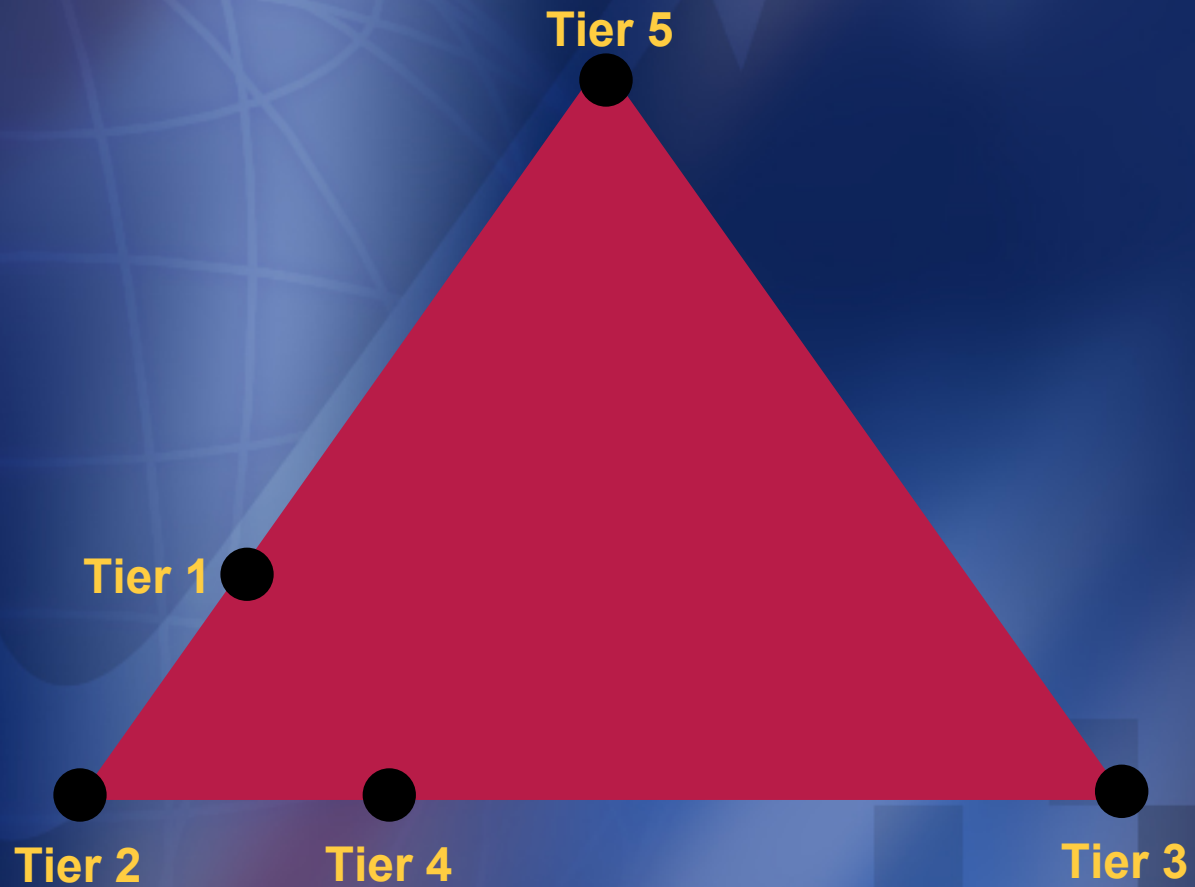


**The Paint Coating Company
Customer Tiers and the
Balanced Scorecard Concepts**

The Paint Coating Company



The Delta Model in the Paint Coating Company



The Paint Coating Company Customer Segmentation by Tiers

Tier 1 - Preferred strategic solution seekers.

Tier 2 - Large price seekers.

Tier 3 - Least attractive price seekers.

Tier 4 - Local manufacturers.

Tier 5 - Specific targeted companies.

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Customer Segmentation by Tiers

Tier 1 - Preferred strategic solution seekers. These are strategic solution seekers that will be the recipient of total customer solutions provided by a team approach. We will target these preferred companies by offering solutions intended to increase productivity and performance, reduce supply chain costs, provide eBusiness solutions and develop jointly unique products and a variety of other value added services. It is mandatory that the customer value propositions will result in quantified and well-documented cost reductions, performance and productivity improvements for our clients, improving our customers and our shareholders profitability.

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Customer Segmentation by Tiers

Tier 2 - Large price seekers. Composed of large price seeker paint & coatings manufacturers, which may not be as responsive to receive the total customers solutions approach of Tier 1 customers. Our intent is to make every effort to move these accounts towards a closer collaboration, seeking a true partnership for value added.

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Customer Segmentation by Tiers

Tier 3 - Least attractive price seekers. These are the least attractive price seekers that have non-existent switching barriers to select a supply. These are primarily transactional customers who will receive minimal services.

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Customer Segmentation by Tiers

Tier 4 - Local manufacturers. These are composed of a large number of local paint & coatings manufacturers, but because of their collective volume, provide attractive opportunities to us but cannot be targeted in the manner of Tier 1 and 2 customers. We will utilize eBusiness and telesales technology to address and satisfy their needs.

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Customer Segmentation by Tiers

Tier 5 - Specific targeted companies. Composed of targeted companies that although small in size, deserve special attention because they are either highly innovative or address unique environmental concerns.

The Balanced Scorecard Dimensions (Corporate)

Balanced Scorecard Framework	Financial Perspective (Shareholder look)	Business Processes (Operational Effectiveness)	Organizational Learning (Technology)	Customer Perspective (Customer Targeting)
Corporate Level	<ul style="list-style-type: none"> • Volume, revenue, earnings, gross margin by product and/or market segment (actual vs. plan) • Revenue and earnings by service and business models <ul style="list-style-type: none"> - Eastman ROI - Complementor ROI • Revenue and earnings by specialty vs. commodity • Growth of volume, revenue, earnings, gross margin (relative to what?) (Growth initiatives) 	<ul style="list-style-type: none"> • Capacity utilization by product categories or production site • Unit cost by Eastman ESQ product categories • % First pass quality by product categories • Budget vs. plan (Cost centers) • Specialty/Commodity ratio of sales 	<ul style="list-style-type: none"> • Rate of product introduction by market segment • Percent of sales from new products by market segment • R&D as % of sales <ul style="list-style-type: none"> - Resins - Solvents - Additives - Formulations • Projected revenue vs. actual for tactical portfolio reaching commercialization • Projected revenue vs. actual for strategic portfolio reaching commercialization 	<ul style="list-style-type: none"> • Product market share • Customer market share by tier • Profitability by customer by tier

The Balanced Scorecard Dimensions (Tier 1)

Balanced Scorecard Framework	Financial Perspective (Shareholder look)	Business Processes (Operational Effectiveness)	Organizational Learning (Technology)	Customer Perspective (Customer Targeting)
Customer Tier Level - Tier 1	<ul style="list-style-type: none"> • Volume • Revenue • Gross Profit • Earnings from Operations • Return on VDS Capital • Return on VDS Investment • Year over year sales and earnings growth • Working capital levels <ul style="list-style-type: none"> - Receivables • Profitability of “customized” manufacturing revenue stream 	<ul style="list-style-type: none"> • Cost to serve the customer • Breadth of customer engagement (use +5 to -5 scale) • % of revenue from differentiated customer solutions <ul style="list-style-type: none"> - Revenue from differentiated products - Revenue from customer integrated solutions and services • % revenue from commoditized products 	<ul style="list-style-type: none"> • Revenues emerging from R&D technology partnerships <ul style="list-style-type: none"> - Customers - Complementors • Revenue emerging from customized technology solutions by customer • Return on invested hours of technical support being provided to customer for product development and for process improvement • Rate of product introduction by market segment • Percent of sales from new products by market segment for each customer • Total R&D as a % of Total Tier 1 Sales • Projected revenue vs. actual for tactical portfolio reaching commercialization by customer • Projected revenue vs. actual for strategic portfolio reaching commercialization by customer 	<ul style="list-style-type: none"> • Product market share by customer • Solution revenue/earnings by customer • Cost to serve the tier • Value added VDS integration level <ul style="list-style-type: none"> - Customer ROI - Eastman ROI • Joint revenue/earnings from complementor relationship <ul style="list-style-type: none"> - Customer ROI - Eastman ROI - Complementor ROI

The Balanced Scorecard Dimensions (Tier 3)

Balanced Scorecard Framework	Financial Perspective (Shareholder look)	Business Processes (Operational Effectiveness)	Organizational Learning (Technology)	Customer Perspective (Customer Targeting)
Customer Tier Level - Tier 3	<ul style="list-style-type: none"> • Volume • Revenue • Gross Project • Earnings from Operations • Return on “low cost” VDS Capital • Return on “low cost” VDS Investment • Year over year sales and earnings growth • Working capital levels <ul style="list-style-type: none"> - Receivables • Cash flow contribution by customer 	<ul style="list-style-type: none"> • Time to complete the transaction from start to finish • Measure customer satisfaction with the transaction • % revenue, volume and earnings by channel <ul style="list-style-type: none"> - Inside sales - Distributor - Self serve - Direct - Digital • % revenue from commoditized products (CAB, MAK, CPO, new products) 	<ul style="list-style-type: none"> • Fees emerging from R&D technology wizards <ul style="list-style-type: none"> - Customers • Cost of developing standardized low cost product solutions by product • R&D cost associated with providing non-customized differentiated products • Rate of product introduction by market segment • Total R&D as a % of total Tier 3 sales 	<ul style="list-style-type: none"> • Product market share by customer • Service fees generated • Cost to serve the customer by channel <ul style="list-style-type: none"> - Inside sales - Distributor - Self serve - Direct - Digital • Unit delivered cost to customer

The Balanced Scorecard Dimensions (Tier 4)

Balanced Scorecard Framework	Financial Perspective (Shareholder look)	Business Processes (Operational Effectiveness)	Organizational Learning (Technology)	Customer Perspective (Customer Targeting)
Customer Tier Level - Tier 4	<p>(Data by Customer Group)</p> <ul style="list-style-type: none"> • Volume • Revenue • Gross Profit • Earnings from Operations • Return on VDS Capital • Return on VDS Investment • Previous year's month sales and earnings growth <ul style="list-style-type: none"> - Quarterly - Annually • Working capital levels <ul style="list-style-type: none"> - Receivables 	<p>(Tier 1 metrics may apply to some subgroups and tier 3 metrics may apply to other subgroups)</p> <p>(Metrics will be developed by customer group)</p>	<p>(Data by Customer Group)</p> <ul style="list-style-type: none"> • Feeds emerging from R&D technology wizards <ul style="list-style-type: none"> - Customers • Cost of developing standardized low cost product solutions by product • R&D cost associated with providing non-customized differentiated products • Rate of product introduction by market segment • Total R&D as a % of total Tier 4 sales • Projected revenue vs. actual for tactical portfolio reaching commercialization by customer • Projected revenue vs. actual for strategic portfolio reaching commercialization by customer 	<ul style="list-style-type: none"> • Market share by customer group by product • Service fees generated by customer group (ROI justified) • Cost to serve by customer group • Value added VDS integration level by customer group <ul style="list-style-type: none"> - Customer ROI - Eastman ROI • Joint revenue/ earnings from complementor relationship by customer group <ul style="list-style-type: none"> - Customer ROI - Eastman ROI - Complementor ROI

The Balanced Scorecard Dimensions (Tier 5)

Balanced Scorecard Framework	Financial Perspective (Shareholder look)	Business Processes (Operational Effectiveness)	Organizational Learning (Technology)	Customer Perspective (Customer Targeting)
Customer Tier Level - Tier 5	<ul style="list-style-type: none"> Total leveraged value across all customer tiers from tier 5 <ul style="list-style-type: none"> - Volume - Revenue - Gross Profit - Earnings from Operations Cost to manage the relationship 	<ul style="list-style-type: none"> Breadth of technology and business innovation engagement (use +5 to - 5 scale) 	<ul style="list-style-type: none"> % of revenue from differentiated technology or business model solutions <ul style="list-style-type: none"> - Revenue from differentiated technologies - Revenue from customer integrated solutions and services % revenues from commoditized products Revenues emerging from R&D technology partnerships <ul style="list-style-type: none"> - Customers - Complementors 	<ul style="list-style-type: none"> Customer's relative market share in the niche Size of EMN market potentially impacted by tier customer Size of additional revenue for the tier customer innovated by EMN (prepare these companies for acquisition by tier 1)