



## Kodak Highlights

- New cameras
- Scholastic photography
- 1980 sales and earnings



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## On the Cover

"Pelicans" is the title of this award-winning entry by 18-year-old Philip Wennblom of Rockville, Maryland, in the 1980 Scholastic Photography Awards program sponsored by Kodak. For more photos, see pages 12-13.

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## Two New Consumer Cameras Introduced

Two new products for the amateur photographic market—an instant camera featuring a built-in, close-up lens, and a compact traditional camera—have been announced by Eastman Kodak Company.

Both the new Kodak Colorburst 350 instant camera and the Kodak Ektralite 400 camera feature popular, built-in electronic flash.

### Colorburst 350 camera

The Colorburst 350 instant camera uses Kodak instant color film to produce sharp, colorful pictures at distances ranging from two feet to infinity.

The close-up lens, a new feature on Kodak instant cameras, is considered ideal for head-and-shoulder photos of both children and adults as well as for other subjects in the two-to-four-foot range.

To take a photo of a subject within two to four feet of the camera, a user simply slides a close-up control, moves to the subject, and takes the picture. When the picture is taken, the camera automatically retracts the close-up lens. Pictures can then be taken in the normal range of four feet to infinity. No focusing is required in either mode.

Both close-up and normal photos are especially pleasing when made with the





*The new Colorburst 350 camera features a built-in, close-up lens.*

camera's built-in electronic flash.

According to John R. Robertson, vice president and general manager of Kodak's Consumer/Professional and Finishing Markets Division, Kodak market research has found that customers frequently prefer built-in flash. Moreover, Kodak has found that the quality of most instant pictures—especially photos of people—improves greatly when the flash is used every time, even in daylight.

"Fill-in flash is an excellent way to improve the 'look' of your instant pictures," Robertson said. "By using it whenever you take an instant photo, you will find you consistently get more evenly lighted pictures that many people find more pleasing. Shadows are filled in and backgrounds often seem more natural. The electronic flash on Colorburst cameras fills in shadow detail and enhances the relationship of the person to the background."

The Colorburst 350 instant camera features a slim look accented by bright metal side panels. The camera has a built-in exposure counter, a bright viewfinder, and a tripod socket. A colorful, snap-on neck strap with metal fasteners is supplied with the camera.

### **Ektralite 400 camera**

Measuring only  $5\frac{3}{4}$  by  $2\frac{1}{4}$  by  $1\frac{5}{16}$  inches, the Ektralite 400 camera is the smallest camera with built-in electronic flash marketed by Kodak in the United States.

The new model accepts 110-size cartridges of films such as Kodacolor II and Kodacolor 400. With ISO/ASA 400 film, the camera operates with an action-stopping shutter speed of  $1/250$  second for daylight picture-taking. The electronic flash operates at approximately  $1/1000$  second and stops action for flash picture-taking.

The three-element  $f/6.8$  lens is factory-focused for sharp pictures from 4 feet to infinity in daylight. The flash range is from 4 feet to 11 feet with ISO/ASA 100 film and extends to 16 feet when using ISO/ASA 400 film.

A two-position exposure slide with "sun" and "flash" exposure symbols sets the camera for either picture-taking mode.

Both the Colorburst 350 and Ektralite 400 cameras are expected to be popular additions to the company's present line of cameras. Both have the quality Kodak is known for built into them and are backed by a full three-year warranty.

*The Ektralite 400 camera is the smallest Kodak camera with built-in electronic flash marketed in the United States. It accepts 110-size cartridges of film.*





*Architect's drawing of 600,000-square-foot building now under construction at Kodak Apparatus Division's Elmgrove Plant in Rochester. The new facility is intended to be used for the manufacture of Ektaprint copier-duplicators.*

## **1981 Capital Budget: \$1.4 Billion**

Eastman Kodak Company has budgeted nearly \$1.4 billion to expand and improve its worldwide facilities in 1981. The total is 52 percent higher than the \$902 million spent in 1980.

The budget calls for \$967 million for capital projects in the Photographic Division—\$658 million in the U.S. and Canada and \$309 million for international units. Eastman Chemicals Division's budget is \$405 million.

According to Walter A. Fallon, Kodak chairman and chief executive officer, the budget "reflects our confidence in the company's continuing growth, and it speaks for our commitment to that goal. Significant amounts will be spent to enlarge our capacity to make existing products and to provide facilities for the manufacture of new and improved products."

Fallon also emphasized that substantial sums will be spent to improve productivity and increase operational effectiveness. "Included in these plans," he said, "are projects to provide alternative sources of chemical feedstocks and facilities for the recovery of costly raw materials. Spending for environmental protection projects also will be sustained at a high level."

In the Photographic Div., major projects include:

Continued improvement of film, paper, and chemical manufacturing operations; increased capacity for color photographic paper; additional capabilities for recovery of materials essential to the manufacture of sensitized photographic goods; and continuation of work on manufacturing and storage capacity at Kodak Apparatus Div., including initial work on construction of a new building for the manufacture of parts and Kodak Ektaprint copier-duplicators.

International Photographic Div. plans call for expansion of capacity for the manufacture of sensitized products in Europe and Latin America and improvements in equipment manufacturing capabilities, enlargement of photofinishing operations, and new distribution facilities in Europe.

In the Eastman Chemicals Div., major projects include:

At Tennessee Eastman Company, Kingsport—Initial construction on a new plant to manufacture acetic anhydride from coal.

At Texas Eastman Company, Longview—A new cracking plant which will be capable of using naphtha as a feedstock.

Also included are a new plant in Texas for the manufacture of polyethylene and a variety of energy conservation, environmental protection, and support projects throughout the division.

## Spin Physics Announces High Speed Video Recorder

A sophisticated instrument for high-speed video recording and slow-motion analysis in industrial and scientific applications has been demonstrated by Spin Physics, Inc., a subsidiary of Eastman Kodak Company.

The new SP2000 motion analysis system combines advanced technologies in magnetic tapes, magnetic recording heads, and solid-state electronic image sensors to record events that occur too quickly to see.

The device can record high-speed phenomena at faster frame rates than ever before possible with video systems—and can instantaneously display these frames for detailed motion analysis.

According to James U. Lemke, president of Spin Physics, the new instrument “combines the latest microprocessor technology with state-of-the-art advances in video sensors, signal recording and video processing,”

and its development was enhanced by “contributions from several Kodak business units.”

Applications of the new product could be many and varied. In the automotive industry, for instance, the system may be used for slow-motion analyses of vehicle collisions in safety tests. The design and operation of helicopter rotors or boat propellers may be examined. The textile industry can use the system for frame-by-frame study of intricate, high-speed mechanical operations.

The extremely high recording speed of the camera system was made possible through the use of a solid-state video sensing element developed at Kodak Research Laboratories in Rochester. The electronic image signals are recorded on special magnetic recording tape developed jointly by Spin Physics and Kodak-Pathé.

*The new SP2000 motion analysis system was introduced by Spin Physics, Inc.*





*A Kodak research scientist measures characteristics of the company's new dielectric film.*

## **Kodak Announces New Dielectric Recording Film**

Kodak's continuing efforts to develop non-silver imaging technologies for commercial, scientific, and industrial products has led to the introduction of a new specialty recording film designed for use in the geophysical exploration industry.

The transparent film consists of a dielectric layer and a conductive layer coated on a polyester base. An image is recorded when the electric charge of the film is altered. In conventional photographic films, images are formed when light reacts with silver halide crystals in the film's emulsion.

"Initially, this new dielectric recording film is intended for seismic exploration display work," said William E. Sherman, vice president and general manager of Kodak's Graphics Markets Division. "But it will easily lend

itself to many computer graphics display applications that are electrostatic in nature."

In the geophysical exploration industry, seismic data may be analyzed by a computer. The computer then can drive a high-speed, electrostatic plotter to record the data as a graphic display. As the Kodak dielectric recording film, SO-222, rolls over the recording head of the plotter, the plotter discharges the film in a precise pattern to create the desired graphic image.

Engineering and architectural drawings, printing and graphic arts could provide future applications for a film of this type.

"Essentially, the dielectric film is based on the same fundamental technology used in several other nonsilver films available from Kodak," Sherman said. Kodak previously had announced three photoconductive recording films, one for printing aerial photographs and two for recording data from scientific instruments.

## Higher Sales and Earnings Reported by Kodak for 1980

ROCHESTER, N.Y., Feb. 16—Eastman Kodak Company today reported higher sales and earnings for the entire year 1980 and its fourth quarter.

Consolidated worldwide sales increased 21 percent to \$9.73 billion in 1980, up from \$8.03 billion in 1979. Higher selling prices made necessary by increases in raw material, labor, and other costs were the principal reason for the gain. Earnings from operations (\$1.9 billion) and net earnings (\$1.15 billion) both rose 15 percent from the 1979 levels of \$1.65 billion and \$1 billion, respectively. Net earnings were equal to \$7.15 per share, versus \$6.20 per share in the prior year.

Extension of the LIFO accounting method to cover virtually all inventories of the company's units outside the U.S. reduced net earnings for 1980 by \$130.3 million, or 81 cents per share. The change produces a more realistic statement of earnings by relating current costs more closely to current revenues. The company has been using the LIFO method for substantially all of its U.S. inventories since 1974.

Fourth quarter sales on a worldwide basis were \$3.11 billion, an increase of 20 percent over a year ago. Operating earnings increased 37 percent in the fourth quarter of 1980 to \$649.1 million, versus \$472.5 million in 1979. Net earnings of \$404.8 million for the quarter were 37 percent above the \$294.7 million reported for the fourth quarter of 1979. Quarterly net earnings were \$2.51 per share in 1980, compared to \$1.82 in 1979. The extension of the LIFO accounting method reduced net earnings in the quarter by \$31.9 million, or \$.20 per share.

Walter A. Fallon, chairman and chief executive officer, and Colby H. Chandler, president, commented on the first year of Kodak's second century.

"No single factor had as much effect on Kodak operations in 1980 as the high rate of inflation. Few, if any, economic observers predict substantial slowdown in the inflation rate in the near term.

"Persistently high inflation is especially dangerous because it can create the illusion of progress while obscuring reality. On a per capita basis, working Americans have no more real earned income to spend today than they did in 1973. Businesses have experienced the same economic pressures. It simply costs more, a lot more, to stay in business today. That is the reason Kodak prices were on the rise last year. Productivity gains were not large enough to offset escalation in business costs."

*U.S. and Canadian Photographic Division:* The 1980 sales total of \$5.41 billion was 21 percent higher than the 1979 total of \$4.47 billion. Higher selling prices were responsible for the gain, in which all markets divisions participated. For the fourth quarter, divisional sales increased 20 percent to \$1.85 billion.

*International Photographic Division:* Significant sales increases by all market groups and all geographic regions contributed to the 25 percent sales gain to \$3.58 billion, up from \$2.87 billion in 1979. Fourth quarter sales of \$1.01 billion were 26 percent higher than those for the same period last year.

*Eastman Chemicals Division:* Led by sales gains for fibers and excellent growth in overseas markets, sales of the division advanced 16 percent to \$2.07 billion, up from \$1.78 billion a year ago. The sales increase was mostly attributable to higher selling prices. Sales of \$679.9 million in the fourth quarter were 20 percent higher than a year ago.

## Outlook

Concerning prospects for the company's future, Fallon and Chandler commented:

"Economic forecasting cannot be precise. That is especially so this year, as a new Administration in Washington begins to grapple with the problems of excessive inflation and lagging productivity. We wish that Administration well. And we support its goal of economic recovery through reductions in federal spending and a return to the principles and practices of a free market economy.

"At the same time, we note that there is a difference between remedies of expediency and lasting solutions to fundamental problems. It will take time to bring about substantial spending reductions, to lighten the load of regulation, and to revitalize American industry.

"A stronger U.S. economy is widely expected later this year. The timing of that recovery, and the degree to which it takes place, will influence the performance of business and industry. While there is stability in the diversity of our product line and strength in the international scope of our business, we are not immune to what goes on around us.

"The business scenario for the new year suggests caution. While we expect another increase in Kodak sales, growth in unit volume is likely to be modest. As for earnings, our ability to deal with rising costs will tell the tale. We must find ways to hold costs down. That will allow us to keep prices at acceptable levels and to retain strong demand for the products we make and sell. These concerns notwithstanding, we expect 1981 to be another good year for Kodak."

*Walter A. Fallon*

Chairman

*Colby W. Chandler*

President

# Consolidated Statement of Earnings

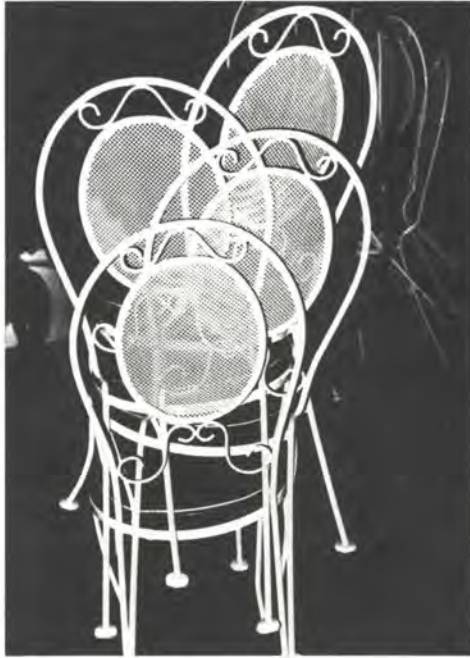
Eastman Kodak Company and Subsidiary Companies

	Fourth Quarter Ended		For the Year Ended	
	Dec. 28, 1980 (16 weeks)	Dec. 30, 1979 (16 weeks)	Dec. 28, 1980 (52 weeks)	Dec. 30, 1979 (52 weeks)
(dollar amounts and shares in thousands, except per share figures)				
<b>Sales</b>				
Sales to: Customers in the United States . . . . .	\$1,813,128	\$1,560,242	\$5,274,416	\$4,468,356
Customers outside the United States . . . . .	1,294,556	1,026,827	4,459,887	3,559,875
<b>TOTAL SALES</b> . . . . .	<u>3,107,684</u>	<u>2,587,069</u>	<u>9,734,303</u>	<u>8,028,231</u>
<b>Costs</b>				
Cost of goods sold . . . . .	1,902,055	1,626,958	6,084,663	4,843,112
Sales, advertising, distribution, and administrative expenses . . . . .	556,464	487,571	1,753,203	1,536,495
<b>Total costs and expenses</b> . . . . .	<u>2,458,519</u>	<u>2,114,529</u>	<u>7,837,866</u>	<u>6,379,607</u>
<b>Earnings</b>				
<b>EARNINGS FROM OPERATIONS</b> . . . . .	649,165	472,540	1,896,437	1,648,624
Interest income . . . . .	47,026	43,836	134,024	117,743
Interest expense . . . . .	13,847	7,179	45,769	24,774
Other income and (charges) . . . . .	(13,570)	(18,494)	(22,113)	(34,329)
<b>EARNINGS BEFORE INCOME TAXES</b> . . . . .	668,774	490,703	1,962,579	1,707,264
Provision for United States, foreign, and other income taxes . . . . .	264,000	196,000	809,000	706,500
<b>NET EARNINGS</b> . . . . .	<u>\$ 404,774</u>	<u>\$ 294,703</u>	<u>\$1,153,579</u>	<u>\$1,000,764</u>
Average number of common shares outstanding . . . . .			161,389	161,384
Net earnings per share . . . . .	\$ 2.51	\$ 1.82	\$ 7.15	\$ 6.20
<b>Supplemental information:</b>				
Provision for depreciation . . . . .	\$ 133,846	\$ 114,762	\$ 399,210	\$ 361,320
Research and development expenses included in cost of goods sold . . . . .	\$ 170,480	\$ 146,450	\$ 520,469	\$ 459,040
Companies operating outside the U.S.:				
Sales . . . . .	\$1,205,799	\$ 954,167	\$4,125,056	\$3,305,451
Earnings from operations . . . . .	111,564	121,747	446,259	481,773
Net earnings . . . . .	67,014	75,124	254,285	289,261
Exchange losses and the effect of translation of net monetary assets . . . . .	\$ 800	\$ 1,100	\$ 9,400	\$ 16,500
Cash dividends declared . . . . .	\$ 201,735	\$ 177,529	\$ 516,444	\$ 468,017
Per common share . . . . .	\$ 1.25	\$ 1.10	\$ 3.20	\$ 2.90
Capital expenditures . . . . .	\$ 364,204	\$ 204,628	\$ 902,426	\$ 602,868
Cash and marketable securities . . . . .			\$1,585,062	\$1,540,623
Net current assets . . . . .			\$2,998,177	\$2,781,133
Number of shareowners at close of year . . . . .			234,009	242,227

## 1980 Scholastic Photography Contest

Over 100,000 entries were received in the 1980 Scholastic Photography Awards program sponsored by Eastman Kodak Company in cooperation with Scholastic, Inc. The program is designed to stimulate picture-taking by encouraging young people to use photography as an outlet for creative expressions. Kodak has been sole sponsor of the program since 1963. Some of the 1980 award-winning photos are pictured here.





Page 12: (top) Gregory Clair *Householder*, Ft. Wayne, Ind.; (bottom) Jeffrey Sedlik, *Encino*, Calif. Page 13: (top) Scott McClintock, *Cypress*, Calif.; (middle, left) Elaine Elizalde, *Des Plaines*, Ill.; (middle, right) John Domagala, *Champaign*, Ill.; (bottom) Amy MacGregor, *Wellesley*, Mass.

## News Snaps

■ Vince Dooley, head football coach of the undefeated, top-ranked University of Georgia, was chosen by his colleagues in the American Football Coaches Association (AFCA) as Kodak Coach of the Year in 1980 in the University Division. Rick Carter of the University of Dayton received the honor in the College Division.

Heisman Trophy winner George Rogers, South Carolina's outstanding running back, was the leading vote-getter on the 1980 Kodak All-America Football Team as selected by the AFCA.

Kodak supports the Coach-of-the-Year and All-America activities partly because of the close relationship between photography and coaching. Coaches rely on the study of game films as an essential element in their programs.

■ A groundbreaking ceremony to symbolize the beginning of construction of a new coal gasification plant at Tennessee Eastman Company was held in October. Tennessee Governor Lamar Alexander joined other state and local officials in the activities. Toy E

Reid, an Eastman Kodak executive vice president and general manager of the Eastman Chemicals Division, said the coal gasification project, which will produce industrial chemicals from coal, will reduce dependence upon imported oil and will open doors of technology for the continued development of processes to make other chemicals from coal. Construction of a steam plant on the site began earlier in the year.

■ F. James Moorfoot, chairman of Kodak Limited, has been appointed a Commander of the Order of the British Empire, for services to export.

Moorfoot said he was particularly pleased to receive the honor on behalf of Eastman Kodak Company for which he has enjoyed working for 43 years.

Moorfoot joined Kodak Limited as a trainee at the Harrow, England, plant in 1937. He became manager of the film emulsion department in 1966, a director of the company in 1968, and chairman and managing director in 1971. He relinquished his position as managing director in 1979 but remains as chairman of the board.

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## New X-ray Films Offer Benefits

Three new medical x-ray films offering various advantages to users have been introduced by Kodak.

—Kodak X-Omat K film for general radiography utilizes a new and more efficient silver-halide emulsion technology to provide the same high image quality as the popular Kodak X-Omat RP film, with no change in exposure techniques when processed as recommended. Because of its lower silver content, it is available to the user at a reduced cost. Its high contrast makes it particularly suitable for the broad range of procedures encompassed by general radiography.

—Kodak ortho L film is an orthochromatic film designed to extend the reduced-expo-

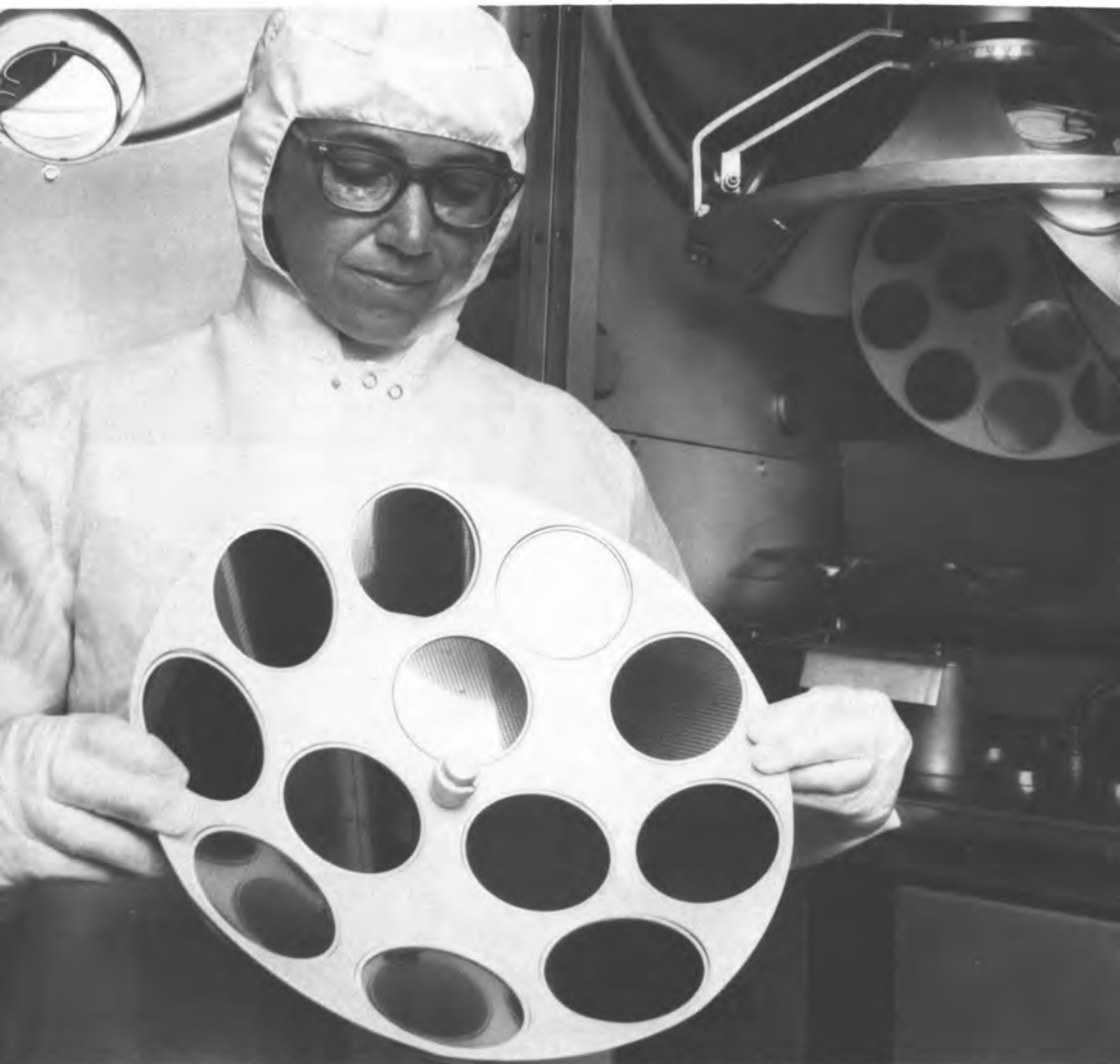
sure benefits of rare-earth imaging. When used with Kodak Lanex screens, this wide-latitude film offers visualization of a broad range of densities.

—Kodak ortho M film is a single-coated, orthochromatic, very high-contrast film. Recommended for use with a single Kodak Lanex fine screen or Kodak Min-R screen, it provides excellent-quality images in mammographic procedures and extremity radiography. The characteristics and flexibility of this film also make it suitable for CRT photography, such as nuclear medicine studies, computerized tomography, and digital radiography.



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*Silicon wafers, each containing more than 700 individual integrated circuits, are about to be placed in an electron beam evaporator at Kodak Apparatus Division, Rochester. The evaporator deposits a microscopic aluminum coating which will later form an electrical interconnect between circuit components on each wafer. The chips control the Sensalite flash in Kodak Ektralite cameras.*