



February 3, 2003

United States Sentencing Commission
One Columbus Circle, N.E.
Suite 2-500
Washington, DC 20002-8002

Attention: Michael Courlander

Eastman Kodak Company respectfully urges that consideration be given to the endorsement of organizational ombuds functions as an element in the sentencing guidelines currently being proposed. An ombuds function, properly established and maintained consistent with the American Bar Association's Standards of Practice, as well as The Ombudsman Association's Standards of Practice and Code of Ethics, can offer valuable assistance in the implementation of legislation, such as the Sarbanes-Oxley Act of 2002, and other statutory constructs directed at corporate governance.

The consequences of corporate mismanagement on the economy overall, and on employees and pension funds in particular, has led to passage of Sarbanes-Oxley and its mandate that the U.S. Sentencing Commission review sentencing guidelines for offenses covered by the Act. Provisions addressing accounting practices, composition of boards and individual responsibility that form the core of the Act are designed to prevent and ferret out accounting improprieties and punish offenders.

Achieving the goals of Sarbanes-Oxley will depend on companies fostering a culture in which ethical and legal conduct is not an option, but a mandate. A key component will be the willingness of individuals to come forward with information concerning questionable activities. However, individuals have always been reluctant to provide information and register complaints if they cannot be assured of confidentiality. Fear of retaliation is a fact of life in any organizational culture.

How can a corporation most effectively encourage employees to come forward? The answer may well be in a "systems approach" that recognizes the need to connect widely varied resources together. As with most major corporations, Kodak has a number of resources available to employees who care to raise issues of concern (see Attachment A). To make this effort as effective as possible, employees need a "zero barrier" access point that allows anonymous entry into the various corporate resources. An organizational Ombuds Office provides this very important entry point. The three unique characteristics of independence, neutrality, and confidentiality inherent in the ombuds function foster a safe haven in which employees, customers, suppliers, etc., can move issues forward without the fear of retaliation (see Attachment B).

In addition to assisting in the resolution of issues, the ombuds function also serves to familiarize visitors and callers with other available internal resources. Thus, the organizational Ombuds Office is uniquely situated to look across the corporate landscape to identify systemic issues, including those caused by corporate policies or the implementation of those policies. This "systems approach" is key to success.

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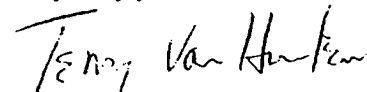


An organizational Ombuds Office does not make decisions on behalf of the corporation. Indeed, to be successful, it needs to maintain a separateness and independence from the corporation. But it does contribute to the effectiveness of an overall corporate governance plan by offering an early warning capability, a resolution capability, and in tandem, a mitigating influence in the sentencing process.

Because the Ombuds function is independent, neutral, and confidential, measuring its success can be difficult. However, one metric is the demographics of the visitors and callers. At Kodak, visitors and callers range from the lowest wage graded employee to managers, so the scope of its reach is broad. At Kodak, the ombuds function is a highly effective resource for dispute resolution that continues to have the full backing of senior management.

The best and most explicit legislation is only as successful as its implementation, and implementation depends on cooperation. We feel strongly that because the Ombuds function can be highly beneficial in identifying impediments to effective governance, it needs to be included in the Sentencing Guidelines.

Very truly yours,



A. Terry VanHouten
Eastman Kodak Company

ATV:ddl

Attachments (2)

FORMAL PROBLEM RESOLUTION

Human Resources

Line Management

Compliance Officer

Legal – Intellectual Property/Patent/Copyright

Medical – Disability– Fitness for Duty, Epidemiology

Corporate Security – Law Enforcement

Corporate Audit

Worklife

Diversity

Alternative Dispute Resolution

Health, Safety and Environment

Networks

Benefits

Benefits Hotline

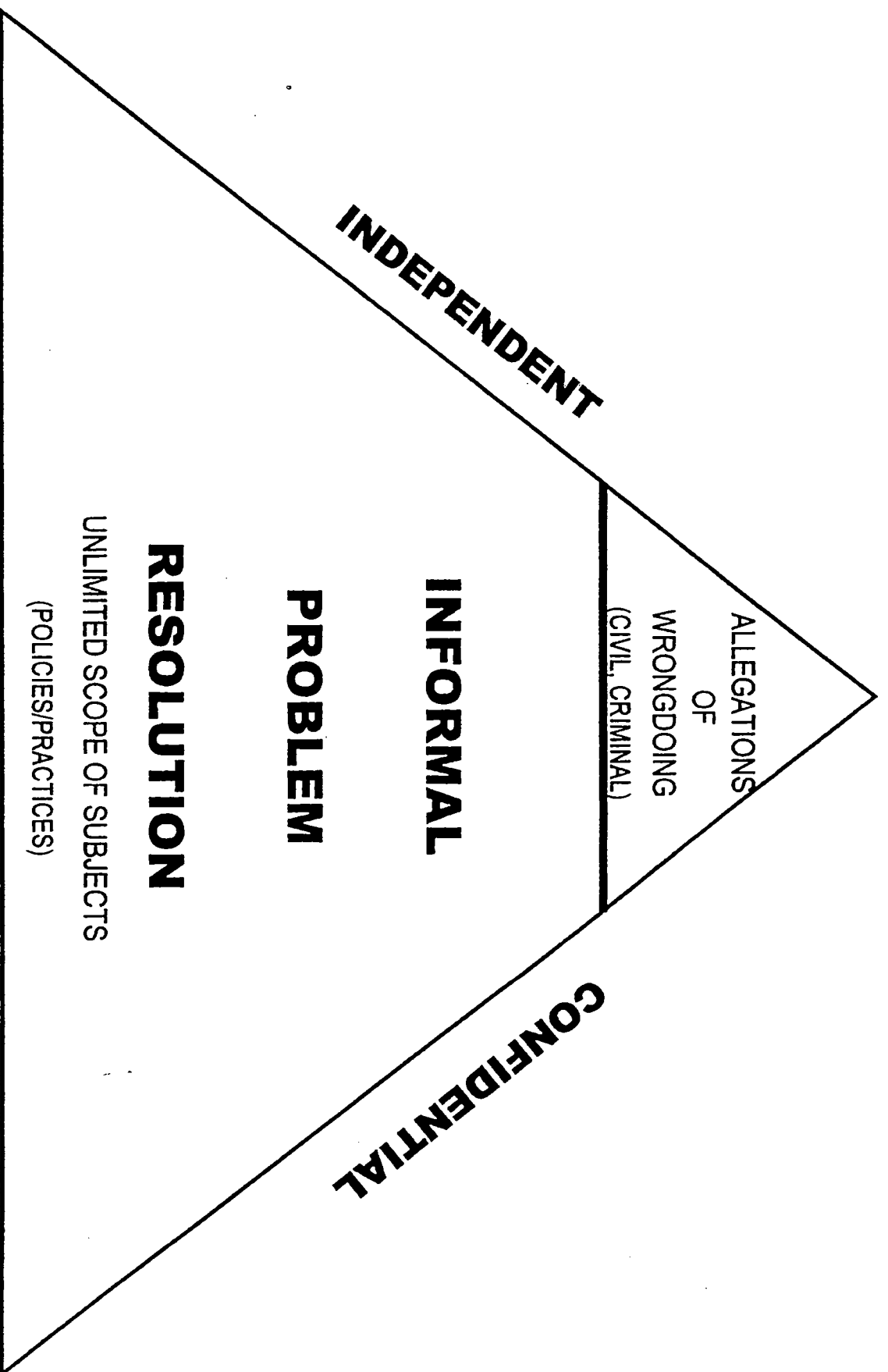
Equal Employment Opportunity

Labor Relations

Risk Management

Quality

Z E R O T O L E R A N C E



Attachment B

OMBUDS OFFICE - Zero Barrier Access Point