

EASTMAN CHEMICAL CO
Form DEF 14A
March 22, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

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

(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

EASTMAN CHEMICAL COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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

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

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

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March 19, 2018

Dear Fellow Stockholder:

Our 2018 Annual Meeting of Stockholders will be held in the Cumberland Amphitheatre of the MeadowView Marriott Conference Resort & Convention Center, 1901 Meadowview Parkway, Kingsport, Tennessee, on May 3, 2018 at 11:30 a.m. Doors to the meeting will open at 10:30 a.m. The business to be considered and voted upon at the meeting is explained in this proxy statement. A copy of Eastman's 2017 Annual Report to Stockholders is also included with these materials.

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

Thank you for your support of our Company.

Sincerely,

Mark J. Costa

Board of Directors Chair and

Chief Executive Officer

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Eastman Chemical Company

200 South Wilcox Drive

Kingsport, Tennessee 37662

(423) 229-2000

Notice of Annual Meeting of Stockholders

To Our Stockholders:

The 2018 Annual Meeting of Stockholders of Eastman Chemical Company (Eastman or the Company) will be held in the Cumberland Amphitheatre of the MeadowView Marriott Conference Resort & Convention Center, 1901 Meadowview Parkway, Kingsport, Tennessee, on May 3, 2018 at 11:30 a.m. The purposes of the meeting are:

1. **Elect Directors.** To elect eleven directors to serve until the 2019 Annual Meeting of Stockholders and until their successors are duly elected and qualified;
2. **Advisory Approval of Executive Compensation.** To approve, on an advisory basis, the compensation of certain of the Company's executive officers;
3. **Ratify Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2018;
4. **Advisory Vote on Stockholder Proposal.** To vote on a proposal submitted by a stockholder, if properly presented at the meeting, requesting that the Board take steps necessary to permit stockholders to act by written consent; and
5. **Transact Any Other Business.** To transact such other business as may properly come before the meeting.

By order of the Board of Directors

David A. Golden

Chief Legal & Sustainability Officer

and Corporate Secretary

March 19, 2018

Meeting information

DATE: Thursday, May 3, 2018

TIME: 11:30 a.m. (EDT)

PLACE: MeadowView Marriott Conference Resort
& Convention Center

Cumberland Amphitheatre

1901 Meadowview Parkway

Kingsport, Tennessee 37660

How to Vote by Proxy

Only stockholders of record at the close of business on March 15, 2018 are entitled to notice of, and to vote at, the meeting. **It is important that your shares be represented and voted at the meeting.** Please vote by proxy in one of these ways:

By Phone

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

By Internet

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

By Mail

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

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

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Proxy Statement for Annual Meeting of Stockholders of Eastman Chemical Company to be Held on May 3, 2018

Information about the Meeting and Voting

Proxy Statement and Annual Meeting

This proxy statement is dated March 19, 2018 and is first being mailed and delivered electronically to Eastman stockholders, and made available on the Internet at the Company's website (www.eastman.com) and at www.ReadMaterial.com/EMN, on or about March 22, 2018. Our Board of Directors (the "Board") is furnishing you this proxy statement in connection with its solicitation of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on May 3, 2018 and at any adjournments or postponements of the meeting. A proxy statement is a document that Securities and Exchange Commission ("SEC") regulations require us to give you when we ask you to vote your stock by proxy. At the meeting, stockholders will be asked to consider and vote on the items of business listed and described in this proxy statement.

Voting By Proxy

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

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

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

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

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

by mail (if you received a paper proxy card): mark, sign, date, and mail your proxy card in the enclosed postage-paid envelope.

If you received the "Important Notice Regarding the Availability of Proxy Materials", follow the instructions on that notice to access an electronic form of proxy. Internet and telephone voting procedures are designed to authenticate stockholder identities, to allow stockholders to give voting instructions, and to confirm that stockholders' instructions have been recorded properly.

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

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Information about the Meeting and Voting

How to Revoke Your Proxy

If you give a proxy, you may revoke it at any time before its exercise at the meeting by:

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

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

voting in person at the meeting.

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

Record Date; Stockholders Entitled to Vote; Voting Rights

The record date for the 2018 Annual Meeting of Stockholders is March 15, 2018. Stockholders of record of common stock at the close of business on the record date are entitled to receive notice of the meeting and to vote at the meeting. The record date is established by the Board as required by Delaware law. If your shares are held in street name through a broker, bank, or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the meeting.

On the record date, there were 142,758,750 shares of common stock issued and outstanding. Holders of common stock are entitled to one vote on each of the eleven director-nominees and one vote on each other matter voted upon at the meeting for each share of common stock they hold of record on the record date.

Quorum; Abstentions and Broker Non-Votes

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

Votes Required for Approval of Matters to be Considered

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

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

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Information about the Meeting and Voting

Proxy Solicitation Costs

We will bear the cost of soliciting proxies and the cost of the meeting. In addition to the solicitation of stockholders by mail and electronic means, proxies may be solicited by telephone, facsimile, personal contact, and similar means by our directors, officers, or employees, none of whom will be specially compensated for these activities. We have also contacted brokerage houses, banks, nominees, custodians, and fiduciaries which can be identified as record holders of common stock. Such holders, after inquiry by us, have provided certain information concerning beneficial owners not objecting to the disclosure of such information and the quantities of proxy materials and annual reports needed to supply such materials to beneficial owners, and we will reimburse such record holders for the expense of providing such beneficial ownership information and of mailing or otherwise delivering proxy materials and annual reports to beneficial owners. We have retained Georgeson LLC to assist with the solicitation of proxies and vote projections for a fee of \$23,500 plus reimbursement of out-of-pocket expenses.

Matters to be Acted Upon at the Meeting Not Included in Proxy Statement

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

Stockholder Proposals for the 2019 Annual Meeting

In accordance with the rules of the SEC, if you wish to submit a proposal for presentation at Eastman's 2019 Annual Meeting of Stockholders, it must be received by the Company at its principal executive offices no later than November 22, 2018 in order to be included in the Company's proxy materials for its 2019 Annual Meeting of Stockholders. Any such proposal should be sent to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Corporate Secretary.

In addition, our Bylaws require that a proposal to be submitted by a stockholder for a vote of the Company's stockholders at an annual meeting of stockholders, whether or not also submitted for inclusion in the Company's proxy materials, must be preceded by adequate and timely notice to the Corporate Secretary of the Company. To be adequate, the notice must set forth certain information specified in our Bylaws about the stockholder and the proposal. The Bylaws are available through the [Investors Corporate Governance](#) section of the Company's website, and also will be provided to any stockholder upon written request to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations. To be timely, the notice must be delivered to the Corporate Secretary of the Company no earlier than 150 days and not later than 120 days prior to the day of the month on which the notice of the immediately preceding year's annual meeting of stockholders was first sent to the stockholders of the Company. If, as expected, notice of the 2018 Annual Meeting of Stockholders is first sent to stockholders on March 22, 2018, then such advance notice must be delivered no earlier than October 23, 2018 and not later than November 22, 2018.

Nominations by Stockholders for Election to the Board of Directors and Stockholder Nomination Proxy Access

Our Bylaws provide that nominations by stockholders of persons for election to the Board may be made by giving adequate and timely notice to the Corporate Secretary of the Company. The Nominating and Corporate Governance Committee of the Board will consider persons properly and timely nominated by stockholders and recommend to the full Board whether any such nominees should be included with the Board's nominees for election by stockholders. In addition, our proxy access Bylaw provision allows qualifying stockholders to include their director nominees in the Company's proxy materials by giving adequate and timely notice to the Corporate Secretary. See [Nominating and Corporate Governance Committee Director Nominations](#) later in this proxy statement. To be adequate, the nomination notice or the notice of proxy access

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Information about the Meeting and Voting

nomination, as applicable, must set forth certain information specified in our Bylaws about each stockholder submitting a nomination and each person being nominated. The Bylaws are available through the [Investors Corporate Governance](#) section of the Company's website, and also will be provided to any stockholder upon written request to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations. To be timely, the nomination notice and the notice of proxy access nomination each must be delivered to the Corporate Secretary of the Company no earlier than 150 days and not later than 120 days prior to the day of the month on which the notice of the immediately preceding year's annual meeting of stockholders was first sent to the stockholders of the Company. If, as expected, notice of the 2018 Annual Meeting of Stockholders is first sent to stockholders on March 22, 2018, then such notice must be delivered no earlier than October 23, 2018 and not later than November 22, 2018.

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

Our Annual Report to Stockholders for 2017, including our consolidated financial statements for the year ended December 31, 2017, is being mailed and delivered electronically to stockholders, and made available on the Internet at the Company's website (www.eastman.com) and at www.ReadMaterial.com/EMN, concurrently with this proxy statement. The Company's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC is also available on the Internet on the Company's website and on the SEC's website (www.sec.gov).

We also make available free of charge, through the [Investors Corporate Governance](#) section of the Eastman website, the Company's Corporate Governance Guidelines, the Charters of each of the Committees of the Board, and Codes of Business Conduct and Ethics for our directors, officers, and employees. Such materials are also available in print upon written request of any stockholder to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662-0431, Attention: Investor Relations.

Communications to the Board of Directors

We believe that communication and engagement with the Company's stockholders and other interested parties is an essential component of the Company's corporate governance practices. We have adopted a Board Stockholder Communication and Engagement Policy to facilitate communication between stockholders and other interested parties and the Board. Stockholders and other interested parties may send communications to the Board, any individual director, or the independent directors as a group in writing by mail or email to: Board of Directors, Eastman Chemical Company, c/o Corporate Secretary, P.O. Box 1976, Kingsport, Tennessee 37662-1976, email: corpsecy@eastman.com. Stockholders should indicate in the ATTN: line of the envelope or the subject line of the email, as applicable, whether the communication is directed to the Board, an individual director, or the independent directors as a group.

The Board Stockholder Communication and Engagement Policy is available in the [Investors Corporate Governance](#) section of the Eastman website (www.eastman.com).

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Unless otherwise noted, the table below sets forth certain information regarding the beneficial ownership of Eastman common stock as of December 31, 2017 by each director (which includes each director nominee) and by each executive officer named in the Summary Compensation Table (under Executive Compensation Compensation Tables below, referred to as the named executive officers) and by the directors, the named executive officers, and the other executive officers as a group.

Name	Number of Shares of Common Stock Beneficially Owned(1)(2)
Mark J. Costa	657,653(3)
Curtis E. Espeland	281,262(4)
Brad A. Lich	102,405(5)
Lucian Boldea	27,730(6)
Stephen G. Crawford	41,924(7)
Humberto P. Alfonso	6,128(8)
Gary E. Anderson	17,271(9)
Brett D. Begemann	7,193(10)
Michael P. Connors	12,005(11)
Stephen R. Demeritt	17,732(12)
Robert M. Hernandez	46,683(13)
Julie F. Holder	6,252(14)
Renée J. Hornbaker	17,925(15)
Lewis M. Kling	11,693(16)
James J. O'Brien	2,177
David W. Raisbeck	25,091(17)
Directors, named executive officers, and other executive officers as a group (22 persons)	1,707,561(18)

- (1) Information relating to beneficial ownership is based upon information furnished by each person using beneficial ownership concepts set forth in rules of the SEC. Under those rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of, or to direct the disposition of, such security. A person is also deemed to be the beneficial owner of any security of which that person has a right to acquire beneficial ownership (such as by exercise of options) within 60 days (on or before March 1, 2018). Under such rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may disclaim any beneficial interest. Except as indicated in other notes to this table, directors and executive officers possessed sole voting and investment power with respect to all of their respective shares of common stock in the table.

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Stock Ownership of Directors and Executive Officers

- (2) The total number of shares of common stock beneficially owned by the directors, the named executive officers, and the other executive officers as a group is 1.18 percent of the shares of common stock outstanding as of December 31, 2017. The number of shares beneficially owned by each director and executive officer is less than one percent of the shares of common stock outstanding as of December 31, 2017. Shares not outstanding which are subject to options exercisable within 60 days by persons in the group or a named individual are deemed to be outstanding for the purpose of computing the percentage of outstanding shares of common stock owned by each individual and the group.
- (3) Includes 497,225 shares that may be acquired upon exercise of options.
- (4) Includes 187,087 shares that may be acquired upon exercise of options and 6,500 shares held indirectly in a family trust of which Mr. Espeland is trustee.
- (5) Includes 82,876 shares that may be acquired upon exercise of options.
- (6) Consists of shares that may be acquired upon exercise of options.
- (7) Includes 35,930 shares that may be acquired upon exercise of options.
- (8) Includes 958 restricted shares that generally vest in May 2018, but as to which Mr. Alfonso has voting power.
- (9) Includes 4,000 shares that may be acquired upon exercise of options and 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Anderson has voting power.
- (10) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Begemann has voting power.
- (11) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Connors has voting power.
- (12) Includes 4,000 shares that may be acquired upon exercise of options and 958 restricted shares that generally vest in May 2018, but as to which Mr. Demeritt has voting power.
- (13) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Hernandez has voting power.

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- (14) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Ms. Holder has voting power.
- (15) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Ms. Hornbaker has voting power.
- (16) Includes 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Kling has voting power.
- (17) Includes 4,000 shares that may be acquired upon exercise of options and 2,047 restricted shares that generally vest in May 2018, but as to which Mr. Raisbeck has voting power.
- (18) Includes a total of 1,088,051 shares that may be acquired upon exercise of options and 18,292 restricted shares as to which directors have voting power but no investment power. Also includes 50,798 shares owned by the Eastman Foundation, of which shares two executive officers each may have been deemed a beneficial owner by virtue of shared voting and investment power as a director of the Foundation but as to which they have no pecuniary interest.

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Eastman has stock ownership expectations for its directors and executive officers. These persons are expected to acquire and maintain a stake in the Company valued at \$262,500 for non-employee directors (five times the portion of the annual retainer fee designated as "service retainer"), five times annual base pay for the Chief Executive Officer, and two and one-half times annual base pay for the other executive officers. Directors and executive officers are expected to attain these levels of stock ownership within five years of first becoming a director or an executive officer. Hypothetical units of the Eastman common stock fund that are credited to an executive's account under the Eastman Executive Deferred Compensation Plan (the "EDCP") and to a director's account under the Directors' Deferred Compensation Plan (the "DDCP") are counted with shares of common stock actually owned for purposes of determining stock ownership under the director and executive ownership expectations. See Director Compensation note (4) and Executive Compensation Compensation Tables 2017 Nonqualified Deferred Compensation later in this proxy statement.

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

The table below shows the number of shares of common stock and EDCP and DDCP common stock units owned under the ownership expectations as of December 31, 2017 by each director and each named executive officer. All directors and executive officers have met or are on schedule to meet their ownership expectations.

Name	Number of Shares of
	Common Stock and Common Stock Units Owned
Mark J. Costa	160,428
Curtis E. Espeland	94,175
Brad A. Lich	21,712
Lucian Boldea	0
Stephen G. Crawford	5,994
Humberto P. Alfonso	24,276
Gary E. Anderson	29,183
Brett D. Begemann	24,118
Michael P. Connors	39,068
Stephen R. Demeritt	56,543
Robert M. Hernandez	63,845
Julie F. Holder	11,830
Renée J. Hornbaker	46,157
Lewis M. Kling	39,624
James J. O'Brien	4,793
David W. Raisbeck	57,470

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The following table sets forth information about persons we know to be the beneficial owners of more than five percent of Eastman common stock as of December 31, 2017.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	13,865,811(2)	9.71%
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	12,147,844(3)	8.50%

(1) Based upon the number of shares of common stock outstanding and entitled to be voted at the meeting as of March 15, 2018, the record date for the Annual Meeting.

(2) As of December 31, 2017, based on a Schedule 13G filed with the SEC by The Vanguard Group, Inc., an investment adviser. According to the Schedule 13G, The Vanguard Group has sole investment power with respect to 13,633,963 of such shares, shared investment power with respect to 231,848 of such shares, sole voting power with respect to 204,546 of such shares, and shared voting power with respect to 35,677 of such shares.

(3) As of December 31, 2017, based on a Schedule 13G filed with the SEC by BlackRock, Inc. as parent holding company of certain broker-dealer and investment adviser entities, including certain non-U.S. institutions. According to the Schedule 13G, BlackRock and such affiliated entities together have sole investment power with respect to all of such shares and sole voting power with respect to 10,518,080 of such shares.

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Proposals to be Voted on at the Annual Meeting

Item 1 Election of Directors

Stockholders are being asked to vote on the election of eleven directors to serve until the 2019 Annual Meeting of Stockholders and their successors are duly elected and qualified. The terms of office of all twelve current directors will expire at the 2018 Annual Meeting, and eleven of those directors have been nominated for reelection for a one-year term. As previously reported, Gary E. Anderson, who has served as a director since 2007, has notified the Board of Directors that he will not stand for reelection at the Annual Meeting. If any nominee is unable or unwilling to serve (which we do not anticipate), the persons designated as proxies will vote your shares for the remaining nominees and for another nominee proposed by the Board or, as an alternative, the Board could reduce the number of directors to be elected at the Annual Meeting.

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

Set forth below is certain information about background, skills, and expertise of each director nominated for election relevant to their service as a director.

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

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Table of Contents**Item 1 Election of Directors Nominees for Director****Nominees for Director****(For One-Year Term Expiring Annual Meeting 2019)****Retired Chief Executive Officer, Global, of Yowie Group Ltd.****Humberto P. Alfonso****Age: 60****(Director since
January 2011)**

Background: Retired Chief Executive Officer, Global, of Yowie Group Ltd. He served as CEO from June 2016, and a director from March 2017, until January 2018 of Yowie, a global brand licensing company specializing in the development of Yowie character children's consumer products. Mr. Alfonso was President, International, of The Hershey Company, the largest producer of quality chocolate in North America and a global leader in chocolate and sugar confectionery, from April 2013 until his retirement in June 2015. He was Executive Vice President, Chief Financial Officer, and Chief Administrative Officer from November 2011 to April 2013, and Senior Vice President and Chief Financial Officer from July 2007 to November 2011. He joined Hershey in July 2006, initially serving as Vice President, Finance and Planning, U.S. Commercial Group from July 2006 to October 2006, and then serving as Vice President, Finance and Planning, North American Commercial Group from October 2006 to July 2007. Before joining Hershey, Mr. Alfonso held a variety of finance positions at Cadbury Schweppes, a producer of soft drinks and premium beverages, most recently serving as Executive Vice President Finance and Chief Financial Officer of Cadbury Schweppes Americas Beverages from March 2005 to July 2006 and Vice President Finance, Global Supply Chain from May 2003 to March 2005. Prior to that, Mr. Alfonso held a number of senior financial positions at Pfizer, Inc.

Committees:

Audit

Finance

Health, Safety,
Environmental
and Security

Skills and Expertise: In addition to serving on the Board, Mr. Alfonso is Chair of the Audit Committee and a member of the Finance Committee and the Health, Safety, Environmental and Security Committee. Mr. Alfonso possesses a strong financial management and accounting background. His experience includes various senior financial positions held during his career, including his service as an executive vice president and chief financial officer, which provide a solid platform for his service on the Audit Committee, especially concerning financial and audit-related matters and, as Chair of the Audit Committee, to lead the Audit Committee's oversight of the Company's financial reporting process and its internal and disclosure controls and of the work of the independent registered public accounting firm. In addition, Mr. Alfonso's substantial senior level management experience, including his previous position as a chief executive officer, brings significant operational insight to the Board.

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Table of Contents**Item 1 Election of Directors Nominees for Director****President and Chief Operating Officer of Monsanto Company****Brett D. Begemann****Age: 57****(Director since February 2011)**

Background: Mr. Begemann has been President and Chief Operating Officer of Monsanto Company, a leading global provider of technology-based solutions and agricultural products that improve farm productivity and food quality, since October 2013, with responsibility for Monsanto's worldwide sales and operations, corporate affairs, and global business organization. He joined Monsanto in 1983, initially serving in the company's sales and marketing organization and later in various senior management and executive positions with increasing responsibility. Most recently Mr. Begemann served as Executive Vice President, Global Commercial from October 2007 to October 2009, as Executive Vice President and Chief Commercial Officer until August 2012, and President and Chief Commercial Officer from August 2012 to October 2013. Bayer has most recently announced that it expects its previously reported pending acquisition of Monsanto to be completed during the first half of 2018.

Committees:

Compensation and Management Development

Finance

Health, Safety, Environmental and Security

Nominating and Corporate Governance

Skills and Expertise: In addition to serving on the Board, Mr. Begemann serves as Chair of the Compensation and Management Development Committee and as a member of the Finance Committee, the Health, Safety, Environmental and Security Committee, and the Nominating and Corporate Governance Committee. His substantial and varied experience as an executive of an international public company, including working closely with the Board of Directors of Monsanto, brings to the Board a significant depth of knowledge and experience in global biotechnology and chemicals business operations and international and emerging markets growth strategies, and public company management development and compensation. This wide-ranging experience and knowledge contributes to the Board and its Committees significant insight into a number of functional areas critical to Eastman, including as Chair of the Compensation and Management Development Committee.

Chairman of the Board and Chief Executive Officer of Information Services Group, Inc.**Michael P. Connors****Age: 62**

Background: Mr. Connors has been Chairman of the Board and Chief Executive Officer of Information Services Group, Inc., an information-based services company, since July 2006. Mr. Connors served as a member of the Executive Board of VNU N.V., a major worldwide media and marketing information company, from the merger of ACNielsen into VNU in 2001 until 2005, and served as Chairman and Chief Executive Officer of VNU Media Measurement & Information Group and Chairman of VNU World Directories until 2005. He previously was Vice Chairman of the Board of ACNielsen from its spin-off from the Dun & Bradstreet Corporation in 1996 until 2001,

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**(Director since
March 2005)**

was Senior Vice President of American Express Travel Related Services from 1989 until 1995, and before that was a Corporate Vice President of Sprint Corporation. Mr. Connors is also a member of the Board of Directors of Chubb Limited (formerly ACE Ltd.).

Committees:

Compensation and
Management Development

Nominating and
Corporate Governance

Finance

Health, Safety,
Environmental
and Security

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

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Item 1 Election of Directors Nominees for Director

Chief Executive Officer and Board of Directors Chair of Eastman Chemical Company

Mark J. Costa

Age: 52

(Director since

May 2013)

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

Skills and Expertise: Since he joined the Company, Mr. Costa has led a variety of business, marketing, functional, and strategic areas and initiatives, currently serving as Chief Executive Officer, and has senior management, corporate transformation and portfolio management, and business and marketing capability experience and expertise from both his years with the Company and previously as a consultant. As a result, he is appropriately and uniquely able to advise the Board on the opportunities and challenges of managing the Company and its strategy for value creating growth, as well as its day-to-day operations and risks. We believe the perspective of the Chief Executive Officer of the Company is critical for the Board in order for it effectively to oversee the affairs of the Company and its strategy for growth. Through serving a number of executive positions at Eastman and being instrumental in developing Eastman's growth strategies for its businesses, Mr. Costa's unique knowledge of the opportunities and challenges associated with our business and familiarity with the Company, as well as of the chemical industry and various market participants, also make him uniquely qualified to lead and advise the Board as Chair. See [The Board of Directors and Corporate Governance Board Leadership Structure](#).

Retired Vice Chairman of General Mills, Inc.

Stephen R. Demeritt

Age: 74

Background: Mr. Demeritt served as Vice Chairman of General Mills, Inc. from 1999 until his retirement in 2005. General Mills is a leading producer of packaged consumer foods. He joined General Mills in 1969 and served in a variety of marketing positions, including President, International Foods from 1991 to 1993 and Chief Executive Officer of Cereal Partners Worldwide, General Mills' global cereal joint venture with Nestle, from 1993 to 1999.

(Director since
February 2003)

Skills and Expertise: In addition to serving as a member of the Board, Mr. Demeritt served as the Lead Director from May 2013 to May 2015, and currently serves as a member of the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. He provides to the Board a significant base of marketing and operational expertise through his professional experience at consumer-products companies with significant marketing capabilities and operations, and he also furthers the Board's knowledge base in corporate and product branding. Mr. Demeritt's experience serving on the board of directors of a large public company allows us to leverage his experiences with respect to, among other things, appropriate oversight and related actions utilized in the board environment.

Committees:

Audit

Finance

Health, Safety,
Environmental
and Security

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Item 1 Election of Directors Nominees for Director

Retired Vice Chairman and Chief Financial Officer of USX Corporation

Robert M. Hernandez

Background: Mr. Hernandez was Vice Chairman of the Board and Chief Financial Officer of USX Corporation, an integrated oil and gas and steel producer, from 1994 until his retirement in 2001. He joined U.S. Steel Corporation, the predecessor of USX, in 1968, and held positions of increasing responsibility in the financial and operating organizations, including Vice President and Treasurer from 1984 to 1987, Senior Vice President and Controller from 1987 to 1989, President, U.S. Diversified Group from 1989 to 1990, Senior Vice President, Finance from 1990 to 1991, and Executive Vice President and Chief Financial Officer from 1991 to 1994. Mr. Hernandez is Lead Director of Chubb Limited (formerly ACE Ltd.) and Chairman of the Board of Trustees of BlackRock Open-End Long Term Bond & Equity Funds. He was non-executive Chairman of the Board of RTI International Metals, Inc. from 1990 until 2015 and a member of the Board of Directors of USX from 1991 until 2001.

Age: 73

(Director since

August 2002)

Skills and Expertise: Mr. Hernandez brings a diverse financial and business management background to the Board and to his responsibilities as Lead Director. In addition, Mr. Hernandez also serves as a member of the Compensation and Management Development Committee, the Health, Safety, Environmental and Security Committee, the Finance Committee, and the Nominating and Corporate Governance Committee. He has held a variety of senior management positions throughout his career in a company producing basic materials and commodity-type products. This history and experience is critical to the Board's knowledge base in a variety of areas. Mr. Hernandez has also served as a member of several boards of directors, which allows him to leverage his experience as Lead Director for the further benefit of the Company.

Committees:

Compensation and
Management Development

Health, Safety,
Environmental
and Security

Finance

Nominating and
Corporate Governance

Retired Senior Vice President of The Dow Chemical Company

Julie F. Holder

Age: 65

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

(Director since

November 2011)

Skills and Expertise: In addition to serving on the Board, Ms. Holder is Chair of the Health, Safety, Environmental and Security Committee and is a member of the Compensation and Management Development Committee, the Finance Committee, and the Nominating and Corporate Governance Committee. Ms. Holder brings to the Board substantial corporate management experience as well as expertise in international sales and marketing and the chemicals industry through her various senior management positions at Dow. Ms. Holder's long history at Dow provides her substantial chemical industry experience across a broad range of functional areas and allows her to offer management and operational insight to the Board with an in-depth understanding of the opportunities and challenges associated with our business, including as Chair of the Health, Safety, Environmental and Security Committee. In addition, Ms. Holder's experience in human resources management adds to the Compensation and Management Development Committee's oversight of and decisions concerning management development and compensation and her professional background of overseeing increasingly large and diverse business units results in her having the financial sophistication and understanding of a company similar to Eastman which is of great benefit to the Board and the Finance Committee.

Committees:

Health, Safety,
Environmental
and Security

Compensation and
Management Development

Finance

Nominating and
Corporate Governance

Table of Contents**Item 1 Election of Directors Nominees for Director****Retired Executive Vice President and Chief Financial Officer of Stream Energy****Renée J. Hornbaker****Age: 65****(Director since****September 2003)**

Background: Ms. Hornbaker served as Executive Vice President and Chief Financial Officer and a member of the Board of Directors of Stream Energy, a retail energy provider operating in Texas, Georgia, Pennsylvania, Maryland, and New Jersey, from 2011 to December 2017. Ms. Hornbaker served as Chief Financial Officer of Shared Technologies, Inc., a provider of converged voice and data networking solutions, from 2006 to May 2011, and was Consultant to the Chief Executive Officer of CompuCom Systems, Inc., an information technology services provider, from 2005 to 2006. She was Vice President and Chief Financial Officer of Flowserve Corporation, a global provider of industrial flow management products and services, from 1997 until 2004, and served as Vice President of Business Development and Chief Information Officer from 1997 to 1998. In 1977, Ms. Hornbaker joined the accounting firm Deloitte, Haskins & Sells, where she became a senior manager of its audit practice in the firm's Chicago office. Following that, she served in senior financial positions with several major companies from 1986 until 1996, including five years at Phelps Dodge Corporation where she had financial responsibilities for its international businesses including Columbian Chemicals Corporation. Ms. Hornbaker is also a member of the Boards of Directors of Tri Global Energy, LLC, a private clean energy development company, The Freeman Company, a family and employee-owned company which produces expositions, conventions, trade shows, and other corporate events and exhibits, and WatchGuard Video, Inc., a private company which provides mobile video solutions for law enforcement.

Committees:

Audit

Finance

Health, Safety,
Environmental
and Security

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

Retired President, Chief Executive Officer of Flowserve Corporation**Lewis M. Kling**

Background: Mr. Kling served as President, Chief Executive Officer, and a director of Flowserve Corporation, a global provider of industrial flow management products and services, from 2005 until October 2009, and was Executive Vice Chairman of the Board of Directors of Flowserve until his retirement in February 2010. He was Chief Operating Officer of Flowserve from 2004 to 2005. Before joining Flowserve, Mr. Kling was Group Vice President and Corporate Vice President of SPX Corporation from 1999 to 2004, and served as President of Dielectric Communications, a division of General Signal Corporation, purchased by SPX Corporation, from 1997 to 1999. Mr. Kling also is a member of the Board of Directors of Alclear, LLC, a private company doing business

Age: 73

as CLEAR, which provides a secure identity platform for faster entry at airports and other venues, and was a member of the Board of Directors of Accuride Corporation during the last five years.

**(Director since
October 2006)**

Committees:

Finance

Compensation and
Management Development

Nominating and
Corporate Governance

Health, Safety,
Environmental
and Security

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

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Table of Contents**Item 1 Election of Directors Nominees for Director****Retired Chairman of the Board and Chief Executive Officer of Ashland, Inc.****James J. O'Brien****Age: 63**

Background: Mr. O'Brien served as Chairman of the Board and Chief Executive Officer of Ashland Inc., a leading global specialty chemical company, from 2002 until his retirement in December 2014, and previously served as President and Chief Operating Officer and Senior Vice President and Group Operating Officer from 2001 to 2002. He joined Ashland (then known as Ashland Chemical Company) in 1976, and after serving in various positions, became President of the Valvoline business in 1995. Mr. O'Brien is also a member of the Boards of Directors of Albemarle Corporation and Humana Inc., and was during the last five years a member of the Board of Directors of WESCO International, Inc.

(Director since February 2016)**Committees:**

Audit

Finance

Health, Safety,
Environmental
and Security

Skills and Expertise: In addition to serving as a member of the Board, Mr. O'Brien serves on the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee. Mr. O'Brien brings to the Board extensive knowledge of the chemical industry and substantial experience as an executive of an international public company that allow him to offer management insight and understanding of industry challenges to the Board. Under his leadership, Ashland was transformed to a global specialty chemical company. His significant experience serving on other public company boards and management experience and knowledge in the areas of finance, accounting, international business operations, risk oversight and corporate governance provide a solid platform for his service on the Board and the Audit Committee, the Finance Committee, and the Health, Safety, Environmental and Security Committee.

Retired Vice Chairman of Cargill, Incorporated**David W. Raisbeck****Age: 68**

Background: Mr. Raisbeck was Vice Chairman of Cargill, Incorporated, an agricultural trading and processing company, from 1999 until his retirement in 2008, and was a director of Cargill until September 2009. He joined Cargill in 1971 and held a variety of merchandising and management positions focused primarily in the commodity and financial trading businesses. Mr. Raisbeck was appointed President of Cargill's Financial Markets Division in 1988 and President of Cargill's Trading Sector in 1993, was elected a director of Cargill in 1994 and Executive Vice President in 1995. Mr. Raisbeck was a director of CarVal, a distressed asset management company owned by Cargill, and of Black River Asset Management, a hedge fund owned by Cargill, until 2009.

(Director since December 2000)

Committees:

Nominating and
Corporate Governance

Compensation and
Management Development

Health, Safety,
Environmental
and Security

Finance

Skills and Expertise: Mr. Raisbeck's depth of experience in the areas of trading and risks related to commodities and raw materials, which are significant components of our operations and the manufacturing of our products, is a valuable addition to our Board and its Finance Committee. Given his professional experience managing trading businesses and other risk-based, finance-related transactions, we believe Mr. Raisbeck has unique capabilities and insight with respect to the managing of risk exposure and execution of financing transactions. His substantial experience serving on the boards of directors of other companies and his varied corporate management experience allows us to leverage his experiences with respect to, among other things, appropriate oversight and related actions utilized in the board environment, including corporate governance matters as Chair of the Nominating and Corporate Governance Committee, and as a member of the Compensation and Management Development Committee, the Health, Safety, Environmental, and Security Committee, and the Finance Committee.

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Item 1 Election of Directors The Board of Directors and Corporate Governance

The Board of Directors and Corporate Governance

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

The Board held five meetings during 2017. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all Committees of the Board on which he or she served. The Board meets immediately before each annual meeting of stockholders, and the directors in attendance at such Board meeting attend the annual meeting of stockholders. All directors who attended the May Board meeting in person attended the 2017 Annual Meeting of Stockholders.

Board Leadership Structure

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

Effective July 1, 2014, the Board designated Chief Executive Officer and director Mark J. Costa to serve as Chair, having determined that this was the appropriate time for the appointment and the most efficient manner to facilitate effective communication between management and the Board and provide strong and consistent leadership as well as a unified voice for the Company. In addition, the Board believes that currently combining the roles of Chair and Chief Executive Officer helps ensure that the Chief Executive Officer understands and can effectively and efficiently oversee the implementation of the recommendations and decisions of the Board.

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

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

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

presiding over Board meetings in the absence of the Chair;

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

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

being available with the Chair for consultation and direct communication with stockholders.
Robert M. Hernandez has served as Lead Director since May 2016.

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Item 1 Election of Directors The Board of Directors and Corporate Governance

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

Risk Oversight

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

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

Director Independence

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

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Item 1 Election of Directors The Board of Directors and Corporate Governance

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

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

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

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

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

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

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

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

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

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

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

Transactions with Directors, Executive Officers, and Related Persons

As described above, at least annually the Board reviews and evaluates all current and recent past transactions involving the Company in which non-employee directors and their affiliates (including immediate family members and other firms, corporations, or entities with which the director has a relationship) have or had a direct or indirect interest. The Board also reviews any such transactions and relationships in which executive officers of the Company or members of their immediate families have or had an interest. Written Company policies require approval by the Board (in the case of the Chief Executive Officer) or senior management (in the case of all other employees) of each Company transaction in which an employee has a direct or indirect financial or other personal interest, and restrict reporting relationships between immediate family member employees.

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Item 1 Election of Directors Board Committees

In the most recent such review, the Board considered purchases and sales of products and services in the ordinary course of business to and from a company of which a non-employee director is an executive officer and a payment by a third-party to a partnership of which a non-employee director is a partner for professional services to the third-party for which the Company paid fees to the third party. Each such transaction was below the thresholds of the categorical standards listed above and determined by the Board not to be a material transaction or relationship.

The Board also reviewed employment by the Company of immediate family members of certain executive officers, and determined that no such executive officer has a material interest in his immediate family member's employment relationship or transactions that creates a conflict of interest. The terms of such employment, including compensation and benefits, were in all respects according to standard Company employment policies and practices. Each executive's immediate family member worked in an organization that was not in the executive's line of management or the executive had no direct reporting relationship with his immediate family member, and in each case the executive made no hiring, compensation, promotion, or evaluation decisions regarding his immediately family member.

Board Committees

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

Audit Committee. The members of the Audit Committee are Messrs. Alfonso (Chair), Anderson, Demeritt, and O'Brien and Ms. Hornbaker. The Audit Committee held nine meetings during 2017. The purpose of the Audit Committee is to assist the Board in fulfilling the Board's oversight responsibilities relating to:

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

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

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

the qualifications, independence, and performance of the Company's independent registered public accounting firm;

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

risk assessment and risk management.

The Board of Directors has determined that each member of the Audit Committee is independent and that each of Messrs. Alfonso, Anderson and O'Brien and Ms. Hornbaker is an audit committee financial expert under applicable provisions of the New York Stock Exchange's listing standards and the Securities Exchange Act of 1934.

Audit Committee Report

On behalf of the Board of Directors, the Audit Committee oversees the Company's financial reporting process and its internal control over financial reporting and related disclosure controls and procedures, areas for which management has the primary responsibility. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States and for issuing its report on the Company's internal control over financial reporting. All audit and non-audit services provided to the Company by the independent registered public accounting firm are pre-approved by the Audit Committee or by the Chair of the Audit Committee pursuant to delegated authority, and the Committee considers the compatibility of

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such non-audit services with the accounting firm's independence. At the beginning of the year, the Audit Committee reviewed and approved all known audit and non-audit services and fees to be provided by and paid to PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm. During the year, specific audit and non-audit services or fees not previously approved by the Audit Committee were approved in advance by the Audit Committee or by the Chair of the Audit Committee pursuant to delegated authority.

The Audit Committee evaluates the performance of the independent registered public accounting firm, including the senior audit engagement team, each year and determines whether to reengage the current independent registered public accounting firm or consider other independent registered public accounting firms. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the firm, the firm's global capabilities, and the firm's technical expertise, tenure as the Company's independent registered public accounting firm, and knowledge of the Company's global operations and industry. Based on this evaluation, the Audit Committee decided to retain PricewaterhouseCoopers LLP to serve as independent registered public accounting firm for the year ending December 31, 2018. Although the Audit Committee has the sole authority to appoint the independent registered public accounting firm, the Audit Committee has continued its long-standing practice of recommending that the Board ask stockholders to ratify the appointment of the independent registered public accounting firm at the 2018 Annual Meeting (*see* [Item 3 Ratification of Appointment of Independent Registered Public Accounting Firm](#)).

Of the Audit Committee's nine meetings during 2017, five were regular in-person meetings that included separate private (or executive) sessions of the Committee with the Company's independent registered public accounting firm and with Company management, including the director of internal audit, the chief legal officer, the chief financial officer, the chief accounting officer, the corporate controller, the vice president of corporate compliance, the chief information officer, and other financial and legal management employees, and among the Committee members themselves. These executive sessions included discussion of specific financial management, legal, accounting, auditing, internal and disclosure controls, corporate compliance, and risk management matters. As part of its oversight of the Company's risk management process, the Committee reviewed and discussed management's risk assessment and risk management program, including individual areas of risk and the overall risk management process. *See* [Risk Oversight](#) earlier in this proxy statement. The Audit Committee also met with the chief legal officer and the director of corporate compliance to discuss the effectiveness of the Company's compliance program and received regular corporate compliance program status reports and updates.

Four of the Audit Committee's meetings were conference calls to review the Company's planned public disclosures of quarterly financial results. These meetings included review with management and the independent registered public accounting firm of the financial statements and management's discussion and analysis of financial condition and results of operations disclosures in the Company's annual Form 10-K and quarterly Form 10-Q filings prior to filing with the SEC and of matters relating to the Company's internal control over financial reporting and disclosure controls and procedures for such filings.

Numerous other informal meetings and communications among the Chair, various Committee members, PricewaterhouseCoopers LLP, and the director of internal audit and other members of the Company's management also occurred. The agenda for each of the Audit Committee's meetings is established by the Audit Committee Chair and the director of internal audit.

Throughout the year, the Committee reviewed with the Company's financial management, PricewaterhouseCoopers LLP, and the director of internal audit the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and the independent registered public accounting firm of the Company's internal controls over financial reporting, and the quality of the Company's financial reporting.

Management has reviewed and discussed the audited financial statements and related disclosures in the Company's Annual Report on Form 10-K with the Audit Committee. This review and discussion included the quality of accounting principles, the reasonableness of the significant accounting judgments and estimates, the clarity of disclosures in and concerning the

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financial statements, and the internal controls and disclosure controls and procedures that support management's accounting and disclosure judgments and the certifications of the Chief Executive Officer and the Chief Financial Officer that the financial statements of the Company fairly present, in all material respects, the financial condition, results of operations, and cash flows of the Company.

In its meetings with representatives of PricewaterhouseCoopers LLP, the Audit Committee asked them to address, and discussed their responses to, questions relevant to the Audit Committee's oversight. These discussions included significant accounting judgments or estimates made by management in preparing the financial statements, fair presentation to investors in the financial statements of the Company's financial position and performance in accordance with generally accepted accounting principles and SEC disclosure requirements, and implementation of internal controls and internal audit procedures that are appropriate for the Company.

The Committee also discussed with PricewaterhouseCoopers LLP the matters required to be discussed by the standards of the Public Company Accounting Oversight Board (the PCAOB). The Committee has received from PricewaterhouseCoopers LLP the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and discussed with them their independence from the Company and its management. In addition, the Committee has received written materials addressing PricewaterhouseCoopers LLP internal quality control procedures.

In reliance on these reviews and discussions and the reports of PricewaterhouseCoopers LLP, the Audit Committee has recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC.

Audit Committee

Humberto P. Alfonso (Chair)

Gary E. Anderson

Stephen R. Demeritt

Renée J. Hornbaker

James J. O'Brien

Nominating and Corporate Governance Committee. The members of the Nominating and Corporate Governance Committee are Messrs. Raisbeck (Chair), Begemann, Connors, Hernandez and Kling and Ms. Holder. The Nominating and Corporate Governance Committee held four meetings during 2017. The purpose of the Nominating and Corporate Governance Committee is to:

identify individuals qualified to become Board members;

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

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

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

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

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

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

Director Nominations. The Nominating and Corporate Governance Committee is responsible for reviewing and recommending to the Board potential directors who possess the skills, knowledge, and understanding necessary to be

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

integrity and demonstrated high ethical standards;

experience with business administration processes and principles;