



Kodak Highlights

Third Quarter 1983

- Chandler's address to financial analysts
- Kodak Ektachem DT60 analyzer introduced
- Third quarter sales and earnings



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On the cover

Kodak's new Ektachem DT60 blood analyzer is no bigger than a typewriter, but it can perform most commonly requested laboratory tests for a physician's in-office needs. See page 6.

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Chandler charts the road ahead at Boston meeting of financial analysts

Kodak Chairman Colby H. Chandler reviewed the company's earnings for three-quarters (see page 7), then outlined his view of 1984 and beyond at a November 14 meeting of financial analysts in Boston.

He emphasized that Kodak's future strategy would be one of using common components to develop unique systems—systems that can be applied selectively to meet customer needs in traditional lines of business and in new market segments. "Film will play an important role in many of those segments," he said. "Electronics will have increasing applications."

Chandler also stressed Kodak's resolve to be the low-cost source of products of the highest quality, to maintain and increase market share, and to make decisions faster—balancing risk with reward.

He noted that Kodak today has "the strongest product position we have ever had. While uncertainty has blanketed the market, while sales were sluggish and economies depressed, we have put into place innovative and diversified products for our successful journey on the road ahead.

Three goals

"We have high expectations as we move along that road," he said. "First—and foremost—we seek real growth of two times the rate of increase in real GNP. Second—we are working toward productivity gains which will be at least twice the national averages. And, third—we want a return on equity that exceeds 20 percent.

"Those expectations are ambitious," he said. "We will not achieve them unless we become more effective at everything we do.

"Throughout the company, our continuing progress in consolidating divisions and merging functions in all major units has saved the need to hire hundreds of new people. We are accelerating the reassignment of outstanding people already on our payroll, and we are continuing our restraint on hiring. But, even with all that, we have had some involuntary separations this year.

"Such actions," he noted, "are always difficult, but they are necessary if we are to



Chandler

improve our effectiveness. We are intent upon operating as the low-cost producer in our principal lines of business. We are controlling our manufacturing unit costs and our non-manufacturing costs, and we are increasing our use of alternative sources of supply.

"We have under way a program to make each of our worldwide manufacturing units more productive—regardless of the strength or weakness of the dollar."

Chandler noted that Kodak has traditionally been a company that has "gone it alone," developing all its own technology to meet market needs and manufacturing the products required to satisfy consumer expectations.

Systems integrator

"Now," he said, "costs climb at a prohibitive rate. . . . No manufacturer—including Kodak—can afford to develop all the technology it needs at a rate the consumer expects.

"Increasingly, Kodak is becoming a systems integrator. We are putting together components—and marketing products—that offer value customers expect from Kodak.

These products are backed by our superior reputation. . . .

"Atex, Inc., provides a strong example. Their continuing service and commitment to the publishing industry deepens our involvement in that vital market. Future company systems will be based on further development of technology and products Atex has in place today.

"Our KAR 4000 information system is another example. This system combines proven micrographics hardware with a powerful minicomputer and specially designed software. Sales for the first three quarters of this year are 150 percent of our year-end estimates."

Chandler added that the KAR 4000 system is among some 30,000 photographic products and another 300 major industrial chemicals, fibers, and plastics that the company markets. "Clearly," he said, "each of our products is at some stage of maturity and profitability. Now, we are emphasizing the necessity to review all product areas—and we are taking action where returns are marginal. We will concentrate future resources on product lines which make important contributions to corporate rates of return.

Faster decisions

"We are concentrating, also, on maintaining or increasing market share in our principal product lines worldwide.

"To accomplish that," he said, "we are better learning to balance cost-control and price action. Our pricing formulas are increasingly attentive to competitive activity, to market acceptance, and to regional considerations.

"We are learning to make decisions faster, to go forward sooner . . . to do something, to balance risk with reward."

In the future, he said, "our company will be one that continues to offer high-quality goods and services. We will be a high-technology company with a strong presence and a strong future in imaging."

Chandler noted the continued large market for traditional photography and the expected continued domestic growth in exposures at the rate of about six percent a year.

"We believe silver halide will be the preferred technology to record still images well

into the future," he said, "and we are investing millions to support that belief and to extend the capability of film as a recording medium."

However, he said, "we are now using electronics to complement and supplement our work in silver halide to make images more appealing to consumers.



Kodak's KAR 4000 information system "combines micrographics hardware, a powerful minicomputer, and specially designed software."

"Despite the rumors and publicity," he said, "traditional businesses will not 'go electronic' overnight. A change to new electronic imaging systems will require substantial up-front investment—not only by manufacturers, but by distributors, retailers, and consumers.

"Consumers want new forms of imaging technology to be compatible with their current imaging systems and libraries. Hybrid systems provide that continuity. And, the possibilities of electronic enhancement and electronic conversion of conventional images give new excitement to those systems.

Electronics' potential

"Beyond these hybrid systems, electronics has potential in its own right. That potential will be expensive to develop, and the costs will include not only dollars, but trade-offs in image quality and in compatibility with current systems and modes of operation."

Chandler said that major advances in electronic imaging systems will come, but that they will depend not only on technological change, but also upon a successful

fit into the marketplace.

"The fit and the marketplace," Chandler said, "are currently the home ground of the Eastman Kodak Company. Kodak is known for imaging and Kodak knows imaging. That reputation—and that knowledge—form our bridge to the future."

Chandler noted that, in 1982, Kodak electronic products—and electronic components within other products—accounted for Photographic Division sales of more than \$500 million, and that the company's ranks now include more than 1500 electrical engineers.

"Through programs now in the planning stage," he said, "we will turn that knowledge into products and systems that will make a positive contribution to corporate earnings. In our strategic planning process, we have identified a substantial number of electronic product programs for independent and cooperative pursuit. We have assigned to each a place of priority in terms of development and commercialization."

New agreement

Chandler then announced that Kodak had reached a new licensing agreement with Drivetec, Inc., of San Jose, California, which permits Kodak to manufacture a flexible disk drive for use with personal computers. The disk drives will carry Kodak trade dress.

"For us," Chandler said, "this agreement represents a major indication of our intent to develop the magnetic recording market for both hardware and media. This is a market segment where we believe we have future potential based on our Isomax recording material.

"In this, and in all our electronic endeavors, our objective is the same: to provide high quality, branded systems, including hardware and media, in consumer areas and in commercial and industrial lines of business—wherever there are significant profit opportunities."

In previous discussions of electronics, he said, we have used the concept of a "matrix of technology" for the capture and display of images by both electronic and traditional photographic means.

"But if there are to be options within

the matrix, we must separate its components and we must introduce the concept of storage.

"Our recent acquisition, Datatape, for example, designs, manufactures, and markets sophisticated storage and retrieval systems for recording and reproducing various forms of data on magnetic tape. Spin Physics' newest product—the Isomax ultra-high density floppy disk—has the potential to store 20 million characters of information in one small disk. And, at our Research Laboratories, we have demonstrated an experimental version of an optical disk which uses proprietary Kodak technology to store 100,000 pages of information in an area the size of a phonograph record."

Diconix acquired

Two other important concepts are image processing and image retrieval, he said.

"On several occasions, we have demonstrated our ability to process images. We also have unique capability in image retrieval—both through transmission of images and through hard-copy generation. For example, we are in the development phase of a program where microfilm images, stored in an automated file, are scanned and transmitted to remote display screens in seconds. The images can then be enhanced or manipulated and made into black and white prints.

"Our latest acquisition, Diconix, Inc., brings new capability to the generation of hard copies. Using proprietary ink-jet technology, Diconix creates paper documents from information that has been stored as bit-streams of data.

"As we have discussed the concepts of image capture, storage and display, we have indicated how these concepts have applications in various market segments. For all of these, there may be common software for image processing. There may be common media for image storage. There may be common devices for image transmission and display. The possible advantages of common components lie in cost reduction, in systems strength, and in the potential for incremental sales.

"We continue to develop our expertise through acquisitions, through joint ventures, and through ongoing research and de-

velopment programs. All of these will help make Kodak the pre-eminent imaging company, capable of using common components to create systems of unique value to the many market segments we serve. This strategy of selective application of unique systems will enable us to achieve a better return on investment as we move freely in a matrix of tomorrow's technology.

"Clearly, our imaging business will not be tied to one technology. Clearly, our plans and our directions are set. We will be turning our earnings situation around—

beginning in 1984. Our effectiveness is increasing. Our expectations are high. And, our expertise in electronics—and in other technologies—is growing.

"We believe the unfolding of the Kodak of the future will be as exciting for investors as it is for those of us working inside the company to make it happen. We look forward to the road ahead."

Copies of Mr. Chandler's complete remarks may be obtained by writing to Shareowner Relations, Office of Corporate Communications, 343 State Street, Rochester, New York 14650.

Kodak offers physicians desk-top blood analyzer

The Kodak Ektachem DT60 blood analyzer—a desk-top unit no bigger than a typewriter—has been introduced by the company. It's the first dry chemistry instrument that allows doctors to give patients common lab test results within minutes of drawing a blood sample.

The new blood analyzer can perform most commonly requested laboratory tests for physicians' in-office needs, including those for glucose, cholesterol, triglycerides, blood urea nitrogen, and uric acid. Tests for bilirubin and hemoglobin will be added soon. An option, the DTE module, allows measurement of two electrolytes, sodium and potassium.

"For the first time, the private physician who relies on a blood analyzer at the hospital can expect comparable results in his office for his patient population," said John R. Zeman, general manager of Health Sciences Markets Division. "Kodak's Ektachem 100 and 400 analyzers currently are serving the testing needs of large hospitals. Now that technology has been extended into the doctor's office with an analyzer that is both efficient and cost-effective."

The Ektachem DT60 analyzer offers significant advantages to the patients, as well, Zeman said, starting with quick results. Also, there is no need to puncture a vein, since a sample from the prick of a finger is sufficient. Most important, the Ektachem DT60 analyzer can contribute to the reduction of consumer health-care costs. Because the analyzer is designed to run tests on a

"discrete" rather than on a "batch" basis, the patient is charged only for necessary tests rather than for a complete profile.

The new analyzer works on the dry chemistry system that Kodak has pioneered, which means the inconvenience of wet reagents and external plumbing is avoided. All chemical reactions take place within the slides themselves.

The Ektachem DT60 analyzer is easy to operate and highly efficient, capable of performing 65 to 70 tests an hour, 24 hours a day. Calibration is needed only four times a year.

According to Zeman, the target market for the new analyzer includes solo and group practitioners in the specialties of general/family practice, internal medicine, cardiology, pediatrics, and osteopathy.

"Right now, these practices number about 100,000," he said. "By 1990, they are expected to expand to 125,000. An average office orders 7,000 laboratory tests per year. Currently, almost 90 percent of the tests of these key practitioners are sent to hospital and commercial laboratories for analysis.

"We believe the major reason for the reluctance by doctors to assume the task of testing in their offices is that current testing equipment on the market features wet chemistry," Zeman added. "The inconvenience and cost of wet reagents and external plumbing is a strong deterrent. The Ektachem DT60 analyzer permits the physician to run tests and to have results during the patient's visit."

Third Quarter Report to Shareowners

Management's Discussion and Analysis of Financial Condition and Results of Operations

Summary. Net earnings for the third quarter were down 44 percent. For three quarters, net earnings were 47 percent lower than in 1982. The third quarter results continued to reflect the adverse impact of foreign currency changes and higher silver and other costs.

(in millions, except earnings per share)	Third Quarter			First Three Quarters		
	1983	1982	Change	1983	1982	Change
Sales	\$3,072.3	\$3,106.3	- 1%	\$7,598.2	\$7,784.4	- 2%
Earnings from Operations	427.7	686.3	-38	791.5	1,367.9	-42
Net Earnings	229.1	412.1	-44	447.9	841.7	-47
Per Share	\$1.39	\$2.54		\$2.71	\$5.18	

Sales. Third Quarter sales were one percent less than a year ago. Lower volume in the Photographic Division and the unfavorable impact of foreign currency changes against the U.S. dollar were the major reasons for this decline.

Sales by Division (in millions)	Third Quarter			First Three Quarters		
	1983	1982	Change	1983	1982	Change
Photographic Division						
Inside the U.S.	\$1,545.2	\$1,543.4	0%	\$3,516.1	\$3,525.0	0%
Outside the U.S.	876.9	1,000.9	-12	2,516.5	2,782.4	-10
Total Photographic Division	2,422.1	2,544.3	- 5	6,032.6	6,307.4	- 4
Chemicals Division						
Inside the U.S.	578.9	528.5	+10	1,396.8	1,360.6	+ 3
Outside the U.S.	135.9	116.3	+17	338.9	330.6	+ 3
Total Chemicals Division	714.8	644.8	+11	1,735.7	1,691.2	+ 3
Deduct Interdivision Sales	(64.6)	(82.8)		(170.1)	(214.2)	
Total Worldwide	\$3,072.3	\$3,106.3	- 1%	\$7,598.2	\$7,784.4	- 2%

In the Photographic Division, third quarter sales to customers in the U.S. were essentially unchanged from a year ago. Outside the U.S., sales declined in all regions due to the adverse impact of foreign currency fluctuations against the U.S. dollar and lower volume. Year-to-date sales declined because of lower volume both inside and outside the U.S. and the adverse impact of foreign exchange rate fluctuations. There were good sales of amateur color films and color papers and strong revenues from copier-duplicators.

In the Chemicals Division, solid volume gains were realized in the quarter for chemicals, fibers, and plastics. Year to date, volume gains were also recorded for these product groups with lower prices for chemicals and fibers partially offsetting these gains.

Sales to the U.S. Government and defense contractors amounted to \$275.8 million for the first three quarters, and represented approximately 4 percent of total sales.

Earnings. The earnings declines in the third quarter and three quarters to date reflect the adverse impact of foreign currency changes against the U.S. dollar, higher silver costs, and higher depreciation charges. The costs of employee reduction plans also adversely affected year-to-date results. During the quarter, there were approximately \$60 million of inventory adjustments charged to cost of goods sold.

Costs and Expenses (in millions)	Third Quarter			First Three Quarters		
	1983	1982	Change	1983	1982	Change
Cost of goods sold	\$2,074.2	\$1,862.3	+11%	\$5,287.7	\$4,912.7	+ 8%
Percent of Sales	67.5%	60.0%		69.6%	63.1%	
Sales, advertising, distribution, and administrative expenses	\$ 570.4	\$ 557.7	+ 2%	\$1,519.0	\$1,503.8	+ 1%
Percent of Sales	18.6%	17.9%		20.0%	19.3%	

Cost of goods sold included research and development expenditures of \$218.2 million in the third quarter compared with \$210.3 million last year. For three quarters, these expenditures amounted to \$562.7 million, compared with \$541.0 million in 1982.

Earnings from Operations	Third Quarter			First Three Quarters		
	1983	1982	Change	1983	1982	Change
Amount (in millions)	\$427.7	\$686.3	-38%	\$791.5	\$1,367.9	-42%
Percent of Sales	13.9%	22.1%		10.4%	17.6%	

Investment income in the third quarter exceeded that earned in 1982 because of higher balances of marketable securities. Year-to-date investment income was about the same as 1982. Interest expense for the quarter and three quarters was up sharply, primarily because of the interest on the \$275 million 8¼ percent Convertible Debentures, issued in December, 1982. The net after-tax effect from foreign exchange transactions and the translation of monetary assets and liabilities was a gain of \$15.9 million in the quarter compared with a gain of \$11.0 million a year ago. For three quarters, the gain amounted to \$29.6 million compared with a gain of \$16.8 million in 1982. The provision for income taxes in the third quarter was \$207.0 million compared with \$279.5 million a year ago; and for three quarters the provision totaled \$351.5 million compared with \$545.0 million in 1982. The higher effective tax rate in 1983 is due primarily to lower investment tax credits.

Net Earnings	Third Quarter			First Three Quarters		
	1983	1982	Change	1983	1982	Change
Amount (in millions)	\$229.1	\$412.1	-44%	\$447.9	\$841.7	-47%
Percent of Sales	7.5%	13.3%		5.9%	10.8%	

Cash Dividends. During the third quarter of 1983, a cash dividend of 75 cents per share on the company's common stock was declared. Total dividends declared for three quarters amounted to \$372.5 million compared with the \$365.5 million declared during the same period a year ago.

Financial Position. Cash and marketable securities were \$1,231.9 million at the end of the third quarter, compared with \$1,017.9 million at year-end. Worldwide inventories were \$1,782.1 million, down 15 percent from \$2,101.5 million at year-end. Receivables were \$1,858.8 million, compared with \$1,828.9 million at year-end. Working capital at the end of the quarter increased to \$3,281.9 million from \$3,142.9 million at year-end.

Capital Additions (in millions)	Third Quarter		First Three Quarters	
	1983	1982	1983	1982
Photographic Division	\$158.8	\$281.6	\$525.2	\$ 751.9
Chemicals Division	36.0	142.4	150.5	383.7
Total	\$194.8	\$424.0	\$675.7	\$1,135.6

The provision for depreciation for three quarters of 1983 was \$489.7 million compared with \$406.7 million in 1982.

Outlook. Kodak's third quarter reflects the continuation of a number of negative factors, including the adverse impact of foreign currency fluctuations against the U.S. dollar and higher depreciation and materials costs. In addition, the charge made for inventory adjustments depressed earnings in the third quarter.

We have characterized 1983 as a year in which our results will bottom out. That process continues. We look forward with confidence to 1984 as a year of business recovery for Kodak.

Colby H. Chandler
Chairman

K. J. Whitmore
President

Consolidated Statement of Financial Condition

Eastman Kodak Company and Subsidiary Companies

Assets	Oct. 2, 1983	Dec. 26, 1982	Oct. 3, 1982
Current Assets		(in millions)	
Cash	\$ 210.9	\$ 89.7	\$ 71.7
Marketable securities	1,021.0	928.2	435.1
Receivables	1,858.8	1,828.9	1,937.8
Inventories	1,782.1	2,101.5	2,103.7
Deferred income tax charges	61.7	23.2	98.4
Prepaid charges applicable to future operations	241.6	317.8	344.1
Total current assets	<u>5,176.1</u>	<u>5,289.3</u>	<u>4,990.8</u>
Properties			
Land, buildings, machinery, and equipment at cost ..	9,924.1	9,344.1	9,048.3
Less: Accumulated depreciation	<u>4,707.4</u>	<u>4,286.0</u>	<u>4,177.8</u>
Net properties	<u>5,216.7</u>	<u>5,058.1</u>	<u>4,870.5</u>
Other Assets			
Long-term receivables and other noncurrent assets ..	<u>255.3</u>	<u>275.1</u>	<u>283.2</u>
TOTAL ASSETS	<u><u>\$10,648.1</u></u>	<u><u>\$10,622.5</u></u>	<u><u>\$10,144.5</u></u>
Liabilities and Shareowners' Equity			
Current Liabilities			
Payables	\$ 1,595.3	\$ 1,670.5	\$ 1,692.4
Taxes-income and other	174.3	260.7	282.2
Dividends payable	124.6	215.2	56.3
Total current liabilities	<u>1,894.2</u>	<u>2,146.4</u>	<u>2,030.9</u>
Other Liabilities and Deferred Credits			
Debentures	341.0	341.0	66.0
Other long-term liabilities	252.3	147.8	138.0
Deferred income tax credits	<u>542.9</u>	<u>445.9</u>	<u>422.5</u>
Total liabilities and deferred credits	<u>3,030.4</u>	<u>3,081.1</u>	<u>2,657.4</u>
Shareowners' Equity			
Common stock*			
Par value-paid in or transferred from			
retained earnings	414.3	414.3	414.2
Additional capital paid in or transferred from			
retained earnings	519.3	518.4	569.7
Retained earnings	<u>6,684.1</u>	<u>6,608.7</u>	<u>6,503.2</u>
Total shareowners' equity	<u>7,617.7</u>	<u>7,541.4</u>	<u>7,487.1</u>
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	<u><u>\$10,648.1</u></u>	<u><u>\$10,622.5</u></u>	<u><u>\$10,144.5</u></u>

*Common stock: \$2.50 par value, 360.0 million shares authorized, 165.7 million shares issued. Of the shares authorized, approximately 3.4 million shares were reserved at the end of the third quarter 1983 for the conversion of debentures.

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
Investment 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

Cash dividends 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:

Operations of subsidiary companies outside the U.S.
included in Consolidated Statement of Earnings:

Sales
Earnings from operations
Net earnings (loss)

Third Quarter Ended		Three Quarters Ended	
Oct. 2, 1983	Oct. 3, 1982	Oct. 2, 1983	Oct. 3, 1982
(in millions, except per share amounts)			
\$2,063.9	\$1,993.2	\$4,752.1	\$4,680.1
<u>1,008.4</u>	<u>1,113.1</u>	<u>2,846.1</u>	<u>3,104.3</u>
<u>3,072.3</u>	<u>3,106.3</u>	<u>7,598.2</u>	<u>7,784.4</u>
2,074.2	1,862.3	5,287.7	4,912.7
<u>570.4</u>	<u>557.7</u>	<u>1,519.0</u>	<u>1,503.8</u>
<u>2,644.6</u>	<u>2,420.0</u>	<u>6,806.7</u>	<u>6,416.5</u>
427.7	686.3	791.5	1,367.9
33.8	26.7	86.9	86.6
37.6	19.0	88.0	55.1
<u>12.2</u>	<u>(2.4)</u>	<u>9.0</u>	<u>(12.7)</u>
436.1	691.6	799.4	1,386.7
<u>207.0</u>	<u>279.5</u>	<u>351.5</u>	<u>545.0</u>
<u>\$ 229.1</u>	<u>\$ 412.1</u>	<u>\$ 447.9</u>	<u>\$ 841.7</u>
		165.6	162.5
\$1.39	\$2.54	\$2.71	\$5.18
\$.75	\$.75	\$2.25	\$2.25
\$6,579.2	\$6,212.9	\$6,608.7	\$6,027.0
<u>229.1</u>	<u>412.1</u>	<u>447.9</u>	<u>841.7</u>
<u>6,808.3</u>	<u>6,625.0</u>	<u>7,056.6</u>	<u>6,868.7</u>
124.2	121.8	372.5	365.5
<u>\$6,684.1</u>	<u>\$6,503.2</u>	<u>\$6,684.1</u>	<u>\$6,503.2</u>
\$ 904.4	\$ 995.8	\$2,594.2	\$2,811.7
18.2	82.0	69.0	201.4
<u>(23.3)</u>	<u>25.3</u>	<u>(22.9)</u>	<u>54.2</u>

Consolidated Statement of Changes in Financial Position

Eastman Kodak Company and Subsidiary Companies

	Three Quarters Ended	
	Oct. 2, 1983	Oct. 3, 1982
(in millions)		
Funds Provided By:		
Net earnings	\$ 447.9	\$ 841.7
Depreciation and amortization	490.4	410.4
Other non-cash charges (credits)	76.7	99.9
Total from earnings	<u>1,015.0</u>	<u>1,352.0</u>
Increase (decrease) in liabilities	<u>(147.7)</u>	<u>(92.8)</u>
TOTAL FUNDS PROVIDED	<u>867.3</u>	<u>1,259.2</u>
 Funds Used For:		
Additions to properties	675.7	1,135.6
Dividends to shareowners	372.5	365.5
Increase (decrease) in: Receivables	29.9	229.0
Inventories	(319.4)	133.4
Other items, net	<u>(105.4)</u>	<u>10.7</u>
TOTAL FUNDS USED	<u>653.3</u>	<u>1,874.2</u>
Increase (decrease) in cash and marketable securities	214.0	(615.0)
Cash and marketable securities, beginning of year	<u>1,017.9</u>	<u>1,121.8</u>
Cash and marketable securities, end of quarter	<u>\$1,231.9</u>	<u>\$ 506.8</u>

The financial statements have been prepared by the company in accordance with the accounting policies stated in the 1982 Annual Report except that the provisions of Financial Accounting Standards Board Statement No. 52 regarding foreign currency translation were implemented as of the beginning of this year. This change had no significant impact on earnings.

In 1983, the third quarter for U.S. and Canadian photographic units and all chemical units was changed to include an extra four week period resulting in 16 weeks of activity being included for these units. For comparative purposes, the information for 1982 is reported for the quarter and three quarters on the same basis as for 1983.

These financial statements should be read in conjunction with the Notes to Financial Statements appearing in the 1982 Annual 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.

Lowrie G. Piercy, General Comptroller
November 9, 1983



New Kodak Ultratec UDF film can be handled under a wide variety of yellow, orange, or red safelight illumination.

Kodak announces breakthrough in new products for graphic arts industry

"One of the most significant developments in the graphic arts industry in more than a quarter of a century..."

That's the way Bill Sherman, general manager of the Graphics Markets Division, describes the new line of Kodak Ultratec products—products that provide a better combination of speed, convenience, and quality than ever was possible for printers.

The line consists of new films, papers, and processing chemicals which have been dramatically improved by breakthroughs in photographic technology. According to Sherman, conversion to Ultratec products

would cut annual costs for most printers in the \$3-billion-a-year graphic arts industry.

Until now, Sherman said, printers were forced to choose between the slow and difficult "lith method," which produced high-quality results, and the faster "rapid-access" method.

"Ultratec products, however, will enable printers to produce lith quality with the speed and ease of rapid access without the problems associated with either of those methods," Sherman said.

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For example, he noted, "in the past, a printer could not produce a truly good halftone (a film incorporating dot patterns from which printed images are formed) in a rapid-access processor. Now, with Ultratec products, excellent halftones can be made with rapid-access speed and ease."

Other benefits include sharper linework, elimination of drag and adjacency effects, compatibility with existing rapid-access materials and equipment, and high chemical stability.

"The bottom line is that the user can maintain high quality and save time and money by using Ultratec products," Sherman said.



To help users obtain optimum results in both positive and negative film production, the line of Kodak Ultratec products includes a series of contact screens with elliptical dot patterns that produce fine-quality halftone dots.

Ektaprint 200 copier-duplicator 'beyond our best expectations'

"Based on initial placements, the new Kodak Ektaprint 200 copier-duplicator is performing beyond our best expectations in terms of both reliability and copy quality," said Michael J. Murray, copy products national sales manager, Business Systems Markets Division.

Kodak announced the new model last March and began delivering units on a commercial basis in August. During the interim, a number of machines were installed in customer locations for extended performance trials. Murray based his comments on information received during this period.

Among the many new features of the Ektaprint 200 copier-duplicator, Murray noted that customers particularly like the "zoom" variable reduction, automatic insertion of cover sheets, and the ease of opera-

tion. The copier also offers the industry's first built-in copy controller with optional printing capability, continuous run, preprogrammed job selection, simplified two-sided copying, and built-in service diagnostics.

"Many of these features had been found only in high-volume duplicators," Murray said. Studies indicated that a large market existed for these features in a mid- to high-volume machine. The Ektaprint 200 copier-duplicator is designed to fill this need, offering customers a copier-duplicator simple enough to use in a "walk-up" environment, yet sophisticated enough to offer a range of features that makes it an ideal companion to duplicators in central reproduction locations.

Improved Kodacolor VR disc film shipped to dealers

A new disc film featuring improved grain, sharpness, and contrast has been announced by Kodak.

Kodacolor VR disc film replaces Kodacolor HR disc film at no increase in price for the improved product.

"We have changed the name to reflect the further refinements in the original technology that enabled development of disc film and later led to the very successful introduction of 35 mm Kodacolor VR films," said Frank P. Strong, Jr., general manager, U.S. Marketing.

Strong said that improvements in grain were achieved by modifications to the protective overcoating above the emulsion and

to changes in the film backing. Gains in sharpness—especially noted in bright outdoor scenes and close-up flash pictures—are attributed to new emulsion technology. Overall contrast has been increased to provide more "snap" in prints.

"While Kodak continually improves its products both with and without announcement, we believe that this change will bring picture-takers even more pleasing disc photographs and should be noted," said Strong.

He emphasized that Kodak surveys of more than 20,000 disc camera owners show that over 90 percent are either "satisfied" or "very satisfied" with their cameras.

Winter sports pins available through February

From now through the end of February 1984, purchasers of Kodak instant color film will be able to collect free winter sports pins from Kodak.

With the proof of purchase of two packs of any Kodak instant color film, a consumer will receive a winter sports pin by mail. Each pin features popular sporting events silhouetted in one-inch diameter on bright yellow, red, and royal blue enamel with 22K electroplated gold trim. There are six different pins in all.

Redemption certificates are available either in specially marked boxes of Kodak instant color film or at the point of sale.



The winter sports pins represent ski jumping, ice hockey, bobsledding, figure skating, downhill racing, and speed skating.

Kodak announces T-Grain medical x-ray film

A new family of medical x-ray films based on Kodak T-Grain emulsion has been introduced by the company.

"Kodak T-Mat G film and Kodak T-Mat L film offer the consumer a substantial increase in sharpness, producing noticeably improved images for diagnostic purposes," said John R. Zeman, vice-president and general manager of Health Sciences Markets Division.

The T-Grain emulsion was first employed by Kodak last year in new 1000-speed Kodacolor VR film. "T-Grain" is Kodak's trademark for the microscopic silver-halide grains that give photographic and x-ray films the ability to capture images. Conventional emulsions use octagonal or pebble-shaped grains, while the T-Grain emulsions use flat, tabular grains, thereby increasing their light-capturing efficiency.

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One of the newest theme park attractions in Central Florida is the "Island in the Sky," sponsored by Kodak at Cypress Gardens. The unique picture-taking attraction transports 100 visitors at a time to a viewing height of 150 feet. The "Island" then revolves three times, giving visitors a 360-degree, panoramic view.

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