

The Merriam Report **EMN** **6/30/10** **EASTMAN CHEMICAL CO**

All amounts in millions except for earnings per share

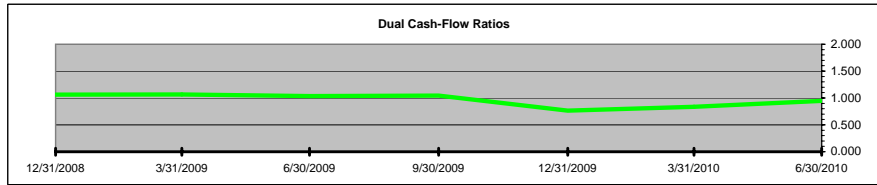
	4	1	2	3	4	1	2	Averages
Quarterly period ending:	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	
Earnings Per Share (Incl. Ext. Items)	\$ 0.050	\$ 0.030	\$ 0.890	\$ 1.380	\$ (0.44000)	\$ 1.370	\$ 2.020	\$ 0.757
% Change in E.P.S. (from prev. qtr.)		-40.0%	2866.7%	55.1%	-131.9%	411.4%	47.4%	534.8%
Total Revenues	134600.0	112900.0	125300.0	133700.0	132800.0	156400.0	172400.0	138300.0
% Change in Revenues (from prev. qtr.)		-16.1%	11.0%	6.7%	-0.7%	17.8%	10.2%	4.8%
Cost of Revenues	120000.0	95000.0	99300.0	100900.0	104200.0	124300.0	132000.0	953857.1
Accounts Receivable:	35400.0	35300.0	48300.0	38400.0	37900.0	77400.0	80900.0	50514.3
% Change in Receivables (from prev. qtr.)		-0.3%	36.8%	-20.5%	-1.3%	104.2%	4.5%	20.6%
DSO's (# of days it took customers to pay)	23.9	28.5	35.1	26.1	26.0	45.0	42.7	32.5
Inventories:	63700.0	56100.0	44300.0	49500.0	53100.0	58800.0	63500.0	55571.4
% Change in Inventory (from prev. qtr.)		-11.9%	-21.0%	11.7%	7.3%	10.7%	8.0%	0.8%
Inventory as a % of Sales	47.3%	49.7%	35.4%	37.0%	40.0%	37.6%	36.8%	40.54%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	4500.0	4900.0	2900.0	3300.0	3200.0	3200.0	3000.0	3571.4
Property, Plant & Equip. (net):	319800.0	322800.0	327200.0	327300.0	311000.0	316700.0	315500.0	320042.9
% Change in P,P & E (from prev. qtr.)		0.9%	1.4%	0.0%	-5.0%	1.8%	-0.4%	-0.2%
Accounts Payable:	81900.0	75600.0	70600.0	82700.0	80000.0	86600.0	88000.0	80771.4
% Change in Payables (from prev. qtr.)		-7.7%	-6.6%	17.1%	-3.3%	8.3%	1.6%	1.6%
Quarterly period ending:	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	
Total Liabilities:	372800.0	367400.0	378100.0	390900.0	400200.0	407900.0	412200.0	389928.6
Shareholder equity:	155300.0	152300.0	157500.0	164500.0	151300.0	156900.0	167700.0	157928.6
Retained Earnings (Accum. Deficit)	256300.0	253300.0	256600.0	263500.0	257100.0	264000.0	275600.0	260914.3
Operating Cash Flow (OCF)	379061.7	373162.1	381562.9	395362.3	376863.6	389462.5	405662.1	385876.7
OCF as % of Revenues	281.6%	330.5%	304.5%	295.7%	283.8%	249.0%	235.3%	282.93%
Balance Sheet Cash Flow (BSCF)	372787.8	367388.4	378087.8	390887.6	400187.9	407883.3	412182.8	389915.1
BSCF as % of Revenues	277.0%	325.4%	301.7%	292.4%	301.3%	260.8%	239.1%	285.39%
Spread between OCF & BSCF	6273.8	5773.7	3475.0	4474.8	-23324.3	-18420.8	-6520.7	-4038.4
Ratios								
Spread to Revenues	4.66%	5.11%	2.77%	3.35%	-17.56%	-11.78%	-3.78%	-0.025
Spread to OCF	1.017	1.016	1.009	1.011	0.942	0.955	0.984	0.991
MR Dual Cash-Flow Figure	1.063	1.067	1.037	1.045	0.766	0.837	0.946	0.966

The Merriam Report

EASTMAN CHEMICAL CO	EMN	6/30/10	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
Quarterly period ending:	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
MR Dual Cash-Flow Figure	1.063	1.067	1.037	1.045	0.766	0.837	0.946

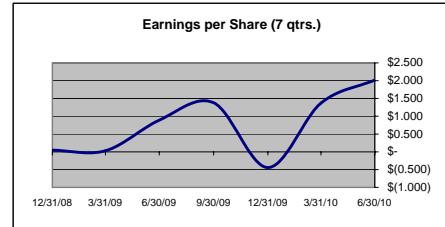
Merriam Report Signals:

- Recent Bearish
- Confirmed Bearish**
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

	12/31/08	03/31/09	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10
P/E	6.91	9.18	16.48	22.98	32.04	19.65	12.13
P/S	0.19	0.29	0.5	0.77	0.87	0.86	0.66
P/FCF	-10.9345	40.6061	12.5248	9.1554	13.6909	51.0289	42.495
PEG	0.255	-0.2753	-0.3289	-0.4731	-0.885	0.5079	0.1381
Earnings Yield	0.1447	0.109	0.0607	0.0435	0.0312	0.0509	0.0825
Cash to Total Asse	0.0733	0.0654	0.084	0.1203	0.1438	0.0855	0.075
Debt-to-Assets	0.2795	0.279	0.2709	0.2595	0.2908	0.2845	0.2778



Accrual Ratios
Average Accruals

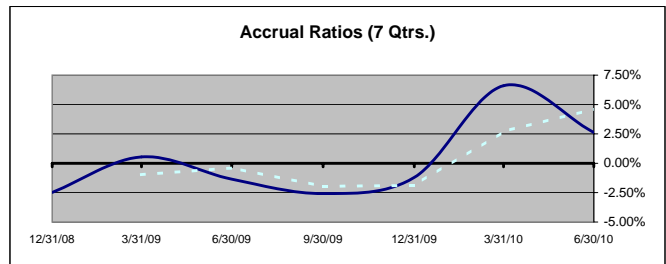
	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
Accrual Ratios	-2.48%	0.54%	-1.34%	-2.57%	-1.20%	6.60%	2.62%
Average Accruals	0.31%						-0.5

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	2.09%	2.55%
Cost of Sales	76.57%	80.13%
S/G/A	6.26%	7.28%
Payables	51.04%	58.40%

Capital Productivity

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.368	\$ 0.402
Receivables / Revenues	\$ 0.469	\$ 0.365
Inventory & Receivables / Revenues	\$ 0.838	\$ 0.767
P,P&E / Revenues	\$ 1.830	\$ 2.314



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

3.56% 1.02%

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bullish

Confirmed Bearish

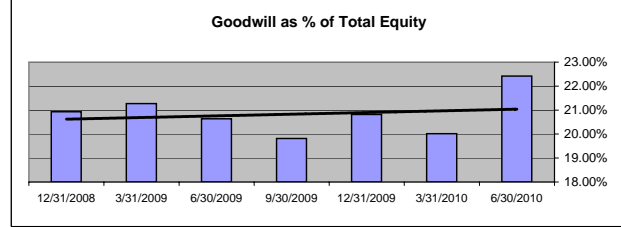
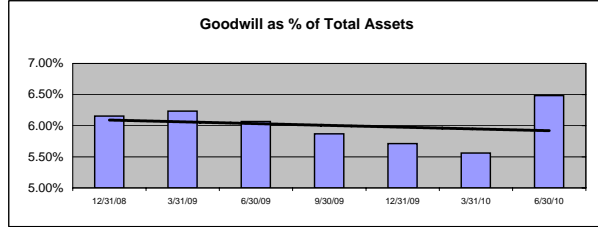
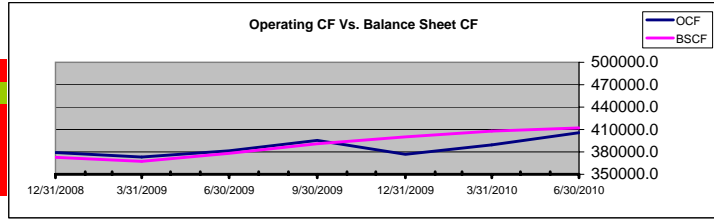
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend

Neutral
Neutral

	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
OCF	379061.7	373162.1	381562.9	395362.3	376863.6	389462.5	405662.1
BSCF	372787.8	367388.4	378087.8	390887.6	400187.9	407883.3	412182.8

Comparison of Recent Quarter Changes to Average

EPS	Bearish	
Revenues	Bullish	
Accounts Receivable	Bearish	
Days Sales Outstanding	Bearish	
Inventory	Bearish	
Accounts Payable	Bearish	
Accrual Ratios	Bearish	



	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	AVG.	
Goodwill as % of Total Assets	6.15%	6.23%	6.07%	5.87%	5.71%	5.56%	6.48%	6.01%	-1
Goodwill as % of Total Equity	20.93%	21.27%	20.63%	19.82%	20.82%	20.01%	22.42%	20.84%	-1
	3.40	3.41	3.40	3.38	3.65	3.60	3.46	3.47	1
									-1

Dual Cash Flow Trend	0
Financial Ratios (conventional)	2
Balance Sheet and Income Statement	-2
Accrual Ratios	-0.5
Revenue Metrics and Capital Productivity	2
Goodwill Trends	-1
Merriam Report Score	0.5

EASTMAN CHEMICAL CO		6/30/2010	8/6/2010
Ending Period Share Price		53.36	\$ 63.69
Estimated Fair Value		\$ 53.20	
End Price to Est. FV		0.29%	19.71%

(0.16) \$ 53.20
0.29%