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## Eastman Chemical Co. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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Thank you, sir. Ladies and gentlemen, our question-and-answer session will be conducted electronically. [Operator Instructions] And for our first question we go to Mike Judd with Greenwich Consultants.

**Michael Judd - Greenwich Consultants**

Yes, good morning.

**J. Brian Ferguson - Chairman and Chief Executive Officer**

Good morning.

**Michael Judd - Greenwich Consultants**

Question about the tax rate in the second half of the year. Because the tax rate was around 25% or so in the June quarter, in other words, should we be using a 30% tax rate for each of the quarter or should the September quarter tax rate be slightly higher or lower, how do we balance that out?

**Richard A. Lorraine - Senior Vice President and Chief Financial Officer**

Mike, I wish I could give you an exact number on those, but that depends on the pace of capital spending on the Beaumont project. So we're going to have to help you out kind of quarter by quarter as we go forward and give you some advice on that.

**Michael Judd - Greenwich Consultants**

It is reasonable to expect that it would be higher though than the 30% rate in the September quarter?

**Richard A. Lorraine - Senior Vice President and Chief Financial Officer**

That's a reasonable expectation.

**Richard A. Lorraine - Senior Vice President and Chief Financial Officer**

Okay. And then just lastly on the IntegRex capacity expansion or debottlenecking that you guys are doing in the fourth quarter, could you provide a little bit more color? In other words, should we expect that on an operating profit basis that that should be potentially negative because the whole plant is shut down in the December quarter or how does that work out from a logistical as well as financial perspective?

**J. Brian Ferguson - Chairman and Chief Executive Officer**

Yes, Mike, good question. The typical PET pattern is that their best half of the year is usually the first half of the year, we are done with that. The second half is seasonally slower. We have really high paraxylene costs and we are going to be down for weeks working on that facility. And absorb a lot of the cost to go along with that into the quarterly earnings. So yes, it's... all that hits the PET guys in the second half.

**Michael Judd - Greenwich Consultants**

Okay. And just as a follow-up to that question. It is difficult looking on a year-over-year basis for comparisons because there has been so much restructuring in that business. And by the way, you guys have done a good job. But could you help us understand sort of what the magnitude of the operating profit loss could be in the December quarter?

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