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Kodak Announces Agreement with Flextronics for Design, Production and Distribution of its Consumer Digital Cameras

Move will bring greater flexibility and cost efficiency while ensuring Kodak's world-class quality and product leadership in the digital camera marketplace

ROCHESTER, N.Y., and Singapore, August 1, 2006— Eastman Kodak Company (NYSE: EK) today announced an agreement in which Flextronics International Ltd. (NASDAQ: FLEX) will manufacture and distribute Kodak consumer digital cameras and will manage certain camera design and development functions. Under the agreement, Kodak will divest its entire digital camera manufacturing requirements to Flextronics, including assembly, production, and testing. Flextronics will also manage the operations and logistics services for Kodak's digital still cameras. Kodak will continue to develop the high-level system design, product look and feel and user experience, and will conduct advanced research and development for its digital still cameras. Kodak will also retain its intellectual property.

Upon closing of the transaction, Flextronics will acquire a significant portion of the Kodak Digital Product Center, Japan, Ltd. ("KDPC") in Chino and Yokohama, Japan, and associated camera design functions and its employees and the digital camera manufacturing, assembly and warehousing requirements and related employees of Kodak Electronics Products, Shanghai Co. Ltd. ("KEPS") in China.

"This is another move in Kodak's overall strategy to further drive improvements for profitability and efficiency in the operating model of our consumer digital business," said

John Blake, Jr., general manager, Digital Capture & Devices, Consumer Digital Imaging Group and vice president, Eastman Kodak Company. “By partnering with Flextronics, Kodak will streamline our digital camera operations. This agreement will bring our camera products to market more quickly, with greater predictability, flexibility, and cost efficiency while maintaining the innovative ease-of-use for which the Kodak brand is renowned.”

“Most importantly, this strategy enables us to sustain our history of innovation and sharpen our focus on advanced development and other areas of the business where we can gain the greatest competitive differentiation and advantage,” Blake said. “This will ensure that we continue to bring innovative products to the marketplace that delight our customers.”

“The expansion of our business relationship with Kodak adds significant strategic value to Flextronics’ Consumer Digital market segment. The design expertise we will acquire from Kodak’s operations in Japan and the transferring of its production into our China facility will broaden the scope of the competitive services we can provide on a global scale as well as leverage operating efficiencies for both companies. We are extremely excited about the opportunities this business relationship will bring to our company,” said Greg Westbrook, President of Flextronics’ Consumer Digital market segment. “Today’s announcement is another demonstration of the immense value of our vertically-integrated services by providing global, end-to-end design, manufacturing, logistics, and end-to-end supply chain architecture services. The results to Kodak of leveraging these vertically-integrated services will be extensive, and will include lower costs, faster time to market, substantially improved efficiencies.”

Kodak will retain all intellectual property and patents as part of the transaction as well as Kodak trademarks, Kodak trade names, Kodak customers, customer information and customer relationships, Kodak feature specifications, Kodak digital camera designs and Kodak digital camera technologies.

Under the agreement, approximately 550 Kodak personnel are expected to be transferred to Flextronics facilities.

The transaction is subject to customary regulatory approvals. The agreement does not require shareholder approval from either company. Closing is expected to occur

after all required approvals have been obtained and certain other conditions are satisfied, which is anticipated to be during Kodak's 3rd quarter of 2006.

About Eastman Kodak Company

Kodak is the world's foremost imaging innovator, providing leading products and services to the photographic, graphic communications and healthcare markets. With sales of \$14.3 billion in 2005, the company is committed to a digitally oriented growth strategy focused on helping people better use meaningful images and information in their life and work. Consumers use Kodak's system of digital and traditional image capture products and services to take, print and share their pictures anytime, anywhere; Businesses effectively communicate with customers worldwide using KODAK solutions for prepress, conventional and digital printing and document imaging; Creative Professionals rely on KODAK technology to uniquely tell their story through moving or still images; and leading Healthcare organizations rely on Kodak's innovative products, services and customized workflow solutions to help improve patient care and maximize efficiency and information sharing within and across their enterprise. More information about Kodak (NYSE: EK) is available at www.kodak.com.

About Flextronics

Headquartered in Singapore (Singapore Reg. No. 199002645H), Flextronics is a leading Electronics Manufacturing Services (EMS) provider focused on delivering complete design, engineering and manufacturing services to aerospace, automotive, computing, consumer digital, industrial, infrastructure, medical and mobile OEMs. With fiscal year 2006 revenues from continuing operations of US\$15.3 billion, Flextronics helps customers design, build, ship, and service electronics products through a network of facilities in over 30 countries on five continents. This global presence provides design and engineering solutions that are combined with core electronics manufacturing and logistics services, and vertically integrated with components technologies, to optimize customer operations by lowering costs and reducing time to market. For more information, please visit <http://www.flextronics.com>.

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