

EASTMAN CHEMICAL CO  
Form 8-K  
April 20, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15 (d) of the Securities and Exchange Act of 1934**

**Date of report (Date of earliest event reported):  
April 20, 2006**

**EASTMAN CHEMICAL COMPANY**  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other  
Jurisdiction of  
Incorporation)

1-12626  
(Commission File  
Number)

62-1539359  
(IRS Employer  
Identification No.)

200 South Wilcox Drive, Kingsport,  
TN  
(Address of Principal Executive  
Offices)

37660  
(Zip Code)

(423) 229-2000  
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**ITEM 8.01. OTHER EVENTS**

Eastman Chemical Company's products and operations have been managed and reported in six reportable operating segments, consisting of the Coatings, Adhesives, Specialty Polymers and Inks ("CASPI") segment, the Fibers segment, the Performance Chemicals and Intermediates ("PCI") segment, the Polymers segment, the Specialty Plastics ("SP") segment and the Developing Businesses ("DB") segment. The Company's segments were previously aligned in a divisional structure that provided for goods and services to be transferred between divisions at predetermined prices that may have been in excess of cost, which resulted in the recognition of intersegment sales revenue and operating earnings between divisions. Such interdivisional transactions were eliminated in the Company's consolidated financial statements. In first quarter 2006, the Company realigned its organizational structure to support its growth strategy and to better reflect the integrated nature of the Company's assets. A result of the realigned organizational structure is that goods and services are transferred among the segments at cost. As part of this change, the Company's segment results for 2002 through 2005 have been restated to eliminate the impact of interdivisional sales revenue and operating earnings, as shown in the tables below.

**EASTMAN CHEMICAL COMPANY  
SEGMENT INFORMATION**

2005

<i>(Dollars in millions)</i>	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Year
<b>CASPI Segment</b>					
Sales	\$ 319	\$ 325	\$ 333	\$ 322	1,299
Operating Earnings	67	64	63	34	228
<b>Fibers Segment</b>					
Sales	\$ 200	\$ 205	\$ 228	\$ 236	869
Operating Earnings	48	47	60	61	216
<b>PCI Segment</b>					
Sales	\$ 389	\$ 397	\$ 428	\$ 413	1,627
Operating Earnings	45	43	40	13	141
<b>Polymers Segment</b>					
Sales	\$ 656	\$ 642	\$ 646	\$ 575	2,519
Operating Earnings	84	50	32	12	178
<b>SP Segment</b>					
Sales	\$ 177	\$ 180	\$ 179	\$ 182	718
Operating Earnings	21	21	17	5	64
<b>DB Segment</b>					
Sales	\$ 21	\$ 3	\$ 2	\$ 1	27
Operating Earnings	(21)	(22)	(14)	(13)	(70)
<b>Eastman Chemical Company</b>					
Sales	\$ 1,762	\$ 1,752	\$ 1,816	\$ 1,729	7,059
Operating Earnings	244	203	198	112	757

**EASTMAN CHEMICAL  
COMPANY  
SEGMENT  
INFORMATION**

**2004**

*(Dollars in millions)*

	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>4<sup>th</sup> Qtr</b>	<b>Year</b>
<b>CASPI Segment</b>					
Sales	\$ 439	\$ 476	\$ 357	\$ 282	1,554
Operating Earnings	28	(24)	37	23	64
<b>Fibers Segment</b>					
Sales	\$ 172	\$ 181	\$ 184	\$ 194	731
Operating Earnings	35	37	45	38	155
<b>PCI Segment</b>					
Sales	\$ 290	\$ 313	\$ 371	\$ 373	1,347
Operating Earnings	1	8	(13)	4	--
<b>Polymers Segment</b>					
Sales	\$ 515	\$ 515	\$ 542	\$ 611	2,183
Operating Earnings	(7)	20	7	9	29
<b>SP Segment</b>					
Sales	\$ 157	\$ 154	\$ 164	\$ 169	644
Operating Earnings	(22)	18	18	(1)	13
<b>DB Segment</b>					
Sales	\$ 24	\$ 37	\$ 31	\$ 29	121
Operating Earnings	(20)	(18)	(21)	(27)	(86)
<b>Eastman Chemical Company</b>					
Sales	\$ 1,597	\$ 1,676	\$ 1,649	\$ 1,658	6,580
Operating Earnings	15	41	73	46	175

**EASTMAN CHEMICAL  
COMPANY  
SEGMENT  
INFORMATION**

**2003**

*(Dollars in millions)*

	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>4<sup>th</sup> Qtr</b>	<b>Year</b>
<b>CASPI Segment</b>					
Sales	\$ 411	\$ 441	\$ 422	\$ 409	1,683
Operating Earnings	(4)	19	(436)	17	(404)
<b>Fibers Segment</b>					
Sales	\$ 146	\$ 166	\$ 163	\$ 160	635
Operating Earnings	25	36	36	30	127
<b>PCI Segment</b>					
Sales	\$ 297	\$ 286	\$ 261	\$ 254	1,098
Operating Earnings	1	2	(43)	(10)	(50)
<b>Polymers Segment</b>					
Sales	\$ 430	\$ 434	\$ 442	\$ 450	1,756
Operating Earnings	29	25	4	6	64
<b>SP Segment</b>					
Sales	\$ 144	\$ 138	\$ 135	\$ 142	559
Operating Earnings	31	9	11	10	61
<b>DB Segment</b>					
Sales	\$ 13	\$ 16	\$ 21	\$ 19	69
Operating Earnings	(23)	(16)	(13)	(13)	(65)
<b>Eastman Chemical Company</b>					
Sales	\$ 1,441	\$ 1,481	\$ 1,444	\$ 1,434	5,800
Operating Earnings	59	75	(440)	39	(267)

**EASTMAN CHEMICAL  
COMPANY  
SEGMENT  
INFORMATION**

**2002**

*(Dollars in millions)*

	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>4<sup>th</sup> Qtr</b>	<b>Year</b>
<b>CASPI Segment</b>					
Sales	\$ 380	\$ 427	\$ 417	\$ 377	1,601
Operating Earnings	25	18	20	(17)	46
<b>Fibers Segment</b>					
Sales	\$ 149	\$ 172	\$ 165	\$ 156	642
Operating Earnings	36	44	37	27	144
<b>PCI Segment</b>					
Sales	\$ 244	\$ 261	\$ 265	\$ 253	1,023
Operating Earnings	(1)	(1)	7	3	8
<b>Polymers Segment</b>					
Sales	\$ 341	\$ 400	\$ 382	\$ 387	1,510
Operating Earnings	21	30	3	(8)	46
<b>SP Segment</b>					
Sales	\$ 120	\$ 133	\$ 141	\$ 134	528
Operating Earnings	11	8	11	4	34
<b>DB Segment</b>					
Sales	\$ 2	\$ 2	\$ 4	\$ 8	16
Operating Earnings	(15)	(18)	(17)	(20)	(70)
<b>Eastman Chemical Company</b>					
Sales	\$ 1,236	\$ 1,395	\$ 1,374	\$ 1,315	5,320
Operating Earnings	77	81	61	(11)	208

**SIGNATURE**

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 hereunto duly authorized.

Eastman Chemical Company  
(Registrant)

Date: April 20, 2006

By: /s/ Curtis E. Espeland

Curtis E. Espeland,  
Vice President and Chief Accounting Officer,