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Table 1 – Statements of Earnings

(Dollars in millions, except per share amounts; unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Sales	$ 2,653	$ 1,924	$ 5,062	$ 4,165
Cost of sales	1,972	1,553	3,783	3,217
Gross profit	681	371	1,279	948
Selling, general and administrative expenses	202	155	386	315
Research and development expenses	63	52	121	113
Asset impairments and restructuring charges, net	15	141	22	155
Other components of post-employment (benefit) cost, net	(37)	(30)	(73)	(60)
Other (income) charges, net	(1)	(1)	(5)	3
Loss on business held for sale [(1)]	495	—	495	—
Earnings (loss) before interest and taxes	(56)	54	333	422
Net interest expense	51	55	101	107
Earnings (loss) before income taxes	(107)	(1)	232	315
Provision for income taxes	37	(31)	99	25
Net earnings (loss)	(144)	30	133	290
Less: Net earnings attributable to noncontrolling interest	2	3	5	5
Net earnings (loss) attributable to Eastman	$ (146)	$ 27	$ 128	$ 285
Basic earnings per share attributable to Eastman	$ (1.07)	$ 0.20	$ 0.94	$ 2.10
Diluted earnings per share attributable to Eastman	$ (1.07)	$ 0.20	$ 0.93	$ 2.09
Shares (in millions) outstanding at end of period	135.8	135.3	135.8	135.3
Shares (in millions) used for earnings per share calculation				
Basic	135.9	135.3	136.0	135.6
Diluted	135.9	136.1	137.8	136.4

(1) See "Agreement to Sell Tire Additives Business Product Lines."

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Table 2A – Segment Sales Information

(Dollars in millions, unaudited)	Second Quarter 2021	Second Quarter 2020	First Six Months 2021	First Six Months 2020
Sales by Segment				
Additives & Functional Products	$ 925	$ 685	$ 1,796	$ 1,507
Advanced Materials	769	567	1,485	1,182
Chemical Intermediates	736	461	1,341	1,053
Fibers	223	211	440	423
Total Eastman Chemical Company	$ 2,653	$ 1,924	$ 5,062	$ 4,165

(Dollars in millions, unaudited)	First Quarter 2021
Sales by Segment	
Additives & Functional Products	$ 871
Advanced Materials	716
Chemical Intermediates	605
Fibers	217
Total Eastman Chemical Company	$ 2,409

Table 2B – Sales Revenue Change

(Unaudited)	Second Quarter 2021 Compared to Second Quarter 2020			
		Change in Sales Revenue Due To		
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	35 %	23 %	9 %	3 %
Advanced Materials	36 %	31 %	2 %	3 %
Chemical Intermediates	60 %	7 %	51 %	2 %
Fibers	6 %	7 %	(2) %	1 %
Total Eastman Chemical Company	38 %	20 %	16 %	2 %

(Unaudited)	First Six Months 2021 Compared to First Six Months 2020			
		Change in Sales Revenue Due To		
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	19 %	12 %	4 %	3 %
Advanced Materials	26 %	23 %	— %	3 %
Chemical Intermediates	27 %	(4) %	30 %	1 %
Fibers	4 %	5 %	(1) %	— %
Total Eastman Chemical Company	22 %	10 %	9 %	3 %

(Unaudited)	Second Quarter 2021 Compared to First Quarter 2021			
		Change in Sales Revenue Due To		
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	6 %	— %	6 %	— %
Advanced Materials	8 %	5 %	3 %	— %
Chemical Intermediates	22 %	3 %	19 %	— %
Fibers	3 %	3 %	— %	— %
Total Eastman Chemical Company	10 %	2 %	8 %	— %

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Sales by Customer Location				
United States and Canada	$ 1,197	$ 786	$ 2,201	$ 1,766
Europe, Middle East, and Africa	688	526	1,344	1,157
Asia Pacific	611	523	1,219	1,018
Latin America	157	89	298	224
Total Eastman Chemical Company	$ 2,653	$ 1,924	$ 5,062	$ 4,165

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Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations [1]

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Additives & Functional Products				
Earnings (loss) before interest and taxes	$ (368)	$ (56)	$ (233)	$ 87
Asset impairments and restructuring charges, net [2][3][4]	5	128	7	134
Loss on business held for sale [5]	495	—	495	—
Excluding non-core item	132	72	269	221
Advanced Materials				
Earnings before interest and taxes	150	64	296	164
Asset impairments and restructuring charges, net [6]	3	—	4	7
Accelerated depreciation [6]	—	—	4	—
Excluding non-core items	153	64	304	171
Chemical Intermediates				
Earnings before interest and taxes	137	20	206	100
Asset impairments and restructuring charges, net [4]	7	2	11	3
Excluding non-core item	144	22	217	103
Fibers				
Earnings before interest and taxes	37	46	82	99
Other				
Loss before interest and taxes	(12)	(20)	(18)	(28)
Asset impairments and restructuring charges, net	—	11	—	11
Excluding non-core items	(12)	(9)	(18)	(17)
Total Eastman Chemical Company				
Earnings (loss) before interest and taxes	(56)	54	333	422
Asset impairments and restructuring charges, net	15	141	22	155
Loss on business held for sale	495	—	495	—
Accelerated depreciation	—	—	4	—
Total earnings before interest and taxes excluding non-core items	$ 454	$ 195	$ 854	$ 577

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Quarterly Report on Form 10-Q for second quarter 2020 for description of second quarter and first six months 2020 non-core items.

(2) Second quarter and first six months 2021 asset impairments of $4 million and site closure costs of $2 million in first six months 2021 from the previously reported closure of a tire additives manufacturing facility in Asia Pacific as part of ongoing site optimization.

(3) First six months 2021 gain on the sale of previously impaired assets of $1 million from the previously reported closure of an animal nutrition manufacturing facility in Asia Pacific as part of ongoing site optimization.

(4) Second quarter and first six months 2021 contract termination fees of $7 million and $1 million in the CI segment and AFP segment, respectively, and site closure costs in first six months 2021 of $4 million and $1 million in the CI and AFP segments, respectively, resulting from the previously reported plan to discontinue production of certain products at the Singapore manufacturing site.

(5) See "Agreement to Sell Tire Additives Business Product Lines."

(6) Second quarter and first six months 2021 asset impairments of $1 million, site closure costs of $2 million in both periods, and first six months 2021 charges for severance of $1 million and accelerated depreciation related to the previously reported closure of an advanced interlayers manufacturing facility in North America as part of ongoing site optimization.

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Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued)

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items				
Earnings (loss) before interest and taxes	$ (56)	$ 54	$ 333	$ 422
Costs of sales	—	—	4	—
Asset impairments and restructuring charges, net	15	141	22	155
Loss on business held for sale	495	—	495	—
Total earnings before interest and taxes excluding non-core items	$ 454	$ 195	$ 854	$ 577

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Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued) [1]

(Dollars in millions, unaudited)	First Quarter 2021
Additives & Functional Products	
Earnings before interest and taxes	$ 135
Asset impairments and restructuring charges, net	2
Excluding non-core item	137
Advanced Materials	
Earnings before interest and taxes	146
Asset impairments and restructuring charges, net	1
Accelerated depreciation	4
Excluding non-core items	151
Chemical Intermediates	
Earnings before interest and taxes	69
Asset impairments and restructuring charges, net	4
Excluding non-core item	73
Fibers	
Earnings before interest and taxes	45
Other	
Loss before interest and taxes	(6)
Total Eastman Chemical Company	
Earnings before interest and taxes	389
Asset impairments and restructuring charges, net	7
Accelerated depreciation	4
Total earnings before interest and taxes excluding non-core items	$ 400
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	$ 389
Costs of sales	4
Asset impairments and restructuring charges, net	7
Total earnings before interest and taxes excluding non-core items	$ 400

[1] See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Quarterly Report on Form 10-Q for first quarter 2021 for description of first quarter 2021 non-core items.

Table 3B - Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins[1][2]

(Dollars in millions, unaudited)	Second Quarter				First Six Months			
	2021		2020		2021		2020	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	$ 132	14.3 %	$ 72	10.5 %	$ 269	15.0 %	$ 221	14.7 %
Advanced Materials	153	19.9 %	64	11.3 %	304	20.5 %	171	14.5 %
Chemical Intermediates	144	19.6 %	22	4.8 %	217	16.2 %	103	9.8 %
Fibers	37	16.6 %	46	21.8 %	82	18.6 %	99	23.4 %
Total segment EBIT excluding non-core items	466	17.6 %	204	10.6 %	872	17.2 %	594	14.3 %
Other	(12)		(9)		(18)		(17)	
Total EBIT excluding non-core items	$ 454	17.1 %	$ 195	10.1 %	$ 854	16.9 %	$ 577	13.9 %

(1) For identification of excluded non-core items and reconciliations to GAAP EBIT, see Table 3A.
(2) Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See Table 2A for sales.

(Dollars in millions, unaudited)	First Quarter	
	2021	
	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	$ 137	15.7 %
Advanced Materials	151	21.1 %
Chemical Intermediates	73	12.1 %
Fibers	45	20.7 %
Total segment EBIT excluding non-core items	406	16.9 %
Other	(6)	
Total EBIT excluding non-core items	$ 400	16.6 %

(1) For identification of excluded non-core items and reconciliations to GAAP EBIT, see Table 3A.
(2) Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See Table 2A for sales.

Table 4A – Non-GAAP Earnings (Loss) Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations

(Dollars in millions, except per share amounts, unaudited)	Second Quarter 2021					
	Earnings (Loss) Before Interest and Taxes	Earnings (Loss) Before Income Taxes	Provision for (Benefit from) Income Taxes	Effective Income Tax Rate	Net Earnings (Loss) Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	$ (56)	$ (107)	$ 37	—	$ (146)	$ (1.07)
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	15	15	3		12	0.09
Loss on business held for sale	495	495	30		465	3.38
Interim adjustment to tax provision [2]	—	—	(8)		8	0.06
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes) [3]	$ 454	$ 403	$ 62	16 %	$ 339	$ 2.46

(Dollars in millions, except per share amounts, unaudited)	Second Quarter 2020					
	Earnings Before Interest and Taxes	Earnings (Loss) Before Income Taxes	Provision for (Benefit from) Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	$ 54	$ (1)	$ (31)	—	$ 27	$ 0.20
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	141	141	33		108	0.79
Interim adjustment to tax provision [2]	—	—	19		(19)	(0.14)
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	$ 195	$ 140	$ 21	16 %	$ 116	$ 0.85

(1) See Table 3A for description of second quarter 2021 and 2020 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) The adjusted provision for income taxes for second quarter 2021 and 2020 is calculated applying the forecasted full year effective tax rate as shown in Table 4B.

(3) EPS calculated using diluted shares of 137.6 million.

Table 4A – Non-GAAP Earnings (Loss) Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations (continued)

(Dollars in millions, except per share amounts, unaudited)	First Six Months 2021					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	$ 333	$ 232	$ 99	44 %	$ 128	$ 0.93
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	22	22	4		18	0.13
Loss on business held for sale	495	495	30		465	3.38
Accelerated depreciation	4	4	1		3	0.02
Interim adjustment to tax provision [3]	—	—	(18)		18	0.13
Non-GAAP (Excluding non-core items)	$ 854	$ 753	$ 116	16 %	$ 632	$ 4.59

(Dollars in millions, except per share amounts, unaudited)	First Six Months 2020					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	$ 422	$ 315	$ 25	8 %	$ 285	$ 2.09
Non-Core or Unusual Items: [1]						
Asset impairments and restructuring charges, net	155	155	36		119	0.87
Interim adjustment to tax provision [3]	—	—	11		(11)	(0.08)
Non-GAAP (Excluding non-core and unusual items)	$ 577	$ 470	$ 72	16 %	$ 393	$ 2.88

[1] See Table 3A for description of first six months 2021 and 2020 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

[2] The adjusted provision for income taxes for first six months 2021 and 2020 is calculated applying the forecasted full year effective tax rate as shown in Table 4B.

Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations (continued)

(Dollars in millions, except per share amounts, unaudited)	First Quarter 2021					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	$ 389	$ 339	$ 62	18 %	$ 274	$ 1.99
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	7	7	1		6	0.04
Accelerated depreciation	4	4	1		3	0.02
Interim adjustment to tax provision [2]	—	—	(10)		10	0.08
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	$ 400	$ 350	$ 54	16 %	$ 293	$ 2.13

(1) See Table 3A for description of first quarter 2021 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) The adjusted provision for income taxes for first quarter 2021 was calculated applying the then current forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

	First Six Months [1]	
	2021	2020
Effective tax rate	44 %	8 %
Discrete tax items [2]	— %	1 %
Tax impact of current year non-core items [3]	(25)%	7 %
Changes in tax contingencies and valuation allowances	— %	2 %
Forecasted full year impact of expected tax events	(3)%	(2)%
Forecasted full year adjusted effective tax rate	16 %	16 %

(1) Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.5 percent for six months 2021 and 2020.

(2) "Discrete tax items" are items that are excluded from a company's estimated annual effective tax rate and recognized entirely in the quarter in which the item occurs. Discrete items for first six months 2020 are for share based compensation expense and estimated adjustments to certain prior year tax returns.

(3) Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

Table 5A – Statements of Cash Flows

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Operating activities				
Net earnings (loss)	$ (144)	$ 30	$ 133	$ 290
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	140	141	289	280
Asset impairment charges	5	136	5	145
Loss on business held for sale	495	—	495	—
Provision for (benefit from) deferred income taxes	(30)	(32)	(28)	(20)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	(150)	145	(361)	73
(Increase) decrease in inventories	(70)	239	(214)	221
Increase (decrease) in trade payables	109	(239)	306	(343)
Pension and other postretirement contributions (in excess of) less than expenses	(44)	(31)	(97)	(83)
Variable compensation (in excess of) less than expenses	86	44	8	(30)
Other items, net	29	3	106	74
Net cash provided by operating activities	426	436	642	607
Investing activities				
Additions to properties and equipment	(107)	(97)	(198)	(196)
Acquisitions, net of cash acquired	(63)	—	(63)	—
Additions to capitalized software	(6)	(2)	(12)	(4)
Other items, net	(2)	(1)	(4)	(1)
Net cash used in investing activities	(178)	(100)	(277)	(201)
Financing activities				
Net increase (decrease) in commercial paper and other borrowings	—	(442)	(25)	97
Proceeds from borrowings	—	249	—	249
Dividends paid to stockholders	(94)	(89)	(188)	(179)
Treasury stock purchases	(100)	(30)	(140)	(60)
Proceeds from stock option exercises and other items, net	16	(2)	38	(13)
Net cash (used in) provided by financing activities	(178)	(314)	(315)	94
Effect of exchange rate changes on cash and cash equivalents	(1)	2	(5)	—
Net change in cash and cash equivalents	69	24	45	500
Cash and cash equivalents at beginning of period	540	680	564	204
Cash and cash equivalents at end of period	$ 609	$ 704	$ 609	$ 704

Table 5B – Net Cash Provided By Operating Activities to Free Cash Flow Reconciliations

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2021	2020	2021	2020
Net cash provided by operating activities	$ 426	$ 436	$ 642	$ 607
Capital expenditures	(107)	(97)	(198)	(196)
Free cash flow	$ 319	$ 339	$ 444	$ 411

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	June 30, 2021	December 31, 2020
Total borrowings	$ 5,548	$ 5,618
Less: Cash and cash equivalents	609	564
Net debt [(1)]	$ 4,939	$ 5,054

(1) Includes a non-cash decrease of $48 million in 2021 and a non-cash increase of $132 million in 2020 resulting from foreign currency exchange rates.