
Digital Capture SPG

September 2006

Eastman Kodak Company Confidential

Kodak



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



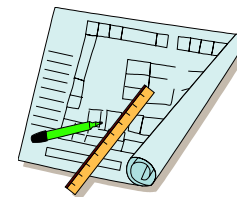
Memory



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

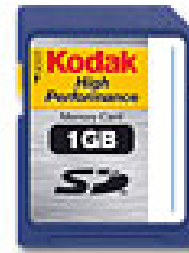


Photography Gear



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



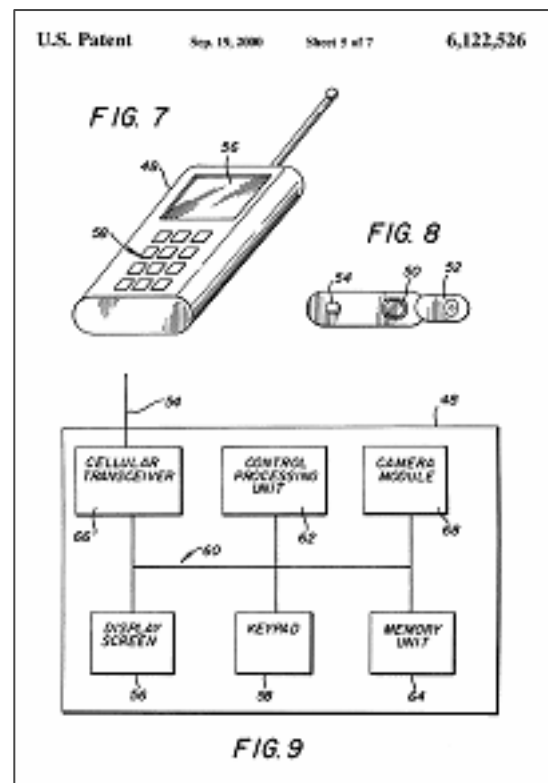
Mobile Imaging



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

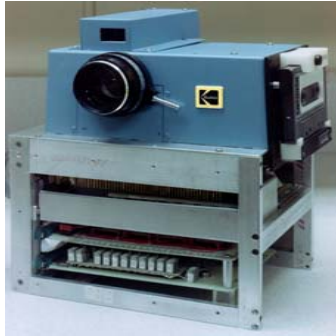


Kodak's Intellectual Property Strategy

- 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



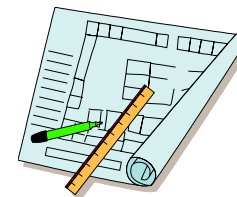
Memory



Snapshot Printing



Intellectual Property



Digital Capture Portfolio Summary

SPU's

**Digital Cameras
& Accessories**

**Snapshot
Printing**

Mobile

IP / Royalties

Products

Digital Cameras
Camera Accessories
Batteries Memory

Snapshot Printers
Thermal media
Accessories

Mobile Handsets
Accessories

Intellectual Property

SPU Role

**Margin Expansion, New Operating
Model, Maturing Industries**

**High Growth Industry,
Portfolio Expansion,
Leverage EK assets**

**Leverage EK
assets, Create
Profitable
Business
Models**

Kodak