

FERGUSON J BRIAN
Form 4
November 02, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
FERGUSON J BRIAN

2. Issuer Name and Ticker or Trading Symbol
EASTMAN CHEMICAL CO [EMN]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
EASTMAN CHEMICAL COMPANY, 100 NORTH EASTMAN ROAD
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
10/31/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman of the Board and CEO

KINGSPORT, TN 37660-5075

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount or Price | | |
| Common Stock | 10/31/2006 | | M | | 179,084 A \$ 29.9 | 247,358 | D |
| Common Stock | 10/31/2006 | | F | | 52,516 D \$ 60.92 | 194,842 | D |
| Common Stock | 10/31/2006 | | S | | 72,084 D \$ 60.92 | 122,758 | D |
| Common Stock | | | | | | 5,073 | I 401(K) |
| Common Stock | | | | | | 579 | I ESOP |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|--|--------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Employee Stock Option (Right to Buy) | \$ 60.92 | 10/31/2006 | | A | 165,000 | 10/31/2007 ⁽¹⁾ | 10/30/2016 | Common Stock |
| Employee Stock Option (Right to Buy) | \$ 29.9 | 10/31/2006 | | M | 179,084 | 04/04/2005 | 04/03/2013 | Common Stock |
| Employee Stock Option (Right to Buy) | \$ 60.92 | 10/31/2006 | | A | 52,516 | 10/31/2006 | 04/03/2013 | Common Stock |
| Phantom Stock Units | \$ 0 ⁽³⁾ | 11/01/2006 | | I | 15,846 ⁽²⁾ | ⁽³⁾ | ⁽³⁾ | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| FERGUSON J BRIAN EASTMAN CHEMICAL COMPANY 100 NORTH EASTMAN ROAD KINGSPORT, TN 37660-5075 | X | | Chairman of the Board and CEO | |

Signatures

Brian L. Henry, by Power of
Attorney

11/02/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) One-third of the option becomes exercisable on October 31, 2007, October 31, 2008 and October 31, 2009, respectively.
- (2) Includes 1,280 phantom stock units credited under the Executive Deferred Compensation Plan since April 1, 2004 as hypothetical reinvestment of dividend equivalents.
- (3) Phantom stock units credited under the Executive Deferred Compensation Plan, each having a value of one share of issuer common stock and payable only in cash and, subject to certain acceleration and early withdrawal provisions, after termination of employment.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.