

EASTMAN CHEMICAL CO
Form 11-K
July 13, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549**

FORM 11-K

(Mark
One)

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
[X] EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended December 30, 2004
OR
[] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _____ to _____

Commission file number 1-12626

A. Full Title of the plan the address of the plan, if different from that of the issuer named below:

EASTMAN INVESTMENT AND EMPLOYEE STOCK OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**EASTMAN CHEMICAL COMPANY
100 N. Eastman Road
Kingsport, Tennessee 37660**

Eastman Investment and Employee Stock Ownership Plan

Table of Contents

Report of Independent Registered Public Accounting Firm	3
Basic Financial Statements:	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 - 16
Additional Information (Note A):	17
Schedule of Assets (Held at End of Year)	
Signatures	33
Exhibits	34-35

Note A: Other supplemental schedules required by Section 2520.10310 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Eastman Investment and Employee Stock Ownership Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Eastman Investment and Employee Stock Ownership Plan (the "Plan") at December 30, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers, LLP

Philadelphia, Pennsylvania
July 11, 2005

**Eastman Investment and Employee Stock Ownership Plan
Statements of Net Assets Available for Benefits
December 30, 2004 and 2003
(in thousands)**

	Participant Directed	2004 Non- participant Directed	Total	Participant Directed	2003 Non- participant Directed	Total
Assets						
Investments at fair value	\$ 648,995	\$ 128,394	\$ 777,389	\$ 581,835	\$ 102,796	\$ 684,631
Investments at contract value	614,657	--	614,657	555,025	--	555,025
Receivables:						
Employer contributions	29,682	4,381	34,063	28,226	5,927	34,153
Other	1,052	1,280	2,332	2,506	1,375	3,881
Total assets	1,294,386	134,055	1,428,441	1,167,592	110,098	1,277,690
Liabilities						
Accrued expenses	12	16	28	15	15	30
Other liabilities	384	1,054	1,438	1,177	2,561	3,738
Total liabilities	396	1,070	1,466	1,192	2,576	3,768

Net assets
available

for plan benefits \$ 1,293,990 \$ 132,985 \$1,426,975 \$ 1,166,400 \$ 107,522 \$1,273,922

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

Eastman Investment and Employee Stock Ownership Plan
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 30, 2004 and 2003
(in thousands)

	Participant Directed	2004 Non- participant Directed	Total	Participant Directed	2003 Non- participant Directed	Total
Additions to net assets:						
Investment income (loss)						
Interest	\$ 26,537	\$ --	\$ 26,537	\$ 27,505	\$ --	\$ 27,505
Dividends	13,702	4,395	18,097	8,989	4,999	13,988
Net appreciation in fair value of investments	72,949	43,555	116,504	99,587	6,226	105,813
Net investment gain	113,188	47,950	161,138	136,081	11,225	147,306
Participant contributions	98,937	--	98,937	79,662	--	79,662
Plan Sponsor contributions	29,552	4,381	33,933	28,360	5,927	34,287
Interfund transfers	20,051	(20,051)	--	14,536	(14,536)	--
Total additions	261,728	32,280	294,008	258,639	2,616	261,255
Deductions from net assets:						
Distributions to and withdrawals by participants	133,815	6,971	140,786	60,630	2,977	63,607
Loan transfers, net	154	(154)	-	9	(9)	--
Administrative expenses	169	--	169	144	--	144
Total deductions	134,138	6,817	140,955	60,783	2,968	63,751
Net increase (decrease) in net assets	127,590	25,463	153,053	197,856	(352)	197,504
Net assets available for plan benefits at beginning of year	1,166,400	107,522	1,273,922	968,544	107,874	1,076,418
Net assets available for plan benefits at end of year	\$ 1,293,990	\$ 132,985	\$ 1,426,975	\$ 1,166,400	\$ 107,522	\$ 1,273,922

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

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

1. DESCRIPTION OF PLAN

The Eastman Investment and Employee Stock Ownership Plan (the "Plan") is a defined contribution plan of a controlled group of corporations consisting of Eastman Chemical Company and certain of its wholly-owned subsidiaries operating in the United States ("Eastman", the "Company" or the "Plan Sponsor"). The Plan is organized pursuant to Sections 401(a) and (k) and Section 4975(e) (7) of the Internal Revenue Code. All United States employees of Eastman, with the exception of certain limited service and special program employees, and employees covered by a collective bargaining agreement with the Company, unless the collective bargaining agreement or the Plan specifically provides for participation, are eligible to participate in the Plan on their first day of employment with Eastman. The Plan was adopted by Eastman, the Plan Sponsor, on January 1, 1994 and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by the Investment Plan Committee ("IPCO"), which is the Plan Administrator and is comprised of Eastman employees. The Plan has trusts which are administered by the Fidelity Management Trust Company (the "Trustee"). The trusts include the Eastman Chemical Trust and the ESOP Trust. Since the inception of the Plan, money in the forfeiture account has been used both to offset future company contributions and for various administrative expenses of the Plan. The balance of the forfeiture account at December 30, 2004 was immaterial.

For additional information regarding the Plan, see the complete Plan documents.

Contributions and vesting

Contributions to the Plan are made through two separate provisions: (a) deferral of qualifying compensation including the Eastman Performance Plan payout, and (b) contributions by the Plan Sponsor of cash or its common stock to the ESOP Fund as determined by the Compensation and Management Development Committee of the Board of Directors of Eastman.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The Plan includes a salary reduction provision allowing eligible employees to defer up to 40% of qualifying compensation, as defined in the Plan, for 2004 and 2003. For the catch-up salary deferral, an eligible employee who has attained age 50 before the close of the calendar year was allowed to defer up to 25% of qualifying compensation, as defined in the Plan, for 2004 and 2003 up to certain Internal Revenue Code limitations. In addition, participants may elect to defer a portion of their annual Eastman Performance Plan payout as a contribution to the Plan. The Eastman Performance Plan provides a lump-sum payment to participants based on the Company's financial performance and is approved annually by the Company's Board of Directors. For 2004, the maximum deferral for a Plan year is limited to 40% of the aggregate of Eastman Performance Plan payments and qualifying compensation, subject to certain Internal Revenue Code limitations. The final plan year for the Eastman Performance Plan ended on December 31, 2003. The final deferral from the Eastman Performance Plan occurred on March 12, 2004. Plan Sponsor contributions are also subject to certain other limitations. Participants' salary deferrals are contributed to the Plan by Eastman on behalf of the participants. The Plan's Trustee invests amounts contributed to the Plan, as designated by the participant, in common stock of Eastman, various growth and income mutual funds, and/or interest in a guaranteed investment contract fund (see Note 5). Generally, participants may transfer amounts among the funds on any business day. Additionally, participants may, if certain conditions are met, diversify amounts from their ESOP Fund account within the Plan (see Note 8). Each participant is at all times 100% vested in their account, with the exception of amounts transferred from other plans, which continue to be subject to the former plans' vesting requirements. The Plan allows for the Retirement Savings Contribution ("RSC"), to be contributed either to the ESOP Fund for employees' first five RSC contributions or into other Plan funds, as directed by the participant, for participants with more than five RSC contributions. For participants with more than five RSC contributions, the RSC is allocated to participant-directed funds in accordance with each participant's investment elections at such time as the RSC is made.

Plan Sponsor contributions may be paid at any time during the plan year and subsequent to such plan year through the due date for filing the Company's federal income tax return, including any extensions. Contributions may be paid to the ESOP Fund in cash or shares of Eastman common stock and are deposited in the Company contribution account. Allocations to the participants' accounts from the Company contribution account will be made each plan year to participants who are eligible employees on the date designated by the Company. Participants are not permitted to make contributions to the ESOP Fund and are 100% vested in their account balance at all times.

Employees may elect to transfer, into any of the Plan's fund options, balances received from (1) lump sum payouts from the Eastman Retirement Assistance Plan, a qualified defined benefit plan also sponsored by Eastman Chemical Company, (2) a former employer's 401(a) and 401(k) plan, or (3) an employee's individual retirement account containing amounts received from a qualified defined contribution plan under Section 401(a) and 401(k) of the Internal Revenue Code. All rollover contributions into the Plan must meet the applicable Internal Revenue Service requirements.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

Loans

IPCO may grant a loan of at least \$1,000 to a participant provided that the aggregate of the participants' loans outstanding does not exceed the lesser of (i) \$50,000 reduced by the excess, if any, of (a) the participant's highest outstanding loan balance from the preceding 12 months over (b) the outstanding total loan balance of loans from the Plan on the date on which the loan was made, or (ii) 50% of the non-forfeitable portion of the participant's account, excluding amounts in a participant's ESOP Fund account. In accordance with the Plan provisions, the rate of interest on new participant loans approximates current market rates. The term of any loan is determined by IPCO and shall not exceed five years. Loans transferred to the Plan from the Hercules Incorporated Savings and Investment Plan, the ABCO Industries, Inc. 401(k) Profit Sharing Plan, and the Eastman Resins, Inc. Employees' Growth Sharing Plan carry terms applicable under those Plans. At December 30, 2004, \$26.8 million in loans were outstanding for terms of 3 to 123 months and interest rates ranging from 5% to 10.50%. At December 30, 2003, \$23.9 million in loans were outstanding for terms from 4 to 179 months and interest rates ranging from 4.75% to 10.50%.

Distributions

Distributions from the Plan require the approval of IPCO or its designee and are made under the following circumstances:

- Upon attaining age 59½, a participant may elect to receive a lump sum cash distribution of their total or partial account value while still actively employed.
 - Upon separation of service from Eastman for any reason except death, the full value of a participant's account is distributed in a lump sum payment for those participants who are not retirement-eligible and the participant account value is less than or equal to \$5,000. Separated participants with accounts in excess of \$5,000 or are retirement-eligible may elect (i) to defer distribution until a later date but, in no event, later than April 1 of the calendar year following the year a participant attains age 70½ or (ii) immediate lump-sum distribution of the participant's account or, at the election of the participant, in monthly or annual installments. Participants in the Eastman Stock Fund or ESOP Fund may elect a lump sum distribution in Eastman common stock.
- In the event of death, the value of a participant's account is paid in a lump sum if the designated beneficiary is not the surviving spouse or if the account value is less than or equal to \$5,000. If the beneficiary is a surviving spouse and the participant account value exceeds \$5,000, payment will be made in a lump-sum amount or, at the election of the surviving spouse, in monthly or annual installments.
- Distributions to participants shall commence in the year following the year a participant attains age 70½, unless the participant has terminated his or her service with the Company.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

- Approval of hardship withdrawals will only be granted in order to meet obligations relating to the payment of substantial out-of-pocket medical expenses, the purchase of a primary residence, the payment of tuition or other post-secondary educational expenses, or payments to prevent eviction or foreclosure. Hardship withdrawals may not exceed the value of the participant's accounts in the Plan on the date of withdrawal.
- The Trustee is authorized to honor qualified domestic relation orders issued and served in accordance with Section 414(p) of the Internal Revenue Code.

Dividends attributable to the ESOP Fund

IPCO may direct that Eastman common stock dividends attributable to the non-participant directed ESOP Fund be (a) allocated to the accounts of participants, (b) paid in cash to the participants on a nondiscriminatory basis, or (c) paid by the Company directly to participants. Alternatively, dividends received from Eastman common stock maintained in the Loan Suspense Account may be applied to reduce the related loan balance.

Investment of ESOP Fund Assets

ESOP Fund assets are invested primarily in Eastman common stock. However, at IPCO's discretion, funds may also be invested in other securities or held in cash.

Investment assets can be acquired by the ESOP Fund in three ways:

- The Company may make a direct contribution of cash to the ESOP Fund, which would then be used to purchase Eastman common stock or other securities.
 - The Company may contribute shares of Eastman common stock directly to the ESOP Fund.
- The Company may direct the Trustee to obtain a loan to purchase securities (i.e., leveraged ESOP). Until the loan is repaid, securities acquired with the respective loan process are not available to be allocated to participants' accounts and are maintained in a "Loan Suspense Account". On the last day of each plan year, a proportionate share of securities relating to loan amounts which have been repaid will be transferred out of the Loan Suspense Account and allocated to the accounts of ESOP Fund participants. The ESOP Fund currently is not a leveraged ESOP.

Allocations to participants' ESOP Fund accounts

Separate participant accounts are established to reflect each participant's interest in the ESOP Fund and are maintained under the unit value method of accounting. The ESOP Fund account maintained for each participant consists of:

- Plan Sponsor contributions made or invested in shares of Eastman common stock.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

- Shares of Eastman common stock purchased with assets transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company and/or acquired with the proceeds of a loan released from the Loan Suspense Account.
- An allocable share of short-term interest and money market funds held in the ESOP Fund for purposes of payment of expenses and similar purposes.
- After-tax contributions transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company (such after-tax contributions are no longer permitted under the ESOP provisions).

The number of units allocated to a participant's account in any year is based on the ratio of the participant's compensation to the total compensation of all eligible employees entitled to share in the allocation for that plan year. In any year in which a Company contribution is made, a participant's allocation will not be less than one share of stock.

Federal law limits the total annual contributions that may be made on a participant's behalf to all defined contribution and defined benefit plans offered by the Company. Participants will be notified if their total annual contribution is limited by this legal maximum.

Actions taken in connection with the completion of certain corporate transactions

On or about August 1, 2004, the Company completed the sale of certain businesses and product lines in its coatings, adhesives, specialty polymers and inks (CAPSI) segment, including ABCO Industries, Inc. (ABCO) and Eastman Resins, Inc. (Resins) to Apollo Management, L.P. (Apollo), a private investment firm. In connection with this sale, on August 1, 2004, the Company fully vested each participant employed by (i) ABCO in his ABCO Employer Contribution Account, and (ii) Resins in his Resins Profit Sharing Account. The ABCO Employer Contribution Account and the Resins Profit Sharing Accounts held assets transferred to the Plan in connection with prior plan mergers. In February 2005, the Company made a contribution to the account of each participant, whose employment was terminated in connection with the sale of certain portions of the CAPSI segment to Apollo, equal to 5% of the compensation paid to each participant for the period January 1, 2004 through July 31, 2004.

2. SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform to accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan's financial statements.

Basis of accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment policy and valuation

The Trustee may keep any portion of participant and Plan Sponsor contributions temporarily in cash or liquid investments as it may deem advisable. All dividends, interest or gains derived from investment in each fund are reinvested in the respective fund by the Trustee.

The Trustee has determined the market values of each fund as of December 30, 2004 and 2003. Such market values equal the aggregate of the closing prices of the securities held in each fund on December 30, 2004 and 2003 as reported by national exchanges, if available, or otherwise in good faith by the Trustee, plus cash, interest, dividends and such other sums received and accrued but not yet invested. The Managed Income Fund is reported at contract value as determined by the contract issuers. The Managed Income Fund is comprised of synthetic guaranteed investment contracts that include interests in commingled trusts or individual fixed income securities that are held in trust for the Plan. The Plan then enters into a benefit responsive wrapper contract with a third party such as a financial institution or an insurance company which guarantees the Plan a specific value and rate of return. The underlying securities are valued at quoted market prices. The wrapper contracts are valued as the difference between the contract value and the value of the underlying securities.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded at the ex-dividend date.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the financial statements.

Payments to participants

Benefits are recorded when paid.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

Reclassifications

The Company has reclassified certain 2003 amounts to conform to the 2004 presentation.

3. CONTRIBUTIONS

Participant contributions represent qualifying compensation and other qualifying employee bonuses withheld from participating employees by Eastman and contributed to the Plan. Such contributions are invested in the Plan's funds as directed by the participants, with the exception of the ESOP Fund, subject to ERISA funding limitations. The Plan has accrued contributions for participant-directed funds of \$29.7 million and \$28.2 million, and for the non-participant-directed ESOP Fund of \$4.4 million and \$5.9 million at December 30, 2004 and 2003, respectively.

4. LOANS TO PARTICIPANTS

The Plan Trustee makes loans to participants in accordance with Plan provisions. Loans made are accounted for as a transfer from the fund directed by the participant to the Loan Fund. The principal portion of loan repayments reduces the Loan Fund receivable. The principal and interest repaid are directed to funds to which the participant's current contributions are directed; the principal is accounted for as a transfer and the interest accounted for as income in the fund to which the participant's current contributions are directed. The Loan Fund's net assets and changes in net assets are included in the participant-directed funds in the Statements of Net Assets and Changes in Net Assets Available for Benefits, respectively.

Unless otherwise specified by the participant, loan proceeds will be withdrawn from the investment funds on a pro-rata basis. Outstanding loans at December 30, 2004 and 2003 were approximately \$26.8 million and \$23.9 million, respectively. Interest income earned on loans to participants in 2004 and 2003 was approximately \$1.4 million for each year and is credited directly to the participants' accounts.

5. INVESTMENTS

At December 30, 2004 and 2003, the Plan's assets were invested in investment contract funds (see Note 6), mutual funds, and in Eastman Chemical Company common stock. Subject to certain limitations, participants are provided the option of directing their contributions among these investment options. The Plan also holds an interest in the non-participant directed Eastman ESOP Fund, which invests in Eastman Chemical Company common stock and short-term interest funds. The Trustee manages investments in all funds. The following investment options, which invest primarily in common stock of the Plan sponsor, were available to participants in both 2004 and 2003:

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Eastman Stock Fund

This participant-directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market on behalf of and as elected by Plan participants. During 2004, the Trustee purchased 1,143,200 shares of Eastman stock for the fund at an average price of \$45.22 per share, and sold 1,698,901 shares of Eastman stock for the fund at an average price of \$45.55 per share. During 2003, the Trustee purchased 1,321,600 shares of Eastman stock for the fund at an average price of \$32.61 per share and sold 1,540,077 shares at an average price of \$34.24 per share. Dividends paid from the Eastman Stock Fund totaled \$2.8 million and \$4.1 million in 2004 and 2003, respectively.

Eastman ESOP Fund

This non-participant directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market, on behalf of its participants and as directed by the Plan's guidelines. During 2004, the Trustee purchased 117,000 shares of Eastman stock for the fund at an average price of \$42.94 per share, and sold 477,800 shares of Eastman stock for the fund at an average price of \$45.43 per share. During 2003, the Trustee purchased 166,200 shares of Eastman stock for the fund at an average price of \$32.00 per share, and sold 358,647 shares at an average price of \$34.12 per share.

At December 30, 2004 and 2003, the following investments represented 5% or greater of ending net assets, (in thousands):

	2004	
	Shares	Fair value
Eastman Chemical Company Common Stock	15,386\$	209,454
Fidelity Magellan® Fund	927	96,356
Fidelity Contrafund	1,672	94,996
	2003	
	Shares	Fair value
Eastman Chemical Company Common Stock	19,250\$	178,668
Fidelity Magellan® Fund	1,066	104,006
Fidelity Contrafund	1,628	80,328

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

During 2004 and 2003, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value by \$116.5 million and \$105.8 million, respectively, as follows (in thousands):

	Net Appreciation (Depreciation)	
	2004	2003
ESOP Fund	\$ 43,579	\$ 6,226
Eastman Stock Fund	30,349	6,803
Hercules Stock Fund	--	181
Fidelity Fund	2,914	9,819
Fidelity Puritan® Fund	1,208	5,870
Fidelity Magellan® Fund	6,021	20,453
Fidelity Contrafund	11,951	17,468
Fidelity Spartan® U.S. Equity Index Portfolio	3,081	7,046
Fidelity International Growth and Income Fund	2,837	3,825
PIMCO Total Return Fund	(125)	(47)
Franklin Small Cap Growth Fund	3,493	9,729
Templeton Foreign Fund	972	1,127
Neuberger & Berman Genesis Trust Fund	4,907	6,508
Fidelity Blue Chip Growth Fund	968	3,810
Fidelity Freedom Income Fund	18	47
Fidelity Freedom 2000 Fund	45	129
Fidelity Freedom 2010 Fund	313	683
Fidelity Freedom 2020 Fund	628	1,396
Fidelity Freedom 2030 Fund	421	941
Fidelity Freedom 2040 Fund	151	295
Fidelity Spartan® Extended Market Index Fund	1,147	1,750
Fidelity Spartan® International Index Fund	520	569
WFA Small Cap Val Z	171	--
Clipper Fund	247	250
Strong Advisor Small Cap Value Fund	--	687
TCW Galileo Select Equities Fund	356	222
Self Directed Brokerage Account	150	28
Other Funds	182	(2)
Total	\$ 116,504	\$ 105,813

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

6. INSURANCE CONTRACTS

The Plan holds an interest in the Managed Income Fund, which invests in guaranteed investment contracts (“GICs”), which are contracts between an insurance company and the fund that provide for guaranteed returns on principal amounts invested over various periods of time. This participant-directed fund also invests in synthetic GICs. The term “synthetic” investment contract is used to describe a variety of investment contracts under which a Plan retains ownership of the invested assets, or owns units of an account or trust which holds the invested assets. A “synthetic” investment contract, also referred to as a “wrap” contract, is negotiated with an independent financial institution. Under the terms of these investment contracts, the contract issuer ensures the Plan’s ability to pay eligible employee benefits at book value. The investment performance of a synthetic investment contract may be a function of the investment performance of the invested assets.

To meet daily liquidity needs, the Managed Income Fund invests in short-term interest funds similar to money markets. The average yield for the Managed Income Fund was 4.22% and 5.02% for 2004 and 2003, respectively. The weighted average crediting interest rate for the fund was 4.02% and 4.56% at December 30, 2004 and 2003, respectively. In accordance with ERISA regulations, investment contracts held by the fund are reported at values determined by the contract issuer in accordance with the terms of the contracts themselves. The fair value in accordance with Statement of Financial Accounting Standards No. 107 of investments contracts and short-term interest investments held by the fund was \$622.1 million and \$573.9 million at December 30, 2004 and 2003, respectively. Crediting interest rate resets occur quarterly and/or annually under the provisions of each individual contract in the fund. There are no minimum crediting interest rates for any of the investment contracts in the fund at December 30, 2004 and 2003.

The value of the Managed Income Fund reflected in these financial statements is based upon the principal invested and the interest credited. The fair value of the Managed Income Fund, by investment type, as of December 30, 2004 and 2003 was as follows:

(in thousands)	December 30, 2004	December 30, 2003
Security backed investments:		
Underlying assets at fair value	\$ 622,097	\$ 573,949
Wrapper contracts	(7,440)	(18,924)
Total contract value	\$ 614,657	\$ 555,025

7. OTHER RECEIVABLES

Other receivables in the amount of \$2.3 million and \$3.9 million at December 30, 2004 and 2003, respectively represent interest and dividends receivable, as well as receivables from the sale of stock.

**Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements**

8. DIVERSIFICATION FROM ESOP FUND

Active or retired employees of the Company are eligible to diversify funds held in their ESOP Fund account. Effective July 2003, a participant may direct that all or any portion of his ESOP Fund account be transferred to other funds in the Plan without restrictions. This diversification is elected by employee notification to the IPCO who then transfers a portion of their account within the Plan for investment as directed by the participant. During 2004 and 2003, \$15.7 million and \$9.5 million, respectively, were transferred from the ESOP Fund within the Plan in connection with this program.

9. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participant accounts will be distributed to individual participants in accordance with the Plan document and ERISA provisions.

10. FEDERAL INCOME TAX STATUS

The Plan obtained its latest determination letter in May 2003, in which the Internal Revenue Service stated that the Plan is in compliance with the applicable requirements of the Internal Revenue Code. The Plan Administrator believes the Plan qualifies and operates in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

11. PLAN EXPENSES

Reasonable expenses of administering the Plan, unless paid by the Company, shall be paid by the Plan. For both 2004 and 2003, trustee fees associated with the Eastman Stock Fund and the Eastman ESOP Fund were paid with assets of those individual funds. Brokerage fees, transfer taxes, investment fees and other expenses incident to the purchase and sale of securities and investments shall be included in the cost of such securities or investments or deducted from the sales proceeds, as the case may be. Loan administration fees are deducted quarterly from the accounts of participants with outstanding loan balances. Loan origination fees are deducted from the participants account at the inception of the loan. For 2004 and 2003, the Company paid all other expenses of the Plan related to plan oversight and administration, including auditing fees.

12. RELATED PARTIES

Certain plan investments are shares of mutual funds managed by Fidelity Management Trust Company, ("FMTC"). FMTC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions, which are exempt from prohibited transaction rules. The Plan also invests in the common stock of the Plan Sponsor as well as loans to Plan participants, both of which qualify as parties-in-interest to the Plan and are exempt from prohibited transaction rules.

Eastman Investment and Employee Stock Ownership Plan
Schedule H, Line 4 (i) - Schedule of Assets (Held at End of Year)
December 30, 2004
(in thousands)

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
*	Eastman Chemical Company	Common stock, Participant directed	**	81,060
*	Eastman Chemical Company	Common stock, Non Participant directed	115,034	128,394
*	Fidelity Fund	Registered Investment Company	**	45,313
*	Fidelity Puritan Fund	Registered Investment Company	**	44,821
*	Fidelity Magellan Fund	Registered Investment Company	**	96,355
*	Fidelity Contrafund	Registered Investment Company	**	94,996
*	Fidelity Spartan U.S. Equity Index Portfolio	Registered Investment Company	**	37,271
*	Fidelity International Discovery Fund	Registered Investment Company	**	20,238
*	PIMCO Total Return Fund	Registered Investment Company	**	20,577
*	Franklin Small Cap Growth	Registered Investment Company	**	31,422
*	Templeton Foreign Fund	Registered Investment Company	**	7,516
*	Neuberger and Berman Genesis Trust Fund	Registered Investment Company	**	45,948
*	Fidelity Blue Chip Growth Fund	Registered Investment Company	**	18,208
*	Fidelity Freedom Income Fund	Registered Investment Company	**	1,142
*	Fidelity Freedom 2000 Fund	Registered Investment Company	**	1,524
*	Fidelity Freedom 2010 Fund	Registered Investment Company	**	7,063
*	Fidelity Freedom 2020 Fund	Registered Investment Company	**	8,969
*	Fidelity Freedom 2030 Fund	Registered Investment Company	**	5,125
*	Fidelity Freedom 2040 Fund	Registered Investment Company	**	1,772
*	Fidelity Spartan Extended Market Index Portfolio	Registered Investment Company	**	8,984
*	Fidelity Spartan International Index Fund	Registered Investment Company	**	4,161
*	Participant Loans	Participant Loan Fund with terms ranging from 3-123 months and rates ranging from 4.75% to 10.5%	**	26,807
*	Fidelity Retirement Money Market	Registered Investment Company	**	3
*	Clipper Fund	Registered Investment Company	**	11,392
*	TCW Galileo Select Equities Fund	Registered Investment Company	**	4,802
*	WFA Small Cap Val Z	Registered Investment Company	**	21,330
*	Managed Income Fund, consisting of the following:		**	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Fidelity short term cash fund	CASH	14,947		
AXA Financial Inc	Corporate bond 7.75% 8/01/10	1,119		
Accredited Mortgage Loan Trust ACCR 03-2 A1	Mortgage backed security 4.23% 10/33	753		
Accredited Mortgage Loan Trust ACCR 03-3 A1	Mortgage backed security 4.46% 12/33	738		
Accredited Mortgage Loan Trust ACCR 04-2 A2	Mortgage backed security 1ML+30 7/34	1,053		
Accredited Mortgage Loan Trust ACCR 04-4 A2D	Mortgage backed security 1ML+35 1/35	501		
Accredited Mortgage Loan Trust ACCR 04-4 M2	Mortgage backed security 1ML+105 1/35	175		
Accredited Mortgage Loan Trust ACCR 04-4 M3	Mortgage backed security 1ML+125 1/35	75		
ACE Securities Corp ACE 02-HE2 M1	Mortgage backed security 1ML+85 8/32	151		
ACE Securities Corp ACE 03-HS1 M1	Mortgage backed security 1ML+75 6/33	75		
ACE Securities Corp ACE 03-HS1 M2	Mortgage backed security 1ML+175 6/33	102		
(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
ACE Securities Corp ACE 03-NC1 M1	Mortgage backed security 1ML+78 7/33 M		172	
ACE Securities Corp ACE 03-HE1 M1	Mortgage backed security 1ML+65 11/33		201	
ACE Securities Corp ACE 03-HE1 M2	Mortgage backed security 1ML+170 11/33		128	
ACE Securities Corp ACE 04-FM1 M1	Mortgage backed security 1ML+60 9/33		165	
ACE Securities Corp ACE 04-OP1 M1	Mortgage backed security 1ML+52 4/34		446	
ACE Securities Corp ACE 04-OP1 M2	Mortgage backed security 1ML+105 4/34		632	
ACE Securities Corp ACE 02-HE1 M1	Mortgage backed security 1ML+65 6/32		236	
Adjustable Rate Mortgage Trust ARMT 04-1 9A2	Mortgage backed security 1ML+40 1/34		757	
Adjustable Rate Mortgage Trust ARMT 04-4 5A2	Mortgage backed security 1ML+40 3/35		582	
Vodafone Americas Asia Inc	Corporate bond 6.65% 5/01/08		220	
Alabama Power Co	Corporate bond 3.5% 11/15/07		565	
Alliance Capital Management LP	Corporate bond 5.625% 8/15/06		2,795	
American General Finance Corp	Corporate bond 2.75% 6/15/08		505	
American General Finance Corp	Corporate bond 4.625% 5/15/09		1,155	
American General Finance Corp	Corporate bond 3.875% 10/1/09		853	
American Honda Finance Corp			1,519	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	Corporate bond 4.5% 5/26/09 144A	
AmeriCredit Automobile Receivables Trust AMCAR 01-B A4	Asset backed security 5.37% 6/08	70
AmeriCredit Automobile Receivables Trust AMCAR 02-EM A4A	Asset backed security 3.32% 6/09	403
AmeriCredit Automobile Receivables Trust AMCAR 03-CF A4	Asset backed security 3.48% 5/10	852
AmeriCredit Automobile Receivables Trust AMCAR 04-BM A3	Asset backed security 2.07% 8/08	546
AmeriCredit Automobile Receivables Trust AMCAR 04-1 A3 A3	Asset backed security 3.22% 7/08	440
AmeriCredit Automobile Receivables Trust AMCAR 04-1 B A4	Asset backed security 3.7% 1/09	75
AmeriCredit Automobile Receivables Trust AMCAR 04-1 C A4	Asset backed security 4.22% 7/09	81
AmeriCredit Automobile Receivables Trust AMCAR 04-CA A4	Asset backed security 3.61% 5/11	300
AmeriCredit Automobile Receivables Trust AMCAR 04-DF A3	Asset backed security 2.98% 7/09	580
AmeriCredit Automobile Receivables Trust AMCAR 04-DF A4	Asset backed security 3.43% 7/11	774
Ameriquest Mortgage Securities Inc AMSI 02-AR1 M2	Mortgage backed security 1ML+130 9/32	186
Ameriquest Mortgage Securities Inc AMSI 02-4 M1	Mortgage backed security 1ML+100 2/33	247
Ameriquest Mortgage Securities Inc AMSI 03-3 M1	Mortgage backed security 1ML+80 3/33	176
Ameriquest Mortgage Securities Inc AMSI 03-6 M1	Mortgage backed security 1ML+76 8/33	781
Ameriquest Mortgage Securities Inc AMSI 03-AR2 M1	Mortgage backed security 1ML+85 5/33	156
Ameriquest Mortgage Securities Inc AMSI 03-7 M1	Mortgage backed security 1ML+85 8/33	298
Ameriquest Mortgage Securities Inc AMSI 04-R2 M1	Mortgage backed security 1ML+43 4/34	125
Ameriquest Mortgage Securities Inc AMSI 04-R2 M2	Mortgage backed security 1ML+48 4/34	100
Argent Securities Inc ARSI 03-W3 AV1B	Mortgage backed security 1ML+45 9/33	87
Argent Securities Inc ARSI 03-W3 AV2	Mortgage backed security 1ML+40 9/33	82
Argent Securities Inc ARSI 04-W5 M1	Mortgage backed security 1ML+60 4/34	401

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Argent Securities Inc ARSI 04-W7 M1	Mortgage backed security 1ML+55 5/34			415
Argent Securities Inc ARSI 04-W7 M2	Mortgage backed security 1ML+60 5/34			335
Asset Backed Securities Corp Home Equity ABSHE 02-HE2 M2	Mortgage backed security 1ML+113 8/32			101
Asset Backed Securities Corp Home Equity ABSHE 02-HE3 2A	Mortgage backed security 1ML+40 10/32			19
Asset Backed Securities Corp Home Equity ABSHE 03-HE3 A2	Mortgage backed security 1ML+35 6/33			75
Asset Backed Securities Corp Home Equity ABSHE 03-HE3 M1	Mortgage backed security 1ML+83 6/33			263
Asset Backed Securities Corp Home Equity ABSHE 03-HE4 M2	Mortgage backed security 1ML+200 8/33			639
Asset Backed Securities Corp Home Equity ABSHE 03-HE5 A2B	Mortgage backed security 4 8/33			182
Asset Backed Securities Corp Home Equity ABSHE 03-HE6 M1	Mortgage backed security 1ML+65 11/33			378
Asset Backed Securities Corp Home Equity ABSHE 03-HE7 A3	Mortgage backed security 1ML+36 12/33			514
Asset Backed Securities Corp Home Equity ABSHE 04-HE3 M1	Mortgage backed security 1ML+54 6/34			150
Asset Backed Securities Corp Home Equity ABSHE 04-HE3 M2	Mortgage backed security 1ML+112 6/34			325
Asset Backed Securities Corp Home Equity ABSHE 04-HE6 A2	Mortgage backed security 1ML+36 6/34			984
Asset Backed Funding Certificates ABFC 04-HE1 M2	Mortgage backed security 1ML+115 1/34			235
	Corporate bond 6.875% 11/15/08			133
Associates Corp Of N. America	Corporate bond 6.25% 11/01/08			858
BMW Vehicle Owner Trust BMWOT 04-A A3	Asset backed security 2.67% 3/08			1,018
Banc of America Commercial Mortgage Inc BACM 04-6 XP	Interest only strip CSTR 12/42			206
Banc of America Commercial Mortgage Inc BACM 04-2 A3	Mortgage backed security 4.05% 11/38			2,206
Banc of America Commercial Mortgage Inc BACM 04-4 A3	Mortgage backed security 4.128% 7/42			686
Banc of America Commercial Mortgage Inc BACM 04-5 XP	Interest only strip CSTR 11/41			298
	Corporate bond 7.8% 2/15/10			
Bank of America Corp	GLBL			274
	Corporate bond 7.4% 1/15/11			
Bank of America Corp	DT			1,911
Bank of New York Co Inc/The				610

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

		Corporate bond 4.25%/3ML 9/4/12		
		Corporate bond 3.4/3ML+148 3/15/13		983
Bank of New York Co Inc/The				
Bank One Corp		Corporate bond 6% 8/01/08 DT		202
Bank One NA/Chicago IL		Corporate bond 3.7% 1/15/08		752
Bank One Issuance Trust BOIT 02-B1 B1		Mortgage backed security 1ML+38 12/09		573
Bank One Issuance Trust BOIT 04-B2 B2		Mortgage backed security 4.37% 4/12		1,405
Bank One Issuance Trust BOIT 04-A6		Mortgage backed security 3.94% 4/16/12		1,205
BankAmerica Corp/Old		Corporate bond 6.25% 4/01/08		256
Bayview Financial Acquisition Trust BAYV 04-C A1		Mortgage backed security 1ML+42 5/44		1,127
Bayview Financial Acquisition Trust BAYV 04-A A		Mortgage backed security 1ML+45 2/44		761
Bayview Financial Acquisition Trust BAYV 03-F A		Mortgage backed security 1ML+50 9/43		1,000
Bayview Commercial Asset Trust BAYC 04-2 A1		Mortgage backed security 1ML+43 8/34		698
Bayview Commercial Asset Trust BAYC 04-2 M1		Mortgage backed security 1ML+58 8/34		223
Bayview Commercial Asset Trust BAYC 04-3 M1		Mortgage backed security 1ML+50 1/35		150
(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Bayview Commercial Asset Trust BAYC 04-3 M2	Mortgage backed security 1ML+100 1/35		100	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA A2	Mortgage backed security 1ML+34 5/16		667	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA B	Mortgage backed security 4.888% 5/16		353	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA C	Mortgage backed security 4.937% 5/16		399	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA D	Mortgage backed security 4.986% 5/16		143	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA E	Mortgage backed security 5.064% 5/16		450	
Bear Stearns Commercial Mortgage Securities BSCMS 04-ESA F	Mortgage backed security 5.182% 5/16		107	
Bear Stearns Commercial Mortgage Securities BSCMS 04-PWR5 A2	Mortgage backed security 4.254% 7/42		648	
Bear Stearns Commercial Mortgage Securities BSCMS 04-PWR5 X2	Interest only strip CSTR 7/42		254	
Bear Stearns Commercial Mortgage Securities BSCMS 04-T16 A3	Mortgage backed security 4.03% 2/46		1,552	
	Interest only strip CSTR 11/41		159	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	Bear Stearns Commercial Mortgage Securities BSCMS 04-PWR6 X2			
	Bear Stearns Commercial Mortgage Securities BSCMS 03-PWR2 A3	Mortgage backed security 4.83% 5/39		436
	Bear Stearns Asset Backed Securities Inc BSABS 04-HE8 A	Mortgage backed security 1ML+38 9/34		922
	Bear Stearns Asset Backed Securities Inc BSABS 04-BO1 M3	Mortgage backed security 1ML+105 9/34		262
	Bear Stearns Asset Backed Securities Inc BSABS 04-BO1 M4	Mortgage backed security 1ML+120 9/34		222
	Bear Stearns Asset Backed Securities Inc BSABS 04-BO1 M5	Mortgage backed security 1ML+140 9/34		212
	Bear Stearns Cos Inc/The	Corporate bond 4% 1/31/08		615
	Bear Stearns Cos Inc/The	Corporate bond 3.25% 3/25/09		882
		Corporate bond 4.2% 9/15/09		
	BellSouth Corp	DT		878
		Corporate bond 7.875%		
	British Telecommunications PLC	12/15/05 DT		765
		Corporate bond 8.12% 5/8.375		
	British Telecommunications PLC	12/10		2,287
	CDC Mortgage Capital Trust CDCMC 02-HE3 M1	Mortgage backed security 1ML+110 3/33		210
	CDC Mortgage Capital Trust CDCMC 03-HE1 M1	Mortgage backed security 1ML+90 8/33		232
	CDC Mortgage Capital Trust CDCMC 03-HE3 M1	Mortgage backed security 1ML+70 11/33		247
	CDC Mortgage Capital Trust CDCMC 03-HE3 M2	Mortgage backed security 1ML+175 11/33		189
	CDC Mortgage Capital Trust CDC 04-HE2 M2	Mortgage backed security 1ML+120 7/34		235
		Corporate bond 3.875%		
	CIT Group Inc CIT GROUP INC	11/03/08		1,007
	CIT Group Inc CIT GROUP INC	Corporate bond 3.375% 4/01/09		636
	CIT Group Inc CIT GROUP INC	Corporate bond 3.65% 11/23/07		1,054
	Countrywide Asset-Backed Certificates CWL 04-2 M1	Mortgage backed security 1ML+50 5/34		525
	Countrywide Asset-Backed Certificates CWL 04-3 M1	Mortgage backed security 1ML+50 6/34		150
	Countrywide Asset-Backed Certificates CWL 04-4 A	Mortgage backed security 1ML+37.5 8/34		425
	Countrywide Asset-Backed Certificates CWL 04-4 M1	Mortgage backed security 1ML+48 7/34		376
(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value
	Countrywide Asset-Backed Certificates CWL 04-4 M2	Mortgage backed security 1ML+53 6/34		441
				187

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Countrywide Asset-Backed Certificates CWL 00-2 MV2	Mortgage backed security 1ML+90 6/31	
Countrywide Asset-Backed Certificates CWL 03-SD3 A1	Mortgage backed security 1ML+42 12/32	183
Countrywide Asset-Backed Certificates CWL 02-5 MV1	Mortgage backed security 1ML+100 3/33	66
Countrywide Home Loan Mortgage Pass CWHL 02-25 2A1 Through Trust	Mortgage backed security 5.5% 11/17	416
Capital Auto Receivables Asset Trust CARAT 04-2 A2	Asset backed security 3.35% 2/08	888
Capital One Master Trust COMT 01-3A A	Asset backed security 5.45% 3/09	1,295
Capital One Auto Finance Trust COAFT 01-B A4	Asset backed security 4.88% 9/08	553
Capital One Auto Finance Trust COAFT 04-A A3	Asset backed security 3.07% 7/08	1,080
Capital One Auto Finance Trust COAFT 04-B A3	Asset backed security 2.96% 4/09	720
Capital One Multi-Asset Execution Trust COMET 02-B1 B1	Asset backed security 1ML+68 7/08	1,300
Capital One Multi-Asset Execution Trust COMET 03-2B	Asset backed security 3.5% 2/09	686
Capital One Multi-Asset Execution Trust COMET 03-B4 B4	Asset backed security 1ML 7/11	688
Capital One Multi-Asset Execution Trust COMET 04-B5 B5	Asset backed security 3.7% 5/10	1,611
Capital One Multi-Asset Execution Trust COMET 04-B6 B6	Asset backed security 4.155% 7/12	1,155
Capital One Prime Auto Receivables Trust COPAR 04-2 A3	Asset backed security 3.06% 3/08	619
Capital One Prime Auto Receivables Trust COPAR 04-3 A3	Asset backed security 3.39% 1/09	876
Capital Trust Re CDO Ltd CTCDO 04-1A A2	Mortgage backed security 1ML+45 7/39	300
Capital Trust Re CDO Ltd CTCDO 04-1A B	Mortgage backed security 1ML+75 7/39	160
Capital Trust Re CDO Ltd CTCDO 04-1A C	Mortgage backed security 1ML+110 7/39	205
Chase Commercial Mortgage Securities Corp CCMSC 99-2 A1	Mortgage backed security 7.032% 1/32	511
Chase Credit Card Master Trust CHAMT 03-6 B	Asset backed security 1ML+35 2/11	1,009
Chase Credit Card Master Trust CHAMT 04-1 B	Asset backed security 1ML+20 5/09	436
JPMorgan Chase & Co Chile Government International Bond CHILE REP GLB	Corporate bond 6.375% 4/01/08 Corporate bond 6.875% 4/28/09 DT	170 45
Chile Government International Bond CHILE REP GLB	Corporate bond 5.625% 7/23/07 DT	1,088
Chubb Corp CHUBB CORP	Corporate bond 3.95% 4/01/08	167

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	Citigroup Inc CITIGROUP	Corporate bond 5.75% 5/10/06	203	
	Citibank Credit Card Issuance Trust	Asset backed security 5.65%		
	CCCIT 01-A6 A6	6/08	575	
	Citibank Credit Card Issuance Trust			
	CCCIT 03-A6 A6	Asset backed security 2.9% 5/10	474	
	Citibank Credit Card Issuance Trust			
	CCCIT 04-A4	Asset backed security 3.2% 8/09	1,687	
	Citigroup Commercial Mortgage Trust CGCMT 04-C2 XP	Interest only strip CSTR 10/41	256	
(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value
	Commercial Mortgage Pass Through Certificates COMM 99-1 A2	Mortgage backed security 6.455% 5/32		1,194
	Commercial Mortgage Pass Through Certificates COMM 04-CNL X1	Interest only strip CSTR 9/14		311
	Commercial Mortgage Pass Through Certificates COMM 04-CNL B	Mortgage backed security 1ML+40 9/14		200
	Commercial Mortgage Pass Through Certificates COMM 04-CNL D	Mortgage backed security 1ML+64 9/14		60
	Commercial Mortgage Pass Through Certificates COMM 04-CNL E	Mortgage backed security 1ML+70 9/14		85
	Commercial Mortgage Pass Through Certificates COMM 04-CNL F	Mortgage backed security 1ML+80 9/14		65
	Commercial Mortgage Pass Through Certificates COMM 04-HTL1 B	Mortgage backed security 1ML+45 7/16		60
	Commercial Mortgage Pass Through Certificates security COMM 04-HTL1 D	Mortgage backed 1ML+55 7/16		140
	Commercial Mortgage Pass Through Certificates COMM 04-HTL1 E	Mortgage backed security 1ML+75 7/16		100
	Commercial Mortgage Pass Through Certificates COMM 04-HTL1 F	Mortgage backed security 1ML+80 7/16		105
	Commercial Mortgage Pass Through Certificates COMM 04-LNB4 XP	Interest only strip CSTR 10/37		472
	Computer Sciences Corp	Corporate bond 6.75% 6/15/06		1,260
	Computer Sciences Corp	Corporate bond 7.375% 6/15/11		542
	Computer Sciences Corp	Corporate bond 3.5% 4/15/08		1,008

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

		Corporate bond 5.375%		
	Consolidated Natural Gas Co	11/01/06		729
	Costco Wholesale Corp	Corporate bond 5.5% 3/15/07		485
	Countrywide Home Loans Inc	Corporate bond 4% 3/22/11		393
	Countrywide Home Loans Inc	Corporate bond 4.125% 9/15/09		1,338
	CS First Boston Mortgage Securities Corp CSFB 97-C2 A2	Mortgage backed security 6.52% 1/35		88
	CS First Boston Mortgage Securities Corp CSFB 97-C2 A3	Mortgage backed security 6.55% 1/35		670
	CS First Boston Mortgage Securities Corp CFSB 99-C1 A2	Mortgage backed security 7.29% 9/41		3,085
	CS First Boston Mortgage Securities Corp CSFB 02-HE16 M2	Mortgage backed security 1ML+150 10/32		102
	Home Equity Asset Trust HEAT 03-3 A2	Mortgage backed security 1ML+36 8/33		232
	Home Equity Asset Trust HEAT 02-4 M2	Mortgage backed security 1ML+205 3/33		178
	Home Equity Asset Trust HEAT 03-4 M1	Mortgage backed security 1ML+80 10/33		379
	CS First Boston Mortgage Securities Corp CSFB 03-C5 A3	Mortgage backed security 4.429% 12/36		980
	Home Equity Asset Trust HEAT 03-5 M1	Mortgage backed security 1ML+70 12/33		353
	Home Equity Asset Trust HEAT 03-5 M2	Mortgage backed security 1ML+173 12/33		154
	CS First Boston Mortgage Securities Corp CSFB 03-C4 A3	Mortgage backed security Interest only strip CSTR 8/36		580
	CS First Boston Mortgage Securities Corp CSFB 04-C1 A3	Mortgage backed security 4.321% 1/37		523
	CS First Boston Mortgage Securities Corp CSFB 04-AR3 6A2	Mortgage backed security 1ML+37 4/34		381
	CS First Boston Mortgage Securities Corp CSFB 04-AR4 5A2	Mortgage backed security 1ML+37 5/34		336
	CS First Boston Mortgage Securities Corp CSFB 04-AR5 11A2	Mortgage backed security 1ML+37 6/34		481
	CS First Boston Mortgage Securities Corp CSFB 04-C4 ASP	Mortgage backed security Interest only strip CSTR 10/39		264
	CS First Boston Mortgage Securities Corp CSFB 04-AR6 9A2	Mortgage backed security 1ML+37 10/34		619
(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value
	CS First Boston Mortgage Securities Corp CSFB 04-AR7 6A2	Mortgage backed security 1ML+38 8/34		998
	CS First Boston Mortgage Securities Corp CSFB 04-HC1 A2	Mortgage backed security 1ML+50 12/21		170
	CS First Boston Mortgage Securities Corp CSFB 04-FRE1 A2	Mortgage backed security 1ML+35 4/34		637
				441

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

CS First Boston Mortgage Securities	Mortgage backed security	
Corp CSFB 04-HC1 B	1ML+75 12/21	
CS First Boston Mortgage Securities	Mortgage backed security	
Corp CSFB 04-AR8 8A2	1ML+38 9/34	792
DLJ Commercial Mortgage Corp	Mortgage backed security 6.41%	
DLJCM 98-CF1 A1B	2/31	1,180
DLJ Commercial Mortgage Corp	Mortgage backed security 6.41%	
DLJCM 98-CG1 A1B	6/31	1,735
DLJ Commercial Mortgage Corp	Mortgage backed security 6.46%	
DLJCM 99-CG1 A1B	3/32	1,078
DaimlerChrysler NA Holding Corp	Corporate bond 6.4% 5/15/06	996
DaimlerChrysler NA Holding Corp	Corporate bond 4.75% 1/15/08	672
	Corporate bond 9/10/07 SER D	
DaimlerChrysler NA Holding Corp	#36	631
Daimler Chrysler Auto Trust DCAT	Mortgage backed security 2.98%	
04-C A3	8/08	1,472
	Corporate bond 3.9% 1/15/08	
John Deere Capital Corp	DT	819
John Deere Capital Corp	Corporate bond 3.375% 10/1/07	1,108
Deutsche Telekom International	Corporate bond 8.25%	
Finance BV	6/15/05DT	473
Deutsche Telekom International		
Finance BV	Corporate bond 8% 6/15/10	1,474
Discover Card Master Trust I	Mortgage backed security 5.75%	
DCMT 01-6 A	12/08	4,556
RR Donnelley & Sons Co	Corporate bond 3.75% 4/1/09	1,557
Export Development Canada	Corporate bond 4% 8/01/07	1,066
FPL Group Capital Inc	Corporate bond 3.25% 4/11/06	332
	FHLMC 15YR 5.00% 5/14	
Freddie Mac Gold Pool	#E76434	32
	FHLMC 15YR 5.00% 6/14	
Freddie Mac Gold Pool	#E77224	142
Freddie Mac	FHLMC 3.875% 1/12/09-1/06	1,763
	Government bond 3.25%	
Federal Farm Credit Bank	6/15/07	5,207
	Mortgage backed security 6.5%	
Freddie Mac FHR 2435 GD	2/30	202
	Mortgage backed security 6%	
Freddie Mac FHR 1608 J	6/22	1,643
	Mortgage backed security 6.75%	
Freddie Mac FHR 1644 IA	8/23	319
	Mortgage backed security 6.25%	
Freddie Mac FHR 1650 H	10/22	26
	Mortgage backed security 6.25%	
Freddie Mac FHR 1680 PH	1/23	204
	Mortgage backed security 6.5%	
Freddie Mac FHR 1703 GA	10/08	155
Freddie Mac FHR 1708 D	Mortgage backed security 6 7/08	277
Freddie Mac FHR 1697 PJ	Mortgage backed security 6 7/08	416
	Mortgage backed security 6.5%	
Freddie Mac FHR 2292 QT	5/30	139

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	Government bonds 2.875%	
Federal Home Loan Bank System	8/15/06	30,785
Federal Home Loan Bank System	Government bonds 2.5% 4/11/06	6,411
	FHLMC GLBL 2.875%	
Freddie Mac	12/15/06	28,925
Freddie Mac	FHLMC 2.375% 2/15/07	27,386
Freddie Mac	FHLMC 2.875% 5/15/07	18,541
	Mortgage backed security 6.3%	
Fannie Mae FNR 93-225 OH	10/22	78
	Mortgage backed security	
Fannie Mae FNR 94-36 H	6.375% 1/23	211
	Mortgage backed security 5.5%	
Fannie Mae FNR 94-50 PH	1/23	248
Fannie Mae	FNMA 3.25% 8/15/08	24,160
Fannie Mae	FNMA 2.375% 2/15/07	29,415
Fannie Mae	FNMA 2.15% 4/13/06-05	9,725
Fannie Mae	FNMA 2.5% 6/15/06	13,951
Fannie Mae	FNMA 3.125% 7/15/06	3,290
Fannie Mae	FNMA 3.125% 12/15/07	18,268
	FNMA 15YR 7.00% 8/08	
Fannie Mae Pool	#252068	106
	FNMA 15YR 7.00% 1/13	
Fannie Mae Pool	#251428	17

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Fannie Mae Pool	FNMA 15YR 6.50% 4/09 #277813		145	
Fannie Mae Pool	FNMA 15YR 7.00% 7/10 #303403		453	
Fannie Mae Pool	FNMA 15YR 6.00% 3/11 #303779		58	
Fannie Mae Pool	FNMA 15YR 7.00% 12/09 #303836		2	
Fannie Mae Pool	FNMA 15YR 6.50% 11/13 #323755		668	
Fannie Mae Pool	FNMA 15YR 7.00% 8/14 #323877		138	
Fannie Mae Pool	FNMA 15YR 7.00% 5/11 #346783		22	
Fannie Mae Pool	FNMA 15YR 6.00% 3/14 #487614		57	
Fannie Mae Pool	FNMA 15YR 6.50% 9/14 #514373		5	
Fannie Mae Pool	FNMA 15YR 6.00% 11/14 #520642		36	
Fannie Mae Pool	FNMA 15YR 7.00% 11/14 #522277		43	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Fannie Mae Pool	FNMA 15YR 6.50% 10/13 #535234	1,279
Fannie Mae Pool	FNMA 15YR 7.00% 3/08 #535395	848
Fannie Mae Pool	FNMA 15YR 7.00% 6/16 #545122	42
Fannie Mae Pool	FNMA 15YR 7.00% 2/16 #569915	116
Fannie Mae Pool	FNMA 15YR 6.00% 10/16 #589129	66
Fannie Mae Pool	FNMA 15YR 7.00% 8/16 #599602	142
Fannie Mae Pool	FNMA 15YR 7.00% 10/19 #TBA	0
Fannie Mae Pool	FNMA 15YR 6.50% 1/20 #TBA	734
Fannie Mae Pool	FNMA 15YR 7.00% 4/17 #636135	489
Fannie Mae Pool	FNMA 15YR 6.50% 4/17 #637244	386
Fannie Mae Pool	FNMA 15YR 6.00% 11/17 #671380	338
Fannie Mae Pool	FNMA 15YR 6.00% 11/17 #672789	78
Fannie Mae Pool	FNMA 15YR 6.00% 12/17 #673965	172
Fannie Mae FNR 02-18 PE	Mortgage backed security 5.5% 6/16	2,052
Fannie Mae FNR 02-52 PA	Mortgage backed security 6% 4/31	120
Freddie Mac FHR 2473 JB	Mortgage backed security 5.5% 2/29	95
Freddie Mac FHR 2498 PD	Mortgage backed security 5.5% 2/16	433
Fannie Mae Pool	FNMA 15YR 6.00% 2/18 #684153	36
Fannie Mae Pool	FNMA 15YR 7.00% 2/18 #693327	507
Fannie Mae Pool	FNMA ARM 3.878% 6/33 #723633	549
Fannie Mae Pool	FNMA ARM 3.975% 11/34 #781809	232
Fannie Mae Pool	FNMA ARM 4.025% 1/35 #781871	227
Fieldstone Mortgage Investment Corp FMIC 03-1 M1	Mortgage backed security 1ML+68 11/33	101
Fieldstone Mortgage Investment Corp FMIC 03-1 M2	Mortgage backed security 1ML+175 11/33	103
Fifth Third Auto Trust FITAT 04-A A3	Mortgage backed security 3.19% 2/08	554
First Franklin Mtg Loan Asset Backed Certificates FFML 04-FF2	Mortgage backed security 1ML+55 3/34	50

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

M3				
First Franklin Mtg Loan Asset				
Backed Certificates FFML 04-FF2	Mortgage backed security			
M4	1ML+90 3/34			25
First Franklin Mtg Loan Asset				
Backed Certificates FFML 04-FF2	Mortgage backed security			
M6	1ML+125 3/34			50
First Union Commercial Mortgage	Mortgage backed security 6.65%			
Securities Inc FULB 97-C2 A3	11/29			537
Wachovia Bank NA/Charlotte	Corporate bond 7.8% 8/18/10			433
FleetBoston Financial Corp	Corporate bond 3.85% 2/15/08			407
Ford Credit Auto Owner Trust	Mortgage backed security 2.85%			
FORDO 03-B B1	10/07			623
	Corporate bond 6.875% 2/1/06			
Ford Motor Credit Co	DT			534
	Corporate bond 6.5% 1/25/07			
Ford Motor Credit Co	DT			3,155
Franklin Resources Inc	Corporate bond 3.7% 4/15/08			1,537
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-A M1	1ML+55 1/34			450
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-A M2	1ML+115 1/34			525
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M1	1ML+45 2/34			50
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M2	1ML+50 2/34			100
(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M3	1ML+55 2/34			100
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M4	1ML+95 2/34			250
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M5	1ML+110 2/34			100
Fremont Home Loan Trust FHLT	Mortgage backed security			
04-1 M6	1ML+130 2/34			250
GGP Mall Properties Trust GGMP	Mortgage backed security			
01-C1A A2	5.007% 11/11			629
GMAC Commercial Mortgage	Mortgage backed security			
Securities Inc GMACC 97-C2 A3	6.566% 4/29			644
GMAC Commercial Mortgage				
Securities Inc GMACC 04-C2 A2	Interest only strip CSTR 8/38			1,500
GMAC Commercial Mortgage				
Securities Inc GMACC 04-C3 X2	Interest only strip CSTR 12/41			226
GMACC Commercial Mortgage	Mortgage backed security			
Securities Inc GMACC 00-C1 A2	7.724% 3/33			1,195
				768

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

GS Mortgage Securities Corp 03-C1 Mortgage backed security 3.59%		
A2A	1/40	
GS Mortgage Securities Corp 04-C1 Mortgage backed security		
A1	3.659% 10/28	1,624
	Mortgage backed securities	
GSAMP Trust GSAMP 02-HE M1	1ML+125 11/32	334
	Mortgage backed securities	
GSAMP Trust GSAMP 04-FM2 M1	1ML+50 1/34	250
	Mortgage backed securities	
GSAMP Trust GSAMP 04-FM2 M2	1ML+110 1/34	200
	Mortgage backed securities	
GSAMP Trust GSAMP 04-FM2 M3	1ML+130 1/34	200
	Mortgage backed securities	
GSAMP Trust GSAMP 04-HE1 M1	1ML+55 5/34	410
	Mortgage backed securities	
GSAMP Trust GSAMP 04-HE1 M2	1ML+115 5/34	149
	Mortgage backed securities	
GSAMP Trust GSAMP 04-HE1 M3	1ML+140 5/34	149
First Franklin Mtg Loan Asset		
Backed Certificates FFML 04-FF3	Mortgage backed securities	
M2	1ML+114 5/34	475
	Mortgage backed securities	
GSAMP Trust GSAMP 04-FM1 M1	1ML+65 11/33	300
	Mortgage backed securities	
GSAMP Trust GSAMP 04-FM1 M2	1ML+140 11/33	207
GSAMP Trust GSAMP 04-AHL	Mortgage backed securities	
M2	1ML+115 8/34	250
Ge Capital Commercial Mortgage	Mortgage backed securities	
Corp GECCMC 04-C2 A2	4.119% 3/40	518
Ge Capital Commercial Mortgage	Mortgage backed securities	
Corp GECCMC 04-C3 A2	4.433% 7/39	893
GE Commercial Equipment	Mortgage backed securities	
Financing LLC GECEF 04-A A3	3.36% 6/08	1,162
General Electric Capital Corp	Corporate bond 7.5% 6/15/09	1,257
General Electric Capital Corp	Corporate bond 3.5% 5/01/08	464
General Electric Capital Corp	Corporate bond 3.5% 8/15/07	540
General Electric Capital Corp	Corporate bond 3.75% 12/15/09	1,113
	Corporate bond 5.875%	
General Electric Capital Corp	2/15/12A	1,293
General Electric Capital Corp	Corporate bond 5% 6/15/07	1,097
General Motors Acceptance Corp	Corporate bond 7.75% 1/19/10	1,566
General Motors Acceptance Corp	Corporate bond 6.75% 1/15/06	1,189
	Corporate bond 6.125% 9/15/06	
General Motors Acceptance Corp	GLBL	918
Goldman Sachs Group Inc	Corporate bond 6.6% 1/15/12	1,228
Gracechurch Card Funding PLC	Asset backed securities 1ML+23	
BCARD 5 B	8/08	165
Gracechurch Card Funding PLC	Asset backed securities 2.7%	
BCARD 5 A2	8/08	2,185
Gracechurch Card Funding PLC	Asset backed securities 1ML+19	
BCARD 6 B	2/09	105

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Granite Mortgages PLC GRAN 04-3 1B	Mortgage backed securities 3ML+16 9/44	200		
Granite Mortgages PLC GRAN 04-3 1M	Mortgage backed securities 3ML+27 9/44	100		
Granite Mortgages PLC GRAN 04-1 1B	Mortgage backed securities 3ML+21 3/44	145		
Granite Mortgages PLC GRAN 04-1 1M	Mortgage backed securities 3ML+41 3/44 DT	196		
Granite Mortgages PLC GRAN 04-2 1B	Mortgage backed securities 3ML+17 6/44	125		
Granite Mortgages PLC GRAN 04-2 1M	Mortgage backed securities 3ML+28 6/44	230		
Greenwich Capital Commercial Funding Corp GCCFC 03-C1 A2	Mortgage backed securities 3.285% 7/35	878		
(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value
	Greenwich Capital Commercial Funding Corp GCCFC 04-GG1 A4	Mortgage backed securities 4.755% 6/36		963
	John Hancock Global Funding II	Corporate bond 3.75% 9/30/08		810
	John Hancock Global Funding II	Corporate bond 3.5% 1/30/09		961
	Hartford Financial Services Group Inc	Corporate bond 2.375% 6/01/06		261
	Heller Financial Commercial Mortgage Asset HFCMC 00-PH1 A1	Mortgage backed securities 7.715% 1/34		546
	Hewlett-Packard Co	Corporate bond 6.5% 7/01/12		839
	Holmes Financing PLC HFP 8 1B	Mortgage backed securities 3ML+13 7/40		206
	Holmes Financing PLC HFP 8 2B	Mortgage backed securities 3ML+17 7/40 DT		272
	Home Equity Asset Trust HEAT 04-1 M1	Mortgage backed securities 1ML+63 6/34		317
	Home Equity Asset Trust HEAT 04-3 M1	Mortgage backed securities 1ML+57 8/34		205
	Home Equity Asset Trust HEAT 04-3 M2	Mortgage backed securities 1ML+120 8/34		225
	Home Equity Asset Trust HEAT 04-3 M3	Mortgage backed securities 1ML+145 8/34		100
	Home Equity Asset Trust HEAT 04-4 A2	Mortgage backed securities 1ML+32 10/34		215
	Home Equity Asset Trust HEAT 04-6 A2	Mortgage backed securities 1ML+35 12/34		1,236
	Home Equity Asset Trust HEAT 04-7 A3	Mortgage backed securities 1ML+39 1/35		424
	Holmes Financing PLC HFP 7 2M	Mortgage backed securities 3ML+80 7/40		264
				228

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Host Marriot Pool Trust HMPT 99-HMTA D	Mortgage backed securities 7.97% 8/15	
Household Automotive Trust HAT 04-1 A3	Asset backed securities 3.3% 5/09	943
Household Automotive Trust HAT 04-1 A4	Asset backed securities 3.93% 7/11	570
HSBC Finance Corp	Corporate bond 5.875% 2/1/09 DT	328
HSBC Finance Corp	Corporate bond 4.125% 12/15/08	1,839
HSBC Finance Corp	Corporate bond 4.125% 11/16/09	2,394
HSBC Finance Corp	Corporate bond 8.875% 2/15/08	1,097
Household Private Label Credit Card Master Note Trust I HPLCC 02-1 A	Asset backed securities 5.5% 1/11	1,772
Household Private Label Credit Card Master Note Trust I HPLCC 02-3 B	Asset backed securities 1ML 9/09	121
HFC Home Equity Loan Asset Backed Certificates HFCHC 03-1 M	Mortgage backed securities 1ML+63 10/32	128
HFC Home Equity Loan Asset Backed Certificates HFCHC 03-2 M	Mortgage backed securities 1ML+58 9/33	208
HFC Home Equity Loan Asset Backed Certificates HFCHC 04-1 M	Mortgage backed securities 1ML+52 9/33	425
Household Mortgage Loan Trust HMLHC 02-HC1 M	Mortgage backed securities 1ML+65 5/32	117
Household Mortgage Loan Trust HMLHC 03-HC1	Mortgage backed securities 1ML+65 2/33	292
Household Mortgage Loan Trust HLHMC 03-HC2	Mortgage backed securities 1ML+60 6/20/2103	436
Household Mortgage Loan Trust HMLHC 04-HC1 A	Mortgage backed securities 1ML+35 2/34	1,118
Hutchison Whampoa International 01/11 Ltd	Corporate bond 7% 2/16/11 144A	456
Hutchison Whampoa International 03/33 Ltd	Corporate bond 5.45% 11/24/10 144	936
Impac CMB Trust IMM 04-6 1A2	Mortgage backed securities 7/26/04	494
JPMorgan Chase & Co	Corporate bond 5.625% 8/15/06	3,002
JPMorgan Chase & Co	Corporate bond 4% 2/1/08	1,493
JP Morgan Chase Commercial Mortgage Securities Corp JPMCC 04-CB9 A2	Interest only strip CSTR 6/41	1,568
JP Morgan Chase Commercial Mortgage Securities Corp JPMCC 03-PM1A A2	Interest only strip CSTR 8/40	1,812
JP Morgan Chase Commercial Mortgage Securities Corp JPMCC 04-CB8 A2	Mortgage backed securities 3.837% 1/39 Interest only strip CSTR 1/37	1,246 679

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
JP Morgan Chase Commercial Mortgage Securities Corp JPMCC 04-CBX X2	Mortgage backed securities 4.223% 1/42			832
KeySpan Corp	Corporate bond 7.625% 11/15/10			875
Korea Development Bank	Corporate bond 3.875% 3/02/09			749
Korea Development Bank	Corporate bond 4.75% 7/20/09			618
Kraft Foods Inc	Corporate bond 5.25% 6/1/07			551
LB-UBS Commercial Mortgage Trust LBUBS 00-C3 A1	Mortgage backed securities 7.95% 7/09			1,687
LB-UBS Commercial Mortgage Trust LBUBS 00-C3 A2	Mortgage backed securities 7.95% 1/10			1,089
LB-UBS Commercial Mortgage Trust LBUBS 00-C5 A1	Mortgage backed securities 6.41% 12/19			1,041
LB-UBS Commercial Mortgage Trust LBUBS 00-C5 A2	Mortgage backed securities 6.51% 12/26			510
LB-UBS Commercial Mortgage Trust LBUBS 04-C6 A2	Mortgage backed securities 4.187% 8/29			704
LB-UBS Commercial Mortgage Trust LBUBS 03-C3 A2	Mortgage backed securities 3.086% 5/27			649
LB-UBS Commercial Mortgage Trust LBUBS 03-C7 A3	Interest only strip CSTR 9/27			828
LB-UBS Commercial Mortgage Trust LBUBS 04-C2 A3	Mortgage backed securities 3.973% 3/29			693
Legg Mason Inc	Corporate bond 6.75% 7/02/08			359
Lehman Brothers Holdings Inc	Corporate bond 7% 2/1/08			2,354
Lehman Brothers Holdings Inc	Corporate bond 4% 1/22/08			901
Lehman Brothers Holdings Inc	Corporate bond 3.95% 11/10/09			373
Long Beach Mortgage Loan Trust LBMLT 03-3 M1	Mortgage backed securities 1ML+75 7/33			897
Long Beach Mortgage Loan Trust LBMLT 04-2 M1	Mortgage backed securities 1ML+53 6/34			425
Long Beach Mortgage Loan Trust LBMLT 04-2 M2	Mortgage backed securities 1ML+108 6/34			277
M&I Marshall & Ilsley Bank	Corporate bond 3.95% 8/14/09			813
MBNA Credit Card Master Note Trust MBNAS 01-A1 A1	Asset backed securities 5.75% 10/08			471
MBNA Credit Card Master Note Trust MBNAS 02-1B	Asset backed securities 5.15% 7/09			1,545
MBNA Credit Card Master Note Trust MBNAS 03-B2 B2	Asset backed securities 1ML+39 10/10			156
MBNA Credit Card Master Note Trust MBNAS 03-B3 B3	Asset backed securities 1ML+37.5 1/11			704

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

MBNA Credit Card Master Note Trust MBNAS 03-B5 B5	Asset backed securities 1ML+37 2/11		1,034
Mastr Seasoned Securities Trust MSSTR 04-1 1A1	Interest only strip CSTR 8/17		943
M&T Bank Corp	Corporate bond 3.85% 4/01/13		499
Marsh & McLennan Cos Inc	Corporate bond 5.375% 3/15/07		366
Marshall & Ilsley Corp	Corporate bond 4.375% 8/01/09		841
Mastr Adjustable Rate Mortgages Trust MARM 04-11 1A4	Mortgage backed securities 1ML+49 11/34		247
Mastr Adjustable Rate Mortgages Trust MARM 04-11 2A2	Mortgage backed securities 1ML+44 11/34		287
Mellon Bank NA	Corporate bond 7% 3/15/06		1,595
MLCC Mortgage Investors Inc MLCC 03-F A2	Mortgage backed securities 6ML+34 9/29		1,074
MLCC Mortgage Investors Inc MLCC 03-A 2A2	Mortgage backed securities 6ML+41 3/28		256
Meritage Mortgage Loan Trust MMLT 04-1 M1	Mortgage backed securities 1ML+50 7/34		225
Meritage Mortgage Loan Trust MMLT 04-1 M2	Mortgage backed securities 1ML+55 7/34		25
Meritage Mortgage Loan Trust MMLT 04-1 M3	Mortgage backed securities 1ML+95 7/34		75
(a)	(b)	(c)	(d)
(e)			
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value
Meritage Mortgage Loan Trust MMLT 04-1 M4	Mortgage backed securities 1ML+110 7/34		50
Merrill Lynch & Co Inc	Corporate bond 6.56% 12/16/07		1,354
Merrill Lynch & Co Inc	Corporate bond 4.125% 1/15/09		1,689
Merrill Lynch Mortgage Investors Inc MLMI 04-FM1 M2	Mortgage backed securities 1ML+115 1/35		152
MLCC Mortgage Investors Inc MLCC 04-D A2	Mortgage backed securities 6ML+36 9/29		1,166
Merrill Lynch Mortgage Trust MLMT 04-MKB1 A2	Mortgage backed securities 4.353% 2/42		1,700
Merrill Lynch Mortgage Trust MLMT 04-KEY2 A2	Mortgage backed securities 4.166% 8/39		1,223
Merrill Lynch Mortgage Trust MLMT 04-BPC1 XP	Interest only strip CSTR 9/41 Corporate bond 6.125% 12/01/11		704
Metlife Inc	Corporate bond 5.375% 12/15/12		833
Metlife Inc	Corporate bond 5.5% 6/15/14		430
Metlife Inc	Corporate bond 2.6% 6/19/08		725
Metropolitan Life Global Funding I 144A	Corporate bond 4.25% 7/30/09		96
Metropolitan Life Global Funding I 144A			1,244
Morgan Guaranty			(1860)

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	SYNTHETIC GIC GLOBAL WRAP AGREEMENT CONTRACT - 4.22% Corporate bond 4.375% 7/09	
Monumental Global Funding II	144A	1,636
	SYNTHETIC GIC GLOBAL WRAP AGREEMENT CONTRACT - 4.21%	(1860)
Monumental Life Insurance	Corporate bond 6.25% 1/15/09	1,709
JP Morgan & Co Inc/Old	Mortgage backed securities	
JP Morgan Commercial Mortgage Finance Corp JPMC 99-C8 A2	7.4% 7/31	944
JP Morgan Commercial Mortgage Finance Corp JPMC 00-C9 A2	Mortgage backed securities 7.77% 10/32	1,060
Morgan Stanley	Corporate bond 6.1% 4/15/06	178
Morgan Stanley	Corporate bond 5.8% 4/01/07	1,030
Morgan Stanley	Corporate bond 3.625% 4/01/08	276
Morgan Stanley ABS Capital I MSAC 04-NC6 A2	Mortgage backed securities 1ML+34 7/34	555
Morgan Stanley ABS Capital I MSAC 04-HE6 A2	Mortgage backed securities 1ML+34 8/34	1,118
Morgan Stanley Capital I MSC 98-WF2 A2	Mortgage backed securities 6.54% 7/30	869
Morgan Stanley Capital I MSC 98-HF2 A1	Mortgage backed securities 6.01% 11/30	315
Morgan Stanley Capital I MSC 98-HF2 A2	Mortgage backed securities 6.48% 11/30	1,660
Morgan Stanley Capital I MSC 99-WF1 A1	Mortgage backed securities 5.91% 11/31	354
Morgan Stanley Capital I MSC 99-CAM1 A4	Mortgage backed securities 7.02% 3/32	582
Morgan Stanley Capital I MSC 03-IQ5 A3	Mortgage backed securities 4.71% 4/38	631
Morgan Stanley Capital I MSC 04-HQ4 X2	Interest only strip CSTR 4/40	176
Morgan Stanley Capital I MSC 04-HQ3 A2	Mortgage backed securities 4.05% 1/41	537
Morgan Stanley ABS Capital I MSAC 02-HE3 M1	Mortgage backed securities 1ML+110 12/32	198
Morgan Stanley ABS Capital I MSAC 02-NC6 M2	Mortgage backed securities 1ML+210 11/32	263
Morgan Stanley ABS Capital I MSAC 03-NC5 M2	Mortgage backed securities 1ML+200 4/33	280
Morgan Stanley ABS Capital I MSAC 03-NC6 M1	Mortgage backed securities 1ML+80 6/33	324
Morgan Stanley ABS Capital I MSAC 03-HE1 M1	Mortgage backed securities 1ML+80 6/33	445
Morgan Stanley ABS Capital I MSAC 03-HE1 M2	Mortgage backed securities 1ML 6/33	152
Morgan Stanley ABS Capital I MSAC 03-NC7 M1	Mortgage backed securities 1 ML+70 6/33	191
		107

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Morgan Stanley ABS Capital I MSAC 03-NC7 M2	Mortgage backed securities 1ML+185 6/33			
Morgan Stanley ABS Capital I MSAC 03-NC8 M1	Mortgage backed securities 1ML+70 9/33			262
Morgan Stanley ABS Capital I MSAC 03-NC10 M1	Mortgage backed securities 1ML+68 10/33			575
Morgan Stanley	Corporate bond 4% 1/15/10			1,861
Morgan Stanley Dean Witter Capital I MSDWC 03-NC2 M2	Mortgage backed securities 1ML+200 2/33			292
Morgan Stanley Dean Witter Capital I MSDWC 01-NC1 M2	Mortgage backed securities 1ML+107 10/31			100
Morgan Stanley Dean Witter Capital I MSDWC 01-NC3 M2	Mortgage backed securities 1ML+150 10/31			469
Morgan Stanley Dean Witter Capital I MSDWC 01-NC4 M2	Mortgage backed securities 1ML+165 1/32			183
Morgan Stanley Dean Witter Capital I MSDWC 02-HE1 M1	Mortgage backed securities 1ML+60 7/32			292
Morgan Stanley Dean Witter Capital I MSDWC 02-HE2 M2	Mortgage backed securities 1ML+125 8/32			151
Morgan Stanley Dean Witter Capital I MSDWC 02-NC3 M1	Mortgage backed securities 1ML+72 8/32			162
Morgan Stanley Dean Witter Capital I MSDWC 02-OP1 M1	Mortgage backed securities 1ML+75 9/32			166
Morgan Stanley Dean Witter Capital I MSDWC 02-NC4 M2	Mortgage backed securities 1ML+160 9/32			126
Morgan Stanley Dean Witter Capital I MSDWC 02-NC5 M3	Mortgage backed securities 1ML+180 10/32			102
Morgan Stanley Dean Witter Capital I MSDWC 03-NC1 M1	Mortgage backed securities 1ML+105 11/32			263
Morgan Stanley Dean Witter Capital I MSDWC 03-NC1 M2	Mortgage backed securities 1ML+205 11/32			198
Mortgage Capital Funding Inc MCFI 98-MC2 A2	Mortgage backed securities 6.423% 6/30			1,901
National Collegiate Student Loan Trust NCSLT 04-2 AIO	Mortgage backed securities 9.75% 10/14			498
National Rural Utilities Cooperative Finance Corp	Corporate bond 5.75% 8/28/09			446
National Rural Utilities Cooperative Finance Corp	Corporate bond 3.24% 7/22/07			750
Navistar Financial Corp Owner Trust NAVOT 04-B A3	Mortgage backed securities 3.13% 5/09			542
New Century Home Equity Loan Trust NCHET 03-6 M1	Mortgage backed securities 1ML+72 1/34			544
New York Life Global Funding	Corporate bond 3.875% 1/15/09			283
Nissan Auto Lease Trust NALT 03-A A3B	Asset backed securities 2.57% 6/09			925

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Nissan Auto Lease Trust NALT 04-A A3	Asset backed securities 2.9% 8/07	1,182
Nissan Auto Lease Trust NALT 04-A A4B	Asset backed securities 3.18% 6/10	292
Nissan Auto Receivables Owner Trust NAROT 04-C A3	Asset backed securities 2.85% 10/07	248
Novastar Home Equity Loan NHEL 03-2 M-1	Mortgage backed securities 1ML+75 9/33	207
Novastar Home Equity Loan NHEL 04-1 M1	Mortgage backed securities 1ML+45 6/34	150
Onyx Acceptance Grantor Trust ONYX 04-C A3	Mortgage backed securities 2.94% 11/08	383
PNC Funding Corp	Corporate bond 5.75% 8/1/06	2,159
Park Place Securities Inc PPSI 04-WCW1 M1	Mortgage backed securities 1ML+63 9/34	315
Park Place Securities Inc PPSI 04-WCW1 M2	Mortgage backed securities 1ML+68 9/34	185
Park Place Securities Inc PPSI 04-WCW1 M3	Mortgage backed securities 1ML+125 9/34	355
Park Place Securities NIM Trust PPSIN 04-MHQ1 A	Mortgage backed securities 2.487% 12/34	401

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Park Place Securities NIM Trust PPSIN 04-MHQ1 B	Mortgage backed securities 3.474% 12/34		210	
Permanent Financing PLC PERMA 5 1B	Mortgage backed securities 3ML+14 6/42		396	
Permanent Financing PLC PERMA 5 2A	Mortgage backed securities 3ML+11 6/11		230	
Permanent Financing PLC PERMA 5 2B	Mortgage backed securities 3ML+18 6/42		446	
Permanent Financing PLC PERMA 4 1B	Mortgage backed securities 3ML+14 6/42		205	
Permanent Financing PLC PERMA 4 1M	Mortgage backed securities 3ML+23 6/42		160	
Permanent Financing PLC PERMA 4 2M	Mortgage backed securities 3ML+33 6/42		171	
Altria Group Inc	Corporate bond 7.2% 2/01/07		977	
Altria Group Inc	Corporate bond 7% 7/15/05		1,572	
ConocoPhillips	Corporate bond 8.75% 5/25/10		1,442	
Pricoa Global Funding I	Corporate bond 3.9% 12/15/08		1,168	
Pricoa Global Funding I	Corporate bond 4.35% 6/15/08		1,443	
Prime Credit Card Master Trust PCCMT 00-1 A	Mortgage backed securities 6.7% 10/09		5	
Prime Property Funding II Inc	Corporate bond 5.6% 6/15/11		550	
Principal Life Global Funding I	Corporate bond 3.625% 4/30/08		1,502	
Prudential Financial Inc			655	

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

	Corporate bond 4.104%	
	11/15/06	
Prudential Financial Inc	Corporate bond 3.75% 5/01/08	605
Prudential Securities Secured	Mortgage backed securities	
Financing Corp PSSF 98-C1 A1B	6.506% 7/08	970
	Corporate bond 5.26%/VR	
Rabobank Capital Funding II	PERP 144A	2,997
	SYNTHETIC GIC GLOBAL	
	WRAP AGREEMENT	
Rabobank Nederland	CONTRACT - 4.22%	(1,860)
Reed Elsevier Capital Inc	Corporate bond 6.125% 8/01/06	770
Residential Asset Mortgage	Mortgage backed securities	
Products Inc RAMP 04-RS6 MII2	1ML+130 6/34	250
Residential Asset Mortgage	Mortgage backed securities	
Products Inc RAMP 03-SL1 3A1	7.125% 4/31	707
Residential Asset Mortgage	Mortgage backed securities	
Products Inc RAMP 04-SL2 A1I	6.5% 10/16	216
Residential Asset Mortgage	Mortgage backed securities	
Products Inc RAMP 03-RZ2 A1	3.6% 4/33	460
Royal KPN NV	Corporate bond 8% 10/01/10	1,013
SBC Communications Inc	Corporate bond 6.25% 3/15/11	451
SBC Communications Inc	Corporate bond 4.125% 9/15/09	2,379
SLM Corp	Corporate bond 4% 1/15/09	681
SLM Corp	Corporate bond 3.5% 9/30/06	1,565
SLM Student Loan Trust SLMA	Mortgage backed securities	
04-A B	3ML+58 6/33	203
	Corporate bond 3.8% 10/22/08	
SP PowerAssets Ltd	144	1,308
Salomon Brothers Mortgage	Mortgage backed securities	
Securities VII SBM7 00-C3 A2	6.592% 12/33	943
Salomon Brothers Mortgage	Mortgage backed securities	
Securities VII SBM7 00-C1 A2	7.52% 12/09	1,050
Salomon Brothers Mortgage	Mortgage backed securities	
Securities VII SBM7 03-HE1 A	1ML+40 4/33	225
Citigroup Global Markets Holdings		
Inc	Corporate bond 6.5% 2/15/08	288
Citigroup Global Markets Holdings	Corporate bond 5.875% 3/15/06	
Inc	DT	2,568
Securitized Asset Backed		
Receivables LLC Trust SABR	Mortgage backed securities	
04-NC1 M1	1ML+52 2/34	290
Sequoia Mortgage Trust SEMT 03-6	Mortgage backed securities	
A2	6ML+33 11/33	984
Sequoia Mortgage Trust SEMT 04-1	Mortgage backed securities	
A	6ML+30 2/34	870
Sequoia Mortgage Trust SEMT 04-2	Mortgage backed securities	
A	6ML+27 3/34	599
SouthTrust Corp	Corporate bond 5.8% 6/15/14	576
Southwestern Public Service Co	Corporate bond 5.125% 11/06	756
Amortizing Residential Collateral	Mortgage backed securities	
Trust ARC 02-BC1 M2	1ML+110 1/32	256

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Historical cost	Current value	
Structured Asset Securities Corp SASC 04-GEL1 A	Mortgage backed securities 1ML+36 2/34			143
Structured Asset Securities Corp SASC 04-NP1 A	Mortgage backed securities 1ML+40 9/33			402
Target Corp	Corporate bond 5.375% 6/15/09			821
Telecom Italia Capital SA	Corporate bond 4% 11/15/08			1,801
	Corporate bond 4% 1/15/10			
Telecom Italia Capital SA	144A			915
Telefonica Europe BV	Corporate bond 7.75% 9/15/10			597
Terwin Mortgage Trust TMTS 04-1HE A	Mortgage backed securities 1ML+51 2/35			411
Textron Financial Corp	Corporate bond 2.75% 6/01/06			451
Textron Inc	Corporate bond 4.5% 8/01/10			391
Thornburg Mortgage Securities Trust TMST 04-3 A	Mortgage backed securities 1ML+37 9/34			645
Travelers Property Casualty Corp	Corporate bond 3.75% 3/15/08			330
US Bank NA	Corporate bond 3.9% 8/15/08			1,068
US Bank NA	Corporate bond 6.375% 8/01/11			567
SLM Corp	Corporate bond 5.625% 4/10/07			1,176
	SYNTHETIC GIC GLOBAL WRAP AGREEMENT			
UBS AG	CONTRACT - 4.22%			(1,860)
Union Planters Bank NA	Corporate bond 5.125% 6/15/07			521
US Bancorp	Corporate bond 5.1% 7/15/07			317
United States Treasury Note/Bond	USTB 10.375% 11/15/12 C07			6,899
United States Treasury Note/Bond	USTN 3.125% 5/15/07			7,662
United States Treasury Note/Bond	USTN 4% 6/15/09			29,738
Verizon Global Funding Corp	Corporate bond 7.25% 12/1/10			1,697
Verizon New York Inc	Corporate bond 6.875% 4/01/12			421
Virginia Electric and Power Co	Corporate bond 5.75% 3/31/06			1,253
Volkswagen Auto Lease Trust VWALT 04-A A3	Asset backed securities 2.84% 7/07			1,256
WFS Financial Owner Trust WESTO 04-3 A3	Mortgage backed securities 3.3% 3/09			828
WFS Financial Owner Trust WESTO 04-3 A4	Mortgage backed securities 3.93% 2/12			673
WFS Financial Owner Trust WESTO 04-4 A4	Mortgage backed securities 3.44% 5/12			1,231
Wachovia Bank Commercial Mortgage Trust WBCMT 03-C6 A2	Mortgage backed securities 4.498% 8/35			890
Wachovia Bank Commercial Mortgage Trust WBCMT 03-C8 A3	Mortgage backed securities 4.445% 11/35			1,852
Wachovia Bank Commercial Mortgage Trust WBCMT 04-C14 A2	Mortgage backed securities 4.368% 8/41			1,566
	Interest only strip CSTR 10/41			1,047

Edgar Filing: EASTMAN CHEMICAL CO - Form 11-K

Wachovia Bank Commercial		
Mortgage Trust WBCMT 04-C15		
XP		
Wachovia Corp/Old	Corporate bond 6.15% 3/15/09	332
Wachovia Corp	Corporate bond 4.875% 2/15/14	319
Wachovia Corp	Corporate bond 5.25% 8/14 LT2	506
Washington Mutual Inc	Corporate bond 4% 1/15/09	776
Washington Mutual MSC Mortgage		
Pass-Through CTFS WAMMS	Mortgage backed securities	
03-MS9 2A1	7.5% 12/33	172
Wells Fargo & Co	Corporate bond 5.25% 12/01/07	362
Wells Fargo & Co	Corporate bond 4% 9/10/12	476
Wells Fargo & Co	Corporate bond 4.2% 1/15/10	1,709
Westfield Capital Corp Ltd/WT		
Finance Aust Pty Ltd/WEA Finance	Corporate bond 4.375%	
LLC	11/15/10 144A	895
Whole Auto Loan Trust WALT	Mortgage backed securities	
04-1 A3	2.96% 6/08	1,663
World Omni Auto Receivables	Asset backed securities 3.96%	
Trust WOART 04-A A4	7/11	1,042
XL Capital Ltd	Corporate bond 5.25% 9/15/14	758
Wisconsin Energy Corp	Corporate bond 5.875% 4/01/06	429
Sub-total Managed Income Fund		614,657
	Various registered investment	
Self Directed Brokerage Account	companies	** 2,196
Total Assets		\$1,392,046

* Represents a party-in-interest to the Plan.

** Historical cost is omitted because the investment is participant-directed.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

Eastman Investment and Employee
Stock Ownership Plan

Date: July 13, 2005

By: /s/ Curtis E. Espeland_ _
Curtis E. Espeland
Vice President and Controller

**Eastman Investment and Employee Stock Ownership Plan
Exhibit Index**

Exhibit Number	Description	Sequential Page Number
23.01	Consent of Independent Registered Public Accounting Firm	35

