

EASTMAN CHEMICAL CO
Form 11-K
June 30, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

(Mark
One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE

REQUIRED]

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE
REQUIRED]

For the transition period from _____ to

Commission file number 1-12626

A. Full Title of the plan and the address of the plan, if different from
that of the issuer named below:

EASTMAN INVESTMENT AND EMPLOYEE STOCK
OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

EASTMAN CHEMICAL COMPANY

200 S. Wilcox Drive
Kingsport, Tennessee 37660

Eastman Investment and Employee Stock Ownership Plan

Table of Contents

Report of Independent Registered Public Accounting Firm	1
Basic Financial Statements:	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 – 16
Additional Information (Note A):	17
Schedule of Assets (Held at End of Year)	
Signatures	47
Exhibits	48

Note A: Other supplemental schedules required by Section 2520.10310 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (“ERISA”) have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Eastman Investment and Employee Stock Ownership Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Eastman Investment and Employee Stock Ownership Plan (the "Plan") at December 31, 2007 and December 31, 2006, and the changes in net assets available for benefits for the periods then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
June 30, 2008

Eastman Investment and Employee Stock Ownership Plan
 Statements of Net Assets Available for Benefits
 December 31, 2007 and December 31, 2006
 (in thousands)

	Participant Directed	December 31, 2007 Non- participant Directed	Total	Participant Directed	December 31, 2006 Non- participant Directed	Total
Assets						
Investments at fair value	\$ 1,485,704	\$ 95,025	\$1,580,729	\$ 1,379,266	\$ 102,961	\$1,482,227
Receivables:						
Sponsor	29,415	3,869	33,284	31,009	3,382	34,391
Other	1,435	1,352	2,787	1,394	802	2,196
Total assets	1,516,554	100,246	1,616,800	1,411,669	107,145	1,518,814
Liabilities						
Accrued expenses	12	17	29	13	16	29
Other liabilities	2,339	1,370	3,709	987	879	1,866
Total liabilities	2,351	1,387	3,738	1,000	895	1,895
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(3,102)	--	(3,102)	8,231	--	8,231

Net assets
available
for plan benefits \$ 1,511,101 \$ 98,859 \$1,609,960 \$ 1,418,900 \$ 106,250 \$1,525,150

The accompanying notes are an integral part of these financial statements.

Eastman Investment and Employee Stock Ownership Plan
 Statements of Changes in Net Assets Available for Benefits
 For the Periods Ended December 31, 2007 and December 31, 2006
 (in thousands)

	Participant Directed	December 31, 2007 Non- participant Directed	Total	Participant Directed	December 31, 2006 Non- participant Directed	Total
Additions to net assets:						
Investment income (loss)						
Interest	\$ 27,555	\$ -	\$ 27,555	\$ 28,848	\$ --	\$ 28,848
Dividends	67,710	2,840	70,550	58,845	3,324	62,169
Net appreciation (depreciation) in fair value of investments	34,503	4,074	38,577	27,345	14,469	41,814
Net investment gain (loss)	129,768	6,914	136,682	115,038	17,793	132,831
Participant contributions	80,729	-	80,729	69,396	-	69,396
Plan Sponsor contributions	29,415	3,869	33,284	31,009	3,382	34,391
Total additions	239,912	10,783	250,695	215,443	21,175	236,618
Deductions from net assets:						
Distributions to and withdrawals by participants						
Administrative expenses	159,653	6,052	165,705	187,168	5,213	192,381
	180	-	180	164	-	164
Total deductions	159,833	6,052	165,885	187,332	5,213	192,545
Interfund transfers, net						
	12,122	(12,122)	-	16,713	(16,713)	-
	92,201	(7,391)	84,810	44,824	(751)	44,073

Net increase (decrease) in net assets							
Net assets available for plan benefits at beginning of period	1,418,900	106,250	1,525,150	1,374,076	107,001	1,481,077	
Net assets available for plan benefits at end of period	\$ 1,511,101	\$ 98,859	\$ 1,609,960	\$ 1,418,900	\$ 106,250	\$ 1,525,150	

The accompanying notes are an integral part of these financial statements.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

1. DESCRIPTION OF PLAN

The Eastman Investment and Employee Stock Ownership Plan (the "Plan") is a defined contribution plan of a controlled group of corporations consisting of Eastman Chemical Company and certain of its wholly-owned subsidiaries operating in the United States ("Eastman", the "Company" or the "Plan Sponsor"). The Plan is organized pursuant to Sections 401(a) and (k) and Section 4975(e) (7) of the Internal Revenue Code. All United States employees of Eastman, with the exception of certain limited service and special program employees, and employees covered by a collective bargaining agreement with the Company, unless the collective bargaining agreement or the Plan specifically provides for participation, are eligible to participate in the Plan on their first day of employment with Eastman. The Plan was adopted by Eastman, the Plan Sponsor, on January 1, 1994 and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by the Investment Plan Committee ("IPCO"), which is the Plan Administrator and is comprised of Eastman employees. The Plan has trusts which are administered by the Fidelity Management Trust Company (the "Trustee"). The trusts include the Eastman Chemical Trust and the ESOP Trust. Since the inception of the Plan, money in the forfeiture account has been used both to offset future Company contributions and for various administrative expenses of the Plan. The balance of the forfeiture account at December 31, 2007 and December 31, 2006 was \$29,000 and \$27,000, respectively. There were no forfeitures used in 2007 or 2006.

For additional information regarding the Plan, see the complete Plan documents.

As of December 31, 2006 the Plan's fiscal year end date was changed from December 30 to December 31. For purposes of comparability, the Statement of Changes in Net Assets Available for Benefits for the period ended December 31, 2006 presents the period December 31, 2005 through December 31, 2006.

Contributions and vesting

Contributions to the Plan are made through two separate provisions: (a) deferral of qualifying compensation and (b) contributions by the Plan Sponsor of cash or its common stock to the ESOP Fund as determined by the Compensation and Management Development Committee of the Board of Directors of Eastman.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The Plan includes a salary reduction provision allowing eligible employees to defer up to 40% of qualifying compensation, as defined in the Plan, up to the statutory limit of \$15,500 for 2007 as permitted by the Internal Revenue Code. For the catch-up salary deferral, an eligible employee who has attained age 50 before the close of the calendar year was allowed to defer up to 35% of qualifying compensation, as defined in the Plan, for 2007 up to certain Internal Revenue Code limitations. Plan Sponsor contributions are also subject to certain other limitations. Participants' salary deferrals are contributed to the Plan by Eastman on behalf of the participants. The Plan's Trustee invests amounts contributed to the Plan, as designated by the participant, in common stock of Eastman, various growth and income mutual funds, and/or interest in a guaranteed investment contract fund (see Note 7). Generally, participants may transfer amounts among the funds on any business day. Additionally, participants may diversify amounts from their ESOP Fund account within the Plan (see Note 9). Each participant is at all times 100% vested in their account, with the exception of amounts transferred from other plans, which continue to be subject to the former plans' vesting requirements. The Plan requires for the Retirement Savings Contribution ("RSC") to be contributed either to the ESOP Fund for employees' first five RSC contributions or into other Plan funds, as directed by the participant, for participants with more than five RSC contributions. For participants with more than five RSC contributions, the RSC is allocated to participant-directed funds in accordance with each participant's investment elections at such time as the RSC is made.

Plan Sponsor contributions may be paid at any time during the plan year and subsequent to such plan year through the due date for filing the Company's federal income tax return, including any extensions. Contributions may be paid to the ESOP Fund in cash or shares of Eastman common stock and are deposited in the Company contribution account. Allocations to the participants' accounts from the Company contribution account will be made each plan year to participants who are eligible employees on the date designated by the Company. Participants are not permitted to make contributions to the ESOP Fund and are 100% vested in their account balance at all times.

Employees may elect to transfer, into any of the Plan's fund options, balances received from (1) lump sum payouts from the Eastman Retirement Assistance Plan, a qualified defined benefit plan also sponsored by Eastman Chemical Company, (2) a former employer's 401(a) and 401(k) plan, or (3) an employee's individual retirement account containing amounts received from a qualified defined contribution plan under Section 401(a) and 401(k) of the Internal Revenue Code. All rollover contributions into the Plan must meet the applicable Internal Revenue Service requirements.

On or after January 1, 2007, each eligible employee hired by the Company will, in addition to the RSC, be automatically enrolled as a participant in the Eastman Investment Plan ("EIP") portion of the Plan. The participants will be deemed to have elected to defer 7% of their qualifying compensation to the EIP portion of the Plan, unless they affirmatively decline or they elect to contribute a percentage other than 7%. Each participant will also be eligible to receive a matching contribution from the Company equal to 50% of the first 7% of their pay that they contribute to the Plan each pay period.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Loans

The Investment Plan Committee (“IPCO”) may grant a loan of at least \$1,000 to a participant provided that the aggregate of the participants’ loans outstanding does not exceed the lesser of (i) \$50,000 reduced by the excess, if any, of (a) the participant’s highest outstanding loan balance from the preceding 12 months over (b) the outstanding total loan balance of loans from the Plan on the date on which the loan was made, or (ii) 50% of the non-forfeitable portion of the participant’s account, excluding amounts in a participant’s ESOP Fund account. In accordance with the Plan provisions, the rate of interest on new participant loans approximates current market rates. The term of any loan is determined by IPCO and shall not exceed five years. Loans transferred to the Plan from the Hercules Incorporated Savings and Investment Plan, the ABCO Industries, Inc. 401(k) Profit Sharing Plan, and the Eastman Resins, Inc. Employees’ Growth Sharing Plan continue to carry terms applicable under those Plans. At December 31, 2007, \$30.0 million in loans were outstanding for terms of 6 to 121 months and interest rates ranging from 4% to 10.50%. At December 31, 2006, \$29.5 million in loans were outstanding for terms from 3 to 122 months and interest rates ranging from 4% to 10.50%.

Distributions

Distributions from the Plan require the approval of IPCO or its designee and are made under the following circumstances:

- Upon attaining age 59½, a participant may elect to receive a lump sum cash distribution of their total or partial account value while still actively employed.
- Upon separation of service from Eastman for any reason except death, the full value of a participant’s account is distributed in a lump sum payment for those participants who are not retirement-eligible and the participant account value is less than or equal to \$1,000. Separated participants with accounts in excess of \$1,000 or who are retirement-eligible may elect either (i) to defer distribution until a later date but, in no event, later than April 1 of the calendar year following the year a participant attains age 70½ or (ii) immediate lump-sum distribution of the participant’s account or, at the election of the participant, distributions in monthly or annual installments. Participants in the Eastman Stock Fund or ESOP Fund may elect a lump sum distribution in Eastman common stock.
- In the event of death, the value of a participant’s account is paid in a lump sum if the designated beneficiary is not the surviving spouse or if the account value is less than or equal to \$1,000. If the beneficiary is a surviving spouse and the participant account value exceeds \$5,000, payment will be made in either a lump-sum amount or, at the election of the surviving spouse, in monthly or annual installments.
- Distributions to participants shall commence in the year following the year a participant attains age 70½, unless the participant has terminated his or her service with the Company.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

- Approval of hardship withdrawals will only be granted in order to meet obligations relating to the payment of substantial out-of-pocket medical expenses, the purchase of a primary residence, the payment of tuition or other post-secondary educational expenses, or payments to prevent eviction or foreclosure. They are also granted for payment of funeral expenses for a deceased parent, spouse or child of the participant, or payment of expenses for repair or damage to the participants' principal residence. Hardship withdrawals may not exceed the value of the participant's accounts in the Plan on the date of withdrawal.
- The Trustee is authorized to honor qualified domestic relation orders issued and served in accordance with Section 414(p) of the Internal Revenue Code.

Dividends attributable to the ESOP Fund

IPCO may direct that Eastman common stock dividends attributable to the non-participant directed ESOP Fund be (a) allocated to the accounts of participants, (b) paid in cash to the participants on a nondiscriminatory basis, or (c) paid by the Company directly to participants. Alternatively, dividends received from Eastman common stock maintained in the Loan Suspense Account may be applied to reduce the related loan balance.

Investment of ESOP Fund Assets

ESOP Fund assets are invested primarily in Eastman common stock. However, at IPCO's discretion, funds may also be invested in other securities or held in cash.

Investment assets can be acquired by the ESOP Fund in three ways:

- The Company may make a direct contribution of cash to the ESOP Fund, which would then be used to purchase Eastman common stock or other securities.
 - The Company may contribute shares of Eastman common stock directly to the ESOP Fund.
- The Company may direct the Trustee to obtain a loan to purchase securities (i.e., leveraged ESOP). Until the loan is repaid, securities acquired with the respective loan process are not available to be allocated to participants' accounts and are maintained in a "Loan Suspense Account". On the last day of each plan year, a proportionate share of securities relating to loan amounts which have been repaid will be transferred out of the Loan Suspense Account and allocated to the accounts of ESOP Fund participants. The ESOP Fund currently is not a leveraged ESOP.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Allocations to participants' ESOP Fund accounts

Separate participant accounts are established to reflect each participant's interest in the ESOP Fund and are maintained under the unit value method of accounting. The ESOP Fund account maintained for each participant consists of:

- Plan Sponsor contributions made or invested in shares of Eastman common stock.
- Shares of Eastman common stock purchased with assets transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company and/or acquired with the proceeds of a loan released from the Loan Suspense Account.
- An allocable share of short-term interest and money market funds held in the ESOP Fund for purposes of payment of expenses and similar purposes.
- After-tax contributions transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company (such after-tax contributions are no longer permitted under the ESOP provisions).

The number of units allocated to a participant's account in any year is based on the ratio of the participant's compensation to the total compensation of all eligible employees entitled to share in the allocation for that plan year. In any year in which a Company contribution is made, a participant's allocation will not be less than one share of stock.

Federal law limits the total annual contributions that may be made on a participant's behalf to all defined contribution and defined benefit plans offered by the Company. Participants will be notified if their total annual contribution is limited by this legal maximum.

Actions taken in connection with the completion of certain corporate transactions

In the fourth quarter of 2006, the Company sold its Batesville, Arkansas manufacturing facility and related assets in its Performance Chemicals and Intermediates segment and also its polyethylene-related assets at the Longview, Texas facility in the Performance Polymers and Coatings, Adhesives, Specialty Polymers and Inks segments. In February 2007, the Company made a discretionary contribution to the account of each participant whose employment was terminated in connection with these sales equal to 5% of the compensation paid to each participant for the period January 1, 2006 to the dates of the respective sales.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

New accounting pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No.157 ("SFAS 157"), Fair Value Measurements. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurement. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Plan does not believe the adoption of SFAS 157 will have a material impact on the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform to accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan's financial statements.

Basis of accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

As described in FASB Staff Position, FSP AAG INV-1 and SOP 94-4-1 , Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans ("the FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment policy and valuation

The plan's investments are stated at fair value. If available, quoted market prices are used to value investments. Investments in regulated investment companies are valued at the net asset value per share on the valuation date.

Accrued interest, if any, on the underlying investments is added to the fair value of the investments for presentation purposes. Participant loans are valued at amortized cost, which represents fair value.

For investments in the ESOP fund and the Eastman Stock Fund, the Trustee may keep any portion of participant and Plan Sponsor contributions temporarily in cash or liquid investments as it may deem advisable. All dividends, interest or gains derived from investment in each fund are reinvested in the respective fund by the Trustee.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The Managed Income Fund is reported at fair value as determined by the contract issuers. The Managed Income Fund is comprised of synthetic guaranteed investment contracts that include interests in commingled trusts or individual fixed income securities that are held in trust for the Plan. The Plan then enters into a benefit responsive wrapper contract with a third party such as a financial institution or an insurance company which guarantees the Plan a specific value and rate of return. The underlying securities are valued at quoted market prices. The wrap contracts are valued using the market value method. (See Note 7).

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded at the ex-dividend date.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Payments to participants

Benefits payments to participants are recorded when paid.

Reclassifications

Certain items in 2006 have been reclassified to conform to the 2007 presentation.

3. RISKS AND UNCERTAINTIES

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the financial statements.

4. CONTRIBUTIONS

Participant contributions represent qualifying compensation and other qualifying employee bonuses withheld from participating employees by Eastman and contributed to the Plan.

Contributions are invested in the Plan's funds as directed by the participants, with the exception of the ESOP Fund, subject to ERISA funding limitations. The Plan has accrued sponsor contributions for participant-directed funds of \$29.4 million and \$31.0 million and for the non-participant-directed ESOP Fund of \$3.9 million and \$3.4 million at December 31, 2007 and 2006, respectively.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

5. LOANS TO PARTICIPANTS

The Plan Trustee makes loans to participants in accordance with Plan provisions. Loans made are accounted for as a transfer from the fund directed by the participant to the Loan Fund. The principal portion of loan repayments reduces the Loan Fund receivable. The principal and interest repaid are directed to funds to which the participant's current contributions are directed; the principal is accounted for as a transfer and the interest accounted for as income in the fund to which the participant's current contributions are directed. The Loan Fund's net assets and other changes in net assets are included in the participant-directed funds in the Statements of Net Assets and Changes in Net Assets Available for Benefits, respectively.

Unless otherwise specified by the participant, loan proceeds will be withdrawn from the investment funds on a pro-rata basis. Outstanding loans at December 31, 2007 and 2006 were approximately \$30.0 million and \$29.5 million, respectively. Interest income earned on loans to participants is credited directly to the participants' accounts and was approximately \$2.4 million and \$2.0 million for 2007 and 2006.

6. INVESTMENTS

At December 31, 2007 and 2006, the Plan's assets were invested in synthetic investment contracts (see Note 7), mutual funds, and in Eastman Chemical Company common stock. Subject to certain limitations, participants are provided the option of directing their contributions among these investment options. The Plan also holds an interest in the non-participant directed Eastman ESOP Fund, which invests in Eastman Chemical Company common stock and short-term interest funds. The Trustee manages investments in all funds.

(in thousands)	December 31, 2007	December 31, 2006
Cash	\$ 2,900	\$ 2,100
Common Stock	169,904	162,744
Mutual Funds	806,027	707,193
Synthetic GIC	588,885	601,745
Self Directed Brokerage Account	13,013	8,445
Investments, at fair value	\$ 1,580,729	\$ 1,482,227

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The following investment options, which invest primarily in common stock of the Plan sponsor, were available to participants in 2007 and 2006:

Eastman Stock Fund

This participant-directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market on behalf of and as elected by Plan participants. During 2007, the Trustee purchased 1,528,100 shares of Eastman stock for the fund at an average price of \$64.12 per share, and sold 1,320,400 shares of Eastman stock for the fund at an average price of \$65.27 per share. During 2006, the Trustee purchased 1,087,600 shares of Eastman stock for the fund at an average price of \$51.71 per share and sold 1,552,000 shares at an average price of \$54.80 per share. Dividends paid from the Eastman Stock Fund totaled \$1.9 million and \$2.5 million in 2007 and 2006, respectively.

Eastman ESOP Fund

This non-participant directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market, on behalf of its participants and as directed by the Plan's guidelines. During 2007, the Trustee purchased 63,900 shares of Eastman stock for the fund at an average price of \$59.76 per share, and sold 236,200 shares of Eastman stock for the fund at an average price of \$64.12 per share. During 2006, the Trustee purchased 63,800 shares of Eastman stock for the fund at an average price of \$50.90 per share, and sold 311,700 shares at an average price of \$55.52 per share.

At December 31, 2007 and December 31, 2006, the following investments represented 5% or greater of ending net assets, (in thousands):

	December 31, 2007	
	Shares	Fair value
Eastman Chemical Company Common Stock,	6,560\$	95,025
Non Participant Directed		
Fidelity Magellan® Fund	935	87,727
Fidelity Contrafund	2,064	150,903
	December 31, 2006	
	Shares	Fair value
Eastman Chemical Company Common Stock,	7,316\$	102,961
Non Participant Directed		
Fidelity Magellan® Fund	908	81,298
Fidelity Contrafund	2,005	130,694

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

During 2007 and 2006, the Plan's investments (including investments bought, sold and held during the year) appreciated in value by \$38.6 million and \$41.8 million, respectively, as follows (in thousands):

	Net Appreciation (Depreciation) December 31, 2007	Net Appreciation (Depreciation) December 31, 2006
Eastman Chemical Company Common Stock, Non Participant Directed	\$ 4,074	\$ 14,469
Eastman Chemical Company Common Stock, Participant Directed	3,875	13,930
Mutual Funds	30,628	13,415
Total	\$ 38,577	\$ 41,814

7. INSURANCE CONTRACTS

The Plan invests in the Managed Income Fund (the "Fund"), which invests in synthetic guaranteed investment contracts ("GICs"). The term "synthetic" investment contract is used to describe a variety of investment contracts under which a Plan retains ownership of the invested assets, or owns units of an account or trust which holds the invested assets. A "synthetic" investment contract, also referred to as a "wrap" contract, is negotiated with an independent financial institution. Under the terms of these investment contracts, the contract issuer ensures the Plan's ability to pay eligible employee benefits at book value. The investment performance of a synthetic investment contract may be a function of the investment performance of the invested assets.

A wrap contract is an agreement by another party, such as a bank or insurer, to make payments to the Fund in certain circumstances. Wrap contracts are designed to allow a stable value fund, such as the Fund, to maintain a constant net asset value ("NAV") and to protect the Fund in extreme circumstances. In a typical wrap contract, the wrap issuer agrees to pay the Fund the difference between the contract value and the market value of the covered assets once the market value has been totally exhausted. Though relatively unlikely, this could happen if the Fund experiences significant redemptions (redemption of most of the Fund's shares) during a time when the market value of the Fund's covered assets are below their contract value, and market value is ultimately reduced to zero. If that occurs, the wrap issuer agrees to pay the Fund an amount sufficient to cover shareholder redemptions and certain other payments (such as fund expenses), provided all the terms of the wrap contract have been met. Purchasing wrap contracts is similar to buying insurance, in that the Fund pays a relatively small amount to protect against a relatively unlikely event (the redemption of most of the shares of the Fund). Fees the Fund pays for wrap contracts are a component of the Fund's expenses.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Wrap contracts accrue interest using a formula called the “crediting rate.” Wrap contracts use the crediting rate formula to convert market value changes in the covered assets into income distributions in order to minimize the difference between the market and contract value of the covered assets over time. Using the crediting rate formula, an estimated future market value is calculated by compounding the Fund’s current market value at the Fund’s current yield to maturity for a period equal to the Fund’s duration. The crediting rate is the discount rate that equates that estimated future market value with the Fund’s current contract value. Crediting rates are reset quarterly. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%.

The crediting rate, and hence the Fund’s return, may be affected by many factors, including purchases and redemptions by shareholders. The precise impact on the Fund depends on whether the market value of the covered assets is higher or lower than the contract value of those assets. If the market value of the covered assets is higher than their contract value, the crediting rate will ordinarily be higher than the yield of the covered assets. Under these circumstances, cash from new investors will tend to lower the crediting rate and the Fund’s return, and redemptions by existing shareholders will tend to increase the crediting rate and the Fund’s return.

The Fund and the wrap contracts purchased by the Fund are designed to pay all participant-initiated transactions at contract value. Participant-initiated transactions are those transactions allowed by the underlying defined contribution plan (typically this would include withdrawals for benefits, loans, or transfers to non-competing funds within the Plan). However, the wrap contracts limit the ability of the Fund to transact at contract value upon the occurrence of certain events. These events include:

- The Plan’s failure to qualify under Section 401(a) or Section 401(k) of the Internal Revenue Code.
- The establishment of a defined contribution plan that competes with the Plan for employee contributions.
- Any substantive modification of the Plan or the administration of the Plan that is not consented to by the wrap issuer.
 - Complete or partial termination of the Plan.
- Any change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on the Fund’s cash flow.
 - Merger or consolidation of the Plan with another plan, the transfer of Plan assets to another plan, or the sale, spin-off or merger of a subsidiary or division of the Plan Sponsor.
- Any communication given to participants by the Plan Sponsor or any other Plan fiduciary that is designed to induce or influence participants not to invest in the Fund or to transfer assets out of the Fund.
 - Exclusion of a group of previously eligible employees from eligibility in the Plan.
- Any early retirement program, group termination, group layoff, facility closing, or similar program.
 - Any transfer of assets from the Fund directly to a competing option.

At this time, the occurrence of any of these events is not considered probable by IPCO.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Average yields:	December 31, 2007	December 31, 2006
Based on actual earnings	5.02%	4.96%
Based on interest rate credited to participants	4.65%	4.37%

The weighted average crediting interest rate for the Fund was 4.67% and 4.32% at December 31, 2007 and 2006, respectively.

The value of the Fund reflected in these financial statements is based upon the principal invested and the interest credited. The fair value of the Fund, by investment type, as of December 31, 2007 and 2006 was as follows:

(in thousands)	December 31, 2007	December 31, 2006
Security backed investments:		
Underlying assets at fair value	\$ 588,884	\$ 601,745
Wrap contracts	(3,102)	8,231
Total contract value	\$ 585,782	\$ 609,976

8. OTHER RECEIVABLES AND OTHER LIABILITIES

Other receivables in the amount of \$2.8 million and \$2.2 million at both December 31, 2007 and 2006, respectively, represent interest and dividends receivable, as well as receivables from the sale of stock. Other liabilities in the amount of \$3.7 million and \$1.9 million at both December 31, 2007 and 2006, respectively, represent liabilities from the purchase of stock.

9. DIVERSIFICATION FROM ESOP FUND

A participant may direct that all or any portion of his ESOP Fund account be transferred to other funds in the Plan without restrictions. During 2007 and 2006, \$9.9 million and \$13.9 million, respectively, were transferred from the ESOP Fund within the Plan in connection with this program.

10. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participant accounts will be distributed to individual participants in accordance with the Plan document and ERISA provisions.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

11. FEDERAL INCOME TAX STATUS

The Plan obtained its latest determination letter in May 2003, in which the Internal Revenue Service stated that the Plan is in compliance with the applicable requirements of the Internal Revenue Code. The Plan Administrator believes the Plan qualifies and operates in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

12. PLAN EXPENSES

Reasonable expenses of administering the Plan, unless paid by the Company, shall be paid by the Plan. For both 2007 and 2006, trustee fees associated with the Eastman Stock Fund and the Eastman ESOP Fund were paid with assets of those individual funds. Brokerage fees, transfer taxes, investment fees and other expenses incident to the purchase and sale of securities and investments shall be included in the cost of such securities or investments or deducted from the sales proceeds, as the case may be. Loan administration fees are deducted quarterly from the accounts of participants with outstanding loan balances. Loan origination fees are deducted from the participants account at the inception of the loan. For 2007 and 2006, the Company paid all other expenses of the Plan related to plan oversight and administration, including audit fees.

13. RELATED PARTIES

Certain plan investments are shares of mutual funds managed by Fidelity Management Trust Company, ("FMTC"). FMTC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions, which are exempt from prohibited transaction rules. The Plan also invests in the common stock of the Plan Sponsor as well as loans to Plan participants, both of which qualify as parties-in-interest to the Plan and are exempt from prohibited transaction rules.

14. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

(in thousands)	December 31, 2007
Investments at fair value	\$ 1,580,729
Adjustment from fair value to contract value for full benefit-responsive investment contracts	(3,102)
Total investments per Form 5500	\$ 1,577,627

Supplemental Schedule

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current Value
*	Eastman Chemical Company	Common stock, Participant directed, 5,425 shares	**	75,794
*	Fidelity Management Trust Company	Interest Bearing Cash, Participant directed	**	1,985
*	Eastman Chemical Company	Common stock, Non Participant directed, 6,560 shares	81,215	94,110
*	Fidelity Management Trust Company	Interest Bearing Cash, Non Participant directed	915	915
*	Fidelity Fund	Registered Investment Company, 1,252 shares	**	49,899
*	Fidelity Puritan Fund	Registered Investment Company, 3,098 shares	**	58,959
*	Fidelity Magellan Fund	Registered Investment Company, 935 shares	**	87,727
*	Fidelity Contrafund	Registered Investment Company, 2,064 shares	**	150,903
*	Fidelity Spartan U.S. Equity Index Portfolio	Registered Investment Company, 764 shares	**	39,670
*	Fidelity International Discovery Fund	Registered Investment Company, 1,767 shares	**	76,122
*	Fidelity Blue Chip Growth Fund	Registered Investment Company, 344 shares	**	15,137
*	Fidelity Freedom Income Fund	Registered Investment Company, 185 shares	**	2,118
*	Fidelity Freedom 2000 Fund	Registered Investment Company, 182 shares	**	2,246
*	Fidelity Freedom 2010 Fund	Registered Investment Company, 1,212 shares	**	17,969
*	Fidelity Freedom 2020 Fund	Registered Investment Company, 1,420 shares	**	22,449
*	Fidelity Freedom 2030 Fund	Registered Investment Company, 877 shares	**	14,482
*	Fidelity Freedom 2040 Fund	Registered Investment Company, 683 shares	**	6,650
*	Fidelity Spartan Extended Market Index Portfolio	Registered Investment Company, 419 shares	**	16,073
*	Fidelity Spartan International Index Fund	Registered Investment Company, 429 shares	**	20,291
*	Participant Loans	Participant Loan Fund with terms ranging from 6-121 months and	**	29,973

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

*		rates ranging from 4% to 10.5%	**	
*	Fidelity Retirement Money Market	Registered Investment Company, 124 shares	**	124
*	Clipper Fund	Registered Investment Company, 174 shares	**	14,077
*	PIMCO Total Return	Registered Investment Company, 3,187 shares	**	34,071
*	Franklin Small Mid Cap Growth Fund	Registered Investment Company, 750 shares	**	27,122
*	WFA Small Cap Val Z	Registered Investment Company, 1,293 shares	**	38,036
*	TCW Select Equity I	Registered Investment Company, 103 shares	**	2,031
*	Neuberger and Berman Genesis Instl Cl	Registered Investment Company, 1,375 shares	**	64,842
*	Templeton Foreign Fund	Registered Investment Company, 1,208 shares	**	15,056

17

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value
	Fidelity short term cash fund	CASH	**	296
	Ace Securities Corp. ACE 03-NC1 M1	Mortgage backed security 1ML+78 7/33	**	156
	Ace Securities Corp. ACE 02-HE1 M1	Mortgage backed security 1ML+65 6/32	**	66
	Ace Securities Corp. ACE 03-HS1 M1	Mortgage backed security 1ML+75 6/33	**	26
	Ace Securities Corp. ACE 03-HS1 M2	Mortgage backed security 1ML+175 6/33	**	97
	Ace Securities Corp. ACE 03-HE1 M1	Mortgage backed security 1ML+65 11/33	**	166
	Ace Securities Corp. ACE 04-FM1 M1	Mortgage backed security 1ML+60 9/33	**	118
	Advanta Business Card Master ABCMT 07-A2 A2	Mortgage backed security 5% 3/13	**	2,995
	Advanta Business Card Master ABCMT 07-B2 B	Mortgage backed security 5.5% 6/32	**	1,246
	Aesop Funding Ii Llc AESOP 05-1A A1	Mortgage backed security 3.95% 4/08	**	666
	America Movil Sab De Cv American Express Centurion AMEX CENTURION	Corporate Bond 4.125 3/1/09	**	1,310
	American Express Centurion AMEX CEMTN	Corporate Bond 5.55% 10/17/12	**	576
	American Express Centurion AMEX CEMTN	Corporate Bond 5.2% 11/26/10	**	1,202
	American General Finance	Corporate Bond 4.625% 9/01/10	**	324
	American General Finance	Corporate Bond 4.625 5/15/09	**	186
	American General Finance	Corporate Bond 4.875 5/15/10	**	2,142
	American Honda Finance	Corporate Bond 4.5 5/ 144A	**	1,189
	Americredit Automobile Receiva	Mortgage backed security 3.61% 5/11	**	205

AMCAR 04-CA A4
Americredit Automobile
Receiva

AMCAR 04-1 C
Americredit Automobile
Receiva

AMCAR 04-DF A4

Mortgage backed security 4.22% 7/09

Mortgage backed security 3.43 7/11

**

**

23

693

18

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value
	Americredit Automobile Receiva AMCAR 06-1 B	Mortgage backed security 5.2 3/11	**	70
	Americredit Automobile Receiva AMCAR 06-BG A3	Mortgage backed security 5.21 10/11	**	356
	Americredit Automobile Receiva AMCAR 06-BG A4	Mortgage backed security 5.21 9/13	**	716
	Americredit Automobile Receiva AMCAR 05-CF A4	Mortgage backed security 4.63 6/12	**	1,404
	Americredit Automobile Receiva AMCAR 2007-CM A3A	Mortgage backed security 5.42% 5/12	**	1,537
	Americredit Automobile Receiva AMCAR 07-DF A3A	Mortgage backed security 5.49% 7/12	**	1,096
	Americredit Prime Automobile Receiva APART 07-1 B	Mortgage backed security 5.35% 03/11	**	262
	Americredit Prime Automobile Receiva APART 07-1C	Mortgage backed security 5.43% 07/11	**	158
	Americredit Prime Automobile Receiva APART 07-2M A3A	Mortgage backed security 5.22% 4/10	**	532
	Ameriquist Mortgage Securities AMSI 04-R2 M1	Mortgage backed security 1ML+43 4/34	**	118
	Ameriquist Mortgage Securities AMSI 04-R2 M2	Mortgage backed security 1ML+48 4/34	**	95
	Ameritech Capital Funding Amortizing Residential Collate	Corporate Bond 6.25 5/18/09	**	865
	ARC 02-BC1 M2 Arg Funding Corp	Mortgage backed security 1ML+110 1/3	**	28
	ARGF 05-2A A1	Mortgage Backed Security 4.54% 5/09	**	1,067
			**	343

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Asset Backed Securities Corp H ABSHE 03-HE6 M1	Mortgage backed security 1ML+65 11/33		
Asset Backed Securities Corp H ABSHE 04-HE3 M1	Mortgage backed security 1ML+54 6/34	**	127
AT&T Inc / Sbc Communications	Corporate Bond 6.25 3/15/11	**	429
AT&T Inc / Sbc Communications	Corporate Bond 4.125 9/15/09	**	614
Augusta Ga Wtr & Swr Rev	Corporate Bond 5.25 10/1/22PRE	**	3,237
Axa Financial Inc	Corporate Bond 7.75 8/01/10	**	1,034
Bhp Billiton Finance	Corporate Bond 5.125% 3/29/12	**	1,297
Banc Of America Commercial Mor BACM 05-4 XP	Interest Only Strip CSTR 7/45	**	63
Banc Of America Commercial Mor BACM 07-2 A1	Interest Only Strip 5.421% 1/12	**	467

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Banc Of America Commercial Mor BACM 2006-5 XP	Interest Only Strip .832% 9/47	**	278	
Banc Of America Commercial Mor BACM 04-5 XP	Interest Only Strip CSTR 11/41	**	129	
Banc Of America Commercial Mor BACM 05-4 A1	Mortgage backed security 4.432 7/45	**	524	
Banc Of America Commercial Mor BACM 04-6 XP	Interest Only Strip CSTR 12/42	**	90	
Banc Of America Commercial Mor BACM 05-3 XP	Interest Only Strip CSTR 7/43	**	216	
Banc Of America Commercial Mor BACM 2003-2 A2	Mortgage backed security 4.342 3/41	**	1,333	
Banc Of America Commercial Mor BACM 06-5 A1	Mortgage backed security 5.185% 7/11	**	303	
Banc Of America Commercial Mor BACM 05-5 A1	Mortgage backed security 4.716 8/10	**	831	
Banc Of America Commercial Mor BACM 06-6 XP	Interest Only Strip CSTR 10/45	**	326	
Banc Of America Commercial Mor BACM 05-6 A1	Mortgage backed security 5.001 9/47	**	515	
Banc Of America Commercial Mor BACM 04-4 A3	Mortgage backed security 4.128% 7/42	**	682	
Banc Of America Commercial Mor BACM 05-1 A2	Mortgage backed security 4.64% 11/42	**	908	
Banc Of America Mortgage Secur BOAMS 04-J 2A1	Mortgage backed security CSTR 11/34	**	340	
Banc Of America Mortgage Secur BOAMS 05-E 2A7	Mortgage backed security CSTR 6/35	**	652	
Banc Of America Mortgage Secur BOAMS 05-J 2A4	Mortgage backed security 12ML 11/35	**	2,069	
Bank Of New York Co Inc	Corporate Bond 4.95% 1/14/11	**	644	
Bank Of New York Co Inc	Corporate Bond 4.95% 11/12	**	903	
Bank Of New York Co Inc	Corporate Bond 3.4/3ML+148 3/15/13	**	2,144	
Bank One Corp	Corporate Bond 7.875% 8/01/10	**	1,095	
Bank One Issuance Trust BOIT 04-B2 B2	Mortgage backed security 4.37% 4/12	**	1,372	
Bayview Commercial Asset Trust BAYC 04-3 M1	Mortgage backed security 1ML+50 1/35	**	71	
Bayview Commercial Asset Trust BAYC 04-2 A	Mortgage backed security 1ML+43 8/34	**	300	
Bayview Commercial Asset Trust BAYC 04-2 M1	Mortgage backed security 1ML+58 8/34	**	95	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value
	Bayview Commercial Asset Trust BAYC 04-3 M2	Mortgage backed security 1ML+100 1/35	**	46
	Bayview Financial Acquisition BAYV 04-C A1	Mortgage backed security 1ML+42 5/44	**	266
	Bbva Bancomer Sa	Corporate Bond 5.3795 7/21/15 144A	**	522
	Bear Stearns Adjustable Rate M BSARM 05-6 1A1	Mortgage backed security CSTR 8/35	**	956
	Bear Stearns Asset Backed Secu BSABS 04-BO1 M4	Mortgage backed security 1ML+120 9/34	**	121
	Bear Stearns Asset Backed Secu BSABS 04-BO1 M3	Mortgage backed security 1ML+105 9/34	**	221
	Bear Stearns Commercial Mortga BSCMS 04-ESA A3	Mortgage backed security 4.741 5/16	**	1,140
	Bear Stearns Commercial Mortga BSCMS 04-ESA D	Mortgage backed security 4.986 5/16	**	142
	Bear Stearns Commercial Mortga BSCMS 2007-PW15 X2	Interest Only Strip CSTR 2/44	**	543
	Bear Stearns Commercial Mortga BSCMS 07-T26 X2	Interest Only Strip CSTR 1/12/45	**	220
	Bear Stearns Commercial Mortga BSCMS 2006-T24 X2	Interest Only Strip CSTR 10/41	**	183
	Bear Stearns Commercial Mortga BSCMS 04-ESA C	Mortgage backed security 4.937 5/16	**	396
	Bear Stearns Commercial Mortga BSCMS 04-ESA F	Mortgage backed security 5.182 5/16	**	107
	Bear Stearns Commercial Mortga BSCMS 04-PWR5 A2	Mortgage backed security 4.254 7/42	**	644
	Bear Stearns Commercial Mortga BSCMS 04-T16 A3	Mortgage backed security 4.03 2/46	**	1,550
	Bear Stearns Commercial Mortga BSCMS 07-T26 A1	Mortgage backed security CSTR 1/45	**	870
	Bear Stearns Commercial Mortga BSCMS 07-PW16 A1	Mortgage backed security 5.593% 6/40	**	949
	Bear Stearns Commercial Mortga SCMS 07-PW15 A1	Mortgage backed security 5.016% 2/44	**	56
	Bear Stearns Commercial Mortga BSCMS 06-PW13 X2	Interest Only Strip CSTR 9/41	**	183
	Bear Stearns Commercial Mortga BSCMS 03-T12 X2	Interest Only Strip CSTR 8/39	**	35
	Bear Stearns Commercial Mortga BSCMS 04-PWR5 X2	Interest Only Strip CSTR 7/42	**	127
	Bear Stearns Commercial Mortga	Mortgage backed security 4.498 9/42	**	839

BSCMS 05-PWR9 A1

Bear Stearns Commercial Mortga

BSCMS 06-PW13 A1

Mortgage backed security 5.294 09/41

**

851

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value
	Bear Stearns Commercial Mortga BSCMS 04-ESA B	Mortgage backed security 4.888 5/16	**	350
	Bear Stearns Commercial Mortga BSCMS 05-T20 A1	Mortgage backed security 4.94 10/42	**	863
	Bear Stearns Commercial Mortga BSCMS 04-ESA E	Mortgage backed security 5.064 5/16	**	448
	Bear Stearns Commercial Mortga BSCMS 04-PWR6 X2	Interest Only Strip CSTR 11/41	**	82
	Bear Stearns Co Inc	Corporate Bond 4.245% 1/7/10	**	875
	Bear Stearns Co Inc	Corporate Bond 5.85% 7/19/10	**	2,402
	Bear Stearns Co Inc	Corporate Bond 6.95% 8/10/12	**	1,409
	Bellsouth Corp	Corporate Bond 4.2 9/15/09 DT	**	871
	Bk Tokyo-Mitsubishi Ufj	Corporate Bond 8.4 4/15/10	**	1,166
	Brazos Higher Education Author BRHEA 06-A A2R	Mortgage backed security 5.03 12/41	**	1,575
	British Telecom Plc	Corporate Bond 12/10 DT	**	1,343
	Btm (Curacao) Hldg Nv	Corporate Bond 4.76 7/21/15 144A	**	422
	Capital Auto Receivables Asset CARAT 2006-SN1A C	Mortgage backed security 5.77 5/10	**	95
	Capital Auto Receivables Asset CARAT 07-1 B	Mortgage backed security 5.15% 9/12	**	471
	Capital Auto Receivables Asset CARAT 2006-SN1A B	Mortgage backed security 5.5 4/10	**	101
	Capital Auto Receivables Asset CARAT 07-SN1 B	Mortgage backed security 5.52% 3/15/11	**	234
	Capital Auto Receivables Asset CARAT 2006-SN1A A4A	Mortgage backed security 5.32 3/10	**	1,083
	Capital Auto Receivables Asset CARAT 06-1 B	Mortgage backed security 5.26 10/10	**	233
	Capital Auto Receivables Asset CARAT 07-SN1 C	Mortgage backed security 5.73% 3/15/11	**	136
	Capital One Auto Finance Trust COAFT 05-BSS C	Mortgage backed security 4.48 12/10	**	966
	Capital One Auto Finance Trust COAFT 05-C A4A	Mortgage backed security 4.71 6/12	**	2,929
	Capital One Multi-Asset Execut COMET 2003-B3 B3	Mortgage backed security 4.5 6/11	**	1,866
	Capital One Multi-Asset Execut COMET 2006-A6 A6	Mortgage backed security 5.3 2/14	**	774
	Capital One Multi-Asset Execut COMET 07-B3 B3	Mortgage backed security 5.05% 3/13	**	3,045

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Capital One Multi-Asset Execut COMET 07-B5 B5	Mortgage backed security 5.4% 5/13	**	1,475	
Capital One Multi-Asset Execut COMET 04-B6 B6	Mortgage backed security 4.155 7/12	**	1,144	
Capital One Prime Auto Receiva COPAR 2007-1 B1	Mortgage backed security 5.76% 12/13	**	458	
Capital One Prime Auto Receiva COPAR 06-2 A4	Mortgage backed security 4.94% 7/12	**	787	
Capital Trust Re Cdo Ltd CTCDO 04-1A C	Mortgage backed security 1ML+110 7/39	**	123	
Capital Trust Re Cdo Ltd CTCDO 04-1A A2	Mortgage backed security 1ML+45 7/39	**	241	
Capital Trust Re Cdo Ltd CTCDO 04-1A B	Mortgage backed security 1ML+75 7/39	**	120	
Cargill Inc	Corporate Bond 6.375% 6/12 144A	**	2,259	
Cdc Financial Products	Synthetic GIC - Global Wrap - 4.85%	**	(775)	
Cdc Mortgage Capital Trust CDCMC 03-HE3 M1	Mortgage backed security 1ML+70 11/33	**	154	
Cendant Timeshare Receivables CDTIM 05-1A A1	Mortgage backed security 4.67 5/17	**	185	
Chase Issuance Trust CHAIT 07-A15 A	Mortgage backed security 4.96% 9/12	**	2,801	
Chase Issuance Trust CHAIT 05-B2 B2	Mortgage backed security 4.52 12/10	**	6,350	
Chase Mortgage Finance Corporation CHASE 07-A2 3A1	Mortgage backed security CSTR 7/37	**	1,581	
Cit Equipment Collateral CITEC 05-VT1 A4	Mortgage backed security 4.36 11/12	**	202	
Citibank Credit Card Issuance CCCIT 05-B1 B1	Mortgage backed security 4.4 9/10	**	3,508	
Citibank Credit Card Issuance CCCIT 07-B2 B2	Mortgage backed security 5% 4/12	**	1,989	
Citibank Credit Card Issuance CCCIT 07-A5 A5	Mortgage backed security 5.5% 6/12	**	3,499	
Citibank Credit Card Issuance CCCIT 07-B6 B6	Mortgage backed security 5% 11/12	**	1,425	
Citibank Credit Card Issuance CCCIT 06-B2 B2	Mortgage backed security 5.15% 3/11	**	1,369	
Citigroup Commercial Mortgage CGCMT 05-EMG A2	Mortgage backed security 4.2211 9/51	**	480	
Citigroup Commercial Mortgage CGCMT 04-C2 XP	Interest Only Strip CSTR 10/41	**	127	
Citigroup Commercial Mortgage	Mortgage backed security CSTR 12/49	**	356	

CGCMT 2007-C6 A1

23

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Citigroup/Deutsche Bank Commer CD 2007-CD4 A1	Mortgage backed security 4.977% 12/49	**	659	
Citigroup/Deutsche Bank Commer CD 06-CD3 XP	Interest Only Strip CSTR 10/48	**	646	
Cnh Equipment Trust CNH 05-B B	Mortgage backed security 4.57 7/12	**	383	
Commercial Mortgage Asset Trus CMAT 99-C1 A3	Mortgage backed security 6.64 1/32	**	326	
Commercial Mortgage Pass-Thru COMM 06-C8 A1	Mortgage backed security 5.11% 12/46	**	656	
Commercial Mortgage Pass-Thru COMM 06-CN2A D	Mortgage backed security 5.52861 2/19	**	191	
Commercial Mortgage Pass-Thru COMM 06-CN2A E	Mortgage backed security CSTR 2/19	**	360	
Commercial Mortgage Pass-Thru COMM 06-CN2A CFX	Mortgage backed security 5.47945 2/19	**	117	
Commercial Mortgage Pass-Thru COMM 06-CN2A F	Mortgage backed security CSTR 2/19	**	82	
Commercial Mortgage Pass-Thru COMM 04-LB4A XP	Interest Only Strip CSTR 10/37	**	216	
Commercial Mortgage Pass-Thru COMM 05-LP5 A2	Mortgage backed security 4.63 5/43	**	1,310	
Commercial Mortgage Pass-Thru COMM 05-LP5 XP	Interest Only Strip CSTR 5/43	**	87	
Commercial Mortgage Pass-Thru COMM 06-C8 XP	Interest Only Strip CSTR 12/46	**	825	
Commercial Mortgage Pass-Thru COMM 06-CN2A BFX	Mortgage backed security 5.537 2/19	**	275	
Commercial Mortgage Pass-Thru COMM 05-C6 XP	Interest Only Strip CSTR 6/44	**	99	
Constellation Energy Grp	Corporate Bond 6.125 9/01/09	**	562	
Continental Airlines Inc CONTL AIR 98-3A2	Mortgage backed security 6.32 11/1/08	**	191	
Continental Airlines Inc CONTL AIR 991A	Mortgage backed security 6.545 2/02/19	**	900	
Countrywide Asset-Backed Certi CWL 04-3 M1	Mortgage backed security 1ML+50 6/34	**	133	
Countrywide Asset-Backed Certi CWL 04-4 A	Mortgage backed security 1ML+37.5 8/34	**	28	
Countrywide Home Loans CWHL 05-HYB3 2A6B	Mortgage backed security CSTR 6/35	**	362	
Countrywide Home Loans CWHL 02-25 2A1	Mortgage backed security 5.5 11/17	**	198	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Covidien International F	Corporate Bond 5.45 10/15/12 144A	**	406
Covidien International F	Corporate Bond 5.15% 10/10 144A	**	1,673

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Cps Auto Trust CPS 06-C A3	Mortgage backed security 5.14% 1/11	**	336	
Cps Auto Trust CPS 07-B A3	Mortgage backed security 5.47% 11/11	**	562	
Cps Auto Trust CPS 2007-C A3	Mortgage backed security 5.45% 5/12 144A	**	396	
Credit Suisse Mortgage Capital CSMC 06-C4 ASP	Interest Only Strip CSTR 9/39	**	1,237	
Credit Suisse Mortgage Capital CSMC 07-C3 A1	Mortgage backed security CSTR 6/39	**	277	
Credit Suisse Mortgage Capital CSMC 07-C1 A1	Mortgage backed security 5.227 2/40	**	296	
Credit Suisse Mortgage Capital CSMC 07-C1 ASP	Interest Only Strip CSTR 2/40	**	809	
Credit Suisse Mortgage Capital CSMC 07-C2 A1	Mortgage backed security 5.237 1/49	**	240	
Credit Suisse Mortgage Capital CSMC 06-C5 ASP	Interest Only Strip CSTR 12/39	**	719	
Crown Castle Towers Llc CCI 05-1A B	Mortgage backed security 4.878% 6/35	**	524	
Crown Castle Towers Llc CCI 05-1A C	Mortgage backed security 5.074% 6/35	**	472	
Cs First Boston Mortgage Secur CSFB 04-C4 ASP	Interest Only Strip CSTR 10/39	**	121	
Cs First Boston Mortgage Secur CSFB 05-C1 ASP	Interest Only Strip CSTR 2/38	**	103	
Cs First Boston Mortgage Secur CSFB 03-C4 A3	Mortgage backed security CSTR 8/36	**	572	
Cs First Boston Mortgage Secur CSFB 03-C5 A3	Mortgage backed security 4.429 12/36	**	974	
Cs First Boston Mortgage Secur CSFB 04-C1 A3	Mortgage backed security 4.321 1/37	**	523	
Cs First Boston Mortgage Secur CSFB 05-C4 ASP	Interest Only Strip CSTR 8/38	**	261	
Cs First Boston Mortgage Secur CSFB 05-C2 ASP	Interest Only Strip CSTR 4/37	**	144	
Cwcapital Cobalt CWCI 07-C2 A1	Mortgage backed security CSTR 9/11	**	370	
Daimler Chrysler Na Hldg	Corporate Bond 5.75 8/10/09	**	3,018	
Daimler Chrysler Auto Trust DCAT 2006-C A4	Mortgage backed security 4.98% 11/11	**	1,022	
Daimler Chrysler Auto Trust DCAT 2006-C B	Mortgage backed security 5.11% 4/13	**	840	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Dbx Back Ltd/Singapore	Corporate Bond 5.125/VAR 5/17 144A	**	1,673
Deutsche Bank Ag London	Corporate Bond 5% 10/12/10	**	4,640

25

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Deutsche Telekom Int Fin	Corporate Bond 5.375 3/23/11	**	276	
Diageo Capital Plc	Corporate Bond 5.2 1/30/13	**	644	
Diversified Reit Trust DRT 00-1A A2	Mortgage backed security 6.971% 3/10	**	289	
Dlj Commercial Mortgage Corp DLJCM 00-CF1 A1B	Mortgage backed security 7.62 6/33	**	874	
Dlj Commercial Mortgage Corp DLJCM 1999-CG1 A3	Mortgage backed security 6.77 3/32	**	1,385	
Donnelley (R.R.) & Sons	Corporate Bond 3.75% 4/1/09	**	1,909	
Drive Auto Receivables Trust DRIVE 06-2 A-2	Mortgage backed security 5.3% 7/11	**	828	
Drive Auto Receivables Trust DRIVE 06-2 A-3	Mortgage backed security 5.33% 4/14	**	1,134	
Drivetime Auto Owner Trust DRVT 2006-A A3	Mortgage backed security 5.501 11/11	**	788	
Drivetime Auto Owner Trust DRVT 2006-B A2	Mortgage backed security 5.32% 3/10	**	651	
Drivetime Auto Owner Trust DRVT 2006-B A3	Mortgage backed security 5.23% 8/12	**	779	
Dt Auto Owner Trust STAOT 07-A A3 XCLA	Mortgage backed security 5.60% 3/13	**	1,047	
E.I. Du Pont De Nemours	Corporate Bond 5% 1/15/13	**	283	
Edp Finance Bv	Corporate Bond 5.375 11/12 144A	**	1,161	
Erp Operating Lp	Corporate Bond 5.5% 10/1/12	**	332	
Enel Finance International	Corporate Bond 5.7% 1/15/13 144A	**	1,547	
Exelon Generation Co Llc	Corporate Bond 6.95 6/15	**	1,324	
Fannie Mae	FNMA 7.00 6/08 #050751	**	43	
Fannie Mae	FNMA 7.00 1/13 #251428	**	6	
Fannie Mae	FNMA 7.00 8/08 #252068	**	7	
Fannie Mae	FNMA ARM 5.04% 7/35 #834931	**	780	
Fannie Mae	FNMA ARM 4.99% 11/35 #745064	**	3,823	
Fannie Mae	FNMA ARM 4.25 2/35 255658	**	78	
Fannie Mae	FNMA 6.50 11/13 #323755	**	251	
Fannie Mae	FNMA 7.00 8/14 #323877	**	46	
Fannie Mae	FNMA 6.00 3/14 #487614	**	35	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA 6.50 9/14 #514373	**	2	
Fannie Mae	FNMA 7.00 11/14 #522277	**	25	
Fannie Mae	FNMA 6.50 10/13 #535234	**	452	
Fannie Mae	FNMA 7.00 6/16 #545122	**	17	
Fannie Mae	FNMA ARM 4.305 8/3 555696	**	118	
Fannie Mae	FNMA ARM 4.38% 7/33 #555702	**	351	
Fannie Mae	FNMA 7.00 2/16 #569915	**	48	
Fannie Mae	FNMA 6.00 10/16 #589129	**	37	
Fannie Mae	FNMA 7.00 8/16 #599602	**	80	
Fannie Mae	FNMA 7.00 4/17 #636135	**	176	
Fannie Mae	FNMA 6.50 4/17 #637244	**	153	
Fannie Mae	FNMA 6.00 11/17 #671380	**	172	
Fannie Mae	FNMA 6.00 11/17 #672789	**	48	
Fannie Mae	FNMA 6.00 12/17 #673965	**	48	
Fannie Mae	FNMA 6.00 2/18 #684153	**	15	
Fannie Mae	FNMA ARM 3.828 4/3 688969	**	180	
Fannie Mae	FNMA 7.00 2/18 #693327	**	210	
Fannie Mae	FNMA ARM 4.318 3/3 694530	**	31	
Fannie Mae	FNMA ARM 4.801 2/3 695019	**	91	
Fannie Mae	FNMA ARM 4.292 3/3 701296	**	58	
Fannie Mae	FNMA ARM 3.984 5/3 703915	**	17	
Fannie Mae	FNMA ARM 4.079 4/3 708221	**	14	
Fannie Mae	FNMA ARM 4.57% 6/33 712321	**	123	
Fannie Mae	FNMA ARM 4.351 6/3 720921	**	31	
Fannie Mae	FNMA ARM 3.878 6/3 723633	**	252	
Fannie Mae	FNMA ARM 3.836 6/3 723760	**	51	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA ARM 5.12 1/34 725109	**	36	
Fannie Mae	FNMA ARM 4.862 9/3 725855	**	98	
Fannie Mae	FNMA ARM 4.832 8/3 725858	**	48	
Fannie Mae	FNMA ARM 4.30% 11/34 725966	**	437	
Fannie Mae	FNMA ARM 4.409 10/ 725968	**	345	
Fannie Mae	FNMA 4.00 8/18 #727438	**	1,153	
Fannie Mae	FNMA ARM 5.229 8/3 735030	**	83	
Fannie Mae	FNMA ARM 4.115 2/3 735343	**	30	
Fannie Mae	FNMA ARM 4.493 8/3 735360	**	188	
Fannie Mae	FNMA ARM 4.62 2/35 735433	**	255	
Fannie Mae	FNMA ARM 4.53 3/35 735448	**	236	
Fannie Mae	FNMA ARM 4.319 5/3 735538	**	64	
Fannie Mae	FNMA ARM 4.66 7/35 #735942	**	322	
Fannie Mae	FNMA ARM 4.78% 10/35 745030	**	313	
Fannie Mae	FNMA ARM 4.898 10/ 745060	**	160	
Fannie Mae	FNMA ARM 5.01 11/35 745124	**	292	
Fannie Mae	FNMA ARM 3.941 6/3 745335	**	429	
Fannie Mae	FNMA ARM 5.33 2/36 745391	**	238	
Fannie Mae	FNMA ARM 5.45 5/36 745676	**	385	
Fannie Mae	FNMA ARM 5.541 11/ 745972	**	474	
Fannie Mae	FNMA ARM 3.753 10/ 746320	**	60	
Fannie Mae	FNMA ARM 4.155 7/3 747270	**	280	
Fannie Mae	FNMA ARM 4.055 10/ 749296	**	44	
Fannie Mae	FNMA ARM 4.358 10/ 754672	**	27	
Fannie Mae	FNMA ARM 3.752 10/ 755148	**	59	
Fannie Mae	FNMA ARM 4.294 1/3 759264	**	68	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA ARM 3.750 1/3 761058	**	61	
Fannie Mae	FNMA ARM 4.250 1/3 765659	**	91	
Fannie Mae	FNMA ARM 4.25 2/34 765660	**	71	
Fannie Mae	FNMA ARM 4.30 1/34 766886	**	421	
Fannie Mae	FNMA ARM 4.368 2/3 769940	**	138	
Fannie Mae	FNMA ARM 4.321 2/35 773246	**	421	
Fannie Mae	FNMA ARM 4.38 3/35 773264	**	223	
Fannie Mae	FNMA ARM 4.455 3/3 773281	**	108	
Fannie Mae	FNMA ARM 3.791 6/3 783545	**	337	
Fannie Mae	FNMA ARM 4.351 1/3 783580	**	87	
Fannie Mae	FNMA ARM 4.499 3/3 783587	**	242	
Fannie Mae	FNMA ARM 4.4 2/35 #783588	**	116	
Fannie Mae	FNMA ARM 4.876 7/3 785318	**	278	
Fannie Mae	FNMA ARM 5.019 9/3 790458	**	86	
Fannie Mae	FNMA ARM 5.106 9/3 790762	**	71	
Fannie Mae	FNMA ARM 4.748 7/3 793028	**	188	
Fannie Mae	FNMA ARM 4.82 8/34 793420	**	294	
Fannie Mae	FNMA ARM 4.96 8/34 796987	**	561	
Fannie Mae	FNMA ARM 4.96 8/34 796988	**	198	
Fannie Mae	FNMA ARM 4.202 1/3 797418	**	146	
Fannie Mae	FNMA ARM 4.67 11/3 799727	**	193	
Fannie Mae	FNMA ARM 4.85 11/3 799812	**	166	
Fannie Mae	FNMA ARM 4.825 12/ 800297	**	149	
Fannie Mae	FNMA ARM 4.845 12/ 800335	**	55	
Fannie Mae	FNMA ARM 5.00 9/34 801341	**	825	
Fannie Mae	FNMA ARM 5.05 7/34 801635	**	31	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA ARM 4.118 1/3 807221	**	98	
Fannie Mae	FNMA ARM 4.79 1/35 809271	**	271	
Fannie Mae	FNMA ARM 4.5 2/35 #809429	**	650	
Fannie Mae	FNMA ARM 4.38 2/35 809593	**	461	
Fannie Mae	FNMA ARM 4.80 3/35 809925	**	254	
Fannie Mae	FNMA ARM 4.625 2/3 809931	**	189	
Fannie Mae	FNMA ARM 4.80 3/35 810061	**	209	
Fannie Mae	FNMA ARM 4.872 1/3 810896	**	1,173	
Fannie Mae	FNMA ARM 4.57 2/35 811803	**	56	
Fannie Mae	FNMA ARM 4.694 11/ 813184	**	233	
Fannie Mae	FNMA ARM 5.01 4/35 814954	**	141	
Fannie Mae	FNMA ARM 4.76 1/35 815321	**	383	
Fannie Mae	FNMA ARM 4.790 1/3 815323	**	238	
Fannie Mae	FNMA ARM 4.293 3/3 815586	**	53	
Fannie Mae	FNMA ARM 4.75 5/35 815626	**	130	
Fannie Mae	FNMA ARM 4.653 3/3 816322	**	18	
Fannie Mae	FNMA ARM 4.639 2/3 816599	**	26	
Fannie Mae	FNMA ARM 4.934 3/3 819648	**	128	
Fannie Mae	FNMA ARM 4.928 2/3 820356	**	607	
Fannie Mae	FNMA ARM 4.372 4/3 820407	**	33	
Fannie Mae	FNMA ARM 4.5 5/35 #820996	**	50	
Fannie Mae	FNMA ARM 4.575 7/3 822002	**	152	
Fannie Mae	FNMA ARM 5.12 6/35 823810	**	131	
Fannie Mae	FNMA ARM 4.796 8/35 825485	**	183	
Fannie Mae	FNMA ARM 4.302 1/3 827592	**	74	
Fannie Mae	FNMA ARM 5.8170 5/ 827781	**	360	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA ARM 5.10 5/35 827782	**	181	
Fannie Mae	FNMA ARM 5.208 5/3 827783	**	1,521	
Fannie Mae	FNMA ARM 5.180 5/3 827785	**	209	
Fannie Mae	FNMA ARM 4.520 8/3 829603	**	143	
Fannie Mae	FNMA ARM 4.409 5/3 829985	**	177	
Fannie Mae	FNMA ARM 5.203 6/3 830605	**	259	
Fannie Mae	FNMA ARM 4.555 7/3 832099	**	211	
Fannie Mae	FNMA ARM 5.344 7/3 834917	**	33	
Fannie Mae	FNMA ARM 5.101 7/3 841837	**	300	
Fannie Mae	FNMA ARM 5.349 12/ 843013	**	80	
Fannie Mae	FNMA ARM 5.280 3/3 843014	**	23	
Fannie Mae	FNMA ARM 5.16 9/35 843021	**	1,104	
Fannie Mae	FNMA ARM 5.43 11/3 844168	**	99	
Fannie Mae	FNMA ARM 4.893 10/ 847787	**	137	
Fannie Mae	FNMA ARM 5.32 1/36 850852	**	566	
Fannie Mae	FNMA ARM 5.409 2/3 865319	**	82	
Fannie Mae	FNMA ARM 5.98 4/36 868793	**	414	
Fannie Mae	FNMA ARM 5.839 1/3 879146	**	450	
Fannie Mae	FNMA ARM 5.40 11/35 879153	**	312	
Fannie Mae	FNMA ARM 5.80 3/36 881670	**	192	
Fannie Mae	FNMA ARM 6.25 6/36 886983	**	61	
Fannie Mae	FNMA ARM 4.56 5/35 888115	**	1,069	
Fannie Mae	FNMA ARM 4.86 7/35 888382	**	729	
Fannie Mae	FNMA ARM 5.07 9/36 888398	**	1,478	
Fannie Mae	FNMA ARM 5.57 5/36 891228	**	942	
Fannie Mae	FNMA ARM 6.21 4/36 891332	**	277	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Fannie Mae	FNMA ARM 6.07 9/36 893611	**	305	
Fannie Mae	FNMA ARM 6.08 4/36 895834	**	129	
Fannie Mae	FNMA ARM 5.50 5/36 896475	**	353	
Fannie Mae	FNMA ARM 6.60 9/36 898177	**	593	
Fannie Mae	FNMA ARM 6.62 9/36 898178	**	514	
Fannie Mae	FNMA ARM 6.65 9/36 898179	**	566	
Fannie Mae	FNMA ARM 6.62 9/36 898180	**	532	
Fannie Mae	FNMA ARM 5.26 11/3 901494	**	238	
Fannie Mae	Bond FNMA 6% 5/15/11	**	6,377	
Fannie Mae	Bond FNMA 6.125% 3/15/12	**	39,761	
Fannie Mae	Bond 4.75% 11/19/12	**	23,605	
Fidelity	FIDELITY INSTL CSH M CL A	**	14,709	
First Investors Auto Owner Tru				
FIAOT 06A A3	Mortgage backed security 4.93 2/15/11	**	337	
Fleet Financial Group	Corporate Bond 7.375 12/01/09	**	907	
Ford Credit Auto Owner Trust				
FORDO 07-A A4A	Mortgage backed security 5.47 6/12	**	812	
Ford Credit Auto Owner Trust				
FORDO 06-C A4A	Mortgage backed security 5.15% 2/12	**	1,509	
Ford Credit Auto Owner Trust				
FORDO 2005-A B	Mortgage backed security 3.88 1/10	**	293	
Ford Credit Auto Owner Trust				
FORDO 2006-C B	Mortgage backed security 5.3% 6/12	**	360	
Ford Credit Auto Owner Trust				
FORDO 07-A B	Mortgage backed security 5.6 10/12	**	210	
Ford Credit Auto Owner Trust				
FORDO 2006-B B	Mortgage backed security 5.43% 2/12	**	785	
Franklin Auto Trust				
FRNK 07-1 B	Corporate Bond 5.13 2/15	**	498	
Franklin Auto Trust				
FRNK 06-1 A4	Mortgage backed security 5.03% 7/14	**	2,099	
Franklin Auto Trust				
FRNK 06-1 B1	Mortgage backed security 5.14% 7/14	**	135	
Freddie Mac	FHLG 5.00 5/14 #E76434	**	20	
Freddie Mac	FHLG 5.00 6/14 #E77224	**	68	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Freddie Mac	FHLM ARM 4.889 3/3 847126	**	28	
Freddie Mac	FHLM ARM 4.314 12/ 1B2670	**	86	
Freddie Mac	FHLM ARM 4.22 2/35 1B2747	**	567	
Freddie Mac	FHLM ARM 4.63 3/35 1B2811	**	386	
Freddie Mac	FHLM ARM 4.497 6/3 1B2907	**	105	
Freddie Mac	FHLM ARM 4.68% 1/36 #847584	**	155	
Freddie Mac	FHLM ARM 5.084% 8/35 #1J0005	**	128	
Freddie Mac	FHLM ARM 4.401 2/35 1G0103	**	281	
Freddie Mac	FHLM ARM 4.37 3/35 1G0125	**	150	
Freddie Mac	FHLM ARM 4.444 3/3 1G0133	**	109	
Freddie Mac	FHLM ARM 4.504 3/3 1G0145	**	104	
Freddie Mac	FHLM ARM 4.941 11/ 1J1228	**	382	
Freddie Mac	FHLM ARM 5.26 1/36 1J1274	**	343	
Freddie Mac	FHLM ARM 4.93 9/35 1K1215	**	373	
Freddie Mac	FHLM ARM 5.78% 10/35 #1N0063	**	108	
Freddie Mac	FHLM ARM 5.62% 12/35 #1N0117	**	518	
Freddie Mac	FHLM ARM 5.88% 4/36 #1J1279	**	627	
Freddie Mac	FHLM ARM 6.17 2/36 #1N0126	**	906	
Freddie Mac	FHLM ARM 5.775# 1/37 #1N1446	**	499	
Freddie Mac	FHLM ARM 5.34 6/35 1L0097	**	239	
Freddie Mac	FHLM ARM 4.40 8/35 1L1225	**	1,567	
Freddie Mac	FHLM ARM 5.885 6/3 1L1275	**	172	
Freddie Mac	FHLM ARM 5.15% 8/36 #1B7241	**	271	
Freddie Mac	FHLM ARM 5.85% 1/36 #1G1803	**	832	
Freddie Mac	FHLM ARM 4.441 2/3 781229	**	81	
Freddie Mac	FHLM ARM 6.07% 6/36 #1G2424	**	235	
Freddie Mac	FHLM ARM 4.30% 11/34 #782877	**	336	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Freddie Mac	FHLM ARM 4.60% 2/35 #783028	**	319	
Freddie Mac	FHLM ARM 4.232 1/3 782988	**	197	
Freddie Mac	FHLM ARM 4.434 2/3 783032	**	157	
Freddie Mac	FHLM ARM 4.307 3/3 783067	**	82	
Freddie Mac	Bond FHLMC 4.75% 3/5/12	**	12,574	
Freddie Mac	Bond FHLMC 4.125% 12/21/12	**	20,087	
Fremont Home Loan Trust FHLT 04-1 M3	Mortgage backed security 1ML+55 2/34	**	80	
Fremont Home Loan Trust FHLT 04-1 M2	Mortgage backed security 1ML+50 2/34	**	94	
Fremont Home Loan Trust FHLT 04-1 M1	Mortgage backed security 1ML+45 2/34	**	27	
Fremont Home Loan Trust FHLT 04-A M1	Mortgage backed security 1ML+55 1/34	**	311	
Gco Slims Trust GCOSL 06-1A NOTE	Mortgage backed security 5.72 3/22	**	543	
Ge Capital Commercial Mortgage GECMC 04-C3 A2	Mortgage backed security 4.433 7/39	**	1,960	
Ge Capital Commercial Mortgage GECMC 07-C1 XP	Interest Only Strip CSTR 12/49	**	279	
Ge Capital Commercial Mortgage GECMC 04-C2 A2	Mortgage backed security 4.119 3/40	**	517	
Ge Capital Credit Card Master GEMNT 07-1 B	Mortgage backed security 4.95 3/13	**	1,360	
Ge Capital Credit Card Master GEMNT 2007-3 B	Mortgage backed security 5.49 6/13	**	1,441	
General Elec Cap Corp	Corporate Bond 7.5 6/15/09	**	1,151	
General Elec Cap Corp	Corporate Bond 4.25 9/13/10	**	2,826	
General Elec Cap Corp	Corporate Bond 5.2 2/01/11	**	4,685	
Genworth Financial Inc	Corporate Bond 5.231 5/16/09	**	1,283	
Genworth Global Funding	Corporate Bond 5.2 10/8/10	**	385	
Global Signal Trust TOWER 06-1 C	Mortgage backed security 5.707% 2/36	**	421	
Global Signal Trust TOWER 06-1 B	Mortgage backed security 5.588% 2/36	**	332	
Gmac Commercial Mortgage Secur GMACC 04-C2 A2	Mortgage backed security CSTR 8/38	**	1,474	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Gmac Commercial Mortgage Secur GMACC 2004-C3 A3	Mortgage backed security CSTR 12/41	**	1,262	
Gmac Commercial Mortgage Secur GMACC 05-C1 X2	Interest Only Strip CSTR 5/43	**	146	
Gmac Commercial Mortgage Secur GMACC 06-C1 XP	Interest Only Strip CSTR 11/45	**	77	
Gmac Commercial Mortgage Secur GMACC 05-C1 A2	Interest Only Strip CSTR 5/43	**	740	
Gmac Commercial Mortgage Secur GMACC 04-C3 X2	Interest Only Strip CSTR 12/41	**	97	
Gmac Mortgage Corporation Loan GMACM 05-AR5 1A1	Mortgage backed security CSTR 9/35	**	276	
Goldman Sachs Group Inc	Corporate Bond 6.875 1/15/11	**	1,043	
Goldman Sachs Group Inc	Corporate Bond 6.6 1/15/12	**	566	
Goldman Sachs Group Inc	Corporate Bond 5 1/15/11	**	263	
Greenpoint Financial Crp	Corporate Bond 3.2 6/06/08	**	1,684	
Greenwich Capital Commercial F GCCFC 03-C1 A2	Mortgage backed security 3.285 7/35	**	891	
Greenwich Capital Commercial F GCCFC 07-GG9 A1	Mortgage backed security 5.233% 03/39	**	359	
Greenwich Capital Commercial F GCCFC 07-GG11 XP	Interest Only Strip .48% 12/49	**	720	
Greenwich Capital Commercial F GCCFC 04-GG1 A4	Mortgage backed security 4.755 6/36	**	946	
Greenwich Capital Commercial F GCCFC 05-GG3 A2	Mortgage backed security CSTR 8/42	**	679	
Greenwich Capital Commercial F GCCFC 05-GG3 XP	Interest Only Strip CSTR 8/42	**	541	
Greenwich Capital Commercial F GCCFC 05-GG5	Interest Only Strip CSTR 4/37	**	445	
Gs Auto Loan Trust GSALT 05-1 B	Mortgage backed security 4.62 11/13	**	41	
Gs Auto Loan Trust GSALT 07-1 A3	Mortgage backed security 5.39 12/11	**	1,857	
Gs Auto Loan Trust GSALT 07-1 B	Mortgage backed security 5.53 12/14	**	245	
Gs Mortgage Securities Corpora GSMS 98-GLII A2	Mortgage backed security 6.562 4/31	**	608	
Gs Mortgage Securities Corpora GSMS 05-GG4 XP	Interest Only Strip CSTR 7/39	**	477	
Gsamp Trust GSAMP 04-FM2 M3	Mortgage backed security 1ML+130 1	**	28	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Gsamp Trust	Mortgage backed security 1ML+110			
GSAMP 04-FM2 M2	1/34	**	28	
Gsr Mortgage Loan Trust				
GSR 05-AR2 2A1	Mortgage backed security CSTR 4/35	**	352	
Hartford Finl Svcs Grp	Corporate Bond 5.55 8/16/08	**	232	
Hbos Treasury Svcs Plc	Corporate Bond 3.75 9/ 144A	**	932	
Heinz (H.J.) Co	Corporate Bond 6.428 12/01 144A	**	757	
Honda Auto Receivables Owner T				
HAROT 05-4 A4	Mortgage backed security 4.6 11/10	**	1,214	
Host Marriott Pool Trust				
HMPT 99-HMTA D	Mortgage backed security 7.97 8/15	**	212	
Host Marriott Pool Trust				
HMPT 99-HMTA B	Mortgage backed security 7.3% 8/15	**	252	
Household Automotive Trust				
HAT 05-1 A4	Mortgage backed security 4.35% 6/12	**	1,541	
Household Automotive Trust				
HAT 2006-3 A3	Mortgage backed security 5.38% 9/11	**	1,913	
Household Automotive Trust				
HAT 07-1 A3	Mortgage backed security 5.3 11/11/11	**	656	
Household Automotive Trust				
HAT 07-1 A4	Mortgage backed security 5.3 11/18/13	**	868	
Hsbc Finance Corp	Corporate Bond 5.25 1/14/11	**	512	
Hsbc Finance Corp	Corporate Bond 5.875 2/1/09	**	310	
Hsbc Finance Corp	Corporate Bond 4.125 12/15/08	**	496	
Hsbc Finance Corp	Corporate Bond 4.75 5/15/09	**	773	
Hsbc Finance Corp	Corporate Bond 4.125 11/16/09	**	2,304	
Hutchison Wham Int 03/33				
INT 03/33	Corporate Bond 5.45 11 144H	**	2,107	
Hutchison Whamp Intl Ltd	Corporate Bond 7 2/1 144A	**	432	
Hyundai Auto Receivables Trust				
HART 06-1 C	Mortgage backed security 5.34 11/12	**	97	
Hyundai Auto Receivables Trust				
HART 2007-A A3A	Mortgage backed security 5.04 1/12	**	881	
Hyundai Auto Receivables Trust				
HART 05-A C	Mortgage backed security 4.22 2/12	**	44	
Hyundai Auto Receivables Trust				
HART 06-1 B	Mortgage backed security 5.29 11/12	**	74	
Ilfc E-Capital Trust I	Corporate Bond 5.9/VR 144A	**	2,413	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Impac Cmb Trust IMM 05-1 M4	Mortgage backed security 1ML+75 4/35	**	15	
Impac Cmb Trust IMM 05-1 M5	Mortgage backed security 1ML+77 4/35	**	14	
Impac Cmb Trust IMM 05-1 M6	Mortgage backed security 1ML+82 4/35	**	21	
Intl Lease Finance Corp	Corporate Bond 5.625 9/15/10	**	619	
John Deere Capital Corp	Corporate Bond 4.875 3/16/09	**	290	
Jp Morgan Auto Receivables Tru JPMRT 2006-A A4	Mortgage backed security 5.14 12/14	**	828	
Jp Morgan Auto Receivables Tru JPMRT 2006-A B	Mortgage backed security 5.36 12/14	**	167	
Jp Morgan Chase Commercial Mor JPMCC 04-C3 A2	Mortgage backed security 4.223 1/42	**	827	
Jp Morgan Chase Commercial Mor JPMCC 05-LDP2 A2	Mortgage backed security 4.575 7/42	**	740	
Jp Morgan Chase Commercial Mor JPMCC 04-CB9 A2	Mortgage backed security CSTR 6/41	**	1,533	
Jp Morgan Chase Commercial Mor JPMCC 2001-C1 A2	Mortgage backed security 5.464 10/35	**	616	
Jp Morgan Chase Commercial Mor JPMCC 05-LDP4 A1	Mortgage backed security CSTR 10/42	**	344	
Jp Morgan Chase Commercial Mor JPMCC 2006-LDP9 A1	Mortgage backed security CSTR 5/47	**	569	
Jp Morgan Chase Commercial Mor JPMCC 04-CB8 A2	Mortgage backed security 3.837 1/39	**	1,255	
Jp Morgan Chase Commercial Mor JPMCC 03-CB7 X2	Interest Only Strip CSTR 1/38	**	33	
Jp Morgan Chase Commercial Mor JPMCC 04-CBX X2	Interest Only Strip CSTR 1/37	**	297	
Jp Morgan Chase Commercial Mor JPMCC 07-LDP10 A-1	Interest Only Strip 5.122% 5/49	**	272	
Jp Morgan Mortgage Trust JPMMT 06-A3 6A1	Mortgage backed security CSTR 8/34	**	514	
Jp Morgan Mortgage Trust JPMMT 2007-A1 5A1	Mortgage backed security CSTR 7/35	**	1,396	
Jp Morgan Mortgage Trust JPMMT 05-A8 2A3	Mortgage backed security CSTR 11/35	**	187	
Jpmorgan Chase & Co	Corporate Bond 6.75 2/1/11 DT	**	264	
Jpmorgan Chase & Co	Corporate Bond 4.6 1/17/11	**	168	
Jpmorgan Chase & Co	Synthetic GIC - Global Wrap - 4.85%	**	(775)	
Keyspan Corp	Corporate Bond 7.625 11/15/10	**	370	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Korea Development Bank	Corporate Bond 3.875 3/02/09	**	752	
Korea Development Bank	Corporate Bond 4.75 7/20/09	**	604	
Kraft Foods Inc	Corporate Bond 4% 10/1/08	**	772	
Kraft Foods Inc	Corporate Bond 4.125 11/12/09	**	269	
Kraft Foods Inc	Corporate Bond 5.625 8/11/10	**	1,244	
Lb Commercial Conduit Mortgage LBCMT 99-C1 A2	Mortgage backed security 6.78 6/31	**	1,252	
Lb-Ubs Commercial Mortgage Tru LBUBS 00-C3 A2	Mortgage backed security 7.95 1/10	**	976	
Lb-Ubs Commercial Mortgage Tru LBUBS 04-C6 A2	Mortgage backed security 4.187 8/29	**	697	
Lb-Ubs Commercial Mortgage Tru LBUBS 00-C5 A1	Mortgage backed security 6.41 12/19	**	5	
Lb-Ubs Commercial Mortgage Tru LBUBS 04-C4 A2	Mortgage backed security CSTR 6/29	**	905	
Lb-Ubs Commercial Mortgage Tru LBUBS 00-C5 A2	Mortgage backed security 6.51 12/26	**	483	
Lb-Ubs Commercial Mortgage Tru LBUBS 04-C2 A3	Mortgage backed security 3.973 3/29	**	699	
Lb-Ubs Commercial Mortgage Tru LBUBS 05-C1 AAB	Mortgage backed security CSTR 2/30	**	553	
Lb-Ubs Commercial Mortgage Tru LBUBS 07-C1 A1	Mortgage backed security CSTR 2/15/40	**	238	
Lb-Ubs Commercial Mortgage Tru LBUBS 07-C1 XCP	Interest Only Strip CSTR 2/40 IO	**	130	
Lb-Ubs Commercial Mortgage Tru LBUBS 07-C2 A1	Mortgage backed security 5.226 2/40	**	202	
Lb-Ubs Commercial Mortgage Tru LBUBS 07-C2 XCP	Interest Only Strip CSTR 2/40	**	581	
Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C6 A1	Mortgage backed security 5.23 9/39	**	346	
Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C7 A1	Mortgage backed security 5.279 11/38	**	163	
Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C3 A1	Mortgage backed security 5.478 3/39	**	327	
Lb-Ubs Commercial Mortgage Tru LBUBS 03-C7 A3	Mortgage backed security CSTR 9/27	**	819	
Lb-Ubs Commercial Mortgage Tru LBUBS 05-C5 XCP	Interest Only Strip CSTR 9/40	**	623	
Lb-Ubs Commercial Mortgage Tru LBUBS 04-C8 XCP	Interest Only Strip CSTR 12/39	**	70	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Lb-Ubs Commercial Mortgage Tru LBUBS 206-C1A XCP	Interest Only Strip CSTR 2/41	**	428	
Lb-Ubs Commercial Mortgage Tru LBUBS 05-C7 XCP	Interest Only Strip CSTR 11/40	**	294	
Legg Mason Inc	Corporate Bond 6.75 7/02/08	**	219	
Lehman Brothers Holdings	Corporate Bond 5.75 7/18/11	**	403	
Lehman Brothers Holdings	Corporate Bond 4.375 11/10	**	368	
Lehman Brothers Holdings	Corporate Bond 4.25 1/27/10	**	681	
Lehman Large Loan LII-1997-LII D	Mortgage backed security 7.15 10/34	**	484	
Long Beach Auto Receivables Tr LBART 2006-B A4	Mortgage backed security 5.18 9/13	**	912	
M&I Auto Loan Trust MILT 05-1 B	Mortgage backed security 5.02 7/12	**	1,064	
Marshall & Ilsley Corp	Corporate Bond 5.35 4/1/11	**	266	
Manuf & Traders Trust Co	Corporate Bond 3.85 4/01/13	**	2,014	
Marriott Vacation Club Owner T MVCOT 05-2 A	Mortgage backed security 4.6% 10/27	**	363	
Marriott Vacation Club Owner T MVCOT 06-2A A	Mortgage backed security 5.417 10/28	**	341	
Marriott Vacation Club Owner T MVCOT 06-2A B	Mortgage backed security 5.467 10/28	**	57	
Marriott Vacation Club Owner T MVCOT 06-2A C	Mortgage backed security 5.766 10/28	**	25	
Mastr Adjustable Rate Mortgage MARM 04-11 1A4	Mortgage backed security 1ML+49 11/34	**	28	
Mastr Adjustable Rate Mortgage MARM 04-11 2A2	Mortgage backed security 1ML+44 11/	**	7	
Mastr Seasoned Securities Trus MSSTR 04-1 1A1	Mortgage backed security CSTR 8/17	**	376	
Mbna Capital A	Corporate Bond 8.278 12/01/26	**	576	
Mbna Credit Card Master Note T MBNAS 05-B4 B4	Mortgage backed security 4.9% 3/11	**	1,372	
Meritage Mortgage Loan Trust MMLT 04-1 M1	Mortgage backed security 1ML+50 7/34	**	172	
Merrill Lynch & Co	Corporate Bond 4.125 1/15/09	**	855	
Merrill Lynch & Co	Corporate Bond 4.831 10/27/08	**	619	
Merrill Lynch Mortgage Trust MLMT 04-BPC1 XP	Interest Only Strip CSTR 9/41	**	335	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Merrill Lynch Mortgage Trust MLMT 04-MKB1 A2	Mortgage backed security 4.353 2/42	**	4,851	
Merrill Lynch Mortgage Trust MLMT 05-MCP1 A2	Mortgage backed security 4.556 6/43	**	1,132	
Merrill Lynch Mortgage Trust MLMT 05-MCP1 XP	Interest Only Strip CSTR 6/43	**	162	
Merrill Lynch Mortgage Trust MLMT 04-KEY2 A2	Mortgage backed security 4.166 8/39	**	1,180	
Merrill Lynch Mortgage Trust MLMT 05-MKB2 XP	Interest Only Strip CSTR 9/42	**	33	
Merrill Lynch/Countrywide Comm MLCFC 07-6 A1	Mortgage backed security 5.175 3/12/51	**	247	
Merrill Lynch/Countrywide Comm MLCFC 07-8 A1	Mortgage backed security 4.622 8/49	**	347	
Merrill Lynch/Countrywide Comm MLCFC 06-3 XP	Interest Only Strip CSTR 7/46	**	471	
Merrill Lynch/Countrywide Comm MLCFC 2006-4 XP	Interest Only Strip CSTR 12/49	**	1,466	
Midamerican Energy Co	Corporate Bond 5.65 7/15/12	**	1,177	
Mizuho Finance Cayman	Corporate Bond 8.625 4/15/ 144A	**	1,278	
Morgan Jp & Co Inc	Corporate Bond 6 1/15/09	**	420	
Morgan Jp & Co Inc	Corporate Bond 6.25 1/15/09	**	323	
Morgan Stanley	Corporate Bond 4 1/15/10	**	431	
Morgan Stanley	Corporate Bond 5.05 1/21/11	**	1,636	
Morgan Stanley	Corporate Bond 6.75 4/15/11	**	2,401	
Morgan Stanley Abs Capital I MSAC 03-NC7 M1	Mortgage backed security 1ML+70 6/33	**	170	
Morgan Stanley Capital I MSC 2007-HQ11 A1	Mortgage backed security CSTR 2/44	**	392	
Morgan Stanley Capital I MSC 99-CAM1 A4	Mortgage backed security 7.02 3/32	**	165	
Morgan Stanley Capital I MSC 04-HQ3 A2	Mortgage backed security 4.05 12/41	**	536	
Morgan Stanley Capital I MSC 2006-HQ10 X2	Interest Only Strip CSTR 11/41	**	430	
Morgan Stanley Capital I MSC 07-IQ13 A1	Mortgage backed security 5.05 3/44	**	381	
Morgan Stanley Capital I MSC 07-HQ14 A1	Mortgage backed security 5.38 4/49	**	803	
Morgan Stanley Capital I MSC 04-HQ4 X2	Interest Only Strip CSTR 4/40	**	86	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Morgan Stanley Capital I MSC 05-IQ9 X2	Interest Only Strip CSTR 7/56	**	226	
Morgan Stanley Capital I MSC 2006-HQ9 A1	Mortgage Backed Security 5.49 7/44	**	939	
Morgan Stanley Capital I MSC 07-HQ12 A1	Mortgage backed security CSTR 4/49	**	450	
Morgan Stanley Capital I MSC 06-T21 A1	Mortgage backed security 4.925 10/52	**	674	
Morgan Stanley Capital I MSC 05-HQ5 X2	Interest Only Strip CSTR 1/42	**	73	
Morgan Stanley Capital I MSC 05-TOP17 X2	Interest Only Strip CSTR 12/41	**	113	
Morgan Stanley Dean Witter Cap MSDWC 01-NC1 M2	Mortgage backed security 1ML+107 10/31	**	6	
National Collegiate Student Lo NCSLT 05-2 AIO	Interest Only Strip 7.73 3/12	**	102	
National Collegiate Student Lo NCSLT 04-2 AIO	Interest Only Strip 9.75 10/14	**	293	
National Collegiate Student Lo NCSLT 06-1 A-IO	Interest Only Strip 5.5 4/11	**	215	
National Collegiate Student Lo NCSLT 05-1 AIO	Interest Only Strip 6.75% 12/09	**	57	
National Collegiate Student Lo NCSLT 2007-2 AIO	Interest Only Strip 6.7 7/12	**	430	
National Collegiate Student Lo NCSLT 2006-2 AIO	Interest Only Strip 6 8/11	**	60	
National Collegiate Student Lo NCSLT 06-4 AIO	Interest Only Strip 6.35 02/12	**	437	
National Collegiate Student Lo NCSLT 05-3Q AIO	Interest Only Strip 4.8 7/12	**	231	
National Collegiate Student Lo NCSLT 2007-1 AIO	Interest Only Strip 7.27 4/12	**	585	
National Collegiate Student Lo NCSLT 2006-3 AIO	Interest Only Strip 7.1 1/12	**	601	
National Rural Utilities	Corporate Bond 5.75 8/28/09	**	426	
Nationslink Funding Corporatio NLFC 99-1 C	Mortgage backed security 6.571 1/31	**	529	
Navistar Financial Corp Owner NAVOT 05-A A4	Mortgage backed security 4.43 1/14	**	566	
New Cingular Wireless Sv / At&T Wireless	Corporate Bond 7.875 3/01/11	**	771	
Nissan Auto Receivables Owner NAROT 05-A A4	Mortgage backed security 3.82 7/10	**	491	

Nissan Auto Receivables Owner
NAROT 07-B A3

Mortgage backed security 5.03 5/11

**

738

41

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Nordstrom Prvt Label Credit Ca NORD 07-1A A	Mortgage backed security 4.92 5/13 144A	**	2,251	
Northstar Education Finance, I NEF 05-1 A5	Mortgage backed security 4.74 10/45	**	829	
Novastar Home Equity Loan NHEL 04-1 M1	Mortgage backed security 1ML+45 6/34	**	130	
Nstar	Corporate Bond 8 2/15/10	**	341	
Onyx Acceptance Owner Trust ONYX 05-B A4	Mortgage backed security 4.34% 5/12	**	459	
Oracle Corp	Corporate Bond 5 1/15/11	**	430	
Orix Corp	Corporate Bond 5.48% 11/22/11	**	1,106	
Park Place Securities Inc PPSI 04-WCW1 M1	Mortgage backed security 1ML+63 9/34	**	276	
Petroleum Export/Cayman	Corporate Bond 4.623 6/15 144A	**	408	
Petroleum Export/Cayman	Corporate Bond 4.633 6/15 144A	**	244	
Pinnacle Capital Asset Trust PCAT 2006-A B	Mortgage backed security 5.51% 9/09	**	330	
Pinnacle Capital Asset Trust PCAT 2006-A C	Mortgage backed security 5.77% 5/10	**	306	
Prime Property Funding	Corporate Bond 5.6 6/15/11	**	540	
Providian Master Note Trust PMNT 06-B1A B1	Mortgage backed security 5.35 3/13	**	1,124	
Providian Master Note Trust PMNT 05-2 B2	Mortgage backed security 5.1 11/12	**	1,030	
Rabobank Nederland	Synthetic GIC - Global Wrap - 4.85% Mortgage backed security 8.294	**	(776)	
Ras Laffan Liq Nat Gas	3/15/14 144A	**	644	
Republic Of Chile	Foreign Bond 6.875 4/28/09 DT	**	42	
Residential Asset Mortgage Pro RAMP 04-SL2 A1I	Mortgage backed security 6.5 10/16	**	55	
Residential Asset Mortgage Pro RAMP 04-RS6 M1I2	Mortgage backed security 1ML+130 6/34	**	225	
Residential Asset Mortgage Pro RAMP 03-SL1 A31	Mortgage backed security 7.125 4/31	**	246	
Salomon Brothers Mortgage Secu SBM7 00-C1 A2	Mortgage backed security 7.52 12/09	**	955	
Salomon Brothers Mortgage Secu SBM7 00-C3 A2	Mortgage backed security 6.592 12/33	**	888	
Santander Issuances	Corporate Bond 5.805/VAR 6/20/16	**	767	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Santander Drive Auto Receivabl				
SDART 07-3 A3 FGIC	Mortgage backed security 5.42 8/12	**	534	
Santander Us Debt Sa Uni	Corporate Bond 4.75 10/21 144A	**	2,333	
Sba Cmbs Trust				
SBAC 05-1A A	Mortgage backed security 5.369 11/35	**	348	
Sba Cmbs Trust				
SBAC 05-1A B	Mortgage backed security 5.565 11/35	**	240	
	Mortgage backed security 7.7 8/15/10			
Scotland Intl Fin No.2	144A	**	1,109	
Securitized Asset Backed Recei	Mortgage backed security 1ML+52			
SABR 04-NC1 M1	2/34	**	247	
Sempra Energy	Corporate Bond 7.95 3/01/10	**	761	
Sempra Energy	Corporate Bond 4.75 5/15/09	**	256	
Simon Property Group Lp	Corporate Bond 4.875 8/15/10	**	379	
Simon Property Group Lp	Corporate Bond 5.375 6/1/11	**	1,121	
Simon Property Group Lp	Corporate Bond 5.6 9/1/11	**	628	
Slm Corp	Corporate Bond 4% 1/15/09	**	1,753	
Slm Corp	Corporate Bond 4 1/15/10	**	620	
Slm Student Loan				
SLMA 05-7 A3	Mortgage backed security 4.41 7/25	**	1,247	
Slm Student Loan Trust	Mortgage backed security 3ML+58			
SLMA 04-A B	6/33	**	203	
Sp Powerassets Ltd	Corporate Bond 3.8 10 144S	**	1,301	
Sprint Capital Corp	Corporate Bond 7.625 1/30/11	**	1,305	
Starwood Commercial Mortgage T				
STARW 99-C1A B	Mortgage backed security 6.92 2/14	**	192	
State St Bk & Tr Co Boston	Synthetic GIC - Global Wrap - 4.85%	**	(776)	
Structured Asset Securities Co	Mortgage backed security 1ML+40			
SASC 04-NP1 A	9/33	**	79	
Structured Asset Securities Co	Mortgage backed security 1ML+36			
SASC 04-GEL1 A	2/34	**	27	
Svo Voi Mortgage Corp				
SVOVM 05-A A	Mortgage backed security 5.25 2/21	**	362	
Telecom Italia Capital	Corporate Bond 4 11/15/08	**	1,002	
Telecom Italia Capital	Corporate Bond 4% 1/15/10	**	1,871	
Telecom Italia Capital	Corporate Bond 4.875 10/01/10	**	463	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Telefonos De Mexico S.A.	Corporate Bond 4.5 11/19/08	**	185	
Telefonos De Mexico S.A.	Corporate Bond 4.75 1/27/10	**	2,993	
Transcapit (Transneft)	Corporate Bond 5.67 3/5/14 144A	**	1,025	
Triad Auto Receivables Owner T TAROT 06-A A3	Mortgage backed security 4.77% 1/11	**	418	
Triad Auto Receivables Owner T TAROT 06-A A4	Mortgage backed security 4.88% 4/13	**	717	
Triad Auto Receivables Owner T TAROT 2006-C A3	Mortgage backed security 5.26 11/14	**	1,224	
Triad Auto Receivables Owner T TAROT 2006-C A4	Mortgage backed security 5.31 5/13	**	568	
Tyrquoise Card Backed Security HCARD 07-1 B	Mortgage backed security 5.53 6/12	**	1,042	
Unicredito Luxem Fin	Corporate Bond 5.584/VAR 1/13/17	**	1,118	
Us Bancorp	Corporate Bond 5.3 4/28/09	**	367	
Us Treasury Note/Bond	USTN 4.375% 12/15/10	**	539	
Us Treasury Note/Bond	USTN 4.625 7/31/12	**	54,056	
Us Treasury Note/Bond	USTN 4.25 6/30/12	**	4,602	
Unitedhealth Group Inc	Corporate Bond 5.125 11/15/10 144A	**	1,734	
Verizon Communications	Corporate Bond 7.25 12/1/10	**	2,356	
Verizon New York Inc	Corporate Bond 6.875 4/01/12	**	365	
Vodafone Group Plc	Corporate Bond 7.75 2/15/10DT	**	2,754	
Vodafone Group Plc	Corporate Bond 5.5 6/15/11	**	794	
Wachovia Auto Loan Owner Trust WALOT 06-2 B	Mortgage backed security 5.29% 6/12	**	368	
Wachovia Auto Loan Owner Trust WALOT 06-2 C	Mortgage backed security 5.34% 10/12	**	693	
Wachovia Auto Loan Owner Trust WALOT 07-1 B	Mortgage backed security 5.38 7/20/12	**	1,050	
Wachovia Auto Loan Owner Trust WALOT 07-1C	Mortgage backed security 5.45 1/22/12	**	725	
Wachovia Auto Loan Owner Trust WALOT 06-1 A-3	Mortgage backed security 5.1 7/11	**	430	
Wachovia Auto Loan Owner Trust WALOT 06-1B	Mortgage backed security 5.15% 7/12	**	534	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Wachovia Auto Owner Trust WAOT 05-B A3	Mortgage backed security 4.79% 4/10	**	1,810	
Wachovia Bank Commercial Mortg WBCMT 03-C7 A1	Mortgage backed security 4.241 10/35	**	875	
Wachovia Bank Commercial Mortg WBCMT 04-C11 A3	Mortgage backed security 4.719 1/41	**	362	
Wachovia Bank Commercial Mortg WBCMT 2006-C27 A2	Mortgage backed security 5.624 7/45	**	265	
Wachovia Bank Commercial Mortg WBCMT 07-C30 A1	Mortgage backed security 5.031 12/43	**	365	
Wachovia Bank Commercial Mortg WBCMT 2007-C30 XP	Interest Only Strip CSTR 12/43	**	538	
Wachovia Bank Commercial Mortg WBCMT 05-C16 APB	Mortgage backed security 4.692 10	**	1,374	
Wachovia Bank Commercial Mortg WBCMT 2004-C15 A2	Mortgage backed security 4.039 10/41	**	1,960	
Wachovia Bank Commercial Mortg WBCMT 05-C16 A2	Mortgage backed security 4.38 10/41	**	1,836	
Wachovia Bank Commercial Mortg WBCMT 03-C8 A3	Mortgage backed security 4.445 11/35	**	1,547	
Wachovia Bank Commercial WBCMT 04-C14 A2	Mortgage backed security 4.368 8/41	**	543	
Wachovia Bank Commercial Mortg WBCMT 05-C22 A1	Mortgage backed security 4.98 12/44	**	125	
Wachovia Bank Commercial Mortg WBCMT 06-C24 XP	Interest Only Strip CSTR 3/45	**	488	
Wachovia Bank Commercial Mortg WBCMT 04-C15 XP	Interest Only Strip CSTR 10/41	**	130	
Wachovia Bank Commercial Mortg WBCMT 05-C18 XP	Interest Only Strip CSTR 4/42	**	341	
Wachovia Capital Trust V	Corporate Bond 7.965 6 144A	**	312	
Wachovia Corp0Ration	Corporate Bond 3.5 8/15/08	**	148	
Wamu Mortgage Pass-Through Cer WAMU-05-AR16 1A3	Mortgage backed security CSTR 12/35	**	690	
Washington Mutual Bank	Corporate Bond 4.5 8/2	**	72	
Washington Mutual Master Note WMMNT 2007-B1 B1	Mortgage backed security 4.95 3/14	**	2,070	
Wells Fargo & Company	Corporate Bond 4 9/10/1	**	1,104	
Wells Fargo & Company	Corporate Bond 4 8/15/08	**	1,524	
Wells Fargo Mortgage Backed Se WFMB 06-AR8 2A6	Mortgage backed security CSTR 4/36	**	826	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value	
Wells Fargo Mortgage Backed Se WFMB5 5-AR9 2A1	Mortgage backed security CSTR 5/35	**	822	
Wells Fargo Mortgage Backed Se WFMB5 05-AR10 2A2	Mortgage backed security CSTR 6/35	**	1,451	
Western Union Co	Corporate Bond 5.4 11/17 144A	**	1,134	
Wfs Financial Owner Trust WESTO 04-4 A4	Mortgage backed security 3.44% 5/12	**	824	
Wfs Financial Owner Trust WESTO 05-3 A4	Mortgage backed security 4.39 5/13	**	406	
Wfs Financial Owner Trust WESTO 05-3 C	Mortgage backed security 4.54 5/13	**	325	
World Omni Auto Receivables Tr WOART 06-A A3	Mortgage backed security 5.01 10/10	**	688	
World Omni Auto Receivables Tr WOART 07-B A3A	Mortgage backed security 5.28 1/17/12	**	427	
Sub-Total Managed Income Fund			585,783	
Self Directed Brokerage Account	13,013 Shares	**	13,013	
Total Assets			1,577,627	

* Represents a party-in-interest to the Plan.

** Historical cost is omitted because the investment is participant-directed.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

Eastman Investment and Employee
Stock Ownership Plan

Date: June 30, 2008

By: /s/ Scott V. King
Scott V. King
Vice President and Controller

Eastman Investment and Employee Stock Ownership Plan
Exhibit Index

Exhibit Number	Description	Sequential Page Number
23.01	Consent of Independent Registered Public Accounting Firm	49

48
