

REFINITIV

DELTA REPORT

10-Q

EMN - EASTMAN CHEMICAL CO
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	586
CHANGES	123
DELETIONS	208
ADDITIONS	255



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, June 30, 2024**
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number **1-12626**

EASTMAN CHEMICAL COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

62-1539359
(I.R.S. Employer
Identification no.)

200 South Wilcox Drive
Kingsport Tennessee
(Address of principal executive offices)

37662
(Zip Code)

Registrant's telephone number, including area code: **(423) 229-2000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	EMN	New York Stock Exchange
1.875% Notes Due 2026	EMN26	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding at March 31, 2024 June 30, 2024
Common Stock, par value \$0.01 per share	117,649,499 116,860,402



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FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this Quarterly Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act (Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are all statements, other than statements of historical fact, that may be made by Eastman Chemical Company ("Eastman" or the "Company") from time to time. In some cases, you can identify forward-looking statements by terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "forecasts", "will", "would", "could", and similar expressions, or expressions of the negative of these terms. Forward-looking statements may relate to, among other things, such matters as planned and expected capacity increases and utilization; anticipated capital spending; expected depreciation and amortization; environmental matters and opportunities (including potential risks associated with physical and transitional impacts of climate change and related voluntary and regulatory carbon requirements); exposure to and effects of hedging raw material and energy prices and foreign currencies exchange and interest rates; disruption or interruption of operations and of raw material or energy supply; operating risks related to the Company's

information technology infrastructure, including service interruptions or data corruption as a result of cyber-based attacks; global and regional economic, political, and business conditions, including heightened inflation, capital market volatility, interest rate and currency fluctuations, and economic slowdown or recession; competition; growth opportunities; supply and demand, volume, price, cost, margin and sales; pending and future legal proceedings; earnings, cash flow, dividends, stock repurchases and other expected financial results, events, decisions, and conditions; expectations, strategies, and plans for individual assets and products, businesses, and operating segments, as well as for the whole of Eastman; cash sources and requirements and uses of available cash; financing plans and activities; pension expenses and funding; credit ratings; anticipated and other future restructuring, acquisition, divestiture, and consolidation activities; cost reduction and control efforts and targets; the timing and costs of, benefits from the integration of, and expected business and financial performance of acquired businesses, as well as the subsequent impairment assessments of acquired long-lived assets; strategic, technology, and product innovation initiatives and development, production, commercialization and acceptance of new products, services and technologies and related costs; asset, business, and product portfolio changes; and expected tax rates and interest costs.

Forward-looking statements are based upon certain underlying assumptions as of the date such statements were made. Such assumptions are based upon internal estimates and other analyses of current market conditions and trends, management expectations, plans, and strategies, economic conditions, and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions and expectations proves to be inaccurate or is unrealized. The known material factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements are identified and discussed under "Risk Factors" in Part II, Item 1A of this Quarterly Report. Other factors, risks or uncertainties of which management is not aware, or presently deems immaterial, could also cause actual results to differ materially from those in the forward-looking statements.

The Company cautions you not to place undue reliance on forward-looking statements, which speak only as of the date of this Quarterly Report. Except as may be required by law, the Company undertakes no obligation to update or alter these forward-looking statements, whether as a result of new information, future events, or otherwise. Investors are advised, however, to consult any further public Company disclosures (such as filings with the Securities and Exchange Commission, Company press releases, or pre-noticed public investor presentations) on related subjects.



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENTS OF EARNINGS,
COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Second Quarter		First Six Months	
	2024	2023	2024	2023
(Dollars in millions, except per share amounts)	(Dollars in millions, except per share amounts)			
(Dollars in millions, except per share amounts)				
(Dollars in millions, except per share amounts)				
Sales				
Sales				
Sales				
Cost of sales				
Cost of sales				
Cost of sales				
Gross profit				
Gross profit				
Gross profit				
Selling, general and administrative expenses				
Selling, general and administrative expenses				
Selling, general and administrative expenses				
Research and development expenses				
Research and development expenses				
Research and development expenses				
Asset impairments and restructuring charges, net				
Asset impairments and restructuring charges, net				
Asset impairments and restructuring charges, net				
Other components of post-employment (benefit) cost, net				
Other components of post-employment (benefit) cost, net				
Other components of post-employment (benefit) cost, net				

Other (income) charges, net
Other (income) charges, net
Other (income) charges, net
Earnings before interest and taxes
Earnings before interest and taxes
Earnings before interest and taxes
Net interest expense
Net interest expense
Net interest expense
Earnings before income taxes
Earnings before income taxes
Earnings before income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net earnings
Net earnings
Provision for (benefit from) income taxes
Net earnings
Less: Net earnings attributable to noncontrolling interest
Less: Net earnings attributable to noncontrolling interest
Less: Net earnings attributable to noncontrolling interest
Net earnings attributable to Eastman
Net earnings attributable to Eastman
Net earnings attributable to Eastman
Basic earnings per share attributable to Eastman
Basic earnings per share attributable to Eastman
Basic earnings per share attributable to Eastman
Diluted earnings per share attributable to Eastman
Diluted earnings per share attributable to Eastman
Diluted earnings per share attributable to Eastman

Comprehensive Income

Comprehensive Income

Comprehensive Income

Net earnings including noncontrolling interest	
Net earnings including noncontrolling interest	
Net earnings including noncontrolling interest	
Other comprehensive income (loss), net of tax:	
Other comprehensive income (loss), net of tax:	
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:
Change in cumulative translation adjustment	
Change in cumulative translation adjustment	
Change in cumulative translation adjustment	
Defined benefit pension and other postretirement benefit plans:	
Defined benefit pension and other postretirement benefit plans:	
Defined benefit pension and other postretirement benefit plans:	Defined benefit pension and other postretirement benefit plans:
Amortization of unrecognized prior service credits	
Amortization of unrecognized prior service credits	
Amortization of unrecognized prior service credits	
Derivatives and hedging:	Derivatives and hedging:
Derivatives and hedging:	
Derivatives and hedging:	

Unrealized gain (loss) during period	
Unrealized gain (loss) during period	
Unrealized gain (loss) during period	
Reclassification adjustment for (gains) losses included in net income, net	
Reclassification adjustment for (gains) losses included in net income, net	
Reclassification adjustment for (gains) losses included in net income, net	
Total other comprehensive income (loss), net of tax	
Total other comprehensive income (loss), net of tax	
Total other comprehensive income (loss), net of tax	
Comprehensive income including noncontrolling interest	
Comprehensive income including noncontrolling interest	
Comprehensive income including noncontrolling interest	
Less: Comprehensive income attributable to noncontrolling interest	
Less: Comprehensive income attributable to noncontrolling interest	
Less: Comprehensive income attributable to noncontrolling interest	
Comprehensive income attributable to Eastman	
Comprehensive income attributable to Eastman	
Comprehensive income attributable to Eastman	
Retained Earnings	Retained Earnings
Retained Earnings	
Retained Earnings	
Retained earnings at beginning of period	
Retained earnings at beginning of period	
Retained earnings at beginning of period	
Net earnings attributable to Eastman	
Net earnings attributable to Eastman	
Net earnings attributable to Eastman	
Cash dividends declared	
Cash dividends declared	
Cash dividends declared	
Retained earnings at end of period	
Retained earnings at end of period	
Retained earnings at end of period	

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



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
			March 31,	December 31,	
			June 30,	December 31,	
			2024	2023	2024 2023
(Dollars in millions, except per share amounts)	(Dollars in millions, except per share amounts)			(Dollars in millions, except per share amounts)	
Assets					
Current assets					
Current assets					
Current assets					
Cash and cash equivalents					

Cash and cash equivalents
Cash and cash equivalents
Trade receivables, net of allowance for credit losses
Miscellaneous receivables
Inventories
Other current assets
Total current assets
Total current assets
Total current assets
Properties
Properties and equipment at cost
Properties and equipment at cost
Properties and equipment at cost
Less: Accumulated depreciation
Net properties
Goodwill
Intangible assets, net of accumulated amortization
Other noncurrent assets
Total assets
Liabilities and Stockholders' Equity
Liabilities and Stockholders' Equity
Liabilities and Stockholders' Equity
Current liabilities
Current liabilities
Current liabilities
Payables and other current liabilities
Payables and other current liabilities
Payables and other current liabilities
Borrowings due within one year
Total current liabilities
Total current liabilities
Total current liabilities
Long-term borrowings
Deferred income tax liabilities
Post-employment obligations
Other long-term liabilities
Total liabilities
Stockholders' equity
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,068,055 and 222,762,317 as of March 31, 2024 and December 31, 2023, respectively)
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,068,055 and 222,762,317 as of March 31, 2024 and December 31, 2023, respectively)
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,068,055 and 222,762,317 as of March 31, 2024 and December 31, 2023, respectively)
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,278,963 and 222,762,317 as of June 30, 2024 and December 31, 2023, respectively)
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,278,963 and 222,762,317 as of June 30, 2024 and December 31, 2023, respectively)
Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 223,278,963 and 222,762,317 as of June 30, 2024 and December 31, 2023, respectively)
Additional paid-in capital
Retained earnings
Accumulated other comprehensive income (loss)

	11,621
Less: Treasury stock at cost (105,469,354 shares as of March 31, 2024 and December 31, 2023)	
	11,811
Less: Treasury stock at cost (106,469,359 and 105,469,354 shares as of June 30, 2024 and December 31, 2023, respectively)	
Total Eastman stockholders' equity	
Noncontrolling interest	
Total equity	
Total liabilities and stockholders' equity	

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



UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	First Three Months		First Six Months			
(Dollars in millions)	(Dollars in millions)	2024	2023	(Dollars in millions)	2024	2023
Operating activities						
Net earnings						
Net earnings						
Net earnings						
Adjustments to reconcile net earnings to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						
Benefit from deferred income taxes						
Benefit from deferred income taxes						
Benefit from deferred income taxes						
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:						
(Increase) decrease in trade receivables						
(Increase) decrease in trade receivables						
(Increase) decrease in trade receivables						
(Increase) decrease in inventories						
Increase (decrease) in trade payables						
Pension and other postretirement contributions (in excess of) less than expenses						
Variable compensation payments (in excess of) less than expenses						
Other items, net						
Net cash used in operating activities						
Net cash provided by operating activities						
Investing activities						
Additions to properties and equipment						
Additions to properties and equipment						
Additions to properties and equipment						
Proceeds from sale of businesses						
Proceeds from sale of businesses						
Proceeds from sale of businesses						
Acquisition, net of cash acquired						
Additions to capitalized software						
Additions to capitalized software						

Additions to capitalized software
Other items, net
Net cash used in investing activities
Financing activities
Net decrease in commercial paper and other borrowings
Net decrease in commercial paper and other borrowings
Net decrease in commercial paper and other borrowings
Net increase in commercial paper and other borrowings
Net increase in commercial paper and other borrowings
Net increase in commercial paper and other borrowings
Proceeds from borrowings
Repayment of borrowings
Dividends paid to stockholders
Treasury stock purchases
Other items, net
Other items, net
Other items, net
Net cash provided by financing activities
Net cash (used in) provided by financing activities
Effect of exchange rate changes on cash and cash equivalents
Net change in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

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



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by Eastman Chemical Company ("Eastman" or the "Company") in accordance and consistent with the accounting policies stated in the Company's 2023 [Annual Report on Form 10-K](#), and should be read in conjunction with the consolidated financial statements in Part II, Item 8 of that report, with the exception of recently adopted accounting standards noted below. The December 31, 2023 financial position data included herein was derived from the consolidated financial statements included in the 2023 [Annual Report on Form 10-K](#) but does not include all disclosures required by accounting principles generally accepted in the United States ("GAAP").

In the opinion of management, the unaudited consolidated financial statements include all normal recurring adjustments necessary for the fair **statement presentation** of the interim financial information in conformity with GAAP. These statements contain some amounts that are based upon management estimates and judgments. Future actual results could differ from such current estimates. The unaudited consolidated financial statements include assets, liabilities, revenues, and expenses of business ventures in which Eastman has a controlling interest. Eastman accounts for other joint ventures and investments where it exercises significant influence on the equity basis. Intercompany transactions and balances are eliminated in consolidation.

Recently Adopted Accounting Standards

Accounting Standards Update ("ASU") 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions: On January 1, 2024, Eastman adopted this update, which states that when measuring the fair value of an asset or a liability, a reporting entity should consider the characteristics of the asset or liability, including restrictions on the sale of the asset or liability, if a market participant also would take those characteristics into account. Key to that determination is the unit of account for the asset or liability being measured at fair value. The adoption did not have a significant impact on the Company's financial statements and related disclosures.

Accounting Standards Issued But Not Adopted as of **March 31, 2024** June 30, 2024

ASU 2023-05 Business Combination - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement: The Financial Accounting Standards Board ("FASB") issued this update in August 2023, which states that a joint venture must initially measure all contributions received upon its formation at fair value, largely consistent with Topic 805, Business Combinations. The guidance is intended to reduce diversity in practice and provide users of joint venture financial statements with more decision-useful information. This ASU should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. Management is currently evaluating the impact on the Company's financial statements and related disclosures.

ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures: The Financial Accounting Standards Board ("FASB") FASB issued this update in November 2023, which requires enhanced disclosures regarding significant segment expenses and other segment items for public entities on both an annual and interim basis. Specifically, the update requires that entities provide, during interim periods, all disclosures related to a reportable segment's profit or loss and assets that were previously required only on an annual basis. Additionally, this guidance necessitates the disclosure of the title and position of the Chief Operating Decision Maker ("CODM"). The new guidance does not modify how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years starting after December 15, 2024. This ASU must be applied retrospectively to all prior periods presented. Management is currently evaluating the impact on the Company's financial statements and related disclosures.

ASU 2023-05 Business Combination - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement: The FASB issued this update in August 2023, which states that a joint venture must initially measure all contributions received upon its formation at fair value, largely consistent with Topic 805, Business Combinations. The guidance is intended to reduce diversity in practice and provide users of joint venture financial statements with more decision-useful information. This ASU should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. Management is currently evaluating the impact on the Company's financial statements and related disclosures.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures: The FASB issued this update in December 2023, which modifies income tax disclosure requirements. The updated guidance requires entities to provide more detailed information including specific categories in the income tax rate reconciliation, and the breakdown of income or loss from continuing operations before income tax expense or benefit, for both domestic and foreign operations. Additionally, entities must disclose income tax expense or benefit from continuing operations, categorized by federal, state, and foreign taxes. The guidance further requires disclosure of income tax payments to various jurisdictions. This ASU is effective for fiscal periods beginning after December 15, 2024, and early adoption is permitted. This ASU should be applied on a prospective basis, although retrospective application is permitted. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

Working Capital Management and Off Balance Sheet Arrangements

The Company has off balance sheet, uncommitted accounts receivable factoring programs under which entire invoices may be sold to third-party financial institutions. The vast majority of these programs are without recourse. Under these programs, the Company sells the invoices at face value, less a transaction fee, which substantially equals the carrying value and fair value with no gain or loss recognized, and no credit loss exposure is retained. Available capacity under these programs, which the Company uses as a routine source of working capital funding, is dependent on the level of accounts receivable eligible to be sold and the financial institutions' willingness to purchase such receivables. In addition, certain programs also require that the Company continue to service, administer, and collect the sold accounts receivable at market rates. The total amounts sold under the program

in first second quarter 2024 and 2023 were \$698 million \$650 million and \$677 million \$753 million, respectively, and \$1.3 billion and \$1.4 billion in first six months 2024 and 2023, respectively.

The Company works with suppliers to optimize payment terms and conditions on accounts payable to enhance timing of working capital and cash flows. Under a supplier finance program, the Company's suppliers may voluntarily sell receivables due from Eastman to a participating financial institution. Eastman's responsibility is limited to making payments on the terms originally negotiated with suppliers, regardless of whether the suppliers sell their receivables to the financial institution. The range of payment terms Eastman negotiates with suppliers are consistent, regardless of whether a supplier participates in the program. No fees are paid by Eastman for the supplier finance platform or services fees. Eastman or the financial institution may terminate the program at any time with immediate effect upon 90 days' notice. Confirmed obligations in the supplier finance program of \$79 \$67 million and \$69 million \$69 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, are included in "Payables and other current liabilities" on the Unaudited Consolidated Statements of Financial Position.

2. INVENTORIES

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
(Dollars in millions)	(Dollars in millions)		(Dollars in millions)	
Finished goods				
Work in process				
Raw materials and supplies				
Total inventories at FIFO or average cost				
Less: LIFO reserve				
Total inventories				

Inventories valued on the last-in, first-out ("LIFO") method were approximately 50 percent of total inventories at both March 31, 2024 June 30, 2024 and December 31, 2023.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

3. INCOME TAXES

	Second Quarter			First Six Months		
	2024	2023		2024	2023	
(Dollars in millions)	(Dollars in millions)					
(Dollars in millions)						
(Dollars in millions)						
	\$	\$	%	\$	\$	%
	\$					
	\$					
Provision for income taxes and tax rate						
Provision for income taxes and tax rate						
Provision for income taxes and tax rate						
Provision for (benefit from) income taxes and tax rate	\$ 56	20 % \$ (3)	(1) %	\$ 105	21 %	\$ 57 12 %

FirstSecond quarter and first six months 2024 provision for income taxes includes a decrease related to the foreign rate variance due to the Company's mix of earnings, partially offset by an increase related to uncertain tax positions. FirstSecond quarter and first six months 2023 provision for income taxes included includes a \$51 million decrease due to state tax law changes that were enacted in second quarter 2023 that extended the carryforward period to utilize existing state tax credits. Additionally, first six months 2023 provision for income taxes includes a \$23 million increase as a result of state guidance issued in first quarter 2023 interpreting certain provisions of the 2017 Tax Cuts and Jobs Act, Act (the "Tax Reform Act").

At March 31, 2024 June 30, 2024 and December 31, 2023, Eastman had \$325 \$345 million and \$320 million, respectively, in unrecognized tax benefits. At March 31, 2024 June 30, 2024, it is reasonably possible that, as a result of the resolution of federal, state, and foreign examinations and appeals, and the expiration of various statutes of limitation, the total amounts of unrecognized tax benefits could decrease by up to \$140 million within the next 12 months.

4. BORROWINGS

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
(Dollars in millions)	(Dollars in millions)		(Dollars in millions)	
Borrowings consisted of:				
7.25% debentures due January 2024				
7.25% debentures due January 2024				

7.25% debentures due January 2024
7.625% debentures due June 2024
3.80% notes due March 2025
1.875% notes due November 2026 ⁽¹⁾
7.60% debentures due February 2027
4.5% notes due December 2028
5.75% notes due March 2033 ⁽²⁾
5.625% notes due February 2034
4.8% notes due September 2042
4.65% notes due October 2044
2024 Term Loan
2027 Term Loan
Total borrowings
Total borrowings
Total borrowings

Less: Borrowings due within one year

Long-term borrowings

- ⁽¹⁾ The carrying value of the euro-denominated 1.875% notes due November 2026 fluctuates with changes in the euro to U.S. dollar exchange rate. The carrying value of this euro-denominated borrowing has been designated as a non-derivative net investment hedge of a portion of the Company's net investments in euro functional-currency denominated subsidiaries to offset foreign currency fluctuations.
- ⁽²⁾ Net proceeds from the bond issuance were used to finance or refinance eligible green investment initiatives, which contribute to Eastman's environmental sustainability strategy (a green bond).

In second quarter 2024, the Company repaid the \$43 million 7.625% debentures due June 2024. There were no debt extinguishment costs associated with the repayment. This redemption is reported under financing activities on the Unaudited Consolidated Statements of Cash Flows.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In first quarter 2024, the Company issued \$750 million aggregate principal amount of 5.625% notes due February 2034 (the "2034 Notes"). Proceeds from the sale of the 2034 Notes, net of original issue discounts and issuance costs, were \$742 million. The Company also repaid the \$198 million 7.25% debentures due January 2024 during first quarter 2024. There were no debt extinguishment costs associated with the repayment. Both the proceeds from the 2034 Notes and the redemption of the debentures are reported under financing activities on the Unaudited Consolidated Statements of Cash Flows.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Credit Facility, Term Loans, and Commercial Paper Borrowings

The Company has access to a \$1.50 billion revolving credit agreement (the "Credit Facility"). In February 2024, the Credit Facility was amended to extend the maturity to February 2029. All other material terms of the Credit Facility remain unchanged. Borrowings under the Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. The Credit Facility includes sustainability-linked pricing terms, provides available liquidity for general corporate purposes, and supports commercial paper borrowings. Commercial paper borrowings are classified as short-term. At March 31, 2024 and December 31, 2023, the Company had no outstanding borrowings under the Credit Facility and no commercial paper borrowings.

In first quarter 2024, the Company repaid the \$300 million delayed draw two-year term loan (the "2024 Term Loan"). There were no extinguishment costs associated with the repayment of this term loan. The outstanding balance on the \$500 million term loan that matures in 2027 (the "2027 Term Loan") was \$499 million at both March 31, 2024 and December 31, 2023, with variable interest rates of 6.55% and 6.58%, respectively. The 2027 Term Loan is subject to interest at varying spreads above quoted market rates.

The Credit Facility and the 2027 Term Loan contain customary covenants, including requirements to maintain certain financial ratios, that determine the events of default, amounts available, and terms of borrowings. The Company was in compliance with all applicable covenants at both March 31, 2024 and December 31, 2023.

Fair Value of Borrowings

Eastman has classified its total borrowings at March 31, 2024 and December 31, 2023 under the fair value hierarchy as defined in the accounting policies in Note 1, "Significant Accounting Policies", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 Annual Report on Form 10-K. The fair value for fixed-rate debt

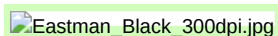
securities is based on quoted market prices for the same or similar debt instruments and is classified as Level 2. The fair value for the 2027 Term Loan equals the carrying value and is classified as Level 2. The Company's fair value of total borrowings was \$4.9 billion at March 31, 2024 \$4.8 billion and \$4.7 billion at June 30, 2024 and December 31, 2023, respectively. The Company had no borrowings classified as Level 1 or Level 3 as of March 31, 2024 June 30, 2024 and December 31, 2023.

5. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS

Overview of Hedging Programs

Eastman is exposed to market risks, such as changes in foreign currency exchange rates, raw material and energy prices, and interest rates. To mitigate these market risks and their effects on the cash flows of the underlying transactions and investments in foreign subsidiaries, the Company uses various derivative and non-derivative financial instruments, when appropriate, in accordance with the Company's hedging strategy and policies. Designation is performed on a specific exposure basis to support hedge accounting. The Company does not enter into derivative transactions for speculative purposes.

For further information on the Company's hedging programs, see Note 10, "Derivative and Non-Derivative Financial Instruments", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#).



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Cash Flow Hedges

Cash flow hedges are derivative instruments designated as and used to hedge the exposure to variability in expected future cash flows that are attributable to a particular risk. The derivative instruments that are designated and qualify as a cash flow hedge are reported on the balance sheet at fair value and the changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the anticipated cash flows of the underlying exposures being hedged. The change in the hedge instrument is reported as a component of "Accumulated other comprehensive income (loss)" ("AOCI") on the Unaudited Consolidated Statements of Financial Position and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Cash flows from cash flow hedges are classified as operating activities in the Unaudited Consolidated Statements of Cash Flows.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Hedges

Fair value hedges are defined as derivative or non-derivative instruments designated as and used to hedge the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk. The derivative instruments that are designated and qualify as fair value hedges are reported as "Long-term borrowings" on the Unaudited Consolidated Statements of Financial Position at fair value and the changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the anticipated fair value of the underlying exposures being hedged. The net of the change in the hedge instrument and item being hedged for qualifying fair value hedges is recognized in earnings in the same period or periods during which the hedged transaction affects earnings. Cash flows from fair value hedges are classified as operating activities in the Unaudited Consolidated Statements of Cash Flows.

Net Investment Hedges

Net investment hedges are defined as derivative or non-derivative instruments designated as and used to hedge the foreign currency exposure of the net investments in certain foreign operations. The net of the change in the hedge instrument and item being hedged for qualifying net investment hedges is reported as a component of the "Cumulative Translation Adjustment" ("CTA") within AOCI on the Unaudited Consolidated Statements of Financial Position. Cash flows from the CTA component are classified as operating activities in the Unaudited Consolidated Statements of Cash Flows. Recognition in earnings of amounts previously recognized in CTA is limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. In the event of a complete or substantially complete liquidation of the net investment, cash flows from net investment hedges are classified as investing activities in the Unaudited Consolidated Statements of Cash Flows.

For derivative cross-currency interest rate swap net investment hedges, gains and losses representing hedge components excluded from the assessment of effectiveness are recognized in CTA within AOCI and recognized in earnings through the periodic swap interest accruals. The cross-currency interest rate swaps designated as net investment hedges are included as part of "Other long-term liabilities", "Other noncurrent assets", "Payables and other current liabilities", or "Other current assets" on the Unaudited Consolidated Statements of Financial Position. Cash flows from excluded components are classified as operating activities in the Unaudited Consolidated Statements of Cash Flows.

Eastman enters into fixed-to-fixed cross-currency swaps and designates these swaps to hedge a portion of its net investment in a non-U.S. dollar functional currency denominated subsidiary against foreign currency fluctuations. These contracts involve the exchange of fixed U.S. dollars with fixed foreign currency interest payments periodically over the life of the contracts and an exchange of the notional amounts at maturity.

In first quarter 2024, in conjunction with the repayment of the 7.25% debentures due January 2024, the Company terminated fixed-to-fixed cross-currency swaps of \$190 million (€165 million) maturing January 2024. The termination of the cross-currency swap resulted in a \$9 million gain recognized in CTA. The related cash flows were classified as investing activities in the Unaudited Consolidated Statements of Cash Flows.

Additionally, in first quarter 2024, Eastman entered into fixed-to-fixed cross-currency swaps of \$50 million (€46 million) maturing December 2028, \$200 million (€184 million) maturing September 2029, and \$250 million (€230 million) maturing February 2034.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Summary of Financial Position and Financial Performance of Hedging Instruments

The following table presents the notional amounts outstanding at March 31, June 30, 2024 and December 31, 2023 associated with Eastman's hedging programs.

Notional Outstanding	Notional Outstanding	March 31, 2024	December 31, 2023	Notional Outstanding	June 30, 2024	December 31, 2023
Derivatives designated as cash flow hedges:						
Derivatives designated as cash flow hedges:						
Derivatives designated as cash flow hedges:						
Foreign Exchange Forward and Option Contracts (in millions)						
Foreign Exchange Forward and Option Contracts (in millions)						
Foreign Exchange Forward and Option Contracts (in millions)						
EUR/USD (in EUR)		€393	€405		€399	€405
EUR/USD (in EUR)						
EUR/USD (in EUR)						
Commodity Forward and Collar Contracts						
Commodity Forward and Collar Contracts						
Commodity Forward and Collar Contracts						
Energy (in million british thermal units)						
Energy (in million british thermal units)						
Energy (in million british thermal units)						
Derivatives designated as fair value hedges:						
Derivatives designated as fair value hedges:						
Derivatives designated as fair value hedges:						
Fixed-for-floating interest rate swaps (in millions)						
Fixed-for-floating interest rate swaps (in millions)						
Fixed-for-floating interest rate swaps (in millions)			\$75			\$75
Derivatives designated as net investment hedges:						
Derivatives designated as net investment hedges:						
Derivatives designated as net investment hedges:						
Derivatives designated as net investment hedges:						
Derivatives designated as net investment hedges:						
Derivatives designated as net investment hedges:						
Cross-currency interest rate swaps (in millions)						
Cross-currency interest rate swaps (in millions)						
Cross-currency interest rate swaps (in millions)						
EUR/USD (in EUR)						
EUR/USD (in EUR)						
EUR/USD (in EUR)		€1,648	€1,354		€1,648	€1,354
JPY/USD (in JPY)				¥7,385		¥7,385
JPY/USD (in JPY)						
JPY/USD (in JPY)						

Non-derivatives designated as net investment hedges:
Non-derivatives designated as net investment hedges:
Non-derivatives designated as net investment hedges:
Non-derivatives designated as net investment hedges:
Non-derivatives designated as net investment hedges:
Non-derivatives designated as net investment hedges:

Foreign Currency Net Investment Hedges (in millions)
Foreign Currency Net Investment Hedges (in millions)
Foreign Currency Net Investment Hedges (in millions)

EUR/USD (in EUR)	
EUR/USD (in EUR)	
EUR/USD (in EUR)	€498

Fair Value Measurements

All the Company's derivative assets and liabilities are currently classified as Level 2. Level 2 fair value is based on estimates using standard pricing models. These standard pricing models use inputs that are derived from or corroborated by observable market data such as interest rate yield curves and currency spot and forward rates. The fair value of commodity contracts is derived using forward curves supplied by an industry recognized and unrelated third party. In addition, on an ongoing basis, the Company compares a subset of its valuations against valuations received from counterparties to validate the accuracy of its standard pricing models. The Company had no derivatives classified as Level 3 as of March 31, 2024 June 30, 2024 and December 31, 2023. Counterparties to these derivative contracts are highly rated financial institutions which the Company believes carry minimal risk of nonperformance, and the Company diversifies its positions among such counterparties to reduce its exposure to counterparty risk and credit losses. The Company monitors the creditworthiness of its counterparties on an ongoing basis. The Company did not recognize a credit loss during second quarter and first quarter six months 2024 or 2023.

All the Company's derivative contracts are subject to master netting arrangements, or similar agreements, which provide for the option to settle contracts on a net basis when they settle on the same day and in the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event. The Company does not have any cash collateral due under such agreements.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company has elected to present derivative contracts on a gross basis on the Unaudited Consolidated Statements of Financial Position. The following table presents the financial assets and liabilities valued on a recurring and gross basis and includes where the financial assets and liabilities are on the Unaudited Consolidated Statements of Financial Position as of March 31, 2024 June 30, 2024 and December 31, 2023.

The Financial Position and Fair Value Measurements of Hedging Instruments on a Gross Basis

(Dollars in millions)

Derivative Type		Statements of Financial Position		Level 2		Statements of Financial Position		Level 2	
Derivative Type	Derivative Type	Classification	March 31, 2024		December 31, 2023	Derivative Type	Classification	June 30, 2024	December 31, 2023
Derivatives designated as cash flow hedges:	Derivatives designated as cash flow hedges:			Derivatives designated as cash flow hedges:					
Foreign exchange contracts									
Foreign exchange contracts									
Foreign exchange contracts									

Foreign exchange contracts
Derivatives designated as fair value hedges:
Derivatives designated as fair value hedges:
Derivatives designated as fair value hedges:
Fixed-for-floating interest rate swap
Fixed-for-floating interest rate swap
Fixed-for-floating interest rate swap
Derivatives designated as net investment hedges:
Derivatives designated as net investment hedges:
Derivatives designated as net investment hedges:
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Total Derivative Assets
Derivatives designated as cash flow hedges:
Derivatives designated as cash flow hedges:
Derivatives designated as cash flow hedges:
Commodity contracts
Commodity contracts
Commodity contracts
Foreign exchange contracts
Foreign exchange contracts
Foreign exchange contracts
Foreign exchange contracts
Derivatives designated as fair value hedges:
Derivatives designated as fair value hedges:
Derivatives designated as fair value hedges:
Fixed-for-floating interest rate swap
Fixed-for-floating interest rate swap
Fixed-for-floating interest rate swap
Fixed-for-floating interest rate swap
Derivatives designated as net investment hedges:
Derivatives designated as net investment hedges:
Derivatives designated as net investment hedges:
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Total Derivative Liabilities
Total Net Derivative Assets (Liabilities)

In addition to the fair value associated with derivative instruments designated as cash flow hedges, fair value hedges, and net investment hedges, the Company had non-derivative instruments designated as foreign currency net investment hedges with a carrying value of \$538 million \$533 million at March 31, 2024 June 30, 2024 and \$550 million at December 31, 2023. The designated foreign currency-denominated borrowings are included as part of "Borrowings due within one year" and "Long-term borrowings" on the Unaudited Consolidated Statements of Financial Position.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For additional fair value measurement information, see Note 1, "Significant Accounting Policies", and Note 10, "Derivative and Non-Derivative Financial Instruments", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#).

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the following amounts were included on the Unaudited Consolidated Statements of Financial Position related to cumulative basis adjustments for fair value hedges.

(Dollars in millions)	(Dollars in millions)	Carrying amount of the hedged liabilities	Cumulative amount of fair value hedging loss adjustment included in the carrying amount of the hedged liability	(Dollars in millions)	Carrying amount of the hedged liabilities	Cumulative amount of fair value hedging loss adjustment included in the carrying amount of the hedged liability
Line item on the Unaudited Consolidated Statements of Financial Position in which the hedged item is included	Line item on the Unaudited Consolidated Statements of Financial Position in which the hedged item is included	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	Line item on the Unaudited Consolidated Statements of Financial Position in which the hedged item is included
Borrowings due within one year						
Long-term borrowings						

The following table presents the effect of the Company's hedging instruments on "Other comprehensive income (loss), net of tax" ("OCI") and financial performance for **second quarter and first quarter six months** 2024 and 2023.

		Change in amount of after tax gain (loss) recognized in OCI on derivatives	Change in amount of after tax gain (loss) recognized in OCI on derivatives	Change in amount of after tax gain (loss) recognized in OCI on derivatives	Pre-tax amount of gain (loss) reclassified from AOCI into earnings	Change in amount of after tax gain (loss) recognized in OCI on derivatives	Pre-tax amount of gain (loss) reclassified from AOCI into earnings
(Dollars in millions)	(Dollars in millions)	Second Quarter	First Six Months	Second Quarter	First Six Months	Second Quarter	First Six Months
Hedging Relationships	Hedging Relationships	2024	2023	2024	2023	2024	2023
Hedging Relationships							
Hedging Relationships							
Derivatives in cash flow hedging relationships:							
Derivatives in cash flow hedging relationships:							
Derivatives in cash flow hedging relationships:							
Commodity contracts							
Commodity contracts							
Commodity contracts							

Foreign exchange contracts
Foreign exchange contracts
Foreign exchange contracts
Forward starting interest rate and treasury lock swap contracts
Forward starting interest rate and treasury lock swap contracts
Forward starting interest rate and treasury lock swap contracts
Non-derivatives in net investment hedging relationships (pre-tax):
Non-derivatives in net investment hedging relationships (pre-tax):
Non-derivatives in net investment hedging relationships (pre-tax):
Net investment hedges
Net investment hedges
Net investment hedges
Derivatives in net investment hedging relationships (pre-tax):
Derivatives in net investment hedging relationships (pre-tax):
Derivatives in net investment hedging relationships (pre-tax):
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps
Cross-currency interest rate swaps excluded component
Cross-currency interest rate swaps excluded component
Cross-currency interest rate swaps excluded component



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the effect of fair value and cash flow hedge accounting in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings for second quarter and first quarter six months 2024 and 2023.

	Location and Amount of Gain or (Loss) Recognized in Earnings from Fair Value and Cash Flow Hedging Relationships										First Quarter				Second Quarter
	2024			2024			2023			2024			2023		
	(Dollars in millions)	Sales	Cost of Sales	Net Interest Expense	Sales	Cost of Sales	Net Interest Expense	(Dollars in millions)	Sales	Cost of Sales	Net Interest Expense	Sales	Cost of Sales	Net Interest Expense	
(Dollars in millions)															
Total amounts of income and expense line items presented in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings in which the effects of fair value or cash flow hedges are recognized															
The effects of fair value and cash flow hedging:															
Gain or (loss) on fair value hedging relationships:															
Gain or (loss) on fair value hedging relationships:															
Gain or (loss) on fair value hedging relationships:															
Interest contracts (fixed-for-floating interest rate swaps):															
Interest contracts (fixed-for-floating interest rate swaps):															
Interest contracts (fixed-for-floating interest rate swaps):															
Hedged items															
Hedged items															
Hedged items															
Derivatives designated as hedging instruments															
Gain or (loss) on cash flow hedging relationships:															
Interest contracts (forward starting interest rate and treasury lock swap contracts):															
Interest contracts (forward starting interest rate and treasury lock swap contracts):															
Interest contracts (forward starting interest rate and treasury lock swap contracts):															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Commodity Contracts:															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Foreign Exchange Contracts:															
Foreign Exchange Contracts:															
Foreign Exchange Contracts:															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Amount reclassified from AOCI into earnings															
Location and Amount of Gain or (Loss) Recognized in Earnings from Fair Value and Cash Flow Hedging Relationships															
First Six Months															
20242023															
SalesCost of SalesNet Interest ExpenseSalesCost of SalesNet Interest Expense															
(Dollars in millions)															
Total amounts of income and expense line items presented in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings in which the effects of fair value or cash flow hedges are recognized															
	\$	4,673	\$	3,542	\$	99	\$	4,736	\$	3,623	\$	106			
The effects of fair value and cash flow hedging:															

Gain or (loss) on fair value hedging relationships:			
Interest contracts (fixed-for-floating interest rate swaps):			
Hedged items		2	2
Derivatives designated as hedging instruments		(2)	(2)
Gain or (loss) on cash flow hedging relationships:			
Interest contracts (forward starting interest rate and treasury lock swap contracts):			
Amount reclassified from AOCI into earnings		(1)	(2)
Commodity Contracts:			
Amount reclassified from AOCI into earnings		(23)	(3)
Foreign Exchange Contracts:			
Amount reclassified from AOCI into earnings	5	7	

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company enters into foreign exchange derivatives denominated in multiple currencies which are transacted and settled in the same quarter. These derivatives are not designated as hedges due to the short-term nature and the gains or losses on these derivatives are marked-to-market in line item "Other (income) charges, net" in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings. As a result of these derivatives, the Company recognized a net gain of \$2 million and a net loss of \$5 million \$3 million during both first second quarter 2024 and first six months 2024, respectively, and recognized a net loss of \$1 million and \$6 million during second quarter 2023, and first six months 2023, respectively.

Pre-tax monetized positions and mark-to-market gains and losses from raw materials and energy, currency, and certain interest rate hedges that were included in AOCI resulted in a net gain of \$41 million \$99 million and a net loss of \$4 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Gains in AOCI increased between December 31, 2023 and March 31, 2024 June 30, 2024 primarily as a result of a decrease in euro to U.S. dollar exchange rates. If recognized, approximately \$21 million \$1 million in pre-tax losses gains as of March 31, 2024 June 30, 2024, would be reclassified into earnings during the next 12 months, including foreign exchange contracts prospectively dedesignated and monetized in fourth quarter 2022.

6. RETIREMENT PLANS

Defined Benefit Pension Plans and Other Postretirement Benefit Plans

Eastman maintains defined benefit pension plans that provide eligible employees with retirement benefits. In addition, Eastman provides life insurance for eligible retirees hired prior to January 1, 2007. Company funding is provided for eligible Medicare retirees hired prior to January 1, 2007 with a health reimbursement arrangement. Costs recognized for these benefits are estimated amounts, which may change as actual costs for the year are determined.

For additional information regarding retirement plans, see Note 11, "Retirement Plans", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#).



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Components of net periodic benefit (credit) cost were as follows:

	First Quarter				Second Quarter			
	Pension Plans		Other Postretirement Benefit Plans		Pension Plans		Other Postretirement Benefit Plans	
	2024	2024	2023		2024	2023	2024	2023
(Dollars in millions)								
Service cost								
Service cost								
Service cost								
Interest cost								
Expected return on assets								
Amortization of:								
Amortization of:								
Amortization of:								

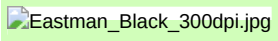
Prior service credit, net				
Prior service credit, net				
Prior service credit, net				
Net periodic benefit (credit) cost				
Net periodic benefit (credit) cost				
Net periodic benefit (credit) cost				
		First Six Months		
		First Six Months		
		First Six Months		
		Pension Plans	Other Postretirement Benefit Plans	
		2024	2023	2024
				2023
(Dollars in millions)				
Service cost				
Service cost				
Service cost				
Interest cost				
Expected return on assets				
Amortization of:				
Amortization of:				
Amortization of:				
Prior service credit, net				
Prior service credit, net				
Prior service credit, net				
Net periodic benefit (credit) cost				
Net periodic benefit (credit) cost				
Net periodic benefit (credit) cost				

7. OTHER COMMITMENTS

Eastman has commitments consisting of debt securities, credit facilities, term loans, interest payable, purchase obligations, operating leases, and other liabilities.

In first quarter 2024, purchase obligations in the 2029 and beyond period decreased by approximately \$1.5 billion as a result of exiting an agreement with a supplier after contract negotiations. Eastman had remaining debt and other commitments at March 31, 2024 June 30, 2024 totaling approximately \$10.5 billion over a period of approximately 30 years.

Other than the purchase obligations discussed above, there have been no material changes to the Company's commitments from those disclosed in Note 12, "Leases and Other Commitments", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#).



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

8. ENVIRONMENTAL MATTERS AND ASSET RETIREMENT OBLIGATIONS

Certain Eastman manufacturing facilities generate hazardous and nonhazardous wastes, of which the treatment, storage, transportation, and disposal are regulated by various governmental agencies. In connection with the cleanup of various hazardous waste sites, the Company, along with many other entities, has been designated a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency under the Comprehensive Environmental Response, Compensation and Liability Act, which potentially subjects PRPs to joint and several liability for certain cleanup costs. In addition, the Company will incur costs for environmental remediation and closure and post-closure under the federal Resource Conservation and Recovery Act. Reserves for environmental contingencies have been established in accordance with Eastman's policies described in Note 1, "Significant Accounting Policies", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#). The resolution of uncertainties related to environmental matters may have a material adverse effect on the Company's consolidated results of operations in the period recognized. However, because of the availability of legal defenses, the Company's preliminary assessment of actions that may be required, and the extended period of time that the obligations are expected to be satisfied, management does not believe that the Company's liability for these environmental matters, individually or in the aggregate, will have a material adverse effect on the Company's future overall financial position, results of operations, or cash flows.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Environmental Remediation and Environmental Asset Retirement Obligations

The Company's net environmental reserve for environmental contingencies, including remediation costs and asset retirement obligations, is included as part of "Other noncurrent assets", "Payables and other current liabilities", and "Other long-term liabilities" on the Unaudited Consolidated Statements of Financial Position as follows:

(Dollars in millions)	(Dollars in millions)	March 31, 2024	December 31, 2023	(Dollars in millions)	June 30, 2024	December 31, 2023
Environmental contingencies, current						
Environmental contingencies, long-term						
Total						

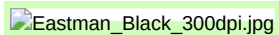
Environmental Remediation

Estimated future environmental expenditures for undiscounted remediation costs ranged from the best estimate or minimum of \$250 million \$257 million to the maximum of \$493 million \$503 million and from the best estimate or minimum of \$252 million to the maximum of \$497 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The best estimate or minimum estimated future environmental expenditures are considered to be probable and reasonably estimable.

Reserves for environmental remediation include liabilities expected to be paid within approximately 30 years. The amounts charged to pre-tax earnings for environmental remediation and related charges are recognized in "Cost of sales" and "Other (income) charges, net" in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings.

Changes in the reserves for environmental remediation liabilities during first three six months 2024 and full year 2023 are summarized below:

(Dollars in millions)	Environmental Remediation Liabilities
Balance at December 31, 2022	\$ 245
Changes in estimates recognized in earnings and other	19
Cash reductions	(12)
Balance at December 31, 2023	252
Changes in estimates recognized in earnings and other	1 11
Cash reductions	(3) (6)
Balance at March 31, 2024 June 30, 2024	\$ 250 257



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Environmental Asset Retirement Obligations

An asset retirement obligation is an obligation for the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development, or normal operation of that long-lived asset. Environmental asset retirement obligations primarily consist of closure and post-closure costs. For sites that have environmental asset retirement obligations, the best estimate recognized to date for these environmental asset retirement obligation costs were \$31 million and \$32 million at both March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

Non-Environmental Asset Retirement Obligations

The Company has contractual asset retirement obligations not associated with environmental liabilities. Eastman's non-environmental asset retirement obligations are primarily associated with the future closure of leased manufacturing assets in Pace, Florida and Oulu, Finland. These non-environmental asset retirement obligations were \$52 million \$53 million and \$51 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, and are included in "Other long-term liabilities" on the Unaudited Consolidated Statements of Financial Position.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

9. LEGAL MATTERS

From time to time, Eastman and its operations are parties to, or targets of, lawsuits, claims, investigations and proceedings, including product liability, personal injury, asbestos, patent and intellectual property, commercial, contract, environmental, antitrust, health and safety, and employment matters, which are primarily handled and defended in the ordinary course of business. While the Company is unable to predict the outcome of these matters, it does not believe, based upon currently available facts, that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial position, results of operations, or cash flows.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

10. STOCKHOLDERS' EQUITY

Reconciliations of the changes in stockholders' equity for first second quarter 2024 and 2023 are provided below:

(Dollars in millions, except per share amount)	(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity	(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontr
Balance at December 31, 2023																	
Balance at March 31, 2024																	
Net Earnings																	
Net Earnings																	
Net Earnings																	
Cash Dividends Declared (1) (\$0.81 per share)																	
Other Comprehensive Income (Loss)																	
Share-Based Compensation Expense (2)																	
Stock Option Exercises																	
Other (3)																	
Other (3)																	
Other (3)																	
Share Repurchases																	
Distributions to noncontrolling interest																	
Distributions to noncontrolling interest																	
Distributions to noncontrolling interest																	
Balance at March 31, 2024																	
Balance at June 30, 2024																	
Balance at June 30, 2024																	
Balance at June 30, 2024																	

(Dollars in millions, except per share amount)	(Dollars in millions, except per share amount)							(Dollars in millions, except per share amount)									
	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity	
Balance at December 31, 2022																	
Balance at March 31, 2023																	
Net Earnings																	
Net Earnings																	
Net Earnings																	
Cash Dividends Declared ⁽¹⁾ (\$0.79 per share)																	
Other Comprehensive Income (Loss)																	
Share-Based Compensation Expense ⁽²⁾																	
Stock Option Exercises																	
Other ⁽³⁾																	
Other ⁽³⁾																	
Other ⁽³⁾																	
Other																	
Other																	
Other																	
Share Repurchases																	
Distributions to Noncontrolling Interest																	
Distributions to Noncontrolling Interest																	
Distributions to Noncontrolling Interest																	
Balance at March 31, 2023																	
Balance at June 30, 2023																	

- (1) Cash dividends declared consists of cash dividends paid and dividends declared but unpaid.
- (2) Share-based compensation expense is based on the fair value of share-based awards.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amount)	Common		Accumulated Other		Treasury		Total Eastman			
	Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Stock at Cost		Stockholders' Equity		Noncontrolling Interest	Total Equity
Balance at December 31, 2023	\$ 2	\$ 2,368	\$ 9,490	\$ (319)	\$ (6,083)	\$	5,458	\$	72	\$ 5,530
Net Earnings	—	—	395	—	—		395		1	396

Cash Dividends Declared ⁽¹⁾ (\$1.62 per share)	—	—	(191)	—	—	(191)	—	(191)
Other Comprehensive Income (Loss)	—	—	—	17	—	17	—	17
Share-Based Compensation Expense ⁽²⁾	—	35	—	—	—	35	—	35
Stock Option Exercises	—	22	—	—	—	22	—	22
Other ⁽³⁾	—	(8)	—	—	(1)	(9)	—	(9)
Share Repurchases	—	—	—	—	(100)	(100)	—	(100)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2024	\$ 2	\$ 2,417	\$ 9,694	\$ (302)	\$ (6,184)	\$ 5,627	\$ 72	\$ 5,699

	Common			Accumulated Other		Total Eastman		
	Stock at Par	Additional Paid-	Retained	Comprehensive Income	Treasury	Total Eastman		
(Dollars in millions, except per share amount)	Value	in Capital	Earnings	(Loss)	Stock at Cost	Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2022	\$ 2	\$ 2,315	\$ 8,973	\$ (205)	\$ (5,932)	\$ 5,153	\$ 83	\$ 5,236
Net Earnings	—	—	406	—	—	406	—	406
Cash Dividends Declared ⁽¹⁾ (\$1.58 per share)	—	—	(189)	—	—	(189)	—	(189)
Other Comprehensive Income (Loss)	—	—	—	(66)	—	(66)	—	(66)
Share-Based Compensation Expense ⁽²⁾	—	39	—	—	—	39	—	39
Stock Option Exercises	—	2	—	—	—	2	—	2
Other ⁽³⁾	—	(14)	—	—	—	(14)	2	(12)
Share Repurchases	—	—	—	—	(50)	(50)	—	(50)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(14)	(14)
Balance at June 30, 2023	\$ 2	\$ 2,342	\$ 9,190	\$ (271)	\$ (5,982)	\$ 5,281	\$ 71	\$ 5,352

- (1) Cash dividends declared consists of cash dividends paid and dividends declared but unpaid.
- (2) Share-based compensation expense is based on the fair value of share-based awards.
- (3) Additional paid-in capital includes the value of shares withheld for employees' taxes on vesting of share-based compensation awards.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Accumulated Other Comprehensive Income (Loss), Net of Tax

	(Dollars in millions)	Cumulative Translation Adjustment	Benefit Plans Unrecognized Prior Service Credits	Unrealized Gains (Losses) on Derivative Instruments	Unrealized Losses on Investments	Accumulated Other Comprehensive Income (Loss)	(Dollars in millions)	Cumulative Translation Adjustment	Benefit Plans Unrecognized Prior Service Credits	Unrealized Gains (Losses) on Derivative Instruments	Unrealized Losses on Investments	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2022												
Period change												
Balance at December 31, 2023												
Period change												
Balance at March 31, 2024												

Balance
at June
30, 2024

Amounts of other comprehensive income (loss) are presented net of applicable taxes. Eastman recognizes deferred income taxes on the CTA related to branch operations and income from other entities included in the Company's consolidated U.S. tax return. No deferred income taxes are recognized on the CTA of other subsidiaries outside the United States because the CTA is considered to be a component of indefinitely invested, unremitted earnings of these foreign subsidiaries.

Components of OCI recognized in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings are presented below, before tax and net of tax effects:

	First Quarter				Second Quarter				
	2024		2024		2023		2024		2023
(Dollars in millions)	Before Tax	Net of Tax	Before Tax	Net of Tax	(Dollars in millions)	Before Tax	Net of Tax	Before Tax	Net of Tax
Other comprehensive income (loss)									
Change in cumulative translation adjustment									
Change in cumulative translation adjustment									
Change in cumulative translation adjustment									
Defined benefit pension and other postretirement benefit plans:									
Amortization of unrecognized prior service credits									
Amortization of unrecognized prior service credits									
Amortization of unrecognized prior service credits									
Derivatives and hedging:									
Derivatives and hedging:									
Derivatives and hedging:									
Unrealized gain (loss) during period									
Unrealized gain (loss) during period									
Unrealized gain (loss) during period									
Reclassification adjustment for (gains) losses included in net income, net									
Total other comprehensive income (loss)									
Total other comprehensive income (loss)									
Total other comprehensive income (loss)									

Unrealized gain (loss) during period	
Reclassification adjustment for (gains) losses included in net income, net	
Total other comprehensive income (loss)	
Total other comprehensive income (loss)	
Total other comprehensive income (loss)	



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

11. EARNINGS AND DIVIDENDS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share ("EPS") which are calculated using the treasury stock method:

		Second Quarter		First Six Months	
(In millions, except per share amounts)	(In millions, except per share amounts)	2024	2023	2024	2023
(In millions, except per share amounts)					
(In millions, except per share amounts)					
(In millions, except per share amounts)					
Numerator					
Numerator					
Numerator					
Earnings attributable to Eastman, net of tax					
Earnings attributable to Eastman, net of tax					
Earnings attributable to Eastman, net of tax					
Denominator					
Denominator					
Denominator					
Weighted average shares used for basic EPS					
Weighted average shares used for basic EPS					
Weighted average shares used for basic EPS		117.3	118.8	117.4	118.9
Dilutive effect of stock options and other awards	Dilutive effect of stock options and other awards	1.3	0.8	1.1	0.7
Dilutive effect of stock options and other awards					
Dilutive effect of stock options and other awards					
Weighted average shares used for diluted EPS					
Weighted average shares used for diluted EPS					
Weighted average shares used for diluted EPS	Weighted average shares used for diluted EPS	118.6	119.6	118.5	119.6
(Calculated using whole dollars and shares)					
(Calculated using whole dollars and shares)					
(Calculated using whole dollars and shares)					
EPS					
EPS					
EPS					
Basic					
Basic					
Basic					
Diluted					
Diluted					
Diluted					

Shares underlying stock options of 1,583,247 1,336,652 and 1,879,459 2,411,015 for second quarter 2024 and 2023, respectively, and 1,397,081 and 1,941,051 for first quarter six months 2024 and 2023, respectively, were excluded from the calculations of diluted EPS because the grant date exercise price of these options was greater than the average market price of the Company's common stock and the effect of including them in the calculations of diluted EPS would have been antidilutive. No The Company repurchased

1,000,005 shares were in both second quarter and first six months 2024. The Company repurchased 621,711 shares in both second quarter and first quarter 2024 or six months 2023.

The Company declared cash dividends of \$0.81 and \$0.79 per share for second quarter 2024 and 2023, respectively. The Company declared cash dividends of \$1.62 and \$1.58 per share for first quarter six months 2024 and 2023, respectively.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

12. ASSET IMPAIRMENTS AND RESTRUCTURING CHARGES, NET

(Dollars in millions)	(Dollars in millions)	Second Quarter		First Six Months	
(Dollars in millions)					
(Dollars in millions)					
	2024				
	2024				
	2024		2024	2023	2024 2023
Severance charges ⁽¹⁾					
Severance charges ⁽¹⁾					
Severance charges ⁽¹⁾					
Site closure and other restructuring charges ⁽²⁾					
Site closure and other restructuring charges ⁽²⁾					
Site closure and other restructuring charges ⁽²⁾					
Total					
Total					
Total					

⁽¹⁾ Severance charges as part of fourth quarter 2022 and 2023 cost reduction initiatives reported in "Other". See Note 14, "Segment Information".

⁽²⁾ First quarter six months 2023 site closure costs related to the closure of an acetate yarn manufacturing facility in Europe in the Fibers segment. In addition, accelerated depreciation of \$23 million was recognized in "Cost of sales" in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings in first quarter six months 2023 related to the closure of this facility.

Changes in Reserves

The following table summarizes the changes in asset impairments and restructuring reserves in first three six months 2024 and full year 2023:

(Dollars in millions)	(Dollars in millions)	Balance at January 1, 2024	Provision/ Adjustments	Non-cash Reductions/ Additions	Cash Reductions	Balance at March 31, 2024	(Dollars in millions)	Balance at January 1, 2024	Provision/ Adjustments	Non-cash Reductions/ Additions	Cash Reductions	Balance at June 30, 2024
Severance costs												
Severance costs												
Severance costs												
Total												
Total												
Total												
		Balance at January 1, 2023	Provision/ Adjustments	Non-cash Reductions/ Additions	Cash Reductions	Balance at December 31, 2023						
Severance costs	\$	34	\$	31	\$	—	\$	(39)	\$	26		
Other restructuring costs		1		6		—		(7)		—		
Total	\$	35	\$	37	\$	—	\$	(46)	\$	26		

Substantially all severance costs remaining as of March 31, 2024 June 30, 2024 are expected to be paid within one year.

13. SHARE-BASED COMPENSATION AWARDS

The Company utilizes share-based awards under employee and non-employee director compensation programs. These share-based awards have included restricted and unrestricted stock, restricted stock units, stock options, and long-term performance shares. In first second quarter 2024 and 2023, \$21 million \$14 million and \$22 million \$17 million, respectively, were recognized as of compensation expense before tax were recognized in selling, "Selling, general and administrative expenses expenses" ("SG&A") in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings, for all share-based awards, of which \$7 million each year was for stock options, awards. The compensation expense is recognized over the substantive vesting period, which may be a shorter time period than the stated vesting period for qualifying termination eligible employees as defined in the award notices. For first impact on second quarter 2024 and 2023 \$6 million of stock option compensation expense was recognized each quarter due to qualifying termination eligibility preceding the requisite service period. The impact on net earnings for first quarter 2024 of \$11 million and 2023 of \$15 million and \$16 million \$13 million, respectively, is net of deferred tax expense related to share-based award compensation for each period.

Stock Option Grants

In first quarter six months 2024 and 2023, the number of stock options granted under the 2021 Omnibus Stock Compensation Plan was approximately 389 thousand \$35 million and 399 thousand, respectively. Options have an exercise price equal to the closing price of the Company's stock on the date of grant and a term of ten years, with vesting periods that vary up to three years. Vesting usually occurs ratably over the vesting period or at the end of the vesting period. The Company utilizes the Black Scholes Merton option valuation model which relies on certain assumptions to estimate an option's fair value.



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The assumptions used in the determination of fair value for stock options granted in first quarter 2024 and 2023 are provided in the table below:

Assumptions	First Quarter	
	2024	2023
Expected volatility rate	30.21%	30.55%
Expected dividend yield	3.82%	3.31%
Average risk-free interest rate	4.34%	4.13%
Expected term years	6.7	6.4

The grant date exercise price and fair value of options granted during first quarter of 2024 were \$86.15 and \$21.16, respectively, and first quarter 2023 were \$83.84 and \$21.67, respectively.

For options unvested at March 31, 2024, \$3 million in compensation expense will be recognized over the next three years.

Other Share-Based Compensation Awards

In addition to stock option grants, the Company has awarded long-term performance shares, restricted stock and restricted stock units, and stock appreciation rights. The long-term performance share awards are based upon actual return on capital compared to a target return on capital and total stockholder return compared to a peer group ranking by total stockholder return over a three year performance period and pay out in unrestricted shares of common stock at the end of the performance period. The awards are valued using a Monte Carlo simulation based model and vest pro-ratably over the three year performance period. The number of long-term performance share target awards during first quarter 2024 and 2023 for the 2024-2026 and 2023-2025 periods were approximately 339 thousand and 407 thousand, respectively. The target shares awarded are assumed to be 100 percent. At the end of the three-year performance period, the actual number of shares awarded can range from zero to 250 percent of the target shares based on the award notice. The number of restricted stock unit awards, which pay out in unrestricted shares of common stock at the end of the vesting and performance (if any) period, during first quarter 2024 and 2023 were approximately 181 thousand and 108 thousand, respectively. The fair value of a restricted stock unit award is equal to the closing stock price of the Company's stock on the award date and normally vests over a period of three years. In first quarter 2024 and 2023, \$14 million and \$15 million \$39 million, respectively, was recognized as of compensation expense before tax for these other share-based awards and was included were recognized in SG&A in the total compensation expense noted above Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings for all share-based awards. The unrecognized impact on first six months 2024 and 2023 net earnings of \$26 million and \$29 million, respectively, is net of deferred tax expense related to share-based award compensation expense before tax for these same type awards at March 31, 2024 was approximately \$97 million and will be recognized primarily over a period of three years, each period.

For additional information regarding share-based compensation plans and awards, see Note 18, "Share-Based Compensation Plans and Awards", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#).



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT INFORMATION

Eastman's products and operations are managed and reported in four operating segments: Advanced Materials ("AM"), Additives & Functional Products ("AFP"), Chemical Intermediates ("CI"), and Fibers. The economic factors that impact the nature, amount, timing, and uncertainty of revenue and cash flows vary among the Company's business

operating segments and the geographical regions in which they operate. For disaggregation of revenue by major product lines and regions for each business operating segment, see Note 20, "Segment and Regional Sales Information", to the consolidated financial statements in Part II, Item 8 of the Company's 2023 [Annual Report on Form 10-K](#). For additional financial and product information for each operating segment, see Part I, Item 1, "Business - Business Segments", in the Company's 2023 [Annual Report on Form 10-K](#).



NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions)	(Dollars in millions)	Second Quarter		First Six Months	
(Dollars in millions)					
(Dollars in millions)					
Sales by Segment					
Sales by Segment					
Sales by Segment	Sales by Segment	2024	2023	2024	2023
Advanced Materials					
Advanced Materials					
Advanced Materials					
Additives & Functional Products					
Additives & Functional Products					
Additives & Functional Products					
Chemical Intermediates					
Chemical Intermediates					
Chemical Intermediates					
Fibers					
Fibers					
Fibers					
Total Sales by Operating Segment					
Total Sales by Operating Segment					
Total Sales by Operating Segment					
Other					
Other					
Other					
Total Sales					
Total Sales					
Total Sales					

(Dollars in millions)	(Dollars in millions)	Second Quarter	First Six Months		
(Dollars in millions)					
(Dollars in millions)					
Earnings (Loss) Before Interest and Taxes by Segment					
Earnings (Loss) Before Interest and Taxes by Segment					
Earnings (Loss) Before Interest and Taxes by Segment	Earnings (Loss) Before Interest and Taxes by Segment	2024	2023	2024	2023
Advanced Materials					
Advanced Materials					
Advanced Materials					
Additives & Functional Products					
Additives & Functional Products					
Additives & Functional Products					
Chemical Intermediates					
Chemical Intermediates					
Chemical Intermediates					

Fibers
Fibers
Fibers
Total Earnings Before Interest and Taxes by Operating Segment
Total Earnings Before Interest and Taxes by Operating Segment
Total Earnings Before Interest and Taxes by Operating Segment
Other
Other
Other
Growth initiatives and businesses not allocated to operating segments
Growth initiatives and businesses not allocated to operating segments
Growth initiatives and businesses not allocated to operating segments
Pension and other postretirement benefits income (expense), net not allocated to operating segments
Pension and other postretirement benefits income (expense), net not allocated to operating segments
Pension and other postretirement benefits income (expense), net not allocated to operating segments
Asset impairments and restructuring charges, net
Asset impairments and restructuring charges, net
Asset impairments and restructuring charges, net
Steam line incident (costs) insurance proceeds, net
Steam line incident (costs) insurance proceeds, net
Steam line incident (costs) insurance proceeds, net
Other income (charges), net not allocated to operating segments
Other income (charges), net not allocated to operating segments
Other income (charges), net not allocated to operating segments
Total Earnings Before Interest and Taxes
Total Earnings Before Interest and Taxes
Total Earnings Before Interest and Taxes



ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is based upon the unaudited consolidated financial statements of Eastman Chemical Company ("Eastman" or the "Company"), which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), and should be read in conjunction with the Company's audited consolidated financial statements, including related notes, and MD&A contained in the Company's 2023 [Annual Report on Form 10-K](#), and the unaudited consolidated financial statements, including related notes, included [elsewhere in Part I, Item 1](#), in this Quarterly Report. All references to earnings per share ("EPS") contained in this report are diluted EPS unless otherwise noted.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures, and the accompanying reconciliations of the non-GAAP financial measures to the most comparable GAAP measures, are presented below in this section and in "Overview", "Results of Operations", "Summary by Operating Segment", and "Liquidity and Other Financial Information - Cash Flows" in this MD&A.

Management discloses non-GAAP financial measures, and the related reconciliations to the most comparable GAAP financial measures, because it believes investors use these metrics in evaluating longer term period-over-period performance, and to allow investors to better understand and evaluate the information used by management to assess the Company's and its operating segments' performances, make resource allocation decisions, and evaluate organizational and individual performances in determining certain performance-based compensation. Non-GAAP financial measures do not have definitions under GAAP, and may be defined differently by, and not be comparable to, similarly titled measures used by other companies. As a result, management cautions investors not to place undue reliance on any non-GAAP financial measure, but to consider such measures alongside the most directly comparable GAAP financial measure.

Company Use of Non-GAAP Financial Measures

Non-Core Items and any Unusual or Non-Recurring Items Excluded from Non-GAAP Earnings

In addition to evaluating Eastman's financial condition, results of operations, liquidity, and cash flows as reported in accordance with GAAP, management evaluates Company and operating segment performance, and makes resource allocation and performance evaluation decisions, excluding the effect of transactions, costs, and losses or gains that do not directly result from Eastman's normal, or "core", business and operations, or are otherwise of an unusual or non-recurring nature.

- Non-core transactions, costs, and losses or gains relate to, among other things, cost reductions, growth and profitability improvement initiatives, changes in businesses and assets, and other events outside of core business operations, and have included asset impairments and restructuring charges and gains, costs of and related to acquisitions, gains and losses from and costs related to dispositions, closures, or shutdowns of businesses or assets, financing transaction costs, environmental [and other](#) costs related to previously divested businesses or non-operational sites and product lines, and mark-to-market losses or gains for pension and other postretirement benefit plans.
- In first quarter 2023, the Company increased the provision for state income taxes [due to an adjustment as a result of the amount recognized state guidance issued in prior years resulting from recently issued state guidance first quarter 2023](#) related to the 2017 Tax Cuts and Jobs Act ("Tax Reform Act"). [In second quarter 2023, the Company decreased the provision for state income taxes due to state tax law changes impacting credit carryforward periods that were enacted in second quarter 2023. These state tax law changes impacted provisions from prior periods related to the Tax Reform Act.](#) As with the prior years, management considers [this increase adjustments related to the Tax Reform Act as](#) unusual because of the infrequent nature [of the underlying change in tax law](#) and resulting impacts on earnings.

- In first quarter six months 2023, the Company recognized unusual insurance proceeds, net of costs from the previously reported January 31, 2022 operational incident at its Kingsport site as a result of a steam line failure (the "steam line incident"). Management considered the steam line incident unusual because of the Company's operational and safety history and the magnitude of the unplanned disruption.

Because non-core, unusual, or non-recurring transactions, costs, and losses or gains may materially affect the Company's, or any particular operating segment's, financial condition or results in a specific period in which they are recognized, management believes it is appropriate to evaluate the financial measures prepared and calculated in accordance with both GAAP and the related non-GAAP financial measures excluding the effect on the Company's results of these non-core, unusual, or non-recurring items. In addition to using such measures to evaluate results in a specific period, management evaluates such non-GAAP measures, and believes that investors may also evaluate such measures, because such measures may provide more complete and consistent comparisons of the Company's, and its segments', operational performance on a period-over-period historical basis and, as a result, provide a better indication of expected future trends.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Adjusted Tax Rate and Provision for Income Taxes

In interim periods, Eastman discloses non-GAAP earnings with an adjusted effective tax rate and a resulting adjusted provision for income taxes using the Company's forecasted tax rate for the full year as of the end of the interim period. The adjusted effective tax rate and resulting adjusted provision for income taxes are equal to the Company's projected full year effective tax rate and provision for income taxes on earnings excluding non-core, unusual, or non-recurring items for completed periods. The adjusted effective tax rate and resulting adjusted provision for income taxes may fluctuate during the year for changes in events and circumstances that change the Company's forecasted annual effective tax rate and resulting provision for income taxes excluding non-core, unusual, or non-recurring items. Management discloses this adjusted effective tax rate, and the related reconciliation to the GAAP effective tax rate, to provide investors more complete and consistent comparisons of the Company's operational performance on a period-over-period interim basis and on the same basis as management evaluates quarterly financial results to provide a better indication of expected full year results.

Non-GAAP Debt Measure

Eastman from time to time evaluates and discloses to investors and securities and credit analysts the non-GAAP debt measure "net debt", which management defines as total borrowings less cash and cash equivalents. Management believes this metric is useful to investors and securities and credit analysts to provide them with information similar to that used by management in evaluating the Company's overall financial position, liquidity, and leverage and because management believes investors, securities analysts, credit analysts and rating agencies, and lenders often use a similar measure to assess and compare companies' relative financial position and liquidity.

Non-GAAP Measures in this Quarterly Report

The following non-core items are excluded by management in its evaluation of certain earnings results in this Quarterly Report:

- Asset impairments and restructuring charges, net; and
- Accelerated depreciation resulting from the closure of a manufacturing facility; facility; and
- Environmental and other costs from previously divested or non-operational sites and product lines.

The following unusual items are excluded by management in its evaluation of certain earnings results in this Quarterly Report:

- Steam line incident costs (insurance proceeds), net; and
- Increase Adjustments to the provision for state income taxes due to an adjustment of amounts recognized in prior years as a result of state guidance issued and laws enacted in first quarter 2023 related to the Tax Reform Act.

As described above, the alternative non-GAAP measure of debt, "net debt", is also presented in this Quarterly Report.

Non-GAAP Financial Measures - Non-Core and Unusual Items Excluded from Earnings and Adjustments to Provision for Income Taxes

(Dollars in millions)	First Quarter	
	2024	2023
Non-core items impacting earnings before interest and taxes:		
Asset impairments and restructuring charges, net	\$ 11	\$ 22
Accelerated depreciation	—	23
Unusual item impacting earnings before interest and taxes:		
Steam line incident costs (insurance proceeds), net	—	(8)
Total non-core and unusual items impacting earnings before interest and taxes	11	37
Less: Items impacting provision for income taxes:		
Tax effect of non-core and unusual items	3	5
Adjustment from tax law changes	—	(23)
Interim adjustment to tax provision	(17)	(6)
Total items impacting provision for income taxes	(14)	(24)

Total items impacting net earnings attributable to Eastman	\$	25	\$	61
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Non-GAAP Financial Measures - Non-Core and Unusual Items Excluded from Earnings and Adjustments to Provision for Income Taxes

(Dollars in millions)	Second Quarter		First Six Months	
	2024	2023	2024	2023
Non-core items impacting earnings before interest and taxes:				
Asset impairments and restructuring charges, net	\$ —	\$ —	\$ 11	\$ 22
Accelerated depreciation	—	—	—	23
Environmental and other costs	16	13	16	13
Unusual item impacting earnings before interest and taxes:				
Steam line incident costs (insurance proceeds), net	—	—	—	(8)
Total non-core and unusual items impacting earnings before interest and taxes	16	13	27	50
Less: Items impacting provision for income taxes:				
Tax effect of non-core and unusual items	3	4	6	9
Adjustment from tax law changes	—	23	—	—
Interim adjustment to tax provision	(13)	20	(30)	14
Total items impacting provision for income taxes	(10)	47	(24)	23
Total items impacting net earnings attributable to Eastman	\$ 26	\$ (34)	\$ 51	\$ 27

This MD&A includes an analysis of the effect of the foregoing on the following GAAP financial measures:

- Gross profit;
- Other (income) charges, net;
- Earnings before interest and taxes ("EBIT");
- Provision for (benefit from) income taxes;
- Net earnings attributable to Eastman;
- Diluted EPS; and
- Total borrowings.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Eastman's products and operations are managed and reported in four operating segments: Advanced Materials ("AM"), Additives & Functional Products ("AFP"), Chemical Intermediates ("CI"), and Fibers. Eastman uses an innovation-driven growth model which consists of leveraging world class scalable technology platforms, delivering differentiated application development capabilities, and relentlessly engaging the market. The Company's world class technology platforms form the foundation of sustainable growth by differentiated products through significant scale advantages in research and development ("R&D") and advantaged global market access. Molecular recycling technologies continue to be an area of investment focus for the Company and extends the level of differentiation afforded by our world class technology platforms. Differentiated application development converts market complexity into opportunities for growth and accelerates innovation by enabling a deeper understanding of the value of Eastman's products and how they perform within customers' and end-user products. Key areas of application development include thermoplastic conversion, functional films, coatings formulations, textiles and nonwovens, and personal and home care formulations. The Company engages the market by working directly with customers and downstream users, targeting attractive niche markets, and leveraging disruptive macro trends. Management believes that these elements of the Company's innovation-driven growth model, combined with disciplined portfolio management and balanced capital deployment, will result in consistent, sustainable earnings growth and strong cash flow from operations.

Sales, EBIT, and EBIT excluding non-core and unusual items were as follows:

	Second Quarter		First Six Months		
(Dollars in millions)	(Dollars in millions)	2024	2023	2024	2023
(Dollars in millions)					
(Dollars in millions)					

Sales
Sales
Sales
Earnings before interest and taxes
Earnings before interest and taxes
Earnings before interest and taxes
Earnings before interest and taxes excluding non-core and unusual items
Earnings before interest and taxes excluding non-core and unusual items
Earnings before interest and taxes excluding non-core and unusual items

Sales revenue increased in second quarter 2024 compared to second quarter 2023 primarily due to higher sales volume, partially offset by lower selling prices. Sales revenue decreased in first quarter six months 2024 compared to first quarter six months 2023 primarily due to lower selling prices, partially mostly offset by higher sales volume. Higher sales volume was primarily attributed to the end of customer inventory destocking across most end-markets. Lower selling prices were primarily due to lower raw material and energy prices and lower distribution prices. Higher sales volume was primarily attributed to reduced levels of customer destocking across many key end-markets.

Adjusted EBIT decreased excluding non-core items increased in second quarter and first quarter six months 2024 compared to second quarter and first quarter six months 2023 primarily due to higher sales volume and lower manufacturing costs, including higher capacity utilization. These impacts were partially offset by lower selling prices, net of lower raw material and energy costs and distribution costs, net of lower selling prices being more than offset by higher manufacturing distribution costs.

Discussion of sales revenue and EBIT changes is presented in "Results of Operations" and "Summary by Operating Segment" in this MD&A.

Net earnings and EPS and adjusted net earnings and EPS were as follows:

	First Quarter			
	2024		2023	
	\$	EPS	\$	EPS
(Dollars in millions, except EPS)				
Net earnings attributable to Eastman	\$ 165	\$ 1.39	\$ 134	\$ 1.12
Total non-core and unusual items, net of tax	8	0.07	55	0.45
Interim adjustment to tax provision	17	0.15	6	0.06
Adjusted net earnings	\$ 190	\$ 1.61	\$ 195	\$ 1.63

Cash used in operating activities was \$16 million in first three months 2024 and \$2 million in first three months 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net earnings and EPS and adjusted net earnings and EPS were as follows:

	Second Quarter			
	2024		2023	
	\$	EPS	\$	EPS
(Dollars in millions, except EPS)				
Net earnings attributable to Eastman	\$ 230	\$ 1.94	\$ 272	\$ 2.27
Total non-core and unusual items, net of tax	13	0.10	(14)	(0.11)
Interim adjustment to tax provision	13	0.11	(20)	(0.17)
Adjusted net earnings	\$ 256	\$ 2.15	\$ 238	\$ 1.99

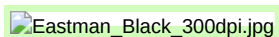
	First Six Months			
	2024		2023	
	\$	EPS	\$	EPS
(Dollars in millions, except EPS)				
Net earnings attributable to Eastman	\$ 395	\$ 3.33	\$ 406	\$ 3.39
Total non-core and unusual items, net of tax	21	0.17	41	0.34
Interim adjustment to tax provision	30	0.26	(14)	(0.11)
Adjusted net earnings	\$ 446	\$ 3.76	\$ 433	\$ 3.62

Cash provided by operating activities was \$351 million in first six months 2024 and \$408 million in first six months 2023.

RESULTS OF OPERATIONS

Sales													
		First Quarter											
		First Quarter											
		First Quarter											
		Change											
		Change											
		Second Quarter						First Six Months					
		Change											
(Dollars in millions)	(Dollars in millions)	2024	2023		\$	%		2024		2023		\$	%
(Dollars in millions)													
(Dollars in millions)													
Sales													
Sales													
Sales	Sales	\$ 2,363	\$ 2,324	\$ 39	2		2 %	\$ 4,673	\$ 4,736	\$ (63)	(1)	(1)	%
Volume / product mix effect	Volume / product mix effect				129	6	6 %				218	5	5 %
Volume / product mix effect													
Volume / product mix effect													
Price effect													
Price effect													
Price effect	Price effect			(82)	(4)	(4) %				(270)	(6)	(6) %	
Exchange rate effect	Exchange rate effect			(8)	—	— %				(11)	—	— %	
Exchange rate effect													
Exchange rate effect													

Sales revenue decreased increased in first second quarter 2024 compared to first second quarter 2023 primarily as a result of increases in the AM and Fibers segments, partially offset by a decrease in the AFP segment. Sales revenue decreased in first six months 2024 compared to first six months 2023 as a result of decreases in the CI AFP and AFP CI segments, partially offset by increases in the AM and Fibers and AM segments. segment. Further discussion by operating segment is presented in "Summary by Operating Segment" in this MD&A.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Gross Profit

	Second Quarter						First Six Months			
	(Dollars in millions)	2024	2023	Change			2024	2023	Change	
(Dollars in millions)										
(Dollars in millions)										
(Dollars in millions)										
Gross profit										
Gross profit										
Gross profit	Gross profit	\$ 599	\$ 584	3	3 %		\$ 1,131	\$ 1,113	2	2 %
Accelerated depreciation										
Accelerated depreciation										
Accelerated depreciation										
Steam line incident costs (insurance proceeds), net										
Steam line incident costs (insurance proceeds), net										
Steam line incident costs (insurance proceeds), net										
Gross profit excluding non-core and unusual items										
Gross profit excluding non-core and unusual items										

Gross profit excluding non-core and unusual items	\$ 599	\$ 584	3	3	%	\$ 1,131	\$ 1,128	—	—	%
---	--------	--------	---	---	---	----------	----------	---	---	---

Gross profit in first quarter six months 2023 included insurance proceeds from the steam line incident and accelerated depreciation resulting from the previously reported closure of an acetate yarn manufacturing facility in Europe in the Fibers segment. Excluding these non-core and unusual items, gross profit decreased increased in second quarter and first quarter six months 2024 compared to second quarter and first quarter six months 2023 as a result of increases in the AM and Fibers segments, partially offset by decreases in the CI and AFP segments, partially offset by increases in the Fibers and AM segments. Further discussion of sales revenue and EBIT changes is presented in "Summary by Operating Segment" in this MD&A.

Selling, General and Administrative Expenses

		Second Quarter			First Six Months			
(Dollars in millions)	(Dollars in millions)	2024	2023	Change		2024	2023	Change
(Dollars in millions)								
(Dollars in millions)								
(Dollars in millions)								
Selling, general and administrative expenses								
Selling, general and administrative expenses								
Selling, general and administrative expenses	Selling, general and administrative expenses	\$ 180	\$ 185	(3)	(3) %	\$ 371	\$ 376	(1) (1) %

Selling, general and administrative expenses remained unchanged decreased in first second quarter 2024 compared to first second quarter 2023 as higher variable compensation costs were offset by lower spend due to cost reduction initiatives, initiatives, and decreased in first six months 2024 compared to first six months 2023 due to cost reduction initiatives, partially offset by higher variable compensation costs.

Research and Development Expenses

		Second Quarter						First Six Months					
(Dollars in millions)	(Dollars in millions)	2024	2023		Change			2024		2023		Change	
(Dollars in millions)													
(Dollars in millions)													
(Dollars in millions)													
Research and development expenses													
Research and development expenses													
Research and development expenses	Research and development expenses	\$ 60	\$ 60	—	—	%	\$ 119	\$ 122	(2)	(2)	%		

R&D expenses decreased were unchanged in first second quarter 2024 compared to second quarter 2023 and decreased in the first quarter six months 2024 compared to first six months 2023 primarily due to targeted cost reduction initiatives.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

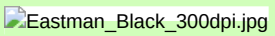
Asset Impairments and Restructuring Charges, Net

		First Quarter		First Quarter		First Quarter	
		Second Quarter		First Six Months			
		2024	2023	2024	2023		
(Dollars in millions)	(Dollars in millions)						
(Dollars in millions)							
(Dollars in millions)							
Severance charges							
Severance charges							
Severance charges							
Site closure and other restructuring charges							
Site closure and other restructuring charges							
Site closure and other restructuring charges							
Total							
Total							
Total							

For detailed information regarding asset impairments and restructuring charges, net see Note 12, "Asset Impairments and Restructuring Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Other Components of Post-employment (Benefit) Cost, Net

	Second Quarter			First Six Months	
	(Dollars in millions)	2024	2023	2024	2023
(Dollars in millions)					
(Dollars in millions)					
(Dollars in millions)					
Other components of post-employment (benefit) cost, net					
Other components of post-employment (benefit) cost, net					
Other components of post-employment (benefit) cost, net					



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

For more information regarding other components of post-employment (benefit) cost, net see Note 6, "Retirement Plans", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Other (Income) Charges, Net

(Dollars in millions)	
(Dollars in millions)	
(Dollars in millions)	
Foreign exchange transaction losses, net	
Foreign exchange transaction losses, net	
Foreign exchange transaction losses, net	
(Income) loss from equity investments and other investment (gains) losses, net	
(Income) loss from equity investments and other investment (gains) losses, net	
(Income) loss from equity investments and other investment (gains) losses, net	
Other, net	
Other, net	
Other, net	
Other (income) charges, net	
Other (income) charges, net	
Other (income) charges, net	
Environmental and other costs	
Environmental and other costs	
Environmental and other costs	
Other (income) charges, net excluding non-core item	
Other (income) charges, net excluding non-core item	
Other (income) charges, net excluding non-core item	

Other (income) charges, net in second quarter and first six months 2024 and 2023 included environmental and other costs related to previously divested businesses or non-operational sites and product lines. Excluding these non-core items, Other (income) charges, net increased in second quarter and first quarter six months 2024 compared to second quarter and first quarter six months 2023 primarily due to higher factoring fees and increases in foreign exchange transaction losses partially offset by valuation adjustments in equity investments in first quarter 2023. investments. For more information regarding components of foreign exchange transaction losses, see Note 5, "Derivative and Non-Derivative Financial Instruments", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Earnings Before Interest and Taxes

	Second Quarter				First Six Months			
(Dollars in millions)	(Dollars in millions)	2024	2023	Change		2024	2023	Change
(Dollars in millions)								
(Dollars in millions)								
(Dollars in millions)								

	First Quarter						First Six Months					
	First Quarter						First Six Months					
	2024						2024					
	2024						2023					
(Dollars in millions)	(Dollars in millions)	\$	%	\$	%	\$	\$	%	\$	%	\$	%
(Dollars in millions)												
(Dollars in millions)												
Provision for income taxes and effective tax rate												
Provision for income taxes and effective tax rate												
Provision for income taxes and effective tax rate												
Tax provision for non-core and unusual items ⁽¹⁾												
Tax provision for non-core and unusual items ⁽¹⁾												
Provision for (benefit from) income taxes and effective tax rate	\$	56	20 %	\$ (3)	(1) %	\$ 105	21 %	\$ 57	12 %			
Tax provision for non-core and unusual items ⁽¹⁾												
Adjustment from tax law changes ⁽²⁾												
Adjustment from tax law changes ⁽²⁾												
Adjustment from tax law changes ⁽²⁾												
Interim adjustment to tax provision ⁽³⁾												
Interim adjustment to tax provision ⁽³⁾												
Interim adjustment to tax provision ⁽³⁾												
Adjusted provision for income taxes and effective tax rate												
Adjusted provision for income taxes and effective tax rate												
Adjusted provision for income taxes and effective tax rate	\$	46	16 %	\$ 44	16 %	\$ 81	16 %	\$ 80	16 %			

- ⁽¹⁾ Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.
- ⁽²⁾ **Increase** Second quarter and first six months 2023 included a decrease to the provision for state income taxes due to **adjustment of amounts** state tax law changes impacting credit carryforward periods that were enacted in second quarter 2023. These state tax law changes impacted provisions from prior periods related to the Tax Reform Act. Additionally, an increase in first six months 2023 was recognized in prior years as a result of state guidance issued in first quarter 2023 related to the Tax Reform Act.
- ⁽³⁾ **First** Second quarter 2024 provision for income taxes was adjusted to reflect the current forecasted full year effective tax rate. **First** Second quarter 2023 provision for income taxes was adjusted to reflect the then current forecasted full year effective tax rate.

	2024	First Three Months ⁽¹⁾		2023	First Six Months ⁽¹⁾	
		2024	2023		2024	2023
Effective tax rate	Effective tax rate	23 %	31 %	Effective tax rate	21 %	12 %
Discrete tax items ⁽²⁾		(1) %	— %			
Tax impact of current year non-core and unusual items ⁽³⁾		1 %	(8) %			
Tax impact of current year non-core and unusual items ⁽²⁾						
Tax impact of current year non-core and unusual items ⁽²⁾						
Tax impact of current year non-core and unusual items ⁽²⁾		1 %	2 %			
Changes in tax contingencies and valuation allowances	Changes in tax contingencies and valuation allowances	(1) %	(1) %	Changes in tax contingencies and valuation allowances	(1) %	2 %
Forecasted full year impact of expected tax events	Forecasted full year impact of expected tax events	(6) %	(6) %	Forecasted full year impact of expected tax events	(5) %	— %
Forecasted full year adjusted effective tax rate						
Forecasted full year adjusted effective tax rate						
Forecasted full year adjusted effective tax rate		16 %	16 %		16 %	16 %

- ⁽¹⁾ Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rate is 15.5 percent in both first **three** six months 2024 and 2023.
- ⁽²⁾ "Discrete tax items" are items that are excluded from a company's estimated annual effective tax rate and recognized entirely in the quarter in which the item occurs. Discrete items for 2024 are related to share based compensation expense.
- ⁽³⁾ Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Net Earnings Attributable to Eastman and Diluted Earnings per Share

	First Quarter
	First Quarter
	First Quarter
	Second Quarter
	Second Quarter
	Second Quarter
	2024
	2024
	2024

(Dollars in millions, except EPS)

(Dollars in millions, except EPS)

(Dollars in millions, except EPS)

Net earnings and diluted earnings per share attributable to Eastman

Net earnings and diluted earnings per share attributable to Eastman

Net earnings and diluted earnings per share attributable to Eastman

Non-core items, net of tax: ⁽¹⁾

Non-core items, net of tax: ⁽¹⁾

Non-core items, net of tax: ⁽¹⁾

Asset impairments and restructuring charges, net

Asset impairments and restructuring charges, net

Asset impairments and restructuring charges, net

Accelerated depreciation

Accelerated depreciation

Accelerated depreciation

Unusual items, net of tax: ⁽¹⁾

Environmental and other costs

Unusual items, net of tax: ⁽¹⁾

Environmental and other costs

Environmental and other costs

Unusual items, net of tax: ⁽¹⁾

Steam line incident costs (insurance proceeds), net

Steam line incident costs (insurance proceeds), net

Steam line incident costs (insurance proceeds), net

Unusual items, net of tax: ⁽¹⁾

Unusual items, net of tax: ⁽¹⁾

Adjustment from tax law changes

Adjustment from tax law changes

Adjustment from tax law changes

Interim adjustment to tax provision

Interim adjustment to tax provision

Interim adjustment to tax provision

Adjusted net earnings and diluted earnings per share attributable to Eastman

Adjusted net earnings and diluted earnings per share attributable to Eastman

Adjusted net earnings and diluted earnings per share attributable to Eastman

Item	Amount	Unit
Earnings before interest and taxes	131	\$
Earnings before interest and taxes	99	\$
Earnings before interest and taxes	32	\$
Earnings before interest and taxes	32	\$
Earnings before interest and taxes	32	%
Earnings before interest and taxes	235	\$
Earnings before interest and taxes	185	\$
Earnings before interest and taxes	50	\$
Earnings before interest and taxes	27	\$
Earnings before interest and taxes	27	%

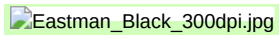
Sales revenue in second quarter and first quarter six months 2024 increased compared to second quarter and first quarter six months 2023 primarily due to higher sales volume partially offset by lower selling prices. Higher sales volume was primarily attributed to the result of reduced levels end of customer inventory destocking, particularly in the consumer durables and electronics packaging end-markets, and premium interlayers product growth in the automotive end-market. Higher Lower selling prices were primarily attributable to lower raw material and energy prices.

EBIT increased in second quarter 2024 compared to second quarter 2023 primarily due to \$50 million higher sales volume and lower manufacturing costs, including higher capacity utilization, partially offset by continued customer inventory destocking in the medical end-market \$16 million lower selling prices, net of lower raw material and lower sales volume in the performance films product line. energy costs and distribution costs.

EBIT increased in first quarter six months 2024 compared to first quarter six months 2023 primarily due to \$21 million \$53 million higher sales volume and lower manufacturing costs, including higher capacity utilization, and \$5 million lower raw material and energy costs and distribution costs, net of lower selling prices. These impacts were partially offset by a \$9 million unfavorable shift in foreign currency exchange rates.

Additives & Functional Products Segment

Additives & Functional Products Segment														
		First Quarter					First Six Months					Change		
		First Quarter					First Six Months					Change		
		First Quarter					First Six Months					Change		
		Change					Change					Change		
		Change					Change					Change		
		Second Quarter					First Six Months					Change		
		Change					Change					Change		
2024		2024	2024	2023		\$	%	2024	2024	2023		\$	%	
2024														
2024														
(Dollars in millions)														
(Dollars in millions)														
(Dollars in millions)														
Sales														
Sales														
Sales		\$	718	\$	747	(\$	(29)	(4)	\$	1,422	\$	1,524	(\$	(102)
Volume / product mix effect														
Volume / product mix effect														
Volume / product mix effect														
Price effect		Price effect				(27)	(4)	(4)	%			(116)	(8)	(8)%
Price effect														
Price effect														
Exchange rate effect														
Exchange rate effect														
Exchange rate effect		Exchange rate effect				(2)	—	—	%			—	—	—%
Earnings before interest and taxes														
Earnings before interest and taxes														
Earnings before interest and taxes		\$	123	\$	140	(\$	(17)	(12)	(\$	232	\$	264	(\$	(32)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sales revenue in second quarter and first quarter six months 2024 decreased compared to second quarter and first quarter six months 2023 primarily due to lower selling prices. Lower selling prices were primarily attributable to lower raw material costs, including cost pass-through contracts. Sales volume was relatively unchanged as growth in the coatings additives and care additives product lines were offset by lower sales volume, primarily attributed due to the timing of the fulfillment reduction of heat transfer fluid projects and continued customer inventory destocking in the agriculture end-market, was mostly offset by favorable mix in the coatings additives product line and higher sales volume in the care additives product line. projects.

EBIT decreased in first second quarter 2024 compared to first second quarter 2023 primarily due to \$26 million lower \$21 million unfavorable sales volume and higher manufacturing costs, including planned maintenance shutdowns, product mix and \$8 million lower selling prices, net of lower raw material and energy costs. These impacts were partially offset by \$15 million \$11 million lower manufacturing costs, including higher capacity utilization.

EBIT decreased in first six months 2024 compared to first six months 2023 primarily due to \$39 million unfavorable sales volume and product mix, partially offset by \$7 million lower raw material and energy costs, net of lower selling prices.

Chemical Intermediates Segment

	Second Quarter				First Six Months			
			Change				Change	
	2024	2023	\$	%	2024	2023	\$	%
(Dollars in millions)								
Sales	\$ 515	\$ 514	\$ 1	— %	\$ 1,038	\$ 1,103	\$ (65)	(6)%
Volume / product mix effect			32	6 %			44	4 %
Price effect			(31)	(6)%			(109)	(10)%
Exchange rate effect			—	— %			—	— %
Earnings before interest and taxes	\$ 22	\$ 39	\$ (17)	(44)%	\$ 38	\$ 81	\$ (43)	(53)%

Sales revenue in second quarter 2024 was relatively unchanged compared to second quarter 2023 and decreased in first six months 2024 compared to first six months 2023 due to lower selling prices partially offset by higher sales volume. Lower selling prices were attributed to lower raw material and energy prices. Higher sales volume was primarily attributed to the end of customer inventory destocking.

EBIT decreased in second quarter 2024 compared to second quarter 2023 primarily due to \$37 million lower selling prices, net of lower raw material and energy costs and distribution costs, partially offset by \$18 million higher sales volume.

EBIT decreased in first six months 2024 compared to first six months 2023 due to \$62 million lower selling prices, net of lower selling prices, raw material and energy costs. These impacts were partially offset by \$19 million lower manufacturing costs, including higher capacity utilization.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Chemical Intermediates Fibers Segment

	First Quarter				First Quarter				First Quarter			
			Change				Change				Change	
	2024	2023	\$	%	2024	2023	\$	%	2024	2023	\$	%
(Dollars in millions)												
(Dollars in millions)												

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1
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EBIT decreased in first quarter 2024 compared to first quarter 2023 primarily due to \$25 million lower selling prices, net of lower raw material and energy costs and distribution costs.

	First Quarter			
	2024	2023	Change	
			\$	%
(Dollars in millions)				
Sales	\$ 331	\$ 303	\$ 28	9 %
Volume / product mix effect			23	7 %
Price effect			6	2 %
Exchange rate effect			(1)	— %
Earnings before interest and taxes	\$ 117	\$ 65	\$ 52	80 %
Asset impairments and restructuring charges, net	—	6	(6)	

Accelerated depreciation	—	23	(23)	
Earnings before interest and taxes excluding non-core items	117	94	23	24 %

Sales revenue in first quarter 2024 increased compared to first quarter 2023 primarily due to higher sales volume in textiles and higher selling prices in acetate tow driven by an increase and higher sales volume in industry capacity utilization, textiles.

EBIT in first quarter six months 2023 included asset impairments and restructuring charges and accelerated depreciation from a previously announced manufacturing facility closure. For more information regarding asset impairments and restructuring charges see Note 12, "Asset Impairments and Restructuring Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

EBIT excluding non-core items increased in second quarter and first quarter six months 2024 compared to second quarter and first quarter six months 2023 primarily due to \$14 million \$10 million and \$18 million, respectively, higher sales volume and lower manufacturing costs, including higher capacity utilization, and \$6 million and \$25 million, respectively, higher selling prices and lower raw material and energy costs, and \$12 million higher sales volume, costs.

Other	Second Quarter		First Six Months	
	2024	2023	2024	2023
(Dollars in millions)				
Sales	\$ 5	\$ 1	\$ 9	\$ 2
Loss before interest and taxes				
Growth initiatives and businesses not allocated to operating segments	\$ (44)	\$ (45)	\$ (112)	\$ (96)
Pension and other postretirement benefits income (expense), net not allocated to operating segments	2	(4)	4	(8)
Asset impairments and restructuring charges, net	—	—	(11)	(16)
Steam line incident (costs) insurance proceeds, net	—	—	—	8
Other income (charges), net not allocated to operating segments	(19)	(12)	(25)	(20)
Loss before interest and taxes	\$ (61)	\$ (61)	\$ (144)	\$ (132)
Asset impairments and restructuring charges, net	—	—	11	16
Steam line incident costs (insurance proceeds), net	—	—	—	(8)
Environmental and other costs	16	13	16	13
Loss before interest and taxes excluding non-core and unusual items	(45)	(48)	(117)	(111)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Other	First Quarter	
	2024	2023
(Dollars in millions)		
Sales	\$ 4	\$ 1
Loss before interest and taxes		
Growth initiatives and businesses not allocated to operating segments	\$ (68)	\$ (51)
Pension and other postretirement benefits income (expense), net not allocated to operating segments	2	(4)
Asset impairments and restructuring charges, net	(11)	(16)
Steam line incident (costs) insurance proceeds, net	—	8
Other income (charges), net not allocated to operating segments	(6)	(8)
Loss before interest and taxes	\$ (83)	\$ (71)
Asset impairments and restructuring charges, net	11	16
Steam line incident costs (insurance proceeds), net	—	(8)
Loss before interest and taxes excluding non-core and unusual items	(72)	(63)

Sales and costs related to growth initiatives, including circular economy and the cellulose biopolymer platform and circular economy, R&D costs, certain components of pension and other postretirement benefits, and other expenses and income not identifiable to an operating segment are not included in operating segment results for any of the periods presented and are included in "Other". First quarter 2024 also includes pre-production costs for the Kingsport methanolysis facility.

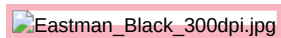
EBIT in first quarter six months 2024 and 2023 included severance primarily in accordance with foreign regulatory requirements as a result of cost reduction initiatives in fourth quarter 2023 and 2022, respectively. Second quarter and first six months 2024 and 2023 EBIT included environmental and other costs from previously divested or non-operational sites. In addition, first quarter six months 2023 included insurance proceeds from the steam line incident. For more information, see "Non-GAAP Financial Measures" in this MD&A. For more information regarding asset impairments and restructuring charges see Note 12, "Asset Impairments and Restructuring Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

SALES BY CUSTOMER LOCATION

		Sales Revenue								Sales Revenue							
		Sales Revenue								Sales Revenue							
		Second Quarter								First Six Months							
		Change								Change							
		Change								Change							
		Change								Change							
(Dollars in millions)																	
(Dollars in millions)																	
(Dollars in millions)	(Dollars in millions)	2024	2023		\$		%			2024	2023		\$		%		
United States and Canada	United States and Canada	\$ 994	\$ 1,000	\$	\$ (6)	(1)	(1) %			\$ 1,963	\$ 2,065	\$	\$ (102)	(5)	(5) %		
United States and Canada																	
United States and Canada																	
Europe, Middle East, and Africa																	
Europe, Middle East, and Africa																	
Europe, Middle East, and Africa	Europe, Middle East, and Africa	650	635	635	15	15	2	2 %		1,309	1,344	1,344	(35)	(35)	(3)	(3) %	
Asia Pacific	Asia Pacific	590	557	557	33	33	6	6 %		1,154	1,078	1,078	76	76	7	7 %	
Asia Pacific																	
Asia Pacific																	
Latin America																	
Latin America																	
Latin America	Latin America	129	132	132	(3)	(3)	(2)	(2) %		247	249	249	(2)	(2)	(1)	(1) %	
Total Eastman	Total Eastman	\$ 2,363	\$ 2,324	\$	\$ 39	2	2 %			\$ 4,673	\$ 4,736	\$	\$ (63)	(1)	(1) %		
Total Eastman																	
Total Eastman																	

Sales revenue decreased 4 increased 2 percent in first second quarter 2024 compared to second quarter 2023 primarily due to higher sales volume (up 6 percent), partially offset by lower selling prices (down 4 percent). Sales revenue decreased 1 percent in first quarter six months 2024 compared to first six months 2023 primarily due to lower selling prices (down 7 6 percent), partially offset by higher sales volume (up 3 5 percent). Lower selling prices were particularly in the Europe, Middle East, and Africa region and the United States and Canada region. Higher sales volume was particularly in the Asia Pacific region and the Europe, Middle East, and Africa region, partially offset by lower sales volume in the United States and Canada region.

Further discussion by operating segment is presented in "Summary by Operating Segment" in this MD&A.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND OTHER FINANCIAL INFORMATION

Cash Flows

Cash flows from operations, cash and cash equivalents, and other sources of liquidity are expected to be available and sufficient to meet known short and long-term cash requirements. However, the Company's cash flows from operations can be affected by numerous factors including risks associated with global operations, raw material availability and cost, demand for and pricing of Eastman's products, capacity utilization, and other factors described under "Risk Factors" in Part II, Item 1A of this Quarterly Report. Management believes maintaining a financial profile that supports an investment grade credit rating is important to its long-term strategy and financial flexibility.

	First Three Months	
	2024	2023
(Dollars in millions)		
Net cash provided by (used in)		
Operating activities	\$ (16)	\$ (2)
Investing activities	(179)	(252)
Financing activities	148	357
Effect of exchange rate changes on cash and cash equivalents	(2)	3
Net change in cash and cash equivalents	(49)	106
Cash and cash equivalents at beginning of period	548	493
Cash and cash equivalents at end of period	\$ 499	\$ 599



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	First Six Months	
	2024	2023
(Dollars in millions)		
Net cash provided by (used in)		
Operating activities	\$ 351	\$ 408
Investing activities	(300)	(498)
Financing activities	(79)	4
Effect of exchange rate changes on cash and cash equivalents	(6)	3
Net change in cash and cash equivalents	(34)	(83)
Cash and cash equivalents at beginning of period	548	493
Cash and cash equivalents at end of period	\$ 514	\$ 410

Cash used in provided by operating activities increased \$14 million decreased \$57 million in first three six months 2024 compared to first three six months 2023 primarily due to higher variable compensation payout and higher hedging settlement losses partially offset by lower working capital.

Cash used in investing activities decreased \$73 million \$198 million in first three six months 2024 compared to first three six months 2023 primarily due to lower capital expenditures primarily for the AM segment methanolysis plastic-to-plastic molecular recycling manufacturing facilities and an acquisition in the AM segment in 2023.

Cash used in financing activities was \$79 million in first six months 2024 compared to cash provided by financing activities decreased \$209 million of \$4 million in first three months 2024 compared to first three six months 2023, primarily due to lower net proceeds from higher repayment of commercial paper, and net of borrowings. For additional information, see "Liquidity and Other Financial Information - Debt and Other Commitments" in this MD&A for additional information. &A.

Working Capital Management and Off Balance Sheet Arrangements

Eastman applies a proactive and disciplined approach to working capital management to optimize cash flow and to enable a full range of capital allocation options in support of the Company's strategy. Eastman expects to continue utilizing the programs described below to support operating cash flow consistent with past practices.

The Company has off balance sheet, uncommitted accounts receivable factoring programs under which entire invoices may be sold to third-party financial institutions. The vast majority of these programs are without recourse. Available capacity under these programs, which the Company uses as a routine source of working capital funding, is dependent on the level of accounts receivable eligible to be sold and the financial institutions' willingness to purchase such receivables. The total amounts sold in first second quarter 2024 and 2023 were \$698 million \$650 million and \$677 million \$753 million, respectively, and \$1.3 billion and \$1.4 billion in first six months 2024 and 2023, respectively. Based on the original terms of receivables sold for certain programs and actual outstanding balance of receivables under servicing agreements, the Company estimates that \$437 million \$402 million and \$397 million of these receivables would have been outstanding as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, had they not been sold under these factoring programs.

The Company works with suppliers to optimize payment terms and conditions on accounts payable to enhance timing of working capital and cash flows. Under a supplier finance program, the Company's suppliers may voluntarily sell receivables due from Eastman to a participating financial institution. The supplier invoices that have been confirmed as valid

under the program require payment in full on the invoice due date. For additional information, see Note 1, "Significant Accounting Policies", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Debt and Other Commitments

At March 31, 2024 June 30, 2024, the Company's borrowings totaled \$5.1 billion \$5.0 billion with various maturities. The Company expects to use a combination of available cash and debt proceeds to repay the \$43 million principal amount of 7.625% debentures due June 2024 and \$700 million principal of 3.80% notes due March 2025.

In second quarter 2024, the Company repaid the \$43 million 7.625% debentures due June 2024 using available cash and debt proceeds. There were no debt extinguishment costs associated with the repayment of this debt.

In first quarter 2024, the Company repaid the \$198 million 7.25% debentures due January 2024 using available cash. There were no extinguishment costs associated with the repayment. In February 2024, the Company issued \$750 million aggregate principal amount of 5.625% notes due February 2034 in a registered public offering (the "2034 Notes"). Proceeds from the sale of the 2034 Notes, net of original issue discounts, and issuance costs were \$742 million.

See Note 4, "Borrowings", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information.

In first quarter 2024, purchase obligations in the 2029 and beyond period decreased by approximately \$1.5 billion as a result of exiting an agreement with a supplier after contract negotiations. Eastman had remaining debt and other commitments at March 31, 2024 June 30, 2024 totaling approximately \$10.5 billion over a period of approximately 30 years.

Other than the item discussed above, there have been no material changes to the Company's commitments from those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Other Financial Information - Debt and Other Commitments" in Part II, Item 7 of the Company's 2023 Annual Report on Form 10-K.

Credit Facility, Term Loans, and Commercial Paper Borrowings

The Company has access to a \$1.50 billion revolving credit agreement (the "Credit Facility"). In February 2024, the Credit Facility was amended to extend the maturity to February 2029. All other material terms of the Credit Facility remain unchanged. Borrowings under the Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. The Credit Facility includes sustainability-linked pricing terms, provides available liquidity for general corporate purposes, and supports commercial paper borrowings. At March 31, 2024 June 30, 2024 and December 31, 2023, the Company had no outstanding borrowings under the Credit Facility and no commercial paper borrowings.

In first quarter 2024, the Company repaid the \$300 million two-year term loan (the "2024 Term Loan"). There were no extinguishment costs associated with the repayment of this term loan. repayment. The outstanding balance on the \$500 million term loan that matures in 2027 (the "2027 Term Loan") was \$499 million at both March 31, 2024 June 30, 2024 and December 31, 2023, with variable interest rates of 6.55% 6.57% and 6.58%, respectively. The 2027 Term Loan is subject to interest at varying spreads above quoted market rates.

The Credit Facility and the 2027 Term Loan contain customary covenants, including requirements to maintain certain financial ratios, that determine the events of default, amounts available, and terms of borrowings. The Company was in compliance with all applicable covenants at both March 31, 2024 June 30, 2024 and December 31, 2023. The total amount of available borrowings under the Credit Facility was \$1.50 billion as of March 31, 2024 June 30, 2024.

See Note 4, "Borrowings", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Net Debt

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
(Dollars in millions)			(Dollars in millions)	
Total borrowings				
Less: Cash and cash equivalents				
Net debt ⁽¹⁾				

(1) Includes non-cash decrease of \$12 million \$17 million in 2024 and non-cash increase of \$20 million in 2024 and 2023 respectively, resulting from foreign currency exchange rates.

Capital Expenditures

Capital expenditures were \$185 million \$300 million and \$174 million \$413 million in first three six months 2024 and 2023, respectively. Capital expenditures in first three six months 2024 were primarily for the AM segment methanolysis plastic-to-plastic molecular recycling manufacturing facilities, and other targeted growth initiatives, and site modernization projects. The Company expects that 2024 capital expenditures will be between \$700 million \$650 million and \$750 million \$700 million.

Stock Repurchases

In December 2021, the Company's Board of Directors authorized the repurchase of up to \$2.5 billion of the Company's outstanding common stock at such times, in such amounts, and on such terms, as determined by management to be in the best interest of the Company and its stockholders (the "2021 authorization"). No During second quarter and first six months 2024, the Company repurchased 1,000,005 shares were repurchased during first quarter 2024 or 2023, of common stock for \$100 million. As of March 31, 2024 June 30, 2024, a total of 8,601,749 9,610,754 shares have been repurchased under the 2021 authorization for \$785 million \$885 million. Both dividends and share repurchases are key strategies employed by the Company to return value to its stockholders.

CRITICAL ACCOUNTING ESTIMATES

In preparing the consolidated financial statements in conformity with GAAP, management must make decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and assumptions on which to base estimates and judgments that affect the reported amounts of assets, liabilities, sales revenue and expenses, fair value of disposal groups, and related disclosure of contingent assets and liabilities. On an ongoing basis, Eastman evaluates its estimates, including those related to impairment of long-lived assets, environmental costs, pension and other postretirement benefits, litigation and contingent liabilities, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the critical accounting estimates described in Part II, Item 7 of the Company's 2023 [Annual Report on Form 10-K](#) are the most important to the fair presentation of the Company's financial condition and results. These estimates require management's most significant judgments in the preparation of the Company's consolidated financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

For information regarding the impact of recently issued accounting standards, see Note 1, "Significant Accounting Policies", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.



ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Eastman has exposure to various market risks principally due to changes in foreign currency exchange rates, the pricing of various commodities, and interest rates. In an effort to manage these risks, the Company employs various strategies, including pricing, inventory management, and hedging. The Company enters into derivative contracts which are governed by policies, procedures, and internal processes set forth by its Board of Directors.

The Company determines its exposures to market risk by utilizing sensitivity analyses, which measure the potential losses in fair value resulting from one or more selected hypothetical changes in foreign currency exchange rates, commodity prices, or interest rates. For more information regarding exposures, refer to Part II, Item 7A of the Company's 2023 [Annual Report on Form 10-K](#).

At March 31, 2024 June 30, 2024, a 10 percent fluctuation in the euro currency rate would have had a \$232 million \$230 million impact on the designated net investment values in the foreign subsidiaries. As a result of the designation of the euro-denominated borrowings and designated cross-currency interest rate swaps as hedges of the net investments, foreign currency translation gains and losses on the borrowings and designated cross-currency interest rate swaps are recorded as a component of the "Change in cumulative translation adjustment" within "Other comprehensive income (loss), net of tax" in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings in Part I, Item 1 of this Quarterly Report. Therefore, a foreign currency change in the designated investment values of the foreign subsidiaries will generally be offset by a foreign currency change in the carrying value of the euro-denominated borrowings or the foreign currency change in the designated cross-currency interest rate swaps.

Other than the foreign currency risk discussed above, there have been no material changes to the Company's market risks from those disclosed in Part II, Item 7A of the Company's 2023 [Annual Report on Form 10-K](#).

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Eastman maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management

recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that as of **March 31, 2024** **June 30, 2024**, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed was accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the **first** **second** quarter of 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.



PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

General

From time to time, Eastman and its operations are parties to, or targets of, lawsuits, claims, investigations and proceedings, including product liability, personal injury, asbestos, patent and intellectual property, commercial, contract, environmental, antitrust, health and safety, and employment matters, which are handled and defended in the ordinary course of business. While the Company is unable to predict the outcome of these matters, it does not believe, based upon currently available facts, that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial condition, results of operations, or cash flows. Consistent with the requirements of Regulation S-K, Item 103, the Company's threshold for disclosing any environmental legal proceeding involving a governmental authority is potential monetary sanctions that management believes will meet or exceed \$1 million.

Solutia Legacy Torts Claims Litigation

Pursuant to an Amended and Restated Settlement Agreement effective February 28, 2008 between Solutia, Inc. ("Solutia") and Monsanto Company ("Monsanto") in connection with Solutia's emergence from Chapter 11 bankruptcy proceedings (the "Monsanto Settlement Agreement"), Monsanto is responsible for the defense and indemnification of Solutia against any Legacy Tort Claims (as defined in the Monsanto Settlement Agreement) and Solutia has agreed to retain responsibility for certain tort claims, if any, that may arise from Solutia's conduct after its spinoff from Pharmacia Corporation (f/k/a Monsanto), which occurred on September 1, 1997. Solutia, which became a wholly-owned subsidiary of Eastman upon Eastman's acquisition of Solutia in July 2012, has been named as a defendant in several such proceedings, and has submitted the matters to Monsanto, which was acquired by Bayer AG in June 2018, as Legacy Tort Claims. To the extent these matters are not within the meaning of Legacy Tort Claims, Solutia could potentially be liable thereunder. In connection with the completion of its acquisition of Solutia, Eastman guaranteed the obligations of Solutia and Eastman was added as an indemnified party under the Monsanto Settlement Agreement.

ITEM 1A. RISK FACTORS

For information regarding the Company's material known risk factors which could materially adversely affect the Company, its business, financial condition, or results of operations, see "Risk Factors" in Part I, Item 1A of the Company's 2023 [Annual Report on Form 10-K](#).



ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Purchases of Equity Securities by the Issuer

In December 2021, the Company's Board of Directors authorized the repurchase of up to \$2.5 billion of the Company's outstanding common stock at such times, in such amounts, and on such terms, as determined by management to be in the best interest of the Company and its stockholders (the "2021 authorization"). As of **March 31, 2024** **June 30, 2024**, a total of **8,601,749** **9,610,754** shares have been repurchased under the 2021 authorization for **\$785 million** **\$885 million**. Both dividends and share repurchases are key strategies employed by the Company to return value to its stockholders. **No** **During second quarter and first six months 2024, the Company repurchased 1,000,005 shares** **were repurchased during first quarter 2024, of common stock for \$100 million**. For additional information, see Note 10, "Stockholders' Equity", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value that May Yet Be Purchased Under the Plan or Program
April 1-30, 2024	—	\$ —	—	\$ 1.715 billion
May 1-31, 2024	502,197	\$ 99.56	502,197	\$ 1.665 billion
June 1-30, 2024	497,808	\$ 100.44	497,808	\$ 1.615 billion
Total	1,000,005	\$ 100.00	1,000,005	

(1) Average price paid per share reflects the weighted average purchase price paid for shares.

ITEM 5. OTHER INFORMATION

(c) Director and Officer Trading Arrangements

None of the Company's directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934) 1934, as amended adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.



ITEM 6. EXHIBITS

Exhibits filed as part of this report are listed in the Exhibit Index.

EXHIBIT INDEX	
Exhibit Number	Description
3.01	Amended and Restated Certificate of Incorporation of Eastman Chemical Company (incorporated herein by reference to Exhibit 3.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
3.02	Amended and Restated Bylaws of Eastman Chemical Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated December 1, 2022)
4.01	Form of 5.625% Notes due 2034 (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report of Form 8-K dated February 20, 2024)
31.01 *	Rule 13a – 14(a) Certification by Mark J. Costa, Chief Executive Officer, for the quarter ended March 31, 2024 June 30, 2024
31.02 *	Rule 13a – 14(a) Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter ended March 31, 2024 June 30, 2024
32.01 *	Section 1350 Certification by Mark J. Costa, Chief Executive Officer, for the quarter ended March 31, 2024 June 30, 2024
32.02 *	Section 1350 Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter ended March 31, 2024 June 30, 2024
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH *	Inline XBRL Taxonomy Extension Schema Document
101.CAL *	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF *	Inline XBRL Definition Linkbase Document
101.LAB *	Inline XBRL Taxonomy Label Linkbase Document
101.PRE *	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Denotes exhibit filed or furnished herewith.

** Management contract or compensatory plan or arrangement filed pursuant to Item 601(b) (10) (iii) of Regulations S-K.

 Eastman_Chemical_Company_Logo

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Eastman Chemical Company

Date: April July 26, 2024

By: /s/ William T. McLain, Jr.

William T. McLain, Jr.

Executive Vice President and Chief Financial Officer

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Exhibit 31.01

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Rule 13a - 14(a)/15d - 14(a) Certifications

I, Mark J. Costa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eastman Chemical Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2024 July 26, 2024

/s/ Mark J. Costa
Mark J. Costa
Chief Executive Officer

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Exhibit 31.02

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Rule 13a - 14(a)/15d - 14(a) Certifications

I, William T. McLain, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eastman Chemical Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2024 July 26, 2024

/s/ William T. McLain, Jr.

William T. McLain, Jr.

Executive Vice President and Chief Financial Officer


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Exhibit 32.01

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Section 1350 Certifications

In connection with the Quarterly Report of Eastman Chemical Company (the "Company") on Form 10-Q for the period ending **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Eastman Chemical Company and will be retained by Eastman Chemical Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: **April 26, 2024** **July 26, 2024**

/s/ Mark J. Costa

Mark J. Costa

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.


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Exhibit 32.02

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Section 1350 Certifications

In connection with the Quarterly Report of Eastman Chemical Company (the "Company") on Form 10-Q for the period ending **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Eastman Chemical Company and will be retained by Eastman Chemical Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: **April 26, 2024** **July 26, 2024**

/s/ William T. McLain, Jr.

William T. McLain, Jr.
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

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