

Eastman Kodak Company Shareholders

	Accumulated							Noncontrolling Interests	Total
	Common Stock (1)	Additional Paid In Capital	Retained Earnings	Other Comprehensive (Loss) Income	Treasury Stock	Total	Total		
Equity (deficit) as of December 31, 2010	\$ 978	\$ 1,105	\$ 4,969	\$ (2,135)	\$ (5,994)	\$ (1,077)	\$ 2	\$ (1,075)	
Net loss	-	-	(764)	-	-	(764)	-	(764)	
Other comprehensive loss:									
Unrealized gains on available-for-sale securities (\$1 million pre- tax)	-	-	-	1	-	1	-	1	
Unrealized gains arising from hedging activity (\$5 million pre-tax)	-	-	-	5	-	5	-	5	
Reclassification adjustment for hedging related gains included in net earnings (\$14 million pre-tax)	-	-	-	(14)	-	(14)	-	(14)	
Currency translation adjustments	-	-	-	18	-	18	-	18	
Pension and other postretirement liability adjustments (\$611 million pre-tax)	-	-	-	(541)	-	(541)	-	(541)	
Other comprehensive loss	-	-	-	(531)	-	(531)	-	(531)	
Comprehensive loss								(1,295)	
Recognition of equity- based compensation expense	-	20	-	-	-	20	-	20	
Treasury stock issued, net (2,326,209 shares) (2)	-	(16)	(127)	-	143	-	-	-	
Unvested stock issuances (154,696 shares)	-	(1)	(7)	-	8	-	-	-	
Equity (deficit) as of December 31, 2011	<u>\$ 978</u>	<u>\$ 1,108</u>	<u>\$ 4,071</u>	<u>\$ (2,666)</u>	<u>\$ (5,843)</u>	<u>\$ (2,352)</u>	<u>\$ 2</u>	<u>\$ (2,350)</u>	

(1) There are 100 million shares of \$10 par value preferred stock authorized, none of which have been issued.

(2) Includes stock awards issued, offset by shares surrendered for taxes.

The accompanying notes are an integral part of these consolidated financial statements.

Eastman Kodak Company Shareholders

	Common Stock (1)	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total	Noncontrolling Interests	Total
Equity (deficit) as of December 31, 2009	\$ 978	\$ 1,093	\$ 5,676	\$ (1,760)	\$ (6,022)	\$ (35)	\$ 2	\$ (33)
Net loss	-	-	(687)	-	-	(687)	-	(687)
Other comprehensive loss:								
Unrealized gains arising from hedging activity (\$4 million pre-tax)	-	-	-	4	-	4	-	4
Reclassification adjustment for hedging related gains included in net earnings (\$8 million pre-tax)	-	-	-	(8)	-	(8)	-	(8)
Currency translation adjustments	-	-	-	80	-	80	-	80
Pension and other postretirement liability adjustments (\$470 million pre-tax)	-	-	-	(451)	-	(451)	-	(451)
Other comprehensive loss	-	-	-	(375)	-	(375)	-	(375)
Comprehensive loss								(1,062)
Recognition of equity- based compensation expense	-	21	-	-	-	21	-	21
Treasury stock issued, net (268,464 shares) (2)	-	(9)	(20)	-	28	(1)	-	(1)
Equity (deficit) as of December 31, 2010	<u>\$ 978</u>	<u>\$ 1,105</u>	<u>\$ 4,969</u>	<u>\$ (2,135)</u>	<u>\$ (5,994)</u>	<u>\$ (1,077)</u>	<u>\$ 2</u>	<u>\$ (1,075)</u>

Eastman Kodak Company Shareholders

	Common Stock (1)	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total	Noncontrolling Interests	Total
Equity (deficit) as of December 31, 2008	\$ 978	\$ 901	\$ 5,903	\$ (749)	\$ (6,048)	\$ 985	\$ 3	\$ 988
Net (loss) earnings	-	-	(210)	-	-	(210)	1	(209)
Equity transactions with noncontrolling interests	-	-	-	-	-	-	(2)	(2)
Other comprehensive loss:								
Unrealized gains arising from hedging activity (\$17 million pre-tax)	-	-	-	17	-	17	-	17
Reclassification adjustment for hedging related gains included in net earnings (\$5 million pre-tax)	-	-	-	(5)	-	(5)	-	(5)
Currency translation adjustments	-	-	-	4	-	4	-	4
Pension and other postretirement liability adjustments (\$1,111 million pre-tax)	-	-	-	(1,027)	-	(1,027)	-	(1,027)
Other comprehensive loss	-	-	-	(1,011)	-	(1,011)	-	(1,011)
Comprehensive loss								(1,222)
Recognition of equity- based compensation expense	-	20	-	-	-	20	-	20
Equity component of debt issuances	-	181	-	-	-	181	-	181
Treasury stock issued, net (328,099 shares) (2)	-	(8)	(10)	-	18	-	-	-
Unvested stock issuances (133,360 shares)	-	(1)	(7)	-	8	-	-	-
Equity (deficit) as of December 31, 2009	<u>\$ 978</u>	<u>\$ 1,093</u>	<u>\$ 5,676</u>	<u>\$ (1,760)</u>	<u>\$ (6,022)</u>	<u>\$ (35)</u>	<u>\$ 2</u>	<u>\$ (33)</u>

(in millions, except share and per share data)

	As of December 31,	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 861	\$ 1,624
Receivables, net	1,103	1,196
Inventories, net	607	746
Deferred income taxes	58	120
Other current assets	74	100
Total current assets	<u>2,703</u>	<u>3,786</u>
Property, plant and equipment, net	895	1,037
Goodwill	277	294
Other long-term assets	803	1,109
TOTAL ASSETS	<u>\$ 4,678</u>	<u>\$ 6,226</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 706	\$ 959
Short-term borrowings and current portion of long-term debt	152	50
Accrued income taxes	40	343
Other current liabilities	1,252	1,468
Total current liabilities	<u>2,150</u>	<u>2,820</u>
Long-term debt, net of current portion	1,363	1,195
Pension and other postretirement liabilities	3,053	2,661
Other long-term liabilities	462	625
Total liabilities	<u>7,028</u>	<u>7,301</u>
Commitments and Contingencies (Note 11)		
EQUITY (DEFICIT)		
Common stock, \$2.50 par value, 950,000,000 shares authorized; 391,292,760 shares issued as of December 31, 2011 and 2010; 271,379,883 and 268,898,978 shares outstanding as of December 31, 2011 and 2010	978	978
Additional paid in capital	1,108	1,105
Retained earnings	4,071	4,969
Accumulated other comprehensive loss	(2,666)	(2,135)
	<u>3,491</u>	<u>4,917</u>
Treasury stock, at cost; 119,912,877 shares as of December 31, 2011 and 122,393,782 shares as of December 31, 2010	(5,843)	(5,994)
Total Eastman Kodak Company shareholders' (deficit) equity	<u>(2,352)</u>	<u>(1,077)</u>
Noncontrolling interests	2	2
Total (deficit) equity	<u>(2,350)</u>	<u>(1,075)</u>
TOTAL LIABILITIES AND EQUITY (DEFICIT)	<u>\$ 4,678</u>	<u>\$ 6,226</u>

The accompanying notes are an integral part of these consolidated financial statements.

For the Year Ended December 31,

	2011	2010	2009
Cash flows from operating activities:			
Net loss	\$ (764)	\$ (687)	\$ (209)
Adjustments to reconcile to net cash provided by operating activities:			
(Earnings) loss from discontinued operations, net of income taxes	(3)	12	(17)
Earnings from extraordinary items, net of income taxes	-	-	(6)
Depreciation and amortization	294	378	427
Gain on sales of businesses/assets	(80)	(8)	(100)
Loss on early extinguishment of debt, net	-	102	-
Non-cash restructuring and rationalization costs, asset impairments and other charges	17	635	28
Provision (benefit) for deferred income taxes	12	(91)	(99)
Decrease in receivables	96	138	359
Decrease (increase) in inventories	131	(44)	280
Decrease in liabilities excluding borrowings	(729)	(584)	(821)
Other items, net	38	(70)	22
Total adjustments	(224)	468	73
Net cash used in continuing operations	(988)	(219)	(136)
Net cash used in discontinued operations	(10)	-	-
Net cash used in operating activities	(998)	(219)	(136)
Cash flows from investing activities:			
Additions to properties	(128)	(149)	(152)
Proceeds from sales of businesses/assets	153	32	156
Acquisitions, net of cash acquired	(27)	-	(17)
(Funding) use of restricted cash and investment accounts	(22)	1	(12)
Marketable securities - sales	83	74	39
Marketable securities - purchases	(84)	(70)	(36)
Net cash used in investing activities	(25)	(112)	(22)
Cash flows from financing activities:			
Proceeds from borrowings	412	503	712
Repayment of borrowings	(160)	(565)	(649)
Debt issuance costs	(6)	(12)	(30)
Net cash provided by (used in) financing activities	246	(74)	33
Effect of exchange rate changes on cash	14	5	4
Net decrease in cash and cash equivalents	(763)	(400)	(121)
Cash and cash equivalents, beginning of year	1,624	2,024	2,145
Cash and cash equivalents, end of year	\$ 861	\$ 1,624	\$ 2,024

OPERATING

SUPPLEMENTAL CASH FLOW INFORMATION

(in millions)

	For the Year Ended December 31,		
	2011	2010	2009
Cash paid for interest and income taxes was:			
Interest, net of portion capitalized of \$1, \$1 and \$2	\$ 126	\$ 115	\$ 70
Income taxes (1)	78	197	225

The following non-cash items are not reflected in the Consolidated Statement of Cash Flows:

Pension and other postretirement benefits liability adjustments	\$ 541	\$ 451	\$ 1,027
Liabilities assumed in acquisitions	9	-	4
Issuance of unvested stock, net of forfeitures	1	-	-

(1) Includes payments related to discontinued operations.

The accompanying notes are an integral part of these consolidated financial statements.