EASTMAN KODAK CO
Form POS AM
February 20, 2004
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As filed with the Securities and Exchange Commission on February 20, 2004

Registration No. 333-111726

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EASTMAN KODAK COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**16-0417150**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

343 State Street

Rochester, New York 14650

(585) 724-4000

(Address, including zip code, and telephone number, including area

code, of registrant s principal executive offices)

Gary P. Van Graafeiland

Senior Vice President and General Counsel

Eastman Kodak Company

343 State Street

Rochester, New York 14650-0218

(585) 724-4332

(Name, address, including zip code, and telephone

number, including area code, of agent for service)

Copy to:

John H. Newman

Sidley Austin Brown & Wood LLP

787 Seventh Avenue

New York, New York 10019

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

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The information in this prospectus is not complete and may be changed. The selling securityholders may not use this prospectus to sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Dated February 20, 2004

PROSPECTUS

Eastman Kodak Company

$575,000,000 3.375% Convertible Senior Notes due 2033 and Common Stock Issuable Upon Conversion of the Notes

On October 10, 2003, we issued and sold in a private offering $575,000,000 aggregate principal amount of our 3.375% Convertible Senior Notes due 2033, which we refer to as the notes, to certain initial purchasers, which we refer to as the initial purchasers. The initial purchasers have advised us that they resold their notes to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933. The notes and the shares of our common stock issuable upon conversion of the notes that are offered for resale in this prospectus are offered for the accounts of their current holders, which we refer to as the selling securityholders. We will not receive any of the proceeds from the sale by the selling securityholders of the notes or the shares of our common stock issuable upon conversion of the notes.

The notes bear interest at the rate of 3.375% per year. Interest on the notes will be payable on April 15 and October 15 of each year, beginning on April 15, 2004.

The notes are convertible by holders into shares of our common stock at an initial conversion rate of 32.2373 shares of our common stock per $1,000 principal amount of notes (subject to adjustment in certain events), which is equal to an initial conversion price of $31.02 per share, under the following circumstances: (1) during any calendar quarter, if the price of our common stock issuable upon conversion reaches specified thresholds during the previous calendar quarter as described in this prospectus, (2) during any five consecutive trading day period following any 10 consecutive trading day period in which the trading price of a note for each day of such period is below a specified percentage of the conversion value and the conversion value for each day of such period is below a specified percentage of the principal amount of a note as described in this prospectus, (3) if we call the notes for redemption, (4) upon the occurrence of specified corporate transactions described in this prospectus or (5) during any period in which either of the credit ratings assigned to the notes are below the levels described in this prospectus.

The notes will mature on October 15, 2033. We may redeem some or all of the notes at any time on or after October 15, 2010. The redemption prices are described under the caption Description of the Notes Optional Redemption.

The notes are unsecured and rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. Holders will have the right to require us to purchase their notes at a purchase price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, including additional amounts, if any, on October 15, 2010, October 15, 2013, October 15, 2018, October 15, 2023 and October 15, 2028 or upon a fundamental change as described in this prospectus.

We have not applied for listing of the notes on any securities exchange or for quotation through any automated quotation system. The notes are currently trading in the Private Offerings, Resale and Trading Through Automated Linkages (PORTAL) market of the National Association of Securities Dealers, Inc. Notes sold by means of this prospectus will not be eligible for trading in the PORTAL market. Our common stock is listed on the New York Stock Exchange under the symbol EK. The last reported sales price of our common stock on the New York Stock Exchange on February 19, 2004 was $28.96 per share.

Investing in the notes and the common stock issuable upon conversion of the notes involves risks. See Risk Factors beginning on page 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone else to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus may only be used where it is legal to sell these securities. You should assume that the information in this prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition and results of operations may have changed since those dates. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities described in this prospectus or an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

In this prospectus, the Company, we, us, and our refer to Eastman Kodak Company.

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WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain further information regarding the operation of the SEC s public reference room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC s website located at *http://www.sec.gov*. Our SEC filings are also available free of charge from our website at *www.kodak.com*. The website addresses provided herein are not intended to be active links. Information contained on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus. You may also inspect our SEC reports, proxy statements and other information concerning us at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We are incorporating by reference into this prospectus information we file with the SEC, which means that we are disclosing important information to you by referring you to those documents. The information we incorporate by reference is considered to be part of this prospectus, unless we update or supersede that information by the information contained in this prospectus or the information we file subsequently that is incorporated by reference into this prospectus. We are incorporating by reference the following documents that we have filed with the SEC, other than any information in these documents that is deemed not to be filed with the SEC:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as amended by Form 10-K/A (Amendment No. 1) and Form 10-K/A (Amendment No. 2);

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, as amended by Form 10-Q/A (Amendment No. 1), and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2003; and

our Current Reports on Form 8-K filed on July 21, 2003, October 7, 2003, October 10, 2003, December 17, 2003 and December 29, 2003.

We also incorporate by reference into this prospectus any filings we make with the SEC (excluding those filings made under Items 9 or 12 of Form 8-K) under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the initial filing of the registration statement that contains this prospectus and before termination of this offering.

You may obtain without charge a copy of any of the documents we incorporate by reference, except for exhibits to such documents which are not specifically incorporated by reference into such documents, by contacting us at Eastman Kodak Company, 343 State Street, Rochester, New York 14650-0218, Attention: James M. Quinn, Secretary. You may also telephone your request to Mr. Quinn at (585) 724-4368.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this prospectus and the documents incorporated by reference may be forward-looking in nature, or forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. For example, references to our revenue, cash flow expectations and future focused cost reductions are forward-looking statements.

Actual results may differ from those expressed or implied in forward-looking statements. In addition, any forward-looking statements represent our estimates only as of the date they are made, and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change. The forward-looking statements contained in this prospectus and the documents incorporated by reference are subject to a number of factors and uncertainties, including:

the successful

- implementation of our recently announced digitally-oriented growth strategy;
- implementation of product strategies (including category expansion, digitization, organic light emitting diode (OLED), and digital products);
- implementation of intellectual property licensing strategies;
- development and implementation of e-commerce strategies;
- completion of information systems upgrades, including SAP, our enterprise system software;
- completion of various portfolio actions;
- reduction of inventories;
- integration of newly acquired businesses;
- improvement in manufacturing productivity and techniques;
- improvement in receivables performance;
- reduction in capital expenditures;
- improvement in supply chain efficiency;

- implementation of future focused cost reductions, including personnel reductions; and
- development of our business in emerging markets like China, India, Brazil, Mexico and Russia;

- inherent unpredictability of currency fluctuations and raw material costs;
- competitive actions, including pricing;
- the nature and pace of technology evolution, including the analog-to-digital transition;
- continuing customer consolidation and buying power;
- general economic, business, geopolitical and public health conditions; and
- other factors and uncertainties disclosed from time to time in our filings with the SEC.

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as amended by Form 10-K/A (Amendment No. 1) and Form 10-K/A (Amendment No. 2), incorporated by reference in this prospectus (see Where You Can Find More Information) contains an expanded discussion of the above factors and uncertainties to which forward-looking statements in this prospectus and the documents incorporated by reference herein are subject. Any forward looking statements in this prospectus and the documents incorporated by reference should be evaluated in light of these important factors and uncertainties as well as the risk factors and other cautionary information contained in this prospectus.

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SUMMARY OF INFORMATION

The following summary highlights selected information contained or incorporated by reference in this prospectus. The summary does not contain all of the information that may be important to you or that you should consider when making an investment decision. You should carefully read the summary together with the more detailed information that is contained and incorporated by reference in the rest of this prospectus.

THE COMPANY

We are engaged primarily in developing, manufacturing and marketing traditional and digital imaging products, services and solutions for consumers, professionals, healthcare providers, the entertainment industry and other commercial customers. We are the leader in helping people take, share, enhance, preserve, print and enjoy images for memories, for information, and for entertainment.

We are a major participant in infoimaging a $385 billion industry composed of devices (digital cameras and personal data assistants (PDAs)), infrastructure (online networks and delivery systems for images) and services and media (software, film and paper) enabling people to access, analyze and print images. We harness our technology, market reach and a host of industry partnerships to provide innovative products and services for customers who need the information-rich content that images contain.

Our traditional products and services are sold directly to retailers and through distributors throughout the world. A significant portion of our digital equipment and solutions is sold direct to end-users with the balance sold through original equipment manufacturers (OEMs). At September 30, 2003, we had major manufacturing plants in the United States, Canada, Mexico, Brazil, England, France, Australia and China.

Reportable Segments

Photography Segment (69% of Revenues for the Nine-Month Period Ended September 30, 2003)

Our Photography segment includes traditional and digital product offerings for consumers, professional photographers and the entertainment industry. This segment combines traditional and digital photography and photographic services in all its forms consumer, advanced amateur, and professional. We manufacture and market various components of these systems, including films (consumer, professional and motion picture), photographic papers, processing services, photofinishing equipment, photographic chemicals and cameras (including one-time-use and digital). We have also developed products that bridge traditional silver halide and digital products. Product and service offerings include kiosks and scanning systems to digitize and enhance images, digital media for storing images and a network for transmitting images. In addition, other digitization options have been created to stimulate more pictures in use, adding to the consumption of film and paper. These products serve amateur photographers, as well as professional, motion picture and television customers.

Health Imaging Segment (18% of Revenues for the Nine-Month Period Ended September 30, 2003)

Analog and digital products and services of our Health Imaging segment enable healthcare customers (e.g., hospitals, imaging centers, etc.) to capture, process, integrate, archive and display images and information in a variety of forms. These products and services provide intelligent decision support through the entire patient pathway from research to detection to diagnosis to treatment. Our Health Imaging segment also provides products and services that help customers improve workflow and productivity in their facilities, which in turn helps them enhance the quality and productivity of healthcare delivery.

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Traditional products of our Health Imaging segment include analog medical films, chemicals, and processing equipment, and our history has both made us a leader in this area and has served as the foundation for building our important digital imaging business. Health Imaging provides digital medical imaging and information products, systems and solutions, including digital print films, laser imagers, computed and digital radiography systems, Picture Archiving and Communications Systems (PACS) and Radiology Information Systems (RIS). Our Health Imaging segment serves the general radiology market and specialty health markets, including dental, mammography and oncology. We are the world leader in dental x-ray film, and with our recent acquisition of PracticeWorks, Inc., we are positioned to offer choices within a full spectrum of dental imaging products traditional and digital and services providing innovative information technology to dental professionals. This segment also provides molecular imaging for the biotechnology research market.

Commercial Imaging Segment (12% of Revenues for the Nine-Month Period Ended September 30, 2003)

Our Commercial Imaging segment encompasses our business of providing imaging capture and solutions, analysis, printing and archiving, both to businesses and to governments. Markets for the segment include commercial printing, industrial, banking and insurance and state, local and federal government applications. Products include aerial, industrial, graphic and micrographic films, micrographic peripherals, inkjet printers, high-speed production document scanners, digital imaging systems for commercial imaging satellites, and electro-optical systems for land and space borne telescopes and image and data analysis systems. This segment also provides maintenance and professional services for our products as well as those of other manufacturers and provides imaging services to customers. On January 5, 2004, we acquired the assets of Scitex Digital Printing, the world leader in high-speed, variable data inkjet printing systems, from Scitex Corporation Ltd. Through this acquisition, we plan to accelerate our participation in the growing digital commercial printing equipment market. On February 9, 2004, we announced that we have agreed to sell the assets and business of our Remote Sensing Systems operation, including the stock of our wholly owned subsidiary Research Systems, Inc., to ITT Industries, Inc. as part of our efforts to further align our product portfolio with our business strategy.

All Other

All Other consists primarily of our display and components groups, which represents our diversification into high-growth product areas that are consistent with our historical strengths in imaging science. Our components group is comprised of our display business, the imaging sensor solutions business and an optics business. Products of this group include organic light emitting diode (OLED) displays, imaging sensor solutions, and optics and optical systems.

On August 21, 2003, we announced an organizational realignment which, effective January 1, 2004, will change our corporate segment reporting structure. The intent of this realignment is to accelerate growth in the commercial and consumer digital imaging markets.

On September 25, 2003, recognizing that demand for our traditional products is declining, especially in developed markets, we announced plans to emphasize digital technology to expand into a range of commercial businesses in order to create a more balanced and diversified business portfolio. For more information regarding this and other recent developments with respect to our business, see Recent Developments below.

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Research & Development

Our research and development expenditures for each of our reportable segments were as follows:

Segment	For the Nine Months Ended September 30, 2003	For the Year Ended December 31, 2002	2001	2000
			(in millions)	
Photography Segment	$ 359	$ 513	$ 542	$ 575
Health Imaging Segment	120	152	152	138
Commercial Imaging Segment	40	63	58	61
All Other	48	34	27	10
Total	$ 567	$ 762	$ 779	$ 784

The downward trend in research and development expenditures in the Photography segment and the upward trends in the Health Imaging segment and All Other reflect the shift in strategic focus from traditional products, such as color negative film and paper and color reversal films, to digital product areas, such as OLED technology, digital medical imaging and inkjet printing.

Recent Developments

Digitally-Oriented Strategy Announced

On September 25, 2003, recognizing that demand for our traditional products is declining, especially in developed markets, we announced plans to emphasize digital technology to expand into a range of commercial businesses in order to create a more balanced and diversified business portfolio while accelerating the implementation of our existing digital product strategies in the consumer markets. Actions to be taken in connection with these plans include cutting costs and managing our traditional consumer film and paper businesses for cash and manufacturing share; refocusing our research and development expenditures; accelerating investments in commercial markets; and acquiring other companies and technology to broaden our portfolio of digital products and services. On February 9, 2004, as part of our efforts to further align our product portfolio with our business strategy, we announced that we have agreed to sell the assets and business of our Remote Sensing Systems operation, including the stock of our wholly owned subsidiary Research Systems, Inc., to ITT Industries, Inc. The proceeds from the transaction will further strengthen our financial position and flexibility during our business model transition.

We plan to center our growth efforts on three broad markets: the commercial market, the consumer market and the health market. Our commercial initiatives include developing commercial imaging services for business customers, such as on-demand digital color printing. Our consumer initiatives include accelerating the growth of our EasyShare digital camera business and increasing the printing of pictures at home, from home or at retail. Our health initiatives involve gaining more market share in the digital capture of medical images and building an information services business that takes full advantage of the convergence of images and information technology. In connection with these growth efforts, we recently acquired PracticeWorks Inc., which allows us to offer choices within a full spectrum of dental imaging products and services that provide innovative information technology to dental professionals. In addition, we recently acquired the assets of Scitex Digital Printing. Through this acquisition, we plan to accelerate our participation in the growing digital commercial printing equipment market.

In the next two years, we plan to reinforce our foundation in consumer, medical, entertainment and professional film imaging products and services by continuing to cut costs and by managing the consumer film and paper businesses for cash and manufacturing share. In the following three years, we plan to use the cash generated by our traditional businesses to strengthen our share of the commercial, consumer and health markets. Thereafter, we plan to use our brand and technology to build new businesses in such markets as commercial workflow management, mobile imaging and flat-panel and flexible film displays, among others.

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Reduction in Dividend

In order to achieve our goals, we will need to maintain financial flexibility while taking advantage of the cash-generation capability of our traditional businesses. To this end, on September 24, 2003 our board of directors reduced the semi-annual dividend that we paid on our common stock on December 12, 2003 to $0.25 per share ($0.50 annually) from the semi-annual dividend payment of $0.90 per share ($1.80 annually) paid in July 2003.

Ratings Downgrade

On September 25, 2003, Standard & Poor s Ratings Services downgraded our long-term credit rating to BBB- and our short-term credit rating to A-3, each with a stable outlook, and removed us from CreditWatch. On November 26, 2003, Standard & Poor s Ratings Services revised our outlook to negative from stable and affirmed our ratings. On September 19, 2003, Moody s Investor Services, Inc. downgraded our long-term credit rating to Baa3 and our short-term credit rating to Prime-3, each with a negative outlook. On August 11, 2003, Fitch, Inc. downgraded our long-term credit rating to BBB- and our commercial paper rating (short-term credit rating) to F3, each with a negative outlook.

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SUMMARY OF THE OFFERING

For a more complete description of the terms of the notes and the common stock issuable upon conversion of the notes, see Description of the Notes and Description of Our Common Stock.

Issuer	Eastman Kodak Company
Issue Price	100%
Notes Offered	$575,000,000 aggregate principal amount of 3.375% Convertible Senior Notes due 2033.
Maturity	October 15, 2033
Interest	3.375% per year on the principal amount, payable semiannually in arrears on each April 15 and October 15, beginning on April 15, 2004.
	We will also pay to the selling securityholders additional amounts, if any, on their notes and shares of our common stock issued upon conversion of such notes in accordance with the registration rights agreement, under the circumstances described in this prospectus. Purchasers of notes in the offering made by this prospectus, and of shares of our common stock issued upon conversion of the notes, will not be entitled to receive additional amounts. See Registration Rights and Description of the Notes Registration Rights.
Ranking	The notes are unsecured and rank equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness. The notes are effectively subordinated to existing and future indebtedness and other liabilities of our subsidiaries.
Conversion Rights	Holders may convert their notes, in whole or in part, into shares of our common stock only under the following circumstances:
	(1) during any calendar quarter (and only during such calendar quarter), beginning with the quarter ended March 31, 2004, if the last reported sale price of our common stock for at least 20 trading days, whether or not consecutive, during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter, is greater than or equal to 120% of the applicable conversion price per share of our common stock on such last trading day,
	(2) during any five consecutive trading day period following any 10 consecutive trading day period in which (1) the trading price of a note for each day of such period was less than 105% of the conversion value, as each term is described herein, and (2) the conversion value for each day of such period was less than 95% of the principal amount of a note,

(3) if the notes have been called for redemption (but only those notes so called),

(4) upon the occurrence of specified corporate transactions described under Description of the Notes Conversion

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Rights Conversion Upon Specified Corporate Transactions, and

(5) during any period in which the credit rating assigned to the notes by either Moody s or S&P is lower than Ba2 or BB, respectively, or the notes are no longer rated by at least one of these rating services or their successors.

For each $1,000 principal amount of notes surrendered for conversion, you will receive 32.2373 shares of our common stock. This represents an initial conversion price of $31.02 per share of common stock. As described in this prospectus, the conversion rate may be adjusted for certain reasons, but it will not be adjusted for accrued and unpaid interest. Except as otherwise described in this prospectus, you will not receive any payment representing accrued and unpaid interest upon conversion of a note. Notes called for redemption may be surrendered for conversion prior to the close of business on the second business day immediately preceding the redemption date.

Optional Redemption	Prior to October 15, 2010, the notes will not be redeemable. On or after October 15, 2010, we may redeem for cash all or part of the notes at any time and from time to time, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the trustee under the indenture under which the notes have been issued, the paying agent and each holder of notes, for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest, including additional amounts owed, if any, to, but excluding, the redemption date. See Description of the Notes Optional Redemption.
Purchase of Notes by Us at the Option of the Holder	Holders have the right to require us to purchase all or any portion of their notes for cash on October 15, 2010, October 15, 2013, October 15, 2018, October 15, 2023 and October 15, 2028. In each case, we will pay a purchase price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including additional amounts owed, if any, to, but excluding, such purchase date. See Description of the Notes Purchase of Notes by Us at the Option of the Holder.
Fundamental Change	If we undergo a Fundamental Change (as defined under Description of the Notes Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder) prior to maturity, holders will have the right, at their option, to require us to purchase for cash all of their notes or any portion of the principal amount thereof that is equal to $1,000 or an integral multiple of $1,000. The cash price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest, including additional amounts owed, if any, to, but excluding, the Fundamental Change purchase date. See Description of the Notes Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder.

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Significant Covenants	The notes have been issued under an indenture that contains certain restrictive covenants for your benefit. The covenants, which are described under Description of the Notes, restrict our ability, with certain exceptions, to: incur certain debt secured by liens, without equally and ratably securing the notes; engage in certain sale and leaseback transactions; and merge, consolidate or transfer substantially all of our assets.
Registration Rights	Pursuant to a registration rights agreement that we entered into in connection with the private offering of the notes in October 2003, we have filed a shelf registration statement under the Securities Act of 1933, of which this prospectus is a part, relating to the resale of the notes and the common stock issuable upon conversion thereof. If the registration statement has not become effective within the time periods set forth in this prospectus, or if this prospectus is unavailable for longer periods of time than are set forth in this prospectus, we will be required to pay additional amounts to holders of notes (and the common stock issuable upon conversion thereof) that have not been sold in the offering made by this prospectus. Investors who purchase notes or shares of common stock from selling securityholders in this offering will not be entitled to any rights under the registration rights agreement (including the right to receive any additional amounts payable by us). See Description of the Notes Registration Rights.
Use of Proceeds	We will not receive any of the proceeds from the sale by the selling securityholders of the notes or the common stock issuable upon conversion of the notes.
Trustee, Paying Agent and Conversion Agent	The Bank of New York
Risk Factors	You should consider carefully all of the information set forth in this prospectus and, in particular, you should evaluate the specific factors set forth under Risk Factors beginning on page 11, before deciding whether to invest in the notes.
Governing Law	The indenture and the notes are governed by, and are to be construed in accordance with, the laws of the State of New York.
Book-Entry Form	The notes were issued in book-entry form and are represented by permanent global certificates without interest coupons deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated notes, except in limited circumstances.

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Trading	The notes will not be listed on any securities exchange or included in any automated quotation system. No assurance can be given as to the development or liquidity of any trading market for the notes. The notes originally issued and sold in the private offering are trading in the PORTAL market. However, notes sold pursuant to this prospectus will no longer be eligible for trading in the PORTAL market. Our common stock is listed on the New York Stock Exchange under the symbol EK.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth summary consolidated financial information with respect to each of the fiscal years in the three-year period ended December 31, 2002, as well as for the nine-month periods ended September 30, 2002 and 2003. The summary consolidated financial information as of and for the nine-month periods ended September 30, 2002 and 2003 are derived from our unaudited consolidated financial statements which, in our opinion, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of such information. When you read this summary consolidated financial information and other data, you should also read the historical consolidated financial statements and accompanying notes that we have included in our annual report on Form 10-K for the fiscal year ended December 31, 2002. In addition, you should read Management s Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K/A (Amendment No. 2) for the fiscal year ended December 31, 2002 and our quarterly report on Form 10-Q for the quarter ended September 30, 2003. You can obtain these reports by following the instructions we provide under Where You Can Find More Information. The results for the nine months ended September 30, 2003 are not necessarily indicative of the results that may be achieved for the full year ending December 31, 2003.

	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,		
	2003	2002	2002	2001	2000
			(in millions)		
Statement of Earnings Data:					
Net sales	$ 9,539	$ 9,394	$ 12,835	$ 13,229	$ 13,994
Cost of goods sold	6,472	5,990	8,225	8,661	8,375
Gross profit	3,067	3,404	4,610	4,568	5,619
Selling, general and administrative expenses	1,921	1,827	2,530	2,625	2,514
Research and development costs	567	567	762	779	784
Goodwill amortization				153	151
Restructuring costs (credits) and other	228	(9)	98	659	(44)
Earnings from continuing operations before interest, other charges (income), and income taxes	351	1,019	1,220	352	2,214
Interest expense and other charges (income)	143	202	274	237	82
Earnings from continuing operations before income taxes	208	817	946	115	2,132
Provision (benefit) for income taxes	(23)	154	153	34	725
Earnings from continuing operations	231	663	793	81	1,407
Earnings (loss) from discontinued operations, net of income tax benefits	15	(6)	(23)	(5)	
Net earnings	$ 246	$ 657	$ 770	$ 76	$ 1,407
Balance Sheet Data:					
Cash and cash equivalents	$ 983	$ 561	$ 569	$ 448	$ 246
Goodwill, net	1,021	975	981	948	947
Total assets	14,037	13,466	13,369	13,362	14,212
Short-term borrowings	1,410	1,515	1,442	1,534	2,206
Long-term debt, net of current portion	1,480	1,227	1,164	1,666	1,166

Total shareholders equity	2,924	3,390	2,777	2,894	3,428

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	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2003	2002	2002	2001	2000
	(in millions, except ratios)				
Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	$ 843	$ 1,300	$ 2,204	$ 2,206	$ 1,105
Investing activities	(474)	(463)	(758)	(1,188)	(906)
Financing activities	30	(719)	(1,331)	(808)	(314)
Depreciation and amortization	620	601	818	917	889
Additions to properties	(353)	(362)	(577)	(743)	(945)
Effect of exchange rate changes on cash	15	(5)	6	(8)	(12)
Other Data:					
Ratio of earnings to fixed charges(1)	2.9		5.8	1.7	9.0
Pro forma ratio of earnings to fixed charges (1)(2)	2.6		5.3		

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings represent earnings from continuing operations before income taxes and before adjustments for minority interest in consolidated subsidiaries and income or loss from equity investees, plus interest expense, the interest component of rental expense and amortization of capitalized interest. Fixed charges consist of interest expense, the interest component of rental expense, and capitalized interest. (The interest portion of rental expense is assumed to approximate one-third of rental expense.)

(2) The pro forma ratio of earnings to fixed charges for the nine months ended September 30, 2003 and for the year ended December 31, 2002 are presented because approximately $610,000,000 of the aggregate proceeds we received from the sale of the notes to the initial purchasers on October 10, 2003 and the concurrent registered public offering of $500,000,000 aggregate principal amount of our 7.25% senior notes due 2013 is being used to retire some of our outstanding short-term debt, primarily commercial paper borrowings. Use of these proceeds in this manner will affect the historical ratios for the periods noted above by approximately ten percent.

For purposes of calculating the pro forma ratio of earnings to fixed charges, fixed charges have been adjusted to reflect the increase in interest expense resulting from the issuances of the notes and the 7.25% senior notes due 2013, net of the decrease in interest costs resulting from the retirement of a portion of our short-term debt. Because only a portion of the proceeds will be used to retire short-term debt, only interest on the related portion of the notes and the 7.25% senior notes due 2013 was used in the pro forma adjustment.

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RISK FACTORS

In considering whether to purchase the notes, you should carefully consider the risks described below and the other information we have included or incorporated by reference in this prospectus.

Risks Related to Our Business

Our credit ratings have recently been downgraded. Further downgrades of our credit ratings would give certain rights to holders of certain of our outstanding debt securities and would increase our cost of financing and adversely affect the trading price and liquidity of the notes.

In the third quarter of 2003, Standard & Poor s Ratings Services downgraded our long-term credit rating to BBB- and our short-term credit rating to A-3, each with a stable outlook, and removed us from CreditWatch, Moody s Investor Services, Inc. downgraded our long-term credit rating to Baa3 and our short-term credit rating to Prime-3, each with a negative outlook, and Fitch, Inc. downgraded our long-term credit rating to BBB- and our commercial paper rating (short-term credit rating) to F3, each with a negative outlook. On November 26, 2003, Standard & Poor s Ratings Services revised our outlook to negative from stable and affirmed our ratings. We cannot assure you that our credit ratings will not be further downgraded by Standard & Poor s Ratings Services, Moody s Investor Services, Inc. or Fitch, Inc.

In the event that our long-term credit rating falls below BBB- by Standard & Poor s Ratings Services or Baa3 by Moody s Investor Services, Inc. and such condition continues for a period of 30 days, any outstanding borrowings under our accounts receivable securitization program could be accelerated. Further, a negative change in our credit rating could have an adverse effect on the market price and liquidity of the notes, could adversely affect our ability to access capital and could result in an increase in borrowing costs, including an increase in interest rates payable under future indebtedness.

We cannot assure you that we will be successful in carrying out our recently announced digitally-oriented growth strategy in a manner that strengthens or maintains our credit profile, nor can we assure you that the rating agencies will regard the measures we do carry out as sufficient. While we intend to fund the acquisition part of our digitally-oriented growth strategy from free cash flow, if the level of cash flow from our traditional consumer film and paper businesses decreases faster than we anticipate, or if we identify attractive acquisition candidates sooner than we expect, we may need to incur additional indebtedness in an amount which could cause adverse rating consequences. We cannot assure you that we will proceed with any measures that might be favorable from a credit protection point of view if we believe these measures are inconsistent with our growth and diversification strategy.

Failure to achieve the benefits we expect from our recently announced digitally-oriented growth strategy could adversely affect our results of operations and future growth.

We have recently announced plans to emphasize digital technology to expand into a range of commercial businesses in order to create a more balanced and diversified business portfolio while accelerating the implementation of our existing digital product strategies in the consumer markets. We expect that these initiatives will require us to incur restructuring charges. Our expected benefits from these initiatives are subject to many estimates and assumptions, including assumptions regarding:

the amount and timing of cost savings and cash flow that we can achieve from our traditional consumer film and paper businesses;

the speed at which consumer transition from traditional photography to digital photography occurs;

our ability to use digital technology to develop new businesses in our commercial, consumer and health markets;

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- our ability to identify and complete compatible strategic acquisitions consistent with our growth timeline; and

- the costs and timing of activities undertaken in connection with these initiatives.

In addition, these estimates and assumptions are subject to significant economic, competitive and other uncertainties that are beyond our control. If these assumptions are not realized, or if other unforeseen events occur, our results of operations could be adversely affected, we may not be able to grow our business and our ability to compete could be negatively affected.

Delay or inability to implement our product development strategies could adversely affect our revenues and business.

Unanticipated delay in implementing or a failure to implement our product development strategies, including strategies related to category expansion, digitization, organic light emitting diode (OLED) displays and digital products, could adversely affect our revenues. In order to successfully transition our existing products and develop and deploy new products, we must make accurate predictions of the product development schedule as well as volumes, product mix, customer demand and configuration. The process of developing new products and services is complex and often uncertain due to the frequent introduction of new products that offer improved performance and pricing. We may anticipate demand and perceived market acceptance that differs from the product s realizable customer demand and revenue stream. Further, in the face of intense industry competition, any delay in the development, production or marketing of a new product could decrease any advantage we may have to be the first or among the first to market. Our failure to carry out a product rollout in the time frame anticipated and in the quantities appropriate to customer demand, or at all, could adversely affect future demand for our products and services and have an adverse effect on our business.

The failure to effectively integrate new acquisitions as well as the failure to streamline and simplify our business could adversely affect our revenues.

We intend to complete various portfolio acquisitions, particularly in our Health Imaging and Commercial Imaging segments, in order to strengthen and diversify our portfolio of businesses. At the same time, we need to streamline and simplify our traditional businesses, including our photofinishing operations in the United States and Europe, Africa, and the Middle East Region (EAMER). In the event that we fail to effectively manage the portfolio of our more traditional businesses while simultaneously integrating these acquisitions, we could fail to obtain the expected synergies and favorable impact of these acquisitions. Such a failure could cause us to lose market opportunities and experience a resulting adverse impact on our revenues and earnings.

Delays in our plans to reduce inventories and capital expenditures and to improve receivable performance and manufacturing productivity could adversely affect our cash flow outlook and gross margins.

We continue to focus on reducing inventories and capital expenditures and improving receivable performance and manufacturing productivity. Unanticipated delays in our plans to continue inventory reductions could adversely impact our cash flows in the remainder of 2003 and future years. Planned inventory reductions could be compromised by slower sales that could result from continued weak global economic conditions. Purchasers uncertainty about the extent of the global economic downturn could result in lower demand for our products and services. In addition, the competitive environment and the transition to digital products and services could also place pressures on our sales and market share. In the event we are unable to successfully manage these issues in a timely manner, our planned inventory reductions could be adversely impacted.

If we are unable to maintain flat capital spending relative to 2002 levels, our cash flow outlook could be adversely impacted. Further, if we deem it necessary to increase spending with respect to regulatory requirements

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or if unanticipated general maintenance obligations arise that require more capital spending than planned, the increased spending could have an adverse impact on our cash flow.

Unanticipated delays in our plans to continue to improve our accounts receivable collection and to reduce the number of day sales outstanding could also adversely impact our cash outlook. A continued weak economy could slow customer payment patterns. In addition, competitive pressures in major segments may cause the financial condition of certain of our customers to deteriorate. These same pressures may adversely affect our efforts to shorten customer payment terms. Further, our ability to manage customer risk while maintaining a competitive market share may adversely affect continued accounts receivable improvement.

Delays in our plans to improve manufacturing productivity and control costs of operations could negatively impact our gross margins. Our failure to successfully manage operational performance factors could delay or curtail planned improvements in manufacturing productivity. A continued weak economy could result in lower factory volumes than planned, which would also negatively impact our gross margins. Similarly, if we are unable to successfully negotiate raw material costs with our suppliers, or if we experience adverse pricing with respect to certain of our commodity-based raw materials, reduction in our gross margins could occur. Additionally, if we are delayed in increasing our manufacturing capabilities for certain of our products in some of our developing markets, particularly cost competitive markets such as China, our gross margins would be adversely impacted.

Delay in our planned improvement in supply chain efficiency could adversely affect our business by preventing shipments of certain products to be made in the desired quantities and in a timely manner. The planned efficiencies could be compromised if we expand into new markets with new applications that are not fully understood or if our product portfolio broadens beyond that anticipated when the plans were initiated. Unforeseen changes in manufacturing capacity could also compromise our supply chain efficiencies.

Intense price competition, customer consolidation and continued weak global economic conditions could adversely impact our revenue, gross margins, earnings and growth rate.

Competition remains intense in the imaging sector in our photography, commercial and health segments. On the photography side, price competition has been driven somewhat by consumers conservative spending behaviors during times of a weak world economy, international tensions and the accompanying concern over the possibility of war and terrorism. On the commercial and health side, aggressive pricing tactics have intensified during contract negotiations as competitors vie for customers and market share domestically. If our pricing and marketing programs are not sufficiently competitive with those offered by our current and future competitors, we may lose market share, adversely affecting our revenue and gross margins.

The impact of continuing customer consolidation and buying power could have an adverse impact on our revenue, gross margins, and earnings. In the competitive consumer retail environment, there is a movement from small individually owned retailers to larger and commonly known mass merchants. In the commercial environment, there is a continuing consolidation of various group purchasing organizations. Our resellers and distributors may elect to use suppliers other than us. Our challenge is to successfully negotiate contracts that provide the most favorable conditions to us in the face of price and marketing programs by our aggressive competitors.

Continued weak global economic conditions could adversely impact our revenue and growth rate. Continued softness in our markets as well as purchasers uncertainty about the extent of the global economic downturn could result in lower demand for our products and services. While worsening economic conditions have already had a negative impact on our results of operations, our revenues, gross margins and earnings could further deteriorate as a result of weak economic conditions. Furthermore, there can be no assurances as to the timing of an economic upturn.

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Developments in foreign markets in which we conduct business as well as changes in currency exchange and interest rates could adversely affect our operations, earnings, business, and financial position.

We conduct business in developing markets with economies that tend to be more volatile than those in the United States and Western Europe. The risks of doing business in certain of these markets include the financial instability of customers, political instability and potential conflict and other non-economic factors, such as irregular trade flows that need to be managed successfully with the help of local governments. Our failure to successfully manage the economic, political and other risks relating to doing business in developing countries and economically and politically volatile areas could adversely affect our operations and earnings.

Our global operating and financing activities expose us to changes in currency exchange rates and interest rates, which could adversely affect our results of operations and financial position. Exchange rates and interest rates in certain markets in which we do business tend to be more volatile than those in the United States and Western Europe. For example, in early 2002, the United States dollar was eliminated as Argentina s monetary benchmark, resulting in significant currency devaluation. In addition, the currency of Brazil has experienced significant devaluation due to continuing difficult economic times. There can be no guarantee that the economic situation in developing markets or elsewhere will not worsen, which could result in future effects on earnings should such events occur.

Risks Related to the Notes

The price of our common stock has declined considerably in the last year and may fluctuate widely in the future, which would affect the market value of the notes.

We expect that the market price of our notes will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the notes than would be expected for nonconvertible debt securities. The market price of our common stock will likely continue to fluctuate in response to factors including the following, many of which are beyond our control:

- quarterly fluctuations in our operating and financial results,
- changes in financial estimates and recommendations by financial analysts,
- changes in the ratings of our notes or other securities,
- fluctuations in the stock price and operating results of our competitors,
- dispositions, acquisitions and financings, and
- general conditions in the industries in which we operate.

The market price of our common stock has declined considerably during the past year, due in part to our announcement of a decrease in the amount of dividends declared on our common stock and of our digitally-oriented growth strategy. In addition, the stock markets in general, including the New York Stock Exchange, recently have experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may affect adversely the market prices of our notes and our common stock.

An active trading market may not develop for the notes.

The notes are a recent issue of securities with no established trading market and will not be listed on any securities exchange. An active trading market for the notes may not develop or continue for any period of time. Even if a market for the notes does develop, there may not be liquidity in that market, or the notes might trade for less than their original value or face amount. If an active trading market does not develop, the market price and liquidity of the notes may be adversely affected.

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We may not have the ability to raise the funds necessary to purchase the notes upon a Fundamental Change or other purchase date, as required by the indenture governing the notes.

On October 15, 2010, October 15, 2013, October 15, 2018, October 15, 2023 and October 15, 2028, holders of the notes may require us to purchase their notes for cash. In addition, holders of the notes also may require us to purchase their notes upon a Fundamental Change as described under Description of the Notes Fundamental Change Requires Purchase of Notes by Us at the Option of the Holder. A Fundamental Change also may constitute an event of default under, and result in the acceleration of the maturity of, our other indebtedness under another indenture or other agreement. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the purchase price for the notes tendered by holders. Failure by us to purchase the notes when required will result in an Event of Default with respect to the notes.

If you hold notes, you will not be entitled to any rights with respect to our common stock that your notes are convertible into, but you will be subject to all changes made with respect to our common stock.

If you hold notes, you will not be entitled to any rights with respect to our common stock that your notes are convertible into (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock to you upon conversion of your notes and in limited cases under the conversion rate adjustments of the notes. For example, in the event that an amendment is proposed to our restated certificate of incorporation or by-laws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you upon the conversion of your notes, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock effected by the amendment.

We may issue additional shares of common stock and thereby materially and adversely affect the price of our common stock.

We are not restricted from issuing additional common stock during the life of the notes and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the price of our common stock and, in turn, the price of the notes.

Our restated certificate of incorporation provisions, and several other factors, could limit another party s ability to acquire us and could deprive you of the opportunity to obtain a takeover premium for your shares of common stock.

A number of provisions in our restated certificate of incorporation and New Jersey law could make it difficult for another company to acquire us and for you to receive any related takeover premium for our common stock. See Description of Our Common Stock Anti-Takeover Protection.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale by the selling securityholders of the notes or the common stock issuable upon conversion of the notes.

We received approximately $1,057,795,000 in aggregate net proceeds from the sale of the notes to the initial purchasers on October 10, 2003 and the concurrent registered public offering of $500,000,000 aggregate principal amount of our 7.25% senior notes due 2013. Approximately $610,000,000 of the aggregate net proceeds from those offerings is being used to retire some of our outstanding short-term debt, primarily commercial paper borrowings. The balance of the aggregate net proceeds we received from those offerings was used to fund our previously announced acquisition of PracticeWorks, Inc.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock trades on the NYSE under the symbol EK. The following table sets forth on a per share basis the high and low closing prices for our common stock for the periods indicated.

	High	Low
2002		
First Quarter	$ 33.49	$ 26.12
Second Quarter	35.25	28.69
Third Quarter	31.58	26.63
Fourth Quarter	38.22	25.86
2003		
First Quarter	40.24	27.68
Second Quarter	31.99	27.25
Third Quarter	29.80	20.94
Fourth Quarter	25.67	20.50
2004		
First Quarter (through February 19, 2004)	30.95	25.30

On February 19, 2004, the last reported sale price of our common stock on the NYSE was $28.96 per share. As of February 19, 2004, there were approximately 84,693 holders of record of our common stock.

We declared semi-annual dividends on our common stock at the rate of $0.90 per share in 2001 and 2002. On September 24, 2003, our board of directors reduced the semi-annual dividend that we paid on our common stock on December 12, 2003 to $0.25 per share ($0.50 annually) from the semi-annual dividend payment of $0.90 per share ($1.80 annually) in July 2003.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2003 on a historical basis and as adjusted to reflect the issuance on October 10, 2003 of the notes to the initial purchasers and the concurrent registered public offering of $500,000,000 aggregate principal amount of our 7.25% senior notes due 2013 and the application of the approximately $1,057,795,000 aggregate net proceeds from those offerings after deducting the underwriters and initial purchasers discounts and estimated expenses payable by us. This information should be read in conjunction with our consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our quarterly report on Form 10-Q for the quarter ended September 30, 2003, incorporated by reference in this prospectus.

	As of September 30, 2003	
	Historical	As Adjusted
	(in millions)	
Cash and cash equivalents	$ 983	$ 1,431
Short-term debt		
Commercial paper	849	302
Other short-term debt	561(1)	498
Total short-term debt	1,410	800
Long-term debt, net of current portion		
Outstanding	1,480	1,480
The notes		575
7.25% senior notes due 2013		500
Total long-term debt, net of current portion	1,480	2,555
Shareholders equity		
Common stock, $2.50 par value; authorized 950,000,000 shares; 286,573,885 shares outstanding at September 30, 2003(2)	978	978
Additional paid-in capital	849	849
Retained earnings	7,509	7,509
Accumulated other comprehensive loss	(552)	(552)
Unearned restricted stock	(8)	(8)
Treasury stock	(5,852)	(5,852)
Total shareholders equity	2,924	2,924
Total capitalization	$ 5,814	$ 6,279

(1) Includes $63 million of outstanding borrowings under our accounts receivable securitization program which were repaid using a portion of the aggregate proceeds we received from the sale of the notes to the initial purchasers on October 10, 2003 and the concurrent registered public offering of $500,000,000 aggregate principal amount of our 7.25% senior notes due 2013.

(2) Does not include 18,536,447 shares of our common stock reserved for issuance upon conversion of the notes.

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DESCRIPTION OF THE NOTES

The following description of the notes is only a summary and is not intended to be comprehensive. For purposes of this Description of the Notes, the terms Kodak, we, our, ours and us refer only to Eastman Kodak Company and not to any of our subsidiaries.

General

On October 10, 2003, we issued and sold in a private offering $575,000,000 aggregate principal amount of the notes. The notes were issued as a series of senior debt securities under the indenture dated as of January 1, 1988 between us and The Bank of New York, as trustee, as supplemented by a first supplemental indenture dated as of September 6, 1991, a second supplemental indenture dated as of September 20, 1991, a third supplemental indenture dated as of January 26, 1993, a fourth supplemental indenture dated as of March 1, 1993 and a fifth supplemental indenture dated as of October 10, 2003. As used in this prospectus, indenture means the original indenture as supplemented by the supplemental indentures. A copy of the indenture is filed as an exhibit to the registration statement. The following summary of certain provisions of the indenture and the notes is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of the indenture. Unless otherwise indicated, capitalized terms we use but do not define under this caption of the prospectus have the meanings given them in the indenture.

The indenture does not limit the amount of debt securities that we may issue under it. It permits us to issue debt securities from time to time in one or more series, in an aggregate principal amount authorized by us before each issuance. We may issue multiple series of debt securities with different terms or reopen a previous series of debt securities and issue additional debt securities of that series.

The notes have been issued in registered form without coupons only in denominations of $1,000 and integral multiples of $1,000.

Interest on the notes accrues at the rate of 3.375% per year. We will pay interest on the notes in arrears on each April 15 and October 15, beginning April 15, 2004 to the person or persons in whose names the notes are registered at the close of business on the April 1 or October 1, respectively, immediately preceding the relevant interest payment date, except that we will pay interest payable at maturity or on a repurchase or redemption date to the person or persons to whom principal is payable. If any date on which interest is payable is not a business day, we will pay interest on the next business day (without any interest or other payment due on account of the delay). Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the actual number of days elapsed. If the maturity date or any redemption date or purchase date (including upon the occurrence of a Fundamental Change, as described below) for the notes falls on a day that is not a business day, we will pay the interest and principal payable on the next business day (without any interest or other payment due on account of the delay). The term business day, when used with respect to any place of payment for the notes, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that place of payment are authorized or obligated by law to close.

In addition, we will pay additional amounts on the notes under the circumstances described under Registration Rights.

Interest payments on the notes will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, the interest payment date or the date of maturity, as the case may be.

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Holders may present notes for conversion at the office of the conversion agent and may present notes for exchange or for registration of transfer at the office or agency maintained by us for that purpose in the Borough of Manhattan, The City of New York. We will not charge a service charge for any exchange or registration of transfer of notes. However, we may require payment of a sum sufficient to cover any tax or other governmental charge payable for the registration of transfer or exchange. The trustee is serving as the initial conversion agent, paying agent, registrar and transfer agent for the notes. At any time, we may designate additional paying agents and transfer agents. However, at all times we will be required to maintain a paying agent and transfer agent for the notes in the Borough of Manhattan, The City of New York.

Any monies deposited with the trustee or any paying agent or then held by us in trust for the payment of principal, premium, if any, and interest (including additional amounts, if any) on the notes that remains unclaimed for two years after the date the payments became due and payable, shall, at our request, be repaid to us or released from trust, as applicable, and the holder of the note shall thereafter look, as a general unsecured creditor, only to us for payment thereof.

Ranking

The notes are our direct, unsecured and unsubordinated obligations. The notes rank equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated debt. In addition, the notes effectively rank junior to all of our existing and future secured indebtedness to the extent of the assets securing such indebtedness. Claims of creditors of our subsidiaries, including trade creditors and secured creditors, will generally have a claim to the assets of our subsidiaries that is superior to the claims of our creditors, including holders of the notes. All debt securities issued under the indenture will rank equally with each other, including other debt securities previously or hereafter issued under the indenture.

As of September 30, 2003, we had outstanding approximately $2,148,000,000 of unsecured, unsubordinated indebtedness ranking equally in right of payment with the notes, and approximately $63,000,000 of secured indebtedness, in each case excluding indebtedness of subsidiaries. As of September 30, 2003, we did not have any subordinated indebtedness. As of September 30, 2003, our subsidiaries had approximately $679,000,000 of indebtedness outstanding, all of which ranks structurally senior to the notes. Except as described below under Certain Covenants with respect to secured indebtedness, the indenture will not limit the amount of indebtedness we or our subsidiaries may incur.

Optional Redemption

Prior to October 15, 2010, the notes will not be redeemable. On or after October 15, 2010, we may redeem the notes for cash at any time in whole, or from time to time in part, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the trustee, the paying agent and each holder of notes, for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest, including additional amounts, if any, to but excluding the redemption date.

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed (in principal amounts of $1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your note for partial redemption and you convert a portion of the same note, the converted portion will be deemed to be from the portion selected for redemption.

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In the event of any redemption in part, we will not be required to:

- issue, register the transfer of or exchange any note during a period of 15 days before the mailing of the redemption notice, or

- register the transfer of or exchange any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

No sinking fund is provided for the notes.

Conversion Rights

Subject to satisfaction of the conditions and during the periods and under the circumstances described below, holders may convert their notes into shares of our common stock initially at a conversion rate of 32.2373 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of $31.02 per share of common stock) prior to the close of business on October 15, 2033. The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder s notes so long as the notes converted are an integral multiple of $1,000 principal amount.

Except as otherwise described below, you will not receive any cash payment representing accrued and unpaid interest upon conversion of a note and we will not adjust the conversion rate to account for the accrued and unpaid interest. Upon conversion we will deliver to you a whole number of shares of our common stock and any cash payment to account for fractional shares. The cash payment for fractional shares will be based on the last reported sale price of our common stock on the trading day immediately prior to the conversion date. Delivery of shares of common stock and the cash payment for fractional shares, if any, will be deemed to satisfy our obligation to pay the principal amount of the notes and to satisfy our obligation to pay accrued and unpaid interest attributable to the period from the most recent interest payment date through the conversion date. As a result, unpaid interest through the conversion date is deemed to be paid in full rather than cancelled, extinguished or forfeited. Notwithstanding conversion of any notes, holders of the notes and any shares of common stock issuable upon conversion thereof that are entitled to the rights under the registration rights agreement will continue to be entitled to receive additional amounts in accordance with the registration rights agreement. See Registration Rights.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of our common stock upon the conversion, unless the tax is due because the holder requests that the shares be issued or delivered to a person other than the holder, in which case the holder will pay that tax.

If a holder wishes to exercise its conversion right, such holder must deliver an irrevocable conversion notice, together, if the notes are in certificated form, with the certificated security, to the conversion agent along with appropriate endorsements and transfer documents, if required, and pay any transfer or similar tax, if required. The holder may also be required to pay the amount of interest due on the notes on the next succeeding interest payment date as described below. The conversion agent will, on the holder s behalf, convert the notes into shares of our common stock. Holders may obtain copies of the required form of the conversion notice from the conversion agent. A certificate for the number of full shares of our common stock into which any notes are converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable, but no later than the fifth business day following the conversion date.

If a holder has already delivered a purchase notice as described under either Purchase of Notes by Us at the Option of the Holder or Fundamental Change Requires Purchase of Notes by Us at the Option of the

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Holder with respect to a note, the holder may not surrender that note for conversion until the holder has withdrawn the purchase notice in accordance with the indenture.

Holders of notes at the close of business on a regular record date will receive payment of interest payable on the corresponding interest payment date notwithstanding the conversion of such notes at any time after the close of business on such regular record date. Notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business on the immediately following interest payment date must be accompanied by payment of an amount equal to the interest that the holder is to receive on the notes; provided, however, that no such payment need be made if (1) we have specified a redemption date that is after a record date and on or prior to the immediately following interest payment date, (2) we have specified a purchase date following a Fundamental Change that is during such period or (3) any overdue interest exists at the time of conversion with respect to such notes to the extent of such overdue interest. Holders of the notes and any shares of common stock issued upon conversion thereof that are entitled to the rights under the registration rights agreement will continue to be entitled to receive additional amounts in accordance with the registration rights agreement.

Holders may surrender their notes for conversion into shares of our common stock prior to stated maturity only under the circumstances described below. For a discussion of the United States federal income tax consequences of a conversion of the notes into our common stock, see Certain United States Federal Income Tax Considerations.

Conversion Upon Satisfaction of Sale Price Condition. A holder may surrender all or any of its notes for conversion into shares of our common stock in any calendar quarter (and only during such calendar quarter), beginning with the quarter ending March 31, 2004, if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than or equal to 120% of the applicable conversion price per share of our common stock on such last trading day.

Conversion Rights Based on Notes Trading Price. Holders may also surrender the notes for conversion, in whole or in part, during any five consecutive trading day period following any 10 consecutive trading day period in which (1) the trading price of a note for each day of such period was less than 105% of the conversion value, as each term is described herein, and (2) the conversion value for each day of such period was less than 95% of the principal amount of a note.

The trading price of the notes on any date of determination means the average of the secondary market bid quotations per $1,000 principal amount of notes obtained by the bid solicitation agent for $10,000,000 principal amount of notes at approximately 4:00 p.m., New York City time, on such determination date from three unaffiliated, nationally recognized securities dealers we select, provided that if:

at least three such bids are not obtained by the bid solicitation agent, or