

A REPORT TO THE COMMUNITY BASED ON EASTMAN KODAK COMPANY

1952

Kodak's Sales Growth in 1952 Kept Our Operations in Rochester High

The past year was a busy one at Kodak. Our sales reached a new high of \$575 million, up 6 percent from 1951. This was the third successive year of advancing sales.

Two factors were mainly responsible for our higher total sales. First, our photographic products showed an important sales gain. Second, government and defense business increased during the year. Both of these product groups are manufactured mostly in Rochester. Sales of our acetate yarn and staple fiber, affected by the general slump in the textile field, were lower for the year. Improvement in the last half, however, made our over-all sales record possible.

Over 60 Percent From Photo Goods

By major product groups, Kodak's sales came from the following sources: Amusement Photographic Products, 27%; Commercial and Professional Photographic Goods, 25%; Cellulose products (yarn and staple fiber, plastics, sheeting), 12%; Special Military Products (proximity fuse, fire control instruments, etc.), 14%; Professional Motion Picture Films, 9%; Chemicals (Industrial and others), 6%; and Miscellaneous Products, 3%. Altogether photographic products accounted for nearly 60% of our 1952 sales dollar.

Sales to the government, for defense and other purposes, were about 19 percent of total sales compared with 17 percent in 1951.

Wages Benefit, Take 44 Percent

How to use each dollar of sales income last year is shown by the picture at the right. As the statements under the picture of money indicate, a great deal of the money went to people in Rochester and Monroe County. Wages and benefits were paid to more than 35,000 Kodak people who work in our Rochester plants

and offices. The total dollar amount was nearly \$190 million.

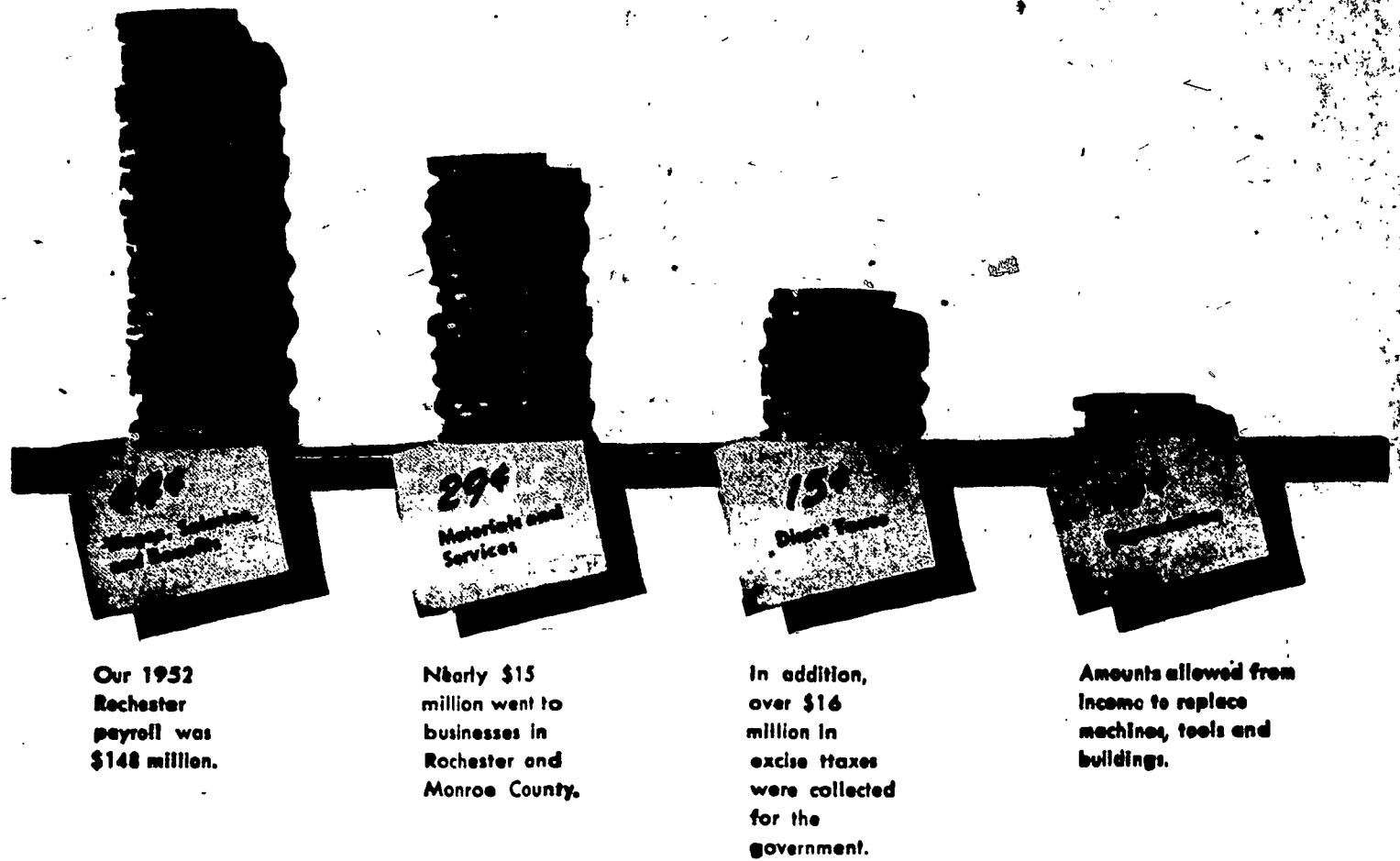
Several hundred Rochester firms and businesses received a good part of the 29 cents of sales income going for materials and supplies. On our contracts for special military products alone, about 600 local firms worked with us as subcontractors and suppliers.

Cash Dividend Same, Earnings Lower

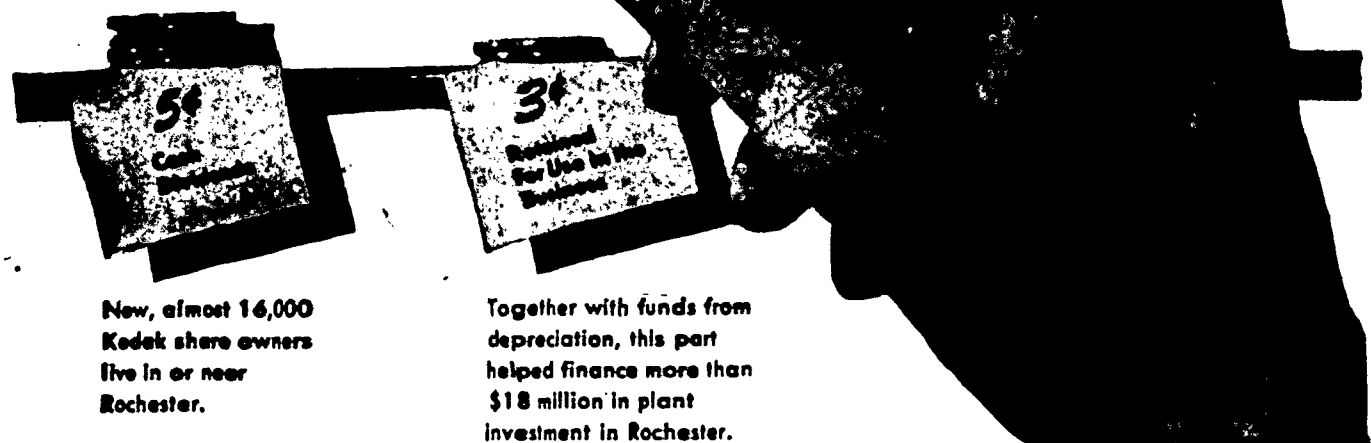
Some of the key figures reflecting on our 1952 operations are given in the box at lower right. Although sales were up from 1951, Kodak's net earnings were lower. The principal reasons why earnings did not advance with sales were these: Because of the slump in the textile markets our acetate yarn and staple production facilities were used at much less than capacity. The result was higher costs and lower profit margins. Also, we faced high starting-up costs at our new Texas plant. Dividends from our foreign subsidiary companies were smaller than in 1951 although their earnings were well maintained last year. On our sizable volume of government business the margin of profit is lower than in other fields.

Despite the drop in net earnings, down about 6 percent, cash dividends totaling \$1.80 per share were declared in 1952, the same rate as in 1951. Common shares outstanding rose in 1952 because of the 10 percent stock dividend paid in January 1952. A 5 percent stock dividend was declared and is payable May 29, 1953.

There was a \$17 million increase in the company's net worth in 1952, reflecting the use of earnings retained in the business for general company purposes. Kodak, in the opinion of the Directors, ended the year in sound financial condition.



How we used each dollar of sales income in 1952



Outlook For 1953 Good: New Plant Investment, Research and Promotion Programs Under Way

For Eastman Kodak Company, 1952 was a year of progress in many ways. Larger sales, better plants and machines tell only a part of the story. The most important part of our story of progress is our human resources. The interest, experience and loyalty of the men and women of Kodak over the years have been key

factors in the company's accomplishments and progress. This was true in 1952, as in the past.

Another good year for our business seems indicated in 1953. New products, new uses for our products and new or improved plant facilities should continue to provide the basis for higher total sales.



Plant Investments
A main underlying reason for the rising productivity of our plants has been the program of "building back" part of company investment in providing new buildings, better machines and improved methods.

Plant Investment Budget Higher

From 1949 through 1952, Kodak has put \$984 million into plant additions and improvements. Most of this, \$256 million, has been used since World War II. The program has been financed from company funds on a pay-as-you-go basis, by using part of our earnings to provide new buildings, better machines and improved methods. In 1952, the company invested about \$82 million in this program. About \$49 million has been budgeted for 1953.

Many examples of our plant improvements are to be found throughout our plants and offices. In 1952 Kodak Park continued projects designed to increase quality and output, cut cost and waste, and to manufacture new or improved products. Some involved range from a few thousand dollars to eight or ten million. Similar projects are under way in our other plants. More than \$18 million was used for these projects in our Rochester plants and offices in 1952.

Improvements were made to increase capacity at Tennessee Eastman Company. Their products are acetate yarns and fibers, plastics, and chemicals. At the new Texas Eastman plant, production units originally planned were completed. Construction is under way on a new branch at Atlanta, Georgia, and on a new color-processing station at Palo Alto, California. These two projects were initiated to give added service to our customers in the South and West.

Research Work Progresses

New or improved products are vital to Kodak's progress. Our work in both basic and applied research, in fields important to the company, has grown steadily.

Some current examples of our research and development work are these: In the photographic field, a new motion picture color negative film for use with tungsten, rather than arc lights, was recently developed. Modifications in processing methods for Kodacolor Prints, Kodachrome slides and Super color movies have improved their quality. Experiments are being carried on in photo materials in connection with color telecasts. Special films have been developed for the ground services. Laboratory tests will be made



Research: Research and development have had extremely worth-while results for the company. They have helped make more and better products available to more people.

In 1953 of an experimental film projector for television.

At Tennessee Eastman Company a pilot plant for acrylic fiber was placed in operation. It is part of that company's research and development program in newer synthetic fibers.

Promotional Programs To Push Sales
For 1953, new and expanded advertising programs are planned to support

higher sales. Campaigns on black-and-white snapshot making and color-picture taking and a special campaign to introduce our new Duo-Pak, the new two-roll package of Verichrome film at a slightly reduced price, will back sales of those products. There are special programs for our inexpensive Kodak and Brownie cameras and the "Brownie Movie Team." Other promotional activities on the business and industrial uses of photography and on audio-visual and educational uses of photo film and equipment will be carried forward.

Services of many kinds to our dealers and customers, friendly and accurate advice on their problems, all are part of our program to increase the sales of our products and add to ways they serve our customers.

A FEW FIGURES

	1952 in millions	1951 in millions
Sales	\$575	\$542
Earnings before taxes	126	133
Income and excess profits taxes	80	84
Net earnings	46	49
Payrolls and Benefits	266	241
Employees in world	71,900	69,100
Share owners	78,305	69,510

W. H. Angram
CHAIRMAN

A. K. Chapman
PRESIDENT

Visitors are welcome at Kodak. Conducted tours of Kodak Park start at 9:30 a. m. and 1:30 p. m. and at Camera Works at 10 a. m. and 2 p. m. We should be happy to have you see our plants in operation.