CDG 2nd Quarter 2006 Results

- Making good progress - Emerged from 1st Half ‘06 having dealt with higher industry wide retail inventory.

- Q3 Revenue
  - Consumer Digital Imaging Group sales were $640 million, down 3%
  - Digital capture sales down 7%
  - Home printing solutions declined 7%.

- Q3 EFO
  - Consumer Digital Imaging Group earnings of $24M, compared with a loss of $61M in Q3 2005
Going Forward in 2006

- Focus on sales that provide best profit
- Market realities such as industry wide peak in digital camera sales and substantial slowdown in snapshot printer sales
- Making changes to address the business realities
Call to Action

- **Focus of Profitable Digital Revenue Growth**
  - Delivering on our key metrics for 2006
    - Digital Revenue Growth
    - Digital Earnings
    - Investable Cash Flow

- **Operationalize the Digital Business Model**
  - Relentless discipline in Design, Supply Chain, Operation, GTM Models
  - Stable, Scaleable, Lean Processes

- **Continue to Grow the Franchise**
  - Consumer value propositions
  - Continue to strengthen our brand in digital
Digital Capture SPG Portfolio

Digital Cameras & Accessories

Mobile Imaging

Memory

Snapshot Printing

Intellectual Property
Digital Cameras & Accessories
Essence of Kodak EasyShare Cameras

- Ease of Use
  - 1st time and repeat

- Sharing life
  - Connecting people

- Beautiful Pictures
  - Beautiful memories
Growing the Franchise

- Maintained a top three market position WW and in U.S. for digital still cameras
- Product Innovation
  - KODAK EASYSHARE V705 Dual Lens Digital Camera -- the world's smallest ultra-wide-angle optical zoom digital camera
- For third year in a row, Kodak ranks as the highest brand in customer satisfaction among digital cameras in the $200-$399 price segment (nearly half of the U.S. market)
Building the Digital Operating Model

- **Design / Manufacturing Model**
  - Flextronics partnership announced on August 1st

- **Supply Chain**

- **Go-To-Market**
  - Focus on 18 key countries

- **Marketing Management**

- **Integrated P&L**
Accessories & Memory

Breadth of line enhances retail/retailer.com position

Options bolster Camera line, enhance overall profitability

Camera docks  Flash/Optics  Photography Gear  Kits/Miscellaneous

Kodak Memory support all Camera series products and most competitive products

Lexar current licensee of Kodak Memory products World Wide
Snapshot Printing
Snapshot Printing

- Digital Camera Accessory
- Kodak Market Leader
- #1 in Easy Printing
- Margin Expansion – Mix & Media
Mobile Participation

- Focused on the Consumer
  - Innovate in compelling new connected imaging experiences
  - Accelerate business models in
    - services and printing
    - imaging components & imaging handsets
  - Leverage core assets and consumer knowledge to build profitable partnerships

- Motorola Partnership
  - 10 year agreement
  - Cross licensing of Intellectual property
  - Imaging handset co-development
  - CMOS imaging sensors
  - Seamless integration of Motorola mobile devices with Kodak kiosks, home printing solutions and Easyshare Gallery
Intellectual Property
Kodak’s Intellectual Property Strategy

- Design freedom for Kodak businesses.
- Gain additional IP via cross licensing.
- Competitive advantages for Kodak in selected markets & products.
- Generate royalty revenue
- Open doors to new products and markets
Kodak’s Strong DSC IP Position

- First to develop key DSCs
  - Kodak’s 1st DSC patent was filed in 1976
  - “Electronic still camera”, Lloyd & Sasson
  - Kodak’s early DSCs include
    - 1st portable professional DSC
    - 1st color consumer DSC
    - 1st consumer megapixel DSC

- Long term IP focus
  - It’s about Quantity and Quality
  - 1,000+ Worldwide patents
  - Top 30 Global Company granted U.S. patents
  - Many patents documented against various Digital Cameras, Camcorders, and Camera Phones
Digital Capture SPG Portfolio

Digital Cameras & Accessories

Mobile Imaging

Memory

Snapshot Printing

Intellectual Property
Digital Capture Portfolio Summary

SPU's
- Digital Cameras
- Accessories
- Snapshot Printing

Products
- Digital Cameras
- Camera Accessories
- Batteries
- Memory
- Snapshot Printers
- Thermal media
- Accessories

SPU Role
- Margin Expansion, New Operating Model, Maturing Industries

Mobile

IP / Royalties
- Mobile Handsets
- Accessories

Intellectual Property

High Growth Industry, Portfolio Expansion, Leverage EK assets

Leverage EK assets, Create Profitable Business Models