J.P. Morgan Aviation, Transportation & Industrials Conference

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Forward-looking statements
During this presentation, we make certain forward-looking statements concerning plans and expectations for Eastman Chemical Company. We caution you that actual events or results may differ materially from our plans and expectations. See our Form 10-K for 2016 filed with the Securities and Exchange Commission for risks and uncertainties which could cause actual results to differ materially from current expectations.

Non-GAAP financial measures
Earnings referenced in this presentation are earnings per share and operating earnings that exclude certain non-core costs, charges and gains. “Free Cash Flow” is cash provided by operating activities minus cash used for additions to properties and equipment. Reconciliations to the most directly comparable GAAP financial measures and other associated disclosures, including a description of the excluded items, are available in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Forms 10-K and 10-Q filed with the SEC for the periods for which non-GAAP financial measures are presented. Projections of future earnings also exclude non-core, and any unusual or non-recurring items.
Compelling strategy to deliver consistent, superior results

Sustain and expand advantaged market positions

Drive improved product mix through innovation

Leverage advantaged cost positions

Disciplined portfolio management and capital deployment
Significant progress on organic growth initiatives

- **Tritan™** in medical applications
- **Saflex®** acoustic interlayers
- Eastman Aerafin™ low odor adhesives
- Next-generation **Crystex®**
- Eastman Visualize™ material for displays
- **Tetraschild™** polyester coatings
A leader in attractive niche markets

Of our sales revenue is from product lines in approximately 2/3 leading market positions

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<tr>
<th>Additives &amp; Functional Products</th>
<th>Advanced Materials</th>
<th>Chemical Intermediates</th>
<th>Fibers</th>
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- Cellulosic polymers
- Hydrocarbon resins
- Insoluble sulfur
- Aldehyde derivatives/ketones
- Heat transfer and aviation fluids
- Alkylamine derivatives
- Copolyester
- PVB sheet
- Branded window film
- Cellulosic polymers
- Oxo alcohols in Americas
- Non-phthalate plasticizers
- Alkylamines
- Acetate tow
- Acetate yarn
Disciplined cost reduction initiatives in challenging business environment

ENTERPRISE
- Labor cost management
- Site optimization

MANUFACTURING
- Labor cost management
- Energy efficiency
- Yield improvements

SUPPLY CHAIN
- Indirect and other procurement savings
- Sales & Operation Planning optimization

2017 projected gross productivity gains ~$200 million

- Enterprise 40%
- Manufacturing 40%
- Supply Chain 20%

Expect cost reduction actions will contribute ~$0.50 to 2017 EPS
## Full-year 2017 outlook

### Growth drivers
- Robust portfolio of specialty businesses well positioned for growth
- Strong growth in high margin, innovative products expected to accelerate earnings growth
- Growth in attractive niche end-markets within transportation, building & construction, consumables, and consumer durables
- Leveraged to attractive disruptive macro trends
- Aggressive cost reductions
- Net benefit from reduction in hedges

### Near-term headwinds
- Uncertain global economic growth
- Stronger dollar
- Volatile raw material and energy prices
- Challenges in Fibers

**Expect adjusted 2017 EPS to be 8 to 12 percent greater than adjusted 2016 EPS**

**Expect 2017 free cash flow to be ~ $1 billion**
Capital deployment remains disciplined and balanced

2016 adjusted free cash flow of $909 million*

- Total capital expenditures 2016 $626 M
- Reduced total debt 2016 $414 M
- Total joint ventures/ acquisitions 2016 $26 M
- Share repurchases 2016 $145 M
- Total dividends paid 2016 $272 M

* Adjusted to exclude fourth quarter 2016 accelerated pension contribution
Summary

- Strong portfolio of specialty businesses
- Continue to drive organic growth, innovation and product mix improvement
- Use all available levers in current environment
- Deploy free cash flow to pay an increasing dividend, continue delevering, and accelerate share repurchases
- Well positioned for long-term earnings growth and strong free cash flow generation
Questions?