

October 5, 2002

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

Attention: Michael Courlander

Among the several purposes of the Sentencing Guidelines are to punish wrongdoers and to deter others from engaging in wrong conduct. Companies, their executives and board members need to be particularly attentive to these issues in light of the Guidelines and the recent events implicating numerous companies, their executives and board members. There must be a shared sense of urgency to ferret out wrongdoing and remediate any environment that has permitted it to occur.

In these efforts a potentially significant impediment is human nature. History tells us that there is a reluctance for an employee to report potentially wrong conduct by a co-employee or more particularly a supervisor or manager. Whether that is attributable to a perceived loyalty, fear of retaliation or any other human barrier is irrelevant if we accept the proposition that it exists. The question then becomes how to get past the barrier.

A neutral, confidential conduit for information, one which assures the anonymity of the information source, properly constructed, recognized and implemented can be a critical element in an overall corporate governance plan to break down the barrier. Such a conduit is available through an Office of the Ombuds. This Office has an established and highly regarded history in Europe, the United States and elsewhere. The greatest compliment to its effectiveness in the U.S. is its adoption by corporations and public institutions. This Office offers a unique mechanism to surface issues of perceived or actual wrongdoing to the appropriate internal corporate investigatory body, i.e., Audit, Security, Legal, while maintaining the confidentiality and, if requested, anonymity regarding the individual surfacing the matter. Traditional channels of management cannot provide these offerings.

The unique characteristics of the Office of the Ombuds contribute to the effectiveness of an overall corporate government plan by offering an early warning capability, a resolution capability and, in tandem, a mitigating factor in the sentencing process. Numerous states within the United States, agencies within government, a number of large corporations and now Congress through the Sarbanes Oxley Act of 2002 have recognized and endorsed the value of the Office of the Ombuds. Its existence as well as usage by employees and entities outside the corporation, e.g., suppliers and customers, are testament to the value of this function.

Eastman Kodak Company would welcome the opportunity to provide testimony relative to this subject.

Very truly yours,

A. Terry VanHouten
Eastman Kodak Company