

# EASTMAN CHEMICAL COMPANY

## Compensation and Management Development Committee Charter

### I. Purpose

**The purpose of the Compensation and Management Development Committee of the Board of Directors is to establish and administer the Company's policies, programs and procedures for evaluating, developing, and compensating the Company's senior management. Among other things, the committee discharges the Board's responsibilities relating to compensation of the Company's executive officers (as defined pursuant to Section 16 of the Securities Exchange Act of 1934) and produces a report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of stockholders in accordance with applicable rules and regulations.**

### II. Duties and Responsibilities

- A. The committee shall oversee the Company's compensation and benefits philosophy and strategy.
- B. The committee shall develop and implement the Company's compensation policies and programs for the executive officers.
- C. The committee shall review and approve, at least annually, corporate goals and objectives, as well as other factors, relevant to the compensation of the Chief Executive Officer and the other executive officers of the Company. The committee will evaluate the performance of the executive officers in the light of those corporate goals and objectives and set compensation levels, including long-term incentives, for the executive officers and the Chief Executive Officer, based on those evaluations and any other factors as it deems appropriate.
- D. The committee shall review and approve the adoption or amendment of all cash and equity-based incentive compensation plans in which any executive officer of the Company participates. The committee shall recommend to the Board for Board approval the adoption or amendment of cash and equity-based incentive compensation plans where one or both of the following criteria are satisfied:
  - 1. the new plan or the change to the existing plan is likely to result in annual increased cost or liability to the Company or the plan of at least \$50 million; and/or
  - 2. participants in the plan are primarily officers of the Company.

Where required by applicable law, stockholder approval will be sought for equity-compensation plans.

- E. The committee shall administer the Company's equity-based incentive compensation plans and other plans adopted by the Board that contemplate administration by the committee. The committee, or a subcommittee thereof, shall approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans. The committee's administrative authority shall include the authority to approve the acquisition by the Company of shares of the Company's stock from any plan participant.
- F. The committee shall review management development and succession plans and have the Chairman and CEO review plans for executive officer positions with the Board on at least an annual basis.
- G. The committee shall, at least annually, report to the Board on succession planning, which shall include appropriate contingencies in case the Chief Executive Officer retires, resigns or is incapacitated. The committee shall assist the Board in evaluating potential successors to the Chief Executive Officer.
- H. The committee shall amend or otherwise take action with respect to any employee incentive-compensation plan, equity-based plan or benefits plan previously or hereafter adopted by the Company, but only to the extent that such plan expressly provides that such powers may be exercised by the committee and is not subject to full Board consideration under II.D. of this Charter or stockholder approval.
- I. The committee shall appoint members to the Benefit Plans Committee and oversee the activities and performance of the Benefit Plans Committee.
- J. The committee shall, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation, including overseeing any compensation programs intended to preserve tax deductibility, and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code of 1986.
- K. The committee shall review and approve any proposed employment agreement with, and any proposed severance or retention plans or agreements applicable to, any executive officer of the Company. The committee shall review and approve any severance or other termination payments proposed to be made to any executive officer of the Company.
- L. The committee shall report its activities to the Board at least annually in such manner and at such times as the committee or the Board deems appropriate.
- M. The committee shall perform any other duties or responsibilities delegated to the committee by the Board from time to time.

### **III. Composition**

The size of the committee shall be determined by the Board based on the recommendation of the Nominating and Corporate Governance Committee, but it must always have at least three members. Each committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange. Desirable qualifications for committee members include experience in business management, executive compensation, employee benefits, and human resources. The Board appoints committee members and the committee Chair based on the recommendation of the Nominating and Corporate Governance Committee. Each committee member will serve at the pleasure of the Board for such term as the Board may decide, based on the recommendation of the Nominating and Corporate Governance Committee, or until such committee member is no longer a Board member.

### **IV. Meetings**

The committee shall meet as frequently as necessary to carry out its responsibilities under this Charter. The Chair or a majority of the committee members 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. The Chair shall, in consultation with the other members of the committee, establish the agenda for each committee meeting. Each committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Chair shall supervise the conduct of the meetings and shall have other responsibilities which the committee may designate from time to time.

The committee may request any officer or other employee of the Company, or any representative of the Company's legal counsel or other advisors, to attend a meeting or to meet with any members or representatives of the committee. Any individual whose performance or compensation is to be discussed at a committee meeting should not attend such meeting unless specifically invited by the committee. 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.

### **V. Resources and Authority**

The committee shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the committee deems necessary, to compensate any consultants or any other advisors retained by the committee. The committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation

consultants. The committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

#### **VI. Delegation**

The committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee thereof or, to the extent permitted by applicable law, to any other body or individual. In particular, the committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the committee who are (a) “non-employee directors” within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code of 1986.

#### **VII. Compensation Committee Report**

The committee, with the assistance of management and any outside advisors the committee deems appropriate, shall prepare a report for inclusion in the Company’s proxy statement relating to the Company’s annual meeting of stockholders.

#### **VIII. Annual Review**

At least annually, the committee will review and reassess, with the assistance of management, including the Chief Legal Counsel and the senior human resources executive, the adequacy of this Charter and recommend any changes to the Board.

#### **IX. Annual Performance Evaluation**

At least annually, the committee will evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the committee for the upcoming year. The committee will conduct its review and evaluation in such manner as it deems appropriate.

#### **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 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.