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Update

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KODAK PARK COMMUNITY ADVISORY COUNCIL

Mission Statement

The Kodak Park Community Advisory Council seeks to improve the exchange of information between Kodak Park and the community by reflecting constituents' present and future interests, so that Kodak Park operates in a way that is responsive to the needs of the community.

Community Members

Bob Buesing, Koda-Vista Neighborhood Association
Jim Cloonan, Member-at-Large
Dan Coyne, Maplewood Neighborhood Association
Ralph DeStephano, Greece Central School District
Charlotte Fraser, League of Women Voters
Mark Gregor, City of Rochester
Rob Hochstetler, Trigen-Cinergy Solutions
Ann Howard, Rochester Institute of Technology
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Greg Mason, Neighbors Building Neighborhoods, Sector 2
Greg Merrick, Town of Irondequoit
Elizabeth Pixley, Monroe Community College
Mike Schifano, Monroe County Division of Pure Waters
Larry Sorel, Seneca Park Zoo
Linda Storti, Rochester City School District, School #41
Max Streibel, Town of Greece

Kodak Members

Cindy Ames
John Richardson
Fred Scott
Dave Strong
Scott Summers
Chris Veronda

KODAK ROCHESTER HEALTH, SAFETY, AND ENVIRONMENT POLICY

In Kodak Rochester, we are committed to health, safety, and environmental excellence through:

- Compliance with regulations and corporate initiatives,
- Prevention of pollution,
- Providing a safe and healthful workplace, and
- Continual improvement of HSE performance.

HSE measures are integral components of our performance-based culture and business strategies. Continual improvement is achieved through leadership and personal responsibility, adherence to Kodak Values, effective training and communication, and ongoing performance feedback.



Picturing a Better Environment

Printed on recycled paper with soy inks. Contains a minimum of 10% post-consumer content.



Mary K. Camille

2002 Kodak Park Environmental Annual Report

A special issue of Update for our neighbors at Kodak Park



ENVIRONMENTAL IMPROVEMENTS CONTINUE AT KODAK PARK



TO OUR KODAK PARK NEIGHBORS: In the nearly two years that I have been site manager for Kodak Park, I've enjoyed the opportunity to get to know many of you. In recent discussions, some of you have brought up the subject of the future of Kodak Park. I can certainly understand the concerns, since the ongoing worldwide economic downturn, coupled with brutal competitive pressures, resulted in some difficult actions impacting our people during 2002.

I remain confident about the future of Kodak Park. Our company has shown its commitment to our site by investing more than \$1 billion in new facilities and infrastructure over the last several years. Kodak Park is and will remain by far the largest of our worldwide sites. It is the only site in the world where we perform nearly all of the major operations required to make film and paper.

We expect sales of photographic film and paper to remain strong for a number of years to come. At the same time, the mix of products made at Kodak Park is changing. We continue to research and pursue a number of opportunities to make new imaging products, including digital products, to maintain Kodak's status as The World Leader in Imaging.

Last year, I outlined a vision for Kodak Park's future success. Since then, I have actively participated with other senior leaders at Kodak Park to implement the four key strategies that will continue to drive our progress:

1. Operational Excellence — We have continued to accelerate the rate at which we eliminate waste and improve our operations through our Kodak Operating System strategy.
2. Investment and Growth — We continue to invest in the future of Kodak Park and position the site for growth opportunities.
3. Citizenship—We are committed to be a "neighbor of choice" and continue to improve our environmental, health and safety performance.
4. Winning & Inclusive Culture — We value our employees and recognize that they are a key competitive advantage that we must fully utilize, so we are actively pursuing the creation of a diverse and inclusive culture.

These strategies have driven a number of significant achievements, many of which are outlined further in this report. One thing I know that will not change is our commitment to be a responsible corporate citizen — including responsible environmental performance. In this regard, be assured that we devote significant attention and a major portion of our continuing investment in Kodak Park to further strengthening our protection of the environment. Our people are working hard to make our vision of 100% compliance and zero incidents a reality.

I'm excited about our future at Kodak Park. I believe that we will continue to merit your support as we move forward into this future together.

Charles C. Barrentine, Site Manager, Kodak Park

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KODAK PARK: *Our* Background

DESCRIBING KODAK PARK • Kodak Park (KP) is the largest photographic product manufacturing facility in the world, and the largest industrial complex in the northeast United States. The KP plant site is located on more than 1,300 acres, and stretches for nearly four miles through the City of Rochester and the Town of Greece. Much of KP's 22 miles of fence perimeter borders residential neighborhoods. Approximately 13,000 households and 550 businesses are located close enough to KP to be considered plant neighbors.

Kodak Park has often been called "A City within a City." It has some 160 major manufacturing buildings, nearly 30 miles of roads, two power plants, its own sewer system, and water treatment facilities. KP also operates its own fire department, railroad, and a fleet of some 1,000 vehicles.

A wide variety of photographic films, papers, chemicals, and equipment are produced at Kodak Park. More than 18,000 people are employed in manufacturing operations, and facilities housing the major portion of Kodak's imaging research laboratories. Kodak Park also serves as an industrial park for businesses affiliated or allied with Kodak.

Since 1995, 53 older buildings and other structures have been demolished as part of a revitalization effort at Kodak Park. In 2002, Buildings 202 and 217 were demolished and Bldg. 308 was partially renovated to house new operations. Other infrastructure improvements included upgrading the drop-off loop at the west end of Bldg. 28 and fence replacements north of Rand Street, and south of Merrill Street. These are examples of ways KP facilities are being refined and revitalized to support Kodak Park's role as "The Manufacturing, Logistics and Technology Center for the World Leader in Imaging."

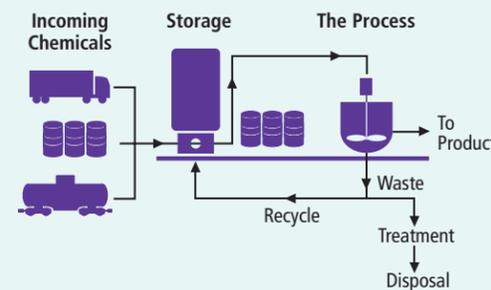


HOW CHEMICALS ARE USED • Each week, hundreds of truckloads and railcars of raw materials arrive at Kodak Park. KP's power plants consumed approximately 680,000 tons of coal in 2002—equivalent to 7,160 loaded railcars. KP operations require the use of hundreds of chemicals, in quantities ranging from lab-size containers to full tanker truckloads. On a daily basis, thousands of gallons of chemicals are transported through many miles of pipelines to operations all over Kodak Park. For the last five years, the amount of solvents recycled has averaged 313 million pounds per year. Although millions of pounds of chemicals are captured and recycled annually, KP also operates its own chemical waste incinerator to allow waste treatment to occur on-site.

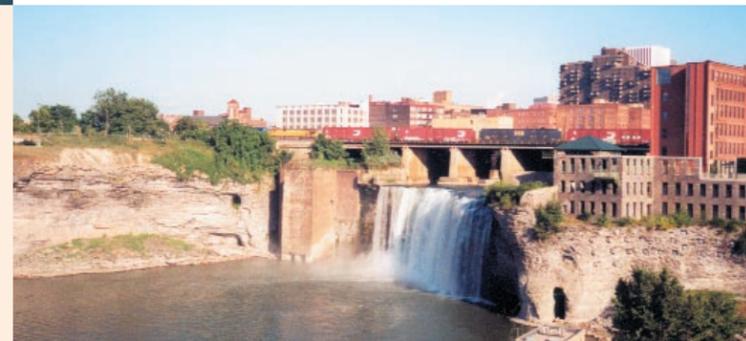
The diagram shown at left can be used to follow chemicals through the plant from their arrival in trucks, railcars, or drums, through their storage and use in a manufacturing process, to their end use as products. This diagram also shows how waste chemicals are recycled or treated in ways that minimize their impact on the environment.

More than 200 people are employed by KP to work on health, safety and environmental programs. They study laws and regulations from various government authorities, obtain permits and monitor compliance, plan and construct new facilities, and ensure proper operation of our manufacturing and waste treatment facilities.

KODAK PARK CHEMICAL OPERATION



Kitty Lawrence, High Falls



Lorene Benjamin



Sharon Williams, Lake Ontario



We are proud to enhance this year's report with the photography of Kodak employees and Kodak Park neighbors. These talented contributors showcase the natural beauty found in our local environment. Top front cover photo of Mountain Ash by Mary Camille.

Ronald R. Andrews, Stone Falls



David Kosel, Table Garden



David Kopperl, Clematis



ENVIRONMENTAL REGULATION *Overview*

ENVIRONMENTAL REGULATIONS • Environmental regulations are a major factor in operating a business like ours that is so heavily involved in handling chemicals. The following is a list of major federal environmental statutes administered by the United States Environmental Protection Agency (EPA).

- Clean Air Act
- Clean Air Act Amendments of 1990
- Superfund Amendments and Reauthorization Act (SARA)
- Emergency Planning and Community Right to Know Act (EPCRA)
- Clean Water Act
- Resource Conservation and Recovery Act (RCRA)
- Toxic Substances Control Act (TSCA)
- Pollution Prevention Act
- Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)

THE REGULATORY PROCESS • The federal government often assigns responsibility to state governments to implement and monitor compliance with federal environmental statutes. New York State has this authority and has developed its own set of laws, regulations, guidelines, and enforcement practices, which are as stringent, and often more stringent, than the federal requirements. The New York State Department of Environmental Conservation (DEC) administers environmental regulations in New York State that address air emissions, wastewater discharges, chemical storage, waste handling and treatment practices, pollution prevention, and many other aspects of operations at Kodak Park.

Throughout each year, our technical staff reviews changes to state and federal regulations to determine new impacts on Kodak Park operations. For example, the federal SARA Toxic Release Inventory (TRI) program was modified to include new compounds and lower reporting thresholds for persistent, bioaccumulative and toxic (PBT) compounds. This rule has required more detailed TRI reporting from Kodak Park, beginning with the year 2000 report. In 2002, significant progress was made on Kodak Park's two new facility-wide Title V air permits, which were recently finalized. These permits, outlined in a 1,500-page set of documents, encompass more than 14,000 individual requirements, pertaining to over 400 permitted air emission points at Kodak Park.



Jane Nadeau, Summerville Beach

Lorene Benjamin, Turning Point Park



POLLUTION PREVENTION HIERARCHY

Source Reduction (Highest Priority)

- Environmentally-friendly design of new products
- Product changes
- Source elimination

Recycling

- Reuse
- Reclamation

Treatment

- Stabilization
- Neutralization
- Precipitation
- Evaporation
- Incineration
- Scrubbing

Disposal

- Disposal at a permitted facility

The following sections of this report describe our environmental performance and compliance with a multitude of regulations that apply to air emissions, water discharges, chemical storage and recycling, conservation and pollution prevention efforts, and waste handling practices. If you have questions or need more detailed information, please contact the Kodak Park Neighborhood Information Center at (585) 722-1707.

POLLUTION Prevention & Waste Minimization

SOURCE REDUCTION • The pollution prevention hierarchy, depicted in the chart on page 4, is the model used to minimize pollution from manufacturing operations at Kodak Park. Source reduction is the highest priority, with recycling, treatment, and disposal being less preferred options. Many of the environmental improvements highlighted in this report result from source reduction initiatives.

RECYCLING AND REUSE • The importance of recycling and reuse has long been known to Kodak, where several key raw materials have been recycled for more than 100 years. Recycling and reuse follows source reduction in our pollution prevention hierarchy. In 2002, more than 600 million pounds of scrap materials, including solvents, plastics, wood, metals, and other by-products of manufacturing, were recycled and reused at Kodak Park. In addition, more than 20 million ounces of silver are recovered annually at KP.

NATIONAL RECOGNITION • In 1994, Kodak became a charter member of *WasteWi\$e*, a voluntary program sponsored by the U.S. Environmental Protection Agency (EPA) that promotes solid waste prevention and recycling initiatives. In 2002, Kodak was recognized by the EPA with its second *WasteWi\$e* "Program Champion" award. Specific progress at Kodak Park during 2002 that contributed to this success included:

- Helping increase the return rate on Kodak one-time-use cameras.
- Reusing more than 850 tons of furniture and electrical equipment.
- Recycling more than 11,000 tons of concrete, asphalt, and brick.

STATE AND LOCAL RECOGNITION • In November 2002, the Synthetic Chemicals Division received an "Industrial Achievement" award from the New York Water Environment Association for pollution prevention efforts resulting in significant environmental and economic benefits for the company (see related story on page 13).

WASTEWI\$E MILESTONES

- 1994** Kodak joined *WasteWi\$e* as a charter member and was recognized for "outstanding contributions"
- 1995** Recognized for its "comprehensive waste reduction program"
- 1997** Becomes a *WasteWi\$e* senior partner
- 1998** Recognized as a "Program Champion"
- 1999** Recognized as "Partner of the Year"
- 2000** Second award for "Partner of the Year"
- 2001** Third award for "Partner of the Year"
- 2002** Second award for "Program Champion"

RECYCLED & REUSED SCRAP MATERIALS

(millions of pounds)

Material	2000	2001	2002
Solvents	336	280	307
Boiler ash	50	132	151
Plastic—PET*	86	88	94
Paper	37	43	25
Construction & demolition debris	44	32	15
Other metals	18	17	15
Wood	15	7	10
Plastic—non-PET	9	4	4
Other recyclables	3	22	22
Silver	1	1	1
TOTAL	599	626	644

* PET=Polyethylene Terephthalate



Ronald R. Andrews/Kodak BirdCam, peregrine falcon

KODAK PARK Environmental Goals

30 PRIORITY CHEMICALS

- Acetaldehyde
- Acetone
- Ammonia
- n-Butanol
- Cadmium compounds
- Chromium compounds
- Cyclohexane
- Dichloromethane
- 1,2-Dichloropropane
- 1,4-Dioxane
- Ethanol
- Ethyl acetate
- Ethylene glycol
- Ethylene glycol monophenyl ether
- Formaldehyde
- Heptane
- Hydrochloric acid
- Hydrogen fluoride
- Isobutanol
- Isopropanol
- Manganese compounds
- Methanol
- Methyl ethyl ketone
- Methyl isobutyl ketone
- Silver compounds
- Tetrahydrofuran
- Toluene
- Trichloroethylene
- Xylenes
- Zinc compounds

DOING OUR PART • Nearly half of Kodak's worldwide production of imaging materials is based in Rochester. With more than ten years of success at significantly reducing our impact on the environment, Kodak Park continues to demonstrate a key leadership role in achieving the current series of comprehensive, five-year environmental goals for Kodak's worldwide operations.

By January 1, 2004, we will further:

- cut our environmental emissions,
- reduce our waste and water usage, and
- conserve energy from our manufacturing operations.

These three strategic initiatives DRIVE our progress . . . the goals MEASURE it.

REDUCING EMISSIONS • The first strategic initiative focuses on pollution prevention and source reduction. Kodak Park is striving to reduce emissions by primarily cutting pollution at the source, not treating it after it has been created. When measured from a 1997 baseline, we have committed to:

- Further reduce emissions of 30 priority chemicals by 40%.
- An additional 50% reduction in emissions of methylene chloride.
- A 20% reduction in greenhouse gas emissions from our power plants. Greenhouse gas emissions (primarily carbon dioxide) have been linked by many scientists to global climate change.

PRESERVING NATURAL RESOURCES

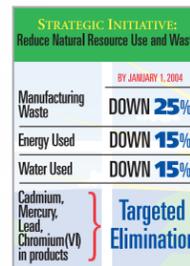
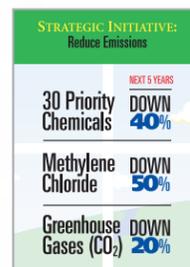
Our goals relating to the preservation of natural resources are:

- A 25% reduction in the production of manufacturing waste, thus significantly reducing the amount of waste that needs to be treated either by incineration or by wastewater treatment.
- A 15% reduction in energy used in manufacturing.
- A 15% reduction in water usage.
- The targeted elimination of heavy metals from Kodak products.

STRENGTHENING OUR MANAGEMENT SYSTEM

The Kodak Rochester Environmental Management System (EMS), registered in 1999 during initial ISO 14001 certification, provides an environmental framework for organizations throughout Rochester, including Kodak Park. The EMS provides common direction and helps ensure compliance with corporate and regulatory requirements, as well as the requirements of ISO 14001. In December 2002, a comprehensive site audit by an independent registrar resulted in recertification to the ISO 14001 standard for a period of three years and found many of Kodak's programs and initiatives to be "best in class."

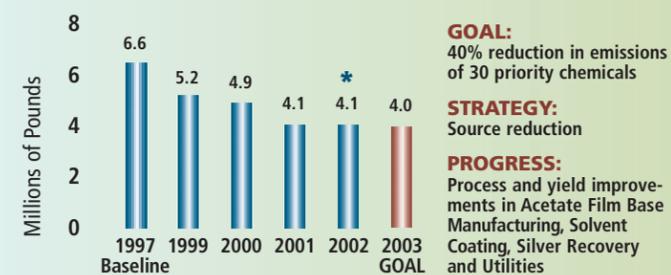
FIVE-YEAR ENVIRONMENTAL GOALS



Maria Randazzo, Seneca Park

REDUCE EMISSIONS

30 PRIORITY CHEMICALS—KODAK PARK

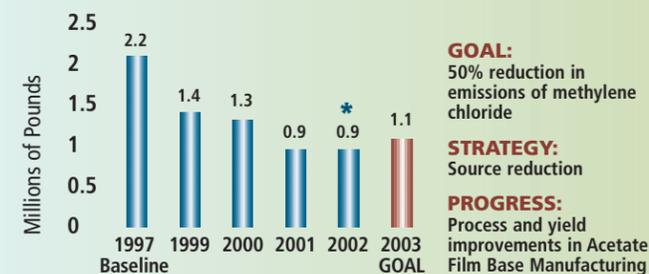


GOAL: 40% reduction in emissions of 30 priority chemicals

STRATEGY: Source reduction

PROGRESS: Process and yield improvements in Acetate Film Base Manufacturing, Solvent Coating, Silver Recovery and Utilities

METHYLENE CHLORIDE—KODAK PARK

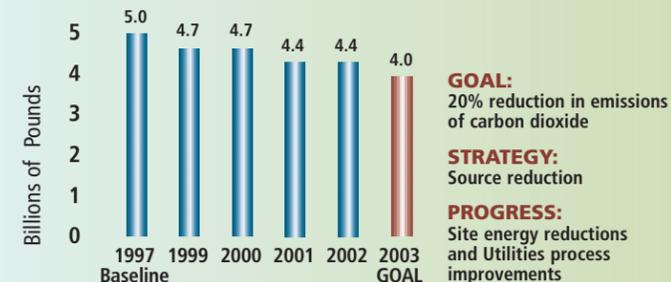


GOAL: 50% reduction in emissions of methylene chloride

STRATEGY: Source reduction

PROGRESS: Process and yield improvements in Acetate Film Base Manufacturing

GREENHOUSE GAS (CO₂)—KODAK ROCHESTER



GOAL: 20% reduction in emissions of carbon dioxide

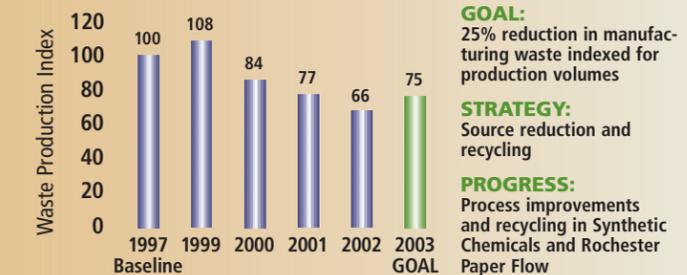
STRATEGY: Source reduction

PROGRESS: Site energy reductions and Utilities process improvements

* Estimated data

REDUCE NATURAL RESOURCE USE & WASTE

MANUFACTURING WASTE—KODAK ROCHESTER

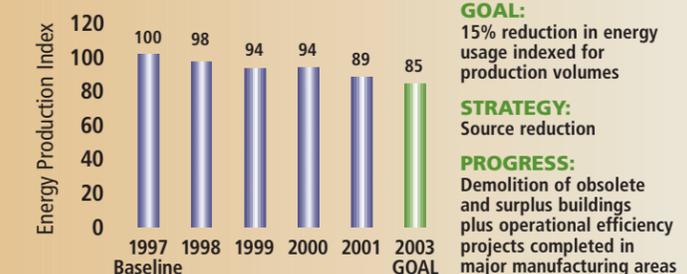


GOAL: 25% reduction in manufacturing waste indexed for production volumes

STRATEGY: Source reduction and recycling

PROGRESS: Process improvements and recycling in Synthetic Chemicals and Rochester Paper Flow

ENERGY CONSERVATION—KODAK ROCHESTER

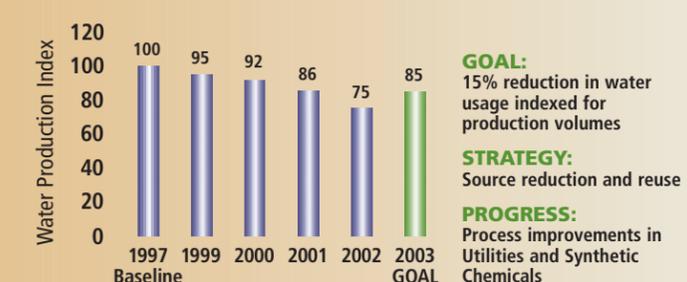


GOAL: 15% reduction in energy usage indexed for production volumes

STRATEGY: Source reduction

PROGRESS: Demolition of obsolete and surplus buildings plus operational efficiency projects completed in major manufacturing areas

WATER USAGE—KODAK PARK



GOAL: 15% reduction in water usage indexed for production volumes

STRATEGY: Source reduction and reuse

PROGRESS: Process improvements in Utilities and Synthetic Chemicals

REDUCING AIR EMISSIONS •

Kodak Park remains committed to reducing chemical air emissions. In recent years, tens of millions of dollars have been invested to reduce these emissions by modifying processes, reformulating products, and improving emission controls.

In 2001 (the latest year for which data is available), SARA-reportable air emissions fell to 3.9 million pounds — a 79% reduction since 1987.

Over the last 15 years, annual air emissions of methylene chloride have been reduced by eight million pounds, and annual air emissions of methanol are also down nearly 3.9 million pounds. Since 1993, chlorofluorocarbon (CFC) air emissions have been significantly reduced — an accomplishment that contributed to the Environmental Protection Agency decision to present Kodak with the 2003 EPA Stratospheric Ozone Protection Award.

Using natural gas reburn technology, combined with energy conservation efforts, utility boiler emissions have been significantly reduced for nitrogen oxides, sulfur dioxide and hydrochloric acid. In 2002, efforts were also focused on reducing the opacity of power plant emissions at Kodak Park.

AMBIENT AIR MONITORING • Since 1990, 24-hour air samples have been collected at up to seven locations around Kodak Park. About 60 samples are collected per year at each location. Sampling results are shared quarterly with the New York State Department of Environmental Conservation (DEC) and the Department of Health (DOH). In 2002, all samples were analyzed for methylene chloride, the chemical used in largest volume at Kodak Park.

In July 2000, the DEC's Division of Air Resources lowered the annual guideline concentration for methylene chloride from 8 parts per billion (ppb) — a concentration that is considered to be protective of human health over a lifetime of continuous exposure — to 0.6 ppb to be consistent with federal guidelines. These guidelines are used to evaluate air permits and determine required levels of emission control for air emission sources.

As indicated in the accompanying chart, annual average air concentrations of methylene chloride were below the 8 ppb guideline at each of the air monitoring locations sampled in 2002. This is the first year that all of the 5-year average concentrations were also below 8 ppb.

Methylene chloride air emissions from Kodak Park have been reduced by 90%, resulting in lower monitored concentrations of this chemical beyond plant boundaries. It is expected that this correlation will continue as Kodak strives to reduce air emissions of methylene chloride even further.

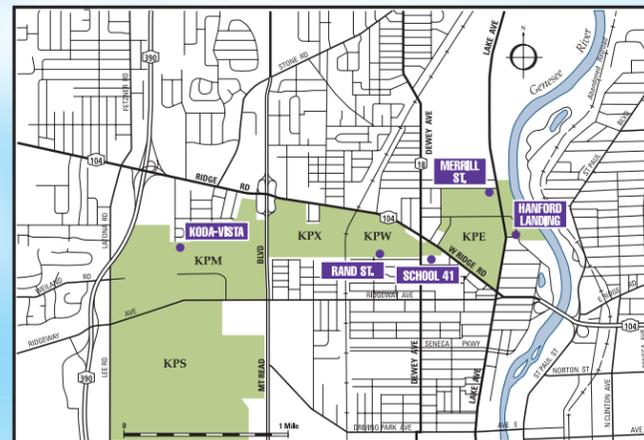


Joe Rotolo, Rochester skyline



Joe Rotolo, Genesee River

AMBIENT AIR MONITORING LOCATIONS



AIR CONCENTRATIONS OF METHYLENE CHLORIDE (parts per billion)

Sampling Location	Annual Average 2002	5-Year Average (1998-2002)
Koda-Vista	2.3	3.0
Rand Street	2.1	2.2
School 41	1.0	1.4
Merrill Street	6.3	7.4
Hanford Landing Road	2.6	3.9

KODAK PARK POWER PLANT EMISSIONS (in millions of pounds)

Emission	1995	1997	1999	2000	2001
Sulfur oxides (SO _x)	66.5	57.6	52.7	55.8	54.6
Nitrogen oxides (NO _x)	21.5	15.1	10.9	10.8	10.3
Carbon monoxide (CO)	3.4	3.2	1.5	1.6	1.6
Particulate	2.7	2.3	2.2	2.4	1.4
Volatile organic compounds (VOC)	0.4	0.2	0.2	0.2	0.2

SARA-REPORTABLE AIR EMISSIONS



METHYLENE CHLORIDE AIR EMISSIONS



KODAK PARK SARA REPORTABLE AIR EMISSIONS SUMMARY (>25,000 POUNDS) (in thousands of pounds)

Substance	Baseline Year 1987	2000	2001	Percent Change 1999-2000	Percent Change 1987-2001
Hydrochloric acid	2,300	1,400	1,500	7%	-35%
Methylene chloride	8,920	1,253	860	-31%	-90%
Sulfuric acid	NR	569	580	2%	NA
Methanol	4,279	483	400	-17%	-91%
Hydrogen fluoride	97	165	160	-3%	65%
1-Methyl-2-pyrrolidone	NR	60	75	25%	NA
Chlorine	35	55	42	-24%	20%
Toluene	281	61	40	-34%	-86%
Cyclohexane	303	22	37	68%	-88%
Methyl ethyl ketone	128	25	32	28%	-75%
Ozone	NR	33	31	-6%	NA

NR=No reportable release NA=Not applicable

INDUSTRIAL WASTEWATER • Most of the water from manufacturing processes and a large portion of the storm water at Kodak Park is directed to and treated at the King's Landing Wastewater Treatment Plant. This plant, located on the west bank of the Genesee River and east of Kodak Park, treats an average of 24 million gallons of industrial wastewater per day.

Kodak is the only company in Monroe County that operates an industrial wastewater facility with primary and secondary treatment capability. This modern facility utilizes physical, chemical, and biological treatment processes to remove materials in the wastewater coming from Kodak Park.

In 1999, the New York State Department of Environmental Conservation issued Kodak a new permit, valid for five years, regulating discharges from the treatment plant. The conditions of this permit limit the type and quantity of materials that can be discharged from the plant and establish strict monitoring requirements to ensure compliance. The DEC approved proposed revisions to this permit late in 2002, involving storm water and cooling water discharges from Kodak Park, and the occasional treatment of sanitary waste to facilitate sanitary sewer line repairs.

Results from thousands of analytical tests conducted annually demonstrate our ability to consistently meet the conditions of this permit. In 2002, our compliance rate was 99.6% — with seven permit exceedences reported for KP wastewater discharges and seven exceedences reported for storm sewer discharges.

GROUNDWATER • There are nearly 800 groundwater monitoring wells in Kodak Park and adjacent neighborhoods. Groundwater elevation measurements are collected twice a year from each well to determine groundwater flow direction. In addition, samples are routinely collected from more than 150 of these wells annually to monitor water quality in and around Kodak Park.

Several techniques are being used to contain contaminated groundwater located beneath Kodak Park. There are currently 30 groundwater pumping systems operating at key locations to intercept groundwater before it reaches plant boundaries. Groundwater collected from these systems is pumped into the KP industrial sewer for treatment at the wastewater treatment plant. Annually, Kodak actively removes and treats more than 60 million gallons of groundwater from beneath Kodak Park.

Joe Rotolo, Penfield



DISPOSITION OF SARA REPORTABLE CHEMICALS AT KODAK PARK
(2001 Data)
(in pounds)



TREATMENT & Disposal

CHEMICAL WASTE INCINERATOR • The Bldg. 218 chemical waste incinerator, located near the railroad crossing on Ridge Road, is a key treatment facility at Kodak Park. The liquid and solid wastes destroyed here are ones that cannot be recycled, reused or recovered. The Bldg. 218 facility utilizes high-temperature incineration to destroy at least 99.99% of organic wastes, converting them to mostly carbon dioxide and water.

This chemical waste incinerator operates under a permit that is required by the federal Resource Conservation and Recovery Act (RCRA). In 1995, Kodak initiated the process to renew the existing RCRA permit with the U.S. Environmental Protection Agency (EPA). A new operating permit is also being negotiated with the New York State Department of Environmental Conservation (DEC), and is likely to be issued soon.

Trial burns have been conducted periodically under the supervision of the DEC and EPA to demonstrate the continuing capability of the incinerator to operate with a destruction and removal efficiency (DRE) of at least 99.99%, during worst case operating conditions, for even the most difficult-to-destroy organic wastes. The EPA, DEC and New York State Department of Health have reviewed extensive risk assessments based on these stringent emissions tests. These agencies have concluded that the Bldg. 218 chemical waste incinerator operates in a manner that is protective of human health.

In 2001, in preparation for new federal regulatory requirements, Kodak completed construction of a multi-million dollar air emission control equipment upgrade at Bldg. 218 to further reduce emissions. Air emission test results collected in April and August, 2002 confirm that the upgrade is performing as designed, reducing emissions of particulate, metals and dioxins by 50 – 80%. These emission measurements were collected under a variety of test conditions and all the results were well below applicable current and pending federal and state emission standards for this facility.

MULTIPLE HEARTH INCINERATOR

• The Bldg. 95 multiple hearth incinerator is located at the King's Landing Wastewater Treatment plant on the west bank of the Genesee River. This unit destroys byproducts generated during the wastewater treatment process.

Air emission tests conducted in 2001, with EPA and DEC oversight, indicate that the overall destruction and removal efficiency of the multiple hearth incinerator is better than (above) the minimum required level of 99.99% for organics.

Particulate, metals and dioxin/furan emissions were also better than (well below) applicable current and pending federal and state emission standards. A trial burn test report has been submitted to the EPA and DEC for their review.

REDUCING Our Impact

ENERGY CONSERVATION • Energy is a significant part of Kodak's cost picture. Production of photographic products requires carefully controlled temperature and humidity conditions. Because of this, there are massive heating and cooling needs in the manufacturing processes done at Kodak Park.

Two power plants support these energy needs. The power plants utilize an energy-efficient process called tri-generation to get triple use from the steam they produce. The steam operates the refrigeration equipment, drives electrical generators that supply most of KP's electricity, and also is used directly to supply heat to manufacturing processes. KP's power plants are operated by Trigen-Cinergy Solutions (TCS), a company with extensive experience in efficient operation of energy facilities.

With energy comprising such a major cost, it makes good business sense to seek energy savings. Since 1997, Kodak Park has achieved a nearly 11% reduction in energy usage. This is enough to supply the energy needs of more than 10,000 typical Rochester homes — about as many households as are close enough to KP to be considered neighbors.

Key energy reduction strategies have included consolidation of manufacturing space, manufacturing waste reduction, energy-efficient lighting and investment in more energy-efficient motors and equipment.

KODAK RECEIVES U.S. ENERGY STAR AWARD



The U.S. Environmental Protection Agency (EPA) runs a program called Energy Star to encourage energy conservation. Many consumers are familiar with the Energy Star logo that is used to designate products meeting energy-efficient standards. The Energy Star program has been expanded to provide support for companies to measure, track and benchmark their overall energy performance.

Kodak has long produced equipment products that meet Energy Star efficiency guidelines. In 2001, the company enrolled in the broader Energy Star partnership program that calls for organizations to implement plans to improve energy and environmental performance in their operations. Now the EPA has recognized Kodak with the Energy Star Corporate Commitment Award, the top award presented annually to a program partner company.

The Energy Star partnership also calls on Kodak to educate its employees and the public about its energy conservation commitments and achievements.

Charles S. Brown, Kodak senior vice-president and director of Global Manufacturing & Logistics recently commented on the significance of the Energy Star program and the top award to Kodak. "Our partnership in Energy Star reflects a fundamental commitment by Kodak to continuous improvement in all aspects of our company's energy performance. EPA's recognition of Kodak's

excellence in energy management reaffirms our strategies and goals. We will continue working to strengthen our performance because it's good for our business, and because it's the right thing to do for the environment."

INDUSTRIAL SEWER INTEGRITY • Since 1994, Kodak Park has been involved in a multi-year program to inspect, repair and upgrade much of the 28 miles of industrial sewer lines running underneath the site. To date, all of the lines conveying industrial wastewater containing hazardous waste from plant operations to the wastewater treatment plant have been inspected and repaired. Through 2002, the program's cost has surpassed \$15 million.

Ongoing efforts to further improve the integrity of KP's industrial sewer system involve use of durable polyurethane resins, installation of leak-proof liners, or, when necessary, construction of new structures. These sewer upgrades continue to further reduce the likelihood of future environmental releases from Kodak Park.

CLEAN-UP EFFORTS • The Kodak Park Corrective Action Program (KPCAP) was implemented several years ago as a way to systematically address the numerous groundwater monitoring and cleanup requirements stipulated in many state and federal environmental regulations. It has three key elements:

1. Facility investigations determine groundwater and soil conditions, and the nature and extent of contamination in an area.
2. Corrective measures studies investigate clean-up options and determine if remedial measures should be implemented to contain groundwater or soil contamination.
3. This information is then used to develop and implement identified corrective measures.

Significant KPCAP activities in 2002 included:

- New York State Department of Environmental Conservation (DEC) approval of final corrective measures for Bldg. 351 near the north fence line of KPM (south of the KodaVista neighborhood), for the area west of Bldg. 218 in the KPX section of KP (behind the Hess gas station on Ridge Road West), and for the northeast section of KPE (near the intersection of Lake Avenue and Eastman Avenue).
- Installation of two new fractured rock groundwater collection systems in Kodak parking lots north and east of KPE.
- Facility investigations near Bldg. 333, a vehicle maintenance facility at the west end of KPM (east of Route 390 and north of Weiland Road), at the southeast end of KPE (near the intersection of Lake Avenue and Ridge Road West), and for 7 other solid waste management units across Kodak Park.

ENERGY STORY • Kodak's energy conservation program is a star. So says no lesser an authority than the U.S. Environmental Protection Agency (EPA).

The EPA recently recognized Kodak's leadership in energy management with its top annual award under the agency's "Energy Star" program, which helps corporations, institutions and government agencies achieve continuous improvement in energy efficiency.

Operations at Kodak Park represent 70% of Kodak's total worldwide energy demand, so the site's achievements contributed greatly to earning the EPA award, according to George Weed, who leads the Kodak Rochester Energy Focus Team. Weed also serves as manager of Kodak's Worldwide Energy Office.

"Wise use of energy has always been a concern at Kodak Park because our operations are so energy intensive," said Weed. "More recently, with the impetus of corporate worldwide environmental goals, we've greatly accelerated our initiatives to reduce energy usage."

Weed notes that the corporate goals call for a 15% reduction (indexed to production) in energy usage over the five-year period ending this year. Through 2002, Kodak was more than halfway towards that goal.

At Kodak Park, two power plants provide most of the site's energy needs. An unusual feature of these plants is their energy-efficient "tri-generation" system. Both power plants produce steam to meet electrical, refrigeration and manufacturing process needs — in essence, getting triple use from the same steam. In contrast, a typical power plant utilizes steam only to produce electricity, leaving a tremendous amount of energy untapped.

The Rochester Energy Focus Team is made up of representatives from each major operating area. A major portion of their efforts has focused on energy "kaizen" events. These three-to-five-day kaizen blitzes involve a diverse team of people who conduct energy audits and make on-the-spot recommendations to reduce energy usage.

Energy Conservation Team Members



During one recent energy kaizen, the team discovered that a cooling system in a manufacturing area had been left on during weekends when the process was not active. Timers were set up immediately to enable energy savings beginning that very next weekend.

Kodak has taken a number of other key steps to reduce energy usage. Motors and pumps have been a key focus, with a multi-million dollar investment in new, energy-efficient units that are sized to the minimum power level to do the particular job. At Kodak Park, there are thousands of motors and pumps required to run manufacturing processes, so this has been a huge opportunity.

Through the Energy Star program, Kodak has also expanded its energy benchmarking efforts, sharing ideas with a number of other leading companies, and bringing back best practices from them. Benchmarking has revealed that Kodak has the lowest electrical consumption per square foot of building space.

All of this focus on reducing energy is also good for the environment. About half of Kodak Park's federally reportable air emissions of chemicals are tied to emissions from the power plants. Carbon dioxide emissions, produced by any combustion process and linked to global climate change, have been reduced enough at Kodak Park to have the same impact as planting a forest of some 150,000 acres — several times the size of the island of Manhattan.

Energy reduction has also been great for Kodak's bottom line. The reduction since 1997 has been enough to, in essence, give Kodak Park a "free month" on its utility bill. In other words, Kodak Park now uses the same amount of energy in a full year that it formerly used in 11 months. And when the utility bill totals tens of millions of dollars annually, that's worth a lot.

"We're committed to continuous improvement, so the efforts are going to be relentless in destroying energy waste wherever we can find it," said Weed. "We're proud of what we've accomplished, and the recognition it's gained, but we know we can still accomplish much more. And we will."



Members of the Rochester Imaging Chemicals Waste Reduction Team

BIG REDUCTION EQUALS BIG SAVINGS • A team from Rochester Imaging Chemicals at Kodak Park can take pride in these impressive 2002 achievements:

- 280,000 pounds less waste a year requiring treatment in Kodak Park's Bldg. 218 chemical waste incinerator.
- Some \$200,000 in annual savings to Kodak's bottom line.

Those achievements came as part of an ongoing program in Imaging Chemicals to develop new processes and new procedures to reduce chemical waste and emissions. These efforts have been essential in helping Kodak meet its commitment to reduce manufacturing waste by 25% over five years.

Imaging Chemicals produces more than 900 chemicals that are utilized in the manufacture of Kodak imaging products. Some of these imaging chemicals are produced as frequently as every day, while others are produced as infrequently as every other year.

As with any chemical manufacturing process, a variety of chemicals are reacted to produce a final product. Any such process incurs some waste. Development chemists and others in Imaging Chemicals who develop these manufacturing processes look for the best opportunities to reduce waste by focusing on those products with the best product-to-waste factors.

One such product utilized acetonitrile, a chemical that could not be recycled through Kodak Park's solvent recovery processes, and thus had to be incinerated. But a team in Imaging Chemicals came up with an alternative process utilizing toluene, which can be recovered and recycled.

According to Tom Jessick, department manager, another benefit of the new process is that the same amount of product can be manufactured with about 15% fewer manufacturing runs. That drives even further productivity for Kodak, which is vital in the highly competitive imaging industry.

"This is truly a big win for the environment, as well as for our business," Jessick said.

WATER TEAM PROVIDES AN ENCORE IN 2002 • Achieving an ambitious goal might be reason to celebrate and relax for many people. Not for the Kodak Park team focusing on water use reduction.

By the beginning of last year, the work of the team and people across Kodak Park had resulted in a water use reduction of 15%, meeting a corporate goal for a five-year reduction to be achieved by 2004.

But the team went right back to work in 2002. Their work has helped bring the cumulative water use reduction at Kodak Park to nearly 23%, on a production-indexed basis.

As one of the world's largest manufacturing complexes, Kodak Park has a big thirst for water. The water use numbers are big — last year, Kodak Park used more than 9 billion gallons of water. (By comparison, the Monroe County Shoremont Plant in Greece which supplies many of the Rochester suburbs, produced more than 35 billion gallons of water.)

A large majority of KP's water usage is for heating and cooling purposes — in both manufacturing processes and in utilities operations, where water is utilized to produce steam, and is also circulated in the many cooling towers across the site.

KP operates its own water system, drawing water from Lake Ontario directly into its own treatment facilities. It's a bountiful resource for sure, but one that's not free, notes Gary Wainwright, who leads the site team that is driving the water conservation initiative.

There are costs to purify the lake water and pump it to Kodak Park. In addition, since 80% of the water utilized is returned to Lake Ontario, there's also the cost of operating the wastewater treatment plant. The water usage reductions thus far have provided annual savings of more than \$700,000.

Wainwright credits several KP operations with being big contributors to the reductions achieved in 2002. The Utilities group came up with several initiatives that simultaneously reduced water and energy usage. On the manufacturing side, Synthetic Chemicals, Paper Manufacturing and Silver Recovery were the biggest contributors.

"Our water usage reduction team members are deeply committed to gaining cost savings for Kodak while at the same time preserving natural resources," said Wainwright. "It's a great feeling knowing that our efforts are helping both Kodak and the environment."



Members of the Water Conservation Team

RESPONDING *To* Community Concerns

HOW ARE WE DOING? • For more than ten years, Kodak Park plant neighbors have been asked to provide feedback to Kodak regarding awareness of KP community programs and services, their view of KP environmental performance, their overall perception of KP, and the role of KP in the community. The information gathered is used to help measure the effectiveness of community outreach activities at Kodak Park.

Results from the written and telephone surveys conducted in 2002 indicate that most plant neighbors have a favorable opinion of operations at Kodak Park. More than seven out of ten people surveyed (71%) had a positive perception of Kodak Park and felt that way because of efforts made by Kodak to communicate with the public and because of the company's initiatives to be a responsible environmental steward. Negative perceptions of Kodak Park were largely based on the loss of jobs in the Rochester area.

TELEPHONE SURVEY RESPONSES

On a scale of 1 to 10 where 1 is unacceptable and 10 is the best it could be, please rate Kodak Park on the following:

Control of:	Year 2002 Responses	1992 - 2002 Range of Responses
Water Pollution	6.4	5.5 – 6.6
Air Pollution	5.7	5.1 – 6.2
Noise	7.7	6.9 – 7.8
Particulate	6.3	5.4 – 6.5
Odors	5.9	4.8 – 6.0

When asked to rate KP environmental performance:

- 89% of survey respondents indicated that Kodak Park has improved its control of pollution in recent years.
- 87% agreed that Kodak works hard to keep its pollution to a minimum.
- 86% of respondents indicated that Kodak Park protects the health and safety of people living in the community.
- 94% said that Kodak's environmental performance is the same or better than other U.S. companies.

GOVERNMENT SETTLEMENTS • In June 2002, Kodak agreed to pay a \$60,000 fine to the New York State Department of Environmental Conservation (DEC) for alleged violations of the general process emission source regulations related to application of Reasonably Available Control Technology (RACT) and Best Available Control Technology (BACT) requirements. In August 2002, Kodak agreed to pay a \$30,000 fine to the DEC for alleged failure to provide a timely RACT compliance plan for two air emission sources. In September 2002, Kodak agreed to pay a \$3,300 fine to the EPA for failure to submit a timely Notice of Commencement of Manufacture or Import of a chemical substance.

PROGRAM AND SERVICES • Probably the most visible way Kodak Park communicates with the community is through its *Update* newsletter. Five times a year this publication is sent to approximately 13,500 plant neighbors and more than 18,000 KP employees in an effort to keep people informed about developments at Kodak Park.

The Neighborhood Information Center (NIC), located near the west end of the Bldg. 28 lobby at 200 West Ridge Road, has been in operation for more than ten years and is open to anyone seeking information about Kodak Park-related issues. Knowledgeable staff members are available to assist visitors between 8:00 a.m. and 5:00 p.m., Monday through Friday.

Plant neighbors who wish to express a concern about plant operations can call the KP Environmental Concerns Line at 477-4500. This phone number is available 24 hours a day, every day of the year.

Kodak Park proudly sponsors a Community Advisory Council (CAC) with members representing local government, school districts, plant neighbors, and special interest groups. The CAC continues to meet monthly to improve the exchange of information between KP and the community. KP representatives also meet twice a month with members of specific neighborhoods adjacent to the plant. These meetings usually involve in-depth discussions of issues raised by the neighbors as well as topics suggested by plant personnel.

COMMUNITY SUPPORT AND OUTREACH • Support of community events offers Kodak Park employees an opportunity each year to personally demonstrate their commitment to the environment and develop an understanding of local issues. In 2002, KP employees participated in such community outreach events as environmental fairs, student projects and interviews, and school workshops and presentations.

COMMUNITY COMMITMENT • Manufacturing operations can impact plant neighbors in a variety of ways. Kodak Park remains committed to addressing the concerns of plant neighbors and anticipating how projects within KP might affect neighborhoods adjacent to the plant. Operating and site services departments utilize a "Community Impact Assessment" process to assess community impacts before beginning work at the site. Calls from plant neighbors are investigated through the Neighborhood Complaint Response Program. Each call is investigated thoroughly and investigation results are shared with the neighbor and plant management.

1993

Work begins on a multi-million dollar **CFC Reduction Program** to significantly reduce emissions of this environmentally disruptive substance.

1994

A seven-year, \$25 million program is completed to **eliminate all electrical transformers containing PCBs**, a type of coolant identified as a major environmental threat if leaked or spilled.

Kodak Park's **Neighborhood Information Center** receives local and national recognition for its neighborhood relations and environmental communications efforts.

Acetate Film Base Manufacturing operations achieve **99% control of methylene chloride emissions** through a combination of source reduction and control initiatives, helping Kodak Park achieve an overall 63% reduction of emissions of this chemical.

Kodak joins EPA's **WasteWiSe** program as a charter member and receives recognition for "outstanding contributions."

1995

Kodak is recognized by the EPA with an "**Environmental Champion**" Award for its voluntary initiative in reducing air emissions of targeted chemicals.

1996

The Synthetic Chemicals department installs a new form of air emissions control called **Bioton**, which uses microorganisms to treat organic air emissions from its operations.

1997

The **Kings Landing Wastewater Treatment Plant** completes its 30th year of operation. It has been regularly upgraded to meet ever-strengthening discharge standards set under its state operating permit.

1998

A \$15 million **Regenerative Thermal Oxidizer** begins operation and demonstrates significant reductions in air emissions from KP's Solvent Coating operations.

1999

Kodak announces comprehensive **corporate environmental goals**, setting aggressive targets to further reduce environmental emissions, waste, water usage, and energy consumption in worldwide manufacturing operations.

Kodak completes its **Value Protection Program (VPP)**, a ten-year commitment to restore normal real estate conditions to areas around Kodak Park.

Kodak Park achieves **ISO 14001 registration**, gaining international recognition for its environmental management system.

2000

Work begins on **upgrades to the Bldg. 218 air emission control equipment** designed to meet new, lower air emission (MACT) standards.

Kodak partners with EPA in a trial to apply the **Pollution Prevention Framework (P2 Framework)** to early product development under EPA's **Project XL Program**.

Phase 1 of Kodak Park's CFC Reduction Program is completed resulting in a **92% decrease in emissions of CFC's** from Kodak Park since 1993.

2001

A \$12 million upgrade is completed and **operations begin at Bldg. 218 with new air emission control equipment** designed to meet new, lower air emission (MACT) standards.

Kodak assembles a panel of leading independent scientists to serve on a **Pollution Prevention Advisory Panel** as consultants on issues related to the company's environmental performance.

2002

Kodak Park reports a **90% reduction in air emissions of methylene chloride**.

A comprehensive 3rd-party site audit **renews Kodak Rochester's ISO 14001 registration**, with many programs and initiatives recognized as "best in class."

A DECADE
of Progress