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Kodak Shuttters Camera Business

By [DANA MATTIOLI](#)

More than a century ago, Eastman Kodak Co. got into the camera-making business with the slogan, "You press the button, we do the rest." Soon, the buttons are going to be made by someone else.



Eastman Kodak, which began making cameras more than a century ago, said it plans to stop supplying digital cameras and pocket video cameras as it focuses its consumer business on photo printing. Dana Mattioli has details on The News Hub.

On Thursday, Kodak said that it will stop making digital cameras, pocket video cameras and digital picture frames, a move that will separate the struggling company from the camera business it was founded to pursue. Instead, it will license its brand to other manufacturers.

The decision to shutter the business, which Kodak says will save it more than \$100 million a year, is the strongest symbol yet of the sea change in consumer electronics and decades of missteps that forced the former blue-chip company to seek bankruptcy protection last month.

The History of Kodak

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George Eastman introduced the first Kodak camera in 1888, setting the Rochester, N.Y., company on the path to becoming a photography icon. But Kodak long ago lost its stranglehold on film and has

fallen behind in the camera market as well. The company is only the fourth-largest digital-camera maker in the U.S. In 2008, Kodak had 16.6% of the U.S. market and shipped 6.7 million digital cameras, according to market research firm IDC. In 2011, its market share had eroded to 11.6%, and the company shipped 3.6 million units.

News of Kodak's exit is especially sad for Steve Sasson, a former employee who invented the digital camera in a Kodak laboratory in 1975, when he was just 25 years old. "Of course I'm saddened by it," he said. "We had a long history of enabling people to capture pictures."

From Brownie to EasyShare

A look back at Kodak's cameras.



Roger Viollet/Getty Images

A folding camera from the late 1940s.

Kodak expects to book a \$30 million charge for exiting the business. Kodak pulled back from selling traditional film cameras eight years ago. The company continues to make and sell film-based disposable cameras.

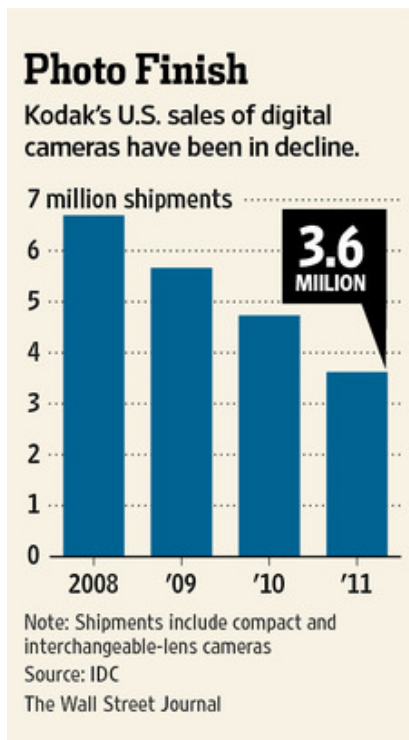
The decision comes less than a month after Kodak filed for Chapter 11 bankruptcy protection, but is something the company has weighed for years as its financial situation became precarious. Block...

Kodak loses a substantial amount of money on its digital-camera business. Executives kept it alive, because it helps win shelf space at retailers for the consumer inkjet printers on which Kodak is betting its future, people familiar with the matter said.

A Kodak spokesman said the company has spoken with its retail partners and they have been "generally understanding and

supportive of our decision."

Kodak is in the process of looking at selling or licensing all of its money-losing businesses, including its online photo-sharing site Kodak Gallery, as a way to meet financial terms set when it obtained loans to keep it afloat in Chapter 11, a person familiar with the matter said.



The company's fate hinges largely on the planned sale of 1,100 digital patents, a step required by its lenders. But the company has other revenue-raising targets to hit as well, the person said.

Kodak has leaned on income from its patent portfolio to survive as the film and camera businesses declined. The company sued big companies like Samsung Electronics Co. and LG Electronics Inc. for alleged violations of patents governing the capture, storage and sharing of digital images and raised hundreds of millions of dollars a year in settlements before the flow of settlements dried up last year.

The company's digital-photo-frame line got off to a good start in 2007 and was profitable, but the recession left Kodak with a glut of inventory as low-cost foreign competitors drove down prices, a person familiar with the matter said. Kodak's video-camera operation was profitable but wasn't big enough to carry the division, this person said.

While Kodak has been steadily shedding businesses in an effort to shore up cash, the latest move serves as a blow to the company's history as a photography pioneer.

George Eastman built his company by turning photography from a highly skilled pursuit to a pastime for ordinary people. The ease of use of Kodak's cameras made them enormously popular and precipitated

a high-margin film business that Kodak had a monopoly on until the 1980s, when foreign competitors began to eat into its market. Digital technology later replaced the need for film, and smartphones deeply dented demand for digital cameras.

Now, Kodak will work to convince creditors that it should emerge from Chapter 11 as a smaller company built around consumer and commercial printers. Kodak's consumer business will now include online and retail-based photo kiosks, desktop inkjet printing and camera accessories and batteries.

Corrections & Amplifications

An earlier version of this story erroneously stated Kodak shipped 4.7 million digital cameras in 2011. It shipped 3.6 million.

Write to Dana Mattioli at dana.mattioli@wsj.com

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