

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the registration requirements and prospectus requirements for trades involving employees and former employees pursuant to equity investment plan - Relief from issuer bid requirements for acquisition by issuer of securities in connection with exercise mechanisms under equity incentive plan - Issuer with *de minimis* Canadian presence.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 74(1), 35(1)12(iii) and 72(1)(f)(iii)

Applicable Ontario Rules

Rule 45-503 - Trades to Employees, Executives and Consultants (1998), 21 OSCB 117

IN THE MATTER OF THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, QUEBEC,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR

AND IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND IN THE MATTER OF
EASTMAN KODAK COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the **AJurisdictions@**) has received an application from Eastman Kodak Company ("Kodak" or the **ACompany@**) for a decision pursuant to the securities legislation of the Jurisdictions (the **ALegislation@**) that (i) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements@") will not apply to certain trades in shares of Kodak common stock (the **AShares@**) made in connection with the Kodak 2000 Omnibus Long-Term Compensation Plan (the **APlan@**); and (ii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, taking up and paying for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, bid financing, identical consideration and collateral benefits together with the requirement to file a reporting form within 10 days of an exempt issuer bid and pay a related fee (the **AIssuer Bid Requirements@**) will not apply to certain acquisitions by the Company of Shares or Awards pursuant to the Plan in each of the Jurisdictions.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Kodak has represented to the Decision Makers as follows:

1. Kodak is a corporation incorporated under the laws of the state of New Jersey. The executive offices of Kodak are located in Rochester, New York.
2. The Company is registered with the Securities Exchange Commission (the **ASEC@**) in the U.S. under the U.S. Securities Exchange Act of 1934 (the **AExchange Act@**) and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12G 3-2 made thereunder.

3. Kodak is not a reporting issuer in any Jurisdiction and has no present intention of becoming a reporting issuer in any Jurisdiction. The majority of the directors and senior officers of Kodak reside outside of Canada.
4. The authorized share capital of Kodak consists of 950,000,000 shares of common stock (the AShares@), and 100,000,000 shares of preferred stock (APreferred Shares@). As of June 30, 2001, there were 290,768,764 shares and no Preferred Shares issued and outstanding.
5. The Shares are quoted on the New York Stock Exchange (the ANYSE@).
6. Kodak may use the services of agents/brokers (each an AAgent@) under the Plan. The current Agents for the Plan are Mellon Investor Services LLC, FutureShare Financial LLC and Fleet National Bank. The current Agents are and if replaced, or if additional Agents are appointed, will be registered under applicable U.S. securities or banking legislation and have been or will be authorized by Kodak to provide services under the Plan. The current Agents are not registered to conduct retail trades in any of the Jurisdictions and, if replaced, or if additional Agents are appointed, are not expected to be so registered in any of the Jurisdictions.
7. The Agents=role in the Plan may include (i) assisting with the administration of the Plan, including record-keeping functions; (ii) facilitating the exercise of Awards granted under the Plan (including cashless and stock-swap exercises) to the extent that they are exercisable for Shares; (iii) holding Shares issued under the Plan on behalf of Participants, Former Participants (as defined below) and Permitted Transferees (as defined below); and (iv) facilitating the resale of the Shares issued in connection with the Plan.
8. The purpose of the Plan is to provide motivation to selected employees and directors of Kodak and its affiliates (AKodak Companies@) to put forth maximum efforts towards the continued growth, profitability, and success of the Company by providing incentives to such Employees and directors through the ownership of Shares.
9. Subject to adjustment as provided in the Plan, the maximum number of Shares which may be issued pursuant to the Plan is 22,000,000.
10. Under the Plan, options exercisable for Shares (AOptions@), stock appreciation rights, Shares, shares of restricted stock, restricted stock units, performance units, performance shares, dividends and dividends equivalents, target awards and other stock-based awards (collectively AAwards@) may be granted to employees and directors of Kodak and its affiliates (AParticipants@).
11. Employees who participate in the Plan will not be induced to purchase Shares by expectation of employment or continued employment.

12. The Plan is administered by a committee appointed by the board of directors of the Company (the ACommittee@).
13. There are approximately 1,996 Participants in Canada eligible to receive Awards under the Plan: 1,723 employees resident in Ontario; 74 employees resident in British Columbia; 88 employees resident in Alberta, 2 employees resident in Saskatchewan; 45 employees resident in Manitoba, 35 employees resident in Quebec, 4 employees resident in New Brunswick, 62 employees resident in Nova Scotia; 12 employees resident in Prince Edward Island and 1 employee resident in Newfoundland.
14. The Plan provides that the exercise of Options and the payment of the exercise price in order to acquire Shares may be effected pursuant to the payment of cash, the surrender of Shares of the Company (AStock Swap Exercises@) or other consideration at the fair market value on the exercise date equal to the total Option price, or, by combination of cash, Shares or other consideration. The fair market value of the Shares will be calculated by reference to the mean between the high and low trading prices of the Shares on the exercise date.
15. Kodak is authorized to withhold from any Award granted the amount of withholding taxes due in respect of an Award or payment under the Plan and to take such other action as may be necessary in the option of the Committee to satisfy all obligations for the payment of such taxes (AShare Withholding Exercises@).
16. During the 90 days period from and after a AChange in Control@ (as defined in the Plan), or AChange in Ownership@ (as defined in the Plan) the Committee has the discretion to permit a Participant holding certain Awards to elect to surrender all or part of the Awards of the Company and to receive a cash amount from the Company at a price equal to the Change of Control Price (as defined in the Plan) (AAward Repurchase Rights@).
17. Following the termination of a Participant's relationship with the Kodak Companies for reasons of disability, retirement, change of control or any other reason (a AFormer Participant@) and where the Award has been transferred to another party including immediate family members as defined in the Plan, or on the death of a Participant by will or pursuant to the laws of intestacy (the APermitted Transferees@), the Former Participants and Permitted Transferees will continue to have rights in respect of the Plan (the APost-Termination Rights@). Post-Termination Rights may include, among other things, the right of a Former Participant to receive the grant of an Award and to exercise an Option for a period determined in accordance with the Plan following termination and the right to sell Shares acquired under the Plan through the Agent. Post-Termination Rights will only be issued when the right to receive them was earned by the Participant while that Participant still had a relationship with Kodak.

18. As there is no market for the Shares in Canada and none is expected to develop, it is expected that the resale by Participants, Former Participants and Permitted Transferees of the Shares acquired under the Plan will be effected through the NYSE (the AFirst Trades@).
19. The sale of Shares acquired under the Plan may be made by Participants, Former Participants or Permitted Transferees through the Agent.
20. As at September 28, 2001, Canadian shareholders did not hold, directly or indirectly, more than 10% of the issued and outstanding Shares of the Company and do not constitute more than 10% of the shareholders of the Company. If at any time during the currency of the Plan Canadian shareholders of the Company hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of the Company, the Company will apply to the relevant Jurisdiction for an order with respect to further trades to and by Participants in that Jurisdiction in respect of Shares acquired under the Plan.
21. All necessary securities filings have been made in the U.S. in order to offer the Plan to participants of the Kodak Companies resident in the U.S.
22. A prospectus prepared according to U.S. securities laws describing the terms and conditions of the Plan will be delivered to each employee who is granted an Award under the Plan. The annual reports, proxy materials and other materials Kodak is required to file with the SEC will be provided or made available to Canadian Participants at the same time and in the same manner as the documents are provided or made available to U.S. Participants.
23. Pursuant to the Plan, the acquisition of Awards by the Company in the following circumstances may constitute an Aissuer bid@ Stock Swap Exercises, Share Withholding Exercises, and Award Repurchase Rights. The issuer bid exemptions in the Legislation may not be available for such acquisitions by the Company since such acquisitions may occur at a price that is not calculated in accordance with the Amarket price,@ as that term is defined in the Legislation and may be made from Permitted Transferees.
24. The Legislation of all of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for all the intended trades in Awards under the Plan.
255. When the Agents sell Shares on behalf of Participants, Former Participants and Permitted Transferees, the Agents, Participants, Former Participants and Permitted Transferees may not be able to rely upon the exemptions from the Registration Requirements and Prospectus Requirements contained in the Legislation of the Jurisdictions.

AND WHEREAS pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

- (i) the Registration Requirements and Prospectus Requirements will not apply to any trade or distribution of Awards made in connection with the Plan, including trades and distributions involving the Company and its Canadian affiliates, the Agents, Participants, Former Participants, and Permitted Transferees, provided that, except in Quebec, the first trade in Shares acquired through the Plan pursuant to this Decision will be deemed a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied and provided that, in Quebec, the first trade in Shares acquired through the Plan pursuant to this Decision will be deemed a distribution unless the alienation (resale) is made outside Quebec;
- (ii) the first trade by Participants, Former Participants, Permitted Transferees, in Shares acquired pursuant to the Plan including first trades effected through the Agents, will not be subject to the Registration Requirement, provided such first trade is executed through a stock exchange or market outside of Canada; and
- (iii) the Issuer Bid Requirements will not apply to the acquisition by Kodak of Shares from Participants, Former Participants or Permitted Transferees provided such acquisitions are made in accordance with the terms of the Plan.

DATED February 26, 2002

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