

REPORT OF THE CORPORATE RESPONSIBILITY AND GOVERNANCE COMMITTEE

Introduction

While the Company has long practiced and lead in developing and implementing good corporate governance, continuing this tradition is essential to the Company's future as it undergoes its digital transformation. The Corporate Responsibility and Governance Committee of the Board of Directors is primarily responsible for overseeing the Company's governance practices and, therefore, is playing a key role in this journey. This Report, an annual voluntary governance practice that the Committee began in 2003, highlights the Committee's corporate governance activities during 2005.

Committee Composition

The Committee is composed of five directors, each of whom meets the definition of "independence" set forth in the NYSE's corporate governance listing standards. During 2005, the Committee met seven times and routinely reported its activities to the full Board. In addition, senior management met with the Committee's Chair on six occasions last year. The Committee acts pursuant to a written charter, which can be accessed electronically in the "Corporate Governance" section at www.kodak.com/go/governance.

Committee Responsibilities

The primary role of the Committee is to assess the independence of Board members; lead the annual evaluation of the Board and its committees; identify and assess candidates for Board membership; oversee the Company's activities in the areas of environmental and social responsibility, charitable contributions, diversity and equal employment opportunity; and generally oversee the Company's corporate governance structure. The Committee monitors emerging issues and practices in the area of corporate governance, and pursues those initiatives that it believes will enhance the Company's governance practices and policies. In addition, the Committee is responsible for, among other things: 1) administering the Board's Director Selection Process; 2) developing the Board's Director Qualification Standards; 3) implementing the Board's director orientation and education programs; 4) overseeing and reviewing the Company's Corporate Governance Guidelines and Director Independence Standards; and 5) recommending to the Board the compensation for directors. A complete description of the Committee's responsibilities can be found in its charter.

2005 Governance Initiatives

Over the past year, the Board, under the guidance of the Committee, has continued to refine and improve the Company's corporate governance. Described below are some of the significant governance actions that the Committee initiated in 2005.

Board Declassification

Based on the Committee's recommendation, the Board in last year's proxy statement submitted for your approval a management proposal that all Board members be elected annually. You approved this proposal by a substantial majority and, as a result, the Company amended its Restated Certificate of Incorporation to eliminate the classified system resulting in all board members being elected to one-year terms beginning in 2008. In formulating its recommendation to the Board, the Committee undertook an extensive review of the Board's structure and sought the advice of external corporate governance experts. The Committee was persuaded by your belief that a non-classified Board increases the Board's accountability to you and your growing sentiment in favor of annual elections.

Elimination of Super-Majority Voting Provisions

Last year, the Committee also considered the merits of the super-majority voting provisions contained in the Company's Restated Certificate of Incorporation. The Committee concluded that the elimination of these provisions was in keeping with the Board's commitment to continually increase the Company's corporate governance practices and enhance the Board's accountability to you. Based on the Committee's recommendation, the Board submitted a proposal in last year's proxy statement to amend the Company's Restated Certificate of Incorporation to eliminate its super-majority voting provisions. You approved this proposal by a substantial majority. In light of this, the Company promptly amended its Restated Certificate of Incorporation to eliminate these provisions.

Director Search

The Committee spent a considerable amount of its time last year initiating the search to fill the Board vacancies that will occur over the next year due to the retirement of two directors under the Board's mandatory retirement policy. As required under the Board's Director Selection Process, the Committee began this process by assessing the Board's current and projected strengths and needs. Based on this assessment, it developed a target candidate profile for the positions. Also in accordance with the Board's selection process, the Committee engaged an external executive search firm to assist in identifying qualified independent candidates who meet the target candidate profile and fit the Board's Director Qualification Standards. Based on the list of candidates produced, the Committee prepared a list of preferred candidates that it presented to the full Board for input. The Committee is about to begin the process of interviewing the preferred candidates and expects to shortly recommend several candidates to the full Board for its consideration.

Other Key Actions in 2005

Some of the other key actions taken by the Committee last year are described below.

Director Independence

The Committee assessed each non-management director's independence based upon the Board's Director Independence Standards and those of the

New York Stock Exchange, and made recommendations to the full Board regarding each non-management director's independence.

Disclosure Practices

Under the Committee's direction, the Company enhanced its proxy statement disclosure practices in such areas as director compensation, corporate governance and executive compensation.

Board Business Plan

Based on the Committee's assistance, the Board last year established for the first time an annual board business plan. The business plan is the end product of a formal process developed by the Committee to annually establish and prioritize the Board's goals. A more detailed description of this process appears on page 19 of this Proxy Statement. The Committee tracked the Board's performance against its business plan and provided periodic reports to the Board on its progress. Performance against the business plan was also assessed as part of the Board's 2005 annual evaluation.

Corporate Governance Best Practices

The Committee discussed best practices and evolving developments in the area of corporate governance and received advice in this regard from an external third-party governance expert.

Committee Evaluation

The Committee prepared and conducted an annual self-evaluation, discussed the results of this evaluation and developed an action plan from these discussions to further enhance the Committee's performance.

Diversity Advisory Panel's Recommendations

The Committee met with the Company's Chief Diversity Officer to assess the Company's progress with regard to the recommendations of the Diversity Advisory Panel, a seven-member, blue-ribbon panel launched in 2001 to provide advice on the Company's comprehensive diversity strategy and assess future diversity trends and the potential impact on Kodak.

Board Action Plan

The Committee monitored the Board's performance against the action plan arising from the Board's 2004 annual evaluation and provided periodic reports to the Board concerning its progress against the action plan.

Committee Structure

Based on results of its 2004 study on improving Board meeting effectiveness, the Committee recommended a change to the Board's committee structure. The Committee suggested that in order to help balance the Audit Committee's consistently heavy workload, Audit Committee members will not serve on other committees of the Board. This change was approved by the Board and implemented following the Board's July 2005 meeting.

Key Activities Planned for 2006

The Committee remains committed to continuous improvement in the Company's corporate governance policies, practices and procedures, and believes that strong corporate governance is a fundamental ingredient to building shareholder value. Some of the key activities the Committee plans to take in 2006 are described below.

Majority Voting for Board Candidates

The Committee has taken note of the extensive debate concerning the issue of majority voting for board candidates and recognizes the potentially far-reaching implications of this difficult and complex issue. While the Committee has already begun studying and deliberating on this important corporate governance topic, it expects to recommend a position on the issue to the full Board sometime later this year.

Director Orientation and Education Program

The Company's current continuing director education program generally consists of three elements: 1) periodic visits to Company facilities; 2) periodic training regarding the policies and practices relevant to the Company's business and operations; and 3) participation in director education workshops and attendance at director education institutes. Recognizing the importance of director training to board accountability, director independence and strong corporate governance, the Committee intends to explore the development of a more formal and robust director education program that provides directors with the opportunity to receive periodic substantive instruction from both internal and external experts on topical issues relating to the responsibilities of directors of public companies and corporate governance matters. The Committee believes an effective director education program provides a board a better understanding of its company's strategies and business model that will allow its directors to be more effective and efficient.

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