

Kodak Highlights



Fourth Quarter, 1982

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On the Cover

This black-and-white photo, taken by Thomas A. Cocchiaro of his daughter peering through a screen door, won a \$500 prize in the 1982 Kodak International Newspaper Snapshot Awards. It was entered through *The Los Angeles Herald-Examiner*. For more KINSA photos, see page 14.

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

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This black-and-white photograph was printed from a color picture taken with new Kodacolor VR 200 film.

New Family of KODACOLOR 35 mm Films Offers Improvements in Speed, Grain, Sharpness

Three new 35 mm color negative films, embodying breakthroughs in chemical technology that allow for improved speed, grain, and color reproduction, as well as increased sharpness have been announced by Kodak.

The new films, which incorporate their ISO speeds in their names, are Kodacolor VR 100, 200, and 400. They join previously announced Kodacolor VR 1000 film, which uses new flat-tablet (T-grain) emulsion technology "to give Kodak a new family of color print films for virtually every picture-taking need or situation," said J. Phillip Samper, group vice president and general manager of the Photographic Marketing Group.

"We think consumers will be especially

pleased with the quality of color reproduction and the sharp pictures produced by all of the new films," Samper said.

The four films, according to Judith A. Schwan, assistant director of Kodak Research Laboratories, represent the first application of advanced coupler and image-dye-coupler film technology to 35 mm films.

"The 100-, 200-, and 400-speed films bring the film technology advances pioneered for Kodacolor HR disc film to the 35 mm marketplace," Schwan said. "All the new films have an extremely wide exposure latitude and can give pleasing results with existing ambient illumination. Users will be able to get good pictures even if they make



The sailboat photograph above was printed from a color picture taken with Kodacolor VR 400 film, and the golf picture below was printed from an original color photo taken with Kodacolor VR 1000 film.

exposure errors or if the scene contains both brightly lighted and dark subjects."

Samper noted that the company's market research findings indicate a significant market potential for each of the four new Kodacolor VR films. "Our research also shows that we can expect that a greater number of pictures will be taken on 35 mm color print film because of the availability of these four new films and the exciting picture-taking benefits they offer," he said.

The New Films and How They Can Be Used

Kodacolor VR 100 film, a 100-speed film designed for daylight exposure or equivalent, features very high sharpness and extremely fine grain, allowing a very high degree of enlargement. The new film is the sharpest Kodacolor film ever produced.

With its ISO 100 speed, this film is ideal for use in general lighting conditions where maximum image quality is desired.

Kodacolor VR 200 film, a 200-speed film designed for daylight exposure or equivalent, features high sharpness and extremely fine grain, allowing a high degree of enlargement. Kodacolor VR 200 film features grain and sharpness characteristics similar to the current Kodacolor II film, with twice the ISO film-speed rating.

The additional speed of this film makes it ideal to use under general lighting conditions where faster shutter speeds can be used to stop action and reduce camera motion. Smaller apertures can be used to increase depth of field.

Kodacolor VR 400 film, a 400-speed film designed for daylight exposure or equivalent, features medium sharpness and extremely fine grain, for good quality with a moderate degree of enlargement. It is also excellent for existing-light and sports photography.

Kodacolor VR 400 film has finer grain and improved color saturation on underexposures when compared with the current Kodacolor 400 film. Flesh tones on normal and overexposures have also been improved. Sharpness and contrast are similar to that of Kodacolor 400 film.

This film's high speed allows for fast shutter speed to stop action and small apertures

for extended depth of field. This film is especially useful with telephoto lenses. The film's medium sharpness and extremely fine grain result in excellent picture quality with a moderate degree of enlargement.

Kodacolor VR 1000 film, a 1000-speed film designed for daylight exposure or equivalent, features a very high film speed, medium sharpness, and very fine grain for excellent picture quality with enlargements of up to 8 x 10 and even beyond. Kodacolor VR 1000 film, with an ISO speed rating ten times that of Kodacolor II film, is Kodak's fastest color negative film. It is ideal for use when very fast shutter speeds are required to stop action, when small lens apertures are needed for extended depth of field, and

when long telephoto lenses are used in marginal lighting. This film is excellent for existing-light and sports photography. The film's long exposure range allows satisfactory exposures to be made over a wide range of scene brightness.

The family of Kodacolor VR films will be packaged in cartons with newly designed graphics related to the company's marketing identity program featuring each film's ISO speed, which is part of the film name, in a prominent position for customer recognition.

Kodacolor VR 1000 film is scheduled to be available in spring 1983, while Kodacolor VR 100, 200, and 400 films are scheduled for summer 1983 delivery to dealers.

New Low-Priced KODAMATIC Camera Expands Instant Line to Five

A new Kodamatic 940 instant camera, with built-in electronic flash and a list price of \$44.95, has been added to Kodak's line of instant cameras.

"The key to effective marketing in any product line is achieving the perfect match of product features and prices," noted Wilbur J. Prezzano, vice-president and general manager, U.S. Marketing Division. "This camera's state-of-the-art features combine with a low list price (a price that many dealers will reduce even further) to yield one of the most attractive photo products of the year. We expect the 940 to be one of the most successful instant cameras ever sold."

The Kodamatic 940 camera has a rigid body with features similar to those found in the more expensive folding models, including automatic exposure control and built-in electronic flash designed to fire for every picture to improve picture quality. It comes with a full three-year warranty, and it is powered by four AA-size alkaline batteries. It uses Kodamatic instant color film, with an exposure index of 320.



Lower-Priced Model Added to Disc Camera Line

A new Kodak disc camera with a list price of \$56.95 that incorporates all the convenience features and operating ease of the company's first four disc cameras has been announced by Eastman Kodak Company for spring 1983 delivery.

"We have been gratified with the acceptance and popularity of Kodak disc cameras," said Wilbur J. Prezzano, vice-president and general manager, U.S. Marketing Division. "More than eight million of these compact and versatile cameras were shipped from Rochester during 1982. The Kodak disc 3000 camera has the basic features our customers have indicated they want, at an even more attractive price. It should further increase the popularity of this advanced picture-taking system for millions more."

The new Kodak disc 3000 camera is equipped with the same basic features as the other Kodak disc cameras available in the



U.S. except for the power source. The 3000 camera uses a 9-volt alkaline battery with an expected life in excess of 30 film discs. The battery can be replaced by the owner. The other disc cameras are powered by lithium cells.

The 3000 camera has a 12.5 mm, $f/2.8$, four-element glass lens which is factory focused for sharp pictures from four feet to infinity; an automatic two-step, electronic exposure control; built-in automatic on/off flash as needed; and automatic, motorized film advance. The camera cycles in one second for flash photography with fresh batteries and even faster in daylight operation. The camera's flash range is from four to 18 feet or beyond depending upon the ambient light level.

The Kodak disc 3000 camera uses a nine-volt alkaline battery.

Kodak Unveils New Copier and Continuous Forms Feeder

Kodak has introduced two new products designed to serve the fast-growing office copier market, the Ektaprint 200AF copier-duplicator and the Ektaprint continuous forms feeder.

"The Ektaprint 200 copier brings a range of advanced new features to the medium- to high-volume marketplace," said J. Raymond Sutcliffe, vice-president and general manager of Business Systems Markets. "Many of the features previously were unavailable in a medium- to high-volume copier."

These features include the industry's first integral copy controller with a printing capability, automatic cover-sheet insertion, a continuous-run capability, and pre-programmed job selection. In addition, the copier's powerful on-board microprocessor

incorporates the most comprehensive service diagnostics capability found in any copier.

According to Sutcliffe, the new continuous forms feeder increases the versatility of the entire family of Ektaprint copier-duplicators and duplicators. It will enable all domestic and European models to automatically copy unburst, continuous computer printouts and reports.

The Ektaprint 200 Copier

"In addition to bringing a number of advances to the market, the new copier will offer customers improved image quality and reliability, as well as increased productivity," Sutcliffe said.

Improved image quality stems from refine-



The new Ektaprint 200AF copier-duplicator and Ektaprint continuous forms feeder can copy lengthy, continuous computer forms at the rate of 4,200 images per hour.

ments on the electrophotographic image process that Kodak pioneered in the mid-1970s with its first Ektaprint copier. That process employs an organic photoconductive film belt, helping to achieve superior image quality.

"The combination of improved reliability and increased productivity largely results from the use of advanced electronics to control all machine functions and to interface with the operator," Sutcliffe noted.

Unlike some copiers, users make all selections and control all features from a single, easy-to-use control panel. A 40-character LED display communicates with the operator in "plain English" words and phrases, walking even casual users through the most difficult tasks.

The Ektaprint 200 copier operates at the rate of 4,200 images per hour, a highly productive rate for medium- to high-volume machines. It incorporates an improved recirculating feeder and "zoom" or variable reduction, and it offers simplified two-sided copying compared with the previous Ektaprint 100 and 150 copiers.

The Continuous Forms Feeder

The new continuous forms feeder will be available in three different models for use with either the Ektaprint 200 copier, or the existing 100 and 150 copiers and 250 duplicators in the U.S., and the 160/165 copiers in Europe.

"It is designed to accommodate more than 90% of the standard-size computer forms in use today," Sutcliffe said. "The continuous forms feeder operates at the full machine rate of 4,200 images per hour with our copiers and 5,500 images per hour with our 250 duplicator."

The device itself consists of three basic components: a supply hopper, a platen cover, and a drive and storage unit. The supply hopper holds the original forms to be copied, up to approximately 1,500 sheets. The platen cover guides and positions the originals for copying. The drive and storage unit contains the tractor drive mechanism that "pulls" the continuous computer form through the machine for copying.

Each continuous forms feeder is equipped with its own built-in microprocessor to mon-

itor and control the process as well as to interface with the copier or duplicator mainframe and the operator.

"Customers now have the ability to quickly and easily take oversize and lengthy computer forms and reports and produce sets of copies that are easy to use or distribute," Sutcliffe said. When used with either a finisher or finisher-binder (see story below), the continuous forms feeder can produce either stapled sets of copies or adhesive-bound booklets.

The Ektaprint 200AF copier-duplicator will be available for customer delivery on a market-by-market basis later in 1983. The continuous forms feeder will be available for U.S. delivery in late 1983.

Advanced Binding System for Ektaprint Duplicator

The first microprocessor-controlled binding system ever developed for in-line use with a high-volume electrophotographic duplicator has been developed by Kodak, making it possible to produce, automatically, sets of copies bound much like a book.

The binding feature will be available with the Kodak Ektaprint 250AFB duplicator. With the finisher-binder, users can choose between either adhesive-bound booklets or stapled sets.

According to Michael J. Murray, copy products national sales manager for Business Systems Markets, increased productivity stems from the fact that the finisher-binder operates in-line with the mainframe of the duplicator, which runs at the rate of 5,500 images per hour. "Prior to this," Murray said, "an operator had to handle each job twice, once to duplicate it and once to run it through a binder."

The new finisher-binder can produce booklets or sets of copies with front and back covers ranging up to 100 sheets each.



A plant for the expanded production of polyethylene is scheduled for completion in 1983 at Texas Eastman Company.

Kodak Capital Expenditures Budgeted at \$1.358 Billion

Kodak has budgeted \$1.358 billion for worldwide capital expenditures in 1983.

Planned expenditures include \$1.114 billion for the Photographic Division (\$815 million in the U.S. and \$299 million overseas), and \$244 million for Eastman Chemicals Division.

Worldwide capital expenditures for the year 1982 were \$1.5 billion, with \$1.035 billion for the Photographic Division and \$465 million for Eastman Chemicals Division. The year-to-year decrease is attributable to a lower level of capital spending for Eastman Chemicals Division where two large capital projects are scheduled for 1983 completion.

"Although the expected economic recovery has not materialized, the projects contemplated by this budget will enable Kodak to participate successfully in the many competitive marketplaces we serve," Kodak Chairman and Chief Executive Officer Walter A. Fallon said. "By deploying our assets effectively, we will insure that Kodak maintains its leadership position as a high-quality manufacturer of products which deliver excellent value to the customer."

Fallon further noted that Rochester, N.Y., the company's headquarters and principal manufacturing location, would once again play a major role in the company's capital program, with \$481 million planned for

projects in that area, about one percent above the estimated 1982 level of expenditures.

In the Photographic Division, major projects include those to increase capacity for photographic paper base; new capacity for finishing of photographic film; completion of the second phase of a facility to consolidate copy products assembly; new capacity to produce copiers for the European market; completion of a structure to house "work in progress" for apparatus manufacturing; completion of a major expansion to the main distribution center in Rochester, and completion of a new distribution facility in England; work necessary to provide for initial occupancy of an addition to the company's corporate headquarters in Rochester; and worldwide projects designed to expand the service and improve the productivity of Kodak Processing Laboratories.

In Eastman Chemicals Division, construction is scheduled for completion of a new hydrocarbon cracking plant and new facilities to increase capacity for polyethylene in Texas. In Tennessee, a major new plant to manufacture chemicals from coal is targeted for 1983 start-up, and projects are planned to increase capacity and efficiency in the manufacture of polyester bottle polymer.

Lower Earnings on Higher Sales Reported by Kodak for 1982

ROCHESTER, N.Y., Feb. 14—Higher sales and lower earnings for 1982 were reported today by Eastman Kodak Company.

Consolidated worldwide sales increased five percent to \$10.81 billion from the \$10.34 billion reported one year ago. Net earnings for the year were \$1.16 billion, or \$7.12 per share, six percent below the \$1.24 billion, or \$7.66 per share, reported for 1981.

The record worldwide sales total reflected slightly higher volume and the inclusion of an additional two months' sales by photographic subsidiaries outside the United States and Canada, a step taken to align more closely the reporting periods of all photographic units. The inclusion of the two months penalized net earnings by some \$22 million, primarily due to adverse foreign currency fluctuations.

Earnings from operations declined ten percent to \$1.86 billion from the 1981 level of \$2.06 billion.

Exchange rate fluctuations between the U.S. dollar and currencies of other countries continued to have a significant negative impact. While it is impossible to be precise, 1982 earnings would have been an estimated \$1.00 per share higher if 1981 exchange rates had prevailed and all other factors had remained the same in 1982. Lower U.S. pension costs due to a change in actuarial method and revised actuarial assumptions benefited net earnings for the year by \$80 million, or 49 cents per share.

For the 1982 fourth quarter, sales on a worldwide basis were \$3.59 billion, up 17 percent from the \$3.07 billion reported for the fourth quarter of 1981. The most recent quarter included the two additional months of foreign photographic operations. Earnings from operations for the quarter increased ten percent to \$659.2 million, compared to \$596.8 million reported a year ago. Net earnings were \$428.9 million, or \$2.61 per share, up 15 percent from last year's fourth quarter levels of \$371.4 million and \$2.28 per share.

Reviewing the year, Walter A. Fallon, chairman and chief executive officer, and Colby H. Chandler, president, said: "While sales of some products increased in spite of the slowed economy, Kodak was not immune to the adverse business climate. Sales lagged in many markets, and a combination of factors, including competition, currency exchange rates, and the restricted economic activity put pressure on our prices and margins."

Photographic Division. Sales of \$8.94 billion were eight percent above the prior year, spurred by excellent customer reception for Kodak disc cameras, good gains in sales of traditional films, and by continued impressive revenue growth from Ektaprint copier/duplicators. Sales inside the United States were \$4.71 billion, nine percent above the 1981 level, while sales outside the U.S., amplified by two additional months of foreign photographic sales, were \$4.22 billion, an increase of seven percent over 1981. Had these two months been removed, the latter sales figure would have exhibited a five percent decline, reflecting weak European and Latin American business conditions and lower values of foreign currencies against the U.S. dollar. For the fourth quarter, Photographic Division sales increased 25 percent to \$3.05 billion; without the additional two months, the sales increase would have amounted to five percent.

Chemicals Division. An eight percent sales decline to \$2.15 billion was primarily due to lower unit volume as the chemicals industry was hard hit by the weakened economy. Sales of Kodapak PET resins for the production of plastic beverage bottles made strong gains. In the fourth quarter, Eastman Chemicals Division recorded sales of \$626.0 million, a 13 percent decline from the previous year's period.

Outlook

Looking to 1983 and beyond, Fallon and Chandler observed: "It is now believed that the economic recovery, when it comes, will proceed at much more modest rates than normally would be expected.

"Internationally, there are fundamental concerns that date to the 1970s. The overhang of deficit financing and the impact of tight money remain, and with them the implication that growth in international economies will be limited.

"In the United States, there are some signs that a very gradual recovery will begin this year. The rate of inflation has slowed and interest rates are down from record peaks. In terms of export business, the dollar has weakened somewhat in relation to other currencies, a trend that should in time enhance the appeal of U.S. products in world markets.

"We see 1983 as a year of continued gains in Kodak sales but we cannot realistically predict corresponding increases in earnings. The year will be one of transition, a time for caution and careful management, for trimming down so that volume increases, when they come, will bring real benefits.

"Concerning the longer term, there is reason for optimism. With dedicated people, technological depth and reach, diverse products and the ability to meet the needs of customers all over the world, we look forward to the future with confidence."

Walter A. Fallon
Chairman

Colby H. Chandler
President

Withholding to Begin on Shareowner Dividends

In compliance with the federal Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, ten percent of dividends paid to shareowners of Eastman Kodak Company must be withheld from dividend checks, effective July 1, 1983.

However, some individual and institutional accounts will be exempt from this tax if they meet certain criteria. In such cases, an exemption certificate must be furnished by the account holder to

Kodak's stock transfer agent, Lincoln First Bank, N.A.

Exemption certificates, a list of criteria for exemption, and other pertinent information will be included with dividend checks mailed April 1, 1983. Participants in the Automatic Dividend Reinvestment Service will receive a similar packet of information at that time. Shareowners are urged to review this material carefully and to take appropriate action.

Consolidated Statement of Earnings

Eastman Kodak Company and Subsidiary Companies

	Fourth Quarter Ended		For the Year Ended	
	Dec. 26, 1982*	Dec. 27, 1981	Dec. 26, 1982*	Dec. 27, 1981
(dollar amounts and shares in millions, except per share figures)				
Sales				
Sales to: Customers in the United States	\$2,000	\$1,906	\$ 6,186	\$ 5,933
Customers outside the United States	<u>1,595</u>	<u>1,166</u>	<u>4,629</u>	<u>4,404</u>
TOTAL SALES	<u>3,595</u>	<u>3,072</u>	<u>10,815</u>	<u>10,337</u>
Cost				
Costs of goods sold	2,230	1,874	6,830	6,342
Sales, advertising, distribution and administrative expenses	<u>706</u>	<u>601</u>	<u>2,125</u>	<u>1,935</u>
Total costs and expenses	<u>2,936</u>	<u>2,475</u>	<u>8,955</u>	<u>8,277</u>
Earnings				
EARNINGS FROM OPERATIONS	659	597	1,860	2,060
Investment income	37	45	117	162
Interest expense	34	20	89	64
Other income and (charges)	<u>(6)</u>	<u>17</u>	<u>(16)</u>	<u>25</u>
EARNINGS BEFORE INCOME TAXES	656	639	1,872	2,183
Provision for United States, foreign, and other income taxes	<u>227</u>	<u>268</u>	<u>710</u>	<u>944</u>
NET EARNINGS	<u>\$ 429</u>	<u>\$ 371</u>	<u>\$ 1,162</u>	<u>\$ 1,239</u>
Average number of common shares outstanding			163.2	161.7
Net earnings per share	\$2.61	\$2.28	\$7.12	\$7.66

Supplemental Information:

Provision for depreciation	\$ 205	\$ 145	\$ 575	\$ 452
Research and development expenses	\$ 219	\$ 196	\$ 710	\$ 615
Companies operating outside the U.S.:				
Sales	\$1,508	\$1,041	\$ 4,279	\$ 4,017
Earnings from operations	105	148	302	450
Net earnings	20	69	72	188
Exchange gains or (losses) and the effect of translation of monetary assets & liabilities	\$ (5)	\$ 10	\$ 14	\$ 49
Cash dividends declared	\$ 203	\$ 203	\$ 581	\$ 566
Per common share	\$1.30	\$1.25	\$3.55	\$3.50
Capital expenditures	\$ 454	\$ 440	\$ 1,500	\$ 1,190
Cash and marketable securities			\$ 1,018	\$ 1,122
Net current assets			\$ 3,143	\$ 2,944
Number of shareowners at close of year			203,788	220,513

*Includes an additional two months of business for photographic companies outside the U.S. and Canada in order to align more closely the reporting periods of all photographic units. The results for these two months were: sales \$478 million; earnings from operations \$23 million; net after tax loss \$22 million. The loss was largely due to adverse foreign currency fluctuations.

Management Changes

One new director and several new vice presidents were named during the second half of 1982.

Dr. *William L. Sutton*, who succeeded James R. Bruce as director of Corporate Relations following Bruce's retirement, was elected to the Board in September and was appointed a member of the Executive Committee. In August, Dr. Sutton had been elected a senior vice president.

Also in September, *Andrew P. Donovan*, Corporate Legal Staff, was elected Secretary of the Company. He succeeded Leonard S. Zartman, who died in 1982 following a long illness.

Kodak vice presidents named in the third and fourth quarters of 1982 included *John R. McCarthy*, *Collins M. McKelvey*, *Robert G. Van Duyne*, and *William A. Koch*.

McCarthy is assistant director, Corporate Relations, and McKelvey is director of Corporate Photographic Pricing, Finance and Administration.

Van Duyne is the new general manager, Customer Equipment Services, U.S. Marketing Division. He succeeded *John H. Barnes*, vice president, who was named di-

rector, Marketing Administration and Support Services, U.S. Marketing Division.

Koch succeeded Kenneth M. Mason as general manager, Motion Picture and Audiovisual Markets, U.S. Marketing Division, following Mason's retirement.

In other management changes in 1982, *Richard C. Kleinhans*, vice president, was appointed general manager, Kodak Apparatus Division. He succeeded John M. Sewell, who retired. *Charles P. Spoelhof*, assistant general manager, Kodak Apparatus Division, was elected a vice president.

In the Photographic Marketing Group, International Photographic Operations, *Denis J. Goodchild* was appointed assistant general manager, European Region. He succeeded Georges M. H. Cloche, vice president, who was appointed assistant general manager-manufacturing, Kodak Pathe S.A.

In Eastman Chemicals Division, *Cecil D. Quillen, Jr.*, was appointed vice president and chief counsel, Tennessee Eastman Company, and vice president, assistant secretary and chief counsel, Eastman Chemical Products, Inc. In those duties, he succeeded Rodney L. Perkins, who retired on January 1, 1983.



Sutton



Donovan



McCarthy



McKelvey



Van Duyne



Koch



Barnes



Kleinhans



Spoelhof



Goodchild



Quillen

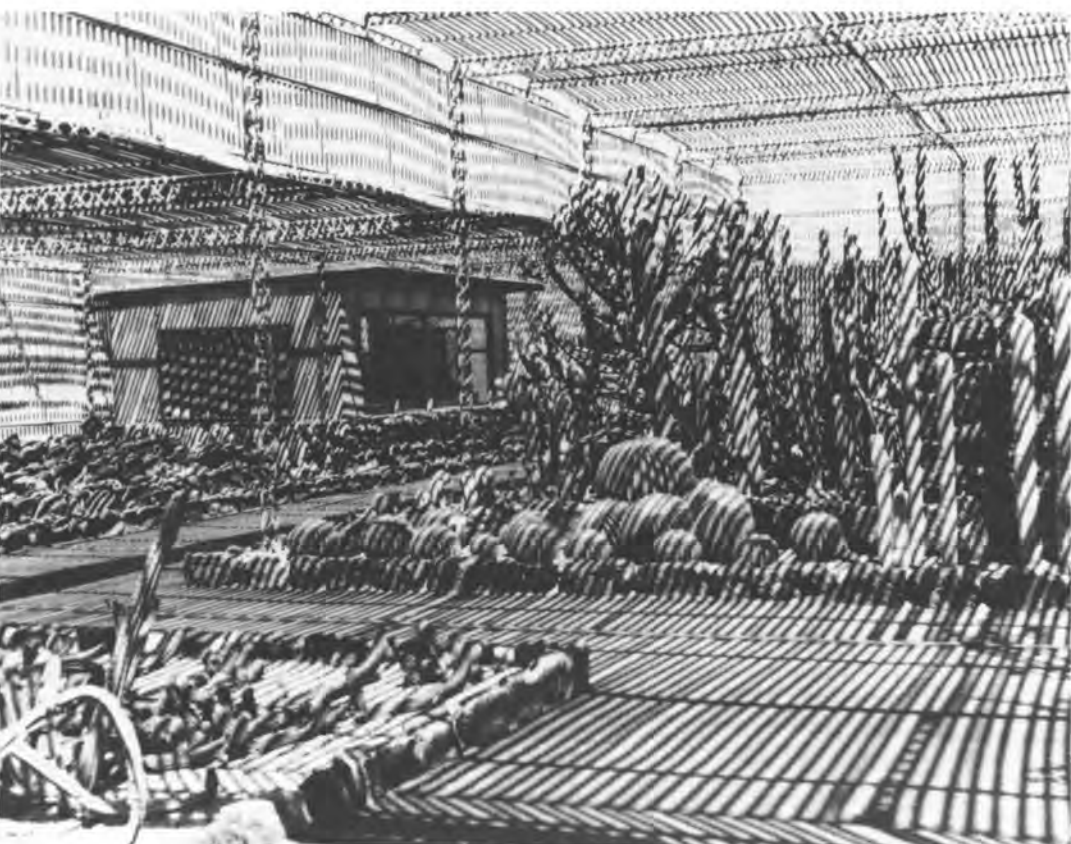
KINSA Contest

A subtle color photograph taken in a cactus museum captivated judges with its "unique form of photographic vision" to win the top prize in the 1982 Kodak International Newspaper Snapshot Awards (KINSA).

The picture was snapped in Phoenix, Arizona, by Nancy A. Berryhill of Chicago, Illinois, and it was forwarded for international judging by *The Beacon-News*, Aurora, Illinois. The top award was a world tour for two or \$10,000.

More than 200 amateur photographers won cash awards in the 44th Kodak snapshot competition. More than 385,000 snapshots were submitted through 181 newspapers in the United States, Canada, and Mexico.

The competition is sponsored annually by Kodak to promote interest in amateur picture-taking. The grand-prize winning photo is shown below. Other photographs on these pages were also award winners.





KODAK HIGHLIGHTS
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Bulk Rate
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KODAK SHAREOWNERS



Three new 35 mm color films introduced by Eastman Kodak Company embody breakthroughs in image-dye technology. Here, a technician at Kodak Research Laboratories uses a rotary evaporator to isolate a coupler chemical used to form the colored dye in films. Improved coupler technology helps enhance the speed, grain, sharpness, and color reproduction of the new films.