

EASTMAN CHEMICAL CO

Form 424B5

May 31, 2012

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.4% Notes due 2017	\$ 1,000,000,000	99.664%	\$996,640,000	\$114,214.95
3.6% Notes due 2022	\$ 900,000,000	99.224%	\$893,016,000	\$102,339.63
4.8% Notes due 2042	\$ 500,000,000	99.270%	\$496,350,000	\$ 56,881.71

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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Filed Pursuant to Rule 424(b)(5)
 Registration File No. 333-181549

Prospectus Supplement

(To prospectus dated May 18, 2012)

\$2,400,000,000

Eastman Chemical Company

\$1,000,000,000 2.4% Notes due 2017

\$900,000,000 3.6% Notes due 2022

\$500,000,000 4.8% Notes due 2042

We are offering \$1,000,000,000 principal amount of 2.4% notes due 2017 (the 2017 notes), \$900,000,000 principal amount of 3.6% notes due 2022 (the 2022 notes) and \$500,000,000 principal amount of 4.8% notes due 2042 (the 2042 notes). We refer to the 2017 notes, the 2022 notes and the 2042 notes collectively as the notes.

We will pay interest on the 2017 notes on June 1 and December 1 of each year, beginning December 1, 2012. We will pay interest on the 2022 notes on February 15 and August 15 of each year, beginning February 15, 2013. We will pay interest on the 2042 notes on March 1 and September 1 of each year, beginning March 1, 2013. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at the redemption prices described herein. Upon the occurrence of a change of control triggering event, we will be required to make an offer to repurchase the notes from holders at the applicable prices as described under Description of Notes Change of Control Triggering Event. If we are unable to complete the Merger (as defined in this prospectus supplement) by October 31, 2012, we will redeem all of the notes at a redemption price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption. See Description of Notes Special Mandatory Redemption. There will be no sinking funds for the notes.

The notes will be unsecured and will rank equally with all our other unsecured debt from time to time outstanding.

See **Risk Factors** beginning on page S-8 of this prospectus supplement for a discussion of certain risks that you should consider in connection with an evaluation of an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to public(1)	Underwriting discounts and commissions	Proceeds, before expenses
Per 2017 Note	99.664%	0.600%	99.064%
Total	\$ 996,640,000	\$ 6,000,000	\$ 990,640,000

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Per 2022 Note		99.224%	0.650%	98.574%
Total	\$	893,016,000	\$ 5,850,000	\$ 887,166,000
Per 2042 Note		99.270%	0.875%	98.395%
Total	\$	496,350,000	\$ 4,375,000	\$ 491,975,000

(1) Plus accrued interest, if any, from June 5, 2012, if settlement occurs after that date.
The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company for the benefit of its participants, including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*, on or about June 5, 2012.

Joint Book-Running Managers

Barclays

BofA Merrill Lynch
(2017 and 2022 Notes)

Citigroup

Morgan Stanley
(2017 Notes)

J.P. Morgan

RBS
(2017 and 2022 Notes)

Wells Fargo Securities
(2022 and 2042 Notes)

Co-Managers

Mitsubishi UFJ Securities

Mizuho Securities

SMBC Nikko

SunTrust Robinson Humphrey

May 29, 2012

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, including the documents incorporated by reference herein, which describes the specific terms of the notes being offered. The second part, the accompanying prospectus, gives more general information, some of which may not apply to the notes being offered. You should read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under "Incorporation of Documents by Reference" in this prospectus supplement and "Incorporation of Certain Documents by Reference" in the accompanying prospectus.

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus prepared by us or on our behalf to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information and we take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. Further, you should assume that the information appearing in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein, and any free writing prospectus, is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to "Eastman," "we," "us," "our," "the Company" or similar references mean Eastman Chemical Company and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any of these documents and this information at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 or (202) 942-8090 for further information on the public reference room. The SEC also maintains an Internet website that contains reports, proxy statements and other information regarding issuers, including us, who file electronically with the SEC. The address of that site is <http://www.sec.gov>. You may also access the SEC filings and obtain other information about Eastman through our website, <http://www.eastman.com>. The information contained in our website is not a part of or incorporated by reference into this prospectus supplement.

This prospectus supplement and the accompanying prospectus contain summaries of provisions contained in some of the documents discussed in this prospectus supplement and the accompanying prospectus, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of certain of the documents referred to in this prospectus supplement and the accompanying prospectus have been filed with or are incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. If any contract, agreement or other document is filed or incorporated by reference as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved.

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INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means we can disclose information to you by referring you to another document we filed with the SEC. We will make those documents available to you without charge upon your oral or written request. Requests for those documents should be directed to Eastman Chemical Company, P.O. Box 431, Kingsport, Tennessee 37662, Attention: Investor Relations (telephone: (423) 229-4647).

This prospectus supplement incorporates by reference the following documents filed with the SEC but which we have not included or delivered with this prospectus supplement and the accompanying prospectus:

our Annual Report on Form 10-K (including the portions of our Definitive Proxy Statement for our 2012 Annual Meeting of Stockholders filed on March 21, 2012 and incorporated by reference therein) for the year ended December 31, 2011. Items 6, 7 and 8 included in our Annual Report on Form 10-K for the year ended December 31, 2011 have been adjusted retrospectively to give effect to a change in accounting for pension and other post-retirement plan obligations. Adjusted Items 6, 7 and 8 are included in our Current Report on Form 8-K filed with the SEC on May 16, 2012;

our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012;

our Current Reports on Form 8-K filed with the SEC on January 27, 2012, January 30, 2012, March 6, 2012, March 7, 2012, May 8, 2012, May 16, 2012 and May 18, 2012 (other than documents or portions of documents not deemed to be filed);

Item 8. Financial Statements and Supplementary Data and Schedule II Solutia Inc. Valuation and Qualifying Accounts for the Year Ended December 31, 2011, 2010 and 2009 to Solutia Inc. s (File No. 001-13255) Annual Report on Form 10-K for the year ended December 31, 2011; and

Part I. Financial Information Item 1. Financial Statements to Solutia Inc. s (File No. 001-13255) Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012.

The prospective financial information included in Exhibits 99.1 and 99.2 of our Current Report on Form 8-K filed on January 27, 2012 and Exhibit 99.1 of our Current Report on Form 8-K filed on January 30, 2012 was not prepared with a view toward complying with published guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The prospective financial information has been prepared by, and is the responsibility of, our management. PricewaterhouseCoopers LLP (PwC) has neither examined, compiled, nor performed any procedures with respect to the prospective financial information and, accordingly, PwC does not express an opinion or any other form of assurance with respect thereto. PwC s report included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Current Report on Form 8-K filed with the SEC on May 16, 2012, each incorporated by reference herein, relates to our historical financial information, does not extend to the prospective financial information and should not be read to do so. Additionally, Deloitte & Touche LLP (Deloitte) has neither examined, compiled, nor performed any procedures with respect to the prospective financial information and, accordingly, Deloitte does not express an opinion or any other form of assurance with respect thereto or their achievability. Deloitte assumes no responsibility for, and disclaims any association with, the prospective financial information. Deloitte s report included in Solutia s 2011 Annual Report on Form 10-K, portions of which are incorporated by reference herein, relates to Solutia s historical financial information, does not extend to the prospective financial information and should not be read to do so.

We are also incorporating by reference additional documents we may file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus

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supplement until this offering of notes has been completed, other than any portion of the respective filings furnished, rather than filed, under applicable SEC rules. This additional information is a part of this prospectus supplement from the date of filing of those documents.

The information contained in this prospectus supplement and the accompanying prospectus should be read together with the information in the documents incorporated herein by reference. Any statement made in this prospectus supplement, in the accompanying prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

A number of the statements made or incorporated by reference in this prospectus supplement and the accompanying prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements are all statements, other than statements of historical fact, that may be made by us from time to time. In some cases, you can identify forward-looking statements by terminology such as anticipates, believes, estimates, expects, intends, may, plans, projects, will, would, and similar expressions or expressions of these terms. Forward-looking statements may relate to, among other things, such matters as planned and expected capacity increases and utilization; anticipated capital spending; expected depreciation and amortization; environmental matters; expectations regarding the completion of the pending acquisition of Solutia Inc., including our ability to achieve the expected benefits and synergies from the acquired businesses; pending and future legal proceedings; exposure to, and effects of hedging of, raw material and energy costs, foreign currencies and interest rates; global and regional economic, political, and business conditions; competition; growth opportunities; supply and demand, volume, price, cost, margin and sales; earnings, cash flow, dividends and other expected financial results and conditions; expectations, strategies, and plans for individual assets and products, businesses, and segments as well as for the whole of Eastman; cash requirements and uses of available cash; financing plans and activities; pension expenses and funding; credit ratings; anticipated and other future restructuring, acquisition, divestiture, and consolidation activities; cost reduction and control efforts and targets; the timing of, and benefits from, the integration of, and expected business and financial performance of, acquired businesses; strategic initiatives and development, production, commercialization and acceptance of new products, services and technologies and related costs; asset, business and product portfolio changes; and expected tax rates and net interest costs.

Forward-looking statements are based upon certain underlying assumptions as of the date such statements were made. Such assumptions are based upon internal estimates and other analyses of current market conditions and trends, management expectations, plans, and strategies, economic conditions, and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions and expectations proves to be inaccurate or is unrealized. Certain important factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those set forth under Part I. Financial Information Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements and Risk Factors contained in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which is incorporated herein by reference, and any risk factors included or described in our other periodic reports, and in other information that we file with the SEC from time to time and incorporated by reference into this prospectus supplement.

We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus supplement in the case of forward-looking statements contained in this prospectus supplement, or the dates of the accompanying prospectus or any documents incorporated by reference herein and therein in the case of forward-looking statements made in the accompanying prospectus or such incorporated documents. Except as may be required by law, we undertake no obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and does not contain all of the information you should consider when making your investment decision. We urge you to read all of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including our consolidated financial statements and accompanying notes, carefully to gain a fuller understanding of our business and the terms of the notes, as well as some of the other considerations that may be important to you, before making your investment decision. You should pay special attention to the Risk Factors section of this prospectus supplement and the information under the heading Part I. Financial Information Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements and Risk Factors contained in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which is incorporated herein by reference, and any subsequent Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q incorporated by reference in this prospectus supplement.

Eastman Chemical Company

Eastman Chemical Company is a global chemical company which manufactures and sells a broad portfolio of chemicals, plastics, and fibers. Eastman began business in 1920 for the purpose of producing chemicals for Eastman Kodak Company's photographic business and became a public company, incorporated in Delaware, on December 31, 1993. Eastman has nineteen manufacturing sites in ten countries and equity interests in joint ventures that supply chemicals, plastics, and fibers products to customers throughout the world. The Company's headquarters and largest manufacturing site are located in Kingsport, Tennessee.

In 2011, the Company had sales revenue of \$7.2 billion, operating earnings of \$937 million, earnings from continuing operations of \$606 million and net earnings of \$646 million. Earnings per diluted share from continuing operations were \$4.24 in 2011. For the three months ended March 31, 2012, the Company had sales revenue of \$1.8 billion, operating earnings of \$264 million, earnings from continuing operations of \$159 million and net earnings of \$158 million. Earnings per diluted share from continuing operations were \$1.13 for the three months ended March 31, 2012.

As of March 31, 2012, the Company's products and operations were managed and reported in four operating segments: the Coatings, Adhesives, Specialty Polymers, and Inks segment, the Fibers segment, the Performance Chemicals and Intermediates segment and the Specialty Plastics segment. The Company manages certain costs and initiatives at the corporate level, including certain research and development costs not allocated to the operating segments.

Eastman's objective is to be an outperforming chemical company through consistently solid financial results and disciplined execution of its growth strategies. The Company's businesses segments currently sell differentiated products into diverse markets and geographic regions. Management believes that the Company can increase the revenues from its businesses with increasing profitability through a balance of new applications for existing products, development of new products, and sales growth in adjacent markets and emerging economies. These revenue and earnings increases are expected to result from organic (internal growth) and inorganic (external growth through joint venture and acquisition) initiatives.

Our principal executive offices are located at 200 South Wilcox Drive, Kingsport, Tennessee 37662.

We maintain a website at <http://www.eastman.com>. The information on and contents of our website are not incorporated by reference into this prospectus supplement or the accompanying prospectus.

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Pending Acquisition of Solutia Inc.

On January 26, 2012, we entered into an Agreement and Plan of Merger (the **Merger Agreement**) with Solutia Inc. (**Solutia**) and Eagle Merger Sub Corporation, a subsidiary of Eastman (**Merger Sub**), providing for the merger of Merger Sub with and into Solutia, with Solutia surviving the merger as an indirect wholly-owned subsidiary of Eastman (the **Merger**). At the effective time of the Merger, each outstanding share of Solutia common stock (other than shares owned by Solutia as treasury stock and shares held by holders properly exercising appraisal rights under Delaware law) will be cancelled and converted automatically into the right to receive (1) \$22.00 in cash, without interest, and (2) 0.12 shares of Eastman common stock.

Solutia is a global manufacturer of performance materials and specialty chemicals used in a broad range of consumer and industrial applications including interlayers and aftermarket film for automotive and architectural glass; chemicals that promote safety and durability in tires; and encapsulants, coatings and specialty chemicals used in a variety of electronic, industrial and energy solutions. To serve its customers, Solutia utilizes a global infrastructure consisting of 26 manufacturing facilities, six technical centers and approximately 30 sales offices globally, collectively staffed by approximately 3,400 employees located in the United States, Europe, Latin America and Asia Pacific. Solutia is headquartered in St. Louis, Missouri. The acquisition of Solutia is expected to:

broaden our global presence, particularly in Asia Pacific;

establish a combined platform with organic growth opportunities through complementary technologies and business capabilities and an overlap of key end-markets; and

expand our portfolio of sustainable products.

The Merger is subject to various customary closing conditions, including approval by Solutia's stockholders. Completion of the Merger is not conditioned on us obtaining financing to pay the cash portion of the merger consideration. Completion of the Merger is anticipated to occur by mid-2012, although there can be no assurance the Merger will occur within the expected timeframe, as contemplated, or at all.

The consummation of this offering is not conditioned on the completion of the Merger. If we are unable to complete the Merger by October 31, 2012, we will redeem all of the notes at a redemption price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption. See **Description of Notes** **Special Mandatory Redemption**.

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The Offering

*The following summary contains information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section in this prospectus supplement entitled *Description of Notes* and the section in the accompanying prospectus entitled *Description of Debt Securities*. Unless the context requires otherwise, all references to *we* and the *Company* in this Summary The Offering section include only Eastman Chemical Company and not its subsidiaries.*

Issuer	Eastman Chemical Company
Notes Offered	\$1,000,000,000 aggregate principal amount of 2.4% notes due 2017 \$900,000,000 aggregate principal amount of 3.6% notes due 2022 \$500,000,000 aggregate principal amount of 4.8% notes due 2042
Maturity Dates	The 2017 notes will mature on June 1, 2017, the 2022 notes will mature on August 15, 2022 and the 2042 notes will mature on September 1, 2042.
Interest Rates	2.4% per year, in the case of the 2017 notes, 3.6% per year, in the case of the 2022 notes, and 4.8% per year, in the case of the 2042 notes.
Interest Payment Dates	We will pay interest on the 2017 notes on June 1 and December 1 of each year, beginning December 1, 2012. We will pay interest on the 2022 notes on February 15 and August 15 of each year, beginning February 15, 2013. We will pay interest on the 2042 notes on March 1 and September 1 of each year, beginning March 1, 2013.
Ranking	The notes: will be unsecured; will rank equally with all our existing and future unsubordinated debt; will be senior to any of our future subordinated debt; and will be effectively subordinated to any of our future secured debt to the extent of the value of the assets securing such debt. As of March 31, 2012, we had approximately \$1.6 billion of debt that would rank equally with the notes.
Optional Redemption	We may redeem the notes, in whole or in part, in the case of the 2017 notes, at any time prior to the maturity date, in the case of the 2022 notes, at any time prior to May 15, 2022

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and, in the case of the 2042 notes, at any time prior to March 1, 2042, at the redemption prices described in this prospectus supplement, plus accrued and unpaid interest to the redemption date.

Commencing on May 15, 2022 (three months prior to the maturity date), we may redeem the 2022 notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2022 notes being redeemed plus accrued and unpaid interest to the redemption date.

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Commencing on March 1, 2042 (six months prior to the maturity date), we may redeem the 2042 notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2042 notes being redeemed plus accrued and unpaid interest to the redemption date.

See Description of Notes Optional Redemption.

Special Mandatory

Redemption

If we are unable to complete the Merger by October 31, 2012, we will redeem all of the notes at a redemption price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption. See Description of Notes Special Mandatory Redemption.

Change of Control Triggering

Event

Upon the occurrence of a Change of Control Triggering Event (as defined in this prospectus supplement), the holders of the notes will have the right to cause us to repurchase all or a portion of the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of Notes Change of Control Triggering Event.

Covenants

The indenture under which the notes will be issued will contain covenants that, among other things, restrict our ability to:

incur certain secured indebtedness;

enter into sale and leaseback transactions; and

consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

These covenants will be subject to important exceptions and qualifications, which are described in this prospectus supplement and the accompanying prospectus. For a more detailed description, see Description of Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuance of Additional Notes

We may create and issue additional notes ranking equally and ratably with the notes in all respects, so that such additional notes shall be consolidated with the notes, including for purposes of voting and redemptions, provided that if such additional notes are not fungible for U.S. federal income tax purposes, such notes will have a different CUSIP number.

Form and Denomination

The notes will be issued in fully registered form in denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

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Use of Proceeds

We expect that we will receive approximately \$2.37 billion in net proceeds from this offering, after deducting the underwriters' discounts and commissions, and estimated offering expenses payable by us. We intend to use the net proceeds to pay a portion of the Merger consideration. Pending the application of the net proceeds, we will invest such net proceeds in short-term investments. See [Use of Proceeds](#).

**Certain U.S. Federal Income
Tax Considerations**

You should consult your tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of the notes. See [Certain U.S. Federal Income Tax Considerations](#).

Risk Factors

See [Risk Factors](#) and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding whether to invest in the notes.

Governing Law

The notes and the indenture will be governed by the laws of the State of New York.

Trustee

Wells Fargo Bank, National Association

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The following table presents selected historical consolidated financial data for us as of and for the fiscal years ended December 31, 2011, 2010, 2009, 2008 and 2007 and as of March 31, 2012 and for the three months ended March 31, 2012 and 2011. The information should be read in conjunction with our consolidated financial statements and the related notes thereto and the information under the heading *Management's Discussion and Analysis of Financial Condition and Results of Operations* set forth in our Current Report on Form 8-K filed on May 16, 2012 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which are incorporated by reference into this prospectus supplement. During 2012, we elected to change our method of accounting for actuarial gains and losses for our pension and other postretirement benefit plans as described in Note 2, *Accounting Methodology Change for Pension and Other Postretirement Benefit Plans* to our consolidated financial statements in our Current Report on Form 8-K filed on May 16, 2012. The new method has been retrospectively applied to the financial results for all periods presented. The information as of December 31, 2009, 2008 and 2007 and for the fiscal years ended December 31, 2008 and 2007 should be read in conjunction with our consolidated financial statements and related notes thereto, which do not give effect to the change in accounting for pension and postretirement obligations, which have previously been filed with, and are available from, the SEC but which are not incorporated by reference into this prospectus supplement.

(in millions, except per share amounts)	Three months ended		Year ended December 31,				
	March 31, 2012 (unaudited)	2011	2011 (audited)	2010 (audited)	2009 (audited)	2008 (unaudited)	2007 (unaudited)
Operating Data							
Sales	\$ 1,821	\$ 1,758	\$ 7,178	\$ 5,842	\$ 4,396	\$ 5,936	\$ 5,513
Operating earnings(1)	264	314	937	844	276	221	808
Earnings from continuing operations(2)	159	201	606	416	111	140	514
Earnings (loss) from discontinued operations(3)		9	9	9	(22)	(37)	(113)
Gain (loss) from disposal of discontinued operations(3)	(1)	30	31			18	(11)
Net earnings	\$ 158	\$ 240	\$ 646	\$ 425	\$ 89	\$ 121	\$ 390
Basic earnings per share							
Earnings from continuing operations	\$ 1.15	\$ 1.42	\$ 4.34	\$ 2.88	\$ 0.77	\$ 0.93	\$ 3.10
Earnings (loss) from discontinued operations(3)		0.28	0.29	0.07	(0.16)	(0.13)	(0.75)
Basic earnings per share	\$ 1.15	\$ 1.70	\$ 4.63	\$ 2.95	\$ 0.61	\$ 0.80	\$ 2.35
Diluted earnings per share							
Earnings from continuing operations	\$ 1.13	\$ 1.39	\$ 4.24	\$ 2.81	\$ 0.76	\$ 0.92	\$ 3.06
Earnings (loss) from discontinued operations(3)	(0.01)	0.27	0.28	0.07	(0.15)	(0.12)	(0.74)
Diluted earnings per share	\$ 1.12	\$ 1.66	\$ 4.52	\$ 2.88	\$ 0.61	\$ 0.80	\$ 2.32

(1) Operating earnings for 2009 included an asset impairment charge of \$179 million primarily for a discontinued Beaumont, Texas, industrial gasification project.

(2) Earnings from continuing operations for 2010 included a charge of \$115 million before tax for the early repayment of debt.

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- (3) In first quarter 2011, Eastman completed the sale of the polyethylene terephthalate business, related assets at the Columbia, South Carolina site, and technology of its Performance Polymers segment. Performance Polymers segment operating results are presented as discontinued operations for all periods presented and are therefore not included in results from continuing operations in accordance with accounting principles generally accepted in the United States.

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(in millions, except per share amounts)	As of March		As of December 31,			
	31, 2012 (unaudited)	2011 (audited)	2010 (audited)	2009 (audited)	2008 (unaudited)	2007 (unaudited)
Statement of Financial Position Data						
Current assets	\$ 2,264	\$ 2,302	\$ 2,047	\$ 1,735	\$ 1,423	\$ 2,293
Net properties	3,136	3,107	3,219	3,110	3,198	2,846
Total assets	6,191	6,184	5,986	5,515	5,281	6,009
Current liabilities	997	1,114	1,070	800	832	1,122
Long-term borrowings	1,444	1,445	1,598	1,604	1,442	1,535
Total liabilities	4,166	4,314	4,359	4,002	3,728	3,927
Total stockholders' equity	2,025	1,870	1,627	1,513	1,553	2,082
Dividends declared per share	0.260	0.990	0.895	0.880	0.880	0.880

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You should carefully consider the risks and uncertainties described below as well as any cautionary language or other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risks described under the heading Part I. Financial Information Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements and Risk Factors contained in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which is incorporated herein by reference, and any subsequent Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q incorporated by reference in this prospectus supplement, before deciding whether to invest in the notes. The risks described therein or set forth below are those that we consider to be the most significant to your decision whether to invest in the notes. If any of the events described below occurs, the value of your investment in the notes could decline, and in some cases we may not be able to make payments on the notes, and this could result in your losing all or part of your investment.

We will incur substantial additional indebtedness in connection with the Merger.

In connection with entering into the agreement governing the Merger, we entered into a \$1.2 billion five-year Term Loan Agreement and a \$2.3 billion Bridge Loan Agreement. Although our borrowings under the Bridge Loan Agreement will be reduced on a dollar-for-dollar basis by any notes sold hereunder, in connection with the completion of the Merger, we will incur substantial additional indebtedness. This indebtedness will be incurred on a *pari passu* basis with the notes and will increase the risks we face with our current and expected future indebtedness, and could, among other things, make it more difficult for us to satisfy all of our obligations, including the payment of principal and interest, when due, on the notes.

The notes are effectively subordinated to the existing and future liabilities of our subsidiaries and to any secured debt we may incur in the future to the extent of the assets securing the same.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes. In addition, any payment of dividends, loans, or advances by our subsidiaries could be subject to statutory or contractual restrictions. Our right to receive any assets of any of our subsidiaries upon its bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any debt of our subsidiaries senior to that held by us. At March 31, 2012, our subsidiaries had approximately \$4.0 million of debt. In connection with completing the Merger, we currently expect to repay Solutia's outstanding indebtedness of approximately \$1.3 billion. From the closing of the Merger, unless and until we repay this debt, the debt of our subsidiaries would increase accordingly, and the related risks could increase.

The notes are not secured by any of our assets. If we become insolvent or are liquidated, or if payment under any of the agreements governing any secured debt we may incur in the future is accelerated, the lenders under such secured debt agreements would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to agreements governing that debt. Accordingly, those lenders would have a prior claim on our assets to the extent of their liens thereon. In that event, because the notes are not secured by any of our assets, it is possible that there would be no assets remaining from which claims of the holders of notes could be satisfied or, if any assets remain, the remaining assets might be insufficient to satisfy those claims in full.

If we are unable to complete the Merger by October 31, 2012, we will redeem all of the notes.

A mandatory redemption of the notes, which will be required if we do not complete the Merger by October 31, 2012, may have the effect of reducing the income or return on investment you would otherwise expect from an investment in the notes. If this occurs, you may not be able to reinvest the proceeds from such redemption at

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equivalent risk-based interest rates. For a further discussion of the mandatory redemption, see the information under the heading **Description of Notes** **Special Mandatory Redemption**.

We may not have the funds necessary to finance the change of control repurchase offer required by the indenture.

Upon the occurrence of a Change of Control Triggering Event (as defined under the heading **Description of Notes** **Change of Control Triggering Event**), we will be required to make an offer to repurchase all outstanding notes. We cannot assure you that we will have sufficient funds available to make any required repurchases of the notes. Any failure to repurchase any tendered notes in those circumstances would constitute a default under the indenture. A default could result in the declaration of the principal and interest on all the notes to be due and payable.

The terms of the indenture and the notes will provide only limited protection against significant corporate events that could adversely impact your investment in the notes.

While the indenture and the notes will contain terms intended to provide protection to holders of notes upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, such terms are limited and may not be sufficient to protect your investment in the notes.

The definition of the term **Change of Control** includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our properties or assets taken as a whole. Although there is a limited body of case law interpreting the phrase **substantially all**, there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets taken as a whole to another Person or group may be uncertain.

The definition of the term **Change of Control Triggering Event** does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively affect the value of your notes. If we were to enter into a significant corporate transaction that would negatively affect the value of the notes but would not constitute a **Change of Control Triggering Event**, we would not be required to offer to repurchase your notes prior to their maturity.

Furthermore, the indenture for the notes will not, among other things:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;

limit our ability to incur debt that is equal in right of payment to the notes;

limit the ability of our subsidiaries to incur unsecured debt, which will be structurally senior to the notes;

limit the ability of us or our subsidiaries to incur debt that is secured in any manner other than by any **Principal Property** (as defined under the heading **Description of Notes** **Restrictions on Secured Debt**);

restrict our ability to repurchase or prepay any other of our securities or other debt;

restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes; or

limit our ability to sell, merge or consolidate any of our subsidiaries.

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For a further discussion of the terms of the indenture and the notes, see the information under the heading Description of Notes.

There may not be a public market for the notes.

The notes constitute a new issue of securities with no established trading market. We do not intend to list the notes on any securities exchange or to include the notes in any automated quotation system. Accordingly, no market for the notes may develop, and any market that develops may not last. If the notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, the time remaining to the maturity of the notes, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your notes at the price you paid or at all.

The underwriters have advised us that they currently intend to make a market in each series of notes, but they are not obligated to do so and may cease market-making at any time in their sole discretion without notice.

In certain instances, it will be possible for the indenture to be amended and for compliance with certain covenants and for certain defaults thereunder to be waived with the consent of the holders of a majority in aggregate principal amount of all of the notes of each series of notes issued under the indenture affected thereby, treated as a single class.

Subject to certain exceptions, the indenture will provide that it may be amended by us and the trustee with the consent of the holders of any series of notes issued under the indenture, including the notes. With respect to any series of notes, the required consent can be obtained from either the holders of a majority in aggregate principal amount of the notes of that series, or from the holders of a majority in aggregate principal amount of all of the notes of that series and all other series issued under the indenture affected by the amendment, voting as a single class. In addition, subject to certain exceptions, with respect to any series of notes issued under the indenture, our compliance with certain restrictive provisions of the indenture or any past default under the indenture may be waived by either the holders of a majority in aggregate principal amount of the notes of that series, or by the holders of a majority in aggregate principal amount of all of the notes of that series and all other series issued under the indenture affected by the waiver, voting as a single class. As a result, it will be possible in certain circumstances for the indenture to be amended and for compliance with certain covenants and for certain defaults thereunder to be waived with the consent of holders of less than a majority of any particular series of notes issued under the indenture (and potentially without the consent of any of the holders of any particular series of notes issued under the indenture), including the 2017 notes, the 2022 notes and the 2042 notes.

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The following table shows our total capitalization as of March 31, 2012:

on an actual basis; and

on a pro forma as adjusted basis giving effect to the completion of the Merger, including our expected repayment of Solutia's outstanding indebtedness, and this offering of notes.

The consummation of this offering is not conditioned on the completion of the Merger. We intend to complete this offering of notes prior to the completion of the Merger. If we are unable to complete the Merger by October 31, 2012, we will redeem all of the notes at a redemption price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption. See Description of Notes Special Mandatory Redemption.

This table should be read in conjunction with Summary Summary Historical Consolidated Financial Data appearing elsewhere in this prospectus supplement, and the information under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in our Current Report on Form 8-K filed on May 16, 2012 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, our audited consolidated financial statements, including the accompanying notes, appearing in our Current Report on Form 8-K filed on May 16, 2012, our unaudited condensed consolidated interim financial statements appearing in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 and our unaudited pro forma condensed combined financial information appearing in our Current Report on Form 8-K filed on May 18, 2012, each of which are incorporated by reference in this prospectus supplement.

(dollars in millions, except par value)	As of March 31, 2012	
	Actual	Pro forma as adjusted
Short-term debt:		
Long-term debt, current maturities	\$ 147	\$ 147
Other obligations	4	4
Term loan borrowings, current maturities		120
Total short-term debt	151	271
Long-term debt:		
2.4% notes due 2017 offered hereby		997
3.6% notes due 2022 offered hereby		893
4.8% notes due 2042 offered hereby		496
3% debentures due 2015	250	250
6.30% notes due 2018	175	175
5.5% notes due 2019	250	250
4.5% debentures due 2021	250	250
7 1/4% debentures due 2024	243	243
7 5/8% debentures due 2024	54	54
7.60% debentures due 2027	222	222
Credit facility borrowings		
Term loan borrowings		1,080
Total long-term debt	1,444	4,910
Total debt	\$ 1,595	\$ 5,181
Stockholders' equity:		
Common stock, par value \$0.01		
Authorized 350,000,000 shares		
Issued 197,409,655 shares (actual) and 212,125,881 shares (pro forma as adjusted)	\$ 2	\$ 2

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Additional paid-in capital	918	1,654
Retained earnings	2,882	2,839
Accumulated other comprehensive income	153	153
Treasury stock at cost	1,930	1,930
Total stockholders' equity	2,025	2,718
Total capitalization	\$ 3,620	\$ 7,899

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The following table sets forth our consolidated ratio of earnings to fixed charges as of the indicated dates:

	As of March 31, 2012	2011	As of December 31,			
			2010	2009	2008	2007
Ratio of earnings to fixed charges	10.4x	9.1x	6.1x	2.6x	2.1x	6.9x

For purposes of computing this ratio, earnings represents income from continuing operations before income taxes plus interest expense, one-third of rent expense (which approximates the interest component of rental expense), and amortization of capitalized interest. Fixed charges consist of interest expense, the interest component of rental expense, and capitalized interest. We have not had any shares of preferred stock outstanding during any of these periods, and have not paid any preferred stock dividends. Therefore, our ratio of earnings to combined fixed charges and preferred dividends is the same as the ratio above.

USE OF PROCEEDS

We expect that we will receive approximately \$2.37 billion in net proceeds from this offering, after deducting the underwriters' discounts and commissions, and estimated offering expenses payable by us. We intend to use the net proceeds to pay a portion of the Merger consideration. See Summary Pending Acquisition of Solutia Inc. Pending the application of the net proceeds, we will invest such net proceeds in short-term investments.

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DESCRIPTION OF NOTES

The notes being offered hereby are three new, separate series of debt securities. The notes will be issued under an indenture by and between Eastman Chemical Company and Wells Fargo Bank, National Association, as trustee. The following description is only a summary of the material provisions of the notes and does not purport to be complete. This summary is subject to and is qualified in its entirety by reference to all the provisions of the indenture, including the definitions of the terms used in the indenture and those terms made a part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). You should read the documents in their entirety because they, and not this description, will define your rights as a holder of the applicable series of notes. You may request a copy of the indenture from us as described under the heading **Where You Can Find More Information**.

Unless the context requires otherwise, all references to **we** and the **Company** in this **Description of Notes** section include only Eastman Chemical Company and not its subsidiaries, and all references to **notes** refers to each of the 2017 notes, the 2022 notes and the 2042 notes collectively, as applicable.

The following description of the particular terms of the notes offered hereby supplements the general description of debt securities set forth in the accompanying prospectus.

General

The 2017 notes will be issued in an initial aggregate principal amount of \$1,000,000,000 and will mature on June 1, 2017. The 2022 notes will be issued in an initial aggregate principal amount of \$900,000,000 and will mature on August 15, 2022. The 2042 notes will be issued in an initial aggregate principal amount of \$500,000,000 and will mature on September 1, 2042. The notes will be issued only in fully registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will not be entitled to any sinking funds.

Interest on each series of notes will accrue at the rate per annum shown on the cover of this prospectus supplement from June 5, 2012, or from the most recent date from which interest has been paid or provided for. Interest will be payable semi-annually on June 1 and December 1 of each year, beginning on December 1, 2012, in the case of the 2017 notes, on February 15 and August 15 of each year, beginning on February 15, 2013, in the case of the 2022 notes, and on March 1 and September 1 of each year, beginning on March 1, 2013, in the case of the 2042 notes, to the persons in whose names the notes are registered in the security register at the close of business on the May 15 or November 15 preceding the relevant interest payment date, in the case of the 2017 notes, on the February 1 or August 1 preceding the relevant interest payment date, in the case of the 2022 notes, and on the February 15 or August 15 preceding the relevant interest payment date, in the case of the 2042 notes, except that interest payable at maturity shall be paid to the same persons to whom principal of the notes is payable. Interest will be computed on the notes on the basis of a 360-day year of twelve 30-day months.

There is no public trading market for the notes, and we do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system.

Special Mandatory Redemption

We intend to use the net proceeds from this offering to pay a portion of the consideration which will be payable to complete the Merger as described under the heading **Use of Proceeds**. The closing of this offering is expected to occur prior to the completion of the Merger. The notes will be subject to a special mandatory redemption in the event the Merger is not consummated on or prior to October 31, 2012 or, if prior to October 31, 2012, the Merger Agreement is terminated (each such event, a **redemption event**). If a redemption event occurs, the notes will be redeemed at a special mandatory redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, whichever is later, to but excluding the special mandatory redemption date. The **special mandatory redemption date** means the earlier to occur of (1) October 31, 2012, if the Merger has not been completed on or prior to October 31, 2012, or (2) the 30th day (or if such day is not a business day, the first business day thereafter) following the termination of the Merger Agreement.

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We will cause the notice of special mandatory redemption to be mailed, with a copy to the trustee, within five business days after the occurrence of the redemption event to each holder at its registered address.

Optional Redemption

We may redeem the notes of each series offered hereby, in whole or in part, in the case of the 2017 notes, at any time prior to the maturity date, in the case of the 2022 notes, at any time prior to May 15, 2022 and, in the case of the 2042 notes, at any time prior to March 1, 2042, at a redemption price equal to the greater of:

100% of the principal amount of the applicable series of notes being redeemed; or

as determined by a Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus 25 basis points in the case of the 2017 notes, 30 basis points in the case of the 2022 notes, and 30 basis points in the case of the 2042 notes,

plus, in each case, accrued and unpaid interest to the redemption date; provided that the principal amount of a note remaining outstanding after redemption in part shall be \$2,000 or an integral multiple of \$1,000 in excess thereof.

In addition, commencing on May 15, 2022 (three months prior to the maturity date), we may redeem the 2022 notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2022 notes being redeemed plus accrued and unpaid interest to the redemption date.

Commencing on March 1, 2042 (six months prior to the maturity date), we may redeem the 2042 notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2042 notes being redeemed plus accrued and unpaid interest to the redemption date.

For purposes of the foregoing discussion of an optional redemption, the following definitions are applicable:

Adjusted Treasury Rate means, with respect to any redemption date for either series of notes, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means, with respect to either series of notes, the United States Treasury security selected by a Quotation Agent as having a maturity comparable to the remaining term of the series of notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Comparable Treasury Price means, with respect to any redemption date for either series of notes, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

Reference Treasury Dealer means (1) Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we shall substitute therefor another Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by us.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the third business day preceding such redemption date.

We will give notice to the holders of notes and the trustee of any series to be redeemed of any redemption we propose to make at least 30 days, but not more than 60 days, before the redemption date. If fewer than all of a series of notes are to be redeemed, the trustee must select the particular notes of such series to be redeemed by the method specified in the indenture.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portion of the notes called for redemption.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event with respect to either series of notes, unless we have exercised our right to redeem the notes as described under *Optional Redemption* in accordance with the indenture, each holder of such notes will have the right to require us to purchase all or a portion of such holder's notes pursuant to the offer described below (the *Change of Control Offer*), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (the *Change of Control Payment*), subject to the rights of holders of such notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred with respect to either series of notes, or at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send, by first class mail, a notice to each holder of such notes, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the *Change of Control Payment Date*). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful:

accept or cause a third party to accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

deposit or cause a third party to deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased and that all conditions precedent to the Change of Control Offer and to the repurchase by us of notes pursuant to the Change of Control Offer have been complied with.

We will not be required to make a Change of Control Offer with respect to either series of notes if (i) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer otherwise required to be made by us and such third party purchases all such notes properly tendered and not withdrawn under its offer or (ii) a notice of redemption has been given to the holders of all such notes in accordance with the terms of the indenture, unless and until there is a default in payment of the redemption price.

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A Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place of the Change of Control at the time of making of the Change of Control Offer.

We will comply in all material respects with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the notes by virtue of any such conflict.

For purposes of the foregoing discussion of a Change of Control Offer, the following definitions are applicable:

Below Investment Grade Rating Event means the notes of a series cease to be rated Investment Grade by each of the Rating Agencies on any date during the period (the Trigger Period) commencing on the earlier of (a) the occurrence of a Change of Control and (b) the first public announcement by us of any Change of Control (or pending Change of Control) and ending 60 days following the consummation of such Change of Control (which Trigger Period will be extended if the rating of such series notes is under publicly announced consideration for possible downgrade by any Rating Agency on such 60th day, such extension to last with respect to each Rating Agency until the date on which such Rating Agency considering such possible downgrade either (x) rates such series of notes below Investment Grade or (y) publicly announces that it is no longer considering the notes for possible downgrade; provided, that no such extension will occur if on such 60th day the notes of such series are rated Investment Grade not subject to review for possible downgrade by any Rating Agency); provided, that a rating event will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event) if each Rating Agency making the reduction in rating does not publicly announce or confirm or inform the trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the Change of Control (whether or not the applicable Change of Control has occurred at the time of the Below Investment Grade Rating Event).

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person as such term is used in Section 13(d)(3) of the Exchange Act, such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition.

Change of Control means the occurrence of any of the following after the date of issuance of a series of notes:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to the Company or one of its Subsidiaries;
- (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person or group (as those terms are used in Section 13(d)(3) of the Exchange Act, it being agreed that an employee of the Company or any of its Subsidiaries for whom shares are held under an employee stock ownership, employee retirement, employee savings or similar plan and whose shares are voted in accordance with the instructions of such employee shall not be a member of a group (as that term is used in Section 13(d)(3) of the Exchange Act) solely because such employee's shares are held by a trustee under said plan) becomes the ultimate Beneficial Owner, directly or indirectly, of our Voting Stock representing more than 50% of the voting power of our outstanding Voting Stock;

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- (3) we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where our Voting Stock outstanding immediately prior to such transaction constitutes, or is converted into or exchanged for, Voting Stock representing more than 50% of the voting power of the Voting Stock of the surviving Person or its parent immediately after giving effect to such transaction; or

- (4) during any period of 24 consecutive calendar months, the majority of the members of our board of directors shall no longer be composed of individuals (a) who were members of our board of directors on the first day of such period or (b) whose election or nomination to our board of directors was approved by individuals referred to in clause (a) above constituting, at the time of such election or nomination, at least a majority of our board of directors or, if directors are nominated by a committee of our board of directors, constituting at the time of such nomination, at least a majority of such committee.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction.