Kodak

Name: Eric Samuels
Title: Assistant Controller

LETTER OF COMMENT NO. 35

March 5, 2007

Technical Director - File Reference No. 1510-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

FASB Exposure Draft: Proposed Statement of Financial Accounting Standards, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*

Dear Sir/Madam:

Eastman Kodak Company (Kodak or the Company) appreciates the opportunity to comment on the exposure draft (ED) of the FASB's Proposed Statement of Financial Accounting Standards, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*.

Although Kodak supports the stated intentions of the ED, we believe certain amendments to the ED would decrease the cost of application of the standard without diminishing the stated benefits. We believe the costs of applying the proposed disclosure requirements relate not only to additional cost and use of resources to compile information but, more significantly, to the potential impact to our competitive position as more fully described below. We have arranged our comments consistent with the 11 issues stated in the forepart of the ED.

Scope - Issues 1 and 2

We have no comments on the proposed scope.

Costs of Implementing the Proposed Statement's Disclosure Requirements - Issues 3 and 4

Please refer to Issues 5, 6, and 11 for our comments regarding operational concerns in compiling and providing the information required by the proposed Statement.

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Disclosure of Notional Amounts - Issues 5 and 6

We do not agree that the ED should require disclosure of notional amounts. While we agree that the disclosure of notional amounts provides a user of our financial statements some insight into the magnitude of risks being managed we do not believe that any enhanced transparency gained from this disclosure outweighs Kodak's potential cost of compliance with the proposed requirement. We agree with the Board's conclusions in FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, that the requirement that all derivatives be recognized at fair value lessens the usefulness of disclosure of the notional amount to users of the financial statements. We also believe Regulation S-K, Item 305, *Quantitative and Qualitative Disclosures About Market Risk*, provides adequate insight into the magnitude of risks being managed and that the proposed Statement's intent - how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and how derivative instruments affect an entity's financial position, results of operations, and cash flows - can be met without revealing notional amounts. We believe that disclosure of notional amounts would reveal competitive information, which would more than offset the benefits of that additional disclosure. While the basis for our belief stems primarily from concerns regarding disclosure of derivative instruments related to silver, we believe that our concerns apply to other commonly hedged risks as well.

As background to our concerns, silver is a component in various photographic products that Kodak manufactures. Small changes in silver supply or demand can have a dramatic impact on the market price of silver. In addition, the silver market has experienced an increase in speculative trading in recent years.

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As Kodak's silver purchases are significant relative to the overall market, we believe that the proposed disclosure of notional amounts of derivative instruments could provide silver speculators and other market participants with insight related to our silver positions, which could impact silver market prices. Significant changes in silver prices could have an impact on the results of our operations.

In addition, we believe that disclosing notional amounts of derivative instruments (relating not only to silver but other risks as well, for example aluminum and foreign currency for Kodak) could reveal information to our competitors providing insight into our cost structure. While we understand that this ED was not developed with the objective of international convergence, we believe this would put us at a competitive disadvantage, particularly if our foreign competitors were not required to make similar disclosures under their local accounting standards.

Disclosure of Gains and Losses on Hedged Items - Issue 7

We have no comments on the proposed disclosure of gains and losses.

Disclosure of Overall Risk Profile - Issue 8

We have no comments on the proposed disclosure of risk.

Examples Illustrating Application of This Proposed Statement - Issue 9

We have no comments on the proposed examples.

Amendments Considered but Not Made - Issue 10

We agree with the Board's decision not to require additional disclosures as described in paragraphs B55-B63 of the ED.

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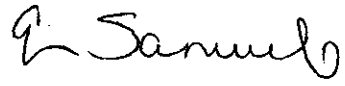
Effective Date - Issue 11

We agree with the proposed effective date of fiscal years ending after December 15, 2007. However, we believe providing the proposed disclosures on an annual basis will be sufficient for users of the financial statements to understand the Company's derivative strategies, accounting policies, and the impact derivative instruments have on our financial statements. We do not believe the incremental value of interim disclosures would offset the resulting costs of preparation. Interim disclosures would be appropriate if there are significant changes from the annual disclosures, consistent with existing rules and regulations.

We hope the above comments are useful. If you would like to discuss these items, please feel free to contact either myself at (585) 724-9025 or Diane Tucker, Manager Accounting Research and Policies at (585) 724-7678.

Sincerely,
EASTMAN KODAK COMPANY



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