

EASTMAN CHEMICAL COMPANY

Audit Committee Charter

I. Purpose and Function

The purpose of the Audit Committee is to assist the Board in fulfilling the Board's oversight responsibilities relating to:

- **the integrity of the financial statements of the Company and the Company's system of internal controls;**
- **the Company's management of and compliance with legal and regulatory requirements;**
- **the independence and performance of the Company's internal auditors;**
- **the qualifications, independence and performance of the Company's independent auditors; and**
- **the retention and termination of the Company's independent auditors, including the approval of fees and other terms of their engagement, and the approval of non-audit relationships with the independent auditors.**

Additionally, the Audit Committee is to prepare the committee's report to be included in the Company's annual proxy statement pursuant to the Securities Exchange Act of 1934.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, and is responsible for maintaining appropriate accounting and financial reporting principles and policies, disclosure controls and procedures, and internal controls and procedures designed to assure compliance with disclosure requirements, accounting standards and applicable laws and regulations. The internal auditing department examines and evaluates the adequacy and effectiveness of the Company's system of internal controls. The independent auditors are responsible for planning and carrying out a proper audit and reviews in accordance with generally accepted auditing standards. The Audit Committee has the powers and responsibilities set forth in this Charter, but not the duty to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP").

The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

II. Duties and Responsibilities

- A. The committee shall have the sole authority to:
- (i) appoint, retain, compensate, evaluate and terminate the Company's independent auditors, who shall report directly to the committee;
 - (ii) approve all audit engagement fees, terms and services; and
 - (iii) approve all non-audit engagements with the Company's independent auditors in accordance with applicable law. The committee may delegate the authority to grant any pre-approvals required by applicable law to one or more members of the committee as it designates, subject to the delegated member or members reporting any such pre-approvals to the committee at its next scheduled meeting.
- B. The committee shall, at least annually, obtain, review and discuss a report by the independent auditors describing:
- (i) such firm's internal quality control procedures;
 - (ii) any material issues raised by the most recent internal quality control review, or peer review, of such firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by such firm; and
 - (iii) any steps taken to deal with any such issues.
- C. In connection with the retention of the Company's independent auditors, the committee shall, at least annually, review and discuss the information provided by management and the auditors relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the independent auditors. The committee is responsible for:
- (i) ensuring that the independent auditors submit at least annually to the Committee a formal written statement delineating all relationships between the auditors and the Company consistent with Independence Standards Board Standard No. 1;
 - (ii) actively engaging in dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors; and
 - (iii) taking appropriate action in response to the auditors' report to satisfy itself of the auditors' independence. In connection with the committee's evaluation of the auditors' independence, the committee shall also review

and evaluate the lead partner of the independent auditors and ensure that he or she is rotated every five years.

- D. The committee shall set hiring policies for employees or former employees of the independent auditors, which include the restrictions set forth by applicable law.
- E. The committee shall review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing and compensation.
- F. The committee shall review and discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including:
 - (i) any restriction on audit scope or on access to requested information;
 - (ii) any significant disagreements with management; and
 - (iii) significant issues discussed with the independent auditors' national office. The committee is to decide all unresolved disagreements between management and the independent auditors regarding financial reporting.
- G. The committee shall review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including:
 - (i) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;" and
 - (ii) the disclosures regarding internal controls and other matters required to be reported to the committee by applicable law.

The committee shall review the findings of any examinations by the SEC of any of the Company's filings, and any observations of the independent auditors relative thereto.
- H. The committee shall review and discuss earnings and other financial press releases (including any use of "pro forma" or "adjusted" non-GAAP information, as well as any non-GAAP financial measures), as well as financial information and earnings guidance provided to analysts and rating agencies (which may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).
- I. The committee shall review and discuss with the Director, Corporate Audit Services and appropriate members of the staff of the internal auditing department the plans for and the scope of their ongoing audit activities, including adequacy of

staffing and the annual report of the audit activities, examinations and results thereof of the internal auditing department.

- J. The committee shall ensure that there are no unjustified restrictions or limitations on the activities of the internal auditing department and will review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- K. The committee shall have opportunity to review and concur in the appointment, replacement, or dismissal of the Director, Corporate Audit Services.
- L. The committee shall review and discuss with the independent auditors, the Director, Corporate Audit Services, the Chief Legal Officer and, if and to the extent deemed appropriate by the Chair of the committee, members of their respective staffs, any significant matters regarding the Company's internal accounting controls, the Company's financial, auditing and accounting organizations and personnel, and the Company's policies and compliance procedures with respect to business practices, which shall include the disclosures regarding internal controls and matters required to be reported to the committee by applicable law.
- M. The committee shall review and discuss with the Director, Corporate Audit Services and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditors and the Director, Corporate Audit Services, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the committee.
- N. The committee shall review and discuss with the independent auditors:
 - (i) the report of their annual audit, or proposed report of their annual audit;
 - (ii) the accompanying management letter, if any;
 - (iii) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 71; and
 - (iv) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake. The foregoing shall include the reports required by applicable law and, as appropriate:
 - (a) a review of major issues regarding:

- (1) accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; and
 - (2) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
 - (b) a review of analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, and
 - (c) a review of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- O. The committee shall obtain assurance from the independent auditors that in the course of conducting the audit, there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the committee under applicable law.
- P. The committee shall discuss policies with respect to risk assessment and risk management to assess, manage, and, where possible, mitigate the Company's exposure to risk. The committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures. The Audit Committee is not required to be the sole body responsible for risk assessment and management, but the committee will discuss guidelines and policies to govern the Company's processes by which risk assessment and risk management are undertaken. The committee's responsibility is to ensure that management has instituted processes to identify major risks and has developed plans to deal with such risks. The committee should discuss with management the specific risks facing the Company and management's plans for addressing risks and mitigating their potential effects.
- Q. The committee shall periodically obtain reports from management, including the Chief Legal Officer and the Company's Director, Corporate Audit Services that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Corporate Compliance Program. The committee will review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) regarding any allegations of non-compliance. The committee is to review and discuss reports and disclosures of insider and affiliated party transactions. The committee should advise the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with

the Company's Corporate Compliance Program. The Audit Committee has overall oversight responsibility for the Company's compliance programs and processes. Certain other Board committees may have responsibilities that include oversight as to laws and regulations in particular subject matter areas.

- R. The committee shall establish procedures for:
- (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by applicable law.

The committee is to discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any complaints or concerns regarding the Company's financial statements or accounting policies.

The current procedure established by the committee is as follows: (a) complaints or concerns regarding accounting or auditing matters may be communicated, anonymously and confidentially if desired, by employees (or others) via Eastman's Corporate Compliance hotline 1-800-455-5622 (such communications will be forwarded, anonymously and confidentially if appropriate, by the hotline operator to Eastman's Director of Ethics and Corporate Compliance, who will then promptly forward any such communication to Eastman's Director, Corporate Audit Services); (b) complaints or concerns regarding accounting or auditing matters which are received by directors, officers, or other Company personnel will be directed to Eastman's Director, Corporate Audit Services for handling and investigation, as appropriate. The Director, Corporate Audit Services will review with the Audit Committee the number, nature, and resolution of such complaints or concerns.

- S. The committee shall discuss with the Company's Chief Legal Officer or independent legal advisors legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- T. The committee shall review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the committee may, in its own discretion, deem desirable in connection with the review functions described above.
- U. The Committee may initiate and oversee special investigations as needed.
- V. The committee shall report its activities regularly to the Board of Directors in such manner and at such times as the committee and the Board of Directors deem appropriate, but in no event less than once a year. Such report shall include the committee's conclusions with respect to its evaluation of the independent auditors.

III. Composition of the Committee

The Audit Committee will consist of at least three members of the Board of Directors. Each member of the Audit Committee must meet the independence criteria of (a) the rules of the New York Stock Exchange, as such requirements are interpreted by the Board in its business judgment and as set forth in section II.C. of the Company's Corporate Governance Guidelines, and (b) applicable law, including Section 301 of the Sarbanes–Oxley Act of 2002 and any rules promulgated thereunder by the Securities and Exchange Commission.

Each committee member shall receive as compensation from the Company only director's fees (which include all forms of compensation paid to directors of the Company for service as a director or member of a Board committee). An Audit Committee member may not accept, directly or indirectly, any professional or consulting fees or any other type of compensation or fees, other than director's fees, from the Company. Additionally, if a committee member simultaneously serves on the audit committee of more than three public companies (including that of the Company), the Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the committee. The Company shall disclose any such determination in its annual proxy statement.

Each member of the Audit Committee must be "financially literate" or must become "financially literate" within a reasonable period of time after appointment to the Audit Committee. Additionally, at least one member of the committee shall meet the criteria of a "financial expert" within the meaning of applicable law, including Section 407 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the Securities and Exchange Commission.

The Board will determine, in its business judgment, whether a member of the Committee meets the financial literacy requirement and whether at least one member meets the financial expert criteria. The designation or identification of a person as a financial expert shall not (a) impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification, or (b) affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

The Board appoints committee members and the committee Chair upon the recommendation of the Nominating and Corporate Governance Committee.

IV. Meetings of the Committee

The committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Chair of the committee shall, in consultation with the other members of the committee, the Company's independent auditors and the appropriate officers of the Company, be responsible for calling meetings of the committee, establishing agenda

therefor and supervising the conduct thereof. A majority of the committee members also may call a meeting of the committee at any time. A majority of the number of committee members selected by the Board shall constitute a quorum for conducting business at a meeting of the committee. The act of a majority of committee members present at a committee meeting at which a quorum is in attendance shall be the act of the committee, unless a greater number is required by law, the Company's certificate of incorporation or its bylaws. Any committee member may be excused from a meeting to permit the remaining members of the committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting. The committee may also take any action permitted hereunder by unanimous written consent.

The committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditors to attend a meeting of the committee or to meet with any members of, or consultants to, the committee. The committee shall meet with the Company's management, the internal auditors and the independent auditors periodically in separate private sessions to discuss any matter that the committee, management, the independent auditors or such other persons believe should be discussed privately.

V. Resources and Authority of the Committee

The committee shall have the resources and authority appropriate, in the discretion of the committee, to discharge its responsibilities and carry out its duties as required by law, including the authority and funding to engage independent auditors for special audits, reviews and other procedures and to engage independent counsel and other advisors, experts or consultants. The committee shall have sole authority to approve related fees and retention terms. The committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.

The Committee has access, as needed, to the Company's management. The Committee's management liaison will typically be the Director, Corporate Audit Services.

VI. Authority to Delegate

The committee shall have the authority, subject to applicable law and the listing requirements of the New York Stock Exchange, to delegate its responsibilities to subcommittees, composed solely of members of the Audit Committee, as the committee may deem appropriate.

VII. Annual Review of Charter

The Audit Committee will review and reassess, with the assistance of management, including the Chief Legal Officer and the Director, Corporate Audit Services, and the independent auditors, the adequacy of this Charter at least annually and recommend any changes to the Board.

VIII. Annual Performance Evaluation

The committee will conduct and review with the Board of Directors annually an evaluation of the committee's performance with respect to the requirements of this Charter. This evaluation should also set forth the goals and objectives of the committee for the upcoming year. The committee may conduct this performance evaluation in such manner as the committee, in its business judgment, deems appropriate.

IX. Audit Committee Report

The Audit Committee will prepare, with the assistance of management, including the Chief Legal Officer and the Director, Corporate Audit Services, and the independent auditors, a report for inclusion in the Company's proxy statement relating to the annual meeting of stockholders at which directors are to be elected in accordance with the rules of the Securities and Exchange Commission.

X. Availability of Charter

Consistent with New York Stock Exchange listing requirements, this Charter will be included on the Company's website and will be made available upon written request sent to the Company's Secretary. The Company's Annual Report on Form 10-K will state that this Charter is available on the Company's website and will be available upon written request sent to the Company's Secretary. Additionally, this Charter will be included in the Company's proxy statement in accordance with applicable law.