

REFINITIV

## DELTA REPORT

### 10-Q

EMN - EASTMAN CHEMICAL CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1250

CHANGES	214
DELETIONS	687
ADDITIONS	349



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 **September 30, 2023** **March 31, 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**

**62-1539359**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification no.)

**200 South Wilcox Drive**

**37662**

**Kingsport Tennessee**

(Zip Code)

(Address of principal executive offices)

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
<b>Common Stock, par value \$0.01 per share</b>	<b>EMN</b>	<b>New York Stock Exchange</b>
<b>1.875% Notes Due 2026</b>	<b>EMN26</b>	<b>New York Stock Exchange</b>

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 <b>September 30, 2023</b> <b>March 31, 2024</b>
<b>Common Stock, par value \$0.01 per share</b>	<b>118,564,013</b> <b>117,649,499</b>



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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 costs and foreign currencies exchange and interest rates; disruption or interruption of operations and of raw material or energy supply (including supply; operating risks related to the Company's information technology infrastructure, including service interruptions or data corruption as a result of cyber-attacks or other breaches of information security systems); 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**

(Dollars in millions, except per share amounts)	(Dollars in millions, except per share amounts)	<b>Third Quarter</b>		<b>First Nine Months</b>		
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	
(Dollars in millions, except per share amounts)						
(Dollars in millions, except per share amounts)						
Sales	Sales	\$ 2,267	\$ 2,709	\$ 7,003	\$ 8,207	
Cost of sales	Cost of sales	1,783	2,168	5,406	6,446	
Cost of sales						
Cost of sales						
Gross profit	Gross profit	484	541	1,597	1,761	
Selling, general and administrative expenses	Selling, general and administrative expenses	160	173	536	554	
Selling, general and administrative expenses						
Selling, general and administrative expenses						
Research and development expenses						
Research and development expenses	Research and development expenses	60	68	182	200	
Asset impairments and restructuring charges, net	Asset impairments and restructuring charges, net	—	2	22	23	
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	(2)	(30)	(8)	(95)	
Other (income) charges, net	Other (income) charges, net	10	1	40	3	
Net (gain) loss on divested business		—	3	—	(7)	
Other (income) charges, net						
Other (income) charges, net						
Earnings before interest and taxes	Earnings before interest and taxes	256	324	825	1,083	
Earnings before interest and taxes						
Earnings before interest and taxes						

Net interest expense							
Net interest expense							
Net interest expense	Net interest expense	57	43	163	134		
Earnings before income taxes	Earnings before income taxes	199	281	662	949		
Provision for (benefit from) income taxes		20	(20)	77	155		
Earnings before income taxes							
Earnings before income taxes							
Provision for income taxes							
Provision for income taxes							
Net earnings							
Net earnings							
Net earnings	Net earnings	179	301	585	794		
Less: Net earnings attributable to noncontrolling interest	Less: Net earnings attributable to noncontrolling interest	1	—	1	2		
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	Net earnings attributable to Eastman	\$ 178	\$ 301	\$ 584	\$ 792		
Basic earnings per share attributable to Eastman	Basic earnings per share attributable to Eastman	\$ 1.50	\$ 2.48	\$ 4.92	\$ 6.34		
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	\$ 1.49	\$ 2.46	\$ 4.89	\$ 6.26		
Diluted earnings per share attributable to Eastman							
Diluted earnings per share attributable to Eastman							
Comprehensive Income	Comprehensive Income						
Comprehensive Income							
Comprehensive Income							
Net earnings including noncontrolling interest							
Net earnings including noncontrolling interest							
Net earnings including noncontrolling interest	Net earnings including noncontrolling interest	\$ 179	\$ 301	\$ 585	\$ 794		
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	(24)	(19)	(67)	4		

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	(6)	(6)	(16)	(21)
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	9	30	(3)	97
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	(2)	(14)	(3)	(50)
Total other comprehensive income (loss), net of tax	Total other comprehensive income (loss), net of tax	(23)	(9)	(89)	30
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	Comprehensive income including noncontrolling interest	156	292	496	824
Less: Comprehensive income attributable to noncontrolling interest	Less: Comprehensive income attributable to noncontrolling interest	1	—	1	2
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	Comprehensive income attributable to Eastman	\$ 155	\$ 292	\$ 495	\$ 822
<b>Retained Earnings</b>	<b>Retained Earnings</b>				
<b>Retained Earnings</b>					
<b>Retained Earnings</b>					
Retained earnings at beginning of period					

Retained earnings at beginning of period									
Retained earnings at beginning of period	Retained earnings at beginning of period	\$ 9,190	\$ 8,857	\$ 8,973	\$ 8,557				
Net earnings attributable to Eastman	Net earnings attributable to Eastman	178	301	584	792				
Net earnings attributable to Eastman									
Net earnings attributable to Eastman									
Cash dividends declared									
Cash dividends declared	Cash dividends declared	(94)	(93)	(283)	(284)				
Retained earnings at end of period	Retained earnings at end of period	\$ 9,274	\$ 9,065	\$ 9,274	\$ 9,065				
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

	September December					
	30,	31,				
	March 31,				March 31,	December 31,
(Dollars in millions, except per share amounts)	(Dollars in millions, except per share amounts)	2023	2022	(Dollars in millions, except per share amounts)	2024	2023
<b>Assets</b>	<b>Assets</b>					
Current assets	Current assets					
Current assets						
Current assets						
Cash and cash equivalents	Cash and cash equivalents	\$ 439	\$ 493			
Trade receivables, net of allowance for credit losses	Trade receivables, net of allowance for credit losses	880	957			
Miscellaneous receivables	Miscellaneous receivables	269	320			
Inventories	Inventories	1,721	1,894			
Other current assets	Other current assets	72	114			
Assets held for sale		186	—			
Total current assets						
Total current assets						
Total current assets	Total current assets	3,567	3,778			
Properties	Properties					
Properties and equipment at cost						
Properties and equipment at cost						

Properties and equipment at cost	Properties and equipment at cost	13,382	12,942
Less:	Less:		
Accumulated depreciation	Accumulated depreciation	7,956	7,782
Net properties	Net properties	5,426	5,160
Goodwill	Goodwill	3,643	3,664
Intangible assets, net of accumulated amortization	Intangible assets, net of accumulated amortization	1,148	1,210
Other noncurrent assets	Other noncurrent assets	810	855
<b>Total assets</b>	<b>Total assets</b>	<b>\$ 14,594</b>	<b>\$ 14,667</b>
<b>Liabilities and Stockholders' Equity</b>	<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities and Stockholders' Equity</b>	<b>Liabilities and Stockholders' Equity</b>		
Current liabilities	Current liabilities		
Current liabilities	Current liabilities		
Current liabilities	Current liabilities		
Payables and other current liabilities	Payables and other current liabilities	\$ 1,940	\$ 2,125
Payables and other current liabilities	Payables and other current liabilities		
Borrowings due within one year	Borrowings due within one year	640	1,126
<b>Liabilities held for sale</b>	<b>35</b>	<b>—</b>	
<b>Total current liabilities</b>			
<b>Total current liabilities</b>			
Total current liabilities	Total current liabilities	2,615	3,251
Long-term borrowings	Long-term borrowings	4,580	4,025
Deferred income tax liabilities	Deferred income tax liabilities	549	671
Post-employment obligations	Post-employment obligations	611	628
Other long-term liabilities	Other long-term liabilities	815	856
<b>Total liabilities</b>	<b>Total liabilities</b>	<b>9,170</b>	<b>9,431</b>
Stockholders' equity	Stockholders' equity		

Common stock (\$0.01 par value – 350,000,000 shares authorized; shares issued – 222,737,414 and 222,348,557 as of September 30, 2023 and December 31, 2022, respectively)	2	2
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)		
Additional paid-in capital	Additional paid-in capital	
Retained earnings	Retained earnings	
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	
Less: Treasury stock at cost (104,224,199 and 103,602,488 shares as of September 30, 2023 and December 31, 2022, respectively)	5,982	5,932
Total Eastman stockholders' equity		
Noncontrolling interest	Noncontrolling interest	
Total equity	Total equity	
Total liabilities and stockholders' 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 Nine Months				First Three Months	
(Dollars in millions)		(Dollars in millions)	2023	2022	(Dollars in millions)
Operating activities	Operating activities				
Net earnings	Net earnings	\$ 585	\$ 794		
Net earnings	Net earnings				
Net earnings	Net earnings				
Adjustments to reconcile net earnings to net cash provided by operating activities:	Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	Depreciation and amortization	380	360		
Mark-to-market pension and other postretirement benefit plans (gain), net	—	(3)			
Depreciation and amortization	Depreciation and amortization				
Loss on sale of assets	—	15			
Gain on divested business	—	(7)			
Benefit from deferred income taxes					
Benefit from deferred income taxes					
Benefit from deferred income taxes	Benefit from deferred income taxes	(156)	(54)		
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:	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 trade receivables	68	(111)		
(Increase) decrease in inventories	(Increase) decrease in inventories	147	(549)		
Increase (decrease) in trade payables	Increase (decrease) in trade payables	(363)	187		

Pension and other postretirement contributions (in excess of) less than expenses	Pension and other postretirement contributions (in excess of) less than expenses	(39)	(115)
Variable compensation payments (in excess of) less than expenses	Variable compensation payments (in excess of) less than expenses	73	(117)
Other items, net	Other items, net	227	118
<b>Net cash provided by operating activities</b>		<b>922</b>	<b>518</b>
<b>Net cash used in operating activities</b>			
Investing activities	Investing activities		
Additions to properties and equipment	Additions to properties and equipment	(649)	(408)
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	Proceeds from sale of businesses	38	998
Acquisition, net of cash acquired	Acquisition, net of cash acquired	(74)	(1)
Additions to capitalized software	Additions to capitalized software	(4)	(10)
Additions to capitalized software			
Additions to capitalized software			
Other items, net	Other items, net	9	19
<b>Net cash (used in) provided by investing activities</b>		<b>(680)</b>	<b>598</b>
<b>Net cash used in investing activities</b>			
Financing activities	Financing activities		
Net increase (decrease) in commercial paper and other borrowings		73	355

Net decrease in commercial paper and other borrowings				
Net decrease in commercial paper and other borrowings				
Net decrease in commercial paper and other borrowings				
Proceeds from borrowings	Proceeds from borrowings	796	500	
Repayment of borrowings	Repayment of borrowings	(808)	(750)	
Dividends paid to stockholders	Dividends paid to stockholders	(282)	(290)	
Treasury stock purchases		(50)	(902)	
Other items, net	Other items, net	(24)	(11)	
<b>Net cash used in financing activities</b>		<b>(295)</b>	<b>(1,098)</b>	
Other items, net				
Other items, net				
<b>Net cash provided by financing activities</b>				
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1)	(16)	
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(54)	2	
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	493	459	
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	<b>\$ 439</b>	<b>\$ 461</b>	

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 [2022 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, 2022 December 31, 2023](#) financial position data included herein was derived from the consolidated financial statements included in the [2022 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 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. Certain prior period data has been reclassified in the unaudited consolidated financial statements and accompanying footnotes to conform to current period presentation, including sales revenue, earnings before interest and taxes ("EBIT"), and goodwill related to the product moves announced in first quarter 2023. See Note 4, "Goodwill", and Note 15, "Segment Information", for more information.

###### Recently Adopted Accounting Standards

**Accounting Standards Update ("ASU") 2021-08 Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers:** On January 1, 2023, Eastman adopted prospectively this update, which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 Revenue from Contracts with Customers, as if it had originated the contracts. The adoption did not have a significant impact on the Company's financial statements and related disclosures.

**ASU 2022-01 Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method:** On January 1, 2023, Eastman adopted this update which clarifies the guidance in Accounting Standards Codification ("ASC") 815 on fair value hedge accounting of interest rate risk for portfolios of financial assets. This ASU amends the guidance in ASU 2017-12 (released on August 28, 2017) that, among other things, established the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible. ASU 2022-01 renames that method the "portfolio layer" method and addresses feedback from stakeholders regarding its application. The adoption did not have a significant impact on the Company's financial statements and related disclosures.

**ASU 2022-02 Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures:** On January 1, 2023, Eastman adopted this update which amends the requirements for accounting for credit losses under ASC 326, eliminates the accounting guidance on troubled debt restructurings for creditors in ASC 310-40, and enhances creditors' disclosure requirements related to loan refinancings and restructurings for borrowers experiencing financial difficulty. This ASU also amends the guidance on

"vintage disclosures" to require disclosure of gross write-offs by year of origination. The adoption did not have a significant impact on the Company's financial statements and related disclosures.

**ASU 2022-04 Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations:** On January 1, 2023, Eastman adopted this update which requires the buyer in a supplier finance program to disclose qualitative and quantitative information about the program. Required disclosures include information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The adoption did not have a significant impact on the Company's financial position, results of operations, or cash flows. The required disclosures are included as part of "Working Capital Management and Off Balance Sheet Arrangements" disclosure below.



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

##### Accounting Standards Issued But Not Adopted as of September 30, 2023

**ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions:** The Financial Accounting Standards Board ("FASB") issued On January 1, 2024, Eastman adopted this update, in June 2022, 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

**ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures:** The Financial Accounting Standards Board ("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 guidance update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years with early adoption permitted, starting after December 15, 2024. This ASU must be applied retrospectively to all prior periods presented. Management does not expect that changes required by is currently evaluating the new standard will have a significant 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

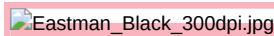
The Company has off balance sheet, uncommitted accounts receivable factoring programs under which entire invoices may be sold to third-party financial institutions. The vast majority of these programs are without recourse. Under these programs, the Company sells the invoices at face value, less a transaction 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 third first quarter 2024 and 2023 were \$698 million and \$692 million and \$700 million \$677 million, respectively, and \$2.1 billion and \$1.8 billion in first nine months 2023 and 2022, 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 \$61 \$79 million and \$98 \$69 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, are included in "Payables and other current liabilities" on the Unaudited Consolidated Statements of Financial Position.

## 2. ASSETS HELD FOR SALE

On September 27, 2023, Eastman entered into a definitive agreement to sell its operations located in Texas City, Texas, which are reported in the Chemical Intermediates ("CI") segment ("Texas City Operations"). The sale excludes the plasticizer operations. The Company will provide certain transition and post-closing services on agreed terms.

The total sales price includes \$413 million in cash at closing and an additional \$38.5 million to be paid on each of the first and second anniversaries of the closing date of the transaction. The final purchase price is subject to working capital and other adjustments at closing. The entity being sold is not reported as a discontinued operation because the sale will not have a major effect on the Company's operations and financial results.



### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The sale, subject to regulatory approvals and satisfaction of other customary closing conditions, is expected to be completed in fourth quarter 2023. The agreement contains customary representations, warranties, and covenants of both parties including, among other things, that Eastman conduct the site's operations in the ordinary course consistent with past practice through the date of closing.

As of the definitive agreement date and until sale, the Texas City Operations disposal group is classified as held for sale. At September 30, 2023, the carrying value was less than the estimated fair value less costs to sell, which is expected to result in a gain upon disposition.

The major classes of assets and liabilities of the Texas City Operations classified as held for sale as of September 30, 2023 were as follows:

	September 30, 2023
(Dollars in millions)	
<b>Assets held for sale</b>	
Trade receivables, net of allowance for doubtful accounts	\$ 4
Inventories	7
Other assets	14
Properties, net of accumulated depreciation	108
Goodwill	50
Intangible assets, net of accumulated amortization	3
<b>Assets held for sale</b>	<b>186</b>
<b>Liabilities held for sale</b>	
Payables and other current liabilities	11
Other liabilities	24
<b>Liabilities held for sale</b>	<b>35</b>
<b>Disposal group, net</b>	<b>\$ 151</b>

Long-lived assets and definite-lived intangible assets are not depreciated or amortized while classified as held for sale.

## 3. INVENTORIES

(Dollars in millions)	September December				March 31, 2024	December 31, 2023		
	30, 31,							
	2023	2022	(Dollars in millions)					
Finished goods	Finished goods	\$ 1,244	\$ 1,347					
Work in process	Work in process	282	297					

Raw materials and supplies	Raw materials and supplies	658	743
Total inventories at FIFO or average cost	Total inventories at FIFO or average cost	2,184	2,387
Less: LIFO reserve	Less: LIFO reserve	463	493
Total inventories	Total inventories	\$ 1,721	\$ 1,894

Inventories valued on the last-in, first-out ("LIFO") method were approximately 50 percent of total inventories at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

##### 4. GOODWILL

As a result of product moves between the Additives & Functional Products ("AFP") segment and the CI segment that occurred in first quarter 2023, goodwill was reassigned to segments using a relative fair value allocation. In conjunction with the product moves and as required by GAAP, during first quarter 2023 Eastman performed an impairment assessment and concluded that no indication of an impairment existed. For further information on the product moves, see Note 1, "Significant Accounting Policies", and Note 15, "Segment Information".

Changes to the carrying value of goodwill follow:

(Dollars in millions)	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Other	Total
Balance at December 31, 2022	\$ 1,296	\$ 1,601	\$ 757	\$ 10	\$ 3,664
Adjustments to net goodwill resulting from reorganization	—	569	(569)	—	—
Acquisition	33	—	—	—	33
Held for sale	—	—	(50)	—	(50)
Currency translation adjustments	(3)	(1)	—	—	(4)
Balance at September 30, 2023	\$ 1,326	\$ 2,169	\$ 138	\$ 10	\$ 3,643

The reported balance of goodwill included accumulated impairment losses of \$106 million, \$12 million, and \$14 million in the AFP segment, the CI segment, and other segments, respectively, at both September 30, 2023 and December 31, 2022.

##### 5.3. INCOME TAXES

(Dollars in millions)	Third Quarter				First Nine Months			
	2023		2022		2023		2022	
	\$	%	\$	%	\$	%	\$	%
Provision for (benefit from) income taxes and tax rate	\$ 20	10 %	\$ (20)	(7)%	\$ 77	12 %	\$ 155	16 %
First Quarter								
(Dollars in millions)	2024				2023			
	\$	%	\$	%	\$	%	\$	%
Provision for income taxes and tax rate	\$ 49	23 %	\$ 60	31 %				

First nine months 2023 quarter 2024 provision for income taxes includes a \$51 million decrease related to the foreign rate variance due to state the Company's mix of earnings, partially offset by an increase related to uncertain tax law changes that were enacted in second positions. First quarter 2023 that extend the carryforward period to utilize existing state tax credits and provision for income taxes included 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 (the "Tax Reform Act"). Third quarter and first nine months 2022 provision for income taxes included a \$32 million decrease related to the release of a state valuation allowance and a \$16 million decrease from the finalization of prior year's income tax returns. Provision for income taxes was adjusted in third quarter 2022 to reflect

finalization of the tax implications of the adhesives resins business divestiture, which, for first nine months 2022, was an increase of \$38 million to the provision for income taxes. Act.

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, Eastman had **\$241** **\$325** million and **\$235** **\$320** million, respectively, in unrecognized tax benefits. At **September 30, 2023** **March 31, 2024**, it is **expected 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 **\$55** **\$140** million within the next 12 months.



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

##### 6.4. BORROWINGS

(Dollars in millions)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
	(Dollars in millions)	2023	(Dollars in millions)	2022		
Borrowings consisted of:	Borrowings consisted of:					
1.50% notes due May 2023 (1)	\$ —	\$ 800				
7.25% debentures due January 2024						
7.25% debentures due January 2024	7.25% debentures due January 2024	198	198			
7.625% debentures due June 2024	7.625% debentures due June 2024	43	43			
3.80% notes due March 2025	3.80% notes due March 2025	695	693			
1.875% notes due November 2026 (1)	1.875% notes due November 2026 (1)	528	530			
7.60% debentures due February 2027	7.60% debentures due February 2027	196	196			
4.5% notes due December 2028	4.5% notes due December 2028	495	495			
5.75% notes due March 2033 (2)	5.75% notes due March 2033 (2)	496	—			
5.625% notes due February 2034						
4.8% notes due September 2042	4.8% notes due September 2042	494	494			
4.65% notes due October 2044	4.65% notes due October 2044	877	877			

2024 Term Loan	2024 Term Loan	300	—
2027 Term Loan	2027 Term Loan	499	499
Commercial paper and short-term borrowings		399	326
Total borrowings			
Total borrowings			
Total borrowings	Total borrowings	5,220	5,151
Less: Borrowings due within one year	Less: Borrowings due within one year	640	1,126
Long-term borrowings	Long-term borrowings	\$ 4,580	\$ 4,025

(1) The carrying value of the euro-denominated 1.50% notes due May 2023 and 1.875% notes due November 2026 fluctuates with changes in the euro to U.S. dollar exchange rate. The carrying value of these this euro-denominated borrowings have borrowing has been designated as a non-derivative net investment hedges 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 will be were used to finance or refinance existing and future eligible green investment initiatives, which contribute to Eastman's environmental sustainability strategy (a green bond).

In second first quarter 2023, 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 1.50% notes \$198 million 7.25% debentures due May 2023, of which \$808 million, including the foreign currency impact, was repaid from a combination of available cash and debt proceeds. January 2024 during first quarter 2024. There were no debt extinguishment costs associated with the repayment repayment. Both the proceeds from the 2034 Notes and the redemption of this debt. Total consideration for this redemption is the debentures are reported under financing activities on the Unaudited Consolidated Statements of Cash Flows.

In first quarter 2023, the Company issued \$500 million aggregate principal amount of 5.75% notes due March 2033 in a registered public offering (the "2023 Notes"). Net proceeds from the 2023 Notes will be allocated to eligible projects to advance Eastman's sustainability goals of mitigating climate change, mainstreaming circular economy, and caring for society. Proceeds from the sale of the notes, net of original issue discounts, and issuance costs were \$496 million.

#### Credit Facility, Term Loans, and Commercial Paper Borrowings

In first quarter 2023, the Company borrowed \$300 million under a delayed draw two-year term loan (the "2024 Term Loan"), which was executed in fourth quarter 2022. As of September 30, 2023, the 2024 Term Loan balance outstanding was \$300 million with a variable interest rate of 6.56%. In 2022, the Company borrowed \$500 million under a five-year term loan agreement (the "2027 Term Loan"). The 2027 Term Loan balance outstanding was \$499 million at both September 30, 2023 and December 31, 2022, with variable interest rates of 6.55% and 5.55%, respectively. Borrowings under the 2024 Term Loan and 2027 Term Loan are subject to interest at varying spreads above quoted market rates.



#### 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") expiring December 2026 that. In February 2024, the Credit Facility was amended in first quarter 2023. The amendment replaced to extend the London Interbank Offered Rate-based ("LIBOR") reference interest rate option with a reference interest rate option based upon Term Secured Overnight Financing Rate ("SOFR") (as defined in the Credit Facility), 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no outstanding borrowings under the Credit Facility. At September 30, 2023, the Company's Facility and no commercial paper borrowings borrowings.

In first quarter 2024, the Company repaid the \$300 million delayed draw two-year term loan (the "2024 Term Loan"). There were \$399 million no extinguishment costs associated with a weighted average 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 rate rates of 5.55%. At December 31, 2022 6.55% and 6.58%, the Company's commercial paper borrowings were \$326 million with a weighted average respectively. The 2027 Term Loan is subject to interest rate of 4.85% at varying spreads above quoted market rates.

The Credit Facility the 2024 Term Loan, 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 September 30, 2023 March 31, 2024 and December

31, 2022 December 31, 2023.

## Fair Value of Borrowings

Eastman has classified its total borrowings at September 30, 2023 March 31, 2024 and December 31, 2022 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 2022 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 Company's other borrowings, under the 2027 Term Loans and commercial paper, Loan equals the carrying value and is classified as Level 2. The Company's fair value of total borrowings was \$4.9 billion at both September 30, 2023 March 31, 2024 and December 31, 2022 \$4.7 billion December 31, 2023. The Company had no borrowings classified as Level 1 and/or Level 3 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

## 7.5. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS

### Overview of Hedging Programs

Eastman is exposed to market risks, such as changes in foreign currency exchange rates, commodity 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 2022 2023 Annual Report on Form 10-K.

### 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 2023, Eastman entered into 2024, in conjunction with the repayment of the 7.25% debentures due January 2024, the Company terminated fixed-to-fixed cross-currency swaps of \$300 million (€283 million) maturing March 2033 and \$50 million (¥6.7 billion) maturing March 2025.

In third quarter 2023, Eastman entered into fixed-to-fixed cross-currency swaps of \$375 million (€340 million) maturing March 2025 and \$125 million (€113 million) maturing December 2028. Additionally, Eastman voluntarily terminated and reentered into fixed-to-fixed cross-currency swaps of \$375 million (€340 million terminated; €351 million reentered) maturing March 2025, \$305 million (€265 million terminated; €285 million reentered) maturing December 2028, and \$50 million (¥6.7 billion terminated; ¥7.4 billion reentered) maturing March 2025.

January 2024. The termination of the cross-currency swaps in third quarter 2023 swap resulted in a \$34 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 associated with Eastman's hedging programs.

Notional Outstanding	Notional Outstanding	September 30, 2023	December 31, 2022	Notional Outstanding	March 31, 2024	December 31, 2023
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)					
EUR/USD (in EUR)	EUR/USD (in EUR)	€440	€573			
Foreign Exchange Forward and Option Contracts (in millions)	Foreign Exchange Forward and Option Contracts (in millions)					
EUR/USD (in EUR)	EUR/USD (in EUR)					
EUR/USD (in EUR)	EUR/USD (in EUR)					
Commodity Forward and Collar Contracts	Commodity Forward and Collar Contracts					
Energy (in million british thermal units)	Energy (in million british thermal units)	17	3		€393	€405

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:				
Derivatives designated as fair value hedges:				
Fixed-for-floating interest rate swaps (in millions)	Fixed-for-floating interest rate swaps (in millions)	\$75	\$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:				
Cross-currency interest rate swaps (in millions)	Cross-currency interest rate swaps (in millions)			
EUR/USD (in EUR)	EUR/USD (in EUR)	€1,354	€587	
JPY/USD (in JPY)	JPY/USD (in JPY)	¥7,385	—	
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)			
JPY/USD (in JPY)		JPY/USD (in JPY)	€1,648
			€1,354
Non-derivatives			¥7,385
designated as Non-derivatives			
net investment hedges:	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)		
EUR/USD (in EUR)	EUR/USD (in EUR)	€498	€1,247
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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **third** **first** quarter and first nine months **2023** **2024** or **2022**, **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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

		The Financial Position and Fair Value Measurements of Hedging Instruments on a Gross Basis			
(Dollars in millions)	(Dollars in millions)	Statements of Financial Position	September 30, 2023	December 31, 2022	Level 2
Derivative Type	Derivative Type	Classification			
<b>Derivative Type</b>					
Derivatives designated as cash flow hedges:			Derivatives designated as cash flow hedges:		
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					
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	Other current assets	\$—	\$ 3	
Commodity contracts					
Commodity contracts					
Foreign exchange contracts					
Foreign exchange contracts					
Foreign exchange contracts					
Foreign exchange contracts	Foreign exchange contracts	Other current assets	6	—	
Foreign exchange contracts	Foreign exchange contracts	Other noncurrent assets	2	—	
Derivatives designated as fair value hedges:	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	Fixed-for-floating interest rate swap	Other current assets	—	1	
Derivatives designated as net investment hedges:					
Derivatives designated as net investment hedges:					

Derivatives	Derivatives			
designated as	designated as			
net	net			
investment	investment			
hedges:	hedges:			
Cross-currency interest rate swaps	Cross-currency interest rate swaps	Other current assets	16	—
Cross-currency interest rate swaps	Cross-currency interest rate swaps	Other noncurrent assets	46	72
Total Derivative Assets			\$70	\$76
Derivatives designated as cash flow hedges:				
Commodity contracts	Payables and other current liabilities		\$13	\$ 3
Foreign exchange contracts	Payables and other current liabilities		2	8
Foreign exchange contracts	Other long-term liabilities		—	4
Derivatives designated as fair value hedges:				
Fixed-for-floating interest rate swap	Long-term borrowings		4	5
Derivatives designated as net investment hedges:				
Cross-currency interest rate swaps				
Cross-currency interest rate swaps	Cross-currency interest rate swaps	Other long-term liabilities	25	—
Total Derivative Liabilities	Total Derivative Liabilities		\$44	\$20
Total Net Derivative Assets (Liabilities)	Total Net Derivative Assets (Liabilities)		\$26	\$56

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 \$528 million \$538 million at September 30, 2023 March 31, 2024 and \$1.3 billion \$550 million at December 31, 2022 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 2022 2023 Annual Report on Form 10-K.



**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	Line item on the Unaudited Consolidated Statements of Financial Position in which the hedged item is included
Borrowings due within one year						March 31, 2024
Long-term borrowings	Long-term borrowings	\$ 71	\$ 70	\$ (4)	\$ (5)	December 31, 2023
						March 31, 2024
						December 31, 2023

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 **third** **first** quarter 2024 and **first** **nine** months 2023 and 2022. 2023.

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	
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	
(Dollars in millions)	(Dollars in millions)
Hedging Relationships	Hedging Relationships
Third Quarter	First Nine Months
2023	2022
2023	2022
2023	2022
2023	2022
2023	2022

<b>Hedging Relationships</b>	
<b>Hedging Relationships</b>	
Derivatives in cash flow hedging relationships:	
Derivatives in cash flow hedging relationships:	
Derivatives in cash flow hedging relationships:	Derivatives in cash flow hedging relationships:
Commodity contracts	Commodity contracts
	\$ (5) \$ (4) \$ (9) \$ (5) \$— \$ 1 \$ (3) \$38
Commodity contracts	
Commodity contracts	
Foreign exchange contracts	
Foreign exchange contracts	
Foreign exchange contracts	Foreign exchange contracts
	11 22 1 43 3 18 10 33
Forward starting interest rate and treasury lock swap contracts	Forward starting interest rate and treasury lock swap contracts
	1 (1) 2 9 — — (2) (5)
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):	Non-derivatives in net investment hedging relationships (pre-tax):
Net investment hedges	Net investment hedges
	15 80 (8) 199 — — — —
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):	
net investment hedging relationships (pre-tax):	net investment hedging relationships (pre-tax):	
Cross-currency interest rate swaps	Cross-currency interest rate swaps	51 39 31 114 — — — —
Cross-currency interest rate swaps	Cross-currency interest rate swaps	51 39 31 114 — — — —
Cross-currency interest rate swaps	Cross-currency interest rate swaps	51 39 31 114 — — — —
Cross-currency interest rate swaps excluded component	Cross-currency interest rate swaps excluded component	(16) (1) (33) (6) — — — —
Cross-currency interest rate swaps excluded component	Cross-currency interest rate swaps excluded component	(16) (1) (33) (6) — — — —
Cross-currency interest rate swaps excluded component	Cross-currency interest rate swaps excluded component	(16) (1) (33) (6) — — — —



#### 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 **third** first quarter 2024 and **first** nine months 2023 and 2022, 2023.

*Location and Amount of Gain or (Loss) Recognized in Earnings from Fair Value and Cash Flow Hedging Relationships*

Third Quarter						First Quarter					
2023			2022			2024			2023		
First Quarter						First Quarter					
		Net			Net						
(Dollars in millions)		Cost of Sales	Interest Sales	Expense	Sales	Cost of Sales	Interest Sales	Expense	(Dollars in millions)	Cost of Sales	Net Interest Expense

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	Total amounts of income and expense line items presented in the Unaudited Consolidated Statements of Earnings, Income and Retained Earnings in which the effects of fair value or cash flow hedges are recognized	\$2,267	\$1,783	\$ 57	\$2,709	\$2,168	\$ 43
The effects of fair value and cash flow hedging:	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:	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):	Interest contracts (fixed-for-floating interest rate swaps):						
Hedged items	Hedged items						
Hedged items	Hedged items	—		1			
Derivatives designated as hedging instruments	Derivatives designated as hedging instruments	—		(1)			
Gain or (loss) on cash flow hedging relationships:	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):	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	Amount reclassified from AOCI into earnings
Amount reclassified from AOCI into earnings	—
Commodity Contracts:	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:	Foreign Exchange 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:	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

(Dollars in millions)	First Nine Months					
	2023			2022		
	Sales	Cost of Sales	Net Interest Expense	Sales	Cost of Sales	Net Interest Expense

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	\$ 7,003	\$ 5,406	\$ 163	\$ 8,207	\$ 6,446	\$ 134
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			(2)			(5)
Commodity Contracts:						
Amount reclassified from AOCI into earnings			(3)			38
Foreign Exchange Contracts:						
Amount reclassified from AOCI into earnings	10				33	



#### 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 loss of \$1 million and \$7 million \$5 million during third both first quarter 2024 and first nine months 2023, respectively, and recognized a net loss of \$5 million and \$11 million during third quarter and first nine months 2022, 2023.

Pre-tax monetized positions and mark-to-market ("MTM") gains and losses from raw materials and energy, currency, and certain interest rate hedges that were included in AOCI included resulted in a net gains gain of \$116 million \$41 million and \$134 million a net loss of \$4 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Gains in AOCI decreased increased between December 31, 2022 December 31, 2023 and September 30, 2023 March 31, 2024 primarily as a result of an increase a decrease in euro to U.S. dollar exchange rates. If recognized, approximately \$2 million \$21 million in pre-tax losses as of September 30, 2023 March 31, 2024, would be reclassified into earnings during the next 12 months, including foreign exchange contracts prospectively dedesignated and monetized in fourth quarter 2022.

#### 8.6. 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 2022 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				First Quarter			
Third Quarter		Pension Plans		Other Postretirement Benefit Plans			
		Pension Plans		Other Postretirement Benefit Plans			
2023	2022	2023	2022				
2024		2024		2023			2024 2023

**(1) 7. Also includes curtailment triggered by the 2022 sale OTHER COMMITMENTS**

Eastman has commitments consisting of the adhesives resins business which is included in "Other components of post-employment (benefit) cost, net" on the Unaudited Consolidated Statements of Earnings, Comprehensive Income debt securities, credit facilities, term loans, interest payable, purchase obligations, operating leases, and Retained Earnings other liabilities.

In 2022, subsequent 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 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 adhesives resins divestiture, Company's commitments from those disclosed in Note 12, "Leases and Other Commitments", to the Company retained pension liabilities of certain plan participants. As such, the status of those participants changed consolidated financial statements in a Non-U.S. pension plan which triggered a curtailment and an interim MTM remeasurement Part II, Item 8 of the impacted Non-U.S. pension plan's assets and liabilities. First nine months 2022 included a curtailment gain of \$7 million, including \$3 million reduction in the pension benefit obligation and \$4 million of prior service credits recognized immediately, and a MTM gain of \$3 million. Company's 2023 Annual Report on Form 10-K.

Settlements are triggered in a plan when distributions exceed the sum of service cost and interest cost of the respective plan. Lump sum payments from a U.S. pension plan resulted in a plan settlement in first nine months 2022. The settlement itself was not material, but it triggered an interim MTM remeasurement of the impacted U.S. pension plan's assets and liabilities resulting in a MTM loss of \$7 million in first nine months 2022.



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

##### 9.8. 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 [2022 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)	September 30, 2023	December 31, 2022	(Dollars in millions)	March 31, 2024	December 31, 2023
Environmental contingencies, current	Environmental contingencies, current	\$ 10	\$ 10			
Environmental contingencies, long-term	Environmental contingencies, long-term			276	264	
Total	Total	\$ 286	\$ 274			

##### Environmental Remediation

Estimated future environmental expenditures for undiscounted remediation costs ranged from the best estimate or minimum of \$255 million \$250 million to the maximum of \$499 million \$493 million and from the best estimate or minimum of \$245 million \$252 million to the maximum of \$457 million \$497 million at [September 30, 2023](#) [March 31, 2024](#) and [December 31, 2022](#) [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 nine months 2023 and full year 2022 are summarized below:

	Environmental Remediation Liabilities
(Dollars in millions)	
Balance at December 31, 2021	\$ 253
Changes in estimates recognized in earnings and other	6
Cash reductions	(14)
Balance at December 31, 2022	\$ 245
Changes in estimates recognized in earnings and other	19
Cash reductions	(9)
Balance at December 31, 2023	\$ 252
Changes in estimates recognized in earnings and other	1
Cash reductions	(3)
Balance at September 30, 2023	\$ 250
March 31, 2024	250



#### 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 \$32 million at both March 31, 2024 and \$29 million at September 30, 2023 and December 31, 2022 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 and \$51 million at both September 30, 2023 March 31, 2024 and December 31, 2022 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

##### 10.9. 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

##### 11.10. STOCKHOLDERS' EQUITY

Reconciliations of the changes in stockholders' equity for third first quarter 2024 and first nine months 2023 and 2022 are provided below:

(Dollars in millions, except per share amount)	(Dollars in millions, except per share amount)	Common						Accumulated			Total			(Dollars in millions, except per share amount)	Common	Accumulated			Total		
		Stock at Par Value	Stock at Capital	Additional Paid-in Capital	Other Retained Earnings	Treasury Stock at Cost	Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity	Par Value	Stock at Par Capital	Additional Paid-in Capital	Other Retained Earnings	Treasury Stock at Cost	Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity				

Balance at June 30, 2023	\$ 2	\$ 2,342	\$ 9,190	\$ (271)	\$ (5,982)	\$ 5,281	\$ 71	\$ 5,352
Balance at December 31, 2023								
Net Earnings								
Net Earnings	—	—	178	—	—	178	1	179
Cash Dividends Declared <sup>(1)</sup> (\$0.79 per share)	—	—	(94)	—	—	(94)	—	(94)
Net Earnings								
Net Earnings								
Cash Dividends								
Declared <sup>(1)</sup> (\$0.81 per share)	—	—	—	—	—	—	—	—
Other								
Other	—	—	—	—	—	—	—	—
Comprehensive Income								
Income (Loss)	Income (Loss)	—	—	(23)	—	(23)	—	(23)
Share-Based Compensation	Share-Based Compensation	—	—	—	—	—	—	—
Expense <sup>(2)</sup>	Expense <sup>(2)</sup>	—	10	—	—	10	—	10
Stock Option Exercises								
Other <sup>(3)</sup>	Other <sup>(3)</sup>	—	—	—	—	—	—	—
Other <sup>(3)</sup>	Other <sup>(3)</sup>	—	—	—	—	—	—	—
Balance at September 30, 2023	\$ 2	\$ 2,352	\$ 9,274	\$ (294)	\$ (5,982)	\$ 5,352	\$ 72	\$ 5,424

Distributions to noncontrolling interest

Distributions to noncontrolling interest

Distributions to noncontrolling interest

Balance at March 31, 2024

(Dollars in millions, except per share amount)	Common			Accumulated Other			Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
	Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock at Cost				
	\$ 2	\$ 2,179	\$ 8,857	\$ (143)	\$ (5,572)	\$ 5,323	\$ 84	\$ 5,407	
Balance at June 30, 2022	\$ 2	\$ 2,179	\$ 8,857	\$ (143)	\$ (5,572)	\$ 5,323	\$ 84	\$ 301	\$ 301
Net Earnings	—	—	301	—	—	301	—	—	301
Cash Dividends Declared <sup>(1)</sup> (\$0.76 per share)	—	—	(93)	—	—	(93)	—	—	(93)
Other Comprehensive Income (Loss)	—	—	—	(9)	—	(9)	—	—	(9)
Share-Based Compensation Expense <sup>(2)</sup>	—	12	—	—	—	12	—	—	12
Other	—	—	—	—	—	—	—	(1)	(1)
Share Repurchases <sup>(3)</sup>	—	110	—	—	(260)	(150)	—	—	(150)
Balance at September 30, 2022	\$ 2	\$ 2,301	\$ 9,065	\$ (152)	\$ (5,832)	\$ 5,384	\$ 83	\$ 5,467	

(Dollars in millions, except per share amount)	Common			Accumulated Other			Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
	Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock at Cost				
	\$ 2	\$ 2,315	\$ 8,973	\$ (205)	\$ (5,932)	\$ 5,153	\$ 83	\$ 5,236	
Balance at December 31, 2022	\$ 2	\$ 2,315	\$ 8,973	\$ (205)	\$ (5,932)	\$ 5,153	\$ 83	\$ 134	\$ 134
Net Earnings	—	—	134	—	—	134	—	—	134
Cash Dividends Declared <sup>(1)</sup> (\$0.79 per share)	—	—	(94)	—	—	(94)	—	—	(94)
Other Comprehensive Income (Loss)	—	—	—	(15)	—	(15)	—	—	(15)
Share-Based Compensation Expense <sup>(2)</sup>	—	22	—	—	—	22	—	—	22

Stock Option Exercises	—	2	—	—	—	—	2	—	2
Other <sup>(3)</sup>	—	(14)	—	—	—	—	(14)	3	(11)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	—	(12)	(12)
Balance at March 31, 2023	\$ 2	\$ 2,325	\$ 9,013	\$ (220)	\$ (5,932)	\$ 5,188	\$ 74	\$ 5,262	

<sup>(1)</sup> Cash dividends declared consists of cash dividends paid and dividends declared but unpaid.

<sup>(2)</sup> Share-based compensation expense is based on the fair value of share-based awards.

<sup>(3)</sup> Additional paid-in capital includes settlement of shares repurchased under the second quarter 2022 accelerated share repurchase program ("2022 ASR").



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amount)	Common		Accumulated Other			Treasury	Total Eastman	Noncontrolling Interest	Total Equity
	Stock at Par	Additional Paid-in Capital	Retained Earnings	Comprehensive Income	(Loss)				
Balance at December 31, 2022	\$ 2	\$ 2,315	\$ 8,973	\$ (205)	\$ (5,932)	\$ 5,153	\$ 83	\$ 5,236	
Net Earnings	—	—	584	—	—	584	1	585	
Cash Dividends Declared <sup>(1)</sup> (\$2.37 per share)	—	—	(283)	—	—	(283)	—	—	(283)
Other Comprehensive Income (Loss)	—	—	—	(89)	—	(89)	—	—	(89)
Share-Based Compensation Expense <sup>(2)</sup>	—	49	—	—	—	49	—	—	49
Stock Option Exercises	—	2	—	—	—	2	—	—	2
Other <sup>(3)</sup>	—	(14)	—	—	—	(14)	2	—	(12)
Share Repurchases	—	—	—	—	(50)	(50)	—	—	(50)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(14)	—	(14)
Balance at September 30, 2023	\$ 2	\$ 2,352	\$ 9,274	\$ (294)	\$ (5,982)	\$ 5,352	\$ 72	\$ 5,424	

(Dollars in millions, except per share amount)	Common		Accumulated Other			Treasury	Total Eastman	Noncontrolling Interest	Total Equity
	Stock at Par	Additional Paid-in Capital	Retained Earnings	Comprehensive Income	(Loss)				
Balance at December 31, 2021	\$ 2	\$ 2,187	\$ 8,557	\$ (182)	\$ (4,860)	\$ 5,704	\$ 84	\$ 5,788	
Net Earnings	—	—	792	—	—	792	2	794	
Cash Dividends Declared <sup>(1)</sup> (\$2.28 per share)	—	—	(284)	—	—	(284)	—	—	(284)
Other Comprehensive Income (Loss)	—	—	—	30	—	30	—	—	30
Share-Based Compensation Expense <sup>(2)</sup>	—	54	—	—	—	54	—	—	54
Stock Option Exercises	—	9	—	—	—	9	—	—	9
Other <sup>(3)</sup>	—	(19)	—	—	—	(19)	(3)	—	(22)
Share Repurchases <sup>(4)</sup>	—	70	—	—	(972)	(902)	—	—	(902)
Balance at September 30, 2022	\$ 2	\$ 2,301	\$ 9,065	\$ (152)	\$ (5,832)	\$ 5,384	\$ 83	\$ 5,467	

<sup>(1)</sup> Cash dividends declared consists of cash dividends paid and dividends declared but unpaid.

<sup>(2)</sup> Share-based compensation expense is based on the fair value of share-based awards.

<sup>(3)</sup> Additional paid-in capital includes value of shares withheld for employees' taxes on vesting of share-based compensation awards.

<sup>(4)</sup> Additional paid-in capital includes the net premium of final settlements for treasury shares delivered in 2022 under the 2022 ASR and the fourth quarter 2021 accelerated share repurchase program ("2021 ASR").



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**Accumulated Other Comprehensive Income (Loss), Net of Tax**

(Dollars in millions)	(Dollars in millions)	Unrealized					(Dollars in millions)	Unrealized					(Dollars in millions)
		Cumulative Translation Adjustment	Unrecognized Prior Service Credits	Gains on Derivative Instruments	(Losses) on Investments	Unrealized Losses on Investments		Accumulated Other Comprehensive Income (Loss)	Cumulative Translation Adjustment	Unrecognized Prior Service Credits	Gains on Derivative Instruments	(Losses) on Investments	
<b>Balance at</b>													
December 31, 2021	\$ (237)	\$ 59	\$ (3)	\$ (1)	\$ (182)								
Period change	7	(27)	(3)	—	(23)								
Balance at December 31, 2022	\$ (230)	\$ 32	\$ (6)	\$ (1)	\$ (205)								
Period change	(67)	(16)	(6)	—	(89)								
Balance at September 30, 2023	\$ (297)	\$ 16	\$ (12)	\$ (1)	\$ (294)								
Balance at December 31, 2023													
Period change													
Balance at March 31, 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 **other comprehensive income** OCI recognized in the Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings are presented below, before tax and net of tax effects:

		Third Quarter											
		2023		2022									
		First Quarter								First Quarter			
		2024								2024		2023	
(Dollars in millions)	(Dollars in millions)	Net Before Tax		Net Before Tax		(Dollars in millions)		Before Tax		Net of Tax		Before Tax	
Other comprehensive income (loss)	Other comprehensive income (loss)	\$ 4	\$ (24)	\$ (19)	\$ (19)								
Change in cumulative translation adjustment													
Change in cumulative translation adjustment													
Change in cumulative translation adjustment	Change in cumulative translation adjustment	\$ 4	\$ (24)	\$ (19)	\$ (19)								
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	(7)	(6)	(8)	(6)
Amortization of unrecognized prior service credits					
Amortization of unrecognized prior service credits					
Derivatives and hedging:	Derivatives and hedging:				
Derivatives and hedging:					
Derivatives and hedging:	Derivatives and hedging:				
Unrealized gain (loss) during period	Unrealized gain (loss) during period	12	9	40	30
Unrealized gain (loss) during period	Unrealized gain (loss) during period	12	9	40	30
Reclassification adjustment for (gains) losses included in net income, net	Reclassification adjustment for (gains) losses included in net income, net	(3)	(2)	(19)	(14)
Total other comprehensive income (loss)	Total other comprehensive income (loss)	\$ 6	\$ (23)	\$ (6)	\$ (9)
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					

(Dollars in millions)	First Nine Months			
	2023		2022	
	Net		Net	
	Before Tax	of Tax	Before Tax	of Tax
Other comprehensive income (loss)				
Change in cumulative translation adjustment	\$ (39)	\$ (67)	\$ 4	\$ 4
Defined benefit pension and other postretirement benefit plans:				
Amortization of unrecognized prior service credits	(20)	(16)	(28)	(21)
Derivatives and hedging:				
Unrealized gain (loss) during period	(4)	(3)	129	97
Reclassification adjustment for (gains) losses included in net income, net	(5)	(3)	(67)	(50)
Total other comprehensive income (loss)	\$ (68)	\$ (89)	\$ 38	\$ 30



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**12.11. 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:

		Third Quarter		First Nine Months	
(In millions, except per share amounts)	(In millions, except per share amounts)	2023	2022	2023	2022
(In millions, except per share amounts)					
(In millions, except per share amounts)					
Numerator	Numerator				
Numerator					
Numerator					
Earnings attributable to Eastman, net of tax					
Earnings attributable to Eastman, net of tax					
Earnings attributable to Eastman, net of tax	Earnings attributable to Eastman, net of tax	\$ 178	\$ 301	\$ 584	\$ 792
Denominator	Denominator				
Denominator					
Weighted average shares used for basic EPS					
Weighted average shares used for basic EPS					
Weighted average shares used for basic EPS	Weighted average shares used for basic EPS	118.5	121.0	118.7	124.9
Dilutive effect of stock options and other awards	Dilutive effect of stock options and other awards	0.5	1.3	0.8	1.5
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	119.0	122.3	119.5	126.4
(Calculated using whole dollars and shares)	(Calculated using whole dollars and shares)				
(Calculated using whole dollars and shares)					
(Calculated using whole dollars and shares)					
EPS					
EPS					
EPS	EPS				
Basic	Basic	\$ 1.50	\$ 2.48	\$ 4.92	\$ 6.34
Basic					
Basic					
Diluted	Diluted	\$ 1.49	\$ 2.46	\$ 4.89	\$ 6.26

Diluted  
Diluted

Shares underlying stock options of **1,873,472** **1,583,247** and **1,342,328** **1,879,459** for both third first quarter 2024 and first nine months 2023, and 2022, 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 calculation calculations of diluted EPS would have been antidilutive. The Company repurchased 621,711 shares in first nine months 2023. No shares were repurchased in third first quarter 2024 or 2023. The Company repurchased 2,839,875 and 9,505,944 shares in third quarter and first nine months 2022, respectively.

The Company declared cash dividends of **\$0.79** **\$0.81** and **\$0.76** per share for third quarter 2023 and 2022, respectively. The Company declared cash dividends of **\$2.37** and **\$2.28** **\$0.79** per share for first nine months quarter 2024 and 2023, and 2022, respectively.



#### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

##### **13.12. ASSET IMPAIRMENTS AND RESTRUCTURING CHARGES, NET**

(Dollars in millions)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Net loss on sale of previously impaired assets <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ 15
Severance charges <sup>(2)(3)</sup>	—	—	16	3
Site closure and other restructuring charges <sup>(4)(5)(6)</sup>	—	2	6	5
<b>Total</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 22</b>	<b>\$ 23</b>

(Dollars in millions)	First Quarter	
	2024	2023
Severance charges <sup>(1)</sup>	\$ 11	\$ 16
Site closure and other restructuring charges <sup>(2)</sup>	—	6
<b>Total</b>	<b>\$ 11</b>	<b>\$ 22</b>

<sup>(1)</sup> First nine months 2022 includes a \$16 million loss on transfer of previously impaired assets to a third party in the Advanced Materials ("AM") segment for the previously reported closure of an advanced interlayers manufacturing facility in North America, partially offset by a \$1 million gain on sale of previously impaired assets reported in "Other" from the previously reported closure of a tire additives manufacturing facility in Asia Pacific.

<sup>(2)</sup> First nine months 2023 severance charges as part of fourth quarter 2022 and 2023 cost reduction initiatives reported in "Other".

<sup>(3)</sup> <sup>(2)</sup> First nine months 2022 severance charges of \$2 million as part of business improvement reported in "Other" and \$1 million in the AM segment from the previously reported closure of a performance films manufacturing facility in North America.

<sup>(4)</sup> First nine months quarter 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 nine months quarter 2023 related to the closure of this facility.

<sup>(5)</sup> Site closure costs of \$1 million and \$3 million in third quarter and first nine months 2022, respectively, in the CI segment resulting from the closure of a Singapore manufacturing site.

<sup>(6)</sup> Site closure costs of \$1 million and \$2 million in third quarter and first nine months 2022, respectively, in the AM segment from the closure of an advanced interlayers manufacturing facility in North America.

#### Changes in Reserves

The following table summarizes the changes in asset impairments and restructuring reserves in first nine months 2023 2024 and full year 2022 2023:

(Dollars in millions)	(Dollars in millions)	Balance at				September (Dollars in millions)	Balance at January 1, 2024	Provision/ Adjustments	Balance at		
		January 1, 2023	Provision/ Adjustments	Non-cash Reductions/ Additions	Cash Reductions				Non-cash Reductions/ Additions	Cash Reductions	March 31, 2024
Severance costs	Severance costs	\$ 34	\$ 16	\$ —	\$ (34)	\$ 16					
Other restructuring costs		18	6	—	(23)	1					
Severance costs											

Severance costs												
Total	Total	\$ 52	\$ 22	\$ —	\$ (57)	\$ 17						
Total												
(Dollars in millions)	(Dollars in millions)	Balance at January 1, 2022	Non-cash Adjustments	Non-cash Additions	Cash Reductions	Balance at December 31, 2022	(Dollars in millions)	Balance at January 1, 2023	Non-cash Additions	Non-cash Reductions	Cash Reductions	Balance at December 31, 2023
Severance costs	Severance costs	\$ 12	\$ 31	\$ —	\$ (9)	\$ 34						
Severance costs	Severance costs											
Other restructuring costs	Other restructuring costs	5	21	1	(9)	18						
Total	Total	\$ 17	\$ 52	\$ 1	\$ (18)	\$ 52						

Substantially all severance costs remaining as of **September 30, 2023** **March 31, 2024** are expected to be **applied to the reserves paid** within one year.

#### 14.13. 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 **third** **first quarter 2024** and 2023, **\$21 million** and **2022, \$10 million** and **\$12 million** **\$22 million**, respectively, **of** **were recognized** as compensation expense before tax **was 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, awards, of which **\$7 million** each year was for stock options. 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 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 **third quarter 2023 and 2022** net earnings for first quarter 2024 and 2023 of **\$7 million** **\$15 million** and **\$9 million** **\$16 million**, respectively, is net of deferred tax expense related to share-based award compensation for each period.

##### Stock Option Grants

In first quarter 2024 and 2023, the number of stock options granted under the 2021 Omnibus Stock Compensation Plan was approximately 389 thousand 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 nine months quarter 2024 and 2023, \$14 million and 2022, \$49 million and \$54 million \$15 million, respectively, was recognized as compensation expense before tax for these other share-based awards and was recognized in SG&A included in the **Unaudited Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings** total compensation expense noted above for all share-based awards. The impact on first nine months 2023 unrecognized compensation expense before tax for these same type awards at March 31, 2024 was approximately \$97 million and 2022 net earnings will be recognized primarily over a period of \$36 million and \$41 million, respectively, is net of deferred tax expense related to share-based award compensation for each period, three years.

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 **2022 2023 Annual Report on Form 10-K**.

#### **15.14. 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 **2022 2023 Annual Report on Form 10-K**. For additional financial and product information for each segment, see Part I, Item 1, "Business - Business Segments", in the Company's **2022 2023 Annual Report on Form 10-K**.

**In first quarter 2023, the Company moved the functional amines product line into the AFP segment. In addition, certain organic acid products and olefin-based products moved from the AFP segment to the CI segment. These product moves are expected to increase efficiency of the Company's assets and commercial teams, and to increase portfolio transparency. The information presented below has been recast for all periods presented.**

(Dollars in millions)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
<b>Sales by Segment</b>				
Advanced Materials	\$ 746	\$ 888	\$ 2,227	\$ 2,471
Additives & Functional Products <sup>(1)</sup>	670	906	2,194	2,719
Chemical Intermediates <sup>(1)</sup>	527	665	1,630	2,152
Fibers	323	250	949	705
Total Sales by Operating Segment	2,266	2,709	7,000	8,047
Other <sup>(2)</sup>	1	—	3	160
<b>Total Sales</b>	<b>\$ 2,267</b>	<b>\$ 2,709</b>	<b>\$ 7,003</b>	<b>\$ 8,207</b>

<sup>(1)</sup> 2022 is reclassified to conform to current period presentation.

<sup>(2)</sup> "Other" in first nine months 2022 is sales revenue from a previously divested business.



#### **NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

(Dollars in millions)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
<b>Earnings (Loss) Before Interest and Taxes by Segment</b>				
Advanced Materials	\$ 93	\$ 131	\$ 278	\$ 333
Additives & Functional Products <sup>(1)</sup>	105	143	369	470
Chemical Intermediates <sup>(1)</sup>	6	68	87	322
Fibers	109	21	280	82
Total Earnings Before Interest and Taxes by Operating Segment	313	363	1,014	1,207
Other <sup>(2)</sup>				
Growth initiatives and businesses not allocated to operating segments	(49)	(54)	(145)	(139)
Pension and other postretirement benefits income (expense), net not allocated to operating segments	(4)	22	(12)	71
Asset impairments and restructuring charges, net	—	—	(16)	(1)
Net gain (loss) on divested business and transaction costs	—	(7)	—	(8)
Steam line incident (costs) insurance proceeds, net	—	—	8	(42)

Other income (charges), net not allocated to operating segments	(4)	—	(24)	(5)
Total Earnings Before Interest and Taxes	\$ 256	\$ 324	\$ 825	\$ 1,083

(Dollars in millions)	First Quarter	
	2024	2023
Advanced Materials	\$ 748	\$ 742
Additives & Functional Products	704	777
Chemical Intermediates	523	589
Fibers	331	303
Total Sales by Operating Segment	2,306	2,411
Other	4	1
<b>Total Sales</b>	<b>\$ 2,310</b>	<b>\$ 2,412</b>

(1) 2022 is reclassified to conform to current period presentation.

(2) "Other" in first nine months 2022 includes EBIT of \$6 million from a previously divested business.

(Dollars in millions)	First Quarter	
	2024	2023
Advanced Materials	\$ 104	\$ 86
Additives & Functional Products	109	124
Chemical Intermediates	16	42
Fibers	117	65
Total Earnings Before Interest and Taxes by Operating Segment	346	317
Other		
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)
<b>Total Earnings Before Interest and Taxes</b>	<b>\$ 263</b>	<b>\$ 246</b>



## 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 [2022 2023 Annual Report on Form 10-K](#), and the unaudited consolidated financial statements, including related notes, included elsewhere 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 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 [nine months](#) [quarter 2023](#), the Company increased the provision for state income taxes due to an adjustment of the amount recognized in prior years resulting from recently issued state guidance related to the 2017 Tax Cuts and Jobs Act ("Tax Reform Act"). As with the prior years, management considers this increase unusual because of the infrequent nature of the underlying change in tax law and resulting impacts on earnings.
- In [first quarter](#) 2023, the Company recognized unusual insurance proceeds, net of costs [and in first nine months 2022, unusual costs, net of insurance proceeds](#), 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;
- Mark-to-market pension and other postretirement benefit plans gains and losses resulting from the changes in discount rates and other actuarial assumptions and the difference between actual and expected returns on plan assets during the period;
- Environmental and other costs from previously divested or non-operational sites and product lines; and
- Net (gain) loss on divested business and transaction costs. facility.

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 to the provision for state income taxes due to adjustment of amounts recognized in prior years as a result of state guidance issued 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.



**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)	(Dollars in millions)	Third Quarter		First Nine Months	
		2023	2022	2023	2022
(Dollars in millions)	(Dollars in millions)				
(Dollars in millions)	(Dollars in millions)				
Non-core items impacting earnings before interest and taxes:					
Non-core items impacting earnings before interest and taxes:					

Non-core items impacting earnings before interest and taxes:	Non-core items impacting earnings before interest and taxes:								
Asset impairments and restructuring charges, net	Asset impairments and restructuring charges, net	\$	—	\$	2	\$	22	\$	23
Mark-to-market pension and other postretirement benefits (gain), net		—		—		—		(3)	
Asset impairments and restructuring charges, net									
Asset impairments and restructuring charges, net									
Accelerated depreciation	Accelerated depreciation	—		—		23		—	
Environmental and other costs		—		—		13		15	
Net (gain) loss on divested business and transaction costs		—		7		—		8	
Accelerated depreciation									
Accelerated depreciation									
Unusual item impacting earnings before interest and taxes:									
Unusual item impacting earnings before interest and taxes:									
Unusual item impacting earnings before interest and taxes:	Unusual item impacting earnings before interest and taxes:								
Steam line incident costs (insurance proceeds), net	Steam line incident costs (insurance proceeds), net	—		—		(8)		42	
Steam line incident costs (insurance proceeds), net									
Steam line incident costs (insurance proceeds), net									
Total non-core and unusual items impacting earnings before interest and taxes									
Total non-core and unusual items impacting earnings before interest and taxes									
Total non-core and unusual items impacting earnings before interest and taxes	Total non-core and unusual items impacting earnings before interest and taxes	—		9		50		85	
Less: Items impacting provision for income taxes:	Less: Items impacting provision for income taxes:								
Less: Items impacting provision for income taxes:									
Less: Items impacting provision for income taxes:									

Tax effect of non-core and unusual items	Tax effect of non-core and unusual items	—	28	9	(16)
Tax effect of non-core and unusual items					
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	Interim adjustment to tax provision	3	32	17	16
Total items impacting provision for income taxes	Total items impacting provision for income taxes	3	60	26	—
Total items impacting provision for income taxes					
Total items impacting net earnings attributable to Eastman	Total items impacting net earnings attributable to Eastman	\$ (3)	\$ (51)	\$ 24	\$ 85
Total items impacting net earnings attributable to Eastman					
Total items impacting net earnings attributable to Eastman					



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

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

- Gross profit;
- Selling, general and administrative expenses ("SG&A");
- Other components of post-employment (benefit) cost, net;
- 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,

animal nutrition, 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:

		Third Quarter		First Nine Months	
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)					
Sales					
Sales					
Sales	Sales	\$ 2,267	\$ 2,709	\$ 7,003	\$ 8,207
Earnings before interest and taxes	Earnings before interest and taxes	256	324	825	1,083
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	256	333	875	1,168
Earnings before interest and taxes excluding non-core and unusual items					
Earnings before interest and taxes excluding non-core and unusual items					

Sales revenue decreased in **third first quarter and first nine months 2023** **2024** compared to **third first quarter and first nine months 2022** **2023** primarily due to lower **selling prices**, partially offset by higher sales volume. **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 in **third first quarter 2024** compared to **first quarter 2023** compared to **third quarter 2022** primarily due to **lower sales volume and higher manufacturing costs** primarily due to **lower capacity utilization resulting from actions to reduce inventory, higher pension expense, and an unfavorable shift in foreign currency exchange rates**. These factors were partially offset by **lower raw material and energy costs and distribution costs, net of lower selling prices**. Adjusted EBIT decreased in **first nine months 2023** compared to **first nine months 2022** primarily due to **lower sales volume and prices being more than offset by higher manufacturing costs** primarily due to **lower capacity utilization resulting from actions to reduce inventory, higher pension expense, and an unfavorable shift in foreign currency exchange rates**. These factors were partially offset by **lower raw material and energy costs and 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:

(Dollars in millions, except EPS)	First Quarter			
	2024		2023	
	\$	EPS	\$	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:

	Third Quarter			
	2023		2022	
	\$	EPS	\$	EPS
(Dollars in millions, except EPS)				
Net earnings attributable to Eastman	\$ 178	\$ 1.49	\$ 301	\$ 2.46
Total non-core and unusual items, net of tax	—	—	(19)	(0.15)
Interim adjustment to tax provision	(3)	(0.02)	(32)	(0.26)
Adjusted net earnings	\$ 175	\$ 1.47	\$ 250	\$ 2.05
First Nine Months				
	2023		2022	
	\$	EPS	\$	EPS
	\$ 584	\$ 4.89	\$ 792	\$ 6.26
Net earnings attributable to Eastman	41	0.34	101	0.81
Total non-core and unusual items, net of tax	(17)	(0.14)	(16)	(0.13)
Adjusted net earnings	\$ 608	\$ 5.09	\$ 877	\$ 6.94

Cash provided by operating activities was \$922 million in first nine months 2023 and \$518 million in first nine months 2022.

## RESULTS OF OPERATIONS

### Sales

	Third Quarter				First Nine Months											
	Change				Change											
	First Quarter		First Quarter		First Quarter		First Quarter									
(Dollars in millions)																
(Dollars in millions)																
(Dollars in millions)	(Dollars in millions)	2023	2022	\$	%	2023	2022	\$	%							
Sales	Sales	\$ 2,267	\$ 2,709	\$ (442)	(16) %	\$ 7,003	\$ 8,207	\$ (1,204)	(15) %							
Sales																
Sales																
Volume / product mix effect																
Volume / product mix effect																
Volume / product mix effect	Volume / product mix effect			(314)	(11) %			(1,002)	(12) %							
Price effect	Price effect			(132)	(5) %			—	— %							
Price effect																
Price effect																
Exchange rate effect	Exchange rate effect			4	— %			(42)	(1) %							
Divested business effect				—	— %			(160)	(2) %							
Exchange rate effect																
Exchange rate effect																

Sales revenue decreased in **third** first quarter and first nine months 2023 **2024** compared to **third** first quarter and first nine months 2022 **2023** primarily as a result of decreases in the **AFP**, **CI** and **AM** **AFP** segments, partially offset by **an increase** **increases** in the **Fibers** **segment** and **AM** **segments**. 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**

(Dollars in millions)	(Dollars in millions)	Third Quarter			First Nine Months			
		2023	2022	Change	2023	2022	Change	
(Dollars in millions)								
(Dollars in millions)								
Gross profit	Gross profit	\$ 484	\$ 541	(11) %	\$ 1,597	\$ 1,761	(9) %	
Accelerated depreciation	Accelerated depreciation	—	—	23	—	—	—	
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	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	\$ 484	\$ 541	(11) %	\$ 1,612	\$ 1,803	(11) %	
Gross profit excluding non-core and unusual items								
Gross profit excluding non-core and unusual items								

Gross profit in first nine months quarter 2023 and 2022 included incremental costs and insurance proceeds from the steam line incident and first nine months 2023 included 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 in third first quarter and first nine months 2023 2024 compared to third first quarter and first nine months 2022 2023 as a result of decreases in the CI AFP, and AM AFP segments, partially offset by an increase in the Fibers segment 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**

(Dollars in millions)	(Dollars in millions)	Third Quarter			First Nine Months			
		2023	2022	Change	2023	2022	Change	
(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	\$ 160	\$ 173	(8) %	\$ 536	\$ 554	(3) %	
Transaction costs	Transaction costs	—	(4)	—	—	(15)	—	

Selling, general and administrative expenses excluding non-core item	\$ 160	\$ 169	(5) %	\$ 536	\$ 539	(1) %
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Third Selling, general and administrative expenses remained unchanged in first quarter and first nine months 2022 SG&A expenses included transaction costs for divested businesses. Excluding this non-core item, SG&A expenses decreased in third quarter and first nine months 2023 2024 compared to third first quarter and first nine months 2022 primarily 2023 as a result of higher variable compensation costs were offset by lower spend in third quarter and first nine months 2023 of approximately 10 percent and 5 percent, respectively, primarily due to cost reduction initiatives. This lower spend is partially offset by higher variable compensation costs.

#### Research and Development Expenses

(Dollars in millions)	(Dollars in millions)	Third Quarter			First Nine Months		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
Research and development expenses	Research and development expenses	\$ 60	\$ 68	(12) %	\$ 182	\$ 200	(9) %

R&D expenses decreased in third first quarter and first nine months 2023 2024 compared to third first quarter and first nine months 2022 2023 primarily due to targeted cost reduction initiatives and increased focus on strategic growth programs. initiatives.



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

##### Asset Impairments and Restructuring Charges, Net

(Dollars in millions)	First Quarter			First Nine Months		
	Third Quarter			2023		2022
	2023	2022		2023	2022	
Net loss on sale of previously impaired assets	\$ —	\$ —		\$ —	\$ —	\$ 15
Severance charges						
Severance charges						
Severance charges	Severance charges	—	—	16	3	
Site closure and other restructuring charges	Site closure and other restructuring charges	—	2	6	5	
Site closure and other restructuring charges						
Site closure and other restructuring charges						
Total	Total	\$ —	\$ 2	\$ 22	\$ 23	

For detailed information regarding asset impairments and restructuring charges, net see Note 13, 12, "Asset Impairments and Restructuring Charges, Net", 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**

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

(Dollars in millions)	(Dollars in millions)	Third Quarter		First Nine Months		
		2023	2022	2023	2022	
(Dollars in millions)						
(Dollars in millions)						
Other components of post-employment (benefit) cost, net	Other components of post-employment (benefit) cost, net	\$ (2)	\$ (30)	\$ (8)	\$ (95)	
Mark-to-market pension and other postretirement benefit gain, net		—	—	—	3	
Other components of post-employment (benefit) cost, net excluding non-core item		\$ (2)	\$ (30)	\$ (8)	\$ (92)	
Other components of post-employment (benefit) cost, net						
Other components of post-employment (benefit) cost, net						

Other components of post-employment (benefit) cost, net decreased in third quarter and first nine months 2023 compared to third quarter and first nine months 2022 primarily as a result of higher interest expense, attributable to higher discount rates, and lower expected return on assets, attributable to unfavorable asset returns on a lower beginning asset basis for 2023. For more information regarding other components of post-employment (benefit) cost, net see Note 8, "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)	Third Quarter		First Nine Months		
		2023	2022	2023	2022	
(Dollars in millions)						
(Dollars in millions)						
Foreign exchange transaction losses, net						
Foreign exchange transaction losses, net						
Foreign exchange transaction losses, net	Foreign exchange transaction losses, net	\$ 3	\$ 7	\$ 8	\$ 15	
(Income) loss from equity investments and other investment (gains) losses, net	(Income) loss from equity investments and other investment (gains) losses, net	—	(2)	5	(17)	
(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	7	(4)	27	5	
Other (income) charges, net	Other (income) charges, net	\$ 10	\$ 1	\$ 40	\$ 3	
Environmental and other costs		—	—	(13)	(15)	

Other (income) charges, net							
Other (income) charges, net							
Other (income) charges, net excluding non-core item	\$ 10	\$ 1	\$ 27	\$ (12)			

Other (income) charges, net in first nine months 2023 and 2022 included environmental and other costs related to previously divested businesses or non-operational sites and product lines. Excluding this non-core item, Other (income) charges, net increased in first nine months 2023 quarter 2024 compared to first nine months 2022 quarter 2023 primarily due to higher factoring fees and increases in foreign exchange transaction losses partially offset by valuation adjustments in equity investments higher factoring fees, and absence of income from transition service agreements that ended in 2022 related to divestitures, first quarter 2023. For more information regarding components of foreign exchange transaction losses, see Note 7, "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

(Dollars in millions)	(Dollars in millions)	Third Quarter			First Nine Months			
		2023	2022	Change	2023	2022	Change	
(Dollars in millions)								
(Dollars in millions)								
Earnings before interest and taxes	Earnings before interest and taxes	\$ 256	\$ 324	(21) %	\$ 825	\$ 1,083	(24) %	
Mark-to-market pension and other postretirement benefits (gain), net		—	—		—	(3)		
Earnings before interest and taxes								
Earnings before interest and taxes								
Asset impairments and restructuring charges, net	Asset impairments and restructuring charges, net	—	2		22	23		
Net (gain) loss on divested business and transaction costs		—	7		—	8		
Asset impairments and restructuring charges, net								
Asset impairments and restructuring charges, net								
Accelerated depreciation								
Accelerated depreciation								
Accelerated depreciation	Accelerated depreciation	—	—		23	—		
Steam line incident costs (insurance proceeds), net	Steam line incident costs (insurance proceeds), net	—	—		(8)	42		
Environmental and other costs		—	—		13	15		
Steam line incident costs (insurance proceeds), net								
Steam line incident costs (insurance proceeds), net								
Earnings before interest and taxes excluding non-core and unusual items	Earnings before interest and taxes excluding non-core and unusual items	\$ 256	\$ 333	(23) %	\$ 875	\$ 1,168	(25) %	
Earnings before interest and taxes excluding non-core and unusual items								
Earnings before interest and taxes excluding non-core and unusual items								



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

**Net Interest Expense**

		Third Quarter			First Nine Months		
(Dollars in millions)	(Dollars in millions)	2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
Gross interest costs	Gross interest costs	\$ 64	\$ 47	36 %	\$ 183	\$ 143	28 %
Less: Capitalized interest	Less: Capitalized interest	5	2		12	6	
Less: Capitalized interest							
Less: Capitalized interest							
Interest expense	Interest expense	59	45		171	137	
Less: Interest income	Less: Interest income	2	2		8	3	
Less: Interest income							
Net interest expense	Net interest expense	\$ 57	\$ 43	33 %	\$ 163	\$ 134	22 %
Net interest expense							

Net interest expense increased/decreased in third first quarter and first nine months 2023/2024 compared to third first quarter and first nine months 2022/2023 primarily as a result of higher capitalized interest rates and higher total borrowings/interest income.

**Provision for (Benefit from) Income Taxes**

		Third Quarter			First Nine Months		
		2023	2022		2023	2022	
First Quarter							
First Quarter							
First Quarter							
2024							
2024							
2024							
(Dollars in millions)	(Dollars in millions)	\$	%	\$	%	\$	%
Provision for (benefit from) income taxes and effective tax rate		\$ 20	10 %	\$ (20)	(7) %	\$ 77	12 %
(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 <sup>(1)</sup>	Tax provision for non-core and unusual items <sup>(1)</sup>	—	28	9	(16)	
Interim adjustment to tax provision <sup>(2)</sup>	3		32	17	16	
Tax provision for non-core and unusual items <sup>(1)</sup>						
Tax provision for non-core and unusual items <sup>(1)</sup>						
Adjustment from tax law changes <sup>(2)</sup>						
Adjustment from tax law changes <sup>(2)</sup>						
Adjustment from tax law changes <sup>(2)</sup>						
Interim adjustment to tax provision <sup>(3)</sup>						
Interim adjustment to tax provision <sup>(3)</sup>						
Interim adjustment to tax provision <sup>(3)</sup>						
Adjusted provision for income taxes and effective tax rate	Adjusted provision for income taxes and effective tax rate	\$ 23	12 %	\$ 40	14 %	\$ 103
Adjusted provision for income taxes and effective tax rate						
Adjusted provision for income taxes and effective tax rate						

<sup>(1)</sup> 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.

<sup>(2)</sup> Increase to the provision for state income taxes due to adjustment of amounts recognized in prior years as a result of state guidance issued in first quarter 2023 related to the Tax Reform Act.

<sup>(3)</sup> First quarter 2024 provision for income taxes was adjusted to reflect the current forecasted full year effective tax rate. First quarter 2022 provision for income taxes was adjusted to reflect the then current forecasted full year effective tax rate. The adjusted provision for income taxes for first nine months 2023 and 2022 are calculated applying the forecasted full year effective tax rates as shown below.



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

First Nine Months <sup>(1)</sup>	2023	2022	First Three Months	2024	First Three Months <sup>(1)</sup>	2023
			(1)			



(1) Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 14.5 percent and 15.0 percent in both first nine months 2023 2024 and 2022, respectively, 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

	Third Quarter			
	2023		2022	
	\$	EPS	\$	EPS
(Dollars in millions, except EPS)				
Net earnings and diluted earnings per share attributable to Eastman	\$ 178	\$ 1.49	\$ 301	\$ 2.46
Non-core items, net of tax: (1)				
Asset impairments and restructuring charges, net	—	—	2	0.01
Net (gain) loss on divested business and transaction costs	—	—	(21)	(0.16)
Interim adjustment to tax provision	(3)	(0.02)	(32)	(0.26)
Adjusted net earnings and diluted earnings per share attributable to Eastman	\$ 175	\$ 1.47	\$ 250	\$ 2.05
<b>First Quarter</b> <b>First Quarter</b> <b>First Quarter</b> <b>2024</b>				

	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				
<b>First Nine Months</b>				
Unusual items, net of tax: (1)				
	2023			
	\$	EPS		
(Dollars in millions, except EPS)				
Net earnings and diluted earnings per share attributable to Eastman	\$584	\$4.89		
Net earnings and diluted earnings per share attributable to Eastman	\$792	\$6.26		
Non-core items, net of tax:				
(1)				
Mark-to-market pension and other post-employment benefits (gain), net	—	—		
Mark-to-market pension and other post-employment benefits (gain), net	(3)	(0.02)		
Asset impairments and restructuring charges, net	18	0.14		
Asset impairments and restructuring charges, net	18	0.14		
Net (gain) loss on divested business and transaction costs	—	—		
Net (gain) loss on divested business and transaction costs	43	0.35		
Accelerated depreciation	20	0.17		
Accelerated depreciation	—	—		
Environmental and other costs	9	0.08		
Environmental and other costs	11	0.09		
Unusual items, net of tax: (1)				
Unusual items, net of tax: (1)				
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	Steam line incident costs (insurance proceeds), net	Steam line incident costs (insurance proceeds), net	(6)	(0.05)	32	0.25
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	Interim adjustment to tax provision		(17)	(0.14)	(16)	(0.13)
Adjusted net earnings and diluted earnings per share attributable to Eastman	Adjusted net earnings and diluted earnings per share attributable to Eastman		\$608	\$5.09	\$877	\$6.94
Adjusted net earnings and diluted earnings per share attributable to Eastman						
Adjusted net earnings and diluted earnings per share attributable to Eastman						

<sup>(1)</sup> 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

### SUMMARY BY OPERATING SEGMENT

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. For additional financial and product information for each operating segment, see Part I, Item 1, "Business - Business Segments" and Part II, Item 8, Note 20, "Segment and Regional Sales Information", in the Company's [2022 2023 Annual Report on Form 10-K](#).

**In first quarter 2023, the Company moved the functional amines product line into the AFP segment. In addition, certain organic acid products and olefin-based products moved from the AFP segment to the CI segment. These product moves are expected to increase efficiency of the Company's assets and commercial teams, and to increase portfolio transparency. The Company has recast the segment financial information for the AFP and the CI segments for each quarter from first quarter 2019 through fourth quarter 2022 to reflect the shift in products between segments. The 2022 information presented below is the recast information. For more information, refer to the [Current Report on Form 8-K](#) dated April 27, 2023.**

#### Advanced Materials Segment

##### First Quarter

	First Quarter				First Quarter				Change			
2024												
2024												
2024												
(Dollars in millions)												
(Dollars in millions)												
(Dollars in millions)												
Sales												
Sales												
Sales												
Volume / product mix effect												
Volume / product mix effect												
Volume / product mix effect												
Price effect												
Price effect												
Price effect												
Exchange rate effect												
Exchange rate effect												
Exchange rate effect												
Earnings before interest and taxes												
Earnings before interest and taxes												
Earnings before interest and taxes												
	Third Quarter						First Nine Months					
			Change						Change			
	2023	2022	\$	%			2023	2022	\$	%		
(Dollars in millions)												
Sales	\$ 746	\$ 888	\$ (142)	(16)	%		\$ 2,227	\$ 2,471	\$ (244)	(10)	%	
Volume / product mix effect			\$ (151)	(17)	%					\$ (324)	(13)	%
Price effect			12	1	%					111	4	%
Exchange rate effect			\$ (3)	—	%					\$ (31)	(1)	%
Earnings before interest and taxes	\$ 93	\$ 131	\$ (38)	(29)	%		\$ 278	\$ 333	\$ (55)	(17)	%	
Asset impairments and restructuring charges, net	—	1	(1)				—	19		(19)		

Earnings before interest and taxes excluding non-core item	93	132	(39)	(30)	%	278	352	(74)	(21)	%
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Sales revenue in **third** first quarter and first nine months 2023 decreased 2024 increased compared to **third** first quarter and first nine months 2022 2023 primarily due to lower higher sales volume partially offset by higher lower selling prices. **Lower** Higher sales volume was primarily driven by the specialty plastics product line due to weak demand and significant result of reduced levels of customer inventory destocking, attributed to global economic uncertainty particularly in the consumer durables and electronics medical, and consumables end-markets, end-market. Higher sales volume was partially offset by **higher** continued customer inventory destocking in the medical end-market and lower sales volume of premium products in the advanced interlayers performance films product line due to an increase in automotive end-market demand. Higher selling prices, particularly in the advanced interlayers product line, were a result of significant levels of inflation in 2022.

Third quarter and first nine months 2022 EBIT included asset impairment and restructuring charges from a manufacturing facility closure. For more information regarding asset impairments and restructuring charges see Note 13, "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 decreased increased in **third** first quarter and first nine months 2023 2024 compared to **third** first quarter and first nine months 2022 2023 primarily due to \$106 million and \$204 million, respectively, lower sales volume and higher manufacturing costs, primarily due to lower capacity utilization. These costs were partially offset by \$68 million and \$124 million, respectively, higher selling prices and \$21 million lower raw material and energy costs and distribution costs, costs, net of lower selling prices.

#### Additives & Functional Products Segment

(Dollars in millions)	First Quarter					
			Change			
	2024	2023	\$	%		
Sales	\$ 704	\$ 777	\$ (73)	(9)%		
Volume / product mix effect				(8)	(1)%	
Price effect				(67)	(8)%	
Exchange rate effect				2	— %	
Earnings before interest and taxes	\$ 109	\$ 124	\$ (15)	(12)%		

Sales revenue in first quarter 2024 decreased compared to first quarter 2023 primarily due to lower selling prices. Lower selling prices were primarily attributable to cost pass-through contracts. Sales volume was relatively unchanged as lower sales volume, primarily attributed to the Company completed timing of the acquisition fulfillment of Ai-Red Technology (Dalian) Co., Ltd. ("Dalian"), a manufacturer heat transfer fluid projects and supplier of paint protection and window film for auto and architectural markets continued customer inventory destocking in the Asia Pacific region for a preliminary purchase price of approximately \$75 million, net of cash acquired. The acquisition of Dalian is expected to enhance continued global growth of agriculture end-market, was mostly offset by favorable mix in the AM segment performance films coatings additives product line and higher sales volume in the care additives product line.

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



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

#### Additives & Functional Products Chemical Intermediates Segment

(Dollars in millions)	Third Quarter				First Nine Months			
			Change				Change	
	2023	2022	\$	%	2023	2022	\$	%
Sales	\$ 670	\$ 906	\$ (236)	(26)%	\$ 2,194	\$ 2,719	\$ (525)	(19)%
Volume / product mix effect			(159)	(18)%			(422)	(15)%
Price effect			(86)	(9)%			(99)	(4)%
Exchange rate effect			9	1 %			(4)	— %

Earnings before interest and taxes	\$ 105	\$ 143	\$ (38)	(27)%	\$ 369	\$ 470	\$ (101)	(21)%
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(Dollars in millions)	First Quarter				Change				
	2024		2023		\$		%		
	Sales	\$ 523	\$ 589	\$ (66)	(11)%	Earnings before interest and taxes	\$ 16	\$ 42	\$ (26)
Sales									
Volume / product mix effect									
Price effect									
Exchange rate effect									
Earnings before interest and taxes									

Sales revenue in **third** first quarter and first nine months **2023 2024** decreased compared to **third** first quarter and first nine months **2022 2023** primarily due to lower sales volume and lower selling prices. Lower sales volume was primarily attributable to deceleration of demand and customer destocking in the agriculture, consumables, and building and construction end-markets. Lower selling prices were primarily attributable attributed to cost pass-through contracts, weak market conditions as well as lower raw material and energy prices. Lower prices were partially offset by higher sales volume driven by growth in the plasticizers product line attributed to reduced levels of customer inventory destocking, particularly in the building and construction end-market.

EBIT decreased in **third** first quarter and first nine months **2023 2024** compared to **third** first quarter and first nine months **2022 2023** primarily due to \$79 million and \$176 million, respectively, lower sales volume and higher manufacturing costs, primarily due to lower capacity utilization. These costs were partially offset by \$31 million and \$77 million, respectively, lower raw material and energy costs and distribution costs, net of lower selling prices.

#### Chemical Intermediates Segment

(Dollars in millions)	Third Quarter				First Nine Months				
	2023		2022		Change		Change		
	Sales	\$ 527	\$ 665	\$ (138)	(21)%	Sales	\$ 1,630	\$ 2,152	\$ (522)
Sales									
Volume / product mix effect									
Price effect									
Exchange rate effect									
Earnings before interest and taxes	\$ 6	\$ 68	\$ (62)	(91)%	\$ 87	\$ 322	\$ (235)	(73)%	
Asset impairments and restructuring charges, net	—	1	(1)		—	3	(3)		
Earnings before interest and taxes excluding non-core item	6	69	(63)	(91)%	87	325	(238)	(73)%	

Sales revenue in third quarter 2023 decreased compared to third quarter 2022 primarily due to lower selling prices, particularly in the olefins product line, due to competitive pressures resulting from weak end-market demand.

Sales revenue in first nine months 2023 decreased compared to first nine months 2022 primarily due to lower sales volume and lower selling prices across most product lines. Lower sales volume in the plasticizers and olefins product lines was primarily attributed to deceleration of demand and competitive pressures in the industrial chemical, building and construction and consumer durables end-markets. Lower selling prices were attributable to lower raw material prices.



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

EBIT excluding non-core items decreased in third quarter and first nine months 2023 compared to third quarter and first nine months 2022 primarily due to \$48 million and \$158 million, respectively, lower sales volume and higher manufacturing costs primarily due to lower capacity utilization, and \$5 million and \$68 million, respectively, \$25 million lower selling prices, net of lower raw material and energy costs and distribution costs.

In third quarter 2023, the Company entered into a definitive agreement to sell its operations located in Texas City, Texas. The sale excludes the plasticizer operations. The total sales price includes \$413 million in cash at closing and an additional \$38.5 million to be paid on each of the first and second anniversaries of the closing date of the transaction. The final purchase price is subject to working capital and other adjustments at closing. The sale, subject to regulatory approvals and satisfaction of other customary closing conditions, is expected to be completed in fourth quarter 2023.

**Fibers Segment**

		Third Quarter				First Nine Months			
				Change				Change	
		2023	2022	\$	%	2023	2022	\$	%
First Quarter									
First Quarter									
First Quarter									
Change									
Change									
Change									
2024									
2024									
2024									
(Dollars in millions)									
(Dollars in millions)									
(Dollars in millions)		(Dollars in millions)							
Sales	Sales	\$ 323	\$ 250	\$ 73	29 %	\$ 949	\$ 705	\$ 244	35 %
Sales									
Sales									
Volume / product mix effect									
Volume / product mix effect									
Volume / product mix effect	Volume / product mix effect			6	2 %			17	2 %
Price effect	Price effect			69	28 %			231	33 %
Price effect									
Price effect									
Exchange rate effect									
Exchange rate effect									
Exchange rate effect	Exchange rate effect			(2)	(1) %			(4)	— %
Earnings before taxes	Earnings before taxes	\$ 109	\$ 21	\$ 88	419 %	\$ 280	\$ 82	\$ 198	241 %
Earnings before interest and taxes									
Earnings before interest and taxes									
Asset impairments and restructuring charges, net									
Asset impairments and restructuring charges, net									
Asset impairments and restructuring charges, net	Asset impairments and restructuring charges, net	—	—	—		6	—	6	
Accelerated depreciation	Accelerated depreciation	—	—	—		23	—	23	
Accelerated depreciation									
Accelerated depreciation									

Earnings before interest and taxes excluding non-core items	Earnings before interest and taxes excluding non-core items	109	21	88	419	%	309	82	227	277	%
Earnings before interest and taxes excluding non-core items											
Earnings before interest and taxes excluding non-core items											

Sales revenue in **third** first quarter and first nine months **2023** **2024** increased compared to **third** first quarter and first nine months **2022** **2023** primarily due to higher sales volume in textiles and higher selling prices in acetate tow, driven by an increase in industry capacity utilization and higher raw material, energy, and distribution prices throughout **2022**, utilization.

EBIT in first **nine months** **quarter** 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 **13, 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 **third** first quarter and first nine months **2023** **2024** compared to **third** first quarter and first nine months **2022** **2023** primarily due to **\$14 million** higher selling prices and lower raw material and energy costs, and distribution costs of **\$86 million** and **\$234 million**, respectively. **\$12 million** higher sales volume.



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

Other	First Quarter
	First Quarter
	First Quarter
	2024
(Dollars in millions)	2024
(Dollars in millions)	2024
(Dollars in millions)	2024
Sales	
Sales	
Sales	
Loss before interest and taxes	
Loss before interest and taxes	
Loss before interest and taxes	
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			
Loss before interest and taxes			
Loss before interest and taxes			
Loss before interest and taxes			
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			
<b>Third Quarter</b>			
	<b>2023</b>	<b>2022</b>	
(Dollars in millions)			
Sales	\$ 1	\$ —	\$ 3
Loss before interest and taxes excluding non-core and unusual items			
Loss before interest and taxes			
Growth initiatives and businesses not allocated to operating segments	\$ (49)	\$ (54)	\$ (145)
<b>First Nine Months</b>			
	<b>2023</b>	<b>2022</b>	

Pension and other postretirement benefits income (expense), net not allocated to operating segments	(4)	22	(12)	71
Asset impairments and restructuring charges, net	—	—	(16)	(1)
Net gain (loss) on divested business and transaction costs	—	(7)	—	(8)
Steam line incident (costs) insurance proceeds, net	—	—	8	(42)
Other income (charges), net not allocated to operating segments	(4)	—	(24)	(5)
<b>Loss before interest and taxes</b>	<b>\$ (57)</b>	<b>\$ (39)</b>	<b>\$ (189)</b>	<b>\$ (124)</b>
Asset impairments and restructuring charges, net	—	—	16	1
Net (gain) loss on divested business and transaction costs	—	7	—	8
Steam line incident costs (insurance proceeds), net	—	—	(8)	42
Environmental and other costs	—	—	13	15
Mark-to-market pension and other postretirement benefits (gain), net	—	—	—	(3)
<b>Loss before interest and taxes excluding non-core and unusual items</b>	<b>\$ (57)</b>	<b>\$ (32)</b>	<b>\$ (168)</b>	<b>\$ (61)</b>
<b>Loss before interest and taxes excluding non-core and unusual items</b>				

Sales and costs related to growth initiatives, including circular economy and the cellulosics biopolymer platform, R&D expenses, 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 nine months 2022 included sales revenue and EBIT of a previously divested business, and third quarter and first nine months 2022 included a loss, net of transaction 2024 also includes pre-production costs on for the divested business, Kingsport methanolysis facility.

First nine months EBIT in first quarter 2024 and 2023 EBIT included severance charges primarily in accordance with foreign regulatory requirements as a result of cost reduction initiatives in fourth quarter 2022. First nine months 2023 and 2022, EBIT respectively. In addition, first quarter 2023 included insurance proceeds and net costs from the steam line incident, respectively, and environmental and other costs from previously divested or non-operational sites, incident. For more information, see "Non-GAAP Financial Measures" in this MD&A. For more information regarding asset impairments and restructuring charges see Note 13, 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

	<b>Sales Revenue</b>	
	<b>Third Quarter</b>	<b>First Nine Months</b>
	<b>Change</b>	<b>Change</b>
	<b>Change</b>	
	<b>Change</b>	
	<b>Change</b>	
(Dollars in millions)		
(Dollars in millions)		

(Dollars in millions)	(Dollars in millions)	2023	2022	\$	%	2023	2022	\$	%
United States and Canada	United States and Canada	\$ 966	\$ 1,202	\$ (236)	(20) %	\$ 3,031	\$ 3,704	\$ (673)	(18) %
United States and Canada									
United States and Canada									
Europe, Middle East, and Africa									
Europe, Middle East, and Africa	Europe, Middle East, and Africa	602	680	(78)	(11) %	1,946	2,106	(160)	(8) %
Asia Pacific	Asia Pacific	576	662	(86)	(13) %	1,654	1,912	(258)	(13) %
Asia Pacific									
Asia Pacific									
Latin America									
Latin America	Latin America	123	165	(42)	(25) %	372	485	(113)	(23) %
Total Eastman	Total Eastman	\$ 2,267	\$ 2,709	\$ (442)	(16) %	\$ 7,003	\$ 8,207	\$ (1,204)	(15) %
Total Eastman									
Total Eastman									

Sales revenue decreased 16 percent in third quarter 2023 compared to third quarter 2022 and decreased 15.4 percent in first nine months 2023 quarter 2024 compared to first nine months 2022 quarter 2023 primarily due to lower selling prices (down 7 percent), partially offset by higher sales volume (up 3 percent). Lower selling prices were particularly in the Europe, Middle East, and Africa region. Higher sales volume was particularly in the Asia Pacific region, partially offset by lower sales volume in all regions (down 11 percent the United States and 12 percent, respectively).



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

##### 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 the 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 Nine Months

		First Three Months		First Three Months	
		(Dollars in millions)	2023	2022	(Dollars in millions)
Net cash provided by (used in)	Net cash provided by (used in)				2023
Operating activities	Operating activities	\$922	\$ 518		2024
Investing activities	Investing activities	(680)	598		
Financing activities	Financing activities	(295)	(1,098)		
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1)	(16)		
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(54)	2		
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	493	459		
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$439	\$ 461		

Cash provided by used in operating activities increased \$404 million \$14 million in first nine three months 2023 2024 compared to first nine three months 2022 2023 primarily due to lower working capital, lower higher variable compensation payout and lower pension and other postretirement contributions in excess of expenses, higher hedging settlement losses partially offset by lower net earnings, working capital.

Cash used in investing activities was \$680 million decreased \$73 million in first nine three months 2024 compared to first three months 2023 compared to cash provided by investing activities of \$598 million in first nine months 2022 primarily due to proceeds from the sale of the adhesives resins business in 2022, higher capital expenditures, and an acquisition in the AM segment in 2023.

Cash used in provided by financing activities decreased \$803 million \$209 million in first nine three months 2023 2024 compared to first nine three months 2022 2023, primarily due to lower treasury stock purchases partially offset by lower net proceeds from commercial paper and borrowings. For additional information, see "Liquidity and Other Financial Information - Debt and Other Commitments" in this MD&A for additional information.

#### 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 third first quarter 2024 and 2023 were \$698 million and 2022 were \$692 million and \$700 million \$677 million, respectively, and \$2.1 billion and \$1.8 billion in first nine months 2023 and 2022, 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 \$418 million \$437 million and \$402 million \$397 million of these receivables would have been outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, had they not been sold under these factoring programs.



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

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 September 30, 2023 March 31, 2024, the Company's borrowings totaled \$5.2 billion \$5.1 billion with various maturities. In second quarter 2023, the The Company repaid \$808 million, including the foreign currency impact, of the 1.50% notes due May 2023 using expects to use a combination of available cash and debt proceeds. 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 first quarter 2023, 2024, the Company borrowed \$300 million under a delayed draw two-year term loan (the "2024 Term Loan"), which was executed in fourth quarter 2022. As of September 30, 2023, repaid the \$198 million 7.25% debentures due January 2024. Term Loan balance outstanding was \$300 million using available cash. There were no extinguishment costs associated with a variable interest rate of 6.56%. the repayment. In first quarter 2023, February 2024, the Company issued \$500 million \$750 million aggregate principal amount of 5.75% 5.625% notes due March 2033 February 2034 in a registered public offering (the "2023 '2034 Notes"). Net proceeds from the 2023 Notes will be allocated to eligible projects to advance Eastman's sustainability goals of mitigating climate change, mainstreaming circular economy, and caring for society. The Company expects attractive returns on invested capital from the sustainability projects. Proceeds from the sale of the notes, 2034 Notes, net of original issue discounts, and issuance costs were \$496 million. \$742 million.

See Note 6.4, "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 totaling approximately \$10.5 billion over a period of approximately 30 years.

See 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 2022 2023 Annual Report on Form 10-K for information on other commitments.

### Credit Facility, Term Loans, and Commercial Paper Borrowings

The Company has access to a \$1.50 billion revolving credit agreement (the "Credit Facility") expiring December 2026 that. In February 2024, the Credit Facility was amended in March 2023. The amendment replaced to extend the London Interbank Offered Rate-based ("LIBOR") reference interest rate option with a reference interest rate option based upon Term Secured Overnight Financing Rate ("SOFR") (as defined in the Credit Facility). 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no outstanding borrowings under the Credit Facility. At September 30, 2023, the Company's Facility and no commercial paper borrowings were \$399 million with a weighted average interest rate of 5.55%. At December 31, 2022, the Company's commercial paper borrowings were \$326 million with a weighted average interest rate of 4.85%. 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. 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 term loans 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The total amount of available borrowings under the Credit Facility was \$1.50 billion as of September 30, 2023 March 31, 2024. For additional information, see Section 5.03 of the Credit Facility filed as [Exhibit 10.01](#) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.

See Note 6.4, "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**

	September 30, 2023		December 31, 2023	March 31, 2024	December 31, 2023
	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)		
Total borrowings	\$ 5,220	\$ 5,151			
Less: Cash and cash equivalents	439	493			
Net debt <sup>(1)</sup>	<u>\$ 4,781</u>	<u>\$ 4,658</u>			

<sup>(1)</sup> Includes non-cash decrease of \$2 million \$12 million and \$85 million increase of \$20 million in 2023 2024 and 2022, 2023, respectively, resulting from foreign currency exchange rates.

**Capital Expenditures**

Capital expenditures were \$649 million \$185 million and \$408 million \$174 million in first nine three months 2023 2024 and 2022, 2023, respectively. Capital expenditures in first nine three months 2023 2024 were primarily for the AM segment methanolysis plastic-to-plastic molecular recycling manufacturing facility in Kingsport, Tennessee, facilities, and other targeted growth initiatives and site modernization projects. The Company expects that 2023 2024 capital expenditures will be approximately \$800 million between \$700 million and \$750 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"). During first nine months 2023, the Company repurchased 621,711 shares of common stock for \$50 million. No shares were repurchased during third first quarter 2024 or 2023. As of September 30, 2023 March 31, 2024, a total of 7,365,594 8,601,749 shares have been repurchased under the 2021 authorization for \$685 million \$785 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 2022 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 [2022 2023 Annual Report on Form 10-K](#).

At March 31, 2024, a 10 percent fluctuation in the euro currency rate would have had a \$232 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.

There 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 [2022 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 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 [September 30, 2023](#) [March 31, 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 [third](#) [first](#) quarter of [2023](#) [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 [Securities and Exchange Commission](#) Regulation S-K, Item 103, the Company's threshold for disclosing any environmental legal proceeding involving a governmental authority ([including the Jefferson Hills, Pennsylvania proceedings described below](#)) is potential monetary sanctions that management believes will meet or exceed \$1 million.

##### Jefferson Hills, Pennsylvania Environmental Proceeding

In September 2021, Eastman Chemical Resins, Inc. ("ECRI"), a wholly-owned subsidiary of the Company, and the Company received a proposed Consent Decree from the United States Environmental Protection Agency's Region 3 Office ("EPA") and the Pennsylvania Department of Environmental Protection ("PADEP") alleging that ECRI's Jefferson Hills, Pennsylvania manufacturing operation had violated certain federal and state environmental regulations. Even though the Company sold the Jefferson Hills facility on April 1, 2022 as part of its previously reported sale of the adhesives resins business, it retained responsibility for any civil penalty assessed by EPA and PADEP in this matter. Following receipt of the proposed Consent Decree, ECRI and Company representatives met on multiple occasions with EPA and PADEP representatives and vigorously defended against these allegations. As of third quarter 2023, this matter has been resolved. The resolution of this proceeding did not have a material impact on the Company's financial condition, results of operations, or cash flows.

##### 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 [2022 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 [September 30, 2023](#) [March 31, 2024](#), a total of [7,365,594](#) [8,601,749](#) shares have been repurchased under the 2021 authorization for [\\$685 million](#) [\\$785 million](#). Both dividends and share repurchases are key strategies employed by the Company to return value to its stockholders. During first nine months 2023, the Company repurchased 621,711 shares of common stock for \$50 million. No shares were repurchased during [third](#) [first](#) quarter [2023](#) [2024](#). For additional information, see Note [11](#) [10](#), "Stockholders' Equity", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

#### **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) 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	<a href="#">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)</a>
3.02	<a href="#">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)</a>
10.01 *4.01	<a href="#">Amended 2021 Director Stock Compensation Subplan Form of 5.625% Notes due 2034 (incorporated herein by reference to Exhibit 4.2 to the 2021 Omnibus Stock Compensation Plan and Company's Current Report on Form of Restricted Stock Award Notice**8-K dated February 20, 2024)</a>
10.02 *	<a href="#">Amended 2023 Unit Performance Plan**</a>
31.01 *	<a href="#">Rule 13a – 14(a) Certification by Mark J. Costa, Chief Executive Officer, for the quarter endedSeptember 30, 2023 March 31, 2024</a>
31.02 *	<a href="#">Rule 13a – 14(a) Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter endedSeptember 30, 2023 March 31, 2024</a>
32.01 *	<a href="#">Section 1350 Certification by Mark J. Costa, Chief Executive Officer, for the quarter endedSeptember 30, 2023 March 31, 2024</a>
32.02 *	<a href="#">Section 1350 Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter endedSeptember 30, 2023 March 31, 2024</a>
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.



## 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: **October 27, 2023** April 26, 2024

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

William T. McLain, Jr.

Executive Vice President and Chief Financial Officer

**EASTMAN CHEMICAL COMPANY**  
**AMENDED 2021 DIRECTOR STOCK COMPENSATION SUBPLAN**

**(a Subplan of the 2021 Omnibus Stock Compensation Plan)**

**ARTICLE 1**  
**PURPOSE**

**1.1. PURPOSE.** The purpose of the Plan is to attract, retain and compensate highly-qualified individuals who are not employees of Eastman Chemical Company or any of its subsidiaries or affiliates for service as members of the Board by providing them with competitive compensation and an ownership interest in the Stock of the Company. The Company intends that the Plan will benefit the Company and its stockholders by allowing Non-Employee Directors to have a personal financial stake in the Company through an ownership interest in the Stock and will closely associate the interests of Non-Employee Directors with that of the Company's stockholders. The Plan replaces and supersedes the Amended 2021 Director Stock Compensation Subplan of the 2021 Omnibus Stock Compensation Plan adopted by the Board of Directors on August 5, 2021.

**1.2. ELIGIBILITY.** Non-Employee Directors of the Company who are Eligible Participants, as defined below, shall automatically be participants in the Plan.

**ARTICLE 2**  
**DEFINITIONS**

**2.1. DEFINITIONS.** Capitalized terms used herein and not otherwise defined shall have the meanings assigned such terms in the Omnibus Plan. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a)** "Committee" means the Nominating and Corporate Governance Committee of the Board.
- (b)** "Deferred Compensation Plan" means the Eastman Directors' Deferred Compensation Plan, as amended and restated October 6, 2016.
- (c)** "Deferral Election Form" means the form designated by the Committee (or the Company as agent for the Committee) for making a Stock Deferral Election pursuant to Section 5.5 of the Plan. The Deferral Election Form shall be in such written or electronic format as may be specified by the Committee (or the Company as the Committee's agent).
- (d)** "Deferral Year" means a calendar year in which an Annual Restricted Stock Award will be awarded to an Eligible Participant and for which an Eligible Participant can make a Stock Deferral Election pursuant to Section 5.5 of the Plan.
- (e)** "Effective Date" of the Plan has the meaning set forth in Section 7.4 hereof.
- (f)** "Election Deadline" means the deadline established by the Committee (or the Company as the Committee's agent) for making a Stock Deferral Election with respect to a Deferral Year. The Election Deadline shall in no event be later than December 31 of the calendar year immediately preceding the Deferral Year.
- (g)** "Eligible Participant" means any person who is a Non-Employee Director on the Effective Date or becomes a Non-Employee Director while this Plan is in effect; except that during any period a director is prohibited from participating in the Plan by his or her employer or otherwise waives participation in the Plan, such director shall not be an Eligible Participant.
- (h)** "Omnibus Plan" means the Eastman Chemical Company 2021 Omnibus Stock Compensation Plan, or any subsequent equity compensation plan approved by the Board and designated as the Omnibus Plan for purposes of this Plan.
- (i)** "Plan" means this Amended Eastman Chemical Company 2021 Director Stock Compensation Subplan, as amended from time to time. The Plan is a subplan of the Omnibus Plan.
- (j)** "Plan Year(s)" means the approximate twelve-month periods between annual meetings of the stockholders of the Company, which, for purposes of the Plan, are the periods for which equity Awards are earned.

- (k) "Stock Deferral Election" means an election made by an Eligible Participant to defer receipt of the Annual Restricted Stock Award to be granted to the Eligible Participant during a Deferral Year.
- (l) "Vested Deferred Share" has the meaning specified in Section 5.5.
- (m) "Vesting Date" has the meaning specified in Section 5.3.

### **ARTICLE 3 ADMINISTRATION**

**3.1. ADMINISTRATION.** The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall be authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's interpretation of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding upon all parties concerned including the Company, its stockholders, and Non-Employee Directors with Awards under the Plan. The Committee may appoint a plan administrator to carry out the ministerial functions of the Plan, but the administrator shall have no other authority or powers of the Committee. The Board may reserve to itself any or all of the authority and responsibility of the Committee under the Plan or may act as administrator of the Plan for any and all purposes. To the extent the Board has reserved any authority and responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section 3.1) shall include the Board. To the extent any action of the Board under the Plan conflicts with actions taken by the Committee, the actions of the Board shall control.

**3.2. RELIANCE.** In administering the Plan, the Committee may rely upon any information furnished by the Company, its public accountants, and other experts. No individual will have personal liability by reason of anything done or omitted to be done by the Company or the Committee in connection with the Plan. This limitation of liability shall not be exclusive of any other limitation of liability to which any such person may be entitled under the Company's Certificate of Incorporation or otherwise.

### **ARTICLE 4 SHARES**

**4.1. SOURCE OF SHARES FOR THE PLAN.** The shares of Stock that may be issued pursuant to the Plan shall be issued under the Omnibus Plan, subject to all of the terms and conditions of the Omnibus Plan. The terms contained in the Omnibus Plan are incorporated into and made a part of this Plan with respect to Restricted Stock Awards pursuant hereto and such Awards shall be governed by and construed in accordance with the Omnibus Plan. In the event of any actual or alleged conflict between the provisions of the Omnibus Plan and the provisions of this Plan, the provisions of the Omnibus Plan shall be controlling and determinative; provided that the provisions of Section 5.4 of this Plan (rather than those of Section 13.6 of the Omnibus Plan) shall control and be determinative in the event of a Change in Control. This Plan does not constitute a separate source of shares for the Awards described herein.

### **ARTICLE 5 RESTRICTED STOCK AWARDS**

**5.1. INITIAL AWARD OF RESTRICTED STOCK.** Subject to share availability under the Omnibus Plan, on the date that a new Non-Employee Director is initially elected or appointed to the Board, such director will receive a Restricted Stock Award. The number of shares of Restricted Stock to be awarded shall be established from time to time by the Board. Unless and until changed by the Board, the number of shares of Restricted Stock to be awarded in each initial Restricted Stock Award shall be determined by dividing \$10,000 by the Fair Market Value of one share of Stock as of the award date, and rounding up to the nearest whole share (the "Initial Restricted Stock Award"). Non-Employee Directors shall be eligible to receive both an Initial Restricted Stock Award and an Annual Restricted Stock Award (as defined below) in his or her initial year of service. Such shares of Restricted Stock shall be evidenced by a written Award Notice in the form at the end of this Plan and shall be subject to such restrictions and risk of forfeiture as are described in the form of Award Notice and any other restrictions and terms determined by the Board, and shall be granted under and pursuant to the terms of the Omnibus Plan.

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**Exhibit 10.01**

**5.2. ANNUAL AWARD OF RESTRICTED STOCK.** Subject to share availability under the Omnibus Plan, on the date of each annual meeting of the Company's stockholders, each Eligible Participant in service on the close of business on that date shall receive a Restricted Stock Award. The number of shares of Restricted Stock to be awarded shall be established from time to time by the Board. Unless and until changed by the Board, the number of shares of Restricted Stock to be awarded in each annual Restricted Stock Award for a full Plan Year shall be determined by dividing \$120,000 by the Fair Market Value of one share of Stock as of the award date, and rounding up to the nearest whole share (the "Annual Restricted Stock Award"). Such shares of Restricted Stock shall be evidenced by a written Award Notice in the form at the end of this Plan and

shall be subject to such restrictions and risk of forfeiture as are described in the form of Award Notice and any other restrictions and terms determined by the Board, and shall be granted under and pursuant to the terms of the Omnibus Plan.

**5.3. VESTING.** Unless and until provided otherwise by the Board, the Initial Restricted Stock Awards and the Annual Restricted Stock Awards shall vest and all restrictions with respect thereto shall lapse only upon the earliest to occur of: (i) the date that is one (1) year from the date of grant (as determined by Section 5.5 of the Omnibus Plan), but only if the Non-Employee Director is still a director of the Company immediately prior to the election of directors at the annual meeting of stockholders as of such date; (ii) the date that his or her tenure as a director of the Company terminates by reason of death, Disability, resignation effective at an annual meeting of stockholders because he or she is no longer qualified to serve as a director under Section 3.1 of the Bylaws of the Company, or for another approved reason as determined by the Committee; or (iii) the date that his or her tenure as director of the Company terminates by reason of his or her failure to be reelected as a director in an election in which he or she consented to be named as a director nominee (each, a "Vesting Date"). If the grantee's service as a director of the Company (whether or not in a Non-Employee Director capacity) terminates prior to the first anniversary of the date of grant other than as described in clause (ii) or (iii) of the foregoing sentence, then the grantee shall forfeit all of his or her right, title and interest in and to any unvested shares of Restricted Stock as of the date of such termination from the Board and such shares of Restricted Stock shall be reconveyed to the Company without further consideration or any act or action by the grantee.

**5.4. CHANGE IN CONTROL.**

(a) **Vesting of Awards.** Upon a Change in Control: (i) the terms of this Section 5.4 shall immediately become operative, without further action or consent by any person or entity; (ii) all conditions, restrictions, and limitations in effect on Restricted Stock Awards pursuant to this Plan shall immediately lapse as of the date of such event; (iii) no other terms, conditions, restrictions or limitations shall be imposed upon any such Awards on or after such date, and in no circumstance shall such Awards be forfeited on or after such date; and (iv) all such Awards shall automatically become one hundred percent (100%) vested immediately.

(b) **Valuation and Payment of Awards.** Upon a Change in Control, each Non-Employee Director, whether or not continuing in service as a director of the Company in any capacity, shall be paid, in a single lump-sum cash payment, as soon as practicable but in no event later than seventy-five (75) days after the effective date of the Change in Control, the value of all of his or her outstanding Restricted Stock Awards. For purposes of calculating the cash-out value of Awards for purposes of this Section 5.4, the Fair Market Value of Shares as of the date of the Change in Control shall be used as the Fair Market Value of the Shares.

**5.5 DEFERRAL OF RESTRICTED STOCK AWARDS.**

(a) An Eligible Participant may elect to defer receipt of the whole shares of Restricted Stock granted to the Eligible Participant during a Deferral Year as an Annual Restricted Stock Award. Such a Stock Deferral Election shall be made by the Eligible Participant by filing with the Committee (or with the Company as the Committee's agent) a Deferral Election Form on or before the Election Deadline for the Deferral Year. A Stock Deferral Election shall become irrevocable on the first day of the Deferral Year to which it relates.

(b) The shares of Restricted Stock under an Annual Restricted Stock Award for which a Stock Deferral Election is made under this Section 5.5 and which became vested pursuant to Section 5.3 ("Vested Deferred Shares") shall be converted as of the Vesting Date to a credit under the Deferred Compensation Plan and shall be credited to an account under that plan. The amount credited to the Deferred Compensation Plan for the Vested Deferred Shares shall be equal to the Fair Market Value of such Vested Deferred Shares, determined as of the Vesting Date. No shares of Stock shall be issued with respect to the Vested Deferred Shares. An Eligible Participant's rights with respect to amounts credited to the Deferred Compensation Plan with respect to Vested Deferred Shares shall be governed by the terms of the Deferred Compensation Plan.

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Exhibit 10.01

(c) An Eligible Participant who does not submit a valid Deferral Election Form to the Committee (or the Company as the Committee's agent) on or before the Election Deadline for the Deferral Year shall have issued to him or her a certificate or certificates for unrestricted shares of Stock in accordance with the terms of his or her Award Notice and the terms of this Plan and the Omnibus Plan.

**ARTICLE 6**  
**AMENDMENT, MODIFICATION, AND TERMINATION**

**6.1. AMENDMENT, MODIFICATION AND TERMINATION.** The Board may, at any time and from time to time, amend, modify, or terminate the Plan without stockholder approval; provided, however, that if an amendment to the Plan would, in the reasonable opinion of the Board, require stockholder approval under applicable laws, policies, or regulations or the applicable listing or other requirements of a securities exchange on which the Stock is listed or traded, then such amendment shall be subject to stockholder approval; and provided further, that the Board may condition any other amendment or modification on the approval of stockholders of the Company for any reason.

**ARTICLE 7**

## GENERAL PROVISIONS

7.1. **ADJUSTMENTS.** The adjustment provisions of the Omnibus Plan shall apply with respect to Awards outstanding or to be awarded or granted pursuant to this Plan.

7.2. **DURATION OF THE PLAN.** The Plan shall remain in effect until terminated by the Board or until the earlier termination of the Omnibus Plan.

7.3. **EXPENSES OF THE PLAN.** The expenses of administering the Plan shall be borne by the Company.

7.4. **EFFECTIVE DATE.** The Plan was adopted by the Board on August 3, 2023, and became effective on that date (the "Effective Date").

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Exhibit 10.01

**FORM OF NOTICE OF RESTRICTED STOCK AWARDS  
UNDER THE EASTMAN CHEMICAL COMPANY  
AMENDED 2021 DIRECTOR STOCK COMPENSATION SUBPLAN  
OF THE 2021 OMNIBUS STOCK COMPENSATION PLAN (Annual Award)**

Grantee: [Name]

Number of Restricted Shares: [X]

Date of Award: \_\_\_\_\_

1. **Award of Restricted Stock.** Eastman Chemical Company ("Company") has granted to you, under the Amended 2021 Director Stock Compensation Subplan of the 2021 Eastman Chemical Company Omnibus Stock Compensation Plan (the "Plan"), the number of Restricted Shares shown above ("Restricted Stock") of its \$.01 par value Common Stock ("Common Stock") to be held as restricted stock under the terms of the Plan and this Award Notice ("Award Notice"). The Plan is incorporated herein by reference and made a part of this Award Notice. Capitalized terms not defined herein shall have the respective meanings set forth in the Plan.

2. **Lapse of Restrictions.** The restrictions on transfer described below with respect to the Restricted Stock awarded to you hereunder will lapse upon the "Vesting Date", which shall be the earliest of: (a) 4:00 p.m., Eastern Time, the first anniversary of the Date of Award, if and only if you are still a director of the Company immediately prior to the election of directors at the annual meeting of stockholders at the end of such one-year period; or (b) the date that your tenure as a director of the Company terminates by reason of death, disability, resignation effective at an annual meeting of stockholders because you are no longer qualified to serve as a director under Section 3.1 of the Bylaws of the Company, or for another approved reason as determined by the Nominating and Corporate Governance Committee of the Board of Directors; or (c) the date that your tenure as a director of the Company terminates by reason of completion of your then-current term in office and you fail to be reelected as a director to another term.

3. **Book-Entry Registration.** The Restricted Stock awarded pursuant to this Award Notice initially will be evidenced by book-entry registration only, without the issuance of a certificate representing such shares.

4. **Issuance of Shares.** Subject to the provisions of Sections 7 and 11 of this Award Notice, the Company shall, provided that the conditions to vesting specified in Section 2 of this Award Notice are satisfied, issue a certificate or certificates for unrestricted shares of Common Stock equal to the number of shares of Restricted Stock as promptly as practicable following the Vesting Date.

5. **Restrictions on Transfer of Shares.** Shares of Restricted Stock awarded under the Plan, and the right to vote such shares and to receive dividends thereon, may not, except as otherwise provided in the Plan, be sold, assigned, transferred, pledged, or encumbered in any way prior to the Vesting Date, whether by operation of law or otherwise, except by will or the laws of descent and distribution. After the Vesting Date, the unrestricted shares of Common Stock may be issued during your lifetime only to you, except in the case of a permanent disability involving mental incapacity.

6. **Rights as a Stockholder.** Except as otherwise provided in the Plan or this Award Notice, prior to the Vesting Date, you will have all of the other rights of a stockholder with respect to the Restricted Stock, including, but not limited to, the right to receive such cash or other dividends, if any, as may be declared on such shares from time to time and the right to vote (in person or by proxy) such shares at any meeting of stockholders of the Company.

7. **Termination of Tenure as a Director.** Upon termination of your tenure as a director of the Company prior to the Vesting Date, all of the Restricted Stock awarded to you shall be canceled and forfeited by you to the Company without the payment of any consideration by the Company. In such event, neither you nor your successors, heirs, assigns, or

personal representatives will thereafter have any further rights or interest in or with respect to such shares.

**8. Change in Control.** Upon a Change in Control of the Company, the provisions of Section 5.4 of the Plan shall automatically and immediately become operative with respect to the Restricted Stock.

**9. No Right to Continued Position on Board.** Neither the Plan, the award of Restricted Stock, nor this Award Notice, shall give you any right to remain on the Company's Board of Directors.

**10. Restrictions on Issuance of Shares.** If at any time the Company shall determine, in its sole discretion, that listing, registration, or qualification of the shares of Restricted Stock upon any securities exchange or under any

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**Exhibit 10.01**

state or federal law, or the consent or approval of any governmental regulatory body, is necessary or advisable as a condition to the award or issuance of certificate(s) for such Restricted Stock hereunder, such award or issuance may not be made in whole or in part unless and until such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

**11. Deferral Elections.** Notwithstanding any provision of this Award Notice to the contrary, any shares of Restricted Stock for which you have made a valid deferral election, and which cease to be subject to transfer restrictions and become nonforfeitable on the Vesting Date (the "Vested Deferred Shares"), shall be converted to a credit under the Eastman Directors' Deferred Compensation Plan, in accordance with the provisions of the Plan. No certificate or certificates of Common Stock shall be issued with respect to such Vested Deferred Shares.

**12. Plan Controls.** In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Award Notice, the provisions of the Plan shall be controlling and determinative.

**13. Successors.** This Award Notice shall be binding upon any successor of the Company, in accordance with the terms of this Award Notice and the Plan.

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**Exhibit 10.01**

**FORM OF NOTICE OF RESTRICTED STOCK AWARDS  
UNDER THE EASTMAN CHEMICAL COMPANY  
AMENDED 2021 DIRECTOR STOCK COMPENSATION SUBPLAN  
OF THE 2021 OMNIBUS STOCK COMPENSATION PLAN (Initial Award)**

Grantee: [Name]

Number of Restricted Shares: [X]

Date of Award: \_\_\_\_\_

**1. Award of Restricted Stock.** Eastman Chemical Company ("Company") has granted to you, under the Amended 2021 Director Stock Compensation Subplan of the 2021 Eastman Chemical Company Omnibus Stock Compensation Plan (the "Plan"), the number of Restricted Shares shown above ("Restricted Stock") of its \$.01 par value Common Stock ("Common Stock") to be held as restricted stock under the terms of the Plan and this Award Notice ("Award Notice"). The Plan is incorporated herein by reference and made a part of this Award Notice. Capitalized terms not defined herein shall have the respective meanings set forth in the Plan.

**2. Lapse of Restrictions.** The restrictions on transfer described below with respect to the Restricted Stock awarded to you hereunder will lapse upon the "Vesting Date", which shall be the earliest of: (a) 4:00 p.m., Eastern Time, the first anniversary of the Date of Award, if and only if you are still a director of the Company; or (b) the date that your

tenure as a director of the Company terminates by reason of death, disability, resignation effective at an annual meeting of stockholders because you are no longer qualified to serve as a director under Section 3.1 of the Bylaws of the Company, or for another approved reason as determined by the Nominating and Corporate Governance Committee of the Board of Directors ; or (c) the date that your tenure as a director of the Company terminates by reason of completion of your then-current term in office and you fail to be reelected as a director to another term.

**3. Book-Entry Registration.** The Restricted Stock awarded pursuant to this Award Notice initially will be evidenced by book-entry registration only, without the issuance of a certificate representing such shares.

**4. Issuance of Shares.** Subject to the provisions of Sections 7 and 11 of this Award Notice, the Company shall, provided that the conditions to vesting specified in Section 2 of this Award Notice are satisfied, issue a certificate or certificates for unrestricted shares of Common Stock equal to the number of shares of Restricted Stock as promptly as practicable following the Vesting Date.

**5. Restrictions on Transfer of Shares.** Shares of Restricted Stock awarded under the Plan, and the right to vote such shares and to receive dividends thereon, may not, except as otherwise provided in the Plan, be sold, assigned, transferred, pledged, or encumbered in any way prior to the Vesting Date, whether by operation of law or otherwise, except by will or the laws of descent and distribution. After the Vesting Date, the unrestricted shares of Common Stock may be issued during your lifetime only to you, except in the case of a permanent disability involving mental incapacity.

**6. Rights as a Stockholder.** Except as otherwise provided in the Plan or this Award Notice, prior to the Vesting Date, you will have all of the other rights of a stockholder with respect to the Restricted Stock, including, but not limited to, the right to receive such cash or other dividends, if any, as may be declared on such shares from time to time and the right to vote (in person or by proxy) such shares at any meeting of stockholders of the Company.

**7. Termination of Tenure as a Director.** Upon termination of your tenure as a director of the Company prior to the Vesting Date, all of the Restricted Stock awarded to you shall be canceled and forfeited by you to the Company without the payment of any consideration by the Company. In such event, neither you nor your successors, heirs, assigns, or personal representatives will thereafter have any further rights or interest in or with respect to such shares.

**8. Change in Control.** Upon a Change in Control of the Company, the provisions of Section 5.4 of the Plan shall automatically and immediately become operative with respect to the Restricted Stock.

**9. No Right to Continued Position on Board.** Neither the Plan, the award of Restricted Stock, nor this Award Notice, shall give you any right to remain on the Company's Board of Directors.

**10. Restrictions on Issuance of Shares.** If at any time the Company shall determine, in its sole discretion, that listing, registration, or qualification of the shares of Restricted Stock upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or advisable as a

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**Exhibit 10.01**

condition to the award or issuance of certificate(s) for such Restricted Stock hereunder, such award or issuance may not be made in whole or in part unless and until such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

**11. Deferral Elections.** Notwithstanding any provision of this Award Notice to the contrary, any shares of Restricted Stock for which you have made a valid deferral election, and which cease to be subject to transfer restrictions and become nonforfeitable on the Vesting Date (the "Vested Deferred Shares"), shall be converted to a credit under the Eastman Directors' Deferred Compensation Plan, in accordance with the provisions of the Plan. No certificate or certificates of Common Stock shall be issued with respect to such Vested Deferred Shares.

**12. Plan Controls.** In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Award Notice, the provisions of the Plan shall be controlling and determinative.

**13. Successors.** This Award Notice shall be binding upon any successor of the Company, in accordance with the terms of this Award Notice and the Plan.

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**Exhibit 10.02**

### Amended 2023 Unit Performance Plan

#### **Corporate Performance Measures and Named Executive Officer Target Variable Pay Opportunities**

On November 30, 2022 the Compensation and Management Development Committee (the "Compensation Committee") of the Board of Directors of Eastman Chemical Company (the "Company") approved the corporate performance measures, eligible employees (including the executive officers), and target variable pay opportunities for the 2023 Unit Performance Plan (the "UPP"). The UPP is filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and is described in the Company's 2023 Annual Meeting Proxy Statement under "Executive Compensation - Compensation Discussion and Analysis - Elements of our Executive Compensation - Annual Cash Compensation - Base Salary and Incentive Pay - Annual Incentive Pay - Unit Performance Plan".

For 2023, UPP corporate performance will be measured by: (i) GAAP earnings before interest and taxes, adjusted by the Committee to exclude non-core and any unusual or non-recurring items (typically the same non-core and any unusual or non-recurring items as those excluded from earnings in the non-GAAP financial measures disclosed by the Company in its public financial results disclosures) ("adjusted EBIT"); and (ii) "modified operating cash flow," defined as GAAP net cash provided by operating activities, subject to adjustment by the Committee for any unusual, non-core, or non-recurring cash sources or uses distortive of operating cash flow. Midway through the year, the Company evaluated macroeconomic developments and their impact on Eastman's path to creating value for shareholders. This evaluation was reviewed by the full board and the Compensation Committee. The Compensation Committee determined that it was important for Eastman's executive officers to increase emphasis on the critical priorities of inventory control and cash management relative to earnings given its strategic priorities and impact on shareholder value. In order to more appropriately align the incentives under the UPP with these updated priorities, at its August 2, 2023 meeting the Compensation Committee increased the emphasis on cash flow by raising the weighting of that metric to 50% from 25%, and correspondingly decreased the weighting on adjusted EBIT to 50%. No changes were made to the goals themselves, which continued to be rigorous and challenging. The target 2023 adjusted EBIT and operating cash flow and corresponding target UPP payout pool amount will be based on the Company's adjusted EBIT and operating cash flow targets under the annual business plan for 2023 as approved by the Board of Directors. In addition, the 2023 UPP includes a safety metric modifier that provides potential upward (10%) or downward adjustments (5%) to the payout pool based on performance against safety metric goals. The Compensation Committee will approve the 2023 UPP cash payout pool amount in early 2024 based upon actual adjusted EBIT and operating cash flow compared to the pre-set adjusted EBIT and operating cash flow targets, subject to adjustment based on the Committee's evaluation of overall business and financial conditions and corporate performance.

The portion of the UPP award pool allocated to the executive officers will be determined by aggregating their individual target variable pay amounts multiplied by a "performance factor" corresponding to the Committee's evaluation of overall performance compared to pre-established organizational and personal performance objectives. For 2023, the target variable pay for performance that meets the pre-established objectives under the UPP (expressed as a percentage of annual base salary) for the principal executive officer, the principal financial officer, and the current other executive officers for whom executive compensation disclosure was provided in the Company's 2023 Annual Meeting Proxy Statement (the "named executive officers") will be 150% for Chief Executive Officer Mark J. Costa, 100% for each of Senior Vice President and Chief Financial Officer William T. McLain, Jr., and Executive Vice President and Chief Commercial Officer Brad A. Lich, and 85% for Executive Vice President and Chief Legal Officer Kellye L. Walker and Executive Vice President, Manufacturing and Chief Sustainability Officer, Stephen G. Crawford. The Compensation Committee may consider changing target executive UPP compensation for 2023 based upon comparable pay for similar jobs at identified peer and other companies and for any executives who change responsibilities or positions during 2023.

After the end of 2023, in connection with the determination of the amount of the total UPP award pool available to the executive officers, the Chief Executive Officer will assess the other executives' individual performance against pre-established goals and expectations and recommend to the Compensation Committee the amounts of the individual payouts from the portion of the total UPP award pool allocated to the executive officers. Based on the Chief Executive Officer's assessment, the Compensation Committee will determine the UPP payouts to the executive officers for 2023 in early 2024. The Compensation Committee will review the CEO's performance against his individual financial, organizational, and strategic objectives and determine his payout for 2023 in early 2024. The UPP payouts, if any, to the CEO and other executive officers for 2023 will be disclosed in the Company's Proxy Statement for its 2024 Annual Meeting of Stockholders.

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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: **October 27, 2023** April 26, 2024

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



**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: **October 27, 2023** April 26, 2024

/s/ William T. McLain, Jr.

William T. McLain, Jr.

Executive Vice President and Chief Financial Officer



**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 **September 30, 2023** **March 31, 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: **October 27, 2023** April 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.



**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 **September 30, 2023** **March 31, 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: **October 27, 2023** **April 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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