

EASTMAN CHEMICAL CO
Form DEF 14A
March 21, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

EASTMAN CHEMICAL COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
- (1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 17, 2014

Dear Fellow Stockholder:

Our 2014 Annual Meeting of Stockholders will be held in the Cumberland Amphitheatre of the MeadowView Marriott Conference Resort and Convention Center, 1901 Meadowview Parkway, Kingsport, Tennessee, on May 1, 2014 at 11:30 a.m. Doors to the meeting will open at 10:30 a.m. The business to be considered and voted upon at the meeting is explained in this proxy statement. A copy of Eastman's 2013 Annual Report to Stockholders is also included with these materials.

Your vote is important for this year's annual meeting, regardless of the number of shares you own. Signing and returning a proxy card or submitting your proxy by Internet or telephone in advance of the meeting will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the meeting. **Whether you choose to vote by proxy card or electronically by telephone or the Internet, I urge you to vote as soon as possible.** If you are a record holder of Eastman stock, an admission ticket for the meeting is included with your proxy card or electronic form of proxy. Please bring this ticket with you if you plan to attend the meeting in person. If you received our proxy materials from a broker or bank and do not have an admission ticket but wish to attend the meeting, please call (423) 229-4647.

Thank you for your support of our Company.

Sincerely,

James P. Rogers

Executive Chairman

Table of Contents

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

<u>NOTICE OF ANNUAL MEETING</u>	1
<u>INFORMATION ABOUT THE MEETING AND VOTING</u>	1
<u>Proxy Statement and Annual Meeting</u>	1
<u>Voting by Proxy</u>	1
<u>How to Revoke Your Proxy</u>	2
<u>Record Date; Stockholders Entitled to Vote; Voting Rights</u>	2
<u>Quorum</u>	2
<u>Votes Required for Approval of Matters to be Considered</u>	2
<u>Proxy Solicitation Costs</u>	2
<u>Matters To Be Acted Upon at the Annual Meeting Not Included in this Proxy Statement</u>	3
<u>Stockholder Proposals for the 2015 Annual Meeting</u>	3
<u>Nominations by Stockholders for Election to the Board of Directors</u>	3
<u>Annual Report to Stockholders, Annual Report on Form 10-K, and Corporate Governance Materials</u>	4
<u>Communications to the Board of Directors</u>	4
<u>STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	5
<u>PRINCIPAL STOCKHOLDERS</u>	8
<u>PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING</u>	9
<u>ITEM 1 ELECTION OF DIRECTORS</u>	9
<u>NOMINEES FOR DIRECTOR</u>	10
<u>The Board of Directors and Corporate Governance</u>	16
<u>Board Leadership Structure</u>	16
<u>Risk Oversight</u>	17
<u>Director Independence</u>	17
<u>Transactions with Directors, Executive Officers, and Related Persons</u>	18
<u>Board Committees</u>	19
<u>Audit Committee</u>	19
<u>Audit Committee Report</u>	19
<u>Nominating and Corporate Governance Committee</u>	20
<u>Director Nominations</u>	20
<u>Compensation and Management Development Committee</u>	21
<u>Compensation Committee Consultant</u>	21
<u>Compensation Committee Report</u>	22
<u>Finance Committee</u>	22
<u>Health, Safety, Environmental and Security Committee</u>	22
<u>Director Compensation</u>	23
<u>ITEM 2 ADVISORY APPROVAL OF EXECUTIVE COMPENSATION</u>	25
<u>EXECUTIVE COMPENSATION</u>	26
<u>Compensation Discussion and Analysis</u>	26
<u>Compensation Tables</u>	42
<u>Termination and Change-in-Control Arrangements</u>	49
<u>ITEM 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS</u>	53

Table of Contents

EASTMAN CHEMICAL COMPANY

200 South Wilcox Drive

Kingsport, Tennessee 37662

(423) 229-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 1, 2014

To Our Stockholders:

The 2014 Annual Meeting of Stockholders of Eastman Chemical Company (Eastman or the Company) will be held at the Cumberland Amphitheatre of the MeadowView Marriott Conference Resort and Convention Center, 1901 Meadowview Parkway, Kingsport, Tennessee, on May 1, 2014, at 11:30 a.m., local time. The purposes of the meeting are:

Elect Directors. To elect twelve directors to serve until the 2015 Annual Meeting of Stockholders and until their successors are duly elected and qualified;

Advisory Approval of Executive Compensation. To approve, on an advisory basis, the compensation of certain of the Company's executive officers;

Ratify Appointment of Independent Auditors. To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the Company for 2014; and

Transact Any Other Business. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 7, 2014 are entitled to vote at the meeting. **It is important that your shares be represented and voted at the meeting.** Please vote by proxy in one of these ways:

Use the toll-free telephone number shown on your proxy card, electronic form of proxy, or voting instruction form (if you received the proxy materials by mail from a broker or bank);

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By Internet at the web address shown on your proxy card, electronic form of proxy, or voting instruction form; or

Mark, sign, date, and promptly return or submit your proxy card, electronic form of proxy, or voting instruction form (in the postage-paid envelope provided if you are returning a paper proxy card).

Signing and returning the proxy card or submitting your proxy electronically by Internet or telephone does not affect your right to vote in person if you attend the meeting.

By order of the Board of Directors

David A. Golden

Chief Legal Officer and Corporate Secretary

March 17, 2014

Table of Contents

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS OF
EASTMAN CHEMICAL COMPANY
TO BE HELD ON MAY 1, 2014
INFORMATION ABOUT THE MEETING AND VOTING

Proxy Statement and Annual Meeting

This proxy statement is dated March 17, 2014 and is first being mailed and delivered electronically to Eastman stockholders, and made available on the Internet at the Company's website (www.eastman.com) and at www.ReadMaterial.com/EMN, on or about March 21, 2014. Our Board of Directors (the "Board") is furnishing you this proxy statement in connection with its solicitation of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on May 1, 2014 and at any adjournments or postponements of the meeting. A proxy statement is a document that Securities and Exchange Commission ("SEC") regulations require us to give you when we ask you to vote your stock by proxy. At the meeting, stockholders will be asked to consider and vote on the items of business listed and described in this proxy statement.

Voting By Proxy

A proxy is a legal designation of another person to vote stock you own. That other person is called a proxy. If you designate someone as your proxy in a written or electronic document, that document is also called a proxy, a proxy card, or a form of proxy.

By completing and returning your proxy (either by returning the paper proxy card or by submitting your proxy electronically via Internet, or by telephone), you appoint Curtis E. Espeland, the Company's Chief Financial Officer, and David A. Golden, the Company's Chief Legal Officer and Corporate Secretary, to represent you at the meeting and direct them to vote your shares at the meeting according to your instructions. Shares of common stock represented by proxy will be voted by the proxy holders at the meeting in accordance with your instructions as indicated in the proxy. **If you properly execute and return your proxy (in paper form or electronically by the Internet or telephone) but do not indicate any voting instructions, your shares will be voted in accordance with the recommendations of the Board as to the matters identified in this proxy statement and in the best judgment of the proxy holders as to any other matters.**

If your shares are registered in your name, you are a stockholder of record. **Stockholders of record may vote by proxy in one of three ways:**

by telephone: call (888) 693-8683 and follow the instructions on your proxy card or electronic form of proxy;

via the Internet: visit the website www.cesvote.com and follow the instructions on your proxy card or electronic form of proxy; or

by mail (if you received a paper proxy card): mark, sign, date, and mail your proxy card in the enclosed postage-paid envelope. If you received the "Important Notice Regarding Availability of Proxy Materials", follow the instructions on that notice to access an electronic form of proxy. Internet and telephone voting procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions, and to confirm that stockholders' instructions have been recorded properly.

If your shares are held in street name through a broker, bank, or other holder of record, you will receive instructions from that registered holder that you must follow in order for your shares to be voted for you by that record holder. Telephone and Internet voting may be offered to stockholders who own their shares through certain brokers and banks.

Table of Contents

How to Revoke Your Proxy

You may revoke your proxy at any time before its exercise at the meeting by:

giving written notice of revocation to the Corporate Secretary of the Company;

executing and delivering a later-dated, signed proxy card or submitting a later-dated proxy via the Internet or by telephone before the meeting; or

voting in person at the meeting.

All written notices of revocation or other communications with respect to revocation of proxies should be sent to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Corporate Secretary, so that they are received before the meeting.

Record Date; Stockholders Entitled to Vote; Voting Rights

The record date for the 2014 Annual Meeting of Stockholders is March 7, 2014. Stockholders of record of common stock at the close of business on the record date are entitled to receive notice of the meeting and to vote at the meeting. The record date is established by the Board as required by Delaware law. If your shares are held in street name through a broker, bank, or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the meeting.

On the record date, there were 151,148,599 shares of common stock issued and outstanding. Holders of common stock are entitled to one vote on each of the twelve director-nominees, and one vote on each other matter voted upon at the meeting for each share of common stock they hold of record on the record date.

Quorum

The presence, in person or by proxy, of the holders of a majority of the shares of common stock entitled to vote at the meeting is necessary to constitute a quorum to conduct business. Abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a registered holder holding shares in street name for a beneficial owner does not vote on a particular proposal because the registered holder does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner. Brokers which have not received voting instructions from their clients cannot vote on their clients' behalf on the election of directors or the advisory approval of executive compensation, but may, although they are not required to, vote their clients' shares on the ratification of the appointment of independent auditors.

Votes Required for Approval of Matters to be Considered

Each director nominee who receives a majority of votes cast (number of shares voted for exceeds the number of shares voted against) will be elected as a director. With respect to the election of directors, stockholders may (1) vote for all twelve of the nominees, (2) vote against all twelve of the nominees, (3) vote against any individual nominee or nominees but vote for the other nominee(s), or (4) abstain from voting on one or more nominees. Shares not present, in person or by proxy, at the meeting and abstentions will have no effect on the outcome of the election of directors. Similarly, broker non-votes are not considered to be votes cast and therefore will have no effect on the outcome of the election of directors.

The affirmative vote of a majority of the votes cast is required for both the advisory approval of executive compensation and the ratification of the appointment of independent auditors. With respect to each of these items, stockholders may (1) vote for, (2) vote against, or (3) abstain from voting. Abstentions and broker non-votes are not considered to be votes cast and therefore will have no effect on the outcome of the vote on these matters.

Proxy Solicitation Costs

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We will bear the cost of soliciting proxies and the cost of the meeting. In addition to the solicitation of stockholders by mail and electronic means, proxies may be solicited by telephone, facsimile, personal contact,

Table of Contents

and similar means by our directors, officers, or employees, none of whom will be specially compensated for these activities. We have also contacted brokerage houses, banks, nominees, custodians, and fiduciaries which can be identified as record holders of common stock. Such holders, after inquiry by us, have provided certain information concerning beneficial owners not objecting to the disclosure of such information and the quantities of proxy materials and annual reports needed to supply such materials to beneficial owners, and we will reimburse such record holders for the expense of providing such beneficial ownership information and of mailing or otherwise delivering proxy materials and annual reports to beneficial owners. We have retained Georgeson Inc. to assist with the solicitation of proxies and vote projections for a fee of \$15,000 plus reimbursement of out-of-pocket expenses.

Matters To Be Acted Upon at the Annual Meeting Not Included in this Proxy Statement

We do not expect any business to be acted upon at the meeting other than as described in this proxy statement. If, however, other matters are properly brought before the meeting, the persons appointed as proxies will have the discretion to vote or act on those matters for you according to their best judgment.

Stockholder Proposals for the 2015 Annual Meeting

In accordance with rules of the SEC, if you wish to submit a proposal for presentation at Eastman's 2015 Annual Meeting of Stockholders, it must be received by the Company at its principal executive offices no later than November 21, 2014 in order to be included in the Company's proxy materials relating to its 2015 Annual Meeting of Stockholders. Any such proposal should be sent to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Corporate Secretary.

In addition, our Bylaws require that a proposal to be submitted by a stockholder for a vote of the Company's stockholders at an annual meeting of stockholders, whether or not also submitted for inclusion in the Company's proxy materials, must be preceded by adequate and timely notice to the Corporate Secretary of the Company. To be adequate, the notice must set forth certain information specified in our Bylaws about the stockholder and the proposal. The Bylaws are available through the Investors' Corporate Governance section of the Company's website, and also will be provided to any stockholder upon written request to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations. To be timely, the notice must be delivered to the Corporate Secretary of the Company no earlier than 150 days and not later than 120 days prior to the day of the month on which the notice of the immediately preceding year's annual meeting of stockholders was first sent to the stockholders of the Company. If, as expected, notice of the 2014 Annual Meeting of Stockholders is first sent to stockholders on March 21, 2014, then such advance notice would be timely if delivered no earlier than October 22, 2014 and no later than November 21, 2014.

Nominations by Stockholders for Election to the Board of Directors

Our Bylaws provide that nominations by stockholders of persons for election to the Board may be made by giving adequate and timely notice to the Corporate Secretary of the Company. To be adequate, the nomination notice must set forth certain information specified in our Bylaws about each stockholder submitting a nomination and each person being nominated. The Bylaws are available through the Investors' Corporate Governance section of the Company's website, and also will be provided to any stockholder upon written request to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations. To be timely, the nomination notice must be delivered to the Corporate Secretary of the Company no earlier than 150 days and not later than 120 days prior to the day of the month on which the notice of the immediately preceding year's annual meeting of stockholders was first sent to the stockholders of the Company. If, as described above, the notice of the 2014 Annual Meeting of Stockholders is first sent to stockholders on March 21, 2014, then such notice would be timely if delivered no earlier than October 22, 2014 and no later than November 21, 2014. The Nominating and Corporate Governance Committee of the Board will consider persons properly and timely nominated by stockholders and recommend to the full Board whether any such nominees should be included with the Board's nominees for election by stockholders.

Table of Contents

Annual Report to Stockholders, Annual Report on Form 10-K, and Corporate Governance Materials

Our Annual Report to Stockholders for 2013, including our consolidated financial statements for the year ended December 31, 2013, is being mailed and delivered electronically to stockholders, and made available on the Internet at the Company's website and at www.ViewMaterial.com/EMN, concurrently with this proxy statement. The Company's Annual Report on Form 10-K for the year ended December 31, 2013 as filed with the SEC is also available via the Internet on the Company's website (www.eastman.com) and on the SEC's website (www.sec.gov).

We also make available free of charge, through the Investors' Corporate Governance section of the Eastman website, the Company's Corporate Governance Guidelines, the charters of each of the committees of the Board, and codes of business conduct and ethics for our directors, officers, and employees. Such materials are also available in print upon written request of any stockholder to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations.

Communications to the Board of Directors

Stockholders, and other interested parties, may communicate with non-management directors in writing by directing such communications to the Chair of the Nominating and Corporate Governance Committee or the Lead Director, Eastman Chemical Company, P.O. Box 1976, Kingsport, Tennessee 37662-1976 or by telephone toll free by calling (800) 782-2515. Any communications concerning substantive Board or Company matters are promptly forwarded by the office of the Corporate Secretary to the Chair of the Nominating and Corporate Governance Committee and the Lead Director, and the office of the Corporate Secretary keeps and regularly provides to the Chair of the Nominating and Corporate Governance Committee and the Lead Director a summary of any communications received.

Table of Contents**STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS****Common Stock**

The table below sets forth certain information regarding the beneficial ownership of Eastman common stock as of December 31, 2013 by each director and by each executive officer named in the Summary Compensation Table (under Executive Compensation Compensation Tables below, referred to as the named executive officers) and by the directors, the named executive officers, and the other executive officers as a group.

Name	Number of Shares of Common Stock Beneficially Owned(1)(2)
James P. Rogers	1,064,834(3)
Mark J. Costa	403,859(4)
Curtis E. Espeland	150,227(5)
David A. Golden	62,544(6)
Ronald C. Lindsay	272,586(7)
Humberto P. Alfonso	3,300(8)
Gary E. Anderson	23,554(9)
Brett D. Begemann	3,276(10)
Michael P. Connors	24,088(11)
Stephen R. Demeritt	26,904(12)
Robert M. Hernandez	58,766(13)
Julie F. Holder	2,335(14)
Renée J. Hornbaker	25,586(15)
Lewis M. Kling	15,776(16)
Howard L. Lance	9,752(17)
David W. Raisbeck	29,174(18)
Directors, named executive officers, and other executive officers as a group (23 persons)	2,392,603(19)

- (1) Information relating to beneficial ownership is based upon information furnished by each person using beneficial ownership concepts set forth in rules of the SEC. Under those rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of, or to direct the disposition of, such security. A person is also deemed to be the beneficial owner of any security of which that person has a right to acquire beneficial ownership (such as by exercise of options) within 60 days. Under such rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may disclaim any beneficial interest. Except as indicated in other notes to this table, directors and executive officers possessed sole voting and investment power with respect to all of their respective shares of common stock in the table.
- (2) The total number of shares of common stock beneficially owned by the directors, the named executive officers, and the other executive officers as a group represents approximately 1.55% of the shares of common stock outstanding as of December 31, 2013. The percentage beneficially owned by any individual director or executive officer did not exceed one percent of the shares of common stock outstanding as of December 31, 2013. Shares not outstanding which are subject to options exercisable within 60 days by persons in the group or a named individual are deemed to be outstanding for the purpose of computing the percentage of outstanding shares of common stock owned by the group or such individual.
- (3) Includes 712,337 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014.

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(4) Includes 304,602 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014.

Table of Contents

- (5) Includes 95,835 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014.

- (6) Includes 7,548 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014. Also includes 50,798 shares owned by the Eastman Chemical Company Foundation, Inc. (the Foundation), of which shares Mr. Golden may also have been deemed a beneficial owner by virtue of his shared voting and investment power as a director of the Foundation but in which he had no pecuniary interest.

- (7) Includes 168,002 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014.

- (8) Includes 986 restricted shares that generally vest in May 2014, but as to which Mr. Alfonso has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (9) Includes 4,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Anderson currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (10) Includes 986 restricted shares that generally vest in May 2014, but as to which Mr. Begemann currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (11) Includes 16,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Connors currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (12) Includes 16,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Demeritt currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (13) Includes 20,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Hernandez currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (14) Consists of 253 restricted shares that generally vest in November 2014, but as to which Ms. Holder currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which she has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which she has voting power.

- (15) Includes 12,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Ms. Hornbaker currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which she has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which she has voting power.

- (16)

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Includes 8,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Kling currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

- (17) Includes 986 restricted shares that generally vest in May 2014, but as to which Mr. Lance currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.
- (18) Includes 20,000 shares that may be acquired upon exercise of options, 986 restricted shares that generally vest in May 2014, but as to which Mr. Raisbeck currently has voting power, 946 restricted shares that generally vest in May 2015, but as to which he has voting power, and 1,136 restricted shares that generally vest in May 2016, but as to which he has voting power.

Table of Contents

- (19) Includes a total of 1,470,454 shares that may be acquired upon exercise of options exercisable on or before March 1, 2014 and 33,015 restricted shares as to which directors have voting power but no investment power. Also includes 50,798 shares owned by the Foundation, of which shares two executive officers each may have been deemed a beneficial owner by virtue of shared voting and investment power as a director of the Foundation.

Executive and Director Stock Ownership Expectations; No Hedging or Pledging of Company Stock

Eastman has stock ownership expectations for its directors and executive officers. These persons are expected to acquire and maintain a stake in the Company valued at \$250,000 for non-employee directors (five times the portion of the annual retainer fee designated as service retainer), five times annual base pay for the Chief Executive Officer, and two and one-half times annual base pay for the other executive officers. Directors and executive officers are expected to attain these levels of stock ownership within five years of first becoming a director or an executive officer. Units of the hypothetical Eastman common stock fund that are credited to an executive's account under the Eastman Executive Deferred Compensation Plan (the EDCP) and to a director's account under the Directors' Deferred Compensation Plan (the DDCP) are counted with shares of common stock actually owned to determine stock ownership under the director and executive ownership expectations. See Director Compensation note (4) and EXECUTIVE COMPENSATION Compensation Tables Nonqualified Deferred Compensation later in this proxy statement.

Company directors and executive officers are prohibited from use of derivative financial instruments to hedge or mitigate their exposure to changes in the market price of Eastman common stock, and are prohibited from pledging Eastman common stock as security or collateral for loans or in margin brokerage accounts.

The table below shows the number of shares of common stock and EDCP and DDCP common stock units owned under the ownership expectations as of December 31, 2013 by each director and each named executive officer. All directors and executive officers have met or are on schedule to meet their ownership expectations.

Name	Number of Shares of Common Stock and Common Stock Units Owned
James P. Rogers	352,497
Mark J. Costa	99,257
Curtis E. Espeland	54,392
David A. Golden	5,693
Ronald C. Lindsay	112,712
Humberto P. Alfonso	10,335
Gary E. Anderson	31,101
Brett D. Begemann	10,195
Michael P. Connors	29,845
Stephen R. Demeritt	46,165
Robert M. Hernandez	51,461
Julie F. Holder	4,387
Renée J. Hornbaker	36,453
Lewis M. Kling	24,763
Howard L. Lance	21,773
David W. Raisbeck	39,527

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth information about persons we know to be the beneficial owners of more than five percent of Eastman common stock as of December 31, 2013.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Class(1)
FMR LLC 245 Summer Street Boston, Massachusetts 02210	13,838,439(2)	9.15%
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	11,563,993(3)	7.65%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	10,783,300(4)	7.13%

- (1) Based upon the number of shares of common stock outstanding and entitled to be voted at the meeting as of March 7, 2014, the record date for the Annual Meeting.
- (2) As of December 31, 2013, based on a Schedule 13G filed with the SEC by FMR LLC, as parent holding company of Fidelity Management & Research Company and certain other investment adviser, bank, and investment company entities, and certain individuals. According to the Schedule 13G, FMR LLC and such affiliated entities and persons together have sole investment power with respect to all of such shares and sole voting power with respect to 637,693 of such shares.
- (3) As of December 31, 2013, based on a Schedule 13G filed with the SEC by BlackRock, Inc. as parent holding company of certain broker-dealer and investment adviser entities, including certain non-U.S. institutions. According to the Schedule 13G, BlackRock, Inc. and such affiliated entities together have sole investment power with respect to all of such shares and sole voting power with respect to 9,409,937 of such shares.
- (4) As of December 31, 2013, based on a Schedule 13G filed with the SEC by The Vanguard Group, Inc., an investment adviser. According to the Schedule 13G, The Vanguard Group has sole investment power with respect to 10,546,245 of such shares, shared investment power with respect to 237,055 of such shares, and sole voting power with respect to 252,155 of such shares.

Table of Contents

PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING

ITEM 1 ELECTION OF DIRECTORS

The terms of office of all thirteen current directors will expire at the 2014 Annual Meeting, and twelve of those directors have been nominated for reelection for a one-year term. Howard L. Lance, who has served as a director since 2005, has notified the Board of Directors that he will not stand for reelection at the Annual Meeting. Stockholders are being asked to vote on the election of twelve directors to serve until the 2015 Annual Meeting of Stockholders and their successors are duly elected and qualified. If any nominee is unable or unwilling to serve (which we do not anticipate), the persons designated as proxies will vote your shares for the remaining nominees and for another nominee proposed by the Board or, as an alternative, the Board could reduce the number of directors to be elected at the Annual Meeting.

Majority Vote Standard for Election of Directors. The Company's Bylaws provide that directors are elected by a majority of votes cast by stockholders. If a nominee who is serving as a director is not reelected by a majority of votes cast at a meeting, under Delaware law the director would continue to serve on the Board as a holdover director. However, under the director election provision of our Bylaws, any incumbent director who does not receive a majority of votes cast in favor of reelection and whose successor has not been elected by stockholders would be required to offer to resign from the Board. The Nominating and Corporate Governance Committee would then make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board would act on the recommendation and publicly disclose its decision and rationale within 90 days from the date the election results are certified. The director who tenders his or her resignation would not participate in the Board's decision. If a nominee who was not already serving as a director was not elected at an annual meeting, under Delaware law that nominee would not become a director and would not serve on the Board as a holdover director. In 2014, all nominees for director are currently serving as directors.

The nominees have been recommended to the Board by the Nominating and Corporate Governance Committee of the Board. The Board recommends that you vote FOR election of the twelve nominees identified below.

Set forth below is information about each director nominated for election.

Table of Contents

NOMINEES FOR DIRECTOR

(For One-Year Term Expiring Annual Meeting 2015)

HUMBERTO P. ALFONSO (director since January 2011)

Mr. Alfonso has been President, International, of The Hershey Company, the largest producer of quality chocolate in North America and a global leader in chocolate and sugar confectionery, since April 2013. He was Executive Vice President, Chief Financial Officer and Chief Administrative Officer from November 2011 to April 2013, and Senior Vice President and Chief Financial Officer from July 2007 to November 2011. He joined Hershey in July 2006, initially serving as Vice President, Finance and Planning, U.S. Commercial Group from July 2006 to October 2006, and then serving as Vice President, Finance and Planning, North American Commercial Group from October 2006 to July 2007. Before joining Hershey, Mr. Alfonso held a variety of finance positions at Cadbury Schweppes, a producer of soft drinks and premium beverages, most recently serving as Executive Vice President Finance and Chief Financial Officer of Cadbury Schweppes Americas Beverages from March 2005 to July 2006 and Vice President Finance, Global Supply Chain from May 2003 to March 2005. Prior to that, Mr. Alfonso held a number of senior financial positions at Pfizer, Inc. Mr. Alfonso is 56.

In addition to serving on the Board, Mr. Alfonso is a member of the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. Mr. Alfonso possesses a strong financial management and accounting background, as evidenced by the various senior financial positions held during his career, including his service as an executive vice president and chief financial officer, which provide a solid platform for him to advise and consult with the Board on financial and audit-related matters. In addition, Mr. Alfonso's substantial senior level management experience brings significant operational insight to the Board.

GARY E. ANDERSON (director since August 2007)

Mr. Anderson is retired Chairman of the Board of the Dow Corning Corporation. He joined Dow Corning, a diversified company specializing in the development, manufacture, and marketing of silicones and related silicone-based products, in 1967 and served in various executive capacities for over 25 years, including Chairman, President, and Chief Executive Officer, retiring as Chairman in 2005. Mr. Anderson is also a member of the Board of Directors of Chemical Financial Corporation. Mr. Anderson is 68.

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In addition to serving as a member of the Board, Mr. Anderson served as the Lead Director from January 2011 until May 2013, and currently serves as a member of the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. Mr. Anderson offers the Company deep operational knowledge and experience in the chemical industry, providing a valuable, industry-focused skill set to Eastman. Mr. Anderson also brings significant experience serving on other public company boards, including as a chairman of the board, which allows us to benefit from his insight into process and procedural oversight and appropriate levels of interaction between the Board and management. Further, Mr. Anderson's professional experience has resulted in him having significant financial acumen and an understanding of risk and capital-related matters that are critical to our success and which are important in his participation on the Audit Committee and the Finance Committee.

Table of Contents

BRETT D. BEGEMANN (director since February 2011)

Mr. Begemann has been President and Chief Operating Officer of Monsanto Company, a leading global provider of technology-based solutions and agricultural products that improve farm productivity and food quality, since October 2013, with responsibility for Monsanto's worldwide sales and operations, corporate affairs, and global business organization. He joined Monsanto in 1983, initially serving in the company's sales and marketing organization and later in various senior management and executive positions with increasing responsibility. Most recently Mr. Begemann served as Executive Vice President, Global Commercial from October 2007 to October 2009, as Executive Vice President and Chief Commercial Officer until August 2012, and President and Chief Commercial Officer from August 2012 to October 2013. Mr. Begemann is 53.

In addition to serving on the Board, Mr. Begemann is a member of the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. His substantial and varied experience as an executive of an international, public company, including working closely with the board of directors of Monsanto, brings to the Board a significant depth of knowledge and experience in global biotechnology and chemicals business operations and international and emerging markets growth strategies. This wide-ranging experience and knowledge contributes to the Board and its committees significant insight into a number of functional areas critical to Eastman.

MICHAEL P. CONNORS (director since March 2005)

Mr. Connors has been Chairman of the Board and Chief Executive Officer of Information Services Group, Inc., an information-based services company, since July 2006. Mr. Connors served as a member of the Executive Board of VNU N.V., a major worldwide media and marketing information company, from the merger of ACNielsen into VNU in 2001 until 2005, and served as Chairman and Chief Executive Officer of VNU Media Measurement & Information Group and Chairman of VNU World Directories until 2005. He previously was Vice Chairman of the Board of ACNielsen from its spin-off from the Dun & Bradstreet Corporation in 1996 until 2001, was Senior Vice President of American Express Travel Related Services from 1989 until 1995, and before that was a Corporate Vice President of Sprint Corporation. Mr. Connors is also a member of the Board of Directors of ACE Ltd., and was during the last five years a member of the Board of Directors of R.H. Donnelley Corporation. Mr. Connors is 58.

Mr. Connors brings to the Board substantial corporate management experience in a variety of industries as well as expertise in marketing through his high-level positions at marketing and information-based companies. Mr. Connors' skills are enhanced through his experience serving on several public company boards, which furthers his ability to provide valued oversight and guidance to the Company and strategies to inform the Board's general decision-making, particularly with respect to management development and compensation. For these reasons, Mr. Connors is also Chair of the Compensation and Management Development Committee and a member of the

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Nominating and Corporate Governance Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee.

Table of Contents

MARK J. COSTA (director since May 2013)

Mr. Costa has been Chief Executive Officer since January 2014. Since joining Eastman in 2006, he has held a number of executive positions. He has been instrumental in developing Eastman's growth strategies, and has led Eastman's manufacturing and global supply chain. Mr. Costa has served as Executive Vice President of the Polymers Group, Executive Vice President, Specialty Polymers, Coatings, and Adhesives, and Executive Vice President, Additives & Functional Products and Advanced Materials. In addition, he served as Chief Marketing Officer and had responsibility for the company's corporate innovation organization. He was appointed President in May 2013 and served in that position until he became Chief Executive Officer. Before joining Eastman, Mr. Costa was a senior partner with Monitor Group, a global management consulting firm. He played a crucial role in developing Monitor's techniques in corporate transformations and portfolio management, and designing client business and marketing capability building programs. Mr. Costa is 48.

Since he joined the Company, Mr. Costa has led a variety of business, marketing, functional, and strategic areas and initiatives, currently serving as Chief Executive Officer, and has senior management, corporate transformation and portfolio management, and business and marketing capability experience and expertise from both his years with the Company and previously as a consultant. As a result, he is appropriately and uniquely able to advise the Board on the opportunities and challenges of managing the Company and its strategy for value creating growth, as well as its day-to-day operations and risks. We believe the perspective of the Chief Executive Officer of the Company is critical for the Board in order for it effectively to oversee the affairs of the Company and its strategy for growth.

STEPHEN R. DEMERITT (director since February 2003)

Mr. Demeritt served as Vice Chairman of General Mills, Inc. from 1999 until his retirement in 2005. General Mills is a leading producer of packaged consumer foods. He joined General Mills in 1969 and served in a variety of marketing positions, including President, International Foods from 1991 to 1993 and Chief Executive Officer of Cereal Partners Worldwide, General Mills' global cereal joint venture with Nestle, from 1993 to 1999. Mr. Demeritt was also a member of the Board of Trustees of Archstone-Smith Trust from 2006 to 2008. Mr. Demeritt is 70.

In addition to serving as a member of the Board, Mr. Demeritt also currently serves as the Lead Director and as a member of the Finance Committee, the Compensation and Management Development Committee, the Nominating and Corporate Governance Committee, and the Health, Safety, Environmental and Security Committee. He provides to the Board a significant base of marketing and operational expertise through his professional experience at consumer-products companies with significant marketing capabilities and operations, and he also furthers the Board's knowledge base in corporate and product branding. Mr. Demeritt's experience serving on the board of directors of a large public company allows us to leverage his experiences with respect to, among other things, appropriate oversight and related actions utilized in the board environment, resulting in him being an appropriate

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person to lead and advise the Board as Lead Director. See The Board of Directors and Corporate Governance Board Leadership Structure .

Table of Contents

ROBERT M. HERNANDEZ (director since August 2002)

Mr. Hernandez was Vice Chairman of the Board and Chief Financial Officer of USX Corporation, an integrated oil and gas and steel producer, from 1994 until his retirement in 2001. He joined U.S. Steel Corporation, the predecessor of USX, in 1968, and held positions of increasing responsibility in the financial and operating organizations, including Vice President and Treasurer from 1984 to 1987, Senior Vice President and Controller from 1987 to 1989, President, U.S. Diversified Group from 1989 to 1990, Senior Vice President, Finance from 1990 to 1991, and Executive Vice President and Chief Financial Officer from 1991 to 1994. Mr. Hernandez is non-executive Chairman of the Board of RTI International Metals, Inc., Lead Director of ACE Ltd., and Chairman of the Board of Trustees of BlackRock Open-End Long Term Bond & Equity Funds. He was a member of the Board of Directors of USX from 1991 until 2001 and of Tyco Electronics Ltd. from 2007 until 2012. Mr. Hernandez is 69.

Mr. Hernandez brings a diverse financial and business management background to the Board and to his responsibilities as Chair of the Health, Safety, Environmental and Security Committee and a member of the Audit and Finance Committees. He has held a variety of senior management positions throughout his career in a company producing basic materials and commodity-type products. This history and experience is critical to the Board's knowledge base in a variety of areas. Mr. Hernandez has also served as a member of several boards of directors, which allows him to leverage his experience for the further benefit of the Company.

JULIE F. HOLDER (director since November 2011)

Ms. Holder has been the Chief Executive Officer of JFH Insights LLC, a consulting firm primarily dedicated to leadership coaching for high potential women executives, since founding the company in 2009. Previously, Ms. Holder served as Senior Vice President, Chief Marketing, Sales and Reputation Officer, U.S. Area Executive Oversight of The Dow Chemical Company, a diversified, worldwide manufacturer and supplier of products used primarily as raw materials in the manufacture of customer products and services, from 2007 until her retirement in 2009, and before that was Vice President, Human Resources, Public Affairs and Diversity and Inclusion, Latin America Executive Oversight of Dow from 2006. Prior to that, Ms. Holder served in various positions with increasing seniority at Dow from 1975 to 2006. Ms. Holder is 61.

In addition to serving on the Board, Ms. Holder is a member of the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. Ms. Holder brings to the Board substantial corporate management experience as well as expertise in international sales and marketing and the chemicals industry through her various senior management positions at Dow. Ms. Holder's long history at Dow provides her substantial chemical industry experience across a broad range of functional areas and allows her to offer management and operational insight to the Board with an in-depth understanding of the opportunities and challenges associated with

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our business. In addition, Ms. Holder's professional background of overseeing increasingly large and diverse business units results in her having the financial sophistication and understanding of a company similar to Eastman, which is of great benefit to the Board and the Audit Committee.

Table of Contents

RENÉE J. HORNBAKER (director since September 2003)

Ms. Hornbaker is Chief Financial Officer and a member of the Board of Directors of Stream Energy, a retail energy provider operating in Texas, Georgia, Pennsylvania, Maryland, and New Jersey. Ms. Hornbaker served as Chief Financial Officer of Shared Technologies, Inc., a provider of converged voice and data networking solutions, from 2006 to May 2011, and was Consultant to the Chief Executive Officer of CompuCom Systems, Inc., an information technology services provider, from 2005 to 2006. She was Vice President and Chief Financial Officer of Flowserve Corporation, a global provider of industrial flow management products and services, from 1997 until 2004, and served as Vice President of Business Development and Chief Information Officer from 1997 to 1998. In 1977, Ms. Hornbaker joined the accounting firm Deloitte, Haskins & Sells, where she became a senior manager of its audit practice in the firm's Chicago office. Following that, she served in senior financial positions with several major companies from 1986 until 1996, including five years at Phelps Dodge Corporation where she had financial responsibilities for its international businesses including Columbian Chemicals Corporation. Ms. Hornbaker is also a member of the Board of Directors of Tri Global Energy, LLC, a private clean energy development company. Ms. Hornbaker is 61.

Ms. Hornbaker's expertise in a variety of financial and accounting matters, experience in business development, strategy and technology, and service with large global businesses makes her a valuable member of the Board, and enhances the value of her service as Chair of the Audit Committee and as a member of the Finance Committee and the Health, Safety, Environmental and Security Committee. Ms. Hornbaker's significant experience in several senior financial positions at various companies, including her current service as a chief financial officer, as well as her previous service as a senior manager at an accounting firm, provides a solid platform for her to advise and consult with the Board on financial and audit-related matters as Chair of the Audit Committee.

LEWIS M. KLING (director since October 2006)

Mr. Kling served as President, Chief Executive Officer, and a director of Flowserve Corporation, a global provider of industrial flow management products and services, from 2005 until October 2009, and was Executive Vice Chairman of the Board of Directors of Flowserve until his retirement in February 2010. He was Chief Operating Officer of Flowserve from 2004 to 2005. Before joining Flowserve, Mr. Kling was Group Vice President and Corporate Vice President of SPX Corporation from 1999 to 2004, and served as President of Dielectric Communications, a division of General Signal Corporation, purchased by SPX Corporation, from 1997 to 1999. Mr. Kling also is a member of the Boards of Directors of Accuride Corporation and of Capital Safety Group, a Kohlberg, Kravis, Roberts Company, and a partner and Chairman of Zelo Public Relations Ltd. Mr. Kling is 69.

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In addition to his Board service, Mr. Kling also serves as Chair of the Finance Committee and as a member of the Compensation and Management Development Committee, the Nominating and Corporate Governance Committee, and the Health, Safety, Environmental and Security Committee. Mr. Kling's extensive corporate management experience and expertise in manufacturing through his high-level positions at several industrial product companies, including as CEO of a global manufacturer and aftermarket service provider of flow control systems to oil and gas, basic materials, and chemical manufacturing companies, allow him to offer a unique perspective on long-term growth strategies for manufacturing companies. In addition, his significant experience on various committees of Eastman's Board, and his prior and current directorships, provide Mr. Kling with the background and knowledge to effectively lead the Finance Committee.

Table of Contents

DAVID W. RAISBECK (director since December 2000)

Mr. Raisbeck was Vice Chairman of Cargill, Incorporated, an agricultural trading and processing company, from 1999 until his retirement in 2008, and was a director of Cargill until September 2009. He joined Cargill in 1971 and held a variety of merchandising and management positions focused primarily in the commodity and financial trading businesses. Mr. Raisbeck was appointed President of Cargill's Financial Markets Division in 1988 and President of Cargill's Trading Sector in 1993, was elected a director of Cargill in 1994 and Executive Vice President in 1995. Mr. Raisbeck was a director of CarVal, a distressed asset management company owned by Cargill, and of Black River Asset Management, a hedge fund owned by Cargill, until 2009, and was during the last five years a member of the Boards of Directors of Cardinal Health, Inc., Canadian Pacific Railway Company and Canadian Pacific Railway Limited. Mr. Raisbeck is 64.

Mr. Raisbeck is also a member of the Compensation and Management Development Committee, the Finance Committee, the Nominating and Corporate Governance Committee, and the Health, Safety, Environmental and Security Committee. Mr. Raisbeck's depth of experience in the areas of trading and risks related to commodities and raw materials, which are significant components of our operations and the manufacturing of our products, is a valuable addition to our Board and its Finance Committee. Given his professional experience managing trading businesses and other risk-based, finance-related transactions, we believe Mr. Raisbeck has unique capabilities with respect to the managing of risk exposure and execution of financing transactions, and his insight is a significant factor in our success.

JAMES P. ROGERS (director since December 2008)

Mr. Rogers has been Executive Chairman of the Board since January 1, 2014. Prior to that, he served as Chief Executive Officer of the Company since May 7, 2009 and Chairman of the Board since January 1, 2011. He joined the Company in 1999 as Senior Vice President and Chief Financial Officer and in 2002 also became Chief Operations Officer of Eastman Division, was named Executive Vice President of the Company and President of Eastman Division in November 2003, and was named President of Eastman Chemical Company and Chemicals & Fibers Business Group Head in 2006. Mr. Rogers served previously as Executive Vice President and Chief Financial Officer of GAF Materials Corporation, Executive Vice President, Finance, of International Specialty Products, Inc., Treasurer of Amphenol Corporation, a Vice President in the Corporate Finance group of Morgan Guaranty Trust, and a naval aviator in the United States Navy. Mr. Rogers is also a member of the Boards of Directors of Xylem, Inc., a global water technology provider, and of the Lord Corporation, a private technology company. Mr. Rogers is 62.

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Mr. Rogers' s years of experience at the Company in a variety of functional, financial, and business areas, culminating in his service as Chief Executive Officer for over four years, give him unique knowledge of the opportunities and challenges associated with our business. Mr. Rogers' s familiarity with the Company, the chemical industry, and various market participants make him uniquely qualified to lead and advise the Board as Executive Chairman. See The Board of Directors and Corporate Governance Board Leadership Structure .

Table of Contents

The Board of Directors and Corporate Governance

The Board is elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. The primary role of the Board is to maximize stockholder value over the long-term. Eastman's business is conducted by its employees, managers, and officers, under the direction of the Chief Executive Officer and the oversight of the Board. The Nominating and Corporate Governance Committee of the Board periodically reviews and assesses the Company's Corporate Governance Guidelines and governance practices.

The Board held six meetings during 2013. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which he or she served. The Board meets immediately before each annual meeting of stockholders, and the directors in attendance at such Board meeting attend the annual meeting of stockholders. All directors attended the 2013 Annual Meeting of Stockholders.

Board Leadership Structure

The Chairman of the Board provides leadership to the Board and works with the Board to define its structure and activities in the fulfillment of its responsibilities. The Company believes that the members of the Board possess considerable experience and unique knowledge of the challenges and opportunities the Company may face from time to time, and therefore are in the best position to evaluate the needs of the Company and how best to organize the capabilities of our directors and senior executives to meet those needs at any time. As a result, the Company believes that the decision as to who should serve as Chairman and as Chief Executive Officer, and whether the offices should be combined or separate, is properly the responsibility of the Board, to be exercised from time to time in appropriate consideration of then-existing facts and circumstances. Our Corporate Governance Guidelines provide the Board the flexibility to determine whether or not the separation or combination of the Chairman and Chief Executive Officer offices is in the best interests of the Company.

Our current Chief Executive Officer, Mark J. Costa, was appointed to the Board on May 14, 2013, the date he was elected by the Board to serve as Chief Executive Officer of the Company (with such election being effective January 1, 2014). Our current Executive Chairman of the Board, James P. Rogers, served as both Chief Executive Officer and Chairman until January 1, 2014, at which time his appointment as Executive Chairman became effective. Given his years of service to Eastman, his significant breadth and depth of knowledge of the Company and in the chemical industry, and the efficiencies that his continued service to the Company provides, the Board deemed it appropriate that he continue to serve as Executive Chairman.

In order to give a significant voice to our non-management directors and to reinforce effective, independent leadership on the Board, under the Company's Bylaws and Corporate Governance Guidelines a Lead Director is appointed by the Board when the same person holds the Chief Executive Officer and Chairman positions or if the Chairman is not otherwise independent. The Lead Director's responsibilities, which are described in more detail in the Company's Corporate Governance Guidelines, include:

calling, setting agendas for, and presiding over executive sessions of the non-management directors at each regularly scheduled meeting of the Board, or at such other times as the non-management directors may determine;

calling special meetings of the full Board or the non-employee, independent directors;

presiding over Board meetings in the absence of the Chairman;

collaborating and consulting with the Chairman and Chief Executive Officer and other senior management concerning and approving or directing the approval of agendas, schedules, and materials for Board meetings;

acting as a liaison between the independent directors and the Chairman; and

being available with the Chairman for consultation and direct communication with stockholders.

Table of Contents

Gary E. Anderson served as Lead Director from January 2011 until May 2013, when the Board appointed Stephen R. Demeritt as Lead Director.

We believe that the foregoing structure, policies, and practices, when combined with the Company's other governance policies and procedures, provide appropriate opportunities for oversight, discussion, and evaluation of decisions and direction from the Board.

Risk Oversight

The Board maintains oversight responsibility for the management of the Company's risks, and oversees an enterprise-wide approach to risk management, designed to provide a holistic view of organizational objectives, including strategic objectives, to improve long-term organizational performance, to prioritize and manage identified risks, and to enhance stockholder value. A fundamental part of risk management is not only understanding the risks the Company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The full Board reviews with management its process for managing enterprise risk. Additionally, the Audit Committee is charged with overseeing our risk management process each year, including ensuring that management has instituted processes to identify major risks and has developed plans to manage such risks and reviewing with management the identified most significant risks and management's plans for addressing and mitigating the potential effects of such risks. During the Company's risk management review process, risk is assessed throughout our entire business, and is reported to a management corporate risk committee comprised of members of our various business units and control functions. Risks that are identified as high-level risks are reported to the Audit Committee and thereafter assigned, as appropriate, to various of the Board's Committees, or to the Board as a whole, for further review, analysis, and development of appropriate plans for management and mitigation of the identified risks.

While the Board maintains the ultimate oversight responsibility for risk management, each of the various Committees of the Board have been assigned responsibility for risk management oversight of specific areas. In particular, and in addition to its responsibility to conduct an annual assessment of the risk management process and report its findings to the Board, the Audit Committee maintains responsibility for overseeing risks related to the Company's financial reporting, audit process, and internal controls over financial reporting and disclosure controls and procedures. The Finance Committee has oversight responsibility related to the Company's financial position and financing activities, including such areas as capital structure, raw material and energy costs and hedging, large capital projects, and acquisitions, divestitures, and joint ventures. The Health, Safety, Environmental and Security Committee assists the Board in fulfilling its oversight responsibility with respect to health, safety, environmental, security, and sustainability issues that affect the Company and works closely with the Company's legal and regulatory management with respect to such matters. In addition, in setting compensation, the Compensation and Management Development Committee endeavors to develop a program of incentives that encourage an appropriate level of risk-taking behavior consistent with the Company's long-term business strategy and also reviews the leadership development of our employees. Finally, the Nominating and Corporate Governance Committee conducts an annual assessment of nominees to our Board and is charged with developing and recommending to the Board corporate governance principles and policies and Board Committees structure, leadership, and membership, including those related to, affecting, or concerning the Board's and its Committees' risk oversight.

Director Independence

The Board and its Nominating and Corporate Governance Committee have reviewed the standards of independence for directors established by applicable laws and regulations, including the listing standards of the New York Stock Exchange, and by the Company's Corporate Governance Guidelines and have reviewed and evaluated the relationships of directors with the Company and its management. Based upon this review and evaluation, the Board has determined that none of the current non-employee members of the Board (that is, all directors but Messrs. Costa and Rogers) has a relationship with the Company or its management that would interfere with such director's exercise of independent judgment, and that each non-employee member of the Board is an independent director.

Table of Contents

In making these determinations, the Nominating and Corporate Governance Committee and the Board reviewed and evaluated all direct and indirect transactions and relationships between the Company and non-employee directors and their affiliates and immediate family members. Under the New York Stock Exchange listing standards and Eastman's Corporate Governance Guidelines, an independent director is one who has no direct or indirect material relationship with the Company or its management and who:

has not been employed by the Company or any of its subsidiaries or affiliates, and who has no immediate family member who has been an executive officer of the Company, within the previous three years;

has not received, and whose immediate family member has not received, in any 12-month period within the previous three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service;

is not, and whose immediate family member is not, a partner; is not employed by; has not been, and whose immediate family member has not been, within the last three years, and is not currently, a partner or employee and personally worked on the Company's audit;

is not and has not in the past three years been employed, and whose immediate family member is not and has not in the past three years been employed, as an executive officer of another company where any of the Company's present executives at the same time serve or served on that company's compensation committee;

is not an employee of, and whose immediate family member is not an executive officer of, another company that has made payments to, or received payments from, the Company for property or services in an amount that exceeds, in any of the last three years, the greater of \$1 million or 2% of such other company's consolidated gross revenues;

has no personal services contract with the Company, any subsidiary or affiliate of the Company or any executive officer;

does not have any other business relationship with the Company or any of its subsidiaries or affiliates (other than service as a director) that the Company would be required to disclose in proxy statements or in annual reports on Form 10-K filed with the SEC;

is not an executive officer of another company that is indebted to the Company or to which the Company is indebted and the total amount of either company's indebtedness to the other is more than 1% of the total consolidated assets of the company that he or she serves as an executive officer;

is not an officer, director, or trustee of a charitable organization to which discretionary charitable contributions to the organization by the Company or an affiliate are more than 1% of that organization's total annual charitable receipts or \$100,000, whichever is less; and

is not a director, executive officer, partner, or greater than 10% equity holder of an entity that provides advisory, consulting, or professional services to the Company, any of its affiliates, or any executive officer.

Transactions with Directors, Executive Officers, and Related Persons

As described above, at least annually the Board reviews and evaluates all current and recent past transactions involving the Company in which non-management directors and their affiliates (including immediate family members and other firms, corporations, or entities with which the director has a relationship) have or had a direct or indirect interest. The Board also reviews any such transactions and relationships in which

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executive officers of the Company or members of their immediate families have or had an interest. In the most recent such review, the Board considered purchases and sales of products and services in the ordinary course of business to and from companies of which certain non-employee directors were executive officers. Each such transaction was below the thresholds of the categorical standards listed above and determined by the Board not to be a material transaction or relationship.

Table of Contents

Written Company policies require approval by the Board (in the case of the Chief Executive Officer) or senior management (in the case of all other employees) of each Company transaction in which an employee has a direct or indirect financial or other personal interest, and restrict direct or indirect reporting relationships between immediate family member employees.

Board Committees

The Board has an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation and Management Development Committee, a Finance Committee, and a Health, Safety, Environmental and Security Committee. All committee members are non-employee, independent directors. The written charter of each committee of the Board is available in the Investors Corporate Governance section of the Company's Internet website (www.eastman.com).

Audit Committee. The members of the Audit Committee are Ms. Hornbaker (Chair), Ms. Holder, and Messrs. Alfonso, Anderson, Begemann, and Hernandez. The Audit Committee held nine meetings during 2013. The purpose of the Audit Committee is to assist the Board in fulfilling the Board's oversight responsibilities relating to:

the integrity of the financial statements of the Company and the Company's system of internal controls;

the Company's management of and compliance with legal and regulatory requirements;

the independence and performance of the Company's internal auditors;

the qualifications, independence, and performance of the Company's independent auditors;

the retention and termination of the Company's independent auditors, including the approval of fees and other terms of their engagement, and the approval of non-audit relationships with the independent auditors; and

risk assessment and risk management.

The Board of Directors has determined that each member of the Audit Committee is independent and that each of Ms. Hornbaker and Messrs. Alfonso, Anderson, and Hernandez is an audit committee financial expert under applicable provisions of the New York Stock Exchange's listing standards and the Securities Exchange Act of 1934. In making such determination, the Board took into consideration, among other things, the express provision in Item 407(d) of SEC Regulation S-K that the determination that a person has the attributes of an audit committee financial expert shall not impose any greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Audit Committee and the Board of Directors, nor shall it affect the duties and obligations of other Audit Committee members or the Board.

Audit Committee Report

The Audit Committee has reviewed and discussed with the Company's management and PricewaterhouseCoopers LLP, the Company's independent auditors, the audited financial statements of the Company contained in the Company's Annual Report to Stockholders for the year ended December 31, 2013. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board.

The Audit Committee has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence and has discussed with PricewaterhouseCoopers LLP their independence. The Audit Committee has also considered whether the provision of non-audit services to the Company by PricewaterhouseCoopers LLP is compatible with maintaining their independence.

Table of Contents

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC.

Audit Committee

Renée J. Hornbaker (Chair)

Humberto P. Alfonso

Gary E. Anderson

Brett D. Begemann

Robert M. Hernandez

Julie F. Holder

Nominating and Corporate Governance Committee. The members of the Nominating and Corporate Governance Committee are Messrs. Lance (Chair), Connors, Demeritt, Kling, and Raisbeck. The Nominating and Corporate Governance Committee held six meetings during 2013. The purpose of the Nominating and Corporate Governance Committee is to:

identify individuals qualified to become Board members;

recommend to the Board candidates to fill Board vacancies and newly-created director positions;

recommend to the Board whether incumbent directors should be nominated for reelection to the Board upon the expiration of their terms;

review, develop, and recommend corporate governance principles and practices, and regularly review and evaluate corporate governance trends and developments;

review and make recommendations to the Board regarding director compensation (see [Director Compensation](#)); and

recommend committee structures, membership, and chairs and, if the Chairman is not an independent director the independent director to serve as Lead Director.

Director Nominations. The Nominating and Corporate Governance Committee is responsible for reviewing and recommending to the Board potential directors who possess the skills, knowledge, and understanding necessary to be valued members of the Board in order to assist it in successfully performing its role in corporate oversight and governance. The Nominating and Corporate Governance Committee considers not only an individual director's or possible nominee's qualities, performance, and professional responsibilities, but also the then-current composition of the Board and the challenges and needs of the Board as a whole in an effort to ensure that the Board, at any time, is comprised of a diverse group of members who, individually and collectively, best serve the needs of the Company and its stockholders. In general, and in giving due consideration to the composition of the Board at that time, the desired attributes of individual directors, including those of any nominees of stockholders, are as follows:

integrity and demonstrated high ethical standards;

experience with business administration processes and principles;

the ability to express opinions, raise difficult questions, and make informed, independent judgments;

knowledge, experience, and skills in at least one specialty area, for example:

accounting or finance,

corporate management,

marketing,

manufacturing,

technology,

information systems,

Table of Contents

the chemical industry,

international business, or

legal or governmental affairs;

the ability to devote sufficient time to prepare for and attend Board meetings (it is assumed that service on up to three other boards of directors will not impair a director's service on the Company's Board; the Nominating and Corporate Governance Committee reviews instances in which a director serves on more than three other for-profit companies' boards of directors);

willingness and ability to work with other members of the Board in an open and constructive manner;

the ability to communicate clearly and persuasively; and

diversity with respect to other characteristics, which may include, at any time, gender, ethnic background, geographic origin, or personal, educational and professional experience.

The Nominating and Corporate Governance Committee will consider persons nominated by stockholders and recommend to the full Board whether such nominee should be included with the Board's nominees for election by stockholders. For additional information on how stockholders may submit nominees for election to the Board, see **INFORMATION ABOUT THE MEETING AND VOTING** Nominations by Stockholders for Election to the Board of Directors. The Board and the Nominating and Corporate Governance Committee have from time to time utilized the services of director search firms to assist in the identification of qualified potential director nominees.

Compensation and Management Development Committee. The members of the Compensation and Management Development Committee (the Compensation Committee) are Messrs. Connors (Chair), Demeritt, Kling, Lance, and Raisbeck. The Compensation Committee held seven meetings during 2013. The purpose of the Compensation Committee is to establish and administer the Company's policies, programs, and procedures for evaluating, developing, and compensating the Company's senior management. Among other responsibilities included in its charter, the Compensation Committee oversees the Company's compensation and benefits philosophy and strategy, determines the compensation of the Company's executive officers, reviews and approves the adoption of cash and equity-based incentive management compensation plans, and oversees the direction of the Company's benefits plans. The Compensation Committee has exclusive authority to administer and grant stock-based incentive awards under the 2012 Omnibus Stock Compensation Plan, and the Board may delegate authority to make certain stock-based compensation awards to employees other than executive officers to a special committee consisting of one or more directors who are also officers of the Company. The Compensation Committee receives input from Company management on compensation and benefits matters, and includes such input in the factors it considers in establishing and overseeing management's compensation programs and in determining executive compensation. For additional description of the Committee's processes and procedures for consideration and determination of executive compensation, including the role of management in recommending compensation, see the **Compensation Discussion and Analysis** later in this proxy statement.

The Board of Directors has determined that each member of the Compensation Committee is independent under applicable provisions of the New York Stock Exchange's listing standards.

Compensation Committee Consultant. The Compensation Committee has directly engaged Aon Hewitt as its external compensation consultant. Under the terms of Aon Hewitt's engagement by the Compensation Committee, Aon Hewitt reports to, and receives its direction from, the Compensation Committee, and a representative of Aon Hewitt attends each meeting of the Compensation Committee as its advisor. Aon Hewitt provides the Compensation Committee with third-party survey information used in setting short- and long-term compensation levels, perspective on emerging compensation issues and trends, and expertise in incentive compensation structure, terms, and design. See **Compensation Discussion and Analysis**. Aon Hewitt also provides such services to the Nominating and Corporate Governance Committee for its recommendations to the Board regarding non-employee director compensation. See **Director Compensation**. Any other services provided by Aon Hewitt and its affiliates to Eastman are approved by the Compensation Committee. Aon Hewitt

Table of Contents

and affiliates provided international pension consulting, retirement benefits consulting, human resources consulting, and insurance brokerage services to the Company for total fees in 2013 of \$214,861. Aon Hewitt received total compensation in 2013 for all services provided to Eastman of \$472,875. Company management also uses the services of several other outside firms for compensation analysis, third-party surveys, and management pay research and analysis. None of these other firms provide any consulting services to the Compensation Committee.

In reviewing Aon Hewitt's performance in 2013 and considering its continued engagement for 2014, the Compensation Committee evaluated Aon Hewitt's independence from Company management and any conflicts of interest. The Compensation Committee considered Aon Hewitt's provision of other services to the Company, the fees paid by the Company to Aon Hewitt as a percentage of the firm's total revenue, Aon Hewitt's policies and procedures to prevent conflicts of interest, and that Aon Hewitt and its representatives have no business or personal relationship with any member of the Compensation Committee, do not own any stock of the Company, and have no business or personal relationship with any executive officer of the Company. The Compensation Committee concluded that Aon Hewitt is independent of the Committee and of Company management and has no conflicts of interest in its performance of services to the Committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis which appears later in this proxy statement. Based on the review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC and in this proxy statement.

Compensation and Management Development Committee

Michael P. Connors (Chair)

Stephen R. Demeritt

Lewis M. Kling

Howard L. Lance

David W. Raisbeck

Finance Committee. All of the directors except Messrs. Costa and Rogers are members, and Mr. Kling is the Chair, of the Finance Committee. The Finance Committee held four meetings during 2013. The purpose of the Finance Committee is to review with management and, where appropriate, make recommendations to the Board regarding the Company's financial position and financing activities, including consideration of the Company's financing plans, significant corporate transactions (including acquisitions, divestitures, and joint ventures), capital expenditures, financial status of the Company's defined benefit pension plans, payment of dividends, and use of financial instruments, commodity purchasing, and other hedging arrangements and strategies to manage exposure to market risks.

Health, Safety, Environmental and Security Committee. All of the directors except Messrs. Costa and Rogers are members, and Mr. Hernandez is the Chair, of the Health, Safety, Environmental and Security Committee. The Health, Safety, Environmental and Security Committee held two meetings during 2013. The purpose of the Health, Safety, Environmental and Security Committee is to review with management and, where appropriate, make recommendations to the Board regarding the Company's policies and practices concerning health, safety, environmental, security, and sustainability matters.

Table of Contents**Director Compensation**

Director compensation is determined by the Board of Directors based upon the recommendation of the Nominating and Corporate Governance Committee and the Company's compensation consultant. The Board uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve as directors. In setting the compensation of non-employee directors, the Nominating and Corporate Governance Committee and the Board consider the significant amount of time that the Board and its Committees are expected to expend, the skills, knowledge, and understanding needed for service on the Board, and the types and amounts of director pay of other similar public companies. The Nominating and Corporate Governance Committee and the Board annually review non-employee director compensation, and the Board, upon the recommendation of the Nominating and Corporate Governance Committee, has from time to time changed the amounts and forms of director pay.

The following table sets forth certain information concerning compensation of the Company's non-employee directors for 2013. Directors who are also employees of the Company receive no additional compensation for their service as directors. The footnotes to the table describe each of the components of director compensation.

Director Compensation for Year Ended December 31, 2013

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Option Awards \$(3)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total(\$)
Humberto P. Alfonso	\$ 100,000	\$ 75,010	\$0	\$0	\$0	\$ 60,000	\$ 235,010
Gary E. Anderson	120,000	75,010	0	0	0	60,000	255,010
Brett D. Begemann	100,000	75,010	0	0	0	60,000	235,010
Michael P. Connors	115,000	75,010	0	0	0	60,000	250,010
Stephen R. Demeritt	126,667	75,010	0	0	0	60,000	261,677
Robert M. Hernandez	111,500	75,010	0	0	0	60,000	246,510
Julie F. Holder	104,500	75,010	0	0	0	60,000	239,510
Renée J. Hornbaker	130,000	75,010	0	0	0	60,000	265,010
Lewis M. Kling	110,000	75,010	0	0	0	60,000	