EASTMAN

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

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2026**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____________ to _____________

Commission file number **1-12626**

EASTMAN CHEMICAL COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**62-1539359**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification no.)
200 South Wilcox Drive	
Kingsport Tennessee	**37662**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

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

Class	Number of Shares Outstanding at June 30, 2026
Common Stock, par value $0.01 per share	**114,377,421**

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FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this Quarterly Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act (Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are all statements, other than statements of historical fact, that may be made by Eastman Chemical Company ("Eastman" or the "Company") from time to time. In some cases, you can identify forward-looking statements by terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "forecasts", "will", "would", "could", and similar expressions, or expressions of the negative of these terms. Forward-looking statements may relate to, among other things, such matters as planned and expected capacity increases and utilization; anticipated capital spending; expected depreciation and amortization; environmental matters and opportunities (including potential risks associated with physical and transitional impacts of climate change and related voluntary and regulatory carbon requirements); exposure to and effects of hedging raw material and energy prices and costs and foreign currencies exchange and interest rates; disruption or interruption of operations and of raw material or energy supply (including as a result of cyber-attacks or other breaches of the Company's information security systems); global and regional economic, political, and business conditions, including heightened inflation, capital market volatility, interest rate and currency fluctuations, and economic slowdown or recession; impacts from U.S. tariffs, reciprocal tariffs, and global trade disruption, including impacts from the conflict in the Middle East; competition; growth opportunities; supply and demand, volume, price, cost, margin and sales; pending and future legal proceedings; earnings, cash flow, dividends, stock repurchases, and other expected financial results, events, decisions, and conditions; expectations, strategies, and plans for individual assets and products, businesses, and operating segments, as well as for the whole of Eastman; cash sources and requirements and uses of available cash; financing plans and activities; pension expenses and funding; credit ratings; anticipated and other future restructuring, acquisition, divestiture, and consolidation activities; cost reduction and control efforts and targets; the timing and costs of, benefits from the integration of, and expected business and financial performance of acquired businesses, as well as the subsequent impairment assessments of acquired long-lived assets; strategic, technology, and product innovation initiatives and development, production, commercialization and acceptance of new products, services and technologies and related costs; asset, business, and product portfolio changes; and expected tax rates and interest costs.

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

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

	Second Quarter		First Six Months	
(Dollars in millions, except per share amounts)	2026	2025	2026	2025
Sales	$ 2,513	$ 2,287	$ 4,690	$ 4,577
Cost of sales	1,953	1,781	3,699	3,504
Gross profit	560	506	991	1,073
Selling, general and administrative expenses	185	157	363	339
Research and development expenses	65	67	125	134
Asset impairments, restructuring, and other charges, net	1	13	10	22
Other components of post-employment (benefit) cost, net	(16)	(2)	(33)	(3)
Other (income) charges, net	14	49	27	57
Earnings before interest and taxes	311	222	499	524
Net interest expense	55	53	107	102
Earnings before income taxes	256	169	392	422
Provision for income taxes	72	29	101	99
Net earnings	184	140	291	323
Less: Net earnings attributable to noncontrolling interest	1	—	1	1
Net earnings attributable to Eastman	$ 183	$ 140	$ 290	$ 322
Basic earnings per share attributable to Eastman	$ 1.60	$ 1.22	$ 2.54	$ 2.80
Diluted earnings per share attributable to Eastman	$ 1.59	$ 1.20	$ 2.51	$ 2.77
Comprehensive Income				
Net earnings including noncontrolling interest	$ 184	$ 140	$ 291	$ 323
Other comprehensive income (loss), net of tax:				
Change in cumulative translation adjustment	(13)	(6)	(4)	2
Defined benefit pension and other postretirement benefit plans:				
Amortization of unrecognized prior service credits included in net periodic costs	(8)	—	(15)	—
Derivatives and hedging:				
Unrealized gain (loss) during period	2	(32)	18	(45)
Reclassification adjustment for (gains) losses included in net income, net	—	6	1	4
Total other comprehensive income (loss), net of tax	(19)	(32)	—	(39)
Comprehensive income including noncontrolling interest	165	108	291	284
Less: Comprehensive income attributable to noncontrolling interest	1	—	1	1
Comprehensive income attributable to Eastman	$ 164	$ 108	$ 290	$ 283

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Dollars in millions, except per share amounts)	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 691	$ 566
Trade receivables, net of allowance for credit losses	1,097	737
Miscellaneous receivables	268	262
Inventories	2,101	1,980
Other current assets	98	100
Total current assets	4,255	3,645
Properties		
Properties and equipment at cost	14,642	14,507
Less: Accumulated depreciation	8,956	8,776
Net properties	5,686	5,731
Goodwill	3,661	3,665
Intangible assets, net of accumulated amortization	924	970
Other noncurrent assets	898	848
Total assets	$ 15,424	$ 14,859
Liabilities and Stockholders' Equity		
Current liabilities		
Payables and other current liabilities	$ 2,075	$ 2,066
Borrowings due within one year	765	586
Total current liabilities	2,840	2,652
Long-term borrowings	4,452	4,201
Deferred income tax liabilities	685	669
Post-employment obligations	393	409
Other long-term liabilities	879	891
Total liabilities	9,249	8,822
Stockholders' equity		
Common stock ($0.01 par value – 350,000,000 shares authorized; shares issued – 224,218,154 and 223,938,047 as of June 30, 2026 and December 31, 2025)	2	2
Additional paid-in capital	2,539	2,500
Retained earnings	10,201	10,105
Accumulated other comprehensive income (loss)	(160)	(160)
	12,582	12,447
Less: Treasury stock at cost (109,891,531 and 109,891,531 shares as of June 30, 2026 and December 31, 2025)	6,486	6,486
Total Eastman stockholders' equity	6,096	5,961
Noncontrolling interest	79	76
Total equity	6,175	6,037
Total liabilities and stockholders' equity	$ 15,424	$ 14,859

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

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	First Six Months 2026	First Six Months 2025
Operating activities		
Net earnings	$ 291	$ 323
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	263	253
Provision (benefit) from deferred income taxes	10	(48)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in trade receivables	(369)	(183)
(Increase) decrease in inventories	(146)	(131)
Increase (decrease) in trade payables	85	(155)
Pension and other postretirement contributions (in excess of) less than expenses	(48)	(17)
Variable compensation payments (in excess of) less than expenses	22	(86)
Other items, net	(21)	110
Net cash provided by operating activities	87	66
Investing activities		
Additions to properties and equipment	(203)	(297)
Government incentives	3	14
Other items, net	(3)	5
Net cash used in investing activities	(203)	(278)
Financing activities		
Net increase in commercial paper and other borrowings	—	344
Proceeds from borrowings	594	246
Repayment of borrowings	(150)	(550)
Dividends paid to stockholders	(192)	(191)
Treasury stock purchases	—	(50)
Other items, net	(11)	(13)
Net cash provided by (used in) financing activities	241	(214)
Effect of exchange rate changes on cash and cash equivalents	—	12
Net change in cash and cash equivalents	125	(414)
Cash and cash equivalents at beginning of period	566	837
Cash and cash equivalents at end of period	$ 691	$ 423

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by Eastman Chemical Company ("Eastman" or the "Company") in accordance and consistent with the accounting policies stated in the Company's 2025 Annual Report on Form 10-K, and should be read in conjunction with the consolidated financial statements in Part II, Item 8 of that report, with the exception of recently adopted accounting standards noted below. The December 31, 2025 financial position data included herein was derived from the consolidated financial statements included in the 2025 Annual Report on Form 10-K but does not include all disclosures required by accounting principles generally accepted in the United States ("GAAP").

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

Recently Adopted Accounting Standards

Accounting Standards Update ("ASU") 2025-05 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets: On January 1, 2026, Eastman adopted this update which addresses the application of Topic 326 to current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, *Revenue from Contracts with Customers*. The update provides a practical expedient permitting entities, when estimating expected credit losses for those balances, to assume that current conditions at the balance sheet date do not change over the remaining life of the asset. The Company elected the practical expedient upon adoption. The adoption did not have an impact on the Company's financial statements and related disclosures.

Accounting Standards Issued But Not Adopted as of June 30, 2026

ASU 2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses: The Financial Accounting Standards Board ("FASB") issued this update in November 2024, which requires public companies to provide additional disclosure of certain income statement expense line items. This guidance is intended to improve transparency around the nature of expenses and their impact on financial performance. The ASU is effective for fiscal periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted, and the transition method is prospective, with the option for retrospective application. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

ASU 2025-06 Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software: The FASB issued this update in September 2025, which removes prescriptive development stages and establishes a probable-to-complete recognition threshold under which capitalization of software development costs begins when management has authorized and committed to funding the project and it is probable the project will be completed and used as intended. The ASU is effective for fiscal periods beginning after December 15, 2027, including interim periods within those years, with early adoption permitted. The update permits prospective application. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

ASU 2026-02 Environmental Credits and Environmental Credit Obligations (Topic 818): The FASB issued this update in May 2026, which provides public companies specific guidelines for the recognition, measurement, presentation, and disclosure of tradable environmental assets and regulatory compliance liabilities. The ASU is effective for fiscal periods beginning after December 15, 2027, including interim periods within those years, with early adoption permitted. The update requires retrospective application. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

ASU 2025-10 Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities: The FASB issued this update in December 2025, which establishes authoritative guidance on the accounting for government grants, including grants related to an asset and grants related to income. The amendments, largely aligned with International Accounting Standards 20 Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), require that a government grant not be recognized until it is probable the Company will comply with the conditions attached to the grant and that the grant will be received. The amendments further codify specific recognition approaches for asset-related grants and for income-related grants, with presentation as income or deducted from the related expense. The ASU is effective for fiscal periods beginning after December 15, 2028, including interim periods within those years, with early adoption permitted. The transition method may be modified prospective, modified retrospective, or retrospective. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

Working Capital Management and Off-Balance Sheet Arrangements

The Company engages in off-balance sheet, uncommitted accounts receivable factoring programs as a routine part of its ordinary business operations. Through these programs, entire invoices may be sold to third-party financial institutions, the vast majority of which are without recourse. Under these agreements, the Company sells the invoices at face value, less a transaction fee, which substantially equals the carrying value and fair value with no gain or loss recognized, and no credit loss exposure is retained. Available capacity under these programs, which the Company uses as a routine source of working capital funding, is dependent on the level of accounts receivable eligible to be sold and the financial institutions' willingness to purchase such receivables. In addition, certain programs also require that the Company continue to service, administer, and collect the sold accounts receivable at market rates. The total amounts sold under the program in second quarter 2026 and 2025 were $657 million and $674 million and in first six months 2026 and 2025 were $1.3 billion and $1.4 billion.

The Company works with suppliers to optimize payment terms and conditions on accounts payable to enhance the timing of working capital and cash flows. As part of its supplier financing programs, suppliers may voluntarily sell receivables due from Eastman to a participating financial institution. Eastman's responsibility is limited to making payments on the terms originally negotiated with suppliers, and the range of payment terms Eastman negotiates with suppliers is consistent regardless of whether a supplier participates in the program. Either Eastman or a participating financial institution may terminate a supplier finance program upon 90 days' notice. Within these programs, the Company maintains a structured payables program that utilizes a payables processing arrangement with a financial institution to support the processing and settlement of freight and logistics invoices, whereby the financial institution remits payments to certain freight service providers based on invoices approved by the Company, and the Company reimburses the financial institution. The Company pays fixed per-transaction fees for the invoice processing and payment services for the structured payables program.

Confirmed obligations in these programs of $138 million and $110 million at June 30, 2026 and December 31, 2025 are included in "Payables and other current liabilities" on the Unaudited Consolidated Statements of Financial Position.

Government Grants

On May 29, 2025, the U.S. Department of Energy ("DOE") terminated an award related to the Company's Polyethylene Terephthalate Recycling Decarbonization Project in Longview, Texas. The Company received $3 million in reimbursements from the DOE during first quarter 2026 related to reimbursement requests from the prior year. All requested reimbursements were received as of March 31, 2026. The Company has submitted an agency appeal seeking reinstatement of the award.

For additional government grant information, see Note 1, "Significant Accounting Policies", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K.

Change in Laws and Regulations

Eastman recognizes the financial statement effects of changes in laws or regulations in the period in which the Company obtains a legal right to the related asset or incurs a legal obligation for the related liability. On February 20, 2026, the Supreme Court ruled that the tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were not sufficiently authorized and deemed invalid. Further, on March 4, 2026, the Court of International Trade ruled that U.S. Customs and Border Protection must refund IEEPA tariffs that were collected. As a result of these court rulings establishing the Company's legal right to a refund of IEEPA tariffs, the Company recognized a $2 million and $24 million benefit in "Cost of sales" in the Unaudited Consolidated Statements of Earnings and Comprehensive Income in the second quarter and first six months 2026. In second quarter 2026, the Company received $22 million in tariff refunds. As of June 30, 2026, $2 million was reflected as "Miscellaneous receivables" on the Unaudited Consolidated Statements of Financial Position related to IEEPA tariff refunds.

2. INVENTORIES

(Dollars in millions)	June 30, 2026	December 31, 2025
Finished goods	$ 1,356	$ 1,361
Work in process	332	300
Raw materials and supplies	741	657
Total inventories at FIFO or average cost	2,429	2,318
Less: LIFO reserve	328	338
Total inventories	$ 2,101	$ 1,980

Inventories valued on the last-in, first-out ("LIFO") method were approximately 55 percent of total inventories at both June 30, 2026 and December 31, 2025.

3. INCOME TAXES

	Second Quarter				First Six Months			
	2026		2025		2026		2025	
(Dollars in millions)	$	%	$	%	$	%	$	%
Provision for income taxes and tax rate	$ 72	28 %	$ 29	17 %	$ 101	26 %	$ 99	23 %

Second quarter and first six months 2026 provision for income taxes included the impact of transitional provisions of the One Big Beautiful Bill Act primarily related to the deductibility of previously capitalized research and development expenditures. Second quarter and first six months 2025 provision for income taxes included an increase related to uncertain tax positions offset by a decrease related to the foreign rate variance due to the Company's mix of earnings.

At June 30, 2026 and December 31, 2025, Eastman had $185 million and $183 million in unrecognized tax benefits.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

4. BORROWINGS

(Dollars in millions)	June 30, 2026	December 31, 2025
Borrowings consisted of:		
1.875% notes due November 2026 [1]	$ 569	$ 586
7.6% debentures due February 2027	196	196
4.5% notes due December 2028	498	497
5.0% notes due August 2029	744	743
4.5% notes due February 2031	594	—
5.75% notes due March 2033	497	496
5.625% notes due February 2034	744	744
4.8% notes due September 2042	495	495
4.65% notes due October 2044	880	880
2027 Term Loan	—	150
Total borrowings	5,217	4,787
Less: Borrowings due within one year	765	586
Long-term borrowings	$ 4,452	$ 4,201

(1) The carrying value of the euro-denominated 1.875% notes due November 2026 fluctuates with changes in the euro to U.S. dollar exchange rate. The carrying value of this euro-denominated borrowing has been designated as a non-derivative net investment hedge of a portion of the Company's net investments in euro functional-currency denominated subsidiaries to offset foreign currency fluctuations.

In first quarter 2026, the Company issued $600 million aggregate principal amount of 4.5% notes due February 2031 in a registered public offering (the "2026 Notes"). Proceeds from the sale of the 2026 Notes, net of original issue discounts and issuance costs, were $594 million. All proceeds from the 2026 Notes are reported under financing activities on the Unaudited Consolidated Statements of Cash Flows.

Credit Facility, Term Loans, and Commercial Paper Borrowings

The Company has access to a $1.50 billion revolving credit agreement (the "Credit Facility") that matures in February 2031. Borrowings under the Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. The Credit Facility provides available liquidity for general corporate purposes and supports commercial paper borrowings. Commercial paper borrowings are classified as short-term. In February 2026, the Credit Facility was amended to extend the maturity to February 2031 and to temporarily adjust the maximum leverage ratio covenant through fiscal quarter ending June 30, 2027 in the event of further macroeconomic uncertainty impacting operating results. All other material terms of the Credit Facility remained unchanged. At June 30, 2026 and December 31, 2025, the Company had no outstanding borrowings under the Credit Facility and no commercial paper borrowings.

In first quarter 2026, the remaining $150 million of the five-year term loan (the "2027 Term Loan") was repaid using available cash. There were no extinguishment costs associated with the repayment of the 2027 Term Loan. The outstanding balance on the 2027 Term Loan was $150 million at December 31, 2025 with a variable interest rate of 5.14%.

The Credit Facility contains customary covenants, including requirements to maintain certain financial ratios, that determine the events of default, amounts available, and terms of borrowings. The Company was in compliance with all applicable covenants at both June 30, 2026 and December 31, 2025.

Fair Value of Borrowings

Eastman has classified its total borrowings at June 30, 2026 and December 31, 2025 under the fair value hierarchy as defined in the accounting policies in Note 1, "Significant Accounting Policies", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K. The fair value for fixed-rate debt securities is based on quoted market prices for the same or similar debt instruments and is classified as Level 2. The fair value of the Company's other borrowings equals the carrying value and is classified as Level 2. The Company's fair value of total borrowings was $5.1 billion at June 30, 2026 and $4.7 billion at December 31, 2025. The Company had no borrowings classified as Level 1 or Level 3 as of June 30, 2026 and December 31, 2025.

5. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS

Overview of Hedging Programs

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

For further information on the Company's hedging programs, see Note 10, "Derivative and Non-Derivative Financial Instruments", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K.

Cash Flow Hedges

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

Fair Value Hedges

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

Net Investment Hedges

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

In first quarter 2026, the Company entered into fixed-to-fixed cross-currency swaps of $100 million (€86 million) maturing February 2031. Additionally, the Company amended and extended the terms of certain fixed-to-fixed cross-currency swaps of $235 million (€226 million) originally maturing December 2028 to maturing February 2031.

In first quarter 2025, the Company entered into fixed-to-fixed cross-currency swaps of $50 million (¥7.9 billion) maturing December 2028, $50 million (€48 million) maturing December 2028, $100 million (€97 million) maturing August 2029, and $100 million (€97 million) maturing February 2034.

Additionally, in first quarter 2025, Eastman voluntarily terminated and reentered into fixed-to-fixed cross-currency swaps of $245 million (€229 million terminated; €236 million reentered) maturing December 2028, and $300 million (€282 million terminated; €290 million reentered) maturing March 2033. The Company also voluntarily terminated fixed-to-fixed cross-currency swaps of $50 million (¥7.4 billion) maturing March 2025, and $375 million (€351 million) maturing March 2025. The termination of cross-currency swaps in first quarter 2025 resulted in a $2 million loss recognized in CTA. The related cash flows were classified as investing activities in the Unaudited Consolidated Statements of Cash Flows.

Summary of Financial Position and Financial Performance of Hedging Instruments

The following table presents the notional amounts outstanding at June 30, 2026 and December 31, 2025 associated with Eastman's hedging programs.

Notional Outstanding	**June 30, 2026**	**December 31, 2025**
Derivatives designated as cash flow hedges:		
Foreign Exchange Forward and Option Contracts (in millions)		
EUR/USD (in EUR)	€297	€357
Commodity Forward and Collar Contracts		
Energy (in million british thermal units)	11	9
Derivatives designated as net investment hedges:		
Cross-currency interest rate swaps (in millions)		
EUR/USD (in EUR)	€1,793	€1,707
JPY/USD (in JPY)	¥7,885	¥7,885
Non-derivatives designated as net investment hedges:		
Foreign Currency Net Investment Hedges (in millions)		
EUR/USD (in EUR)	€500	€499

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Measurements

All the Company's derivative assets and liabilities are currently classified as Level 2. Level 2 fair value is based on estimates using standard pricing models. These standard pricing models use inputs that are derived from, or corroborated by, observable market data such as interest rate yield curves and currency spot and forward rates. The fair value of commodity contracts is derived using forward curves supplied by an industry recognized and unrelated third party. In addition, on an ongoing basis, the Company compares a subset of its valuations against valuations received from the counterparties to validate the accuracy of its standard pricing models. The Company had no derivatives classified as Level 1 or Level 3 as of June 30, 2026 or December 31, 2025. Counterparties to these derivative contracts are highly rated financial institutions which the Company believes carry minimal risk of nonperformance, and the Company diversifies its positions among such counterparties to reduce its exposure to counterparty risk and credit losses. The Company monitors the creditworthiness of its counterparties on an ongoing basis. The Company did not realize a credit loss related to these counterparties during second quarter 2026 or 2025.

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

The Company has elected to present derivative contracts on a gross basis within the Unaudited Consolidated Statements of Financial Position. The following table presents the financial assets and liabilities valued on a recurring and gross basis and includes where the financial assets and liabilities are located within the Unaudited Consolidated Statements of Financial Position as of June 30, 2026 and December 31, 2025.

The Financial Position and Fair Value Measurements of Hedging Instruments on a Gross Basis
(Dollars in millions)

Derivative Type	Statements of Financial Position Classification	Level 2 June 30, 2026	Level 2 December 31, 2025
Derivatives designated as cash flow hedges:			
Foreign exchange contracts	Other current assets	$ 5	$ 1
Foreign exchange contracts	Other noncurrent assets	1	—
Derivatives designated as net investment hedges:			
Cross-currency interest rate swaps	Other current assets	2	—
Cross-currency interest rate swaps	Other noncurrent assets	4	1
Total Derivative Assets		$ 12	$ 2
Derivatives designated as cash flow hedges:			
Commodity contracts	Payables and other current liabilities	$ 2	$ 7
Foreign exchange contracts	Payables and other current liabilities	5	19
Foreign exchange contracts	Other long-term liabilities	—	2
Derivatives designated as net investment hedges:			
Cross-currency interest rate swaps	Other long-term liabilities	111	136
Total Derivative Liabilities		$ 118	$ 164
Total Net Derivative Assets (Liabilities)		$ (106)	$ (162)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In addition to the fair value associated with derivative instruments designated as cash flow hedges and net investment hedges, the Company had a carrying value of $569 million at June 30, 2026 and $586 million at December 31, 2025 associated with non-derivative instruments designated as foreign currency net investment hedges. The designated foreign currency-denominated borrowings are included as part of "Borrowings due within one year" on the Unaudited Consolidated Statements of Financial Position.

For additional fair value measurement information, see Note 1, "Significant Accounting Policies", and Note 10, "Derivative and Non-Derivative Financial Instruments", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K.

The following table presents the effect of the Company's hedging instruments on "Other comprehensive income (loss), net of tax" ("OCI") and financial performance for second quarter and first six months 2026 and 2025.

	Change in amount of after tax gain (loss) recognized in OCI on derivatives				Pre-tax amount of gain (loss) reclassified from AOCI into earnings			
(Dollars in millions)	Second Quarter		First Six Months		Second Quarter		First Six Months	
Hedging Relationships	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Derivatives in cash flow hedging relationships:								
Commodity contracts	$ (5)	$ 1	$ 3	$ 2	$ 4	$ (3)	$ 9	$ (3)
Foreign exchange contracts	7	(27)	15	(44)	(3)	(4)	(8)	—
Forward starting interest rate and treasury lock swap contracts	—	—	1	1	(1)	(1)	(2)	(2)
Non-derivatives in net investment hedging relationships (pre-tax):								
Net investment hedges	5	(45)	17	(66)	—	—	—	—
Derivatives in net investment hedging relationships (pre-tax):								
Cross-currency interest rate swaps	22	(141)	59	(244)	—	—	—	—
Cross-currency interest rate swaps excluded component	(35)	(10)	(30)	56	—	—	—	—

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the effect of fair value and cash flow hedge accounting in the Unaudited Consolidated Statements of Earnings and Comprehensive Income for second quarter and first six months 2026 and 2025.

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

	Second Quarter					
	2026			2025		
(Dollars in millions)	Sales	Cost of Sales	Net Interest Expense	Sales	Cost of Sales	Net Interest Expense
Total amounts of income and expense line items presented in the Unaudited Consolidated Statements of Earnings and Comprehensive Income in which the effects of fair value or cash flow hedges are recognized	$ 2,513	$ 1,953	$ 55	$ 2,287	$ 1,781	$ 53
The effects of fair value and cash flow hedging:						
Gain or (loss) on cash flow hedging relationships:						
Interest contracts (forward starting interest rate and treasury lock swap contracts):						
Amount reclassified from AOCI into earnings			(1)			(1)
Commodity Contracts:						
Amount reclassified from AOCI into earnings		4			(3)	
Foreign Exchange Contracts:						
Amount reclassified from AOCI into earnings	(3)			(4)		

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

	First Six Months					
	2026			2025		
(Dollars in millions)	Sales	Cost of Sales	Net Interest Expense	Sales	Cost of Sales	Net Interest Expense
Total amounts of income and expense line items presented in the Unaudited Consolidated Statements of Earnings and Comprehensive Income in which the effects of fair value or cash flow hedges are recognized	$ 4,690	$ 3,699	$ 107	$ 4,577	$ 3,504	$ 102
The effects of fair value and cash flow hedging:						
Gain or (loss) on cash flow hedging relationships:						
Interest contracts (forward starting interest rate and treasury lock swap contracts):						
Amount reclassified from AOCI into earnings			(2)			(2)
Commodity Contracts:						
Amount reclassified from AOCI into earnings		9			(3)	
Foreign Exchange Contracts:						
Amount reclassified from AOCI into earnings	(8)			—		

The Company enters into foreign exchange derivatives denominated in multiple currencies which are transacted and settled in the same quarter. These derivatives are not designated as hedges due to the short-term nature and the gains or losses on these derivatives are marked-to-market in line item "Other (income) charges, net" in the Unaudited Consolidated Statements of Earnings and Comprehensive Income. As a result of these derivatives, the Company recognized a net loss of $6 million and $18 million during second quarter and first six months 2026, and recognized a net gain of $15 million and $18 million during second quarter and first six months 2025.

Pre-tax monetized positions and mark-to-market gains and losses from currency, raw materials and energy, and certain interest rate hedges that were included in AOCI resulted in a net unrealized loss of $47 million and a net unrealized loss of $119 million at June 30, 2026 and December 31, 2025. Unrealized losses in AOCI decreased between December 31, 2025 and June 30, 2026 primarily as a result of a decrease in euro to U.S. dollar exchange rates. If realized, approximately $5 million in pre-tax losses as of June 30, 2026, would be reclassified into earnings during the next 12 months, including foreign exchange contracts prospectively dedesignated and monetized in 2024.

6. RETIREMENT PLANS

Defined Benefit Pension Plans and Other Postretirement Benefit Plans

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

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

	Second Quarter					
	Pension Plans				Other Postretirement Benefit Plans	
	2026		2025		2026	2025
(Dollars in millions)	U.S.	Non-U.S.	U.S.	Non-U.S.		
Service cost	$ 4	$ 2	$ 5	$ 2	$ —	$ —
Interest cost	15	7	18	6	2	6
Expected return on assets	(22)	(8)	(23)	(8)	(1)	(1)
Amortization of:						
Prior service credit, net	—	—	—	—	(9)	—
Net periodic benefit (credit) cost	$ (3)	$ 1	$ —	$ —	$ (8)	$ 5

	First Six Months					
	Pension Plans				Other Postretirement Benefit Plans	
	2026		2025		2026	2025
(Dollars in millions)	U.S.	Non-U.S.	U.S.	Non-U.S.		
Service cost	$ 8	$ 4	$ 9	$ 4	$ —	$ —
Interest cost	30	14	36	12	5	11
Expected return on assets	(45)	(16)	(45)	(15)	(2)	(2)
Amortization of:						
Prior service credit, net	—	—	—	—	(19)	—
Net periodic benefit (credit) cost	$ (7)	$ 2	$ —	$ 1	$ (16)	$ 9

For additional information regarding retirement plans, see Note 11, "Retirement Plans", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

7. ENVIRONMENTAL MATTERS AND ASSET RETIREMENT OBLIGATIONS

Certain Eastman manufacturing facilities generate hazardous and nonhazardous wastes, of which the treatment, storage, transportation, and disposal are regulated by various governmental agencies. In connection with the cleanup of various hazardous waste sites, the Company, along with many other entities, has been designated a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency under the Comprehensive Environmental Response, Compensation and Liability Act, which potentially subjects PRPs to joint and several liability for certain cleanup costs. In addition, the Company will incur costs for environmental remediation and closure and post-closure under the federal Resource Conservation and Recovery Act. Reserves for environmental contingencies have been established in accordance with Eastman's policies described in Note 1, "Significant Accounting Policies", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K. The resolution of uncertainties related to environmental matters may have a material adverse effect on the Company's consolidated financial statements and related disclosures in the period recognized. However, because of the availability of legal defenses, the Company's preliminary assessment of actions that may be required, and the extended period of time that the obligations are expected to be satisfied, management does not believe that the Company's liability for these environmental matters, individually or in the aggregate, will have a material adverse effect on the Company's future overall financial position, results of operations, or cash flows.

Environmental Remediation and Environmental Asset Retirement Obligations

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

(Dollars in millions)	June 30, 2026	December 31, 2025
Environmental contingencies, current	$ 25	$ 20
Environmental contingencies, long-term	296	298
Total	$ 321	$ 318

Environmental Remediation

Estimated future environmental expenditures for undiscounted remediation costs ranged from $287 million to $524 million and from $285 million to $509 million at June 30, 2026 and December 31, 2025. The best estimate or minimum estimated future environmental expenditures are considered to be probable and reasonably estimable.

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

Changes in the reserves for environmental remediation liabilities during first six months 2026 are summarized below:

(Dollars in millions)	Environmental Remediation Liabilities
Balance at December 31, 2025	$ 285
Changes in estimates recognized in earnings and other	10
Cash reductions	(8)
Balance at June 30, 2026	$ 287

Environmental Asset Retirement Obligations

An asset retirement obligation is an obligation for the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development, or normal operation of that long-lived asset. Environmental asset retirement obligations primarily consist of closure and post-closure costs. For sites that have environmental asset retirement obligations, the best estimate recognized to date for these environmental asset retirement obligation costs were $34 million and $33 million at June 30, 2026 and December 31, 2025.

Non-Environmental Asset Retirement Obligations

The Company has contractual asset retirement obligations not associated with environmental liabilities. Eastman's non-environmental asset retirement obligations are primarily associated with the future closure of leased manufacturing assets in Pace, Florida and Oulu, Finland. These non-environmental asset retirement obligations were $57 million and $56 million at June 30, 2026 and December 31, 2025, and are included in "Other long-term liabilities" on the Unaudited Consolidated Statements of Financial Position.

8. LEGAL MATTERS

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

9. STOCKHOLDERS' EQUITY

Reconciliations of the changes in stockholders' equity for second quarter and first six months 2026 and 2025 are provided below:

(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at March 31, 2026	$ 2	$ 2,520	$ 10,114	$ (141)	$ (6,486)	$ 6,009	$ 77	$ 6,086
Net Earnings	—	—	183	—	—	183	1	184
Cash Dividends Declared [(1)] ($0.84 per share)	—	—	(96)	—	—	(96)	—	(96)
Other Comprehensive Income (Loss)	—	—	—	(19)	—	(19)	—	(19)
Share-Based Compensation Expense [(2)]	—	19	—	—	—	19	—	19
Stock Option Exercises	—	1	—	—	—	1	—	1
Other	—	(1)	—	—	—	(1)	3	2
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(2)	(2)
Balance at June 30, 2026	$ 2	$ 2,539	$ 10,201	$ (160)	$ (6,486)	$ 6,096	$ 79	$ 6,175

(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at March 31, 2025	$ 2	$ 2,476	$ 10,099	$ (321)	$ (6,385)	$ 5,871	$ 73	$ 5,944
Net Earnings	—	—	140	—	—	140	—	140
Cash Dividends Declared [(1)] ($0.83 per share)	—	—	(96)	—	—	(96)	—	(96)
Other Comprehensive Income (Loss)	—	—	—	(32)	—	(32)	—	(32)
Share-Based Compensation Expense [(2)]	—	2	—	—	—	2	—	2
Share Repurchases	—	—	—	—	(50)	(50)	—	(50)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(2)	(2)
Balance at June 30, 2025	$ 2	$ 2,478	$ 10,143	$ (353)	$ (6,435)	$ 5,835	$ 71	$ 5,906

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2025	$ 2	$ 2,500	$ 10,105	$ (160)	$ (6,486)	$ 5,961	$ 76	$ 6,037
Net Earnings	—	—	290	—	—	290	1	291
Cash Dividends Declared [1] ($1.68 per share)	—	—	(194)	—	—	(194)	—	(194)
Other Comprehensive Income (Loss)	—	—	—	—	—	—	—	—
Share-Based Compensation Expense [2]	—	46	—	—	—	46	—	46
Stock Option Exercises	—	2	—	—	—	2	—	2
Other [3]	—	(9)	—	—	—	(9)	5	(4)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2026	$ 2	$ 2,539	$ 10,201	$ (160)	$ (6,486)	$ 6,096	$ 79	$ 6,175

(Dollars in millions, except per share amount)	Common Stock at Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock at Cost	Total Eastman Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2024	$ 2	$ 2,463	$ 10,013	$ (314)	$ (6,385)	$ 5,779	$ 73	$ 5,852
Net Earnings	—	—	322	—	—	322	1	323
Cash Dividends Declared [1] ($1.66 per share)	—	—	(192)	—	—	(192)	—	(192)
Other Comprehensive Income (Loss)	—	—	—	(39)	—	(39)	—	(39)
Share-Based Compensation Expense [2]	—	25	—	—	—	25	—	25
Stock Option Exercises	—	2	—	—	—	2	—	2
Other [3]	—	(12)	—	—	—	(12)	—	(12)
Share Repurchases	—	—	—	—	(50)	(50)	—	(50)
Distributions to Noncontrolling Interest	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2025	$ 2	$ 2,478	$ 10,143	$ (353)	$ (6,435)	$ 5,835	$ 71	$ 5,906

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

Accumulated Other Comprehensive Income (Loss), Net of Tax

(Dollars in millions)	Cumulative Translation Adjustment	Benefit Plans Unrecognized Prior Service Credits	Unrealized Gains (Losses) on Derivative Instruments	Unrealized Losses on Investments	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2025	$ (283)	$ 152	$ (28)	$ (1)	$ (160)
Period change	(4)	(15)	19	—	—
Balance at June 30, 2026	$ (287)	$ 137	$ (9)	$ (1)	$ (160)

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

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

	Second Quarter			
	2026		2025	
(Dollars in millions)	Before Tax	Net of Tax	Before Tax	Net of Tax
Other comprehensive income (loss)				
Change in cumulative translation adjustment	$ (16)	$ (13)	$ (43)	$ (6)
Defined benefit pension and other postretirement benefit plans:				
Amortization of unrecognized prior service credits included in net periodic costs	(9)	(8)	—	—
Derivatives and hedging:				
Unrealized gain (loss) during period	3	2	(43)	(32)
Reclassification adjustment for (gains) losses included in net income, net	—	—	8	6
Total other comprehensive income (loss)	$ (22)	$ (19)	$ (78)	$ (32)

	First Six Months			
	2026		2025	
(Dollars in millions)	Before Tax	Net of Tax	Before Tax	Net of Tax
Other comprehensive income (loss)				
Change in cumulative translation adjustment	$ 3	$ (4)	$ (44)	$ 2
Defined benefit pension and other postretirement benefit plans:				
Amortization of unrecognized prior service credits included in net periodic costs	(19)	(15)	—	—
Derivatives and hedging:				
Unrealized gain (loss) during period	24	18	(60)	(45)
Reclassification adjustment for (gains) losses included in net income, net	1	1	5	4
Total other comprehensive income (loss)	$ 9	$ —	$ (99)	$ (39)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS AND DIVIDENDS PER SHARE

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

	Second Quarter		First Six Months	
(In millions, except per share amounts)	2026	2025	2026	2025
Numerator				
Earnings attributable to Eastman, net of tax	$ 183	$ 140	$ 290	$ 322
Denominator				
Weighted average shares used for basic EPS	114.3	115.0	114.2	115.1
Dilutive effect of stock options and other awards	1.0	1.2	1.0	1.3
Weighted average shares used for diluted EPS	115.3	116.2	115.2	116.4
(Calculated using whole dollars and shares)				
EPS				
Basic	$ 1.60	$ 1.22	$ 2.54	$ 2.80
Diluted	$ 1.59	$ 1.20	$ 2.51	$ 2.77

Shares underlying stock options of 3,987,014 and 3,264,994 for second quarter 2026 and 2025, and 4,038,459 and 1,772,176 for first six months 2026 and 2025 were excluded from the calculations of diluted EPS because the grant date exercise price of these options was greater than the average market price of the Company's common stock and the effect of including them in the calculations of diluted EPS would have been antidilutive. No shares were repurchased in second quarter and first six months 2026, and 643,791 shares were repurchased in both second quarter and first six months 2025.

The Company declared cash dividends of $0.84 and $0.83 per share for second quarter 2026 and 2025, and $1.68 and $1.66 for first six months 2026 and 2025.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

11. ASSET IMPAIRMENTS, RESTRUCTURING, AND OTHER CHARGES, NET

(Dollars in millions)	Second Quarter		First Six Months	
	2026	2025	2026	2025
Severance charges (1)(2)(3)(4)	$ 1	$ 10	$ 7	$ 11
Restructuring and other charges (2)(4)(5)	—	3	3	11
Total	$ 1	$ 13	$ 10	$ 22

(1) Second quarter and first six months 2026 included severance charges of $1 million and $4 million related to corporate cost reduction initiatives reported in "Other".
(2) First six months 2026 included severance charges of $3 million and restructuring charges of $3 million related to the closure of a production line at a German performance films facility in the Advanced Materials ("AM") segment. In addition, inventory adjustments of $3 million in the AM segment were recognized in "Cost of sales" in the Unaudited Consolidated Statement of Earnings and Comprehensive Income in first six months 2026 related to this closure.
(3) Second quarter and first six months 2025 included severance charges of $10 million related to corporate cost reduction initiatives reported in "Other".
(4) First six months 2025 included severance charges of $1 million and restructuring charges of $3 million related to the closure of a heat-transfer fluids production line at a North America specialty fluids and energy facility in the Additives & Functional Products segment.
(5) Second quarter and first six months 2025 included charges of $3 million and $8 million related to profitability improvement initiatives reported in "Other."

Changes in Reserves

The following table summarizes the changes in asset impairments and restructuring reserves in first six months 2026:

(Dollars in millions)	Balance at January 1, 2026	Provision/ Adjustments	Non-cash Reductions/ Additions	Cash Reductions	Balance at June 30, 2026
Severance costs	$ 26	$ 7	$ —	$ (14)	$ 19
Restructuring and other charges	8	3	—	(5)	6
Total	$ 34	$ 10	$ —	$ (19)	$ 25

Substantially all severance costs remaining as of June 30, 2026 are expected to be paid within one year.

12. SHARE-BASED COMPENSATION AWARDS

The Company utilizes share-based awards under employee and non-employee director compensation programs. Share-based awards include restricted and unrestricted stock, restricted stock units, stock options, stock appreciation rights, and performance share awards.

In second quarter 2026 and 2025, $19 million and $2 million of compensation expense before tax was recognized in "Selling, general and administrative expense" in the Unaudited Consolidated Statements of Earnings and Comprehensive Income for all share-based awards. The related impact on net earnings for second quarter 2026 and 2025 was $15 million and $2 million net of deferred tax expense related to share-based award compensation for each period.

In first six months 2026 and 2025, $46 million and $25 million of compensation expense before tax was recognized in "Selling, general and administrative expense" in the Unaudited Consolidated Statements of Earnings and Comprehensive Income for all share-based awards. The related impact on net earnings for first six months 2026 and 2025 was $35 million and $19 million net of deferred tax expense related to share-based award compensation for each period.

For additional information regarding share-based compensation plans and awards, see Note 18, "Share-Based Compensation Plans and Awards", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K.

13. SEGMENT INFORMATION

Eastman's products and operations are managed and reported in four operating segments: Advanced Materials ("AM"), Additives & Functional Products ("AFP"), Chemical Intermediates ("CI"), and Fibers. The economic factors that impact the nature, amount, timing, and uncertainty of revenue and cash flows vary among the Company's operating segments and the geographical regions in which they operate. This operating segment structure is used by the Chief Operating Decision Maker ("CODM"), who has been determined to be the Chief Executive Officer, to make key operating decisions and assess performance of the Company. The CODM evaluates segment operating performance, and makes resource allocation and performance evaluation decisions, based on Adjusted EBIT, defined as the GAAP measure earnings before interest and taxes ("EBIT"), adjusted for non-core, unusual, or non-recurring items. These adjustments allow the CODM to evaluate segment operating performance excluding the effect of transactions, costs, and losses or gains that do not directly result from Eastman's normal, or "core", business and operations, or are otherwise of an unusual or non-recurring nature. For disaggregation of revenue by major product lines and regions for each operating segment, see Note 20, "Segment and Regional Sales Information", to the consolidated financial statements in Part II, Item 8 of the Company's 2025 Annual Report on Form 10-K. For additional financial and product information for each operating segment, see Part I, Item 1, "Business - Business Segments", in the Company's 2025 Annual Report on Form 10-K.

	Second Quarter 2026				
(Dollars in millions)	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments
Sales	$ 817	$ 807	$ 643	$ 243	$ 2,510
Cost of sales	616	594	549	185	1,944
Selling, general and administrative expenses	74	50	30	19	173
Other segment items [1]	18	12	6	3	39
Adjusted EBIT	109	151	58	36	354
Reconciliation of segment Adjusted EBIT to consolidated "Earnings before income taxes" ("EBT"):					
"Other" adjusted EBIT [2]					(34)
Non-core items impacting EBIT					
Asset impairments, restructuring, and other charges, net [3]					(1)
Environmental and other costs [4]					(8)
Net interest expense					(55)
Consolidated EBT					$ 256

	Second Quarter 2026						
	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments	Other	Total Consolidated
Depreciation and amortization expense	$ 55	$ 37	$ 25	$ 15	$ 132	$ —	$ 132
Capital expenditures	59	18	9	10	96	4	100

(1) Other segment items for each reportable segment included research and development ("R&D") expenses, other components of post-employment (benefit) cost, net and other (income) charges, net.

(2) "Other" is not considered an operating segment. "Other" included sales and costs from growth initiatives and businesses, R&D costs, pension and other postretirement benefit plans income (expense), net, and other income (charges), net that are not identifiable to an operating segment.

(3) See Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", for a description of included items.

(4) Environmental and other costs from previously divested or non-operational sites and product lines, which included associated gains and losses.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions)	Second Quarter 2025 Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments
Sales	$ 777	$ 769	$ 463	$ 274	$ 2,283
Cost of sales	568	558	465	174	1,765
Selling, general and administrative expenses	64	43	21	16	144
Other segment items [1]	24	15	7	3	49
Adjusted EBIT	121	153	(30)	81	325
Reconciliation of segment Adjusted EBIT to consolidated EBT:					
"Other" adjusted EBIT [2]					(50)
Non-core items impacting EBIT					
Asset impairments, restructuring, and other charges, net [3]					(13)
Environmental and other costs [4]					(40)
Net interest expense					(53)
Consolidated EBT					$ 169

	Second Quarter 2025 Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments	Other	Total Consolidated
Depreciation and amortization expense	$ 51	$ 36	$ 24	$ 16	$ 127	$ —	$ 127
Capital expenditures	92	24	14	12	142	8	150

(1) Other segment items for each reportable segment included R&D expenses, other components of post-employment (benefit) cost, net and other (income) charges, net.
(2) "Other" is not considered an operating segment. "Other" included sales and costs from growth initiatives and businesses, R&D costs, pension and other postretirement benefit plans income (expense), net, and other income (charges), net that are not identifiable to an operating segment.
(3) See Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", for a description of included items.
(4) Environmental and other costs from previously divested or non-operational sites and product lines primarily related to increased chemical costs for groundwater treatment and new and extended remediation costs reported in "Other" to be paid out over 30 years.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	First Six Months 2026				
(Dollars in millions)	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments
Sales	$ 1,532	$ 1,546	$ 1,138	$ 468	$ 4,684
Cost of sales	1,173	1,130	1,029	346	3,678
Selling, general and administrative expenses	145	100	58	34	337
Other segment items [(1)]	36	23	11	7	77
Adjusted EBIT	178	293	40	81	592
Reconciliation of segment Adjusted EBIT to consolidated EBT:					
"Other" adjusted EBIT [(2)]					(72)
Non-core items impacting EBIT					
Cost of sales impact from restructuring activities [(3)]					(3)
Asset impairments, restructuring, and other charges, net [(3)]					(10)
Environmental and other costs [(4)]					(8)
Net interest expense					(107)
Consolidated EBT					$ 392

	First Six Months 2026						
	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments	Other	Total Consolidated
Depreciation and amortization expense	$ 107	$ 73	$ 50	$ 31	$ 261	$ 2	$ 263
Capital expenditures	114	34	26	17	191	12	203

(1) Other segment items for each reportable segment included R&D expenses, other components of post-employment (benefit) cost, net and other (income) charges, net.
(2) "Other" is not considered an operating segment. "Other" included sales and costs from growth initiatives and businesses, R&D costs, pension and other postretirement benefit plans income (expense), net, and other income (charges), net that are not identifiable to an operating segment.
(3) See Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", for a description of included items.
(4) Environmental and other costs from previously divested or non-operational sites and product lines, which included associated gains and losses.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	First Six Months 2025				
(Dollars in millions)	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments
Sales	$ 1,496	$ 1,502	$ 1,008	$ 562	$ 4,568
Cost of sales	1,079	1,084	957	350	3,470
Selling, general and administrative expenses	133	94	49	35	311
Other segment items [1]	47	30	13	8	98
Adjusted EBIT	237	294	(11)	169	689
Reconciliation of segment Adjusted EBIT to consolidated EBT:					
"Other" adjusted EBIT [2]					(103)
Non-core items impacting EBIT					
Asset impairments, restructuring, and other charges, net [3]					(22)
Environmental and other costs [4]					(40)
Net interest expense					(102)
Consolidated EBT					$ 422

	First Six Months 2025						
	Advanced Materials	Additives & Functional Products	Chemical Intermediates	Fibers	Total Operating Segments	Other	Total Consolidated
Depreciation and amortization expense	$ 101	$ 71	$ 48	$ 32	$ 252	$ 1	$ 253
Capital expenditures	189	39	33	20	281	16	297

(1) Other segment items for each reportable segment included R&D expenses, other components of post-employment (benefit) cost, net and other (income) charges, net.
(2) "Other" is not considered an operating segment. "Other" included sales and costs from growth initiatives and businesses, R&D costs, pension and other postretirement benefit plans income (expense), net, and other income (charges), net that are not identifiable to an operating segment.
(3) See Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", for a description of included items.
(4) Environmental and other costs from previously divested or non-operational sites and product lines primarily related to increased chemical costs for groundwater treatment and new and extended remediation costs reported in "Other" to be paid out over 30 years.

(Dollars in millions)	Second Quarter		First Six Months	
Sales by Segment	2026	2025	2026	2025
Advanced Materials	$ 817	$ 777	$ 1,532	$ 1,496
Additives & Functional Products	807	769	1,546	1,502
Chemical Intermediates	643	463	1,138	1,008
Fibers	243	274	468	562
Total Sales by Operating Segment	2,510	2,283	4,684	4,568
Other	3	4	6	9
Total Sales	$ 2,513	$ 2,287	$ 4,690	$ 4,577

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions)	June 30, 2026	December 31, 2025
Assets by Segment [(1)]		
Advanced Materials	$ 5,872	$ 5,705
Additives & Functional Products	4,744	4,668
Chemical Intermediates	1,765	1,646
Fibers	1,038	1,020
Total Assets by Operating Segment	13,419	13,039
Corporate Assets	2,005	1,820
Total Assets	$ 15,424	$ 14,859

(1) Segment assets include accounts receivable, inventory, fixed assets, goodwill, and intangible assets.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is based upon the unaudited consolidated financial statements of Eastman Chemical Company ("Eastman" or the "Company"), which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), and should be read in conjunction with the Company's audited consolidated financial statements, including related notes, and MD&A contained in the Company's 2025 Annual Report on Form 10-K, and the unaudited consolidated financial statements, including related notes, included in Part I, Item 1, in this Quarterly Report. All references to earnings per share ("EPS") contained in this report are diluted EPS unless otherwise noted.

NON-GAAP FINANCIAL MEASURES

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

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

Company Use of Non-GAAP Financial Measures

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

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

Non-core, unusual, or non-recurring items include transactions, costs, and losses or gains relating to, among other things, cost reduction initiatives, growth and profitability improvement initiatives, changes in businesses and assets, and other events outside of the Company's core business operations, and have included asset impairments, restructuring, and other charges and gains; costs of and related to acquisitions; gains and losses from and costs related to dispositions, closures, or shutdowns of businesses or assets; financing transaction costs; environmental and other costs related to previously divested businesses, non-operational sites and product lines, and discontinued programs; mark-to-market losses or gains for pension and other postretirement benefit plans; the impact from significant tax law changes; and unusual or non-recurring income tax reserves or adjustments.

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

Adjusted Tax Rate and Provision for Income Taxes

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

Non-GAAP Debt Measure

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

Non-GAAP Measures in this Quarterly Report

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

- Cost of sales impact from restructuring activities,
- Asset impairments, restructuring, and other charges, net, and
- Environmental and other costs from previously divested or non-operational sites and product lines, which included associated gains and losses.

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

- Income tax related item resulting from enactment of the One Big Beautiful Bill Act ("OBBBA").

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

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

	Second Quarter		First Six Months	
(Dollars in millions)	2026	2025	2026	2025
Non-core items impacting earnings before interest and taxes:				
Cost of sales impact from restructuring activities	$ —	$ —	$ 3	$ —
Asset impairments, restructuring, and other charges, net	1	13	10	22
Environmental and other costs	8	40	8	40
Total non-core items impacting earnings before interest and taxes	9	53	21	62
Less: Items impacting provision for income taxes:				
Tax effect of non-core items	(1)	14	3	15
Income tax related item	(8)	—	(13)	—
Interim adjustment to tax provision	(26)	(7)	(31)	(39)
Total items impacting provision for income taxes	(35)	7	(41)	(24)
Total items impacting net earnings attributable to Eastman	$ 44	$ 46	$ 62	$ 86

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

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

OVERVIEW

Eastman's products and operations are managed and reported in four operating segments: Advanced Materials ("AM"), Additives & Functional Products ("AFP"), Chemical Intermediates ("CI"), and Fibers. Eastman uses an innovation-driven growth model which consists of leveraging world class scalable technology platforms, delivering differentiated application development capabilities, and relentlessly engaging the market. The Company's world class technology platforms, scale advantage, and sustainability macrotrends form the foundation of the Company's research and development ("R&D") and innovation initiatives. Molecular recycling technologies continue to be an area of investment focus for the Company and extend the level of differentiation afforded by our world class technology platforms. Eastman began operating the world's largest polyester molecular recycling facility in 2024. Differentiated application development converts market complexity into opportunities for growth and accelerates innovation by enabling a deeper understanding of the value of Eastman's products and how they perform within customers' and end-user products. Key areas of application development include thermoplastic conversion, functional films, coatings formulations, textiles, and personal and home care formulations. The Company engages the market by working directly with customers and downstream users, targeting attractive markets, and leveraging disruptive macro trends. Management believes that these elements of the Company's innovation-driven growth model, combined with disciplined portfolio management and balanced capital deployment, will result in consistent, sustainable earnings growth and strong cash flow from operations.

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

	Second Quarter		First Six Months	
(Dollars in millions)	2026	2025	2026	2025
Sales	$ 2,513	$ 2,287	$ 4,690	$ 4,577
Earnings before interest and taxes	311	222	499	524
Earnings before interest and taxes excluding non-core items	320	275	520	586

Sales revenue increased in second quarter 2026 compared to second quarter 2025 primarily due to higher sales volume mix and higher selling prices. Higher sales volume mix in the AM and CI segments was partially offset by lower sales volume mix in the Fibers segment. Higher selling prices in the CI segment were primarily driven by tightening market conditions from the ongoing Middle East conflict. Higher selling prices in specialty businesses offset higher raw material and distribution costs.

Sales revenue increased in first six months 2026 compared to first six months 2025 primarily due to a favorable foreign currency exchange impact.

EBIT excluding non-core items increased in second quarter 2026 compared to second quarter 2025 primarily due to higher selling prices, net of slightly higher raw material and energy costs and the benefit of continued cost reduction initiatives. These impacts were partially offset by higher selling general and administration ("SG&A") and planned maintenance expenses.

EBIT excluding non-core items decreased in first six months 2026 compared to first six months 2025 primarily due to lower sales volume mix, lower selling prices, higher raw material and energy costs, and higher SG&A expenses. These impacts were partially offset by the impact of cost reduction initiatives and a favorable foreign currency exchange impact primarily in the AM and AFP segments.

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

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

	Second Quarter			
	2026		2025	
(Dollars in millions, except EPS)	$	EPS	$	EPS
Net earnings attributable to Eastman	$ 183	$ 1.59	$ 140	$ 1.20
Total non-core and unusual items, net of tax	18	0.16	39	0.34
Interim adjustment to tax provision	26	0.22	7	0.06
Adjusted net earnings attributable to Eastman	$ 227	$ 1.97	$ 186	$ 1.60

	First Six Months			
	2026		2025	
(Dollars in millions, except EPS)	$	EPS	$	EPS
Net earnings attributable to Eastman	$ 290	$ 2.51	$ 322	$ 2.77
Total non-core and unusual items, net of tax	31	0.27	47	0.40
Interim adjustment to tax provision	31	0.28	39	0.34
Adjusted net earnings	$ 352	$ 3.06	$ 408	$ 3.51

Cash provided by operating activities was $87 million in first six months 2026 compared to $66 million in first six months 2025.

RESULTS OF OPERATIONS

Sales

	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
Sales	$ 2,513	$ 2,287	$ 226	10 %	$ 4,690	$ 4,577	$ 113	2 %
Volume / product mix effect			111	5 %			27	— %
Price effect			87	4 %			5	— %
Exchange rate effect			28	1 %			81	2 %

Sales revenue increased in second quarter and first six months 2026 compared to second quarter and first six months 2025 due to increases in all segments except the Fibers segment. Further discussion by operating segments is presented in "Summary by Operating Segment" in this MD&A.

Gross Profit

	Second Quarter			First Six Months		
(Dollars in millions)	2026	2025	Change	2026	2025	Change
Gross profit	$ 560	$ 506	11 %	$ 991	$ 1,073	(8)%
Cost of sales impact from restructuring activities	—	—		3	—	
Gross profit excluding non-core item	$ 560	$ 506	11 %	$ 994	$ 1,073	(7)%

Gross profit increased in second quarter 2026 compared to second quarter 2025 due to increases in the CI and AFP segments partially offset by decreases in the Fibers and AM segments. Gross profit in first six months 2026 included inventory adjustments related to the closure of a production line at a German performance films facility in the AM segment. Excluding this non-core item, gross profit decreased in first six months 2026 compared to first six months 2025 due to decreases in all segments except the CI segment. Further discussion of sales revenue and EBIT changes is presented in "Summary by Operating Segment" in this MD&A.

Selling, General and Administrative Expenses

	Second Quarter			First Six Months		
(Dollars in millions)	2026	2025	Change	2026	2025	Change
Selling, general and administrative expenses	$ 185	$ 157	18 %	$ 363	$ 339	7 %

Selling, general and administrative expenses increased in second quarter and first six months 2026 compared to second quarter and first six months 2025 primarily due to higher variable compensation costs partially offset by cost reduction initiatives.

Research and Development Expenses

	Second Quarter			First Six Months		
(Dollars in millions)	2026	2025	Change	2026	2025	Change
Research and development expenses	$ 65	$ 67	(3)%	$ 125	$ 134	(7)%

Research and development expenses decreased in second quarter and first six months 2026 compared to second quarter and first six months 2025 primarily due to targeted reductions in R&D projects.

Asset Impairments, Restructuring, and Other Charges, Net

	Second Quarter		First Six Months	
(Dollars in millions)	2026	2025	2026	2025
Severance charges	$ 1	$ 10	$ 7	$ 11
Restructuring and other charges	—	3	3	11
Total	$ 1	$ 13	$ 10	$ 22

For detailed information regarding asset impairments, restructuring, and other charges, net see Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

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

	Second Quarter		First Six Months	
(Dollars in millions)	2026	2025	2026	2025
Other components of post-employment (benefit) cost, net	$ (16)	$ (2)	$ (33)	$ (3)

Other components of post-employment (benefit) cost, net were more favorable in second quarter and first six months 2026 compared to second quarter and first six months 2025 due to a prior service credit related to the Company's 2025 other postretirement benefit plan amendment. For more information regarding other components of post-employment (benefit) cost, net see Note 6, "Retirement Plans", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Other (Income) Charges, Net

	Second Quarter		First Six Months	
(Dollars in millions)	2026	2025	2026	2025
Foreign exchange transaction losses, net	$ —	$ 4	$ 1	$ 4
(Income) loss from equity investments and other investment (gains) losses, net	1	1	1	2
Environmental and other costs	8	40	8	40
Other, net	5	4	17	11
Other (income) charges, net	$ 14	$ 49	$ 27	$ 57
Environmental and other costs	(8)	(40)	(8)	(40)
Other (income) charges, net excluding non-core items	$ 6	$ 9	$ 19	$ 17

Other (income) charges, net in second quarter and first six months 2026 and 2025 included environmental and other costs related to previously divested businesses or non-operational sites and product lines, and in second quarter and first six months 2026 also included associated gains and losses. Excluding these non-core items, Other (income) charges, net decreased in second quarter 2026 compared to second quarter 2025 primarily due to lower foreign exchange transaction losses, and increased in first six months 2026 compared to first six months 2025 primarily due to an increase of indirect taxes. For more information regarding components of foreign exchange transaction losses, see Note 5, "Derivative and Non-Derivative Financial Instruments", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Earnings Before Interest and Taxes

	Second Quarter			First Six Months		
(Dollars in millions)	2026	2025	Change	2026	2025	Change
Earnings before interest and taxes	$ 311	$ 222	40 %	$ 499	$ 524	(5)%
Cost of sales impact from restructuring activities	—	—		3	—	
Asset impairments, restructuring, and other charges, net	1	13		10	22	
Environmental and other costs	8	40		8	40	
Earnings before interest and taxes excluding non-core items	$ 320	$ 275	16 %	$ 520	$ 586	(11)%

Net Interest Expense

	Second Quarter			First Six Months		
(Dollars in millions)	2026	2025	Change	2026	2025	Change
Gross interest costs	$ 60	$ 59	2 %	$ 117	$ 117	— %
Less: Capitalized interest	3	3		6	8	
Interest expense	57	56		111	109	
Less: Interest income	2	3		4	7	
Net interest expense	$ 55	$ 53	4 %	$ 107	$ 102	5 %

Net interest expense increased in second quarter and first six months 2026 compared to second quarter and first six months 2025 primarily due to lower interest income.

Provision for Income Taxes

	Second Quarter				First Six Months			
	2026		2025		2026		2025	
(Dollars in millions)	$	%	$	%	$	%	$	%
Provision for income taxes and effective tax rate	$ 72	28 %	$ 29	17 %	$ 101	26 %	$ 99	23 %
Tax provision for non-core items [(1)]	(1)		14		3		15	
Income tax related item [(2)]	(8)		—		(13)		—	
Interim adjustment to tax provision [(3)]	(26)		(7)		(31)		(39)	
Adjusted provision for income taxes and effective tax rate	$ 37	15 %	$ 36	16 %	$ 60	15 %	$ 75	16 %

(1) Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.
(2) Resulting from the enactment of OBBBA.
(3) Second quarter 2026 provision for income taxes was adjusted to reflect the current forecasted full year effective tax rate. Second quarter 2025 provision for income taxes was adjusted to reflect the then current forecasted full year effective tax rate.

	First Six Months [(1)]	
	2026	2025
Effective tax rate	26 %	23 %
Discrete tax items [(2)]	(1)%	(1)%
Tax impact of current year non-core items [(3)]	(2)%	4 %
Changes in tax contingencies and valuation allowances	— %	(2)%
Forecasted full year impact of expected tax events [(4)]	(8)%	(8)%
Forecasted full year adjusted effective tax rate	15 %	16 %

(1) Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 14.5 percent and 15.5 percent for first six months 2026 and 2025.
(2) "Discrete tax items" are items that are excluded from the Company's estimated annual effective tax rate and recognized entirely in the quarter in which the item occurs. Discrete tax items for first six months 2026 and 2025 are related to share based compensation expense and adjustments to certain prior year tax returns.
(3) Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.
(4) Expected future tax events may include finalization of tax returns; federal, state, and foreign examinations or the expiration of statutes of limitation; and corporate restructurings.

Net Earnings Attributable to Eastman and Diluted Earnings per Share

	Second Quarter			
	2026		2025	
(Dollars in millions, except EPS)	$	EPS	$	EPS
Net earnings and diluted earnings per share attributable to Eastman	$ 183	$ 1.59	$ 140	$ 1.20
Non-core items, net of tax: [1]				
Asset impairments, restructuring, and other charges, net	1	0.01	8	0.08
Environmental and other costs	9	0.08	31	0.26
Unusual item:				
Income tax related item	8	0.07	—	—
Interim adjustment to tax provision	26	0.22	7	0.06
Adjusted net earnings and diluted earnings per share attributable to Eastman	$ 227	$ 1.97	$ 186	$ 1.60

	First Six Months			
	2026		2025	
(Dollars in millions, except EPS)	$	EPS	$	EPS
Net earnings and diluted earnings per share attributable to Eastman	$ 290	$ 2.51	$ 322	$ 2.77
Non-core items, net of tax: [1]				
Cost of sales impact from restructuring activities	2	0.02	—	—
Asset impairments, restructuring, and other charges, net	7	0.06	16	0.14
Environmental and other costs	9	0.08	31	0.26
Unusual item:				
Income tax related item	13	0.11	—	—
Interim adjustment to tax provision	31	0.28	39	0.34
Adjusted net earnings and diluted earnings per share attributable to Eastman	$ 352	$ 3.06	$ 408	$ 3.51

(1) Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

SUMMARY BY OPERATING SEGMENT

Eastman's products and operations are managed and reported in four operating segments: Advanced Materials ("AM"), Additives & Functional Products ("AFP"), Chemical Intermediates ("CI"), and Fibers. For additional financial and product information for each operating segment, see Part I, Item 1, "Business - Business Segments" and Part II, Item 8, Note 20, "Segment and Regional Sales Information", in the Company's 2025 Annual Report on Form 10-K.

Advanced Materials Segment

	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
Sales	$ 817	$ 777	$ 40	5 %	$ 1,532	$ 1,496	$ 36	2 %
Volume / product mix effect			28	4 %			27	2 %
Price effect			(1)	— %			(23)	(2)%
Exchange rate effect			13	1 %			32	2 %
Earnings before interest and taxes	$ 109	$ 121	$ (12)	(10)%	$ 169	$ 237	$ (68)	(29)%
Cost of sales impact from restructuring activities	—	—	—		3	—	3	
Asset impairments, restructuring, and other charges, net	—	—	—		6	—	6	
Earnings before interest and taxes excluding non-core items	109	121	(12)	(10)%	178	237	(59)	(25)%

Sales revenue increased in second quarter 2026 compared to second quarter 2025 due to higher sales volume mix and a favorable foreign currency exchange impact. Higher sales volume mix was driven by growth across the segment.

Sales revenue increased in first six months 2026 compared to first six months 2025 due to a favorable foreign currency exchange impact and higher sales volume mix partially offset by lower selling prices.

EBIT decreased in second quarter 2026 compared to second quarter 2025 primarily due to $7 million higher sales volume mix and a favorable foreign currency exchange impact being more than offset by higher manufacturing costs, as a result of lower asset utilization, and higher SG&A expenses.

EBIT in first six months 2026 included inventory adjustments and asset impairments, restructuring, and other charges, net related to the closure of a production line at a German performance films facility. For more information see Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Excluding these non-core items, EBIT decreased in first six months 2026 compared to first six months 2025 due to lower selling prices and higher manufacturing costs, as a result of lower asset utilization, partially offset by a favorable foreign currency exchange impact.

Additives & Functional Products Segment

	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
Sales	$ 807	$ 769	$ 38	5 %	$ 1,546	$ 1,502	$ 44	3 %
Volume / product mix effect			(1)	— %			(10)	— %
Price effect			28	4 %			18	1 %
Exchange rate effect			11	1 %			36	2 %
Earnings before interest and taxes	$ 151	$ 153	$ (2)	(1)%	$ 293	$ 290	$ 3	1 %
Asset impairments, restructuring, and other charges, net	—	—	—		—	4	(4)	
Earnings before interest and taxes excluding non-core item	151	153	(2)	(1)%	293	294	(1)	— %

Sales revenue increased in second quarter 2026 compared to second quarter 2025 primarily due to higher selling prices driven by cost-pass-through contracts.

Sales revenue increased in first six months 2026 compared to first six months 2025 due to a favorable foreign currency exchange impact and higher selling prices. Higher selling prices were driven by cost-pass-through contracts.

EBIT in first six months 2025 included asset impairments, restructuring, and other charges, net related to the closure of a heat-transfer fluids production line at a specialty fluids and energy facility in North America. For more information see Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

Excluding this non-core item, EBIT was relatively unchanged in second quarter and first six months 2026 compared to second quarter and first six months 2025 as higher manufacturing costs were mostly offset by higher sales volume mix and a favorable foreign currency exchange impact.

Chemical Intermediates Segment

	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
Sales	$ 643	$ 463	$ 180	39 %	$ 1,138	$ 1,008	$ 130	13 %
Volume / product mix effect			112	24 %			97	10 %
Price effect			65	14 %			22	2 %
Exchange rate effect			3	1 %			11	1 %
Earnings (loss) before interest and taxes	$ 58	$ (30)	$ 88	293 %	$ 40	$ (11)	$ 51	464 %

Sales revenue increased in second quarter and first six months 2026 compared to second quarter and first six months 2025 due to higher sales volume mix and higher selling prices, particularly for olefin and derivative products. These increases were driven by additional product availability compared to the prior year period and supply disruptions.

EBIT increased in second quarter 2026 compared to second quarter 2025 primarily due to $83 million of higher selling prices and lower raw material and energy costs.

EBIT increased in first six months 2026 compared to first six months 2025 primarily due to $24 million higher selling prices and lower raw material and energy costs and higher sales volume mix.

Fibers Segment

	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
Sales	$ 243	$ 274	$ (31)	(11)%	$ 468	$ 562	$ (94)	(17)%
Volume / product mix effect			(27)	(10)%			(81)	(14)%
Price effect			(6)	(2)%			(15)	(3)%
Exchange rate effect			2	1 %			2	— %
Earnings before interest and taxes	$ 36	$ 81	$ (45)	(56)%	$ 81	$ 169	$ (88)	(52)%

Sales revenue decreased in second quarter and first six months 2026 compared to second quarter and first six months 2025 due to lower sales volume mix driven by continued customer buying patterns to continue with inventory destocking in the acetate tow product line and continued weakness in the textiles end market relative to tariff-driven volume strength last year.

EBIT decreased in second quarter 2026 compared to second quarter 2025 primarily due to $36 million lower sales volume mix and lower selling prices and higher raw material and energy costs.

EBIT decreased in first six months 2026 compared to first six months 2025 primarily due to $68 million lower sales volume mix and unfavorable asset utilization and lower selling prices and higher raw material and energy costs.

Other

(Dollars in millions)	Second Quarter 2026	Second Quarter 2025	First Six Months 2026	First Six Months 2025
Sales	$ 3	$ 4	$ 6	$ 9
Loss before interest and taxes				
Growth initiatives and businesses not allocated to operating segments	$ (41)	$ (47)	$ (78)	$ (98)
Pension and other postretirement benefits income (expense), net not allocated to operating segments	7	1	14	2
Asset impairments, restructuring, and other charges, net	(1)	(13)	(4)	(18)
Other income (charges), net not allocated to operating segments	(8)	(44)	(16)	(47)
Loss before interest and taxes	$ (43)	$ (103)	$ (84)	$ (161)
Asset impairments, restructuring, and other charges, net	1	13	4	18
Environmental and other costs	8	40	8	40
Loss before interest and taxes excluding non-core items	(34)	(50)	(72)	(103)

Sales and costs related to growth initiatives, including the cellulosic biopolymer and circular economy platforms, R&D costs, certain components of pension and other postretirement benefits, and other expenses and income not identifiable to an operating segment are included in "Other".

Loss before interest and taxes in second quarter and first six months 2026 and second quarter and first six months 2025 included environmental and other costs from previously divested or non-operational sites and product lines, and severance charges related to corporate cost reduction initiatives, and in second quarter and first six months 2026 also included associated gains and losses. For more information regarding non-GAAP items, see "Non-GAAP Financial Measures" in this MD&A. For more information regarding asset impairments, restructuring, and other charges, net, see Note 11, "Asset Impairments, Restructuring, and Other Charges, Net", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

SALES BY CUSTOMER LOCATION

	Sales Revenue							
	Second Quarter				First Six Months			
			Change				Change	
(Dollars in millions)	2026	2025	$	%	2026	2025	$	%
United States and Canada	$ 1,158	$ 963	$ 195	20 %	$ 2,137	$ 1,983	$ 154	8 %
Europe, Middle East, and Africa	628	610	18	3 %	1,202	1,220	(18)	(1)%
Asia Pacific	578	583	(5)	(1)%	1,078	1,122	(44)	(4)%
Latin America	149	131	18	14 %	273	252	21	8 %
Total Eastman	$ 2,513	$ 2,287	$ 226	10 %	$ 4,690	$ 4,577	$ 113	2 %

Sales revenue increased 10 percent in second quarter 2026 compared to second quarter 2025. Higher sales revenue was due to higher sales volume across all regions except the Europe, Middle East, and Africa region ("EMEA") and higher selling prices across all regions except the Asia Pacific region.

Sales revenue increased 2 percent in first six months 2026 compared to first six months 2025. Higher sales revenue was primarily due to higher sales volume and higher selling prices in the United States and Canada and Latin America regions, as well as a favorable foreign currency exchange impact in the EMEA and Asia Pacific regions. These increases were partially offset by lower sales volume and lower selling prices in the EMEA and Asia Pacific regions.

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

LIQUIDITY AND OTHER FINANCIAL INFORMATION

Cash Flows

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

	First Six Months	
(Dollars in millions)	2026	2025
Net cash provided by (used in)		
Operating activities	$ 87	$ 66
Investing activities	(203)	(278)
Financing activities	241	(214)
Effect of exchange rate changes on cash and cash equivalents	—	12
Net change in cash and cash equivalents	125	(414)
Cash and cash equivalents at beginning of period	566	837
Cash and cash equivalents at end of period	$ 691	$ 423

Cash provided by operating activities increased $21 million in first six months 2026 compared to first six months 2025 primarily due to lower variable compensation payout and reduced working capital cash outflows partially offset by unfavorable Other items, net, including higher cash tax payments.

Cash used in investing activities decreased $75 million in first six months 2026 compared to first six months 2025 primarily due to lower capital spend.

Cash provided by financing activities was $241 million in first six months 2026 compared to $214 million cash used in financing activities in first six months 2025. This increase was primarily due to lower repayment of borrowings. For additional information, see "Liquidity and Other Financial Information - Debt and Other Commitments" in this MD&A.

Priorities for uses of available cash include payment of the quarterly dividend, capital expenditures, and share repurchases while maintaining our solid investment-grade balance sheet.

Working Capital Management and Off-Balance Sheet Arrangements

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

The Company engages in off-balance sheet, uncommitted accounts receivable factoring programs as a routine part of its ordinary business operations. Through these programs, entire invoices may be sold to third-party financial institutions, the vast majority of which are without recourse. Under these agreements, the Company sells the invoices at face value, less a transaction fee, which substantially equals the carrying value and fair value with no gain or loss recognized, and no credit loss exposure is retained. Available capacity under these programs, which the Company uses as a routine source of working capital funding, is dependent on the level of accounts receivable eligible to be sold and the financial institutions' willingness to purchase such receivables. The total amounts sold were $657 million and $674 million in second quarter 2026 and 2025, and $1.3 billion and $1.4 billion in first six months 2026 and 2025. Based on the original terms of receivables sold for certain programs and actual outstanding balance of receivables under servicing agreements, the Company estimates that $406 million and $346 million of these receivables would have been outstanding as of June 30, 2026 and December 31, 2025 had they not been sold under these factoring programs.

Eastman works with suppliers to optimize payment terms and conditions on accounts payable to enhance timing of working capital and cash flows. The Company has a voluntary supplier finance program to provide suppliers with the opportunity to sell receivables due from Eastman to a participating financial institution. The Company also maintains a structured payables program that utilizes a payables processing arrangement with a financial institution to support the processing and settlement of freight and logistics invoices. See Note 1, "Significant Accounting Policies", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report for additional information regarding both programs.

Debt and Other Commitments

At June 30, 2026, the Company's borrowings totaled $5.2 billion with various maturities. In first quarter 2026, the Company issued $600 million aggregate principal amount of 4.5% notes due February 2031 in a registered public offering (the "2026 Notes"). Proceeds from the sale of the 2026 Notes, net of original issue discounts and issuance costs, were $594 million.

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

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Other Financial Information - Debt and Other Commitments" in Part II, Item 7 of the Company's 2025 Annual Report on Form 10-K for information on other commitments.

Credit Facility, Term Loans, and Commercial Paper Borrowings

The Company has access to a $1.50 billion revolving credit agreement (the "Credit Facility") that matures in February 2031. Borrowings under the Credit Facility are subject to interest at varying spreads above quoted market rates and a commitment fee is paid on the total unused commitment. The Credit Facility provides available liquidity for general corporate purposes and supports commercial paper borrowings. Commercial paper borrowings are classified as short-term. In February 2026, the Credit Facility was amended to extend the maturity to February 2031 and to temporarily adjust the maximum leverage ratio covenant through fiscal quarter ending June 30, 2027 in the event of further macroeconomic uncertainty impacting operating results. All other material terms of the Credit Facility remain unchanged. At June 30, 2026 and December 31, 2025, the Company had no outstanding borrowings under the Credit Facility and no commercial paper borrowings.

In first quarter 2026, the remaining $150 million of the five-year term loan (the "2027 Term Loan") was repaid using available cash. There were no extinguishment costs associated with the repayment of the 2027 Term Loan. The outstanding balance on the 2027 Term Loan was $150 million at December 31, 2025 with a variable interest rate of 5.14%.

The Credit Facility contains customary covenants, including requirements to maintain certain financial ratios, that determine the events of default, amounts available, and terms of borrowings. The Company was in compliance with all applicable covenants at both June 30, 2026 and December 31, 2025. The total amount of available borrowings under the Credit Facility was $1.50 billion as of June 30, 2026.

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

Net Debt

(Dollars in millions)	June 30, 2026	December 31, 2025
Total borrowings	$ 5,217	$ 4,787
Less: Cash and cash equivalents	691	566
Net debt [1]	$ 4,526	$ 4,221

(1) Included a non-cash decrease of $17 million in 2026 and a non-cash increase of $68 million in 2025 resulting from foreign currency exchange rates.

Capital Expenditures

Capital expenditures were $203 million and $297 million in first six months 2026 and 2025. Capital expenditures in first six months 2026 were primarily for maintenance capital and limited growth capital for projects already in progress. The Company expects that 2026 capital expenditures will be approximately $400 million, primarily for maintenance capital and limited growth capital for strategic projects.

Stock Repurchases

In December 2021, the Company's Board of Directors authorized the repurchase of up to $2.5 billion of the Company's outstanding common stock at such times, in such amounts, and on such terms, as determined by management to be in the best interest of the Company and its stockholders (the "2021 authorization"). As of June 30, 2026, a total of 13,032,926 shares have been repurchased under the 2021 authorization for $1.2 billion. Both dividends and share repurchases are key strategies employed by the Company to return value to its stockholders. The Company did not repurchase shares of common stock in first six months 2026.

CRITICAL ACCOUNTING ESTIMATES

In preparing the consolidated financial statements in conformity with GAAP, management must make decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and assumptions on which to base estimates and judgments that affect the reported amounts of assets, liabilities, sales revenue and expenses, fair value of disposal groups, and related disclosure of contingent assets and liabilities. On an ongoing basis, Eastman evaluates its estimates, including those related to impairment of long-lived assets, environmental costs, pension and other postretirement benefits, litigation and contingent liabilities, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the critical accounting estimates described in Part II, Item 7 of the Company's 2025 Annual Report on Form 10-K are the most important to the fair presentation of the Company's financial condition and results. These estimates require management's most significant judgments in the preparation of the Company's consolidated financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The Company determines its exposures to market risk by utilizing sensitivity analyses, which measure the potential losses in fair value resulting from one or more selected hypothetical changes in foreign currency exchange rates, commodity prices, or interest rates. For more information regarding exposures, refer to Part II, Item 7A of the Company's 2025 Annual Report on Form 10-K.

At June 30, 2026, the market risk associated with certain cash flows under foreign currency derivative transactions assuming a 10 percent adverse move in the U.S. dollar relative to these foreign currencies was $33 million, with an additional $3 million exposure for each additional one percentage point adverse change in those foreign currency rates. Since the Company utilizes currency-sensitive derivative instruments for hedging anticipated foreign currency transactions, a loss in fair value from those instruments is generally offset by an increase in the value of the underlying anticipated transactions.

Other than the foreign currency risk discussed above, there have been no material changes to the Company's market risks from those disclosed in Part II, Item 7A of the Company's 2025 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Eastman maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that as of June 30, 2026, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed was accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during second quarter 2026 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

General

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

Solutia Legacy Torts Claims Litigation

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

ITEM 1A. RISK FACTORS

For information regarding the Company's material known risk factors which could materially adversely affect the Company, its business, financial condition, or results of operations, see "Risk Factors" in Part I, Item 1A of the Company's 2025 Annual Report on Form 10-K.

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

(c) Purchases of Equity Securities by the Issuer

In December 2021, the Company's Board of Directors authorized the repurchase of up to $2.5 billion of the Company's outstanding common stock at such times, in such amounts, and on such terms, as determined by management to be in the best interest of the Company and its stockholders (the "2021 authorization"). As of June 30, 2026, a total of 13,032,926 shares have been repurchased under the 2021 authorization for $1.2 billion. Both dividends and share repurchases are key strategies employed by the Company to return value to its stockholders. The Company did not repurchase shares of common stock during second quarter or first six months 2026. For additional information, see Note 9, "Stockholders' Equity", to the unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report.

ITEM 5. OTHER INFORMATION

(c) Director and Officer Trading Arrangements

A portion of our directors' and officers' compensation is in the form of equity awards and, from time to time, they may engage in open-market transactions involving Company securities for diversification or other personal reasons. All such transactions in Company securities by directors and officers must comply with the Company's Insider Trading Policy, which requires that transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in the Company's securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information. The Company's Insider Trading Policy permits our directors and executive officers to enter into trading plans designed to comply with Rule 10b5-1.

No Rule 10b5-1 trading arrangements or "non-Rule 10b5-1 trading arrangements" (as defined by Regulation S-K Item 408(c)) were entered into, modified, or terminated by the Company's directors or officers during the quarterly period covered by this Report.

ITEM 6. EXHIBITS

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

EXHIBIT INDEX

Exhibit Number	Description
3.01	Amended and Restated Certificate of Incorporation of Eastman Chemical Company (incorporated herein by reference to Exhibit 3.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
3.02	Amended and Restated Bylaws of Eastman Chemical Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated December 1, 2022)
31.01 *	Rule 13a – 14(a) Certification by Mark J. Costa, Chief Executive Officer, for the quarter ended June 30, 2026
31.02 *	Rule 13a – 14(a) Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter ended June 30, 2026
32.01 *	Section 1350 Certification by Mark J. Costa, Chief Executive Officer, for the quarter ended June 30, 2026
32.02 *	Section 1350 Certification by William T. McLain, Jr., Executive Vice President and Chief Financial Officer, for the quarter ended June 30, 2026
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH *	Inline XBRL Taxonomy Extension Schema Document
101.CAL *	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF *	Inline XBRL Definition Linkbase Document
101.LAB *	Inline XBRL Taxonomy Label Linkbase Document
101.PRE *	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Denotes exhibit filed or furnished herewith.
** Management contract or compensatory plan or arrangement filed pursuant to Item 601(b) (10) (iii) of Regulation S-K.

SIGNATURES

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

Eastman Chemical Company

Date:	July 31, 2026	By:	/s/ William T. McLain, Jr.
			William T. McLain, Jr.
			Executive Vice President and Chief Financial Officer

EASTMAN

Exhibit 31.01

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

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

I, Mark J. Costa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eastman Chemical Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2026

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

EASTMAN

Exhibit 31.02

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

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

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

1. I have reviewed this Quarterly Report on Form 10-Q of Eastman Chemical Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2026

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

Exhibit 32.01

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Section 1350 Certifications

In connection with the Quarterly Report of Eastman Chemical Company (the "Company") on Form 10-Q for the period ending June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: July 31, 2026

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

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

EASTMAN

Exhibit 32.02

EASTMAN CHEMICAL COMPANY AND SUBSIDIARIES

Section 1350 Certifications

In connection with the Quarterly Report of Eastman Chemical Company (the "Company") on Form 10-Q for the period ending June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: July 31, 2026

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

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