

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000031235-94-000013**

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FILER

EASTMAN KODAK CO

CIK: **31235** | IRS No.: **160417150** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-00087** | Film No.: **94527895**
SIC: **3861** Photographic equipment & supplies

Business Address
343 STATE ST
ROCHESTER NY 14650
7167244000

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1994

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 1-87

EASTMAN KODAK COMPANY

(Exact name of registrant as specified in its charter)

NEW JERSEY
(State of incorporation)

16-0417150
(IRS Employer
Identification No.)

343 STATE STREET, ROCHESTER, NEW YORK
(Address of principal executive offices)

14650
(Zip Code)

Registrant's telephone number, including area code: 716-724-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding at March 31, 1994
Common Stock, \$2.50 par value	332,646,215

<TABLE>

Eastman Kodak Company and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS

<CAPTION>

	First Quarter	
	1994	1993
	(in millions)	
<S>	<C>	<C>
REVENUES		
Sales	\$3,592	\$ 3,542
Earnings from equity interests and other revenues	31	87
	-----	-----
TOTAL REVENUES	3,623	3,629
	-----	-----
COSTS		
Cost of goods sold	1,791	1,752
Marketing and administrative expenses	1,116	1,190
Research and development costs	315	308
Interest expense	175	165
Other charges	66	54
	-----	-----
TOTAL COSTS	3,463	3,469
	-----	-----
Earnings from continuing operations before income taxes	160	160
Provision for income taxes from continuing operations	66	66
	-----	-----
Earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	94	94
Earnings from discontinued operations before cumulative effect of changes in accounting principle	-	55
	-----	-----
Earnings before extraordinary item and cumulative effect of changes in accounting principle	94	149
Extraordinary item	(12)	-
	-----	-----
Earnings before cumulative effect of changes in accounting principle	82	149
	-----	-----
Cumulative effect of changes in accounting principle from continuing operations	-	(1,723)
Cumulative effect of changes in accounting principle from discontinued operations	-	(445)
	-----	-----
Total cumulative effect of changes in accounting principle	-	(2,168)
	-----	-----
NET EARNINGS (LOSS)	\$ 82	\$ (2,019)
	=====	=====

</TABLE>

<TABLE>

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF EARNINGS (Continued)

<CAPTION>

	First Quarter	
	1994	1993
<S>	<C>	<C>
Primary earnings per share from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	\$.29	\$.29
Primary earnings per share from discontinued operations before cumulative effect of changes in accounting principle	-	.17
Primary earnings per share before extraordinary item and cumulative effect of changes in accounting principle	.29	.46
Extraordinary item	(.04)	-
Primary earnings per share before cumulative effect of changes in accounting principle	.25	.46
Cumulative effect of changes in accounting principle from continuing operations	-	(5.28)
Cumulative effect of changes in accounting principle from discontinued operations	-	(1.36)
Total cumulative effect of changes in accounting principle	-	(6.64)
Primary earnings (loss) per share	\$.25	\$ (6.18)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

RETAINED EARNINGS

	First Quarter	
	1994	1993
	(in millions)	
Retained earnings at beginning of year	\$4,469	\$7,721
Net earnings (loss)	82	(2,019)
Cash dividends declared	(132)	(163)
Other changes	(2)	-
RETAINED EARNINGS at end of quarter	\$4,417	\$5,539

SUPPLEMENTAL INFORMATION:

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

Sales	\$1,989	\$1,903
Earnings from operations	202	130

See Notes to Financial Statements

</TABLE>

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<TABLE>

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<CAPTION>

	March 31, 1994	Dec. 31, 1993
	(in millions)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,163	\$ 1,635
Marketable securities	127	331
Receivables (net of allowances of \$136 and \$141)	3,359	3,463
Inventories	2,150	1,913
Deferred income tax charges	530	435
Other	239	244
	-----	-----
Total current assets	7,568	8,021
	-----	-----
PROPERTIES		
Land, buildings and equipment at cost	13,454	13,311
Less: Accumulated depreciation	7,128	6,945
	-----	-----
Net properties	6,326	6,366
OTHER ASSETS		
Unamortized goodwill (net of accumulated amortization of \$885 and \$846)	4,162	4,186
Deferred income tax charges	421	481
Long-term receivables and other noncurrent assets	1,224	1,271
	-----	-----
TOTAL ASSETS	\$19,701	\$20,325
	=====	=====

LIABILITIES AND SHAREOWNERS' EQUITY

CURRENT LIABILITIES		
Payables	\$ 3,331	\$ 3,630
Short-term borrowings	2,232	655
Taxes-income and other	356	420
Dividends payable	132	165
Deferred income tax credits	44	40
	-----	-----
Total current liabilities	6,095	4,910
OTHER LIABILITIES		
Long-term borrowings	4,866	6,853

Postemployment liabilities	3,796	3,678
Other long-term liabilities	1,384	1,449
Deferred income tax credits	99	79
	-----	-----
Total liabilities	16,240	16,969
	-----	-----
SHAREOWNERS' EQUITY		
Common stock at par*	948	948
Additional capital paid in or transferred from retained earnings	235	213
Retained earnings	4,417	4,469
Accumulated translation adjustment	(182)	(235)
	-----	-----
	5,418	5,395
Less: Treasury stock shares at cost*	1,957	2,039
	-----	-----
Total shareowners' equity	3,461	3,356
	-----	-----
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	\$19,701	\$20,325
	=====	=====

<FN>

*Common stock: \$2.50 par value, 950 million shares authorized, 379.2 million shares issued as of March 31, 1994. Of the shares authorized, approximately 7 million shares are reserved for the conversion of the 6 3/8% debentures. Treasury stock at cost consists of approximately 49 million shares on December 31, 1993 and approximately 47 million shares on March 31, 1994.

See Notes to Financial Statements

</TABLE>

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<TABLE>

Eastman Kodak Company and Subsidiary Companies
CONSOLIDATED STATEMENT OF CASH FLOWS
<CAPTION>

	First Quarter	
	1994	1993
	(in millions)	
	<C>	<C>
Cash flows from operating activities:		
Earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	\$ 94	\$ 94
Adjustments to reconcile above earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	251	274
Benefit for deferred taxes	(8)	(22)
Loss on sale and retirement of properties	14	11
Decrease in receivables	152	215
Increase in inventories	(214)	(229)
Decrease in liabilities excluding borrowings	(340)	(361)
Other items, net	141	(86)
	-----	-----
Total adjustments	(4)	(198)
	-----	-----
Net cash provided by (used in) operating activities	90	(104)
	-----	-----

Cash flows from investing activities:		
Additions to properties	(180)	(277)
Proceeds from sale of investments	-	35
Proceeds from sale of properties	6	3
Marketable securities - purchases	(8)	(14)
Marketable securities - sales	212	70
	-----	-----
Net cash provided by (used in) investing activities	30	(183)
	-----	-----
Cash flows from financing activities:		
Net increase in commercial paper borrowings of 90 days or less	25	498
Proceeds from other borrowings	9	49
Repayment of other borrowings	(468)	(23)
Dividends to shareowners	(165)	(163)
Exercise of employee stock options	5	70
	-----	-----
Net cash provided by (used in) financing activities	(594)	431
	-----	-----
Effect of exchange rate changes on cash	2	(3)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(472)	141
Cash and cash equivalents, beginning of year	1,635	361
	-----	-----
Cash and cash equivalents, end of quarter	\$ 1,163	\$ 502
	=====	=====

See Notes to Financial Statements

</TABLE>

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Eastman Kodak Company and Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS

BASIS OF PRESENTATION

The financial statements have been prepared by the Company in accordance with the accounting policies stated in the 1993 Annual Report, except as noted below, and should be read in conjunction with the Notes to Financial Statements appearing therein. In the opinion of the Company, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation have been included in the financial statements. The statements are based in part on approximations and have not been audited by independent accountants. The annual statements will be audited by independent accountants.

NEW ACCOUNTING STANDARDS

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities". In accordance with the standard, prior period financial statements have not been restated to reflect the change in

accounting principle. Shareowners' equity was decreased by \$2 million, net of taxes, to reflect the unrealized loss on securities classified as available-for-sale which had been carried at amortized cost. This amount is reported as other changes in the Consolidated Statement of Retained Earnings.

DEBT REDEMPTION

In March, 1994, the Company announced its intention to redeem on April 1, 1994, the zero coupon convertible subordinated debentures due 2011. The 1994 first quarter earnings were reduced by an extraordinary charge of \$12 million after-tax (\$.04 per share) related to this early extinguishment of debt, and \$1,058 million was reclassified from long-term to short-term borrowings. Approximately 2 million shares of stock were issued from treasury shares to debenture holders who elected to convert their debentures into stock.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The recorded amounts of other investments as of March 31, 1994 and December 31, 1993 shown below include \$46 million and \$81 million, respectively, of equity investments in a number of entities for which it is not practicable to estimate fair value, since quoted market prices do not exist for any of these investments.

The fair values of long-term borrowings were estimated based on quoted market prices or by obtaining quotes from brokers.

The Company is a party to various interest rate option and swap agreements and foreign currency contracts which are included in other instruments below. The fair values of other instruments were estimated by obtaining quotes from brokers, where practicable, or by estimating the amounts the Company would receive or pay to terminate the instruments at the reporting date.

The recorded amounts of certain financial instruments, such as cash and marketable securities and short-term borrowings, approximate their fair values and are excluded from the amounts below. The recorded amounts and estimated fair values of the Company's long-term borrowings and other financial instruments as of March 31, 1994 and December 31, 1993 were as follows:

(in millions)	March 31, 1994		December 31, 1993	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
Other investments	\$ 53	\$ 55	\$ 93	\$ 93
Long-term borrowings	(4,866)	(5,225)	(6,853)	(7,513)
Other instruments	(700)	(1,075)	(816)	(1,308)

RECLASSIFICATIONS

Certain 1993 financial statement amounts have been reclassified to conform to the 1994 presentation.

C. Michael Hamilton, General Comptroller
May 13, 1994

Operations

<TABLE>

SUMMARY

<CAPTION>

(in millions, except earnings per share)

	First Quarter		Change
	1994	1993	
<S>	<C>	<C>	<C>
Sales	\$ 3,592	\$ 3,542	+1%
Earnings from operations before extraordinary item and cumulative effect of changes in accounting principle:			
Continuing	94	94	
Discontinued	-	55	
Net earnings (loss)	82	(2,019)	
Primary earnings per share from operations before extraordinary item and cumulative effect of changes in accounting principle:			
Continuing	.29	.29	
Discontinued	-	.17	
Primary earnings (loss) per share	.25	(6.18)	

</TABLE>

Sales for the first quarter of 1994 were \$3,592 million, an increase of 1% when compared with sales for the first quarter of 1993. Earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle for the first quarter of 1994 were \$94 million (\$.29 per share), level with earnings in the first quarter of 1993. Earnings benefited from more efficient utilization of marketing and administrative activity, manufacturing productivity gains, increased unit volumes and a gain from the sale of technology; but were adversely affected by cost escalation, lower effective selling prices, the unfavorable effects of foreign currency rate changes and related hedging activities, and the absence of gains from the sales of assets and other items recorded in the first quarter of 1993.

On December 31, 1993, the Company completed the spin-off of its worldwide chemical business, which consisted of Eastman Chemical Company operations. Earnings for Eastman Chemical Company operations, which have been reported as discontinued operations, were \$55 million (\$.17 per share) in the first quarter of 1993 before deducting the cumulative effect of changes in accounting principle.

Net earnings for 1994 were reduced by an extraordinary charge of \$12 million after-tax (\$.04 per share) related to the early extinguishment of debt. The 1993 net loss was due to an after-tax charge of \$2.17 billion (\$6.64 per share) associated with the adoption of Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", and SFAS No. 112, "Employers' Accounting for Postemployment Benefits" effective as of January 1, 1993.

On May 3, 1994, the Company announced its intention to divest its non-Imaging Health segment businesses, which consist of Sterling Winthrop Inc., L&F Products and the Clinical Diagnostics Division.

<TABLE>

Sales by Segment

(in millions)

<CAPTION>

	First Quarter		Change
	1994	1993	
<S>	<C>	<C>	<C>
Imaging			
Inside the U.S.	\$ 545	\$ 502	+9%
Outside the U.S.	933	894	+4
	-----	-----	----

Total Imaging	1,478	1,396	+6
	-----	-----	----
Information			
Inside the U.S.	520	518	0
Outside the U.S.	390	383	+2
	-----	-----	----
Total Information	910	901	+1
	-----	-----	----
Health			
Inside the U.S.	664	731	-9
Outside the U.S.	540	515	+5
	-----	-----	----
Total Health	1,204	1,246	-3
	-----	-----	----
Deduct Intersegment Sales	0	(1)	
	-----	-----	----
Total Worldwide	\$3,592	\$3,542	+1
	=====	=====	=====

</TABLE>

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SEGMENT SALES

In the Imaging segment, sales for the first quarter of 1994 to customers inside the U.S. reflect good gains when compared with the first quarter of 1993, as increased unit volumes were slightly offset by lower effective selling prices. Sales to customers outside the U.S. recorded a slight increase for the first quarter of 1994 when compared with the first quarter of 1993. The effects of good gains in unit volumes were only partially offset by lower effective selling prices and unfavorable foreign currency rate changes. Worldwide volume gains were led by Ektacolor papers, Kodacolor films and single-use cameras.

In the Information segment, 1994 first quarter sales inside the U.S. were level with sales for the first quarter of 1993. Outside the U.S., sales in the first quarter of 1994 increased slightly when compared with sales for the comparable period a year ago as moderate volume increases were slightly offset by lower effective selling prices.

In the Health segment, sales to customers inside the U.S. in the first quarter of 1994 were down when compared with the first quarter of 1993 due to decreases in unit volumes. Sales to customers outside the U.S. in the first quarter of 1994 recorded moderate gains over the comparable period of a year ago primarily due to gains in unit volumes. Increases in sales outside the U.S. were led by Sterling Winthrop, health sciences and clinical diagnostics products.

<TABLE>

COSTS AND EXPENSES

<CAPTION>

First Quarter

(in millions)	1994	1993	Change
<S>	<C>	<C>	<C>
Cost of goods sold	\$1,791	\$1,752	+2%
Percent of Sales	49.9%	49.5%	
Marketing and administrative expenses	\$1,116	\$1,190	-6%
Percent of Sales	31.1%	33.6%	
Research and development costs	315	\$ 308	+2%
Percent of Sales	8.8%	8.7%	

</TABLE>

<TABLE>

Earnings from Operations by Industry Segment

<CAPTION>

(in millions)

	First Quarter		
	1994	1993	Change
<S>	<C>	<C>	<C>
Imaging	\$ 180	\$ 133	+35%
Percent of Sales	12.2%	9.5%	
Information	\$ 52	\$ 43	+21%
Percent of Sales	5.7%	4.8%	
Health	\$ 138	\$ 118	+17%
Percent of Sales	11.5%	9.5%	
Total	\$ 370	\$ 294	+26%

</TABLE>

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SEGMENT EARNINGS

Operating earnings for the Imaging segment for the first quarter of 1994 increased when compared with the first quarter of last year, as the benefits from increased unit volumes, manufacturing productivity and more efficient utilization of marketing and administrative activity were only partially offset by lower effective selling prices, cost escalation and the unfavorable effects of foreign currency rate changes and related hedging activities.

Information segment operating earnings for the 1994 first quarter increased over the first quarter of a year ago, as the benefits from more efficient utilization of marketing and administrative activity were only partially offset by cost escalation.

Health segment operating earnings for the first quarter of 1994 increased when compared with the first quarter of last year, as the benefits from more efficient utilization of marketing and administrative activity, manufacturing productivity, a gain from the sale of technology and lower research and development activity were only partially offset by lower unit volumes and cost escalation.

OTHER REVENUES AND COSTS

Earnings from equity interests and other revenues for the first quarter of

1994 decreased from the 1993 first quarter. This comparison was adversely affected by \$56 million of gains from the sales of assets and other items in the first quarter of 1993. Interest expense for the 1994 first quarter increased when compared with the 1993 first quarter due to higher effective interest rates and lower capitalized interest in 1994.

CURRENCY TRANSACTIONS AND TRANSLATION

The net effect from foreign exchange transactions, related hedging activities, and the translation of net monetary items in hyper-inflationary economies was a loss of \$51 million in the 1994 first quarter, compared with a loss of \$14 million in the first quarter last year.

CASH DIVIDENDS

During the first quarters of 1994 and 1993, cash dividends of 40 cents per share and 50 cents per share were declared on the Company's common stock, respectively. This change in the dividend disbursement resulted from the spin-off of the Company's worldwide chemical business through a tax-free dividend to its shareowners on December 31, 1993. For every four Eastman Kodak Company shares owned, shareowners received one share of Eastman Chemical Company stock. Total dividends declared in the first quarters of 1994 and 1993 were \$132 million and \$163 million, respectively.

FINANCIAL POSITION

Cash and marketable securities were \$1,290 million at the end of the first quarter of 1994, compared with \$1,966 million at year-end 1993. The decrease is primarily due to the repayment of borrowings and a maturing interest rate swap and the termination of a receivables financing program. Receivables were \$3,359 million, down from \$3,463 million at year-end 1993. Worldwide inventories were \$2,150 million, up from \$1,913 million at year-end 1993. Working capital at the end of the quarter decreased to \$1,473 million compared with \$3,111 million at year-end 1993. The decrease was primarily due to the reclassification of \$1,058 million of zero coupon convertible subordinated debentures, called in March, 1994, from long-term to short-term borrowings as of March 31, 1994. These debentures were redeemed for cash by the Company on April 1, 1994. Total borrowings decreased \$410 million from year-end 1993. The Company expects to have positive operating cash flow for the year. Proceeds from the sale of certain Health segment businesses are expected to be used to reduce debt.

CAPITAL ADDITIONS

Capital additions for the first quarter of 1994 were \$180 million compared with \$277 million for the first quarter of 1993. The provision for depreciation for the first quarter of 1994 was \$212 million, compared with \$236 million for the first quarter of last year.

Item 1. Legal Proceedings

The Company is in discussion with the Environmental Protection Agency ("EPA") and the Environment and Natural Resources Division of the U.S. Department of Justice concerning the EPA/NEIC (National Enforcement Investigations Center) investigation of the Company's Kodak Park site in Rochester, New York. As a result of the investigation, the Company expects to incur a civil fine of at least \$100,000 for violations of federal environmental laws and regulations.

The Company is participating in the EPA's Toxic Substances Control Act ("TSCA") Section 8 (e) Compliance Audit Program. As a participant, the Company has agreed to audit its files for materials which under current EPA guidelines would be subject to notification under Section 8 (e) of TSCA and to pay stipulated penalties for each report submitted under this program. The Company anticipates that its liability under the Program will be \$1,000,000.

In addition to the foregoing environmental actions, the Company has been designated as a potentially responsible party ("PRP") under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (the "Superfund" law), or under similar state laws, for environmental assessment and cleanup costs as the result of the Company's alleged arrangements for disposal of hazardous substances at fewer than twenty Superfund sites. With respect to each of these sites, the Company's actual or potential allocated share of responsibility is small. Furthermore, numerous other PRPs have similarly been designated at these sites and, although the law imposes joint and several liability on PRPs, as a practical matter costs are shared with other PRPs. Settlements and costs paid by the Company in Superfund matters to date have not been material. Future costs are also not expected to be material to the Company's financial condition or results of operations.

The Company and its subsidiary companies are involved in lawsuits, claims, investigations, and proceedings, including product liability, commercial, environmental, and health and safety matters, which are being handled and defended in the ordinary course of business. There are no such matters pending that the Company and its General Counsel expect to be material in relation to the Company's business, financial condition, or results of operations.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits required as part of this report are listed in the index appearing on page 12.
- (b) Reports on Form 8-K
No reports on Form 8-K were filed or required to be filed for the quarter ended March 31, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EASTMAN KODAK COMPANY
(Registrant)

C. M. Hamilton, General Comptroller,
Principal Accounting Officer and
Duly Authorized Officer

Date May 13, 1994

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Eastman Kodak Company and Subsidiary Companies

Index to Exhibits

Exhibit Number	Page No.
(11) Statement Re Computation of Earnings Per Common Share	13
(99) Additional Exhibit: Kodak's CEO Unveils New Corporate Strategy	16

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<TABLE>

Eastman Kodak Company and Subsidiary Companies

Exhibit (11)

Computation of Earnings Per Common Share

<CAPTION>

	First Quarter	
	1994	1993
	(in millions, except per share amounts)	
<S>	<C>	<C>
PRIMARY:		
Earnings from continuing operations before income taxes	\$ 160	\$ 160
Provision for income taxes from continuing operations	66	66
Earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	94	94
Earnings from discontinued operations before cumulative effect of changes in accounting principle	-	55
Earnings before extraordinary item and cumulative effect of changes in accounting principle	94	149

Extraordinary item	(12)	-
	-----	-----
Earnings before cumulative effect of changes in accounting principle	82	149
	-----	-----
Cumulative effect of changes in accounting principle from continuing operations	-	(1,723)
Cumulative effect of changes in accounting principle from discontinued operations	-	(445)
	-----	-----
Total cumulative effect of changes in accounting principle	-	(2,168)
	-----	-----
Net Earnings (Loss)	\$ 82	\$(2,019)
	=====	=====
Average number of common shares outstanding	330.7	326.7
	-----	-----
Primary earnings per share from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	\$.29	\$.29
Primary earnings per share from discontinued operations before cumulative effect of changes in accounting principle	-	.17
	-----	-----
Primary earnings per share before extraordinary item and cumulative effect of changes in accounting principle	.29	.46
Extraordinary item	(.04)	-
	-----	-----
Primary earnings per share before cumulative effect of changes in accounting principle	.25	.46
	-----	-----
Cumulative effect of changes in accounting principle from continuing operations	-	(5.28)
Cumulative effect of changes in accounting principle from discontinued operations	-	(1.36)
	-----	-----
Total cumulative effect of changes in accounting principle	-	(6.64)
	-----	-----
Primary earnings (loss) per share	\$.25	\$(6.18)
	=====	=====

</TABLE>

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<TABLE>

Eastman Kodak Company and Subsidiary Companies

Exhibit (11)
(Continued)

Computation of Earnings Per Common Share

<CAPTION>

First Quarter

	1994	1993
	(in millions, except per share amounts)	
<S>	<C>	<C>
FULLY DILUTED:		
Earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	\$ 94	\$ 94
Add after-tax interest expense applicable to:		
6 3/8% convertible debentures (1)	-	-
Zero coupon convertible debentures (1)	-	-
	-----	-----
Adjusted earnings from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	94	94
Earnings from discontinued operations before cumulative effect of changes in accounting principle	-	55
	-----	-----
Adjusted earnings before extraordinary item and cumulative effect of changes in accounting principle	94	149
Extraordinary item	(12)	-
	-----	-----
Adjusted earnings before cumulative effect of changes in accounting principle	82	149
	-----	-----
Cumulative effect of changes in accounting principle from continuing operations	-	(1,723)
Cumulative effect of changes in accounting principle from discontinued operations	-	(445)
	-----	-----
Total cumulative effect of changes in accounting principle	-	(2,168)
	-----	-----
Adjusted net earnings	\$ 82	\$(2,019)
	=====	=====

<FN>
(1) 6 3/8% convertible debentures and zero coupon convertible debentures were anti-dilutive in both years.
</TABLE>

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<TABLE>

Eastman Kodak Company and Subsidiary Companies

Exhibit (11)
(Continued)

Computation of Earnings Per Common Share

<CAPTION>

First Quarter
1994 1993
(in millions, except
per share amounts)

<S>	<C>	<C>
Average number of common shares outstanding	330.7	326.7
Add-incremental shares under option	3.4	3.2
Add-incremental shares applicable to:		
6 3/8% convertible debentures (1)	-	-
Zero coupon convertible debentures (1)	-	-
	-----	-----
Adj'd avg. number of shares outstanding	334.1	329.9
	-----	-----
Fully diluted earnings per share from continuing operations before extraordinary item and cumulative effect of changes in accounting principle	\$.29	\$.29
Fully diluted earnings per share from discontinued operations before cumulative effect of changes in accounting principle	-	.17
	-----	-----
Fully diluted earnings per share before extraordinary item and cumulative effect of changes in accounting principle	.29	.46
Extraordinary item	(.04)	-
	-----	-----
Fully diluted earnings per share before cumulative effect of changes in accounting principle	.25	.46
	-----	-----
Cumulative effect of changes in accounting principle from continuing operations	-	(5.28)
Cumulative effect of changes in accounting principle from discontinued operations	-	(1.36)
	-----	-----
Total cumulative effect of changes in accounting principle	-	(6.64)
	-----	-----
Fully diluted earnings (loss) per share	\$.25	\$(6.18)
	=====	=====

<FN>
(1) 6 3/8% convertible debentures and zero coupon convertible debentures were anti-dilutive in both years.
</TABLE>

KODAK'S CEO UNVEILS
NEW CORPORATE STRATEGY

Rochester, N.Y., May 3--Eastman Kodak Company today revealed a new corporate strategy that will focus the company's resources and management attention exclusively on its imaging businesses.

"Imaging offers Kodak tremendous opportunities for long-term success and growth. It is the business Kodak knows best, built on over a century of brand strength, marketing know-how, and technological leadership," said George M. C. Fisher, Kodak's Chairman, President, and CEO. "To achieve maximum success, we have concluded that we must commit our entire resource base to imaging opportunities and divest non-core businesses."

To realize this strategy, Kodak intends to divest the pharmaceutical and consumer health products subsidiary, Sterling Winthrop Inc.; the personal care and household products business, L&F Products; and the Clinical Diagnostics Division. These businesses currently generate approximately \$3.7 billion of the company's annual revenues.

"Our goal is to divest these businesses in an orderly and responsible manner that optimizes value for Kodak," Fisher said.

Kodak will retain its X-ray film and electronics-based medical, cardiology, and dental diagnostic imaging business, the Health Sciences Division, because it plays a vital role in its imaging strategy.

KODAK MISSION

Fisher noted, "Our mission must be to build a highly-profitable, results-oriented company based on a sound value system that emphasizes five key values. These values are the operating principles we will use with our customers, employees, shareholders, suppliers, and the communities in which we live and work." The key values are:

- * Respect for the individual;
- * Uncompromising integrity in everything we do;
- * Trust;
- * Credibility;
- * Continuous improvement.

"We will rebuild this corporation on a platform based on those five values," he added.

He stressed that the company will focus on profitable participation in the five links of the imaging chain: image capture, processing, storage, output, and delivery of images for people and machines anywhere in Kodak's worldwide market. Kodak will emphasize the sale of imaging consumables in support of its mission, and will broaden its pursuit to include those digital electronic imaging arenas in which Kodak can profitably compete.

Fisher said the company will ensure that:

- * Kodak's customers--and the ultimate consumer--are satisfied; and hence, Kodak's worldwide market share increases;
- * Kodak's employees are energized, fulfilled, and productive, and hence continue to show their loyalty, dedication, and winning spirit;
- * Kodak achieves superior financial results which provide attractive returns for its shareholders, and hence rewards Kodak with long-term investment in its stock.

Fisher explained that Kodak will accomplish its business mission by driving three imperatives: total customer satisfaction, total employee satisfaction, and return on net asset (RONA) improvement.

RONA IMPROVEMENT PROGRAM

Fisher announced he is leading a new effort, the "RONA Improvement Program." This consists of ten initiatives that will significantly improve both after-tax profits and asset utilization, and deliver top-line revenue growth. Each project will have a team champion, with Fisher directly responsible for two: Growth of Market and Cycle Time Improvement. The ten RONA Improvement Program initiatives are:

- * Growth of Market

- * Asset Management
- * Span-of-Control
- * Cost of Quality
- * R&D Productivity
- * Marketing Opportunities
- * Portfolio Review
- * Process Reengineering
- * Cycle Time Improvement
- * Policy Opportunities

Fisher further explained, "Pursuing growth for Kodak is not synonymous with throwing money at the great information 'super highway in the sky,' or at digital electronics for imaging as we might have in the past. Our growth strategies must apply equally to our traditional silver halide film business as well as to our digital imaging opportunities.

"Rather than simply take an ax to budgets and manpower, we are trying to change, in significant ways, how this company operates," Fisher explained.

DIVESTMENT PLANS

By divesting the non-imaging businesses, three purposes are served. First and foremost, Kodak can move quickly to achieve significant debt reduction and a stronger balance sheet. Second, Kodak can commit its management attention and resources to improving the current performance of its core imaging businesses. And third, the company will strategically attack a broader array of imaging opportunities around the world to build an exciting and financially sound Kodak of the future--a company which is highly profitable with modest growth--and more profitable when it achieves better sales growth.

Fisher noted that the divestment plan also will better position the non-imaging businesses to achieve their full potential as central elements in core strategies under new ownership. Kodak noted that Sterling Winthrop's alliance partner, Elf Sanofi, has the right of first refusal to purchase the pharmaceutical alliance portion of the business. Kodak has retained the investment banking firm, Goldman Sachs, to assist in this transaction.

"The businesses we intend to divest are sound--with excellent prospects. Their current performance compares quite favorably with peer health and household products companies," Fisher added. "Kodak is now focused on its core strength, which is both our heritage and our future."

Fisher emphasized, "It's not going to be business as usual. There is a new Kodak, and it is moving swiftly and aggressively to achieve profitable growth."