



# Kodak Highlights

Third Quarter 1980

- Chairman reports on business
- New products
- Centennial record album offer



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## On the cover

Kodak Ektra cameras make picture-perfect gifts during the holiday season. The Kodak Tele-Ektralite 600 camera shown here features a built-in telephoto lens and electronic Sensalite flash which automatically turns on and off for picture-taking ease.

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

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## Fallon: Kodak Makes Good Start on Second 100 Years

Kodak expects 1980 to be a good year, Walter A. Fallon, chairman and chief executive officer, told financial analysts in an October 22 presentation in Hartford, Connecticut. He also provided insight into what to expect from the company as the 1980s unfold:

—New photographic systems will be introduced which incorporate better films, cameras and flash modules.

—Color paper manufacturing capacity will be expanded substantially.

—Ektaprint copier-duplicator availability will be expanded to European markets in 1981.

—Eastman Chemicals Division operations will reduce dependence on costly petroleum-related feedstocks when a coal-to-chemicals manufacturing operation comes on stream in 1983.

—Kodak will continue to emphasize the global nature of its manufacturing and marketing operations.

The chairman listed good sales, stable employment, less waste, continued emphasis on productivity, and careful attention to overhead costs as factors which combined to help Kodak toward another good year in 1980.

Fallon noted that Kodak's inventory levels are well-positioned to meet demand forecasts and that the employment picture remains very stable. He cited Kodak productivity which in the last 10 years has increased at more than twice the rate of U.S. man-

ufacturing companies.

"We're also seeing good reports from the field," he commented. "Our marketing people are hitting their worldwide sales targets repeatedly and hard. While some products, including instant cameras, are running below last year's record volumes, Christmas orders are generally meeting our expectations. In the worldwide market, both conventional and instant cameras with built-in electronic flash are selling especially well. ... Virtually all major marketing programs are doing well."

**Amateur Photography.** Turning to the decade ahead, Fallon said that the company will introduce dozens of new cameras. "We will make them so simple to use and the results of their use so pleasing that the camera population will grow and film consumption per camera will increase."

Innovation in photographic technology is creating new products at a faster and faster rate, the chief executive noted. "Virtually all the amateur films we sell today were not on the market eight years ago." Significant breakthroughs in important areas such as color fidelity, film speed, grain, and sharpness—which historically have taken place on a 10-year basis—are now being achieved in five years. "Over the next five years, photographers will see many Kodak color films superseded by improved products that do their jobs even better." But the pull of the



*"Christmas orders for consumer products are generally meeting our expectations."*



*"Kodak will begin marketing Ektaprint copiers in Europe next year."*

market ultimately determines Kodak's progress, Fallon said. "Over 100 million 110 and 126 cameras from all manufacturers have been purchased by customers all over the world during the last five years. 1979 sales reached an estimated 21 million units. And we continue to see ways to make cartridge loading cameras even more appealing."

The thrust of the Kodak effort in amateur photography will be to make photography easier and more attractive. "We will give people photographic systems that let them take better pictures in those areas of photographic space where we know they want to take pictures—but where results are now often marginal. ... We have well developed plans for new photographic systems that will incorporate better films, cameras, flash modules, and, ultimately, produce better results for users."

Commenting on the important color paper market, Fallon described an electronic communications system called Technet. It is Kodak's quality control monitoring system for high-volume photofinishers and color laboratories. Through Technet, the company is able to offer a unique service that gives color paper customers processing security while increasing efficiency, productivity and the quality of prints that are sold to picture-takers.

New products will also stimulate demand for color papers over the next five years, Fallon stated. "I can tell you today that manufacturing equipment coming on stream between 1981 and 1985 will increase our

capacity to produce color paper by well over one billion square feet."

**Office Equipment.** Kodak's office equipment products are selling well again in 1980, Fallon told the analysts. As an example, he noted that the number of Ektaprint copier-duplicators in use is up sharply from a year ago. "Usage rates are also higher than ever. And reliability continues to improve as the incidence of service calls declines."

The success of Kodak's copier program to date means that our plan is on track. The company will begin marketing Ektaprint copiers in Europe in 1981, he said.

**Clinical Chemistry.** "Over the slightly longer term we foresee excellent acceptance of our Ektachem 400 blood chemistry analyzer at hospitals and private laboratories. ... Initial customer interest suggests this model will be welcomed by clinical laboratories."

Other applications for the basic technology also are being explored. "You may someday find similar systems in neighborhood clinics, veterinary hospitals, or even in non-biological applications."

**Eastman Chemicals Division.** Kodak's chemicals business is among the largest and most profitable in the industry. "To keep that business running productively, we have begun construction on a project at Tennessee Eastman that will enable production of a new generation of industrial chemicals from

coal. ... It will produce chemicals that would require about a million barrels per year of oil using conventional technology."

In recognition that many chemical products will still be based on petroleum-related raw materials, Fallon said that a new hydrocarbon cracking unit is being constructed at Texas Eastman Company to make ethylene and propylene. "These new plants can use a wider range of petrochemical feedstocks. They will provide the raw materials, needed capacity, and flexibility to supply our customers' needs."

The chairman also listed a number of unique ways in which the division meets the needs of its plastics, fibers, and chemicals customers: as the sole supplier of a green plastic for beverage bottles, as a producer of high technology chemicals used in the manufacture of certain pharmaceutical intermediates for drug companies, and as the world's first and largest producer of cellulose acetate filter tow for the cigarette industry.

**Worldwide Operations.** Fallon explored some of the aspects of Kodak's growing international operations for the analysts.

He said close to 50 percent of Kodak photographic sales came from outside the United States in 1979 (compared to about 35 percent in 1969), and that trend will continue. "Last year, more 126- and 110-format Kodak cameras were sold outside the U.S. than in the U.S. and Canada. This year, for the first time, we expect to sell more instant cameras overseas than domestically."

The Kodak chairman noted that overseas customers in new and established industries are finding photography helps them do their new jobs better. "From industrial x-ray films to instant cameras, Kodak products are selling well overseas, and we look for continued growth in international markets for many years to come."

The combination of effective marketing with a worldwide manufacturing plant will help spur Kodak's growth, Fallon indicated. He pointed to the success of the Product Interchange Program (PIP) which has effectively rationalized production of film and paper products between U.S. and European plants. "PIP offers us a savings of tens of millions of dollars each year," he said.

"Those benefits are beginning to be realized. That's progress. That's productivity."

The concept is being expanded to include 110-format camera production in Latin America, where sales continue to climb. "We're well positioned in Latin America with film, paper, and camera manufacturing facilities. We sold two million cameras there in 1979. We have sold more than that already this year. And I am confident we will sell millions more in the 1980s."

Fallon concluded with this statement: "Kodak has never been in better shape. Our products, our people, our strategies, and our tactics are exactly right for both these times and those markets we see ahead. Our 100-year start on tomorrow has been a remarkably successful voyage. But I am convinced today that the best part of the journey has just begun."

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



*"We look for growth in international markets for years to come."*

# Third Quarter Report to Shareowners

## In Summary

(in millions, except earnings per share)	Third Quarter			First Three Quarters		
	1980	1979	Change	1980	1979	Change
Sales . . . . .	\$2,358.9	\$1,995.7	+18%	\$6,626.6	\$5,441.2	+22%
Earnings from Operations . . . . .	615.6	463.4	+33	1,432.1	1,176.1	+22
Earnings before Income Taxes . . . . .	614.3	474.4	+30	1,478.7	1,216.6	+22
Net Earnings . . . . .	358.8	285.9	+26	847.2	706.1	+20
Per Share . . . . .	\$2.22	\$1.78		\$5.25	\$4.38	

**Sales Advance.** Sales for the third quarter and the first three quarters of 1980 were higher in all three operating divisions. Price increases, made necessary by higher raw material, labor, and other costs were largely responsible for the year-to-date sales gain.

Sales by Segment (in millions)	Third Quarter			First Three Quarters		
	1980	1979	Change	1980	1979	Change
U.S. & Canadian Photographic . . . . .	\$1,267.4	\$1,084.9	+17%	\$3,562.7	\$2,919.5	+22%
International Photographic . . . . .	927.6	773.1	+20	2,570.7	2,071.2	+24
Deduct: Interdivisional Sales . . . . .	(225.7)	(221.5)		(735.2)	(614.8)	
Photographic Segment . . . . .	1,969.3	1,636.5	+20	5,398.2	4,375.9	+23
Chemicals Segment . . . . .	441.4	403.3	+ 9	1,390.2	1,210.1	+15
Deduct: Intersegment Sales . . . . .	(51.8)	(44.1)		(161.8)	(144.8)	
Total Worldwide . . . . .	\$2,358.9	\$1,995.7	+18%	\$6,626.6	\$5,441.2	+22%

In the U.S. & Canadian Photographic Division, all markets divisions recorded good sales increases over last year for the third quarter and for three quarters.

In the International Photographic Division, all regions and all major market groups contributed to the sales gains in the third quarter and for the three quarters compared with similar periods a year ago.

In the Eastman Chemicals Division, sales of chemicals and fibers in the third quarter were higher, but sales of plastics were lower than in the third quarter of 1979. For three quarters, sales were above 1979 levels in all three product groups.

**Earnings Higher.** Higher costs for materials, purchased services, labor and employee benefits were experienced in the third quarter compared with the third quarter a year ago. While cost increases exceeded revenue gains in the latter part of 1979 and the early part of this year, the reverse condition was true in both the second and third quarters. As a result, year-to-date earnings gains are now more closely aligned to sales increases.

Costs and Expenses (in millions)	Third Quarter			First Three Quarters		
	1980	1979	Change	1980	1979	Change
Cost of goods sold . . . . .	\$1,325.8	\$1,166.5	+14%	\$3,997.8	\$3,216.2	+24%
Percent of Sales . . . . .	56.2%	58.4%		60.3%	59.1%	
Sales, advertising, distribution and administrative expenses . . . . .	\$ 417.5	\$ 365.8	+14%	\$1,196.7	\$1,048.9	+14%
Percent of Sales . . . . .	17.7%	18.4%		18.1%	19.3%	

Cost of goods sold included research and development expenditures of \$116.7 million in the third quarter compared with \$102.7 million last year. For the three quarters, these expenditures amounted to \$350.0 million, compared with \$312.6 million in 1979.

Earnings from Operations	Third Quarter			First Three Quarters		
	1980	1979	Change	1980	1979	Change
Amount (in millions) . . . . .	\$615.6	\$463.4	+33%	\$1,432.1	\$1,176.1	+22%
Percent of Sales . . . . .	26.1%	23.2%		21.6%	21.6%	

Interest income increased in the quarter and for the year-to-date as the result of higher interest rates earned on securities. Interest expense was greater primarily due to increased borrowings and higher interest rates incurred by overseas companies. Exchange losses, after tax, and the effect of translation of monetary assets and liabilities amounted to \$6.6 million in the third quarter compared with losses of \$5.8 million a year ago. For the three quarters, these losses amounted to \$8.6 million in 1980 and \$15.4 million in 1979. Other income and charges included an unrealized loss on equity securities of \$6.3 million in the third quarter compared with a loss of \$1.0 million in the third quarter a year ago. The provision for income taxes for the third quarter was \$255.5 million, compared with \$188.5 million a year ago; and for the three quarters, the provision totaled \$631.5 million, compared with \$510.5 million in 1979. The third quarter 1979 income tax provision benefited from United Kingdom legislation concerning "stock relief" on increases in inventory.

Net Earnings	Third Quarter			First Three Quarters		
	1980	1979	Change	1980	1979	Change
Amount (in millions) . . . . .	\$358.8	\$285.9	+26%	\$847.2	\$706.1	+20%
Percent of Sales . . . . .	15.2%	14.3%		12.8%	13.0%	

**Dividends to Shareowners.** During the third quarter of 1980, a cash dividend of 75 cents per share on the company's common stock was declared. A dividend of 60 cents per share was declared in each of the first two quarters. Total dividends declared for the year-to-date amounted to \$314.7 million, up 8% from the \$290.5 for the same period a year ago.

Capital Expenditures (in millions)	Third Quarter		First Three Quarters	
	1980	1979	1980	1979
U.S. & Canadian Photographic . . . . .	\$108.5	\$ 80.0	\$295.5	\$207.0
International Photographic . . . . .	54.7	33.9	133.4	87.8
Total Photographic . . . . .	163.2	113.9	428.9	294.8
Eastman Chemicals . . . . .	41.8	37.0	109.3	103.4
Total . . . . .	\$205.0	\$150.9	\$538.2	\$398.2

**Financial Position.** Working capital at the end of three quarters of 1980 amounted to \$3,113.8 million. This was \$396.5 million higher than at the end of the third quarter of 1979. Cash and marketable securities were \$1,256.5 million, compared with \$1,225.0 million a year ago. Receivables were \$1,782.7 million, compared with \$1,552.6 million a year ago. Worldwide inventories were \$1,937.3 million, up \$479.3 million from a year ago.

**Outlook.** The results for the balance of the year will be compared with a period of 1979 when earnings were depressed by substantial cost escalation. We look forward to good levels of business in the seasonally important fourth quarter and we expect 1980, as a whole, to be one of satisfying results for the company.

*Walter A. Fallon*  
Chairman

*Colby W. 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 . . . . .	
<b>TOTAL SALES</b> . . . . .	

## Costs

Cost of goods sold . . . . .	
Sales, advertising, distribution, and administrative expenses . . . . .	
<b>Total costs and expenses</b> . . . . .	

## Earnings

<b>EARNINGS FROM OPERATIONS</b> . . . . .	
Interest income . . . . .	
Interest expense . . . . .	
Other income and (charges) . . . . .	
<b>EARNINGS BEFORE INCOME TAXES</b> . . . . .	
Provision for United States, foreign, and other income taxes . . . . .	
<b>NET EARNINGS</b> . . . . .	
 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 . . . . .	
<b>TOTAL</b> . . . . .	
Cash dividends declared . . . . .	
<b>RETAINED EARNINGS</b> 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. 7, 1980	Sept. 9, 1979	Sept. 7, 1980	Sept. 9, 1979
(in thousands, except earnings per share)			
\$1,220,609	\$1,050,781	\$3,461,288	\$2,908,114
<u>1,138,269</u>	<u>944,921</u>	<u>3,165,331</u>	<u>2,533,048</u>
<u>2,358,878</u>	<u>1,995,702</u>	<u>6,626,619</u>	<u>5,441,162</u>
1,325,708	1,166,420	3,997,732	3,216,154
<u>417,492</u>	<u>365,866</u>	<u>1,196,739</u>	<u>1,048,924</u>
<u>1,743,200</u>	<u>1,532,286</u>	<u>5,194,471</u>	<u>4,265,078</u>
615,678	463,416	1,432,148	1,176,084
24,316	22,223	86,998	73,907
13,354	7,367	31,922	17,595
<u>(12,362)</u>	<u>(3,942)</u>	<u>(8,543)</u>	<u>(15,835)</u>
614,278	474,330	1,478,681	1,216,561
<u>255,500</u>	<u>188,500</u>	<u>631,500</u>	<u>510,500</u>
<u>\$ 358,778</u>	<u>\$ 285,830</u>	<u>\$ 847,181</u>	<u>\$ 706,061</u>
		161,389	161,382
\$2.22	\$1.78	\$5.25	\$4.38
\$5,011,884	\$4,410,974	\$4,717,150	\$4,184,403
<u>358,778</u>	<u>285,830</u>	<u>847,181</u>	<u>706,061</u>
5,370,662	4,696,804	5,564,331	4,890,464
<u>121,040</u>	<u>96,828</u>	<u>314,709</u>	<u>290,488</u>
<u>\$5,249,622</u>	<u>\$4,599,976</u>	<u>\$5,249,622</u>	<u>\$4,599,976</u>
\$ 116,669	\$ 102,718	\$ 349,989	\$ 312,590
\$1,049,149	\$ 878,030	\$2,919,257	\$2,351,284
192,176	148,985	519,233	360,026
<u>111,773</u>	<u>100,672</u>	<u>288,717</u>	<u>214,137</u>

# Consolidated Balance Sheet

Eastman Kodak Company and Subsidiary Companies

Assets	Sept. 7, 1980	Dec. 30, 1979	Sept. 9, 1979
(in thousands)			
<b>Current Assets</b>			
Cash . . . . .	\$ 100,277	\$ 183,510	\$ 122,981
Marketable securities . . . . .	1,156,180	1,357,113	1,102,036
Receivables . . . . .	1,782,680	1,386,101	1,552,572
Inventories . . . . .	1,937,317	1,439,468	1,457,990
Prepaid charges applicable to future operations . . . . .	170,501	155,928	150,920
Total current assets . . . . .	<u>5,146,955</u>	<u>4,522,120</u>	<u>4,386,499</u>
<b>Properties</b>			
Land, buildings, machinery, and equipment at cost . . . . .	6,539,094	6,040,536	5,874,137
Less: Accumulated depreciation . . . . .	3,320,017	3,080,496	2,994,741
Net properties . . . . .	<u>3,219,077</u>	<u>2,960,040</u>	<u>2,879,396</u>
<b>Other Assets</b>			
Unamortized excess cost of investments in consolidated subsidiaries over net assets acquired . . . . .	5,748	6,960	7,496
Long-term receivables and other noncurrent assets . . . . .	67,809	65,008	59,529
TOTAL ASSETS . . . . .	<u>\$8,439,589</u>	<u>\$7,554,128</u>	<u>\$7,332,920</u>
<b>Liabilities and Shareowners' Equity</b>			
<b>Current Liabilities</b>			
Payables . . . . .	\$1,419,912	\$1,227,721	\$1,205,250
Taxes—Income and other . . . . .	492,169	335,737	367,123
Dividends payable . . . . .	121,040	177,529	96,828
Total current liabilities . . . . .	<u>2,033,121</u>	<u>1,740,987</u>	<u>1,669,201</u>
<b>Other Liabilities and Deferred Credits</b>			
4½% convertible debentures—due 1988 . . . . .	66,056	66,056	66,056
Other long-term liabilities . . . . .	167,350	126,484	111,951
Deferred income taxes . . . . .	249,919	229,998	212,294
Total liabilities and deferred credits . . . . .	<u>2,516,446</u>	<u>2,163,525</u>	<u>2,059,502</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 . . . . .	269,555	269,487	269,476
Retained earnings . . . . .	5,249,622	4,717,150	4,599,976
Total shareowners' equity . . . . .	<u>5,923,143</u>	<u>5,390,603</u>	<u>5,273,418</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY . . . . .	<u>\$8,439,589</u>	<u>\$7,554,128</u>	<u>\$7,332,920</u>

\*Common stock: \$2.50 par value, 360,000,000 shares authorized, 161,586,494 shares issued. Of the shares authorized, 688,083 shares are reserved for the conversion of the debentures issued by Eastman Kodak International Capital Company, Inc.

# Consolidated Statement of Changes in Financial Position

Eastman Kodak Company and Subsidiary Companies

	Three Quarters (36 Weeks) Ended	
	Sept. 7, 1980	Sept. 9, 1979
	(in thousands)	
<b>Funds Provided by:</b>		
Net earnings . . . . .	\$ 847,181	\$ 706,061
Charges to earnings not requiring cash outlay:		
Depreciation . . . . .	265,364	246,558
Retirement of properties, net . . . . .	13,821	9,416
Provision for deferred income taxes, net . . . . .	5,447	2,180
Amortization of excess cost of investments in subsidiaries . . . . .	1,212	1,107
Total from earnings . . . . .	<u>1,133,025</u>	<u>965,322</u>
Increase in current liabilities . . . . .	292,134	106,427
<b>TOTAL FUNDS PROVIDED . . . . .</b>	<u><u>1,425,159</u></u>	<u><u>1,071,749</u></u>
<b>Funds Used for:</b>		
Dividends to shareowners . . . . .	314,709	290,488
Additions to properties . . . . .	538,222	398,240
Increase in: Receivables . . . . .	396,579	285,631
Inventories . . . . .	497,849	224,650
Long-term receivables and other noncurrent assets . . . . .	2,801	3,888
Other items, net . . . . .	(40,835)	23,298
<b>TOTAL FUNDS USED . . . . .</b>	<u><u>1,709,325</u></u>	<u><u>1,226,195</u></u>
Decrease in cash and marketable securities . . . . .	284,166	154,446
Cash and marketable securities, beginning of year . . . . .	1,540,623	1,379,463
Cash and marketable securities, end of quarter . . . . .	<u><u>\$1,256,457</u></u>	<u><u>\$1,225,017</u></u>

## Supplemental Information:

	Sept. 7, 1980	Dec. 30, 1979	Sept. 9, 1979
		(in thousands)	
Analysis of Inventories			
Raw materials . . . . .	\$ 535,535	\$ 368,293	\$ 372,911
Work in process . . . . .	636,514	465,084	472,091
Finished goods . . . . .	765,268	606,091	612,988
Total, per Balance Sheet . . . . .	<u><u>\$1,937,317</u></u>	<u><u>\$1,439,468</u></u>	<u><u>\$1,457,990</u></u>

The financial statements have been prepared by the company in accordance with the accounting policies stated in the 1979 Annual Report and should be read in conjunction with the Notes to Financial Statements appearing in that report. In the opinion of the company, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation have been included in the financial statements. 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.

As previously reported, the United States Supreme Court has declined to review the Berkey case which is now before the United States District Court in New York City for further proceedings.

Lowrie G. Piercy, General Comptroller  
October 16, 1980

## Kodak's Technet Aims to Lower Costs, Boost Quality in Finisher Operations

A computerized quality control program from Kodak which provides finishers with a cost-effective way to improve print quality while reducing wasted time and materials became available in October.

The Kodak technical assistance network (Technet) gives quality control technicians valuable monitoring and diagnostics information during the processing of photographic materials. It employs a powerful in-plant minicomputer and custom software developed by Kodak. Up to 90 percent of routine quality control tasks can be handled more efficiently using Technet.

More sophisticated diagnostic programs and latest technical news from Kodak are available via a telecommunications data link to a large computer time-sharing system.

Technet's computer provides the base for centralized control of digital printers, such as the Kodak 2610 color printer, which at high speeds, produces prints from negatives.

The system is expected to be a foundation for the efficient quality control laboratory of the 1980s, 1990s, and beyond. Technet is available through Kodak's Professional and

Finisher Markets organization. The basic hardware components of the Technet center include a minicomputer, two floppy disk drives, a video terminal, and a fast 250 characters-per-second bidirectional hard-copy printer. They are available on a lease basis.



*Up to 90 percent of routine quality control tasks can be handled more efficiently using Technet.*

## News Snaps

■ A computer-based, nationwide information system called SCAN 1 is now providing substantial benefits to users of Kodak equipment. The new SCAN 1, which stands for Servicing Customers through Action Networks, permits fast access to information on individual Kodak equipment mainframes and major accessories serviced by the company's Customer Equipment Services Division (CESD) at customer locations in the United States. The system gives users of Kodak equipment quick and convenient personalized access to equipment service, fast service response time, reduced downtime, ready availability of parts, timely preventive maintenance and installation of new modifications, and other benefits.

■ Two new top-of-the-line cameras for the important premium and incentive market have been introduced by the company. The Partytime instant and the Tele-Stylelite pocket camera can be used as self-liquidating premiums, as customer or employee awards, or as employee incentives. The easy-to-use Partytime camera is Kodak's first motorized instant camera designed strictly for the premium market. This market consists of merchandisers and others who for promotional reasons offer goods, at good value, to complement and enhance the value of their established product lines or services.



*Belshaw*



*Metz*



*Porter*



*Powers*



*Rees*

## Management Changes

Three new Kodak vice presidents were elected and two executive appointments were made recently.

**Gordon C. Belshaw**, an assistant general manager, Kodak Park Division, was elected a company vice president at the August meeting of the Kodak board of directors. He joined the company in 1948 as a member of the Industrial Engineering Division. Career assignments include superintendent, Kodak Park Roll Coating Division, and assistant manager, Film Manufacturing Organization. He was appointed to the assistant general manager's post in July.

**David J. Metz**, director, Corporate Communications, also was elected a vice president at the August board meeting. His Kodak career began in 1959 with the Business and Technical Personnel Department. Later he moved to corporate Public Relations. He has served as manager, Investor Services Department, and assistant director, Corporate Information Department. From 1972 to 1974 he was a member of the President's Staff. Named director of Corporate Communications in 1978, he was elected a company assistant vice president the same year.

**R. Frederick Porter**, vice president, was appointed director, Photographic Strategic Planning, Photographic Division, in August. He started at Kodak as a senior research chemist at the Kodak Research Laboratories in 1958. He subsequently served as director of the Laboratories' Color Photographic Division and manager, Paper Manufacturing Organization at Kodak Park. In 1978, he was named an assistant general manager at Kodak Park and elected a vice president of the company the next year.

**John J. Powers** was appointed in September to the new post of director, Marketing Communications and elected a company vice president. He joined Kodak September 2 after 18 years with the Leo Burnett Company. After joining the advertising agency in 1962 as a member of the media department, his responsibilities included account executive, vice president and account supervisor, senior vice president and management director. While at Leo Burnett, Mr. Powers served a wide variety of client companies which make and market nationally branded consumer products: from Pillsbury baking goods to Wilson sporting goods, from Procter & Gamble soaps to health care products by Richardson-Merrell.

**Herbert L. Rees**, vice president, was appointed to the Corporate Staff and joins the Corporate Policy Committee. He began his career in 1947 as a chemist in the color control division of Kodak Park. He has served as director, photographic program development, U.S. and Canadian Photographic Division, and director, corporate technical affairs. He has been a vice president since 1978, when he was also named director, Photographic Strategic Planning, Photographic Division.

## Kodak Marketing VP: Future Bright for U.S. Motion Picture Film Industry

The future of the U.S. entertainment film industry has never looked brighter, Kenneth M. Mason, Kodak vice president and general manager of the Motion Picture and Audio-visual Markets Division, told an international gathering of the motion picture technical community recently.

Mason outlined several reasons for optimism for members of the Union Internationale Des Associations Techniques Cinematographiques (Uniatec):

—Some \$150 million in ongoing capital improvements at U.S. film studios and production facilities.

—The growth of film production in New York City and Hollywood as well as in metropolitan areas such as Atlanta, Dallas, Chicago, and Miami.

—Investment by film processors in high-speed film processing and printing equipment to meet the greater demand. "All of this is needed to support a thriving film distribution industry," he remarked. "Some 18,000 theaters of all types drew record audiences averaging 22 million persons a week last year, and 1980 is only slightly behind that pace."

Demand for new production from the television industry continues to be a positive factor in the industry, Mason noted. During the past decade, approximately 80 percent of prime-time programs originated on film. This is equivalent to 20 to 25 feature films per week. Even more film is produced when other commercial television programming and cable television are included, he said.

Mason cited advances in production and postproduction technologies and the expansion of special-effects filming for theater, television, and commercials as other significant factors in the growth of film use in entertainment. The development of unique products such as Eastman color intermediate II film 5243, which can be used to substantially improve the quality of optical printing, has helped fuel this growth.

And more recently, he commented, great progress has been made in film/electronic interfacing. In some instances film is being

transferred to videotape for transitional and certain optical effects. The videotape is then transferred back to film for additional postproduction and distribution. More commonly, original film is transferred to videotape for postproduction and/or distribution to video delivery systems.

"We expect these trends and further technological developments to continue to support the need for more and more original production," Mason concluded.



*Hundreds of thousands of feet of Eastman motion picture film are made each year by Kodak to serve motion picture producers around the world. Here, a windup reel on a film slitting machine is adjusted at the Kodak Park manufacturing operation. Because unexposed film is light-sensitive, actual slitting takes place in the dark.*



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*The automatic electronic Sensalite flash sub-assembly is examined during manufacture at Kodak Apparatus Division. The solid-state device, equipped with a light-sensitive integrated circuit chip and pre-programmed intelligence, automatically monitors lighting conditions, decides for picture-takers whether flash is needed, and then supplies the flash.*

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