



Kodak Highlights

August 1978

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On The Cover

"Spirit" is the title of the award-winning photograph entered in the 1978 Scholastic/Kodak photo competition. It was one of more than 90,000 entries from high school students across the U.S. The photograph was taken by Darrell Miers, 17, Technical High School, Omaha, Nebraska.

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

August 1978/Volume 31/No. 3

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Midyear Report to Shareowners

(in millions, except earnings per share)	Second Quarter			First Half-Year		
	1978	1977	Change	1978	1977	Change
Sales	\$1,567.8	\$1,352.8	+16%	\$2,945.5	\$2,550.2	+16%
Earnings from Operations	349.8	255.7	+37	615.2	431.5	+43
Earnings before Income Taxes	356.3	255.0	+40	618.3	436.2	+42
Net Earnings	191.8	135.0	+42	332.8	229.2	+45
Per Share	\$1.19	\$.84		\$2.06	\$1.42	

In Summary

Increased unit volume and improved productivity were the principal factors contributing to the sharp rise in earnings from the comparatively soft second quarter of last year.

Sales Advance

Led by strong gains in photographic products, all three operating divisions contributed to the improvement in sales compared with a year ago.

Sales by Segment (in millions)	Second Quarter			First Half-Year		
	1978	1977	Change	1978	1977	Change
U.S. & Canadian Photographic	\$ 899.6	\$ 755.5	+19%	\$1,629.1	\$1,380.4	+18%
International Photographic	545.2	453.1	+20	1,056.1	873.1	+21
Deduct: Interdivisional Sales	(185.1)	(147.0)		(339.3)	(261.8)	
Photographic Segment	1,259.7	1,061.6	+19	2,345.9	1,991.7	+18
Chemicals Segment	356.2	328.1	+ 9	692.1	635.3	+ 9
Deduct: Intersegment Sales	(48.1)	(36.9)		(92.5)	(76.8)	
Total Worldwide	\$1,567.8	\$1,352.8	+16%	\$2,945.5	\$2,550.2	+16%

Sales to the U.S. Government and defense contractors amounted to \$87.8 million for the half-year, or 3 percent of total sales.

In the U.S. & Canadian Photographic Division, unit volume increased substantially from the second quarter of 1977, accounting for most of the sales gains. All markets divisions recorded higher dollar sales. Consumer products sales rose sharply on the strength of gains in traditional still photo products—particularly films and new EKTRA cameras—and growth in the demand for Kodak instant cameras and film. Business systems sales were also strong; copier revenues continued to increase. Sales of radiography, professional and finishing products moved well ahead, while sales of graphics, motion picture and audiovisual products also advanced.

In the International Photographic Division, increased unit volume was the major factor in the sales gain in the second quarter. Favorable foreign exchange rates and somewhat higher prices also contributed to the increase. Improved sales were recorded by all regions.

Eastman Chemicals Division sales in the second quarter benefitted about equally from volume and price increases. Chemicals and plastics sales moved well ahead of last year, while fiber sales also advanced.

Earnings Improve

Although prices of purchased materials and wages and benefits were at higher levels, the favorable effects of increased volume, improved productivity, and somewhat higher selling prices brought a significant improvement in earnings from operations.

Costs and Expenses (in millions)	Second Quarter			First Half-Year		
	1978	1977	Change	1978	1977	Change
Cost of goods sold	\$902.9	\$825.7	+ 9%	\$1,734.9	\$1,606.9	+ 8%
Percent of Sales	57.6%	61.0%		58.9%	63.0%	
Sales, advertising, distribution and administrative expenses	\$315.1	\$271.3	+16%	\$595.4	\$511.7	+16%
Percent of Sales	20.1%	20.1%		20.2%	20.1%	

Cost of goods sold included research and development expenditures of \$90.8 million in the second quarter compared with \$84.3 million last year. For the half-year, these expenditures amounted to \$176.5 million, compared with \$167.1 million in 1977.

Earnings from Operations	Second Quarter			First Half-Year		
	1978	1977	Change	1978	1977	Change
Amount (in millions)	\$349.8	\$255.7	+37%	\$615.2	\$431.5	+43%
Percent of Sales	22.3%	18.9%		20.9%	16.9%	

Interest income rose in the quarter and half-year as a result of increased yields on a higher balance of securities held. Interest expense held about even. For the half-year, other charges were above a year ago, primarily due to larger foreign currency exchange losses in the first quarter of 1978. Exchange losses, after tax, and the effect of translation of net monetary assets amounted to \$3.7 million in the second quarter compared with \$3.2 million a year ago; for the half-year, these losses amounted to \$13.3 million in 1978 and \$3.6 million in 1977. The provision for income taxes for the second quarter was \$164.5 million, or 37 percent higher than the \$120.0 million a year ago; and for the half-year, the provision totaled \$285.5 million, up 38 percent from \$207.0 million in 1977.

Net Earnings	Second Quarter			First Half-Year		
	1978	1977	Change	1978	1977	Change
Amount (in millions)	\$191.8	\$135.0	+42%	\$332.8	\$229.2	+45%
Percent of Sales	12.2%	10.0%		11.3%	9.0%	

Dividends to Shareowners

Cash dividends were increased from 40 to 43 cents per share during the second quarter. For the half-year, cash dividends per share were 83 cents compared with 80 cents last year. Total cash dividends declared amounted to \$133.9 million for the half-year.

Capital Improvements

Capital expenditures for additions and improvements to plant and facilities totaled \$91.3 million for the second quarter, and \$172.9 million to date.

Capital Expenditures (in millions)	Second Quarter		First Half-Year	
	1978	1977	1978	1977
U.S. & Canadian Photographic	\$52.3	\$ 66.8	\$101.7	\$130.0
International Photographic	23.2	17.7	42.3	31.9
Total Photographic	75.5	84.5	144.0	161.9
Eastman Chemicals	15.8	18.0	28.9	36.5
Total	\$91.3	\$102.5	\$172.9	\$198.4

The provision for depreciation was \$149.3 million compared with \$154.5 million in the first half of 1977.

Financial Position

Working capital at midyear amounted to \$2,164.8 million, compared with \$1,771.2 million a year ago. Cash and marketable securities totaled \$894.1 million, or \$360.0 million higher than at the end of the second quarter in 1977. Worldwide inventories were \$1,230.5 million, up 1 percent from \$1,218.9 million a year ago. Receivables totaled \$1,207.0 million compared with \$1,030.2 million at the end of the second quarter in 1977.

Outlook

For Kodak, the first half of 1978 was a time of strong demand, rising sales and sharply higher earnings. With this promising beginning, we see the full year as one which will produce good results for the company.

W. A. Fallon
Chairman

C. H. Chandler
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	

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
-

Second Quarter (12 Weeks) Ended		Half-Year (24 Weeks) Ended	
June 11, 1978	June 12, 1977	June 11, 1978	June 12, 1977
(in thousands, except earnings per share)			
\$ 897,785	\$ 784,429	\$1,656,972	\$1,457,361
670,022	568,377	1,288,526	1,092,835
<u>1,567,807</u>	<u>1,352,806</u>	<u>2,945,498</u>	<u>2,550,196</u>
902,892	825,700	1,734,916	1,606,934
315,102	271,380	595,402	511,735
<u>1,217,994</u>	<u>1,097,080</u>	<u>2,330,318</u>	<u>2,118,669</u>
349,813	255,726	615,180	431,527
13,738	7,665	29,427	18,762
5,154	5,081	8,722	9,091
(2,144)	(3,258)	(17,621)	(4,973)
<u>356,253</u>	<u>255,052</u>	<u>618,264</u>	<u>436,225</u>
164,500	120,000	285,500	207,000
<u>\$ 191,753</u>	<u>\$ 135,052</u>	<u>\$ 332,764</u>	<u>\$ 229,225</u>
		161,376	161,370
\$1.19	\$.84	\$2.06	\$1.42
\$3,734,587	\$3,383,183	\$3,658,127	\$3,353,558
191,753	135,052	332,764	229,225
<u>3,926,340</u>	<u>3,518,235</u>	<u>3,990,891</u>	<u>3,582,783</u>
69,391	64,548	133,942	129,096
<u>\$3,856,949</u>	<u>\$3,453,687</u>	<u>\$3,856,949</u>	<u>\$3,453,687</u>
\$ 90,815	\$ 84,359	\$ 176,531	\$ 167,134
\$ 621,377	\$ 527,242	\$1,200,606	\$1,015,503
89,161	55,781	161,504	102,495
49,972	22,069	84,560	43,183

Consolidated Balance Sheet

Eastman Kodak Company and Subsidiary Companies

Assets	June 11, 1978	Dec. 25, 1977	June 12, 1977
	(in thousands)		
Current Assets			
Cash	\$ 80,780	\$ 97,353	\$ 66,472
Marketable securities	813,355	860,540	467,614
Receivables	1,206,972	1,015,751	1,030,182
Inventories	1,230,534	1,099,144	1,218,928
Prepaid charges applicable to future operations	150,147	118,958	119,557
Total current assets	<u>3,481,788</u>	<u>3,191,746</u>	<u>2,902,753</u>
Properties			
Land, buildings, machinery, and equipment at cost	5,284,675	5,141,523	4,957,264
Less: Accumulated depreciation	<u>2,613,263</u>	<u>2,484,441</u>	<u>2,350,191</u>
Net properties	<u>2,671,412</u>	<u>2,657,082</u>	<u>2,607,073</u>
Other Assets			
Unamortized excess cost of investments in consolidated subsidiaries over net assets acquired	9,367	10,179	11,111
Long-term receivables and other noncurrent assets	<u>48,566</u>	<u>45,221</u>	<u>46,050</u>
TOTAL ASSETS	<u>\$6,211,133</u>	<u>\$5,904,228</u>	<u>\$5,566,987</u>
Liabilities and Shareowners' Equity			
Current Liabilities			
Payables	\$ 914,282	\$ 826,974	\$ 813,116
Taxes—income and other	333,331	266,255	253,903
Dividends payable	<u>69,391</u>	<u>145,236</u>	<u>64,548</u>
Total current liabilities	<u>1,317,004</u>	<u>1,238,465</u>	<u>1,131,567</u>
Other Liabilities and Deferred Credits			
4½% convertible debentures—due 1988	66,056	66,056	66,056
Other long-term liabilities	113,835	102,101	88,511
Deferred income taxes	<u>184,011</u>	<u>166,298</u>	<u>153,985</u>
Total liabilities and deferred credits	<u>1,680,906</u>	<u>1,572,920</u>	<u>1,440,119</u>
Shareowners' Equity			
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	269,312	269,215	269,215
Retained earnings	<u>3,856,949</u>	<u>3,658,127</u>	<u>3,453,687</u>
Total shareowners' equity	<u>4,530,227</u>	<u>4,331,308</u>	<u>4,126,868</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	<u>\$6,211,133</u>	<u>\$5,904,228</u>	<u>\$5,566,987</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

	Half-Year (24 Weeks) Ended	
	June 11, 1978	June 12, 1977
(in thousands)		
Funds Provided by:		
Net earnings	\$ 332,764	\$ 229,225
Charges to earnings not requiring cash outlay:		
Depreciation	149,301	154,490
Retirement of properties, net	9,316	5,407
Provision for deferred income taxes, net	(2,600)	1,750
Amortization of excess cost of investments in subsidiaries	812	809
Total from earnings	489,593	391,681
Increase in current liabilities	78,539	—
TOTAL FUNDS PROVIDED	568,132	391,681
Funds Used for:		
Dividends to shareowners	133,942	129,096
Additions to properties	172,947	198,413
Increase in: Receivables	191,221	127,543
Inventories	131,390	97,325
Decrease in current liabilities	—	70,198
Increase in long-term receivables and other noncurrent assets	3,345	1,518
Other items, net	(955)	13,304
TOTAL FUNDS USED	631,890	637,397
Decrease in cash and marketable securities	63,758	245,716
Cash and marketable securities, beginning of year	957,893	779,802
Cash and marketable securities, end of half-year	\$ 894,135	\$ 534,086

Supplemental information:

	June 11, 1978	Dec. 25, 1977	June 12, 1977
(in thousands)			
Raw materials	\$ 323,893	\$ 303,923	\$ 330,028
Work in process	396,898	346,123	376,825
Finished goods	509,743	449,098	512,075
Total, per Balance Sheet	<u>\$1,230,534</u>	<u>\$1,099,144</u>	<u>\$1,218,928</u>

Financial statements for the quarter have been prepared by the company in accordance with the accounting policies stated in the 1977 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 July 3, 1978, a Federal Court judge in New York City entered judgment in favor of Berkey Photo for \$27.1 million in damages (before trebling) and \$5.6 million for legal fees and disbursements. Kodak will appeal.

On June 1, 1978, Fotomat Corporation initiated an antitrust action against Kodak in the Federal Court in San Diego with claims generally similar to those in the Berkey case. Fotomat seeks equitable relief and damages estimated at not less than \$25 million before trebling.

Agreements are being executed with customers under which the company has agreed not to assert the four-year statute of limitations applicable to Federal antitrust actions, and the customers have agreed to refrain from filing actions until the Berkey case is resolved.

Robert B. Murray, General Comptroller
July 20, 1978

A Letter to Kodak Shareowners

On July 3, Judge Marvin E. Frankel entered judgment in the Kodak-Berkey case. While denying Kodak's motion for rejection of the jury verdicts in the case, Judge Frankel also denied many of Berkey Photo's requests for equitable and other injunctive relief and reduced by \$10.5 million the \$37.6 million in damages (before trebling) awarded to Berkey for alleged injuries in violation of the antitrust laws.

The following damage awards (before trebling) were eliminated: \$8.8 million for alleged overcharges by Kodak on color print papers; \$1.4 million claimed on supposedly lost sales of magicube cameras in 1971; and \$245,000 in total damages for alleged violations of the Robinson-Patman Act with reference to price discounts received by Kodak on the purchase of magicubes and flipflash.

The judge sustained the following awards (before trebling): \$15.3 million for alleged lost sales of 110 cameras; \$11.5 million for alleged overcharges on amateur film; \$330,000 for alleged lost magicube camera sales in 1970; \$55,700 for alleged lost sales of photofinishing services; and \$19,000 in alleged overcharges on photofinishing equipment. He also awarded \$5.6 million in legal fees and disbursements to Berkey for the litigation; the original claim for these items totaled more than \$32 million.

Payment of damages and fees, as well as compliance with relief ordered by the Court was "stayed" until the conclusion of the case on appeal.

Divestiture Request Denied

Berkey's requests to have Kodak divested of facilities for the manufacture of amateur photographic equipment and color print processing were denied, as were many of the Berkey motions for injunctive relief. Also rejected was Berkey's request for Court-ordered dedication of Kodak trademarks and patents to the public domain.

There were, however, two exceptions. Judge Frankel said he would require Kodak to sell color print papers without backprinting at the option of the purchaser. This ruling, if sustained, would permit customers

to decide whether to purchase Kodak paper with or without the backprint at their option. Such a requirement could deny consumers the opportunity to know the origin of the paper their pictures are printed on.

We believe this relief is inconsistent with the Court's rejection of claims that Kodak, because of its alleged monopoly power, overcharged customers who purchased color papers from the company. It is inconsistent, as well, with the fact of vigorous competition among paper suppliers. Berkey Photo, as an example, buys less than 10 percent of its paper from Kodak.

Processing Information

The judgment entered by the Court also states that Kodak shall not disclose to its Color Print and Processing (CP&P) organization information concerning new or modified films, papers, processing chemicals, cameras, projectors and photofinishing equipment without making simultaneous disclosures to other photofinishers.

We do not believe this requirement denies CP&P its traditional role in research leading to the development of new Kodak products or that it will affect the ability of our laboratories to provide photofinishing services to consumers. According to the Court's order, this provision is designed to ensure that "a capable and diligent (independent) photofinisher will be able to adapt its commercial photofinishing operations to the preparation, processing, printing or finishing of (a) new or modified film or color paper . . . by the time of its introduction (by Kodak) to the domestic market." In other words, the company would be required to provide timely information to independent laboratories which process new or modified Kodak films or papers if such services are to be offered by CP&P. However, the company would not be required to disclose economic, financial, sales, market research or similar nontechnological information.

We consider this proposed relief inappropriate for a number of reasons, but primarily because it ignores the facts of the marketplace and the evidence presented during

the trial. The company's share of the U.S. photofinishing market has declined significantly since the 1950s, and the presence of vigorous competition in the marketplace is evidenced by the existence of more than 600 domestic independent photofinishers.

Judgment to be Appealed

It is important to note that this requirement, and other aspects of the judgment entered on July 3, will not go into effect unless an appellate court rules against Kodak. We shall appeal that judgment, notwithstanding reduction in the damages awarded to Berkey and the fact that many of the plaintiff's requests for relief have been denied. We

believe our conduct has been proper and that the judgment should be reversed on appeal.

The most effective way to demonstrate the validity of Kodak business practices is the traditional way—application of our technology and our business skills to the needs and wants of customers. That work continues without change or pause. It is the basis of our success and, at the same time, the basis of our confidence that the company's position will be upheld as we proceed now to the appellate court.

Walter A. Fallon
*Chairman of the Board
and Chief Executive Officer*

Recent Developments

■ On August 10, the Board of Directors noted with great regret the resignation of Donald S. Perkins, chairman of Jewel Companies, Inc., and a Kodak director since 1970. In submitting his resignation, Mr. Perkins affirmed his "very strong belief in the importance of completely independent outside directors." Kodak and Osco Drug, Inc., a Jewel subsidiary, recently signed an agreement waiving the statute of limitations (See copy below) and this caused Mr. Perkins to raise a question of possible conflict of interest in his status as a Kodak director.

Speaking for the Board, Kodak chairman Walter A. Fallon said: "Don Perkins made substantial contributions to Kodak. We shall miss his insight, his energy and his enthusiasm."

In tendering his resignation, Perkins had said: "During eight years as a director, I have learned to admire the many strengths of Kodak, and I send every good wish for your continued success."

■ In other recent legal developments, a California court has decided in favor of Kodak in a \$17 million class action suit brought in 1973 by an attorney. The company position was upheld with respect to product warranties and it was ruled that Kodak's advertising was not misleading as claimed.

The lawsuit related to Kodak pocket

cameras and the phenomenon known as "red-eye." This phenomenon is as old as color photography, and is not peculiar to Kodak cameras. It occurs in special circumstances when flash pictures are made in a darkened room using cameras with minimum distance between flash device and lens. As a practical matter, red-eye has been largely eliminated through the use of extenders and by the design of cameras and flash devices that increase the distance between the camera lens and flash.

■ On June 1, 1978, Fotomat Corporation filed a \$25 million antitrust suit against Kodak. Fotomat has characterized the complaint as "an add-on to the Berkey Photo case." Kodak maintains that, as in the Berkey case now under appeal, the charges by Fotomat are without merit.

■ The company has received inquiries concerning its position with respect to the Kodak-Berkey case and the antitrust statute of limitations. Kodak is prepared to offer its customers an agreement which would waive the statute of limitations pending the final outcome of the Berkey matter. There is a four-year statute of limitations in antitrust cases. The agreement in effect would stop the statute from running against those customers who have signed an agreement with Kodak.

Existing-Light Pocket Camera; High-Speed Slide Film Introduced



True existing-light photographic capability for pocket camera users is a feature of the new Kodak Ektramax camera now being delivered to photo dealers' and retail outlets.

The model is one of two Kodak pocket cameras and a new Kodak instant camera model announced recently. All three feature built-in electronic flash.

In addition, a high-speed color slide film, Kodak Ektachrome 400 film, was announced. The film is ideal for low-light and fast action photography.

Cameras

The Kodak Ektramax camera is popularly priced at less than \$88. In low-light situations, users can photograph most subjects without supplementary lighting, or freeze motion at 1/1000 sec. with built-in electronic flash.

The camera automatically adjusts for general-purpose films such as Kodacolor II or high-speed films such as Kodacolor 400. It contains a four-position weather dial that changes the shutter speed and lens opening when set by the user.

Focus is accomplished from four feet to infinity with an easy-to-use scale for approximate camera-to-subject distance.

A built-in electronic flash fires up to 200 times on a pair of fresh AAA-size batteries. It has an illumination range of 4 to 15 feet with Kodacolor II film or 4 to 20 feet with Kodacolor 400 film. The flash recycle time between pictures is just 2 seconds, and a viewfinder light blinks when the flash is ready for the next shot.

A primary feature in the camera is the four-element, 25 mm $f/1.9$ lens. One of the elements is molded plastic of nonspheric (aspheric) design. This enabled designers to reduce the number of elements in the lens without sacrificing quality, but lowering production costs. The aspheric lens combined with flexibility of shutter speeds and high-speed film has resulted in the available light capability of the camera.



Two of the new Kodak cameras featuring built-in electronic flash are the Kodak Ektralite 10 camera (top) and the Kodak Colorburst 300 instant camera (bottom).



Kodak Ektramax camera users can take pictures indoors and outside with existing light.

The Kodak Ektralite 10 camera keeps picture-takers prepared for a wide variety of photographic situations, daylight or flash. Available at less than \$38, this camera also adjusts automatically to films such as Kodacolor II or fast Kodacolor 400.

A built-in electronic flash uses two AA-size batteries giving over 100 pictures. Recycle time between shots is 10 seconds. A blinking viewfinder light indicates when the flash is charged.

The Kodak Colorburst 300 instant camera is motorized and uses built-in electronic flash. It has a list price of less than \$75.

The camera shares many of the same features of the previously announced Colorburst 100 and 200 instant cameras. These include a convenient zooming circle focus aid and an electronic shutter coupled with silicon photosensor. In situations where flash is required, a built-in low-light signal appears in the viewfinder when the shutter release is depressed.



Innovative technology helped keep the new pocket cameras in the moderate to popular price ranges. The Ektramax camera has a list price of \$87.50 and the Ektralite 10 camera is priced at less than \$38.

Film

Kodak Ektachrome 400 film's high speed makes it ideal for photographing dimly lighted subjects including home interiors, night sports events, illuminated building exteriors, stage scenes, weddings, museums and other low-light-level subjects.

The film's speed also makes it useful for photographing action subjects at correspondingly high camera shutter speeds.

In situations demanding both high shutter speed and small f /stop, such as in hand-held use of long telephoto lenses, the film's higher speed will be of value. It is color-balanced for daylight, electronic flash, or blue flash bulbs.

Kodak Ektachrome 400 film is available in both 20- and 36-exposure 135-size magazines and in 120-size rolls. List prices: EL 120, \$3.35; EL 135-20, \$4.20; and EL 135-36, \$6.00.



Advertising

Television personalities Michael Landon and Dick Van Dyke will be featured by the company in print and broadcast advertising of Kodak's new traditional and instant cameras.

Landon will serve as spokesperson in commercials for the new Kodak Ektralite 10 and Kodak Ektramax cameras. Van Dyke will promote the new Kodak Colorburst 300 camera. Advertising and promotion support for the new products will be extensive, especially during the Christmas period. Network television ads on the new products will include prime time and major sports attractions.

Landon and Van Dyke, who have appeared during the past months in Kodak advertising campaigns, also will be featured in point-of-purchase promotional materials designed for photo retailers.

Kodak cameras make timely gifts for any special occasion. The new Colorburst 300 camera (below) has a list price of less than \$75.



MORE Than Your Share? If you receive multiple copies of Kodak shareowner publications, including the annual report and HIGHLIGHTS, in your household and wish to avoid 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, N.Y. 14603. A separate form should be completed and returned for each account for which you do not wish to receive Kodak shareowner publications.

Name of Shareowner _____

Shareowner Account Number _____

Street _____

City _____ State _____ Zip _____

Signature _____

(sign name exactly as it appears on stock certificate)



Management Changes

Roy N. Holmes, director of Administrative Services for Finance and Administration, was elected a Kodak assistant vice president at the February meeting of the board of directors.

He joined the company's Data Processing Services Department in 1960. Previous positions of responsibility include manager, Systems Needs Coordination, International Photographic Division; controller, Administrative Services Division, Kodak Limited (United Kingdom); and director, Corporate Systems and Development Services.



New N.J. Distribution Center

A new regional distribution center offering faster and more efficient service to Kodak customers in the metropolitan New York area was dedicated in June at Dayton, N.J.

Increased size, convenience of location and automated materials handling features will help speed fulfillment of customer orders. And turnover time for amateur photographic products sent for repair from the New York City area will be reduced to four to five days.

The center serves the five boroughs of New York City, 10 northern New Jersey

counties, Long Island and Westchester County in New York and Fairfield County in Connecticut. The facility is also headquarters for copier repair services in an area stretching from Maine to Florida.

The 239,000-square-foot structure is situated on a 95-acre tract near Princeton, N.J., about midway between New York City and Philadelphia. Besides regional and district distribution operations, the one-story building will house equipment service activities, preassembly and regional display.

KODAK HIGHLIGHTS
EASTMAN KODAK COMPANY
343 STATE STREET
ROCHESTER, N.Y. 14650

Bulk Rate
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Kodak employees inspect one of the 30-ton wheels that are used in the production of large rolls of clear base for Kodak film. Plated with layers of copper and nickel underneath the highly polished chromium, the wheels must be free of even the tiniest pinhole or other blemish before they can be placed in operation.