

EASTMAN KODAK
Investor Meeting (New York City)
February 7, 2008

Ann McCorvey: Good morning, I'm Ann McCorvey, the Director of Investor Relations for Eastman Kodak Company. Welcome to each of you, and for those of you joining us live here at the digital sandbox, I hope you enjoyed the opportunity to view some of the products we have displayed this morning..

I'd also like to welcome those of you joining us via phone for our webcast. As we get started, I'd like to take care of a few housekeeping items. First, I'm going to ask that you take out your cell phones and PDAs then put them on vibrate or turn them off.

Second, I'd like to call your attention to the safe harbor statement slide that's on the screen. We are here this morning to talk about the new Kodak. We will be making a number of forward-looking statements as defined by the United States Private Security Litigation Reform Act of 1995. All of the risk factors that you need to consider are enumerated in your handout as well as in the press release and on the website.

I urge you to carefully look and read the discussion of those risk factors. Lastly, we will be using certain non-GAAP measures in our discussions this morning, each of which have been reconciled to the equivalent GAAP measure and it's included in your handout appendix as well as on the website.

Now, I'll turn the podium over to Antonio Perez, our Chairman and CEO.

Antonio Perez: Thank you Ann, and good morning everyone. Thank you very much for attending. I do hope that you had the opportunity to go through the demo room. And if you didn't I will encourage you to do that later.

Obviously, we cannot show all of our products in that demo room, but there is a very interesting collection and a lot of new products. In fact, that will be my first message for you today.

In the year 2008, we are planning to introduce new products to the point that we will expand our digital portfolio of products by more than 50 percent. We will be investing heavily like in the last few years -- no change in R&D, but in improving the commercialization processes and capacity, and the fact is that we are going to see all the benefits of those investments this year.

The agenda. I'm going to give you an overview of what we describe as the new Kodak. And then after that Mary Jane would talk to you about the traditional business, and we seem to believe that has a lot more staying power. So we're going to go through that to see if we can get you to agree with us and we have very good reasons, by the way.

Phil, will take you through the digital growth prospects. We have two very, very strong product lines as I said before. The total product portfolio is going to grow by more than 50 percent during this year, and he will take you through that. And then Frank will show you the financial model that is behind all of that.

My key messages for the day -- and there are five: The first two are basically about what we've done. We have completed what was a very large, very complex, very expensive transformation restructuring, and it is done and finished.

And while we were doing that, we have created a very powerful portfolio of digital products based on the two areas of expertise in which this company is one of the top companies in the world. You heard me say that before, but I would say it again.

One area of expertise is what we call material science -- something in which this company has been working for over 100 years. We believe we are one of the top three companies in the world in the field of materials science. Arguably the number one company when it comes to applied material sciences to imaging applications.

The other area is digital images. In digital imaging sciences, Kodak has been investing for more than 20 years, earlier than anyone that I know and very significantly. Therefore, we ended with a very powerful set of know-how and IP.

And based on those two, we have created a new company at the intersection that those two meet. The reason why we did that is that we believe in that intersection, we are the number one company in the world when you start to count not only our IP portfolio but our know-how in the power of our brand.

Granted, we didn't have the skill when we started, so the key goal for us in the last four years was to create skills, which is what we have done. So what we have today, is what we call a sustainable business model for the traditional business.

It is a declining business and we don't dispute that obviously. It is a declining business but it has a very, very much sustainable business model because not only have we cut cost but also we cut cost well ahead of the decline. And as you all know, we accelerated the depreciation for the future manufacturing to the point that by the end of this period, the value of those assets would be virtually zero book value.

Therefore, Mary Jane will take you through the rationale that we have with this. It will continue to be a solid contributor, both in cash and earnings. And this is a very sustainable business for us.

We have \$6.6 billion in digital revenue. And by the way, we made \$179 million of profit and in those digital categories -- we either are number one or at least we're in the top three.

For the last 4 years, we are number one in market share or we are one of the top three. And building on that, we're going to have more than a 50 percent increase in the product portfolio of our digital products this year. The increase will come all across the year. You've already seen the dry labs. This is a very important introduction. We have the new platform of inkjet, the new announcement of the CMOS, and many more that will be coming this year.

The five key messages about where we're going -- it is something that we haven't talked much to you about, but at this point we can talk more in detail. We built on our portfolio, and if you look at the digital revenue we have by the end of the year 2008, we've have 60 percent of those revenues come from product lines that we like to describe as output.

Those are product lines that once you sell the unit you are going to continue to deliver annuities whether those are from ink, media or services or software upgrade.

This is very important and this is the construction of the company that we have. And I'll take you through this later on, but this is the company that you are going to see formed and it started already in 2008. We have the revenue and developed products, which cross both the consumer business and the commercial space. You have the digital presses, both in NexPress and Versamark, the plates and in workflow software. It's a very important element of the construction of the new company.

Just very briefly about 2007 -- every metric that we had for ourselves and we made public, we either met or we exceeded. We overachieved on cash. We met our digital revenue growth for both GCG and CDG. We met the digital EFO and total EFO goals.

But more important than that, or as important anyway, is the fact that all the key businesses in digital grew healthily. That the profitability of digital through the lines grew faster than the revenue. And in fact, you'll probably notice that the improvement year-over-year of the profitability of the digital portfolio was at \$189 million. But this is not the first year that we've done that. I'm just trying to point out that we keep getting momentum in these products and we had very strong cash and earnings.

Again, as important as everything that I've said is the fact that we achieve the strategic imperatives which were very important and are very important for the future results of this company. Successfully, introduced very critical products for the company in very competitive markets.

How many times people doubted that we would be able to do this to live and count. So although I understand you know the cautions of many people, the fact is that we have entered into the consumer inkjet very successfully, and still would make it through some of the elements of success apart from the 500,000 units. There are many other elements in that introduction that are incredibly encouraging for someone that has been in this business for many years. The plan of GCG would finish with the integration of those companies. This was the first year that we are going to go for growth in the top line, and we achieved the growth in the top line.

Even with a lot of headwind against us. We had to deal with the price of commodities and that made pricing a very difficult exercise for the year. We made great progress in advancing the technology of CMOS, and we just announced a breakthrough product. This is a long cycle business, no doubt.

It's going to take us time to build significant revenue but we do have the technology. We have proven that we have this technology, and we are on the pace to make a very good business out of that.

Second, we'll work in our cost model. By the way, we will continue to work till the end of our life. This is a job that will never end, even with a very significant improvement in this case. Corporate restructuring is over. I don't know how many times you are going to hear this today, because we keep hearing "when is there going to be the next restructuring?"

So, there is no more restructuring and we have finished with the corporate restructuring. Again, remember we got cost out ahead of decline, and remember we accelerated depreciation on those assets so by the end of this planning period it will have a zero value, and believe me this business is going to last more than four years.

So we will continue to decline, but the business will last more than four years. In any case, we will benefit from the accelerated depreciation.

The profitability of the digital portfolio has improved dramatically. And that's how we got to the \$189 million improvement year-over-year in CDG. We invested significantly into the digital businesses, including a huge investment in inkjet. We can't share this number publicly.

The digital portfolio of CDG improved \$189,000 million year-over-year. That is because of the basics of the business, and I will let Phil take you through that because this will continue. This carries on to next year and the years thereafter.

We spent humongous amount of money, and it is not just in R&D. It's also in SG&A.

We have hired a lot of new people to sell our presses and to sell our enterprise workflow. Do you want to see the effects of this? Well, you saw them already some but you will see more and more as we grow. And again, we are going to increase the portfolio of digital products year-over-year by more than 50 percent.

Last but not least, we really cleaned up the balance sheet. We sold the Health Group because it didn't fit into that intersection that I described to you. It didn't have the IP power. We believe any company needs IP to be successful in the digital space. And along the way, obviously we ended up with a very strong balance sheet almost \$3 billion in cash and \$1.6 billion in debt.

We'll take you through this, but I really want you to try to get what I'm saying. This is a unique space for this company. There is no other company in the world that has the expertise and the IP that we have at that intersection.

We certainly respect profoundly the digital imaging capabilities of the likes of HP and Canon -- wonderful companies. But I could argue with anybody that they are going to have a hard time competing with us in ink, in media and in the materials science. This creates a very powerful and innovative inkjet head.

And again, we have competitors that came from both sides: from the materials science side and from the digital imaging side. But none of them have this amazing portfolio of know-how and brand support right at the intersection.

We will stay focused on that area. That's our natural space. That's where the brand works well. That's why we can come up with innovative products that we get awards for all the time. Our consumer inkjet, it was innovative product. And our newly introduced dry lab, it received the innovation award of PMA.

I can assure you -- although I don't know yet, but I'm going to go on a limb here to tell you -- that we will win at DRUPA with our new technology, STREAM. There is no doubt in my mind that it is going to be named as a breakthrough technology.

This is because of the irrefutable fact that we have an incredibly powerful IP portfolio and know-how at the intersection of those two sciences. I'm going to stop saying this but believe me, this is a unique space for this company, one in which no one can beat us -- seeing we execute well, which we are planning to do.

There is a reporting structure change that I want to mention briefly. Frank would take you through this later in more detail, but you remember a couple of years ago we moved all the output products we offer to retail under one go-to-market organization. The purpose of that, obviously, was to leverage the cost of the go-to-market organization.

And that was good for us and it was good for the retailers, because normally the retailers would like to have one contact they can manage for example. So that was good and is working well, and we don't want to change that.

Now at that time, we had a lot of sites. Now, things have changed. Now, we have only two sites with sensitizing capabilities and those two sensitizing plants have to deal with all the silver halide products in order to manage the capacity and those assets more effectively, which we now call FPEG. Mary Jane will take you through that, too.

That's the fundamental reason. On top of that, I have to say that obviously it requires a different management style and approach to run a growth business versus a declining business. I think we have proven an incredibly powerful thing with managing a declining business. That's the right organization for all of those reasons, and that's why we made this change.

Let me describe the portfolio of the new Kodak. Believe me I've been waiting four years to tell you the story. Even though I always thought that I could be here at this time, there were tough times along the way, but I feel really excited of where we are today.

This is the portfolio we have built. The horizontal axis you can see is the gross profit versus the corporate average. I'll take you through the slide. I know this is a little complicated. The vertical axis is the growth of those products... those categories.

And then you see a line in the middle; this is the average of the gross profit of the company in the year 2008. So you can see that the two biggest product lines that we have -- digital prepress and digital capture-- are slightly over the average of the company.

It was very important for me, and I think it should be for you, is that any of the product category, other than inkjet, excluding digital capture and prepress solutions have to have a gross margin higher than the average of the company. Now, granted they're small and because they're small, they don't have as much gross margin as they will later. I will show 2011 -- that we'll have the possibility to grow those businesses. We have very good reasons why we can grow those businesses, and Phil will take you through some of those.

And then obviously on the left, we have the big investment in inkjet. It's not just inkjet that pulls the average down, it is the time we have all the investments and we don't have the revenue. Therefore we can we can put them there plus we don't want to tell you where they are. That's another reason, but the fact is that every single product line -- and soon inkjet will be there too -- has a higher gross margin. So it's up to us to execute. They have the natural ability in the markets to generate a very high gross margin.

I want you to look at the color of the coding. The red representing those output products that I was referring to you. Anyone of those units we sell, we're very happy in the company because we know that those units are going to bring us back revenue for years to come. I know it isn't in the shape and the form of ink or media. As I said there are software upgrades and services, too. And all of those, they have very high margins. I will go through this at the end of my presentation to show you the business model in the industry as an average of the two parts of this business.

If you go to 2011, you're going to see that we haven't been very ambitious as far as moving up the gross margin. So the two biggest product lines we have today, which are digital capture and this digital plates actually, are going to be slightly below the average margin.

If you look carefully from one chart to the other, the growth has changed for some of those, but as well, all of the key products we have in categories are way above the average. It will continue to grow to the right and along the way you will see the increase of the average of the company.

The biggest influencer for the increase in the average corporate growth will be the annuities that are going to be generated by those output products. There's going to be an improvement in the margin of the capture products but by and large the biggest influence is the annuities. And that is the plan of the company.

When we talk about the traditional business -- and again, Mary Jane will take you into much more detail than this -- we have basically three types of categories. We have Entertainment Imaging; we have a bunch of films, which includes consumer films and other films; and then we have paper and photofinishing. The paper and photofinishing brings down the gross margin.

In 2008, the average of those three combined are actually slightly below the average of the company. They generate a lot of cash, but the average of those three in 2008 is slightly below the average. When we move to 2011, they will still be slightly below the average, but it would have also moved two points in gross profit from 2008 to 2011.

How could that happen, to a business that is declining? How could you possibly move the gross margins up? Well, that's fundamentally the effect of the law of depreciation. That is going to start to help us very quickly, and you will see the effect later.

The volumes will be smaller, and Mary Jane will take you through that. That will still be a very nice business to have with very, very good generation of cash.

Now, why would I keep saying this? It is for all sorts of reasons. I'm going to give you a few. In 2008, 70 percent of the revenue of this company will come from digital products, 60 percent of the profit of this company will come from digital products -- very different than what it was four years ago.

60 percent of our business are B-to-B, 40 percent will be B-to-C -- very different than it was four years ago. Let me give a few more things. Now, we have two digital groups that even though we keep saying that, they are different because they have two different business models and they have to be managed differently.

The fact is they both have capture and output in their business. There is enormous amount of leverage in IP and know-how and purchasing power and so – and in the output, a lot of leverage across. For example, we have only one center of expertise in inkjet obviously.

The center of expertise of inkjet actually covers the consumer inkjet as well as continuous inkjet. There is a lot of leverage that we can get from that which is very useful for us. What is very different as well -- incredibly different than where we were four years ago -- is the fact the 60 percent of our revenue, of the \$7 billion that the digital business will be by the end of this year, is in output products. This has an enormous significance for the future earnings potential of this company.

We have a plan of growth through digital business of 10 percent to 12 percent for the period. And let me tell right here that we have been prudent about this. I guess everybody else in this room will know quite sure what is going on with the economy, but since we're not sure we took an approach that I will call "cautious" and "prudent" to these numbers.

The best information we have about the economy is in these numbers. It's included in these numbers. Let me tell you that in this particular time it's almost an advantage to be so late in this market, because even if the economy forces those businesses not to grow much -- let's say the inkjet business is not going to grow much -- I don't know that we care much, because for us it's all growth and the same in many other businesses.

We're new in many businesses, and in new categories hopefully we'll be affected less than the incumbent and have very high market share there. This is an important point, too. We have a very strong brand worldwide, incredibly strong worldwide, wherever you go in the world. This is going to help us to grow worldwide. It has been helping us already, and it will help us along the way.

And in fact, we have 60 percent of revenues coming from outside the US and 60 percent of our expense is coming from outside the US. So when the dollar goes down, obviously we would be penalized when we buy things outside, and this is the opposite impact on revenue.

So as much as possible, we have world balance to deal with currency exposure or business climate in different parts of the world. As much as this is possible of course, I believe truly that the world is global and if one of the key economies goes down, the whole world is going to be affected, obviously.

A little bit about IP, my favorite topic. We still have the same goals that we have had from the beginning. I'm going to repeat it, coming back from the point that there is an irrefutable truth that we have an incredibly powerful portfolio at the intersection of materials science and digital image science. OK, that's the basis of all of these.

Our first objective for our IP program is to obtain design freedom. The second objective is to enter new markets -- to have deals with companies that will help us enter new markets. Third, generating cash and revenue for the company.

To give you another point, since January 1st 2004, we have made license deals with 20 leading companies across the world. They are either paying a significant royalty, or we have obtained from them a cross license that is very valuable for us for our design freedom. Of course, they get cross licenses, too.

The point I'm trying to make is that first, we have a very powerful portfolio. Second, we can claim that we know what we're doing. We've been doing this now for a few years. We have arguably the best IP team in this industry and we have a very strong funnel in front of us that allows me to say with confidence that -- consistent with what we did in the last two years -- we expect 250 to 350 million dollars in royalties, cash and revenues every year for the rest of the period that we have plan.

I kept saying that really what we're going to do is increase as much as we can our organic growth. You cannot grow your digital portfolio by 50 percent from year-over-year without putting a lot of cash behind it.

You've seen the SG&A been going down rapidly. This year, it went down but not as much. Well, there was a reason for that. It's not that we stopped cutting cost -- believe me, we would always do this.

What we tell the teams is that the company restructuring is over. The search for productivity gains is the first line of the agenda of the company, so we'll continue to do that. The reason why the SG&A went down this low in six years is because we invested a lot, and that's why we have 50 percent increase in digital portfolio products this year. The majority of those products you're going to see are within the output space. That would allow us to go for a higher growth into output products, that in turn will give us the exponential growth and the bottom line, which is ultimately what we're after.

So that's the first objective, those two. Now, we'll look outside too, obviously, by the end of this year – Frank will take you to this in detail – we'll have about \$2 billion of surplus at least in my view. We want to do something that is value creating for our shareholders and us. So, we will keep looking at what's available outside in the market.

We're not going shy away from a good opportunity outside. Having said that, I'm telling you it's very hard to buy companies these days.

So the plan we have in mind is something that will be very accretive. The plan that we have in mind is something that fits very well with the strategy or will accelerate the objectives that I just described to you. In the output space -- more units, more annuities; in the capture space -- the ability to enhance margins. We will keep doing that.

We have nothing to report. We spend a lot of time on this. We'll keep looking. Maybe this market actually might be an opportunity. We have really nothing to report except that we're taking a lot of time, we have partners helping us with this, and were scouting the market for this if there is an opportunity.

The Board has not decided anything yet about share repurchases. Again, we will look at value creation for the shareholders. The debt reduction is in the list but you're going to see the amount of debt that we have and it's really nothing much, so one could argue that we are not leveraged enough anyway at this point of time. So really, I wouldn't pay much attention to that.

Anything we do is going to be very prudent. Again, we're spending a lot of time with this. We have proven to you, I believe, we've done acquisitions and we've done them well. We integrated these acquisitions well, too. We kept a lot of the synergies for us, not for the seller, and we've done a few acquisitions in the last three years, so we know what we're doing.

Now, we don't have anything to report. We have nothing that I can talk about and we will keep looking. Number one organic growth, we have a lot of possibilities to expand the portfolio with the amount of technology we have. Number two, we'll keep looking for outside. Number three, share repurchase.

So for 2008 and again -- very much in line of what I just said to you as the first objective -- we have to drive unique growth and digital output business because they will grow exponentially our bottom line. So you're going to see a lot of efforts into consumer inkjet, into NexPress, and into continuous inkjet.

We will introduce the STREAM technology. We just introduced the dry lab deployment, which is a phenomenal solution for retail by the way; I don't know if you realize that. It's breakthrough solution for retail that's going to give us a lot of very happy days.

A lot of new introductions in kiosk and plates. Now for the first time, we're going to have actually enough capacity to deal with the demand of our own customers. The issue has been the aluminum. It's still a phenomenal business with great margins, but aluminum has been hurting us so we're working on lowering the cost. That's all we can really do.

Passing the cost to customer -- it won't be easy because with a good margin product, you'll try to raise the price and your competitors will take the deals away. So what we have to do is lower the cost. The plant in Xiamen, China, is going to help us both with the cost of the plates as well as with the capacity that we did not have.

Those are the keys that you can compare this for 2008. We have to keep enhancing the margins in capture. Capture is an enabler and a part of the business but it does have lower margins.

We have to continue to expand the portfolio. The portfolio expansion does several things to you. First of all, it leverages the cost that you have and the go to market. And then, as well, it helps you with your purchasing power. So portfolio expansions are very important.

CMOS gets us into more designed deals and we'll continue to work in the IP's as we had in the last four years, if you allow me to say that, and I'm going to make few claims in my last slide, so I can run to my seat quickly if you don't agree with them, but we've done pretty well.

Again, the restructuring is over, but we're not going to stop searching for productivity gains. It's in the blood of this company, which is such a different company. I'll tell you in a minute that you wouldn't believe. Anyway, I will continue to that.

Strong, strong cash generation. This team has done an unbelievable job for the last four years. The way they forecast and manage a declining business it is for a school book -- perfect -- and they're going to continue to do that this year. And then people development.

We've built a phenomenal team. A lot of expertise, and more than anything, a level of energy, commitment, and innovation that is outstanding... and I've been around for a while. So I have a lot of faith in this thing.

Anyway, the goals for the year, financially, you see them there. The company will grow. Top line of the company will grow digital 7 percent to 10 percent, in our traditional 14 to 12 down, full-year earnings of 400 to 500, EBITDA more than a billion. The cash generation is 550 to 650, and I want you to take into account with that number the fact that we have a lot of introductions, a lot of advertising, a lot of expenses for all these products that we introduced.

It is the right way to spend the money. If you're asking me what we're going to do with the money that we have extra, that's what we're doing. We are generating value creation with organic growth -- with technology that we already have in house that we're ready to commercialize.

And when you look across the period what's more important for me about this, you see this is the revenue growth 10 to 12 percent from '08 to '11. This is the five percent for the company.

Anyway, what's really here is that you see the gross profit growing gradually with momentum. The majority of that you can attribute to the mix of our sales -- specifically the amount of annuities that get into the composition of that revenue year-over-year. So we're not expecting a market that is going to be less competitive in price.

We're not expecting a bunch of luck, we're just creating a company that's going to have the majority of their revenues coming from this output product that I describe to you, and this is what our portfolio is aiming at. The SG&A will continue to improve as we have done this the last four years. So some credit should be given to us. We will continue to do that.

The R&D is going to be about the same -- between five and six percent. But remember, it's five percent or six percent of a much higher revenue, so the number of dollars are much higher, and when you talk about this 5.3 percent or this five percent to six percent in 2008, actually it's probably more than seven to eight for the digital products. OK, so there is a significant amount of R&D that is spent, and remember, the innovations don't come just from R&D. The money they have to spend in the rest of the commercialization is part of costs that you don't see over there.

And as a consequence, those things that are well explainable if we will continue to grow like that. And that -- and in cash by the end of that period -- will be over, you know, a billion dollars. Time to go once more to this output notion, because you do look at the portfolio and you see that we invest in the output product.

This is a generic statement because there's so many different products, but anyway, the industry average equipment gross profits could go easily from the lower 10s to the high 20s. It depends when you are in the consumer space and the commercial space but it goes around 20 percent.

The annuities -- which are a combination of ink, media, service, software upgrades and the like -- is more around 50 percent. Some cases are a little more than that, as you know. Ink is much higher than that, or it's about 50 percent. It is this notion and the need -- the whole structure of the company -- that allows us to say with confidence that we can achieve a significant improvement in the bottom line along the way.

And this is the notion as well that encourages us to continue to sell units because the effect is going to be where I describe. And now, this is my page of claim and I will sit down before you. I think we have proven that we know how to forecast, manage efficiently and generate strong cash from the declining traditional business, so why don't you believe us that we know that this business is going to be there for the next four years?.

We'll really know more than anybody about this business. We signed deals with our customers; they should know what they're doing for multi-years for film. Why somebody could say the film is going to go down in a year-and-a-half. Why do they come with this idea? We're not saying that the industry is going to go digital. Are more in the company is, if it can be digital, it will be digital. That's not the point.

The point is, that business will last for years generating a lot of cash, so please put it in your model. I'm going to sit down in the middle. We have proven our ability to create digital products.

At the end of 2003 when I stood up and said, we're going to create a digital company. There was laughter. Well, we have \$6.6 billion in digital revenues. In all of those digital categories, we are either number one or number three in the world in market share. We made \$176 million. We're going to introduce 50 percent more product this year. So I think we deserve the credit that we know how to create innovative digital products.

Look at the products we have introduced in the last two years. We are new in the inkjet business and they're always comparing us with HP. We feel very honored. I mean, we hardly started and they're incredible company with this, --so that is because we have come up with something that is very significant.,, something that brings value to the market and to the customers.

But I could take you through the other things that I mentioned. Look at the leadership award that we got because that will stay with us. This is not a funny trick; this is across our product line and software. We know how to grow business in digital, OK?

We have a different company. Now, you can't see that, I understand, so I ask you to believe me. This is a very different company than a company we had four years ago. The spirit in this company is unbelievable. We have an incredible team; very motivated, a lot of innovation, a lot of energy, and it is deliberate.

In the last four years everything that we promised we would deliver, well, actually we did from our point of view.

OK, so maybe just maybe we should have credibility for the next four years, if I may ask. And maybe the most important thing for me is that we made steady progress -- you know it was gradual. It was creating a momentum with good products, and then expansion of new products in the new categories. We have created traction and it doesn't stop.

That will continue and we will accelerate, which makes me believe that we have a very good forecast for you in the next four years. Thank you very much.

Mary Jane Hellyar: I'm really pleased to have an opportunity to be here with you today to talk about the strategy and the future for FPEG. It's been a challenging ride for us as we've gotten ourselves to 2008. But what I can say is we've learned a lot along the way.

And it's really the learnings that we've had and over the last four or plus years that gives me a tremendous amount of confidence looking forward, in terms of the outlook of this business and our ability to manage that way.

One thing that you could take away from my part of the presentation is that we are poised for success in 2008 and beyond with a sustainable business model.

And we will talk more about that. We see strong cash generation over the whole planning period and operating margins in the eight to 10 percent range by 2011. A key element in that model is a solid process outlook for our Entertainment Imaging business, and I understand there are a lot of questions in that area and we are going to drill just a little bit deeper in that space and give you a picture of how we are looking at that business.

Profitability and improvement in traditional photofinishing -- we've been working at that. We've been delivering on that the last several years, but we are going to continue to drive forward and improve profitability and again, I'll talk just a little bit about how it is that we'll go about doing that.

You've heard from Antonio --- and I won't be the last one you hear this from-- last year we told you we were going to have the restructuring completed, and we have completed the corporate restructuring.

I will also reiterate that the focus on cost reduction will continue. One of the things that I feel very good about -- in particular it started in our manufacturing operations -- is the application of lean thinking. You know, I would say within our operations we're probably near best-in-class in terms of really embracing that in close to a decade ago and bringing that thinking through.

It has been a huge enabler to us being able to achieve what we have. Going forward, we are very much focused on continuing to expand that through the whole order of the cash cycle, and you'll see some that in our 2008 operational imperative. But we will continue to stay focused on cost.

We do have a declining revenue in this business, and we have to continue to take cost out with that decline. We are convinced -- based on the work that we've done and the experiences that we've had -- that will be what I would call in the realm of on-going cost reduction and is in the plan.

Another thing that I want to point out, and again Antonio has mentioned this, is the book value of the assets that we have in this business will be virtually written off by the end of the planning period.

So, I'm not going to spend a lot of time on where we've come from, but I think it important to just take a quick look and run that down because it goes to the confidence in the future.

So we have position over these last past four years, and in particular we have position as FPEG, for a sustainable business model going forward. We talked a lot on the cost side. I don't know that we've talked a lot on the revenue side for this business, but if we looked at the forecast of film revenues over the last four years, we were on track for that revenue decline in '04 and '05 and in fact, we've been done better than the forecast in '06 and '07.

That, in part, has been a key element in taking cost out ahead of the decline. You build a forecast, you take the cost out to meet that forecast, you know having your revenue be better certainly gives you a help in that.

So we've benefited both on the cost side -- being able to be more aggressive than the plan we put in place, year-on-year-on year -- but we've also had a benefit on the revenue side, and being able to hit the forecast.

On the cost side, you've heard a lot about this over the last four years, sensitizing locations went from 10 to two. We are now sensitizing in Harrow and Kodak Park. We've taken our Kodak managed warehouses from 25 to four. The net book value of our assets is \$3.1 billion to well below \$700 million.

Our SGA, the costs we have incurred and taken getting to the marketplace: 50 percent reduction. And then also we've made a lot of progress in the last two years, in particular variabilizing the go-to-market cost for the film capture business.

So if you took a snapshot back four years, we were essentially direct most places. And that comes with a certain fixed cost. We still have the same footprint in terms of the countries we sell in, but we do it via a more variable model and distributors.

With all of that, I'm very proud to say that we've held or grown our market share in all of our key product variants. So we haven't made this transformation at the expense of our fundamental market positions within any of our product areas.

So, you know, the net takeaway really is that I feel proud but also confident that we've demonstrated that we can forecast and we can also comfortably manage declining business. It gives you an idea of how we are looking at our new portfolio. Antonio mentioned that we have announced a change in how we look at the segments.

You can look at traditional photofinishing as a significant business -- \$1.2 billion. As we look over the planning horizon, we are forecasting high single digits decline rate. Entertainment imaging films, as well as digital services: \$1.1 billion. It's been growing and stable up to this point, but we have built in a forecast with the low single digit decline over the planning period.

Film capture. I just want to point out here, if we dialed back about three or four years, this would be by far the largest business within our portfolio. And in fact, it's been declining at the fastest rate. But you can see in 2008 the projections are half-a-billion dollar business continuing to show a significant decline, frankly.

But over the planning horizon we do see that abating somewhat, and we have \$300 million business.

We've grouped a whole variety of other film products -- graphic film, aerial, commercial -- with this single digit decline forecasted.

Each one of these different product areas generates strong cash -- positive and strong cash contribution overall to FPEG. Now, Antonio mentioned a 12 to 14 percent revenue decline rate going forward, and what you should take away is the fact that really is stabilization in terms of our revenue decline.

We are 15 percent this year. So you can think of that as maybe easing slightly, but basically stable. The dynamic that really sets up, I tried to show here, is that film capture -- which is declining most significantly -- really becomes a fairly small part of the portfolio.

So even though, over this planning horizon we're starting to project that Entertainment Imaging would have low single digit decline, and not be within the 12 percent to 14 percent band in terms of our revenue decline, and that's important.

As we think about the credibility of being able to manage our waste process in terms of cost discipline, I think that's an important element. So when you put this together in terms of the overall business model, we are showing half-line decline -- as I've said, 12 percent to 14 percent.

One general takeaway, if you look at '06 across this whole planning horizon you might say there's not a lot of change -- the couple of points one way or the other of gross profit and bottom line.

And as Antonio had already mentioned, a couple of points improvement out near the end of the planning horizon 2011 really do come as a result of benefit from depreciation.

Now, I want us to go into a little bit of a deeper dive into the product businesses. Photofinishing is a large business within our segment and we continue to focus on margin expansion and profitability in this business. In 2007, that was largely driven by cost reduction.

We had a tremendous effort in getting our footprint right, getting the asset base -- what we needed to have to go forward. We took out about 35 percent of our manufacturing employment and also a significant reduction in SG&A. So we have the footprints that we need now going forward, and we'll continue to focus on cost reduction but that will be augmented significantly by focusing on growing the mix of our business so that we improve the mix toward the more profitable elements of the business.

We'll step up our focus on the professionals. That includes products, Hopefully if you got a chance to walk through the demo area, you saw some of our new papers. I think that they really look great and we just announced those at PMA. People have said that they kind of look like they are three-dimensional but those are premium papers-- premium products and chemistry. Our photo chemistry is also higher margin and we're looking beyond 4x6-prints to more product offerings along the lines of photo books.

We'll also focus on geographies that are higher margin -- Asia and Latin America -- that's an industry statement in terms of profitability of paper and our Kodak Express channel.

So as we commence to 2008 and beyond, we continue focusing on the cost front but shift our portfolio more towards some of our higher margin elements, and we'll continue to have selective innovation... continue to bring out new products along the way. They help us do two things. Every product that we bring out in this business comes with better materials utilization and a lower UMC. And at the same time it encompasses feature and benefits for our end customers.

Phil is going to talk more about kiosks and about dry labs, but look at the breadth of the retail printing offerings we have combined with the shared go-to-market models that we announced the end of 2006 and put in place last year, 2007 --for retail printing., It positions the company very, very well to not only optimally meets the customer needs, but also to most effectively manage for cash.

Entertainment Imaging. We had what I view as a very successful year in 2007. If we look at the business overall, it was flat in terms of revenue at \$1.1 billion. You can see the makeup there. We have a small but growing digital business. And maybe in the demo area you saw a little bit of that in terms of post-production services, some special effects services in our Laser Pacific and Cinesite subsidiaries. And our film business also did very well, about a two-percent decline, and over half of that was really a result of the writers' strike that hit November 5th and impacted the last two months of the year.

An ongoing solid business is validated to a large extent by our customers, too, as they look at the industry. And as Antonio previously mentioned, they continue to want to enter multi-year relationships with us in terms of how they are looking at our print business in particular going forward.

Now print - there have been a lot of conversations and concerns about our print business. So I thought it would be useful for us to take a little bit of a snapshot around print. The print business is really driven by the first run cinema screens. And first-run screens are those screens that, when the feature film is released, receive one of those first-run prints.

Then there is another whole group of screens that you basically recycle prints. And they introduce the feature film at a later point in time. But in terms of our print business, first-run screens are the important metric around the world.

You can see here that they are pretty broadly distributed. Less than half are in the U.S. and Canada. So good distribution in terms of Europe and Asia as well as smaller in Latin America, but nevertheless. If we furthermore look at the penetration of digital, you will see that it is fastest in the U.S. and Canada, 11 percent as of the end of 2007.

Significantly lower rates of conversion are in Europe and in Asia. And there is a reason for that, in my view. It goes back to industry structure. If you look at this industry, it has some very interesting dynamics in terms of funding. For example, in many countries the government picks the role in terms of the entertainment funding. In many countries it's regulated in terms of how many foreign studio productions you can have relative to the local productions.

And so if we look at it structurally, in the U.S. you have chains that own upwards of 1,000 screens. And if they want to make decisions in terms of what goes on to those screens, or potentially convert those to digital, that is a decision that can be made. And pending the financing and business model it could be rolled out reasonably effectively.

If you go to some of the other countries around Europe and Asia, you're talking about any one cinema owner owning in order of magnitude less screens. So think about the number of different agreements, arrangements, financing schemes, and steps of regulations that need to all come together to be able to change an industry structure.

That, in part, is exactly what's contributing to the slower penetration of digital in Europe and Asia. Furthermore, new screens are still growing three-and-a-half percent in 2007, spread pretty much equally between the US&C, Europe, and Asia. You know, about a third, a third, a third.

In Asia, 85 percent of those new screens that are going in are film screens. In Europe, it's about 65 percent. And in the U.S. and Canada essentially all the new screens that are going in are digital. So I think when you get a sense of what's going on from a screen point-of-view around the world, that in part is a key reason why we believe that this industry is going to move in a relatively measured pace as it starts to move towards digital cinema.

And we'll talk a little bit about that on the next slide, too, in terms of business models. We showed a chart like this last year, and it's how we look at this business in terms of digital screens: percent of digital screens on the Y axis, and time on the X axis. Important thing to note is that the impact of digital today on the print film market remains small.

So if you look at 2007, seven percent worldwide of the first-run screens have been converted at the end of 2007. We continue to have very strong and stable share in color prints. In fact, I can tell you that if you couple the seven percent of the screens converted by 2007 with three-and-a-half percent screen growth, and you look at Kodak's share position, our color print film impact in 2007 was down one percent.

So it gives you a little bit of a sense of what's going on here. Another point I just want to make in terms of the print dynamic. It's interesting in terms of what you see quarter-to-quarter. And you saw that in our business last year, right? You saw a fair amount of quarter-to-quarter volatility. And that's because the print business quarter-to-quarter is driven much more by the release pattern into the theatre -- you know the strength of the titles, the releases into the theatre, how long they stay in the theatre... the turn rate as we call it. So we say as a company we manage for the year. And we do.

In this business you also have to manage for the year because of the dynamics of the business. I show here in the solid line our base case. That is identical with Screen Digest forecast. That is an outside third party industry forecast.

That is our planning number, but we also look at sensitivities around that. What happens if something were to go faster? What happens if it is a bit slower? Nobody really worries about it, but it's a bit slower it seems out there.

And what I want you to take away is, as we look at this business, that is the whole range -- so even at the top end of that range -- is embedded in the model that I shared with you. So we're planning for the base case, but we're preparing for the possibility of the upper-end in terms of the range on the business model that I shared with you.

Capture origination film -- a similar look in terms of the digital displacement. This is a very highly segmented category. So you will see in 2007 actually 15 percent digital displacement. OK, that really is mostly in the area of TV if you think of sitcoms and some of the TV shows, as well as the beginning of some commercials.

Feature film and episodic dramas on TV is essentially still nearly all on film. So we continue to have much of our innovation in the origination film. We just introduced our VISION3 platform. And I am proud to say this weekend we'll actually be receiving an Academy Award for the VISION2 platform of film. This is an area where the new films, and improving performance, still lets you be able to win.

You know you can win the titles, if you will, if they are considering digital or film. You know you can win the title onto film with improved performance of the product. So if we look in total at the Entertainment Imaging business, we are confident that we understand the dynamics that are going on there. And we feel that we have built in what I would say is a conservative but realistic model going forward.

2008 for us is a lot of about focus on execution and operational goals. It's a lot about realizing the synergies of the new FPEG organization. I talked about the focus that we are going to put on improving profitability and traditional photofinishing. We're going to work to optimize the share price equation for all of our categories -- make sure that we maximize the margins for all of our product categories.

We'll continue to have new motion picture films, and digital products and services to support what is an evolving hybrid and digital workflow in terms of our Entertainment Imaging business. I talked a little already about applying principles of lean more broadly across the enterprise supply chain, which will help us reduce our working capital, but it is also going to improve our customer delivery.

And another key initiative we haven't talked a lot about, but we're redirecting Kodak (Park) capacity to third party business. That will help us absorb fixed cost and it is also going to generate revenue. Today we have 27 external tenants on the site. And we're continuing to grow that. Ultimately the plan would be to create an industrial campus type of model for Kodak Park.

So with that I will come back to the key messages that I opened with, and really just to reiterate that hopefully in this sort of quick snapshot for FPEG you also can agree that we're poised for success in 2008 and beyond with a sustainable business model -- one that will continue to generate significant cash for Kodak, and also strong operating margins of eight to 10 percent.

We have a solid profit outlook for our Entertainment Imaging business. We'll drive profitability improvements in traditional photofinishing. And just to reiterate one more time, the corporate restructuring is completed, but that doesn't mean we won't keep our eye very intently on cost.

So these are the key messages relative to FPEG. I do want to make just a couple of other comments. I also wear a hat responsible for Kodak's display business, and in particular within that is the OLED area. We continued to be very optimistic and excited about OLED. We continue to invest. Last year we generated 105 patents, which was actually more than 2006, so we continue to build our portfolio there.

We have a number of relationships with significant backplane display companies. We've talked about the relationship with LPL and putting out a three-inch panel. We had shown that at a number of shows, as well as with Samsung on a 14-inch panel. And part of these evaluation agreements and arrangements are really for us to be able to take a look at a variety of different backplane technologies.

We have said we don't have our own manufacturing capabilities for backplaning. It's a choice that we've made not to invest in that element of the OLED business. So our intent is to partner. And we're looking at a variety of different leading companies to make sure that we can understand how we best optimize our architecture and our deposition capability with their various technologies.

That's continuing, and over the next year or so I would expect that we would be in a position to have a couple of exciting products that you would see in the market. So with that, I will turn it over to Phil.

Phil Faraci:

Thank you Mary Jane. Thanks Antonio. I am here to go through the digital side of Kodak. As Antonio mentioned, this has become a pretty substantial business for us. How many of you had a chance to go through the product tour on the way in? Most of you? For those of you that did not, I would recommend doing it. And those that did you probably should go back and spend a little more time. I think it is a pretty impressive array of capabilities and products. Some of those are technologies that we're just introducing.

The product portfolio that you see in there is substantively different than it was a year ago, or than it was four years ago as Antonio mentioned, As a matter of fact, if you go back in time four years, we had a pretty minimal business in the digital space. If you look at it in another context, just looking at the last year we went from \$6.3 to \$6.6 billion in business so we had a small amount of growth, but more impressive than that was the \$235 million improvement in EFO.

So, dramatic change. Now this is on a pro forma basis, Frank will actually talk about this in more detail a little later, and we've changed the structure as Antonio mentioned to put the silver-halide products back together so we can continue to focus on cost as well as some portfolio improvements. If you were to go to the digital side you'll see a few different things. One is we've been making substantive investments in a focus set of areas to drive breakthrough technology improvements.

I'm going to go through a few of these in each of the two groups, but there's really a lot of effort here and you'll be seeing more to come as we go forward in time. We're targeting, as Antonio mentioned, the intersection of material science and digital imaging, so those are the areas that we have the strongest inherent know-how, product and IP portfolio, and you'll see us continue to do that. Also, a big contributor to the photo improvement over the last year was a result of us really focusing on asset life and a very tight operating model.

So again, significant improvement in terms of EFO, but an even bigger improvement in terms of ROA. And we, as a result of that, have put in place some pretty competitive cost structures. If you go forward in time, we expect to see that accelerate growth; we expect to be in the ten to twelve percent range over the period. We also expect to see improving operating margins through the period. So what you're going to be seeing is accelerating growth and accelerating operating margins.

I'm going to now go into each of the two different product categories in a little bit more detail. On the GCG side we had significant accomplishments in 2007. I'll be going through GCG, and you should be taking away these messages as I do: we're well-positioned in targeted high growth segments of the overall printing industry, and I'll be highlighting some of the drivers of that as well as how we see we're going to get that growth.

In addition to that, we're really in a very unique position. You know we've been asked the question a lot of times 'how are you going to compete with company A, B or C?'

Fundamentally we're in a very unique position in that we offer the end-to-end complete capabilities for dealing with the hybrid environments that most printers deal with today. So it's a key differentiator for us. Something that we are utilizing to help us to expand into other areas.

We'll continue to deliver on the 2008 initiative STREAM technology that I'll talk about as well as our industry leading workflow solution. It's really important to understand workflow and what that means to an operator as they move from a traditional historical press environment into the digital world. It becomes a more complex environment for them to manage, and they need a solution to do that. If I go through to look at 2007 performance for GCG we had a reasonable amount of growth, gross profit was affected as was mentioned predominantly by aluminum or commodity prices and we had a reasonable EFO improvement and have about a three percent overall EFO.

If I look at us going forward in time, we're going to be participating in specific segments that are growing at a little higher rate. We've got the trans-promo catalog publication. If I were to put it in another perspective, I'm going to focus on a newspaper. Now most people kind of understand the newspaper industry is shrinking. How does that basically impact you? You need to look at it a little more broadly. In the worldwide sense, literacy rates are going up and with literacy rates going up, so is newspaper print.

In addition, you have things like the Chicago Tribune activity where they're going into micro-zoning. This is something that we're actually doing with them where you take sub-segments of the city and you target advertising and other communications for those sub-segments. What that does is it ends up creating not one newspaper that gets printed, but multiple papers for each of those zones individually. Well each of those zones correlates now to different pages; those different pages correlate to shorter runs, more digital plates. For us it actually turns out to be a growing business rather than a shrinking business as they get more targeted in their messaging. So it's very important, if you will, looking at trends.

The packaging market for us has predominantly upside. It's a couple billion dollar industry, and it's a new area for us. We recently introduced a Flexcel plate which takes a different approach to being able to print on non-uniform paper type of products, and it allows us to get much higher quality into the packaging industry. You'll see how that has an effect. Frank Romano is an industry expert inside of the commercial printing space. I'll have you go and turn up the volume on this; this is his perspective having gone through a number of our products as well as our future in terms of the industry.

Viewing of Frank Romano video: Much of the work we print today, I call it hybrid printing to some extent, and that's because I, for instance, print rolls of paper with color on them with a logo and then I run them through a black-and-white machine to put the variable data on. The vast majority of the direct mail in the United States is printed offset and then imprinted with black and white inkjet and/or toner. Many plants that are offset also have digital. They run separate workflows. Kodak is one of the few companies that can bring it all together. You have the computer-to-plate marketplace, you have the proofing market place, you have all the aspects that tie color together into all of that. There's no other company that can tie workflow together like Kodak.

Phil Faraci:

So again, he's highlighting a point and that is it's the breadth of portfolio, it's the fact that we actually help them with their commercial print and their offset world, make the migration into digital plates so that they can go to shorter runs more effectively to target smaller audiences. We also provide them with workflow that allows them to manage that into their plate as well as add in digital direct printing capabilities so important as a transition. If you go on a little deeper into the different drivers that are occurring in the world, you've got the literacy driver that's occurring in most of the underdeveloped countries in the world.

You've got more color, more versioning and shorter runs which drives either digital prints in the offset area or it drives commercial print direct in the digital print direct area. And you've got also variable data starting to occur. How many of you get your telephone bills and you're now starting to see little ads on the side. Well, anytime you see those advertisements it's a good thing for us because they're adding color to what used to be forms with black and white printing. That basically ties to more ink, more annuities, tied to our product set. So, substantive improvement.

And tying those all together is basically our workflow solution as he mentioned in the tape. If you look at it in terms of the portfolio that's inside of GCG, we've got our document imaging solutions. These are our scanners that provide you the ability to scan in forms, and you'll also see us scanning in a variety of products. We bring unique capabilities there where we recognize a page, identify the page, and in many cases it will actually scan the form information out of the page and put that in. It also allows people to go through the document retention requirements, and things along those lines.

If you don't know it, all of your checks you've ever written are automatically scanned in and converted back into digital form. That was legislatively forced into the industry, and from that we get benefit because of the companies that use these. If you go to the next set of products which goes for prepress solutions to our different printing technologies, these are very much output businesses.

And the focus for us going forward for this year, for the next couple of years, is we're going to be driving more and more unit placements in this area. Those unit placements then have downstream annuities, which drive exponential growth in terms of margins. Finally, you've got the enterprise solutions, which are the workflow that ties all the different pieces together. So in all cases, you've got to manage that flow into and out of the printing operation.

Bottom line of it all, if you look at it from a revenue and EFO perspective, you've got the first business which on the order of about a half-a-billion dollars. The next business which is the plate business, provides us a scale -- a channel that's the primary contact into most of our comical printers. Then you've got the smaller businesses which add up to be about another billion dollars.

What you're watching here is you're watching a STREAM press operating at speed, which is currently in the prototype form. We're going to be introducing this at DRUPA. This press runs offset-quality printing. It runs at the relatively high speed of thirty six hundred pages per minute or feet per minute. We'll have to work on that. Anyway the cost per print is something less than a penny. So it starts to get into the offset pressroom in terms of cost of operations. It's a very proprietary technology with a broad patent portfolio associated with it and it's very flexible in terms of substrate. I actually don't know how far this technology can go. If you look at offset printing today, it correlates to about 85 percent of the total pages printed in the world. So offset is a predominant use without a doubt.

This is the first time that a technology has come out that can start to challenge or offer complete digital variable data capability going into offset class workflows and environments. So it literally does substantively change the game. The other thing I don't know is how far down we can go with it yet. So when you look at areas for where we see this technology going, we see the ability for it to start to eat into the offset world, which is 85 percent of the pages, but the second area is we see the ability for us to bring it down to lower cost volume positions.

So this is going to be a really interesting introduction that certainly is going to be a key breakthrough. Here's Andy Tribune, who's one of the leaders and demonstrates perspective on it. I won't let you finish reading. Bottom line point that he's trying to make here is that he sees this being a key piece. It was certainly well received when we went through the intro or start up press activities. Now we are making substantive progress. I want to give you a reason of why I'm pretty comfortable with the 2008 goals.

We're planning on growing in the six to seven percent range again. We're starting to pull back in a little bit more margin which will give us a better overall EFO position. We're introducing the continuous inkjet STREAM product, which again has ramification in the outer years. We will actually be available for taking orders and some of the different versions of how that will be implemented. We're introducing a new drop-on-demand product, the VL2000. We're going to have a full year of a new EP portfolio, so we introduced products through late last year.

We have other products coming. We've got introduction of Flexcel into the packaging environment. We've got an expanded workflow set up solutions including enterprise management solutions. We've refreshed the scanner line including the new mid-volume line up that you saw inside, and we've got a broader market structure. So we grew our SG&A structure toward the end of the year specifically focused on being in position for this expanded line up of products.

That kind of tells a story for 2008. If I look at us in the longer terms -- this is the 2009 through 2011 timeframe -- we're going to end up with a larger install base. Hence we're going to end up with a much different annuity stream. We're going to have a full digital printing portfolio so we'll have STREAM commercialized into position as well as our new drop-on-demand products, as well as a continued expansion of our enterprise or EP solutions. We'll have deployment of the enterprise marketing management system, as well as additional workflow solutions and we're continuing to expand our emerging market position.

Scanners continue to be a great business for us as well, and we expect to continue to see that leverage into both the production side as well as the distributed scanning piece. That gives a basic perspective on GCG. In terms of the key messages that you should walk away with: We're pretty well positioned. More than that, I think we've got a target model that we're very comfortable with. We think there's still some work that we can do in terms of making it an even leaner operating model, so we actually think we can tighten that up a bit.

We're going to see continued improvement in terms of both portfolio and mix and. as I mentioned a few times as Antonio mentioned, the unit placements have the downstream effect of the annuities that are tied to those over an extended period.

I'm going to now switch to the consumer side. On the consumer side, we're pretty focused on the growth possibilities as well, and we see ourselves with a substantial ability to outpace the market in terms of growth. If I were to highlight the key points for 2007, we demonstrated pretty strong performance in 2007.

Obviously we had a lot of growth towards the end of the year, and we're going to focus on that growth in 2008. We expect to strengthen our leadership position in retail solutions. Again if you get a chance to go through it the dry lab introduction we did back there, it has been very, very well received. You're going to see us continue to drive kiosk placements as well. That ultra low cost kiosk solution that we brought out allows us to go into lower volume, lower duty cycle environments, more economically. The kiosks and the dry labs, or the kiosk without the dry labs, actually tie into Mary Jane's products so we actually have the ability to drive photo books and other products with some of the install base of many labs. Then, as they convert to dry labs, we're in a solid position and we're bringing out our first dry solution in that space which takes some of the technology that we've developed in NexPress and brings it over to the consumer side for the retail print environment. So, very solid business.

Continued leadership in the digital capture space. We're strong in terms of the operating model, which I feel incredibly good about. I feel that that team has really tightened up the overall environment there, and consolidated leadership in the digital frames, a new category for us. You're also going to see us coming out with some other new products. We don't typically explain what they are too far in advance, but you'll see product introductions from us in basically every quarter this year. So now that we've got a tight operating model, now that we've got scale, we're basically going to be expanding our portfolio through the year. And all of these are interconnected through the Gallery so I'll go into that in a little more detail.

In terms of performance for the year, as Antonio mentioned, from a bottom line standpoint: \$198 million improvement year-over-year in terms of EFO; eight percent revenue growth year-over-year -- very solid performance. If I look at us in terms of how we're positioned in the markets that you see us in today, those markets are growing relatively modestly: inkjet is growing very modestly, DSCs are growing very modestly.. Portfolio expansion is probably going to help us there, but the other piece here, for example in the inkjet market, is we basically started at zero. So us basically growing in that market, even if the market is relatively stable, is not such a bad thing for us in terms of overall growth.

If you look at the drivers that we pay attention to, and that were looking at in this industry, they kind of go like this. There's a sharing that's occurring on the internet that's been growing dramatically in terms of number of locations that have internet users. As a matter of fact, in China there are now over about 200 million people that have internet access. So that puts it on par with the size of U.S. in terms of internet.

You'll see interconnectivity -- which means that the products in group A to B to C actually communicate and interact with each other. Third is you'll be seeing more and more multimedia content. So if you go look at our new cameras, you'll see us doing HD video, you'll see sound...

Our sound quality could still use some work but what you're starting to see is people are actually starting to use this to create different types of experiences. We also put in place some other capabilities. So if you were to look closely to that product demo you would have seen HD videos taken from cameras, you would have seen them transmitted over to frames. You would have seen us be able to actually take the video running in the frame, pull an image out of the video and have it printed.

The rationale behind all that is, going actually to the next slide, you're starting to see this as a full portfolio that we bring together. Full portfolio allows us to go from device to device, either in a circle or cross directly, and start to pull the pieces together. From a directional standpoint, our goal here is to start to create a set of customer uses and opportunities that allows them to go point-to-point from any location to any location. And the Gallery and EasyShare products are our key enablers if you will, for that occurring.

If you look at the portfolio from a product standpoint, which I really focused in on the different businesses, I'm going to highlight more than any other area the digital capture and devices -- or the capture part -- of our business. This business had substantive improvement year-over-year. Operationally it's really become a very tight machine. I actually believe we have probably one of the tightest and best operated supply chains in the industry today. We literally manage everything from raw material order creation all the way through to the end customer walking out the door. And we manage that business so that we can optimize the profitability.

You probably heard me saying this over the last couple of years, but when you're sitting there and you've got lots of inventory and you're in an industry where you've got twenty, thirty percent price declines or more in a year, and you also have substantial differences in terms of how customers adopt and accept, you can't afford to be sitting there with heavy inventory, heavy asset positions and so on. So we basically force a certain flow or velocity of the inventory to that entire chain.

We intentionally run people out. We intentionally don't allow people to have everything they may ask for. We probably could have had a lot more growth last year, but the risk associated with it would not be worth the return. So, it's a very tightly managed, very well-run business. And as you see us expand our portfolio, that's basically paying rewards in terms of not only top point, but bottom line.

The next two businesses, the retail printing and the inkjet area, are obviously output businesses. Again, they drive unit placements which drive future annuities. There's substantive business there. Then finally there's the Gallery, which ties and provides the backbone connection across the portfolio. In terms of size, the first businesses and maybe a little of the imaging Sensors is under about two-and-a-half billion, that's the capture side of it. Then the printing side on the digital piece and the Gallery are about a billion. That gives you a rough sizing.

The next thing I'm going to do is highlight a couple of key technologies, and again worth seeing in the product demo room. What you see inside the other room is actually our sensor that we are introducing at 3GSM. This is the first time we've taken the technologies that we talked about last year and we actually turned them into a product. We're now showing a quarter-inch five megapixel sensor that performs as well as the third inch, next size up class of pixels in any of the leading competitive products. It's because of the sparse array and it's because of the whole detector technology which allows us to provide better use of the light that's basically captured as well as the reduced noise environment in terms of image.

Now if you look at the pictures on your print out, you can see it a little better in terms of the image quality in fact, but that's an image quality impact showing the difference only of the sparser array. If you actually go look at the image on the screen, you can see the total impact. In a quarter inch environment, we provide a better image quality, lower light requirement --You can go across a number of key specs in a quarter inch form factor-- than the competitors provide today in the third inch. And that's really an important feature, especially in a camera phone which is the target for this product. In a camera phone, you do not have the advantage of size, as the phone size is function of how small you can actually make that combined sensor. So it's a great product, and we expect it to do very well in terms of acceptance in the mobile space.

The next area that I'm going to go through is inkjet and we did very well in this in 2007. We exceeded our goal in the terms of the number of units, but I think more important is we got about two percent unit share and three percent revenue share in the U.S. and in Europe. This is a real big deal. So one is we've got a number of units out, two is they basically paid a higher price for the units, so we basically achieved our primary goal.

Looking ahead we expect to grow that by about two to three times in 2008, so we started putting in capacity mid-year last year. We said we were going to increase our investment to start to grow, we started to put in that capacity in order to be able to meet demand as we saw demand, and we feel pretty much on track to reach the billion dollar goal and break even by 2010. So, very solid. Now I'm going to hit you with a few other key points. We ran a lot of different experiments last year in this industry, or in this business.

We intentionally tried to find what are the different points that reach different customer sets. And then we track a few things inside of the product. When we sell it, if customers opt in, we actually get back tracking data so we can see how they actually use the product and when they use the product, et cetera. So we actually do collect other information. As Antonio mentioned, we actually sold about three times as many cartridges as is average in the industry. So that means when people walk in they buy extra cartridges, and they do it at about a three times higher rate. That's about one-and -a-half cartridges per unit instead of, like, half of a cartridge per unit.

That basically correlates to pantry loading, and we don't know how much that's going to mean in terms of downstream. On the other hand, with our tracking, we actually see that we're currently printing at about twice the rate of the industry average. So the industry average is about four-and-a-half cartridges and we're printing about twice that. Now I don't know yet, and it's going to take us a while to understand, if that is a start-up phenomenon or if that is something that is actually part of the shelf selection and business model tied to the value proposition. As we learn more as we go forward in time, we'll continue to update you, probably annually.

Overall if I were to go through the progress toward a target model -- again, 2008 -- why should you feel comfortable and why do I feel comfortable with a 2008 goal set? Because we've got an expanded portfolio across all the businesses, we've got new inkjet products that we just introduced at CES, you're going to see additional introductions through the year. The new platform that we introduced at CES is a substantially lower cost solution for us as well, so it helps both in terms of a top line as well as a bottom line.

We've got the kiosks and dry labs, which again continue expansion with an annuity stream as well as an annuity replacement. DSC's remain a solid business for us, the operating model there is very tight. Digital frames have been a great category. Antonio just reminded me that we're number one unit share in the U.S. on DSC's. How many of you knew that? That's actually NPD. Number one, by the way, is truly not the priority for that. The priority for that business is to be in the top three to maintain sufficient scale and, again, we're going to run that very tight so we can actually convert it to profit.

The model that we've put in place here I'm very comfortable with in terms of even going as low as fifteen percent gross margin and having it actually yield net margin when you're done so the tightness of how we run that is substantially different, and the ROA on the business is very solid. Digital frames, which has been a great category for us, again expansion. Our first mobile solution will be coming out this year, so this is work that we've been doing both on the sensor side as well as co-development work we've been doing, and we have some new categories that we'll be introducing through this year that we have not disclosed.

I will say one thing, though, and that is we are being very attentive to how Mary Jane is making progress on the OLED space. We see the OLED space as being fed into some of the consumer products. So as the progress occurs, you'll see progress basically in terms of products on our side. So I won't tell you what we are doing, but I'll give you a little hint. And then from a overall longer term viewpoint, the inkjet annuities will start to catch the hardware. They basically get to about fifty-fifty in the planning horizon, and as that starts to occur, we start getting to a very different financial state.

We have new products and new categories, both of which give you growth -- so growth in category as well as growth in adding new categories. If you look at us at the end of the planning period, we should be greater than twenty-five percent of our revenue from annuities. So that kind of puts in perspective the impact of the annuity businesses on the outer years. With that I'm going to give this to Frank, and one of the things that Frank is going to talk about is the changes that we made in terms of structure, et cetera, as I commented before.

But before I do that, I want you to walk away with a very clear couple of points. Number one is that we're very comfortable with the growth focus; we're planning on growing again in that ten-to- twelve percent range through the period. The expanded portfolio is going to help drive that growth and as you look at it from a target model, those unit placements, especially in the annuities phase, are obviously going to pay the long term dividend. Thank you and with that, Frank.

Frank Sklarsky: Thanks very much, Phil. OK, so very interesting stuff. It's just been a thrilling year, my first full year with the company, and it's just great to be a part of this team. So I'm going to go over a few things this morning: a brief recap of 2007 results, and bridging the change from the old categorization of products to the new categorization; the 2008 priorities and the business financial model; cash flow, balance sheet, taxes and net earnings model for 2008 and 2011, and looking forward to the target business model over the next few years; and then a little bit about how we think about capital allocation and how that drives value creation.

So first, 2007. Very quickly, we categorize this as mission accomplished. What we said last February between ten and 10.4 billion in revenue, and we brought in 10.3 billion. Gross profit margin, 25 to 26 percent, came in at 26 percent on a comparable basis. SG&A between 16 and 17 percent, we came in right about 17 percent, and as Antonio said we made some investments in our digital revenue growth and we think those were good investments. R&D about five percent and then EFO between three, three and a half percent -- right in range of our target.

We built momentum, very importantly, on both cash flow and digital revenue growth in the back half of the year. So we think that sets us up pretty nicely for 2008. We achieved all the key metrics for '07 cash generation over achieved by over \$200 million to \$333 million versus \$100 million that we talked about last February. Digital revenue growth exceeded three to five percent with eight percent digital revenue growth, and on the CDG side we had said two to four percent and came in at eight. GCG was well within the range of six to nine percent, bringing that in at seven percent. Then digital EFO, under what I call the old product scheme, was \$176 million, but a substantial improvement in the \$200 million range versus the prior year.

Corporate restructuring is complete. Total restructuring charges of \$662 million in the year -- \$3.4 billion for the four year program -- non cash charges of \$388 million and \$1.6 billion for the period, cash restructuring payments of \$446 million in the year and about \$2.1 billion over the period. The reason you can't add those two together is because some of the cash payments are associated with actions in the prior year. Then, you see the employment reduction numbers at about 27,000 plus over the period.

I did want to mention that cash anomaly because we said last February that we would have some cash payments in 2008 that were associated with actions and charges that we took in 2007, and we mentioned that in the call last week. Those will be the range of about \$150 million. Fully eighty percent of \$150 million is for actions that we executed and acted on and accrued in 2007 charges, and we're just charging those liabilities in 2008. The vast majority of that is due to the fact that employees, for instance, can opt for lump sum or deferred severance payments. A lot of it is deferred severance payments, and a lot of it is cash associated with some remaining minor demolition, some product moves and some site restoration.

It gets a little cold in Rochester this time of year, so we had to do some things in 2008 as opposed to late 2007. The other thing that you'll see, and we also said last year, is that new charges for 2008 will be well under \$100 million. That's what we said last February and we're sticking to that. We're staying in the range of \$60 million to \$80 million. That's probably a conservative estimate, and those are mostly again related to some site restoration charges, some remaining product moves we had, and some miscellaneous realignments we have in some of our international entities. So exactly what we said last year -- completed the corporate restructuring, a little bit of carry over, but nowhere in any realm or magnitude of what we experienced the last four years, so we're pretty happy about getting that completed. Exceeded the cash goals once again \$333 million versus \$100 million. How did we do it?

Four key elements. Monicle focus on all three elements of working capital. Past due receivables, bring accounts payable metrics more in line with our peer group --and there's more to go there, and in inventories. With the model Phil talked about, the model Mary Jane talked about -- again, really skinning down the supply chain and further getting efficiencies in the inventory. So, that's working capital.

Capital spending, we brought it in a little under estimate of last year, but a very rigorous process for evaluating an IRPV basis. Proceeds over achieved a little bit in the area of real estate and minor business divestitures. That also helped us in keeping the restructuring lower, because if you can sell the employee with the business you don't have to pay the severance. That helped us out and that led to the efficient restructuring.

End of the year, just under three billion dollars in cash and marketable securities. Just want to bridge the change one more time from the old product categorization to the new one for '08:

- CDG contains inkjet systems; the digital capture devices; digital retail solutions; and then the consumer imaging services including the Gallery, Kodak.com, and so on.
- GCG contains enterprise solutions including the workflow software; inkjet printing solutions, including STREAM; our electrophotographic NexPress; prepress solutions which includes both the digital and the analog side -- obviously digital is a much larger portion, but digital plates are in this category; and then document imaging.
- FPEG, as Mary Jane pointed out, includes entertainment imaging; film capture; traditional film capture; and aerial and industrial markets. Then, the piece that's moving over is paper and chemicals, that was formerly in CDG last year; photofinishing which was formerly in CDG; and graphic arts film, which was formerly in GCG.

There's also a very small amount of external sales. A lot of it has to do with relationships we have with the Carestream entity -- the Health Group entity we sold to Onyx.

Phil just took you through a pro-forma '06 to '07, so what this slide is meant to do is to bridge for you what we had said under the old reporting structure versus what it will be under the new reporting structure for 2007. So a snapshot of 2007 -- what you saw before -- and how it would look under the new structure. As you can see, the totals are the same in terms of revenue; obviously, FPEG grows by about \$1.6 billion, \$1.4 billion of that is coming from CDG for the categories I just talked about, and about \$200 million for the graphic sales business that's coming over from GCG.

On a gross profit basis, there's some significant changes here. What it highlights is that structurally, our digital businesses have a weighted average gross profit margin that is actually a little bit higher than our traditional businesses. And so this is the area that we're obviously trying to grow. We think that's a good model going forward. Grow the businesses that have good gross margins, higher than the corporate average. You can see here also R&D spend for the digital growth businesses, and there's actually very little R&D going through the traditional businesses.

SG&A is a little bit higher load than under the old structure for the digital businesses because we're using that G&A -- particularly corporate R&D advertising -- to drive growth in the digital product categories that will predominately drive unit placements and the annuity streams that Phil just talked about. And then at the bottom line, we can see a shift in the EFO, FPEG going down a little bit because you've got the paper and the photofinishing coming in which have margins that are a little less than EI and consumer film, and then GCG about three percent still. CDG improves versus what it was under the old structure.

For 2008, what are our priorities? Prudently deploy our capital, drive growth, drive shareholder value. And when I say prudent deployment of capital, it's CapEx but it's also human capital; it's G&A capital; it's cost of goods sold capital; it's resources. It's really prudent deployment of resources to drive digital growth to drive value. But we will also never take our eye off of COGS, off of G&A, off of discipline over working capital, over discipline over capital spending. We're going to really maintain that very, very strong focus and discipline over the cost side of business as any world-class company would.

The key trends under the new structure. Gross profit margin: As you can see '06, '07, '08 it's all under the new structure and consistent with what Mary Jane and Phil talked about, growing from a 26 percent range to the 26 to 27 percent range overall for 2008. In 2006 and 2007 it was about continued integration and rationalization; It's more of a focus on growth, expanding the portfolio in 2008, and driving those unit placements to drive annuity streams going forward. It's the gift that keeps on giving.

R&D: still in the five to six percent range, and focus on growing the digital portfolio obviously. SG&A: continuing to drive a lean cost model that will never end as Antonio said, 16 to 17 percent. EFO: in the four to five percent range. That four to five percent, as you'll see in a second, excludes that little \$60 million to \$80 million in remaining charges to the P&L for the remaining rationalization.

The business model, broken down between traditional and digital:

- our revenue change, zero to two percent overall. So net growth is where our target is, and then on the digital side, seven to ten percent and down twelve to fourteen percent on traditional.
- Gross profit:: 26 to 27 percent overall; 26 to 28 percent on the digital side, as compared to 23 to 25 percent total on the traditional side.
R&D five to six percent overall, but again a very heavy skew for the digital businesses.
- SG&A about 16 to 17 percent. Again, it's a little bit less than last year because the structural G&A we were able to take out last year will carry through into this year, and obviously you get operating leverage on a revenue growth, but most of it's because of cost reduction, cost rationalization.
- EFO: four to five percent. traditional is six to eight, digital is three to four.

Financial targets: \$10.3 to \$10.5 billion for 2008 for overall revenue. EFO \$400 to \$500 million, again, excluding the \$60 to \$80 million in pre tax charge rationalization. EBITDA from one to \$1.1 billion and that includes about \$675 million of depreciation add-back. Cash generation before dividends of four to five hundred million. Cash generation excluding the carry over amount that I talked about -- that \$150 million -- is \$550 to \$650 million, and again 80 percent of that \$150 million in restructuring rationalization cash payments is to address the carry over from '07 that we talked about.

So how should we think about net earnings for 2008? I want to give a little more transparency around that. Four to five hundred million dollars EFO, there's the \$60 to \$80 million for the rationalization, so a range of \$360 to \$400 million for that GAAP measure of earnings from continuing operations before interest, other income and income taxes. Net interest is going to be very small because we brought our debt balance down. Our cash balance is up. Obviously the interest we get on our cash is lower than the interest we get on our debt portfolio. But, overall, interest is \$10 to \$20 million.

And then earnings from continuing operations before income taxes, 350 to 375 income tax in the range of 25 to 30 percent for the effective rate, which yields about \$100 million of the P&L. So, your GAAP earnings from continuing ops of about 250 to 275. Now the share account is going to be about 305 to 310 million shares -- that's a little bit higher than it was for most of '07. That's due to a 19 million share account increase due to some contingently convertible securities. OK, so that's for computation for delivered EPS.

I would suspect if we dropped a bunch of annual reports from the ceiling and a bunch of hundred dollar bills, the hundred dollar bills would disappear first. The point is that EPS is very, very important, but we like cash. We like cash because you all like cash. So we're heavily focused on it in 2007. That will never end. We will always be very heavily focused on cash generation. So again, \$400 to \$500 million before dividends, \$550 to \$650 million excluding those carry over restructuring charges or payments. The key element is a much lower restructuring payment than in prior years by an order of magnitude, and continued focus on working capital discipline. CapEx decrease obviously partially offset by lower proceeds because we've sold a lot of our real estate and our small business entities, and as Antonio talked about, we're increasing our investment in organic portfolio to drive digital portfolio growth and we think that's prudent. So this is the slide I really like. It's cash flow.

GAAP earnings from continuing ops -- that's lifted from the earnings slide we just went through -- 250 to 275, add back depreciation of 675, working capital improvements of about 50, the restructuring rationalization cash payments of 150 that we talked about, and the other 225 to 250. There's a couple of things. There's about \$60 million in there for cash payments on taxes, on the gains of the Health Group, and there's something called HPA that divested in November. So \$60 million in what I'll call one-time taxes. I hate it when we use the word "one-time." The accountants don't like that, but it's one-time taxes for the gains on sales. The other thing is that we've got some cash payments in early 2008 for some of the settlements we talked about in Q4. Then we're just changing some liabilities on the pension and OPEB side.

So I just wanted to give you a little bit of what was in that 225 to 250. It's not a placeholder. It's real. But the net cash provided from operating activities from continuing operations is 575 to 625. Take that number and consider that that's net of the 150 in the cash payment for rationalization -- the vast majority of which is just the final disposition of the carry over from 2007 -- and you can see that you're up into the range of \$700 million on cash flow. Now off of that comes CapEx, obviously. CapEx -- that's the investment in our future.

As Antonio said, what are we doing with the cash? We're investing in our future. And then proceeds will still be in the \$100 to \$200 million range. So overall, that's how we get to the bottom line of four to five hundred million or \$550 to \$650 million after CapEx after proceeds, after taxes, after everything.

Effective rate. I want to talk about taxes just for a second, because we get a lot of questions about that. The effective rate for the income statement, the opportunity for net reduction in valuation allowances, does exist going forward. As various jurisdictions around the world get out of this cumulative three-year loss position, we are then justified in pulling some of those tax valuation allowances off.

We've got about between \$1.7 and \$1.8 billion in valuation allowance as you can tell from the 10K, so that is going to be something that we will start whittling down over time. We may have part of that benefit hit us in the P&L this year. Now there will be some variations between quarters, because when you're in that mode of pulling allowances off in any given quarter, it will whip-saw that effective rate a little bit. We think overall for the year, the effective tax rates of the P&L will be about 25 to 30 percent, and that's what we've reflected in that \$100 million charge you saw on that P&L walk on the slide a few minutes ago.

Cash taxes -- a little bit different, driven by a lot of different factors, a lot of different strategies. We expect that to be about \$150 million in cash taxes this year. That includes that \$60 million I talked about to discharge the taxes on the gains on the major divestitures we had in 2007. So that's really the story about taxes for now: Twenty five to thirty effective rate; about \$150 million in cash taxes.

Overall, the cash story is good and it's going to keep getting better because we have a lot of flexibility here and the ample liquidity. What we're very pleased about is that it provides us this flexibility. But the beginning cash balance -- and that's really cash and marketable securities just under three billion -- if you add to that the cash generation before the dividend, you get to a subtotal of about \$3.4 to \$3.5 billion.

Off of that comes the dividend of about \$145 million, and debt maturities of \$300 million -- and that's about \$250 million due in May, about \$50 million due in September. We could refinance it. Our current assumptions assume a payoff here, but even with that and even with the target cash balance of a billion, you still have net cash available for value creation activities of whatever variety of \$2 billion.

Now we've also asked the question a couple of times about that target cash balance of a billion. Over time, we will be able to bring that down, maybe not in '08 but during the planning period, OK? The reason is because as we drive more of the business as was described by Antonio and Phil earlier to more of an annuity business, that's a business that has a little bit more level cash flow during the year than some of the other businesses.

And as you level out the cash flow and smooth out the cash flow between the quarters over time, that allows you to have fewer dips -- less seasonality of the cash balance -- and allows you to lower target cash on hand. So again we'll probably still have this target of a billion for '08 but over the planning period that will also be able to free up some cash available for value creation.

This is just the debt maturity schedule. I would point out that after the payment of the \$300 million in 2008, there is virtually nothing of significance due in our debt portfolio until 2013 and beyond. In fact -- that \$575 million on the checkered bar in the middle of the page -- we've got to put that there for transparency, because that is technically the first put date on a convertible bond that we have. That bond isn't due until 2013, but as you can see that portfolio is very, very manageable. I know it will be down to under \$1.3 billion by the end of the year. Very manageable for a ten-and-a-half billion dollar company.

Looking forward, this is a mix. This is 2008 versus 2011 -- what the portfolio is going to look like. It's going to keep moving more and more toward a digital portfolio, as CDG and GCG combined grow by ten to twelve percent, as FPEG declines by 12 to 14 percent. That's a total of approximately five percent on average compound annual growth rate between '08 and '11 on revenue. Then the traditional and digital business in 2011... We show the slide for '08. Now, for '011 it's going to be a revenue range of about \$2 to \$2.2 billion on the traditional side and about \$9.8 to \$10 billion on the digital side. This is three years from now so these numbers won't be exact. These are our targeted ranges based on the compound annual growth rates.

And then a total of \$11.8 to \$12.2 billion total revenue with gross profit margin growing over time -- as you saw in Antonio's slide near the end of his presentation -- to 28 to 30 percent by the end of the planning period. A little bit more on the digital side, a little bit less on the FPEG side. R&D about five percent getting a little bit of leverage there out of the revenue growth, but again skewed very heavily to the digital portfolio. SG&A up around 15 percent, and then EFO coincidentally about eight to ten percent across the board. And this is the model through time. Again, there will be a little variation in the intervening years, but this is the goal to gradually grow the gross profit margin, to gradually get more and more efficient over time in SG&A, to maintain a strong healthy several hundred million dollars spent on R&D every year, and then EFO growing one-to-two percentage points per year. That's operating leverage, and that's the beauty of the annuity model that Phil talked about. Higher margin. And that will, in turn, allow us to ramp our cash flow to over a billion dollars over by the end of the playing period.

So how do we think about capital allocation and value creation given what we think is an attractive model going forward? Well we know that our ongoing cash flow from operations is what we used to fund our existing dividend, and we already have a pretty healthy yield for a technology company so the dividend is not likely to undergo any significant changes. And then the planned organic investment imbedded in the estimates -- we just showed that's also funded by our ongoing cash from operations.

The surplus cash, including the proceeds from divestitures, is what's used for the additional organic investment that we talked about to accelerate digital growth, accelerate unit placements to drive quicker annuity streams, and strategic and/or bolt-on acquisitions. And we'll see about that. We'll probably do some bolt-on acquisitions of some sort over the planning period, and we're obviously -- as Antonio said - - continuing to look at various things on the strategic side. Share repurchase is another option... returning cash to the shareholders. And when we benchmark how we look at value creation, we know that we've got to get a return significantly higher than our cost to capital; otherwise, you give the money back to the shareholders. Our goal is to grow the business, grow the digital business. And as we said before the additional debt reduction is a lower priority because by the end of this year it will be very, very manageable.

If we look at the investment opportunities -- let's start with the organic side on output -- it's higher unit placements that drive consumables and annuities on a consumer inkjet side; kiosks; dry lab. Kiosks and dry lab are an enormous global growth opportunity. We're already number one globally with about 90,000 placements, but it still represents a huge opportunity and the media associated with those kiosks and dry labs is much more profitable than a traditional medium.

Digital printing -- electro photographic and continuous inkjet, including STREAM and including filling out the portfolio for NexPress on the capture side -- it's really about leveraging our technology and the commercialization opportunities along with that. CMOS is a big opportunity in mobile. Please check out the new CMOS product in the product display, it's really very impressive. Then the portfolio adjacencies between digital cameras, frames, our licensing program, inkjet, Gallery, the set of solutions for a customer so they can capture, share, store, print whatever on Kodak solutions. On the Capture side, we have some key criteria that we want to stick with; it's got to align to our core consumer digital or graphic communications portfolio. We're going to stay focused on what we do best.

It's got to have an attractive valuation multiple, and that's not real easy to find because we want it to be quickly accretive whatever we do. And it's got to have some significant strategic or financial impact. While we may do some bolt-ons here and there, we do not want to 'major in minors' as we call it internally. It's got to have some significance to it.

With that said, it's not such a bad thing to have divested a major part of our portfolio when valuations were very healthy, and to have a healthy net liquidity situation right now in the current economic environment. So we've got to be very careful and deliberate about what we look at on the inorganic side, and it's going to have to be accretive and value creating. But one other point is that Kodak, I think, has demonstrated some significant success with the recent acquisitions that we've made and with integrating those acquisitions, and that's evidenced by the things we've done on the GCG side.

Key takeaways are that the corporate restructuring is complete. We've said that a number of times, it's true. Our significant liquidity position provides us a substantial amount of flexibility in driving value and driving value creation. We're going to focus on growing our digital businesses and we have a very sound, disciplined criteria for evaluating our capital and our resource deployment. So thanks very much. With that, I guess we're going to come up and take some questions.

Ann McCorvey: OK now it's time for the Q&A part of the program. While they're getting the chairs set, I want to let you know that this is being webcast and so I will ask that you use microphones. We'll have microphones floating throughout the room. We'll also ask that you give your name and firm so the people who are on the phone can get a sense for what's going on in the room. Before I even said Q&A I saw a lot of hands go up, so in the interest of making sure everybody gets a chance to ask a question we're asking you do one question and then a follow up question, and we'll try and get right back to you as we float through the room. So we'll run it like that and we'll just start here in the front of the room with Jay Vleeschouwer.

Jay Vleeschhouwer, Merrill Lynch: First, in your prepared remarks you referred often to scale, and the question has to do with your R&D commitments at five to six percent of revenue and that works out to about \$500 to \$600 million a year or so which, however, has to be spread across what you've identified to be about ten or so major growth or revenue drivers. The question is, is that in fact an adequate level of spending for all the initiatives and IP and markets you want to address? Should it perhaps be more? The follow-up question has to do with comments Antonio you've made from time to time, which is that Kodak in effect needs to become a more non-consumer, more commercial company, as a percentage of revenue. You didn't say much about that today, explicitly, and is that in fact still your premise and objective and is this STREAM a major part of your doing that?

Antonio Perez: The investment in the digital part is more than five to six, it's seven percent. I think with time we will have to see if that's enough, but up until now and for the planning period we actually have more technology to work with than we can afford to commercialize. I think I've said that before. This CMOS technology was in the company already, we didn't have to come out with it. The technology that came into the consumer space was in the company. We just have to commercialize it. So, we have a wealth of previous investments in this technology that we have to commercialize.

That's why I kept saying in my presentation that we shouldn't think about our innovation just by the numbers. We're spending a lot of money in the commercialization that goes into cost and obviously we have as well into SG&A because of the introductions and everything else. So we have more technology than we can afford to commercialize as best as we can now. I mentioned many times that we have more than 10,000 patents fundamental patents that we have in the U.S.. We have many more across the world because we file in many countries depending on what patents we file, but the most important part of this is that in the last four years, we have received an average of 600 new patents into the company so we are putting a lot of effort coming in with new technology. If you make the mark and we have, you know, 10,000 patents in the last 20 years and we're getting between 500 and 600 a year, we're actually increasing the power of this portfolio with the idea that it's in a very concentrated area. It's in the material side of that, as it applies to imaging and into digital imaging.

I did mention for the second question that 60 percent of our revenues are B2B. And we will continue with that kind of goal in mind.

Shannon Cross, Cross Research: A question on inkjet. Just curious as to how we should think about -- because you had some manufacturing issues last year and sort of slow ramp and there's a lot of still out-of-stock product -- and I guess I'm just trying to figure out with the ramp up and three times the unit volume that you're expecting this year, how do you get there? How much of that is predicated on the existing products you have and on new product refreshes that we'll see in 2008? Just to give us an idea of sort of the strength of what's behind that and that we can feel comfortable that any of the issues you had in 2007 are behind us. Then I have a follow up.

Phil Faraci: As I mentioned even last year, we expected that we'd be running through normal start up issues, and we did. We literally sold everything that we could. We sold everything that we made, which turned out to be 520,000 units. We also, at the same time, focused on putting in place capacity not only on those units, but also on the follow-on products which we started to introduce at CES, and we will be doing new intros this year. We feel pretty comfortable with first having the whole year of a now more debugged manufacturing process next generation engine. With the million to 1.5 million unit target it's two to three times. The three times is the high end of that range.

Shannon Cross: With the film product group margin -- and Frank, I think all of us would ask if we could get a commitment not to shift revenues around for a year or so, so that we don't have to re-do our models -- but can you talk a little bit about what's going on there with the margin contraction? Obviously a portion of that is the transfer of some of the cost associated with paper over to the film side, but in general it looks like there's an overall contraction in the margin on the film side, and how should we sort of think about that as we look at 2008 and beyond, you know again, just volumes... whatever you can give us that's pressuring us there.

Frank Sklarsky: Actually on a product-by-product basis, the margins are holding up pretty steadily, so really the shift that you're seeing -- that little down-draft in the overall average margin for FPEG -- really is due to some of the shifts over. There is a difference between the margins on the film and the margin on the paper in photofinishing. So really it's that shift and it's also the volume mix between some of the products as certain products have different decline rates than others -- that's also coming into play, but product-by-product basis, the margins are holding fairly steady. As Mary Jane pointed out, even on the paper and photofinishing business that's moving over, the goal is to try to improve the profitability in '08 for that business. On a product-by-product basis, if you would take consumer film to consumer film or EI to EI, there's not a whole lot of change in gross margin rates.

Antonio Perez: Shannon, I have to make a comment about what you said about changing revenues. You sound exactly like my accounting team. For about nine months I've been wanting to do this. I wanted to do this as soon as we could because this is the right way to run the business. The truth is that we had a very complex organization that was hard to manage. Then all those plans were dedicated to different things that are different in time. Now that we're finished with the restructuring we can get the back office of all the business in the place where it should have always been. It should have always been to manage centrally, but if it makes you feel better, my accounting team has been telling me what you just told me for nine months. I still decided to do it because this is the right thing for the business. And I commit that we're not going to change, now we have the digital business where they are. That's how we should be running this company.

Alan Zook, First Manhattan: I have two questions that are somewhat related. One is just, we didn't hear a lot about the actual retailers -- although you don't have to mention names -- but just how do they view your products versus some of the competitors? And the second part of the question is, could you talk about your international business in general? I mean, there really wasn't a break down, per se, about how you see this business growing internationally versus domestically.

Phil Faraci: Actually, Antonio just chose a break out that there was a 60-40 split international versus U.S. in the broad context. In terms of retailers, you know, when you're in the top one through three in terms of a category, you obviously have a lot of retailer attention because for that category, you have importance. We have, across Mary Jane and I, about 19 product categories where we're one through three. So that obviously has a strong pull from a retailer.

In terms of some of the new categories, and inkjet is an example, we're in a very disruptive position in terms of the introduction, so consequently it creates new enthusiasm for the category and, again, the retailers appreciate that as well. In the case of retail print, where we go to market as one, then we go break out into the back-end between Mary Jane and myself, that's probably the single strongest area where we're very important to retailers. We drive traffic; we drive customer return, so that's obviously a strong pull as well.

Alan Zook: Again, I may be a little long or short on the history, but I remember it wasn't that long ago that Fuji in those same categories was very competitive, and they just wonder -- again I don't want to spend time focusing on one versus the other -- but certainly there was a war at one point in time.

Antonio Perez: Who is Fuji?

Alan Zook: I don't know where they're from, but I remember they had a green box. I'm just strategically... when you look at your business today versus a few years ago, because you said it has made some changes, I just want to understand the strategy is going forward when you're in such a competitive landscape in a declining business.

Antonio Perez: We have an excellent relationship with retailers. When you have, as Phil said, one of the top three market share in a certain category, all you get is maybe complaining when you don't get their product early enough. We had a lot of complaints with the retailers when we introduced inkjet because we couldn't supply them all. The brand is very attractive for all of them. They know that we have a very wide portfolio. When you have a very strong relationship with retailers, I don't see any issue with it. I think our retail business is growing very fast. We hardly compete with Fuji in anything, anyway. In consumer film if it was, OK, \$400 million out of ten-and-a-half billion; sure, we still have a very high market share. Believe me when I said that the name of Fuji -- with all due respect that we have with that company -- hardly appears in any of the conversations that we have in our company as far as the two competitors we have today. And it's a great company. I have a lot of respect for them.

Matt Troy, Citigroup: Antonio, reconcile your comments at the start of the meeting, to the extent we do see an inflection point, if I were to look at it, how do you see your role changing over the next two or three, four, five whatever? You said some comments about you no longer have to drive your employees, you've surrounded yourself with some digitally savvy, very intelligent executives. Do you see your role tactically or strategically changing at Kodak. Focusing on role responsible as you Antonio at the top is it time to start thinking about succession planning or your focus is changing

Antonio Perez: No, I really love what I'm doing and as much I as I like this team and I think it's an excellent team, I have to continue to be a pain in the neck with them every day. So my role hasn't changed much except obviously I spend more time in specific issues that I love because I have three very strong operational managers I brought so much to the company. We couldn't do this without this team. I have the support of all these people but I'm not going away anywhere if that's what you're asking.

Matt Troy: OK, the follow up I have. As an HP vet, and now you've built this tremendous inkjet product, what can you just refresh us again in that you've found the market now for just about a year? What are the strategic or gating factors for your competition to respond to what you have in the market? What's to stop them from matching your model?

Antonio Perez: It would be better if you ask them than you ask me, of course, because I'm going to be biased with my own filters. Having said that, I think I understand them pretty well. I think we have a good idea of what they could do. From the very beginning, we thought: this is a twenty year old industry with the same business model. There is an opportunity to do something else. We said that.

Then we follow the advice of retailers. When a customer goes and buys a three-quarter-inch drill in a store, what he's really asking for is for a three-quarter-inch hole. He's not really much interested in the drill, as he who makes the hole better at a lower cost is going to win this battle. In the same manner, we follow that and say, OK, let's see what we can do here. So he, who goes to the store to buy a printer, doesn't really want the printer. What he wants is a printed page. That's what he really wants.

Well, what if we make a better printed page that doesn't fade, that doesn't smudge with humidity and everything, and it costs half the cost? Wouldn't that be something that would attract a significant amount of people? That's the fundamental behind it, OK? What can they do about this? Well, they can do what we do. Except that first of all, they have to come out with an inkjet head as productive as ours is, as low cost as ours is, and that is permanent and they can put in a very low-cost printer. I think that they can certainly make a permanent head, but can they make it the way we made it?

Well, let's see if they can OK? We'll see. I'll give them a lot of credit, but they still have to make it for me less. Second, they have to change their business model. That's a very painful thing to do. Look at the assets they have. I just went through three billion dollar assets to point seven, and we've been suffering and crying for about four years. They have a lot more than that. Those are assets that are for a different architecture. So what are they going to do? Accelerate depreciation?

So can they do what we do? Absolutely. Is it likely they will do this? I don't think so. Not for awhile, anyway. By the time they do, this plane is going to be flying high. My fear was they would stop us before we took off. That's the only time they could have stopped us - when we're on the ground. We are off of the ground -- we just saw the second platform, and whatever field is coming this year that I hope is a lot, that I didn't talk about -- and we're running.

So we're here to stay in the business. This is going to be a great business, and the first impressions of the customer about our printers I can't even think about -- I mean, if I would believe that this will stay even close to what Phil described to you it will be impressive. So that's how we feel about that.

Carol Sabbagha: A question on the cash that you have at hand. You laid out the potential uses of cash but I would argue given how much you're spending on inkjet and CMOS and so on, that you're still able to invest in the organic initiative without even touching the cash balance. You're doing it through free cash flow and generating more, so either that leads me to believe that the cash will be used for acquisitions, or stock buy back, or I don't particularly understand how you can incrementally use more cash in your organic initiative because it looks like you're doing everything you want and still generating cash.

Antonio Perez: Carol I don't know if that's a question. Is that a question or is that a statement? What is the question?

Carol Sabbagha: Am I missing something that you could potentially do in the organic business that could somehow use up the cash?

Antonio Perez: I'm sure you mean some, because there are things we are very excited about that I want to talk about. Obviously we're going to be confronted with a huge amount of cash that, if there are no acquisitions soon enough, we will have to do something with it. But for the time being, there is progress you've seen in organic growth. We have some other things that we're working on that we're very excited about. They require investments. Eventually if no acquisitions???? come, and they always do, I think we have to keep looking.

Carol Sabbagha: A quick follow up on inkjet just really quickly. You're looking out to '08. What's embedded in inkjet on the loses in '08 versus '07? High? lower? equal?

Antonio Perez: I won't tell you more, but it's less.

Carol Sabbagha: It's less. And then is there, without disclosing any competitive information, is there a way to give us a feel for what the cost structure looks like, what you're spending on stuff that you know you can amortize over a long period of time, and what's ahead and least to drive the unit sales today.

Antonio Perez: Fighting the likes of HP and Canon, we don't want to talk about it, but I want to tell them we'll probably come out with platforms, we shouldn't do that. It will be not very intelligent.

Mark Altare, Credit Suisse: Antonio mentioned the company was under-leveraged, and Frank sort of implied that you would consider refinancing debt maturities this year in the current rate spread environment for your credit. Why would you even consider something like that, and does that suggest that your now comfortable being a single B, double B type credit and working in that environment, or is investment grade still a goal?

Frank Sklarsky: I think over time we would strive to become investment grade, so our base plan assumption is that we will pay off the \$300 million in debt and get to below \$1.3 billion. To look at it from a rating agency standpoint, we talk with them frequently, talk with them every quarter, and then we do review once a year. They have told us 'hey look, you guys have done everything you need to do from a financial engineering standpoint in a positive sense to get the rating up.'

In other words, we have an A rated balance sheet. They told us that. What will get our rating up is doing the things we talked about today, and that's getting an A-rating, sustainable, free cash flow from operations. And I think now that we're beyond this corporate restructuring, I think what we'll see over the next couple of years is convincing evidence that we will be able to sustain a cash flow from operations at a very, very satisfactory rate, and will continue to work with the rating agencies to look up what we can do on the ratings.

We already got a couple of upgrades last year on both the short term and the long term, and we strive to continue to do that. We're very comfortable with our leverage -- where we'll be at the end of the year. It's in our base assumptions, and we really want to get to investment grade at some point.

Mark Altare: So, just to follow up: no financing as a double-D, single-D credit?

Frank Sklarsky: That is not our base assumption. I would never rule anything out because the credit markets change unbelievably quickly as we just saw in the last six months. Our base assumption is to have our debt at 1.3 or below by the end of the year.

Michael Ellmann, Mayo Capital: Hi. At this meeting a year ago Frank put up a target business model slide analogous to the one you showed today. In the slide last year, the projected EFO rate for 2008 was six percent. Today, it's now four-to-five. The target EFO rate for 2009 was eight-to-nine percent, today it's five-to-seven. So, given the fact that you've indicated that you were satisfied that you delivered on your financial commitments in '07 and the fact that the film products group -- the old film products group -- appears to have exceed budget by about \$100 million of EFO, what changed in the rest of the business to cause these reductions in projected operating margin?

Antonio Perez: Investment in inkjet for starters. That's the biggest influence of all of that. In all honesty we couldn't announce at that time that we're going to invest inkjet and do all those things. So we just -- it's just one of those things that we had in the back that we knew we were going to go aggressively after inkjet. It was going to cost us this money to save the market, and that makes a big difference.

Michael Ellmann Then Antonio, what's the risk to the meeting next year, there won't be another rationing down of these projections?

Antonio Perez: It will be for you to judge. All we have to tell you is what we have today. Inkjet is a very significant investment. It's probably the largest single investment that the company has made, so you ask me if there's going to be another one like that, I'll tell you no. This is a very unique case, and this is a very significant investment. We knew how important it was, and we knew how important it was to succeed rapidly with it, so we need to create traction. Now, if you look further -- and I won't show you the numbers but if you go back in the market for five or six years -- you're going to see in the later years the EFO will be a lot higher than it was in the numbers from last year. That was a choice that we made that we hope the investors will understand. It is a very high value creating business, because we have a very different share of positions, it requires an investment for three years.

Ulysses Yannas, Buckman, Buckman & Reid: I'd like to ask you some more detail on your new CMOS. Will you be making it and selling it or licensing it out? There were a billion plus camera phones sold last year. I saw a price of about \$5 for the sensors. Is this your realization, or somebody else's?

Phil Faraci: The intent is for it to be a product that we sell. Ideally, we'd like to actually partner with the handset manufacturers not only on the sensor but on actually integrating it into their system, because we think we can help them in other areas as well.

Ulysses Yannas: But you know each type of your licensing program, that's what I was interested in. It's something you will be selling, you have electronics if you want to look at it this way.

Antonio Perez: That's right.

Joan Lappin, Gramercy Capital: I have just to follow on your immediate last statement that you view inkjet as a very unique investment, and don't see anything else of a similar future potential

Antonio Perez: As an investment, Joan?

Joan Lappin: Yes, as an investment. So does that apply to OLED, and would you in general speak a lot about OLED and tell us what it is, where it is, and so forth. I know you don't want to talk about, it but I wish you would.

Antonio Perez: Right, I'll ask Mary Jane more. I've got your notes and I'll make sure that she mentions something about OLED. It's very important, We continue to invest a lot. As Mary Jane said, we come out with 140, 150 new patents every year, but the big investment as far as asset is the back plane, and we're not going to make that investment. That investment is going to be with a partner.

The position technology that we have, we believe, is number one in the world for the time we've been working at it -- for the width, the breadth of the know-how I think that we have. We don't have the back plane; the back plane is going to be a partner. Mary Jane is now trying to find an ideal partner with the same objectives in firm deal to get into the market. But it's going to be very important that the type of investment that we made in inkjet it won't be necessary for not the same level of investment that it is with that. We already spent a lot of money.

Mary Jane Hellyar: The only other thing that I would say about this, is that if you look at where the market is, the market I think is really starting to pick up some nice momentum. We like that because we're bullish about OLED. As we look at that, and the architecture that Kodak has developed, we're very pleased that as we go around and talk to major display companies --I would say over the last three or four years -- the majority of them have seen the benefits of the display architecture that we have in our patents and that have been the core of the work that we have done.

We see that as very positive going forward, but nevertheless, that architecture has to be really optimized with the back plane technology, and different display companies have different technologies that they're bringing to their back plane. So there are a lot of these valuation agreements that we're doing -- like I mentioned, LPL or Samsung, and there are others out there that we haven't disclosed.

It's all about making sure that you can find the optimal structure to ultimately have optimal yield, and come down the performance cost curb, kind of ahead of anyone else. So we're in the midst of that process, we're working hard. It's not a fast process, I would say, but along the way we have had the opportunity to develop a number of panels, and over the next roughly year or so you're going to see some of those as the output of the evaluation agreements make their way into the marketplace. That's all on a path to having us have more clarity around what Kodak's path will be into the future, and that's a part of why we haven't put it front-and-center... because we need to continue to make some of this progress.

Joan Lappin: My other question is regarding the patent portfolio. It's large and it's deep -- you said that many times, and you said it again today. And you're starting in the last couple of years to monetize that by licensing others, going after people you think were infringing, and so forth. What can you tell us about how you want to use your patent portfolio over this time period to 2011 that you've been talking about today? Is the revenue from it going to grow? Is it just you want to hold on to this stuff for yourself? Is it just about leasing it, or what? It seems like that's a whole job for a team of people.

Antonio Perez: And we do have a large IP team and I believe one of the best in the industry. I believe and they do an extraordinary job. Their role is all the things you said. The first, most important, is using that tool we get design freedom for anything we are trying to do within our space. We don't have all the patents in the world, so when you get into inkjet, you need to have first licenses with all the people, because that's what life is -- using the strength of our patent portfolio, we can negotiate a cross license.

In some other cases, we want to enter into another business, and we have pieces of technology of this new business, so we go to a firm and we offer this and, you know, they give us back -- they allow us to co-design with them or do something with them so we use the patent as for a trade for that. Those are the first two objectives. The third is when those things are not possible, then we go and request royalties. They can be one time, or it can be over several years. That's what we do, and the number that I put there is a combination of all of those.

As I said, I asked the IP team to give me the number of companies since January 1st '04, which we had made the deal both for licensing and for royalties, and the number is 22. And those are leading companies -- we eliminated small companies, so they're leading companies. And there's a list of all the companies in front of us. There are many companies in the world, and through the experience of what we've done in the last few years, we've been getting between \$250 to \$350 million as an average, and we believe we can get that again for the period that we're talking about.

We don't talk about the times we have to pay. we never talk about those. There's those, too. Sometimes we have to pay. I mean, inevitably, we will have to settle with other companies. The usage of that goes through the usage of capital, like the rest of the cash that we get from our business. This is just another part of the business.

Adam Wright, Kynikos Associates: A couple of quick questions. When you were talking about the penetration rates for digital cinema, I don't have my slide from last year, but was there a change in your base rate assumption there year-over-year and if so, why?

Mary Jane Hellyar: The data is not significantly different. The penetration rates are within about a percent of what we looked at. When the data came in last year, we were working from a Screen Digest projection that was maybe even a little bit slower in 2006, so that flexes the baseline a little bit.

Adam Wright: I think it was a third party maybe you wouldn't have this little detail, but do you know to what extent DCIP, the joint venture Digital Cinema Implementation Partners here in the U.S., and also Archline Media in the European area region factored into the assumptions going forward? Granted, it's the third party that gave the assumptions, but I don't know if you spoke about that.

Mary Jane Hellyar: Yes, to be honest I'm not sure about the Screen Digest assumption and what they built into that in terms of the forward look. One thing I can tell you is we independently do our own look, and then cross compare what we look at as our base case with that. We do scan the media, obviously, and look at some of the agreements that have been talked about in the media, so as we look at our numbers they come in relatively close to what has already been put out there in terms of the arts alliance in Europe, as well as taking into account access IT.

Antonio Perez: What is important, I think, that Mary Jane mentioned, is that we took the third party data, we added a significant risk, and we put that in the numbers that we gave you. The numbers that she presented to you include whether the line goes into slightly better than the third party or significantly worse than the third party. That's the number that she is committing to me and to you.

Mary Jane: When I talk about the twelve to fourteen percent revenue decline, and then the 8 to 10 percent EFO, within those bounds are the financials for the upper limit on that curve.

Frank Sklarsky: Just one thing from the financing side of this, because I don't want to underestimate -- this is an extremely challenging task for the industry to finance this model to go to digital. That is a piece of the equation here. Particularly in the credit environment, because the studios don't want to pay for this up front and the exhibitors don't want to pay up front.

It's very, very challenging to get the financing in place under the right duration given the probable life of the assets, and getting the virtual print fees to be coming from the studios to the right parties, and having the exhibitors getting enough skin in the game to make this thing last. It's very challenging. The studios obviously have come to us to ask us can we be part of the solution, and we're trying to be part of the solution. But it's very challenging, and that's part of the reason why the pace of the migration is what it is. It's just once piece, but it is a piece.

Joseph Kosinsky, Joseph Kosinsky, Inc. I'm old enough to remember when Kodak was a triple A rated company -- look forward to you achieving those goals in the near future. My question to you is can you in the near future remind us investors and consumers the products and patents that you have how they're making life better for us, because we would like to know what you have and expose it, because I'm sure what you have is of quality that would interest a business-to-business and also investor and consumer.

Antonio Perez: Thank you, we will do our best. We are trying to. We love the brand we have. We've love it dearly, and everything that I can think about our brand has been 90 percent positive. It does have a legacy. It does have a connotation that attaches to film in the past. While many elements of that connotation are positive, like quality, there is as well an inability for many people to even conceive us as a company that can be a digital company. We are trying. We are spending as much money as we think we can afford and letting people know the products we have, the services we have, how life is better with Kodak. While we go to the digital cameras, we still follow the same rule that our founder put in place, which is to push the button and our cameras are the easiest cameras to use in the whole market. One of the reasons that we're number one in the U.S. again in number of cameras, is we're really trying hard. I'm sure we're not doing as good a job as you would expect us to do, but we're going to keep trying very hard.

Ann McCorvey: OK. Thank you so much for coming. We want to remind you that we have some refreshments out there for you because the exhibits will be open until 1:30, and we hope you'll take a look at the new and innovative products that we have on display today, so thank you so much for coming and we'll see you soon.

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