Eastman Chemical Company
P.O. Box 431
Kingsport, Tennessee 37662

EASTMAN

Technical Director
Re: File Reference No. 1850-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

December 14, 2010

Dear Board Members,

The management of Eastman Chemical Company appreciates the opportunity to provide comments on proposals set out in exposure draft 'Leases'. We support the FASB and the IASB in their joint effort to undertake a project to address the current lease accounting model which has been criticized for failing to meet the needs of financial statement users. We believe the proposed right-of-use model addresses the primary concerns of the current model. However, we believe there are several key areas that should be reconsidered in order for the application of the proposed standard to provide useful information at a reasonable cost.

While we support the Board's proposal to move to a new leasing model whereby an asset and liability are reflected in the financial statements, we have concerns that some of the aspects of the proposed guidance create more cost than benefit and are not able to be practically and effectively implemented by preparers. We would strongly encourage the Board to reconsider the scope of this exposure draft as we are concerned the application of these requirements to low value and short term leases, as well as the requirement to reassess each lease at each reporting period, will create an unnecessary and significant burden on preparers that is not justified on cost-benefit grounds.

We also believe that the Board's proposal to define the lease term as the longest possible lease term that is more likely than not to occur, combined with the inclusion of contingent rentals and expected payments under term option penalties and residual value guarantees as part of the lease payment, could lead to a material overstatement of the associated liabilities. We are concerned that the application of this lease term and this lease payment to the measurement of the liability could negatively affect financial debt covenants through overstatement of liabilities.

In addition, while the right-of-use model is an improvement, we believe that implementation of this proposal will require extensive time and resources. We would incur high costs and man hours in order to obtain and implement a management system to account for and monitor lease contracts as well as train associated staff. We also anticipate the need to revise corporate policies around lease decisions, reevaluate financing arrangements, and educate organizations throughout the company. We urge the Board to be cognizant of these demands when developing both the approach and timeframe for implementation of the new guidance.

Sincerely,

Scott V. King

Scott V. King
Vice President, Controller, and Chief Accounting Officer
Eastman Chemical Company