Quarter			First Three Quarters		
	1976	1975	Change	1976	1975	Change
U.S. & Canadian Photographic . . . . .	\$ 764.6	\$ 692.9	+10%	\$2,039.6	\$1,864.4	+ 9%
International Photographic . . . . .	492.0	494.0	0	1,339.9	1,273.7	+ 5
Eastman Chemicals . . . . .	279.4	252.4	+11	861.8	697.7	+24
Deduct: Interdivisional Sales . . . . .	(158.7)	(144.1)		(490.3)	(437.2)	
Worldwide . . . . .	\$1,377.3	\$1,295.2	+ 6%	\$3,751.0	\$3,398.6	+10%

U.S. & Canadian Photographic Division sales maintained steady growth during the third quarter. Unit volume advanced for the quarter, and all markets divisions reported higher dollar sales. Consumer products reflected continued growth in amateur films and related services; amateur equipment sales were below the peak levels which followed the introduction of the Trimlite Instamatic and Tele-Instamatic cameras in mid-1975. Early shipments of the new Kodak instant picture products were not a major factor in the year-to-year sales comparisons. Sustained improvement was recorded in products for the professional and finishing as well as motion picture and audio visual markets. Good gains were noted in graphics and radiography markets, while sales of business systems products continued just ahead of last year.

Dollar sales by the International Photographic Division were slightly below last year's third quarter. Increased unit volume and the favorable effect of higher selling prices were more than offset by the adverse effect of the decline in value of many foreign currencies. While the Latin American region maintained its strong growth, the European companies held about even and the other regions continued to trail last year.

The third quarter gain in sales for the Eastman Chemicals Division was less pronounced than in the first two quarters, when comparisons were against the depressed market conditions which prevailed during the first half of 1975. Plastics and chemicals continued to advance in the third quarter, principally on the strength of increased unit volume, while fiber sales were moderately lower than a year ago.

Sales to the U.S. Government and defense contractors totaled \$121.7 million for the first three quarters, representing 3 percent of total sales.

### Earnings Lower in Quarter

While unit volume compared favorably with the strong third quarter of 1975, and selling prices were generally higher, earnings also reflected continued higher levels of operating cost during the quarter—purchase prices of materials and services, higher wages and benefits, and increased depreciation expense. Also significant in the earnings comparisons was the expected high level of cost and expenditures associated with the introduction of major new products, notably Kodak instant photography.

Costs and Expenses (in millions)	Third Quarter			First Three Quarters		
	1976	1975	Change	1976	1975	Change
Cost of Goods Sold . . . . .	\$ 808.3	\$ 738.0	+10%	\$2,273.8	\$2,023.3	+12%
Percent of Sales . . . . .	58.7%	57.0%		60.6%	59.5%	
Sales, advertising, distribution and administrative expenses . . .	\$ 248.5	\$ 226.4	+10%	\$ 715.0	\$ 650.8	+10%
Percent of Sales . . . . .	18.0%	17.5%		19.1%	19.2%	

Cost of Goods Sold includes research and development expenditures of \$76.9 million in the quarter, and \$233.6 million to date. This compares with \$70.0 million and \$218.5 million respectively in 1975.

The unfavorable effect of exchange gains and losses and adjustments related to the translation of foreign currencies has had an increasingly adverse effect on earnings comparisons. These adjustments reduced earnings in the third quarter by \$15.0 million; in 1975, such adjustments increased quarterly earnings by \$8.0 million. Year to date, earnings have been reduced by \$35.0 million, in contrast to a favorable effect of \$13.0 million for the first three quarters of 1975.

Earnings from Operations	Third Quarter			First Three Quarters		
	1976	1975	Change	1976	1975	Change
Amount (in millions) . . . . .	\$ 320.4	\$ 330.8	- 3%	\$ 762.2	\$ 724.5	+ 5%
Percent of Sales . . . . .	23.3%	25.5%		20.3%	21.3%	

Interest income held at about the same levels as last year, as did interest expense. Other income and charges included an increase in pre-tax earnings of \$1.5 million resulting from an improvement in the market value of equity securities during the third quarter; since the end of 1975, the value of such securities has increased by \$4.4 million.

The third quarter provision for taxes included the effect of the recent change in legislation which reduced retroactively the tax benefit (DISC) related to export sales for the year. The effect was to increase the provision by \$9 million, of which \$6 million applied to the first half of 1976. The total provision for taxes was \$154.5 million compared with \$152.5 million in 1975; the year-to-date provision for taxes is \$359.5 million compared with \$331.5 million a year ago.

Net Earnings	Third Quarter			First Three Quarters		
	1976	1975	Change	1976	1975	Change
Amount (in millions) . . . . .	\$ 170.6	\$ 183.4	- 7%	\$ 429.0	\$ 409.5	+ 5%
Percent of Sales . . . . .	12.4%	14.2%		11.4%	12.1%	

### Dividends to Shareowners

Cash dividends of 39 cents per share were declared in the third quarter, bringing the three-quarter total to \$1.17, the same as in 1975. Total cash dividends declared amounted to \$188.8 million.

### Capital Additions

Capital expenditures for additions and improvements to plant and facilities totaled \$117.3 million in the quarter, and \$347.6 million to date.

Capital Expenditures by Division (in millions)	Third Quarter		First Three Quarters	
	1976	1975	1976	1975
U.S. & Canadian Photographic	\$ 66.3	\$ 53.6	\$181.0	\$169.8
International Photographic	17.7	31.2	52.4	87.3
Eastman Chemicals	33.3	46.1	114.2	140.7
Total	\$117.3	\$130.9	\$347.6	\$397.8

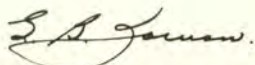
The provision for depreciation for the first three quarters was \$192.6 million, an increase of 24 percent from the \$155.6 million recorded in 1975.

### Financial Position

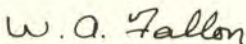
Working capital at the end of the three quarters amounted to \$1,661.6 million, compared with \$1,569.3 million a year ago. Cash and securities totaled \$503.3 million, or \$68.1 million less than at the end of the third quarter in 1975. Inventories rose 11 percent from last year, to \$1,100.3 million, while receivables increased 10 percent from a year ago to \$965.5 million.

### Outlook

Sales prospects for the rest of the year are promising. Production of Kodak instant cameras and film has moved up sharply since mid-summer and these products are now being shipped in substantial quantities to dealers in the U.S., Canada and Puerto Rico. Sales of conventional photographic products, both amateur and applied, should continue strong, and plastics and chemicals should also move well.



Chairman



President

# Consolidated Statement of Earnings

Eastman Kodak Company and Subsidiary Companies

## Sales

Sales to: Customers in the United States	.....
Customers outside the United States	.....
TOTAL SALES	.....

## Costs

Cost of goods sold	.....
Sales, advertising, distribution, and administrative expenses	.....
Total costs and expenses	.....

## Earnings

EARNINGS FROM OPERATIONS	.....
Interest income	.....
Interest expense	.....
Other income and (charges)	.....
EARNINGS BEFORE INCOME TAXES	.....
Provision for United States, foreign, and other income taxes	.....
NET EARNINGS	.....
Average number of shares of common stock outstanding	.....
Net earnings per share	.....

## Consolidated Statement of Retained Earnings

### Retained Earnings

Retained earnings at beginning of quarter/year	.....
Net earnings	.....
TOTAL	.....
Cash dividends declared	.....
RETAINED EARNINGS at end of quarter	.....

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### Supplemental information:

1. Research and development costs included in cost of goods sold
  2. Operations of subsidiary companies outside the U.S.  
included in Consolidated Statement of Earnings:  
Sales .....
- |                          |       |
|--------------------------|-------|
| Earnings from operations | ..... |
| Net earnings             | ..... |
-

Third Quarter (12 Weeks) Ended		Three Quarters (36 Weeks) Ended	
Sept. 5, 1976	Sept. 7, 1975	Sept. 5, 1976	Sept. 7, 1975
	(in thousands, except earnings per share)		
\$ 771,764	\$ 705,643	\$2,094,009	\$1,852,525
605,553	589,590	1,657,011	1,546,071
<u>1,377,317</u>	<u>1,295,233</u>	<u>3,751,020</u>	<u>3,398,596</u>
808,382	737,985	2,273,851	2,023,308
248,482	226,397	714,952	650,745
<u>1,056,864</u>	<u>964,382</u>	<u>2,988,803</u>	<u>2,674,053</u>
320,453	330,851	762,217	724,543
7,099	7,062	26,456	26,721
4,213	4,241	10,628	11,590
1,735	2,307	10,419	1,375
<u>325,074</u>	<u>335,979</u>	<u>788,464</u>	<u>741,049</u>
154,500	152,500	359,500	331,500
<u>\$ 170,574</u>	<u>\$ 183,479</u>	<u>\$ 428,964</u>	<u>\$ 409,549</u>
		161,351	161,345
\$1.06	\$1.14	\$2.66	\$2.54
\$3,169,493	\$2,855,855	\$3,036,957	\$2,755,635
170,574	183,479	428,964	409,549
<u>3,340,067</u>	<u>3,039,334</u>	<u>3,465,921</u>	<u>3,165,184</u>
62,930	62,924	188,784	188,774
<u>\$3,277,137</u>	<u>\$2,976,410</u>	<u>\$3,277,137</u>	<u>\$2,976,410</u>
\$ 76,881	\$ 70,017	\$ 233,595	\$ 218,549
\$ 564,767	\$ 557,451	\$1,541,843	\$1,449,493
83,246	96,068	182,515	215,530
38,973	55,290	87,186	119,439

# Consolidated Balance Sheet

Eastman Kodak Company and Subsidiary Companies

Assets	Sept. 5, 1976	Dec. 28, 1975 (amounts in thousands)	Sept. 7, 1975
<b>Current Assets</b>			
Cash	\$ 73,721	\$ 75,563	\$ 46,919
Marketable securities	429,530	671,546	524,456
Receivables	965,487	804,639	879,193
Inventories	1,100,279	986,457	992,586
Prepaid charges applicable to future operations	112,393	81,856	81,463
Total current assets	<u>2,681,410</u>	<u>2,620,061</u>	<u>2,524,617</u>
<b>Properties</b>			
Land, buildings, machinery, and equipment at cost	4,662,522	4,347,881	4,202,654
Less: Accumulated depreciation	2,138,713	1,969,458	1,916,322
Net properties	<u>2,523,809</u>	<u>2,378,423</u>	<u>2,286,332</u>
<b>Other Assets</b>			
Unamortized excess cost of investments in consolidated subsidiaries over net assets acquired	12,447	13,661	14,189
Long-term receivables and other noncurrent assets	42,199	44,093	39,108
TOTAL ASSETS	<u>\$5,259,865</u>	<u>\$5,056,238</u>	<u>\$4,864,246</u>
<b>Liabilities and Shareowners' Equity</b>			
<b>Current Liabilities</b>			
Payables	\$ 717,382	\$ 687,764	\$ 654,272
Taxes—income and other	239,448	245,744	238,107
Dividends payable	62,931	143,598	62,924
Total current liabilities	<u>1,019,761</u>	<u>1,077,106</u>	<u>955,303</u>
<b>Other Liabilities and Deferred Credits</b>			
4½% convertible debentures—due 1988	66,056	66,076	66,076
Other long-term liabilities	83,111	75,131	69,989
Deferred income taxes	141,059	128,846	124,351
Total liabilities and deferred credits	<u>1,309,987</u>	<u>1,347,159</u>	<u>1,215,719</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	268,775	268,156	268,151
Retained earnings	3,277,137	3,036,957	2,976,410
Total shareowners' equity	<u>3,949,878</u>	<u>3,709,079</u>	<u>3,648,527</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	<u>\$5,259,865</u>	<u>\$5,056,238</u>	<u>\$4,864,246</u>

\*\$2.50 par value, 360,000,000 shares authorized; Issued: 161,586,494 shares; 688,083 authorized but unissued shares of common stock are reserved for the conversion of the debentures issued by Eastman Kodak International Capital Company, Inc. 41,058 shares have been issued as a result of conversions to date.

# Consolidated Statement of Changes in Financial Position

Eastman Kodak Company and Subsidiary Companies

	Three Quarters (36 Weeks) Ended	
	Sept. 5, 1976	Sept. 7, 1975
	(amounts in thousands)	
<b>Funds Provided by:</b>		
Net earnings	\$ 428,964	\$ 409,549
Charges to earnings not requiring cash outlay:		
Depreciation	192,589	155,636
Retirement of properties, net	9,660	7,029
Provision for deferred income taxes, net	13,800	15,350
Amortization of excess cost of investments in subsidiaries	1,214	1,214
Total from earnings	646,227	588,778
Decrease in long-term receivables and other noncurrent assets	1,894	12,200
<b>TOTAL FUNDS PROVIDED</b>	<b>648,121</b>	<b>600,978</b>
<b>Funds Used for:</b>		
Dividends to shareowners	188,784	188,774
Additions to properties	347,635	397,847
Increase in: Receivables	160,848	122,505
Inventories	113,822	54,764
Decrease in current liabilities	57,345	78,315
Other items, net	23,545	1,210
<b>TOTAL FUNDS USED</b>	<b>891,979</b>	<b>843,415</b>
Decrease in cash and marketable securities	243,858	242,437
Cash and marketable securities, beginning of year	747,109	813,812
Cash and marketable securities, end of quarter	\$ 503,251	\$ 571,375

## Supplemental information:

	Sept. 5, 1976
	(in thousands)
Analysis of Inventories	
Raw materials	\$ 301,693
Work in process	340,915
Finished goods	457,671
Total, per Balance Sheet	<u>\$ 1,100,279</u>

Financial statements for the three quarters have been prepared by the company in accordance with the accounting policies stated in the 1975 Annual Report and should be read in conjunction with the Notes to Financial Statements appearing in that report. 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.

On April 26, 1976, Polaroid Corporation filed suit in the U.S. District Court in Boston alleging that the company's instant cameras and print film infringe Polaroid patents, and seeking an injunction and treble damages. Similar actions have subsequently been filed in certain foreign countries. The company is prepared to defend its position that Kodak instant cameras and print film are based on its own distinctive technology and do not depend on the patents of others.

Robert B. Murray, General Comptroller  
October 14, 1976

## **New films, papers, processors and plates**

An important characteristic of most photographic products is their capacity for continual refinement and improvement.

Cameras, films, processing techniques, platemaking methods improve in response to the needs and demands of an increasingly critical public, the users. In light of the Kodak instant products and copier-duplicator products announced this spring, the evolutionary aspect of conventional products—and their importance to Kodak business—can be overshadowed. But the summer brought important announcements, too.

In July, new films, papers, processors and printing plates were announced. They show how the company improves tools and materials within traditional lines of Kodak business.

### **New Ektachrome films, processor**

Four new Kodak Ektachrome professional films (Process E-6) offer improved reproduction of flesh tones, neutral colors, wood colors, orange, yellows and reds—as well as improved sharpness and finer grain.

The new films clearly distinguish the difference between similar colors such as red and orange. Two films balanced for daylight carry ratings of ASA 64 and ASA 200. Two films balanced for artificial light (tungsten illumination at 3200 K) are rated at ASA 50 and ASA 160. All four films offer significant improvements in sharpness and finer grain over previously available products for Process E-3. Other new Ektachrome films (using Process E-6) will be available soon to amateurs.

They are available in a variety of formats, including 135, 120, long rolls and, for the daylight films, standard sheet film sizes.

In addition to the four new films, a fifth, Ektachrome slide duplicating film 5071, is now available in 36 exposure 35 mm cassettes. It's designed for users who need limited quantities of slide duplicating film or whose equipment accepts cassettes. (Comparable earlier products were available only in long rolls.)

A significant advantage of the new Ektachrome films lies in the fact that they can all be processed together, at the same temperatures and at the same development times. Professional users and photofinishing laborato-

ries can thus process films faster. Moreover, the new Process E-6 is shorter than Process E-3 (it takes about 30 minutes, depending on equipment). A shorter drying time also speeds the finishing operation. Process E-6 will also be suitable for the new Ektachrome amateur films expected to be introduced next spring.

The films were extensively tested by dozens of professional users with different requirements. Catalog studios, publishers, sports photographers, jewelry and fashion photographers and others achieved excellent results. As an aid to professional photographers who regularly expose several rolls of film at one time, the new 35 mm films with speeds of ASA 64, 160 and 200 have been packaged, four rolls to a box, in handy "pro-packs" for easy handling.

To process the new films, the Kodak Ektachrome E-6 processor was also unveiled. It replenishes diluted chemicals automatically during processing. Moreover, it will process the new Ektachrome films in widths of 16 mm through 70 mm in continuous lengths of up to 91.5 meters (300 feet) in room light.

### **Black-and-white papers, processor**

As part of its July announcement, Kodak also introduced two black-and-white photographic papers designed for machine processing and a tabletop processor that produces 8 x 10 black-and-white prints in less than a minute.

Both papers include features that will produce a pleasing range of gray tones, especially whiter whites. Kodak Ektachrome SC paper allows users to select contrast ranges through the use of Kodak Polycontrast filters or their equivalents. Kodabrome II paper will be available in five contrast grades from soft to ultra hard. The papers will be available in glossy and smooth surfaces.

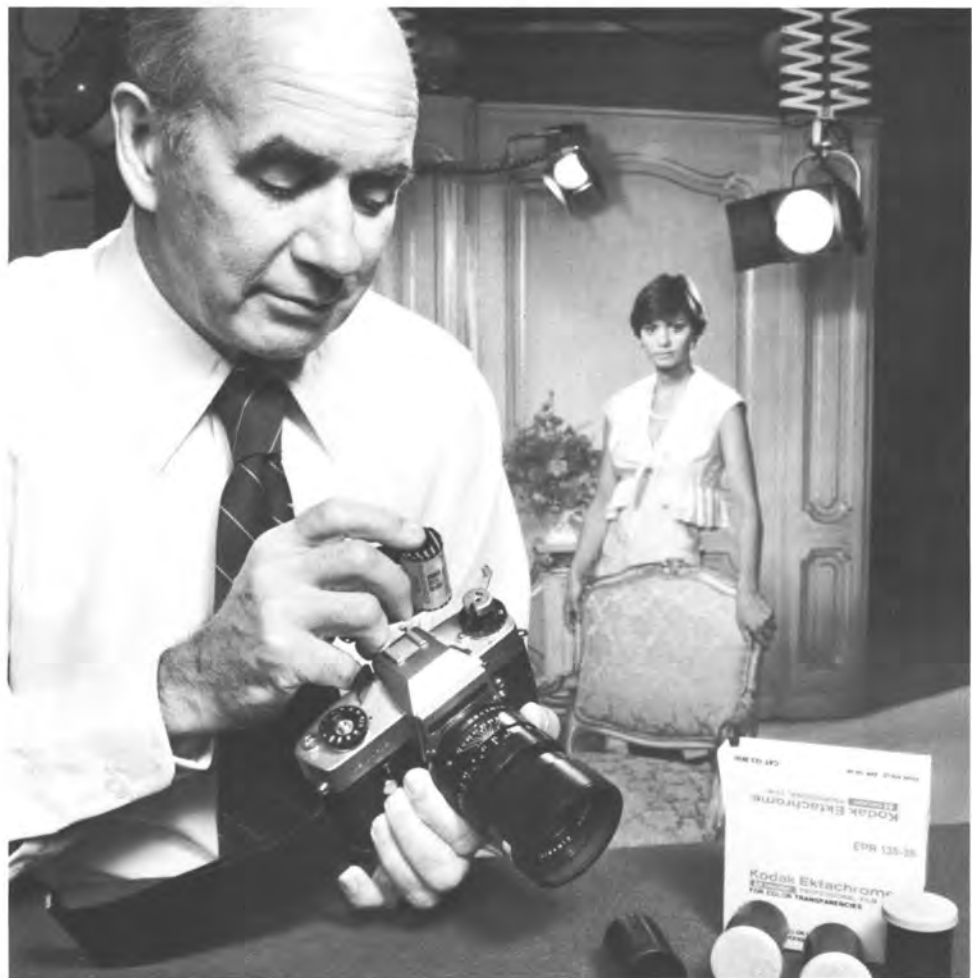
Both papers can be processed in the new Kodak Royalprint processor, model 417—as well as in other processors. The new unit is expected to be especially valuable for commercial studios, industrial photo departments and press and law enforcement photo labs. It can deliver one or two dry 8 x 10 prints of optimum process quality in 55 seconds. This allows users to handle important jobs quickly. It also enables laboratories to process rush jobs quickly without interrupting regular work schedules. Since prints emerge dry, users don't need sinks, washers and dryers. Since prints

are processed quickly, much of the work associated with slower processors (sorting, collating, matching orders, etc) is eliminated.

It processes black-and-white sheet papers with developer-incorporated emulsions on a water-resistant base, such as the two new Kodak papers described above. It will accept sheets from 3½ to 17 inches wide and is ideal for print sizes from 4 x 5 to 16 x 20. The prints produced are as stable as conventionally processed prints made on water-resistant paper.

The new Kodak Royalprint processor can deliver one or two dry 8 x 10-inch black-and-white prints of optimum quality in less than a minute.

The new Kodak Ektachrome professional films (Process E-6) are available in a variety of formats, from 135 to standard sheet sizes.



For checking print quality fast, a wet-print inspection station allows an 8 x 10 print to be checked about 20 seconds after it's fed into the processor. The processor sells for less than \$7,500, including installation.

#### **Plates for low-cost short printing runs**

The new Kodak Polymatic S litho plate offering better printing at lower cost was also announced to the graphic arts industry in July.

The new Kodak Polymatic S litho plate is a negative working, subtractive process plate that should help printers get high-quality results while cutting production time, expenses and waste due to makeovers.

Since the printout image appears strong on the plate, visual inspection is easy. A tough polymer coating resists scuffing, scratching, heat, humidity and press chemical damage.

The chemicals used to process the plates are the same as those used for other Kodak plates used in medium-to-long runs. The new products thus offer advantages similar to those afforded by the new Ektachrome professional films. Namely, that people can use standard chemicals to process different plates for different jobs.

As a result, benchtop processing is simple and waterless. For machine processing, Polymatic plate processors can be used.

Because the new plate provides fine quality reproduction for short runs—a combination of qualities that pleases most professional and commercial customers—the Graphics Markets Division calls it “The Business Plate.”

The short-run Kodak Polymatic S litho plate helps printers save time and money and eliminates waste.



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## News Snaps

- Research into what makes a picture look good to the viewer falls under the description "psychophysics" at the Research Laboratories. Dr. George C. Higgins, a Kodak researcher at the Rochester labs, recently told a professional photoscience society how psychophysics works at Kodak to improve people's pictures.

"We've made great strides over the last 40 years," Higgins said, "and we're now learning how to apply these techniques for evaluating the psychophysics of images." He went on to demonstrate how a picture can be a perfect technical achievement, but still won't look right to people. "Brightness reproduction is a factor in scene character," he said, as he showed how the mood of a moonlight scene can be destroyed by normal exposure. Kodak scientists have found that automatic exposure controls on existing-light cameras must give normal photographic exposures from the sun's 6000 footcandles down to seven footcandles. All levels below seven footcandles, such as moonlight's 1/100 footcandle, must be exposed at the seven footcandle condition to preserve the scene's mood. If exposure is greater than that, dark scenes will seem unnaturally bright.

The work that Higgins and his colleagues have done in psychophysics has proved

essential to the ongoing research task of developing existing-light films and cameras.

- Kodak has been chosen by the home furnishings magazine, **1001 Decorating Ideas**, as a "company that cares," because 45 Kodak Consumer Centers have, for five years, provided 1.3 million users with answers to photo questions, advice on making better pictures and simple adjustments and repairs on amateur equipment.
- **Vitamin E, Right or Left**, is a small but very informative leaflet on vitamin E. The National Academy of Sciences points out that scientific and medical opinion tends to agree that minimum daily requirements are not precisely known, but that vitamin E deficiencies are present in many Americans. The booklet goes on to describe the chemical differences between synthetic and natural derived vitamin E and how consumers can tell by reading the chemical designations for vitamin E, which kind is being offered.

Copies of the leaflet (published by the Health and Nutrition Division, Eastman Chemical Products, Inc. subsidiary) are available by writing: Vitamin E, 1133 Avenue of the Americas, New York, N.Y. 10036. About 600,000 booklets have been distributed in response to user requests.

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The diagonal storage racks rising behind the operator here house thousands of lighttight packs of Kodak instant print film. A computer "knows" their whereabouts and, after extensive inspection, approved packs are released for shipment. Its reports are displayed on the screen in foreground.