



Kodak Highlights

November 1978

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On the Cover

The popular Kodak Ektralite 10 camera will share the spotlight during the company's holiday advertising campaign. Once again the major theme in the campaign will be "Kodak gifts say: 'Open Me First'. . . to save Christmas in pictures." The theme will be featured in newspaper and television ads as well as on point of purchase display materials.

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1978: A Very Good Year for Kodak

A record year for Kodak sales and earnings is expected in 1978 and the company's instant products are expected to be profitable on a fully allocated basis in 1979, Walter A. Fallon, chairman and chief executive officer, said in an October 18 address to financial analysts in Dallas.

"The facts of 1978 suggest that this year we have offset many of the factors that brought pressure on Kodak earnings and margins in the recent past," Fallon told the group in an update on Kodak's business.

Among the things that affected Kodak's profitability during the last five years: rising cost of materials purchased, increased wage rates, stiff price competition, the effects of currency fluctuations, and the cost of introducing important new products such as office copiers, instant cameras and film.

"While many of these pressures continue, the reasons for the changes in 1978 are fundamental. For more than a year, the combination of attractive new products and strong consumer spending has made photography a very exciting business . . . gains in Kodak productivity have exceeded those of U.S. industry by a factor of several times. For us, the leverage of volume growth and internal efficiency has begun to produce dramatic results."

The chairman noted good results for the first three quarters of 1978 and indicated that the background for Kodak business should be favorable through the important fourth quarter and into the new year. "Despite national concern over inflation and its effect upon the way consumers may think and behave next year," he said, "we are confident that Kodak is well positioned to respond to the impact of next year's economy."

Eastman Chemicals Division. "With sales of about \$1.4 billion in 1977, Eastman . . . is the 14th largest chemical operation in the U.S. Last year, this division's earnings from operations totalled about \$228 million—some 17 percent of sales, a clear sign of solid performance by Eastman Chemicals in an industry where operating earnings average about 11 percent."

The division makes and markets cellulose



ester-based products, organic chemicals, polyester-based and olefin-based materials. It sells vitamin E, food additives, hot-melt adhesives, cigarette filter tow, textile fibers, dyes, and dozens and dozens of seemingly unrelated products.

Innovation is also important in the chemicals business. Fallon cited two examples: the development of a new family of arylides used in printing inks for food packages. The chemical intermediates are used for making organic pigments which help eliminate the possible health problem associated with inks containing metallic pigments. The other example involved Eastman's ability to develop the right material for a green plastic soft drink bottle which is lighter, easier to mold, and more readily recycled than glass.

Reviewing the performance of the U.S. and Canadian Photographic Division, he said, that the **Business Systems Markets Division** is enjoying its "best year ever."

"Sales of both microfilm products and copiers continue strong. . . . Kodak will be very active in microfilm and copier markets as we move toward the 1980s. Both product lines are evolving smoothly as a growing office equipment market imposes new demands for specialization and service."

Graphics Markets. "In the printing industry, we have a dynamic major market. . . . We see a good long-term future for the sale of printing plates. . . . Emerging technologies, some of them 'non-silver technologies,' promise much for the future."

Radiography Markets. "Kodak continues to be the world's largest producer of x-ray films. We anticipate a real growth rate substantially greater than that of the U.S. population as more people come to have access to quality medical procedures." Reductions in silver content of x-ray films without sacrificing image quality is an important advancement.

"Blood analysis (see page 13) is a new technology for us. Like most new technologies, Ektachem products probably will not contribute greatly to Kodak sales over the near term. But we expect them to result in some very important revenues and earnings in the next decade." The total health care market could account for 10 percent of U.S. gross national product by 1985.

Motion Picture and Audiovisual Markets. "Kodak is enjoying good sales, especially on the theatrical side of the business. . . ." Television continues to be an important market, Fallon said, as most prime time shows originate on film. High speed movie films for news production remain significant, despite competition from electronic news gathering.

Consumer Markets. Innovation has led to increased spending per family unit on photography, which has quadrupled since 1960.

"The holiday season looks especially promising. Dealer orders indicate we will sell more cameras this Christmas than in any previous holiday season. Our plants are working round the clock to meet this extraordinary demand." Increased camera sales were partly due to the success of the Ektra line, which accepts either medium-speed or high-speed color negative film.

"Traditional photography itself is easier, more responsive than ever. Cameras are becoming easier to use. Color films are becoming more responsive to the photographer's eye."

Innovation is the key to growth in consumer markets, Fallon said. He noted that household spending on photography doubled to more than \$30 between 1960 and 1970. The expenditure per household will exceed \$60 this year. "These trends are not going to stop," he said. "We think the 1980s will see even more growth for traditional cameras and films, along with good growth for instant photography."

Fallon said that by the end of this year there will be nearly 10 million Kodak instant cameras in use worldwide. "In the aggregate, our sales of instant film will be more than double this year with strong growth continuing into 1979 and beyond."

As manufacturing volume has increased, "the look of our cost and volume curve has improved even faster than we anticipated. We now expect Kodak instant products to be profitable on a fully allocated basis next year."

Professional and Finishing Markets. Kodak instant print film has much appeal to the professional photographer who needs to capture accurately and quickly assess the quality and character of an image. A new motorized camera back for Kodak instant print film has been introduced to this market. The back is also expected to appeal to scientific photographers, biomedical photographers, and people who record images from cathode-ray tubes and other devices.

Ektacolor papers have contributed to strong professional and finishing market sales. The increase in picture-taking, reduced prices, and effective advertising have contributed to the performance.

As the company moves toward the 1980s, its **Research and Development Division** programs remain clearly set. New product families can be expected, as well as continued improvement of current products.

"We will apply our optical and engineering capabilities to make simpler and more useful mass-market cameras. We will simplify fur-

(Continued on page 15)

Third Quarter Report to Shareowners

In Summary

(in millions, except earnings per share)

	Third Quarter			First Three Quarters		
	1978	1977	Change	1978	1977	Change
Sales	\$1,750.0	\$1,536.1	+14%	\$4,695.5	\$4,086.3	+15%
Earnings from Operations	436.9	358.0	+22	1,052.1	789.5	+33
Earnings before Income Taxes	445.1	357.1	+25	1,063.4	793.3	+34
Net Earnings	238.1	188.1	+27	570.9	417.3	+37
Per Share	\$1.48	\$1.17		\$3.54	\$2.59	

Sales Advance

Third quarter sales were up 14 percent as all three operating divisions contributed to the gain.

Sales by Segment (in millions)	Third Quarter			First Three Quarters		
	1978	1977	Change	1978	1977	Change
U.S. & Canadian Photographic	\$ 973.4	\$ 856.5	+14%	\$2,602.5	\$2,236.9	+16%
International Photographic	646.6	553.5	+17	1,702.7	1,426.6	+19
Deduct: Interdivisional Sales	(164.4)	(148.3)		(503.7)	(410.1)	
Photographic Segment	1,455.6	1,261.7	+15	3,801.5	3,253.4	+17
Chemicals Segment	336.6	312.8	+ 8	1,028.7	948.1	+ 8
Deduct: Intersegment Sales	(42.2)	(38.4)		(134.7)	(115.2)	
Total Worldwide	\$1,750.0	\$1,536.1	+14%	\$4,695.5	\$4,086.3	+15%

In the U.S. & Canadian Photographic Division, unit volume accounted for most of the sales gain, as it did in the first two quarters. All markets divisions recorded higher sales. Strong demand for traditional still and instant photo products bolstered sales of consumer products. Business systems sales were strong as revenues increased for microfilm and copy products. Good gains were also recorded in sales of radiography, motion picture and audiovisual, graphics, and professional and finishing products.

International Photographic Division sales rose primarily on the strength of higher unit volume in all regions. Foreign exchange rates contributed somewhat to the gain.

Eastman Chemicals Division sales were higher, with increased unit volume the major factor. Selling prices were only slightly higher than a year ago. Sales of chemicals continued well ahead of last year's third quarter, and sales of fibers and plastics increased moderately.

Sales to the U.S. Government and defense contractors amounted to \$131.8 million for the three quarters, and represented 3 percent of total sales.

Earnings Improve

Earnings from operations improved primarily as a result of the beneficial effects of increased unit volume and productivity, which more than offset the impact of higher prices of purchased materials and wages and benefits.

Costs and Expenses (in millions)	Third Quarter			First Three Quarters		
	1978	1977	Change	1978	1977	Change
Cost of goods sold	\$987.0	\$890.0	+11%	\$2,721.9	\$2,496.9	+ 9%
Percent of Sales	56.4%	57.9%		58.0%	61.1%	
Sales, advertising, distribution and administrative expenses . .	\$326.2	\$288.1	+13%	\$921.6	\$799.9	+15%
Percent of Sales	18.6%	18.8%		19.6%	19.6%	

Cost of goods sold included research and development expenditures of \$87.9 million in the third quarter compared with \$77.5 million last year. For the three quarters, these expenditures amounted to \$264.4 million, compared with \$244.6 million in 1977.

Earnings from Operations	Third Quarter			First Three Quarters		
	1978	1977	Change	1978	1977	Change
Amount (in millions)	\$436.9	\$358.0	+22%	\$1,052.1	\$789.5	+33%
Percent of Sales	25.0%	23.3%		22.4%	19.3%	

Interest income was substantially higher in the quarter and for the year to date. Interest expense declined. Exchange losses, after tax, and the effect of translation of net monetary assets amounted to \$1.3 million in the third quarter compared with \$5.2 million a year ago; for the three quarters, these losses amounted to \$14.6 million in 1978 and \$8.8 million a year ago. The provision for income taxes for the third quarter was \$207.0 million, or 22 percent higher than the \$169.0 million a year ago; and for the three quarters, the provision totaled \$492.5 million, up 31 percent from \$376.0 million in 1977.

Net Earnings	Third Quarter			First Three Quarters		
	1978	1977	Change	1978	1977	Change
Amount (in millions)	\$238.1	\$188.1	+27%	\$570.9	\$417.3	+37%
Percent of Sales	13.6%	12.2%		12.2%	10.2%	

Dividends to Shareowners

Cash dividends were increased from 43 to 50 cents per share during the third quarter, following an increase from 40 to 43 cents in the second quarter. For the three quarters, cash dividends per share were \$1.33 compared with \$1.20 last year. Total cash dividends declared amounted to \$214.6 million for the three quarters.

Capital Improvements

Capital expenditures for additions and improvements to plant and facilities totaled \$107.6 million for the third quarter, and \$280.5 million for the year to date.

Capital Expenditures (in millions)	Third Quarter		First Three Quarters	
	1978	1977	1978	1977
U.S. & Canadian Photographic	\$ 52.5	\$ 60.5	\$154.2	\$190.5
International Photographic	31.7	23.7	74.0	55.6
Total Photographic	84.2	84.2	228.2	246.1
Eastman Chemicals	23.4	16.4	52.3	52.9
Total	\$107.6	\$100.6	\$280.5	\$299.0

The provision for depreciation was \$231.1 million compared with \$226.3 million in the first three quarters of 1977.

Financial Position

Working capital at the end of three quarters amounted to \$2,297.7 million, or \$417.0 million higher than at the end of the third quarter in 1977. Cash and marketable securities were \$1,057.8 million, compared with \$654.0 million a year ago. Worldwide inventories were \$1,236.0 million, up 6 percent from \$1,162.3 million a year ago. Receivables increased to \$1,243.4 million, or 14 percent higher than a year ago in line with the sales increase.

Outlook

We expect the background for business to be favorable during the important holiday selling season, and we look forward to the whole of 1978 as a year of very satisfying results for Eastman Kodak 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	
-

Third Quarter (12 Weeks) Ended		Three Quarters (36 Weeks) Ended	
Sept. 3, 1978	Sept. 4, 1977	Sept. 3, 1978	Sept. 4, 1977
(in thousands, except earnings per share)			
\$ 972,532	\$ 860,114	\$2,629,504	\$2,317,475
<u>777,518</u>	<u>675,978</u>	<u>2,066,044</u>	<u>1,768,813</u>
<u>1,750,050</u>	<u>1,536,092</u>	<u>4,695,548</u>	<u>4,086,288</u>
986,958	890,040	2,721,874	2,496,974
<u>326,206</u>	<u>288,117</u>	<u>921,608</u>	<u>799,852</u>
<u>1,313,164</u>	<u>1,178,157</u>	<u>3,643,482</u>	<u>3,296,826</u>
436,886	357,935	1,052,066	789,462
14,370	8,155	43,797	26,917
4,505	5,416	13,227	14,507
<u>(1,655)</u>	<u>(3,597)</u>	<u>(19,276)</u>	<u>(8,570)</u>
<u>445,096</u>	<u>357,077</u>	<u>1,063,360</u>	<u>793,302</u>
<u>207,000</u>	<u>169,000</u>	<u>492,500</u>	<u>376,000</u>
<u>\$ 238,096</u>	<u>\$ 188,077</u>	<u>\$ 570,860</u>	<u>\$ 417,302</u>
		161,376	161,369
\$1.48	\$1.17	\$3.54	\$2.59
\$3,856,949	\$3,453,687	\$3,658,127	\$3,353,558
<u>238,096</u>	<u>188,077</u>	<u>570,860</u>	<u>417,302</u>
<u>4,095,045</u>	<u>3,641,764</u>	<u>4,228,987</u>	<u>3,770,860</u>
<u>80,687</u>	<u>64,547</u>	<u>214,629</u>	<u>193,643</u>
<u>\$4,014,358</u>	<u>\$3,577,217</u>	<u>\$4,014,358</u>	<u>\$3,577,217</u>
\$ 87,861	\$ 77,475	\$ 264,392	\$ 244,609
\$ 731,458	\$ 624,800	\$1,932,064	\$1,640,303
118,684	88,122	280,188	190,617
<u>65,694</u>	<u>38,406</u>	<u>150,254</u>	<u>81,589</u>

Consolidated Balance Sheet

Eastman Kodak Company and Subsidiary Companies

Assets	Sept. 3, 1978	Dec. 25, 1977	Sept. 4, 1977
Current Assets		(in thousands)	
Cash	\$ 95,594	\$ 97,353	\$ 54,348
Marketable securities	962,212	860,540	599,626
Receivables	1,243,377	1,015,751	1,094,889
Inventories	1,236,033	1,099,144	1,162,289
Prepaid charges applicable to future operations	168,409	118,958	122,195
Total current assets	<u>3,705,625</u>	<u>3,191,746</u>	<u>3,033,347</u>
Properties			
Land, buildings, machinery, and equipment at cost	5,384,588	5,141,523	5,049,954
Less: Accumulated depreciation	2,689,139	2,484,441	2,418,310
Net properties	<u>2,695,449</u>	<u>2,657,082</u>	<u>2,631,644</u>
Other Assets			
Unamortized excess cost of investments in consolidated subsidiaries over net assets acquired	8,964	10,179	10,705
Long-term receivables and other noncurrent assets	48,899	45,221	45,445
TOTAL ASSETS	<u>\$6,458,937</u>	<u>\$5,904,228</u>	<u>\$5,721,141</u>
Liabilities and Shareowners' Equity			
Current Liabilities			
Payables	\$ 957,811	\$ 826,974	\$ 831,515
Taxes—income and other	369,463	266,255	256,617
Dividends payable	80,687	145,236	64,547
Total current liabilities	<u>1,407,961</u>	<u>1,238,465</u>	<u>1,152,679</u>
Other Liabilities and Deferred Credits			
4½% convertible debentures—due 1988	66,056	66,056	66,056
Other long-term liabilities	101,315	102,101	91,743
Deferred income taxes	195,969	166,298	160,265
Total liabilities and deferred credits	<u>1,771,301</u>	<u>1,572,920</u>	<u>1,470,743</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	4,014,358	3,658,127	3,577,217
Total shareowners' equity	<u>4,687,636</u>	<u>4,331,308</u>	<u>4,250,398</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	<u>\$6,458,937</u>	<u>\$5,904,228</u>	<u>\$5,721,141</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. 3, 1978	Sept. 4, 1977
	(in thousands)	
Funds Provided by:		
Net earnings	\$ 570,860	\$ 417,302
Charges to earnings not requiring cash outlay:		
Depreciation	231,084	226,263
Retirement of properties, net	11,002	9,605
Provision for deferred income taxes, net	9,550	13,100
Amortization of excess cost of investments in subsidiaries	1,215	1,215
Total from earnings	823,711	667,485
Increase in current liabilities	169,496	—
TOTAL FUNDS PROVIDED	<u>993,207</u>	<u>667,485</u>
Funds Used for:		
Dividends to shareowners	214,629	193,643
Additions to properties	280,453	298,955
Increase in: Receivables	227,626	192,250
Inventories	136,889	40,686
Decrease in current liabilities	—	49,086
Increase in long-term receivables and other noncurrent assets	3,678	913
Other items, net	30,019	17,780
TOTAL FUNDS USED	<u>893,294</u>	<u>793,313</u>
Increase (decrease) in cash and marketable securities	99,913	(125,828)
Cash and marketable securities, beginning of year	957,893	779,802
Cash and marketable securities, end of quarter	<u>\$1,057,806</u>	<u>\$ 653,974</u>

Supplemental information:

	Sept. 3, 1978	Dec. 25, 1977	Sept. 4, 1977
	(in thousands)		
Analysis of Inventories			
Raw materials	\$ 329,935	\$ 303,923	\$ 336,077
Work in process	397,054	346,123	365,098
Finished goods	509,044	449,098	461,114
Total, per Balance Sheet	<u>\$1,236,033</u>	<u>\$1,099,144</u>	<u>\$1,162,289</u>

The financial statements 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. On September 1, 1978, Kodak filed a notice of appeal from this judgment. On September 8, 1978, Berkey Photo filed a cross-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
October 12, 1978



Microimage Terminals Have Computer Intelligence

Kodak's 50th year in the micrographics industry has been celebrated with another important advancement in the art of information storage and retrieval. The introduction of two new microimage terminals ushers in a new concept in high-speed, retrieval of images from roll microfilm.

The concept, embodied in the Kodak/IMT-100 and IMT-150 microimage terminals, uses the intelligence of a microcomputer to locate any selected image on a roll of microfilm. It unites the proven Kodak Starvue reader-printer with an advanced microcomputer-based control system.

The terminals represent Kodak's entry of microfilm into the computer-based word and image processing systems now being adopted by business and industry. The terminals can be interfaced with a mainframe computer system or a minicomputer for fast retrieval. The integration of microfilm into automated data processing systems now becomes possible and very practical.

Kodak IMT microimage terminals are low-cost, efficient alternatives to disk storage of large volumes of reference data. While an expensive disk pack will store the data necessary to reproduce fewer than a thousand documents, a single roll of 16 mm thin-base microfilm can retain the images of more than 10,000 letter-size documents at a tiny fraction of the cost of a disk pack.

The modern age of microfilm technology was born in 1928, when the Recordak Corp., a Kodak subsidiary, introduced a new camera to record cancelled checks on film. Through the years improvements in Kodak's technology have made the benefits and versatility of microfilming increasingly attractive to business, industry, education and government. In 1966, the Recordak Corp. was merged into Eastman Kodak Company and microfilm products and supplies are now marketed through the Business Systems Markets Division.



The Kodak Ektachem GLU/BUN analyzer (above) can be stored conveniently on a tabletop. A key to the new technology is a chemistry slide (below) which is not much larger than a postage stamp yet contains the reagents and chemicals necessary to measure a single component of blood.

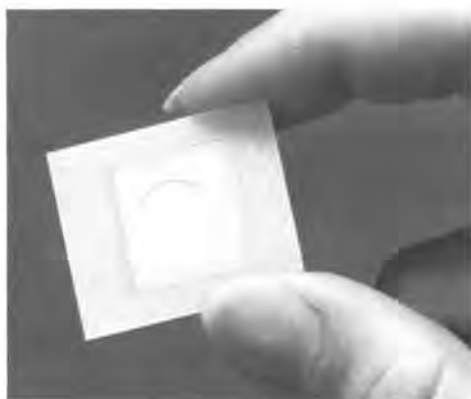
Kodak Blood Analyzer Uses Chemistry in Slides

Kodak's new concept in blood analysis was detailed recently at meetings of health care professionals.

In a series of demonstrations, Kodak personnel explained how precise, accurate measurements of specific substances—glucose and blood urea nitrogen (BUN)—in blood serum can be carried out by complex chemical reactions in thin layers of film.

The key element in this new technology is the Kodak Ektachem clinical chemistry slide which is a "clinical laboratory" coated on a 16-mm-square chip held in a plastic mount. Not much larger than a postage stamp, the coated slides incorporate all the reagents and chemicals necessary to measure a single component in the blood.

Slide handling and serum application are done automatically by the Kodak Ektachem GLU/BUN analyzer. When a drop of undiluted blood serum is applied to the top spreading layer, this permits the serum to penetrate uniformly to the reagent layers below—where chemical reactions begins. As a slide—for glucose analysis, for example—automatically moves to an incubator, a color begins to form in proportion to the amount of glucose in the blood. (Slides of a slightly



more complex nature are used for BUN analysis.) After incubation, the slide moves to the final station where the density of the dye is measured and a concentration value is automatically printed out.

Internal evaluations and tests at selected hospital laboratories have proven the new approach to be convenient, reliable, precise and highly accurate. Because the reactions take place in a self-contained slide, there is no need for wet reagents or chemical mixing. No special plumbing is required, and storage space can be limited to a tabletop.

Early in 1979, limited marketing trials of this new concept in clinical chemistry will be extended to major metropolitan areas in the Northeast and Midwest.



Management Changes

David J. Metz, director of Corporate Communications, has been elected an assistant vice president by the board of directors. He joined the company in 1959 as a member of the Business and Technical Personnel Department. His previous positions have included manager of investor services and assistant director, Corporate Information Department. He served on the president's staff in 1972 and 1973.



Robert C. Hart has been named president of Tennessee Eastman Company (TEC) effective February 1, 1979. He succeeds R. H. Morrison, Jr., who will retire after 41 years with the company. Hart joined Tennessee Eastman in 1950 as a mechanical engineer in the Engineering Division. Career positions of responsibility include assistant superintendent of the Acetate Yarn Division, superintendent of the Kodol Fiber Division, and his current position of executive vice president and works manager of TEC. Morrison has been the TEC president since 1974.

News Snaps

On September 1, the company filed with the United States District Court for the Southern District of New York its notice of appeal from the decision rendered in the Berkey Photo antitrust litigation. (This litigation was reviewed in detail in the August 1978 issue of *Highlights*.) The appeal will be heard by the United States Court of Appeals for the Second Circuit in New York City.

On September 8, Berkey filed a notice of cross-appeal from the district court's judgment setting aside \$10.5 million of the damages (before trebling) awarded by the jury, denying most of the attorneys' fees and equitable relief demanded by Berkey, and staying the effective date of the judgment until the appeal is decided.

An antitrust suit against Kodak by GAF Corp. is also pending in the Federal District Court in New York City. Trial of the GAF case is not expected to commence until the Berkey appeal is decided.

As the company has often stated, Kodak believes that its conduct has been proper in all respects and that the Berkey judgment should be reversed on appeal. Similarly, the company believes that the complaint filed by

GAF has no merit, and that Kodak will prevail on these claims.

■ A new motorized film back permits the use of Kodak instant print film PR10 with professional cameras directly accepting 4 x 5-inch Graflok accessories. It also may be adapted to other special-purpose cameras. The Kodak instant film back is expected to have wide application in special events, commercial/industrial, medical, law enforcement and other photographic areas where rapid access and a high degree of color fidelity is important.

■ Volumes 7 and 8 of the new hardbound "Encyclopedia of Practical Photography" series are now available through photo book stores. Forty-one topics are covered in Volume 7 (fluorescence to fresnel lenses) and 63 topics are treated in Volume 8 (high-speed photography to judging club competition). The encyclopedia, for photographic hobbyists and professional photographers, is being published by Kodak and the American Photographic Book Publishing Co. (AMPHOTO). Each volume has a list price of \$11.95. The 14th and final one is expected to be issued in December.

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.

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News Snaps

■ Golden anniversaries are being celebrated in three parts of the Eastman Kodak Company this year. It was 50 years ago when Kodak ushered in the modern age of microfilm technology by forming a subsidiary called the Recordak Corporation and introducing an automated camera which recorded cancelled checks on microfilm. In 1966, Recordak became the Business Systems Markets Division, through which all of Kodak's micrographics products are now marketed. It is also the 50th year of Kodak operations in Hawaii. The company serves its Hawaiian customers in such diverse fields as amateur photography, graphic arts, color finishing, radiography, microfilm business applications, motion pictures and education. From its Honolulu base, Kodak serves all of the U.S. military installations in the South Pacific. In July, scientists at the Harrow Research Division, Kodak Limited (United Kingdom), marked the golden jubilee of the laboratory with a special interplant conference.

■ A revised edition of the "Kodak Dark-room DATAGUIDE," updated to include the latest film characteristics and a film developing time adjustment for subject lumination range, has been announced. This source of condensed technical data for use and processing of black-and-white photographic materials is intended for professional photographers and advanced hobbyists.

Good Year for Kodak

(Continued from page 4)

ther still the processing films and papers. We will exploit the advantages of high-speed photopolymers that let users expose printing plates directly from composed pages. We will look for opportunities to extend the usefulness of micrographic and electrostatic products. And we will find new and profitable outlets for high technology chemicals, for use as intermediates and as ingredients in advanced Eastman products."

International Photographic Division earnings are strong due to surging interest in photography, the chairman said. This has produced real volume growth and the opportunity to improve operational efficiency. "We're doing everything we can to increase productivity through shared manufacturing in the service of selected markets."

Fallon concluded his remarks by stating, "Kodak will move into the 1980s with more spirit, more technical knowledge, and more marketing capability than we've had at any point in our history."

Copies of Mr. Fallon's complete remarks can be obtained by writing to Shareowner Relations, Office of Corporate Communications, Eastman Kodak Company, 343 State Street, Rochester, New York 14650.

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Inspection of newly assembled Kodak Ektramax cameras is done at Kodak Apparatus Division, Rochester, New York. The camera features a lens of advanced optical design, which—when used with high speed film—lets people take color pictures of anything they can see without requiring supplementary flash.

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