



**GOODYEAR**<sup>®</sup>

**Third Quarter 2020 Conference Call**

**October 30, 2020**

# Forward-Looking Statements



Certain information contained in this presentation constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. There are a variety of factors, many of which are beyond our control, that affect our operations, performance, business strategy and results and could cause our actual results and experience to differ materially from the assumptions, expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to: the impact on us of the COVID-19 pandemic; our ability to implement successfully our strategic initiatives; actions and initiatives taken by both current and potential competitors; increases in the prices paid for raw materials and energy; a labor strike, work stoppage or other similar event; foreign currency translation and transaction risks; deteriorating economic conditions or an inability to access capital markets; work stoppages, financial difficulties or supply disruptions at our suppliers or customers; the adequacy of our capital expenditures; our failure to comply with a material covenant in our debt obligations; potential adverse consequences of litigation involving the company; as well as the effects of more general factors such as changes in general market, economic or political conditions or in legislation, regulation or public policy. Additional factors are discussed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In addition, any forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.



# OUR GOAL

DELIVER SUSTAINABLE REVENUE AND PROFIT GROWTH WHILE INCREASING THE VALUE OF OUR BRAND

## HOW WE'LL WIN

### INNOVATION EXCELLENCE

Develop great products and services that anticipate and respond to the needs of consumers



### OPERATIONAL EXCELLENCE

Relentlessly improve our quality and efficiency to deliver the right tire, to the right place, at the right time for the right cost

### SALES & MARKETING EXCELLENCE

Build the value of our brand, help our customers win in their markets, and become consumers' preferred choice

*Winning at the intersection is the key to success*

## HOW WE'LL WORK

### ACT WITH INTEGRITY

Build trust and earn the confidence of others through honesty and respect – Protect Our Good Name

### ENERGIZE THE TEAM

Create an environment where associates are inspired by work, wellness and serving their communities

### PROMOTE COLLABORATION

Connect associates globally and encourage open discussion to meet objectives

### BE AGILE

Embrace change and act with speed and purpose

### DELIVER RESULTS

Anticipate challenges, seize opportunities and make courageous decisions

*Engage and enable associates to realize their full potential*

## WHERE WE'LL FOCUS

### CONSUMER EXPERIENCE

Make Goodyear easy to buy, own, and recommend

### CUSTOMER SERVICE

Collaborate with customers to be a great supplier

### QUALITY

Deliver industry best products, processes, and programs

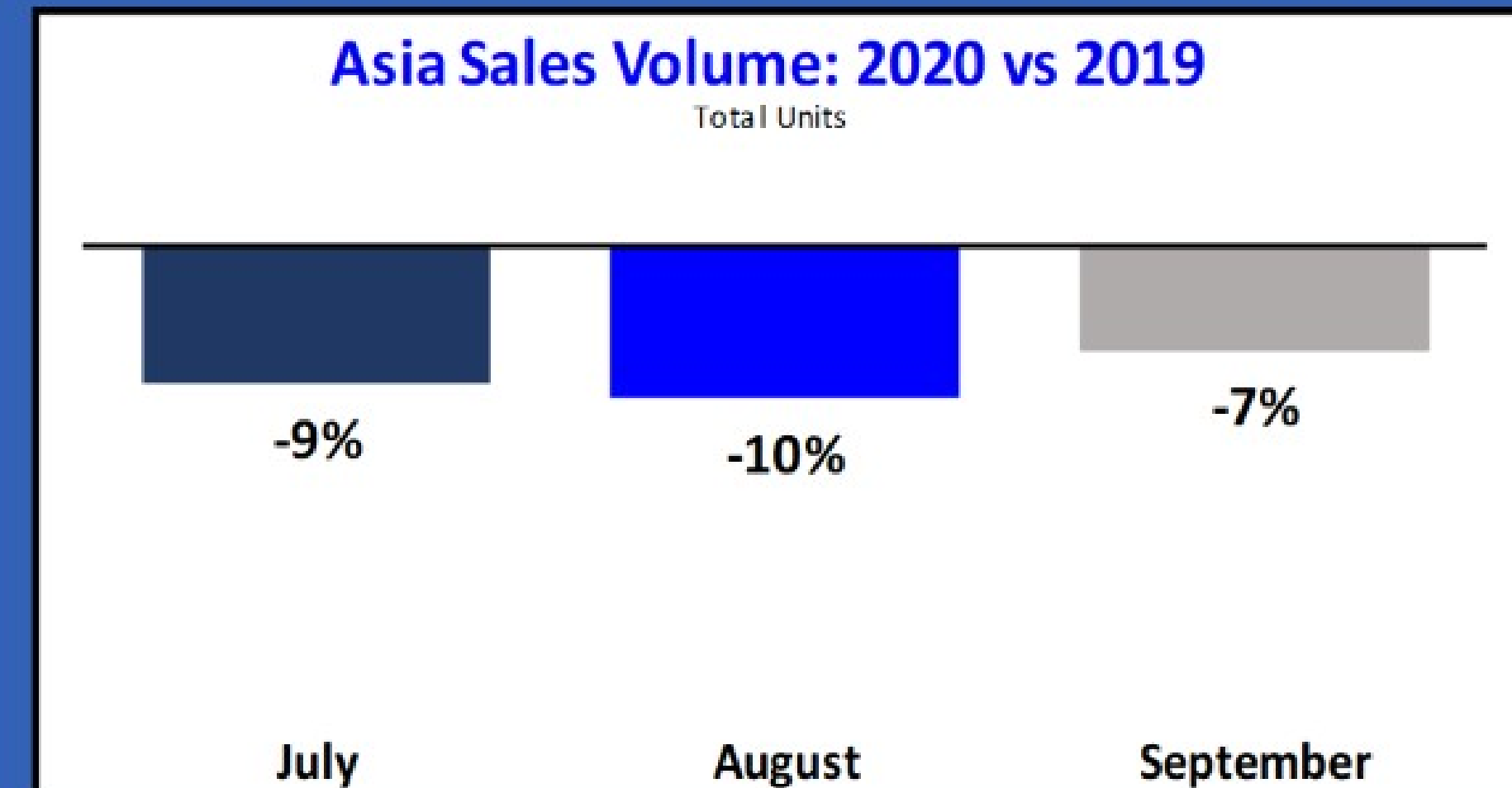
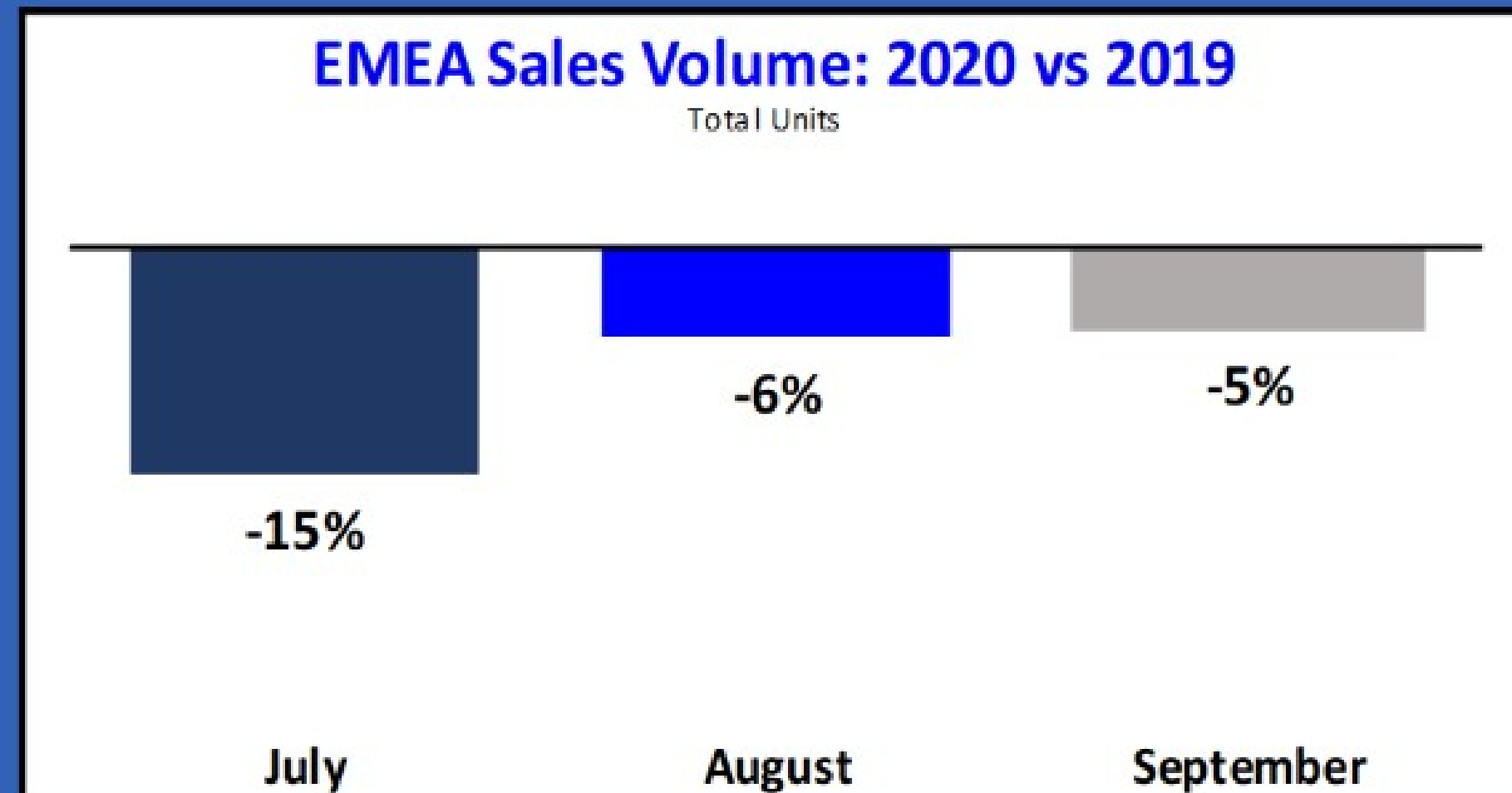
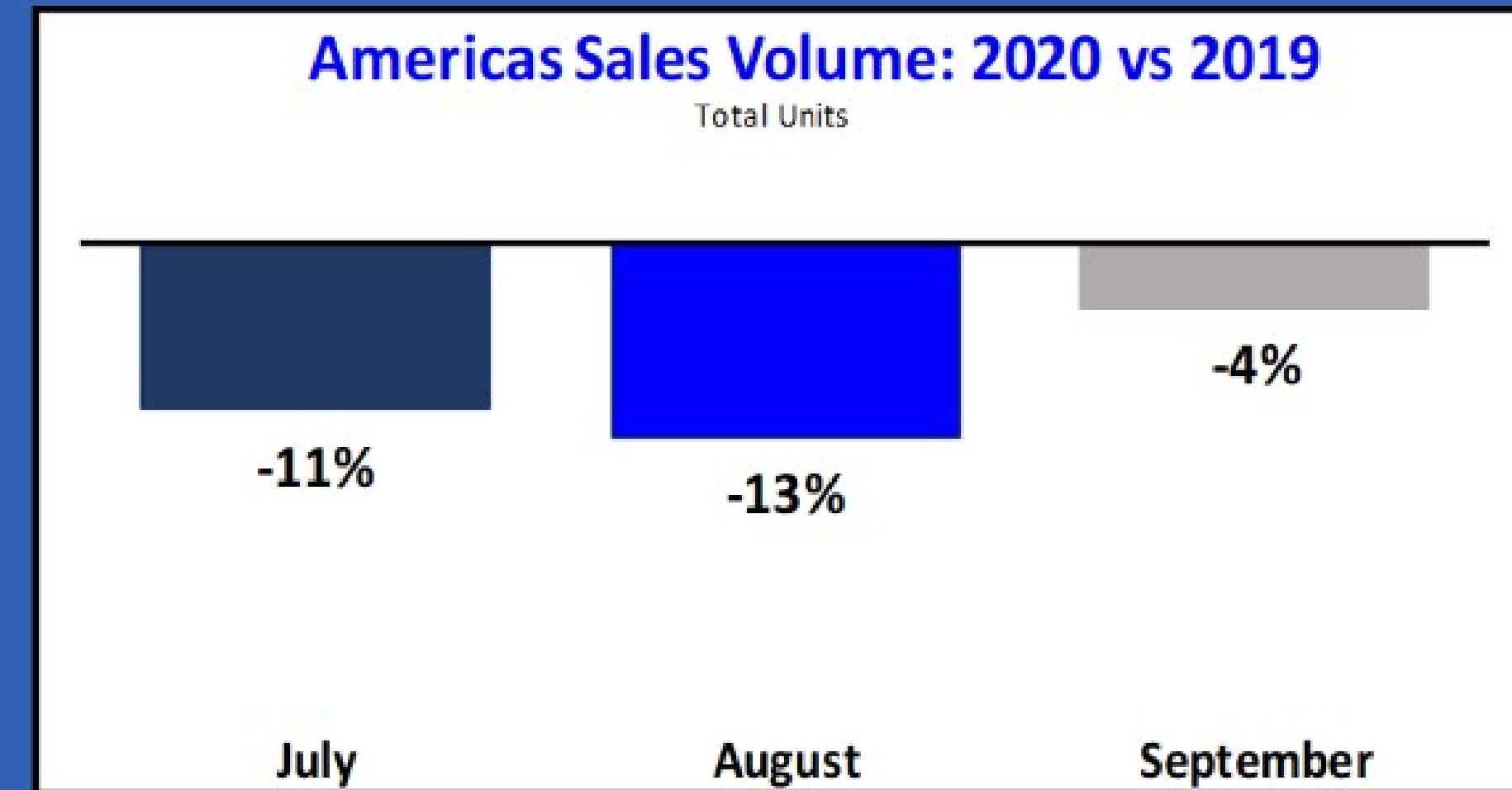
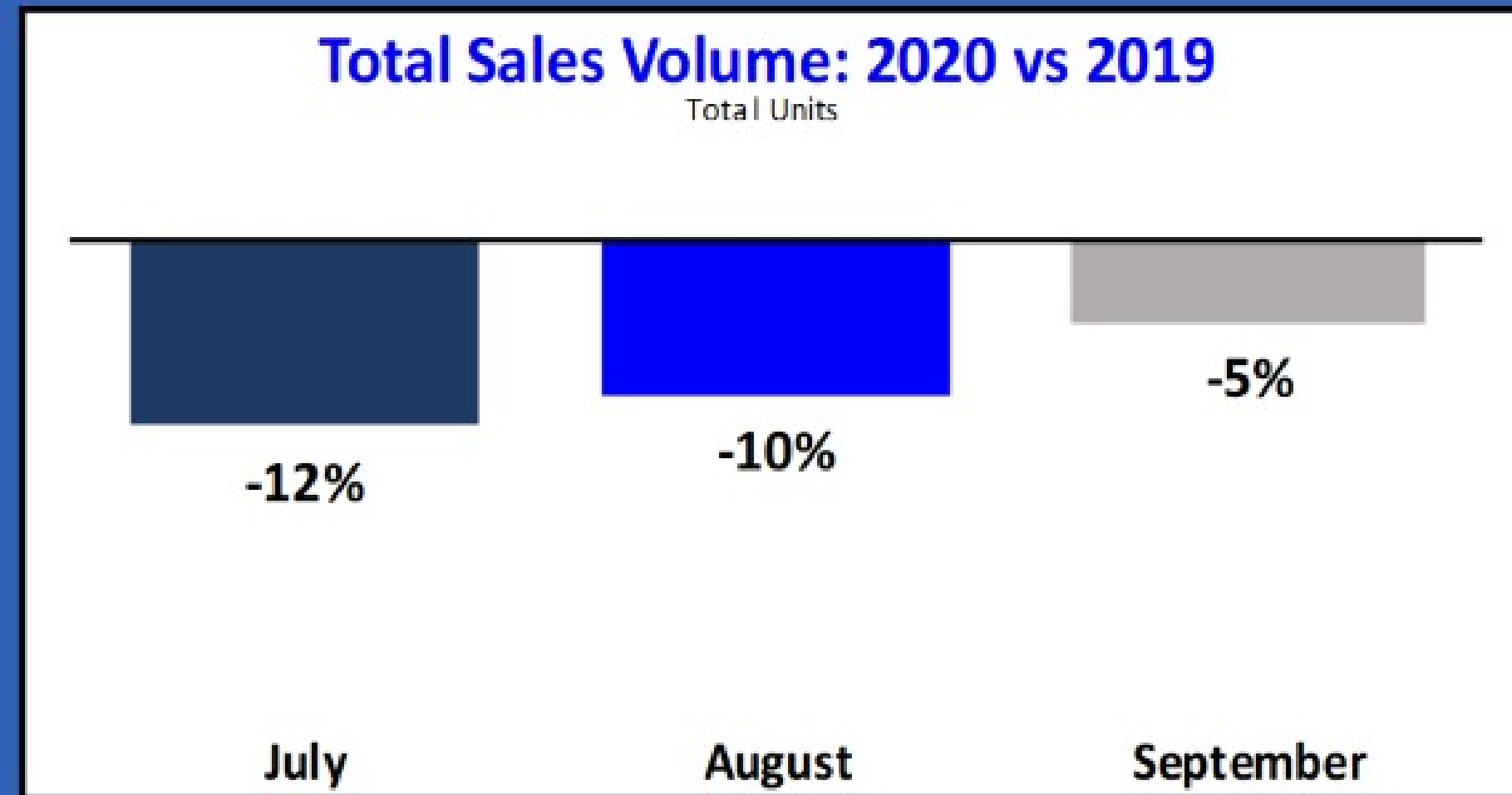
### HIGH-VALUE SEGMENTS

Compete where we capture the full value of our brand

### MASTERING COMPLEXITY

Manage the necessary; eliminate the unneeded

# Global Volume Recovery



Volume recovery continues in all regions



## Positives

- Returned to profitability / strong cash flow
- Delivered significant net cost savings (>\$40M)
- U.S. consumer / commercial OE outperformed industry
- U.S. / European commercial fleet business continues to perform well
- Record China consumer replacement volume (units up 19%)
- Production ramp-up largely complete; approaching pre-COVID levels at quarter end

## Negatives

- Temporary store closings in mass merchant / wholesale club channels
- Transactional foreign exchange
- Markets recovering slowly in Latin America, Asia (ex-China)
- Other tire-related businesses (aviation)

**Stronger results reflecting good execution as industry recovers**



## Vector 4Seasons Gen-3

- Top performer in Tyre Review & Auto Bild tests
- Excellent performance in all weather conditions
- Best-in-class mileage / low rolling resistance



## EfficientGrip Performance 2

- Industry leading performance credentials
- ~20% higher mileage than leading competitor
- Outperforms peers in wet / dry braking



## Dunlop Sport All Season

- Dunlop's debut in high-growth all-season category
- Weather-flex compound delivers optimized performance in all conditions

Continuing to set the standard for product performance





- Goodyear successfully returned to Le Mans after nearly a 15-year hiatus
- Goodyear partner racing teams claimed two podium spots
- Goodyear Blimp coverage returns

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# Financial Review



- Industry recovery solid, even excluding import pre-buy / restocking
- Strong consumer OE performance; rebuilding portfolio
- Some other tire-related businesses improving; negative aviation impact continues
- Production ended quarter  $\approx$  full capacity
- Delivered significant savings from cost reduction actions
- Strong cash flow, driven by working capital management and spending controls

# Third Quarter 2020 Income Statement



Terms: US\$ millions  
(except EPS)

	Three Months Ended		Change
	September 30, 2020	September 30, 2019	
Units	36.6	40.3	(9)%
Net Sales	\$ 3,465	\$ 3,802	(9)%
Gross Margin	19.9%	22.0%	(2.1) pts
SAG	\$ 555	\$ 572	(3)%
Segment Operating Income <sup>(a)</sup>	\$ 162	\$ 294	(45)%
Segment Operating Margin <sup>(a)</sup>	4.7%	7.7%	(3.1) pts
Goodyear Net Income (Loss)	\$ (2)	\$ 88	
Goodyear Net Income (Loss) Per Share			
Weighted Average Shares Outstanding	234	233	
Basic	\$ (0.01)	\$ 0.38	
Weighted Average Shares Outstanding - Diluted	234	234	
Diluted	\$ (0.01)	\$ 0.38	
Cash Dividends Declared Per Common Share	\$ -	\$ 0.16	
Adjusted Diluted Earnings Per Share <sup>(b)</sup>	\$ 0.10	\$ 0.45	

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 28

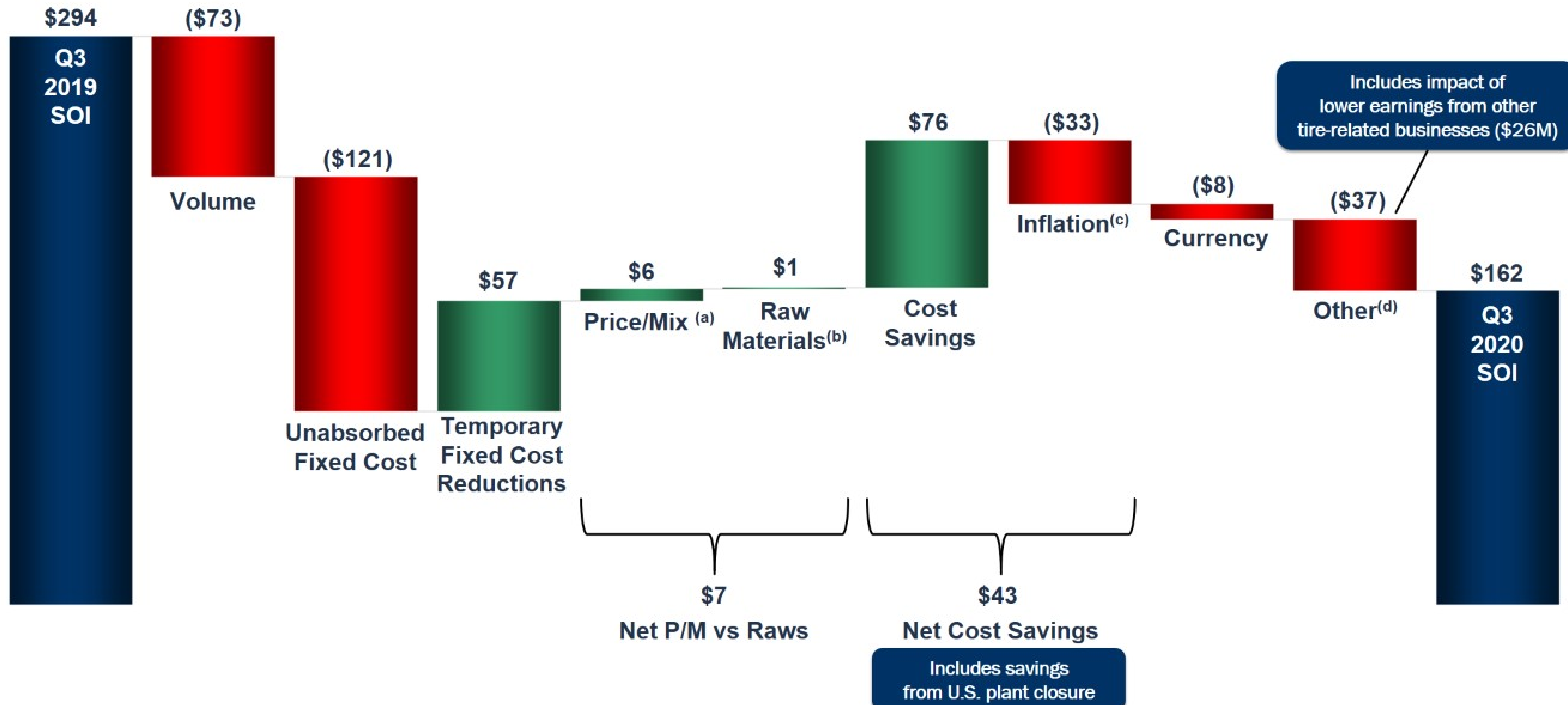
(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 29 and 30



# Third Quarter 2020 Segment Operating Results



Terms: US\$ millions



(a) Price/mix excludes the impact of equity interest in TireHub (which was essentially unchanged year over year)

(b) Raw materials variance of \$1 million excludes raw material cost saving measures of \$6 million, which are included in cost savings

(c) Estimated impact of inflation (wages, utilities, energy, transportation and other)

(d) Includes the impacts of other tire-related businesses, advertising, R&D and equity interest in TireHub (which was essentially unchanged year over year)

# Third Quarter 2020 Balance Sheet



Terms: US\$ millions

	September 30, 2020	June 30, 2020	December 31, 2019	September 30, 2019
Cash and cash equivalents	\$ 1,057	\$ 1,006	\$ 908	\$ 868
Accounts receivable	\$ 2,251	\$ 1,727	\$ 1,941	\$ 2,748
Inventories	2,152	2,474	2,851	2,965
Accounts payable - trade	(2,330)	(1,858)	(2,908)	(2,651)
Working capital <sup>(a)</sup>	<u>\$ 2,073</u>	<u>\$ 2,343</u>	<u>\$ 1,884</u>	<u>\$ 3,062</u>
Total debt <sup>(b)</sup>	\$ 6,648	\$ 6,981	\$ 5,663	\$ 6,676
Net debt <sup>(b)</sup>	\$ 5,591	\$ 5,975	\$ 4,755	\$ 5,808

(a) Working capital represents accounts receivable and inventories, less accounts payable – trade

(b) See Total Debt and Net Debt reconciliation in Appendix on page 31



# Third Quarter 2020 Free Cash Flow



Terms: US\$ millions

	Three Months Ended September 30,		Trailing Twelve Months Ended
	2020	2019	September 30, 2020
<b>Net Income (Loss)</b>	\$ 3	\$ 90	\$ (1,716)
Depreciation and Amortization	193	195	876
Change in Working Capital	248	(328)	871
Pension Expense	30	33	122
Pension Contributions and Direct Payments	(7)	(19)	(68)
Provision for Deferred Income Taxes	(48)	(2)	366
Rationalization Payments	(43)	(13)	(157)
Other <sup>(a)</sup>	205	196	813
<b>Cash Flow from Operating Activities (GAAP)</b>	\$ 581	\$ 152	\$ 1,107
Capital Expenditures	(124)	(160)	(696)
<b>Free Cash Flow (non-GAAP)</b>	\$ 457	\$ (8)	\$ 411
<b>Cash Flow from Investing Activities (GAAP)</b>	\$ (125)	\$ (165)	\$ (731)
<b>Cash Flow from Financing Activities (GAAP)</b>	\$ (369)	\$ (22)	\$ (141)

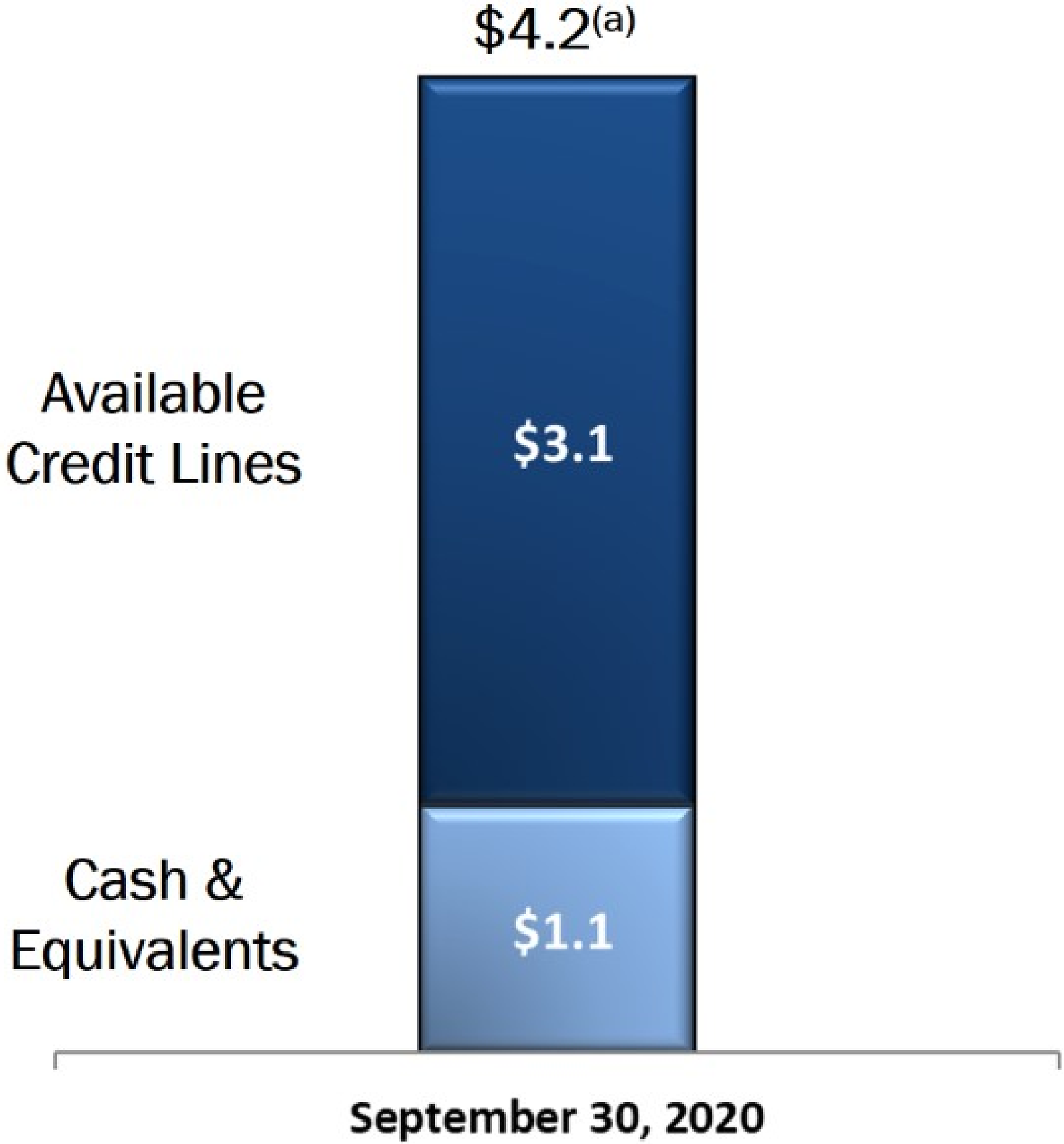
Includes \$330M of non-cash goodwill and TireHub impairment charges

(a) Other includes goodwill and other asset impairments, amortization and write-off of debt issuance costs, net pension curtailments and settlements, net rationalization charges, net (gains) losses on asset sales, operating lease expense and payments, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities

# Third Quarter 2020 Liquidity Profile



Terms: US\$ billions



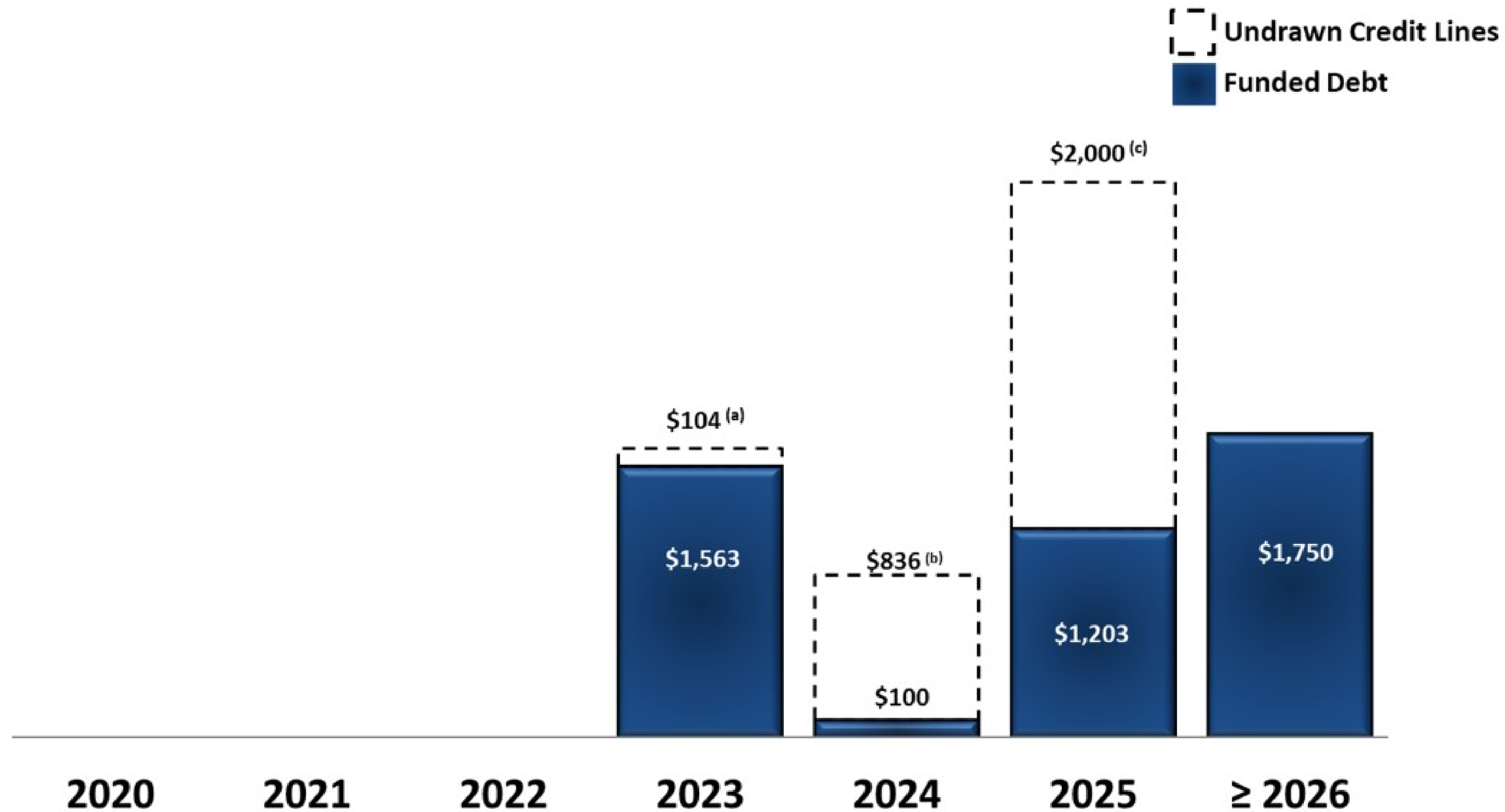
(a) Total liquidity is comprised of \$1,057 million of cash and cash equivalents, as well as \$3,098 million of unused availability under various credit agreements



# Third Quarter 2020 Maturity Schedule



Terms: US\$ millions



Note: Based on September 30, 2020 balance sheet values and excludes notes payable, finance and operating leases and other domestic and foreign debt

(a) At September 30, 2020, the amounts available and utilized under the Pan-European securitization program totaled \$270 million (€230 million)

(b) At September 30, 2020, there were \$100 million (€85 million) of borrowings and no letters of credit issued under the €800 million European revolving credit facility

(c) At September 30, 2020, our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$393 million below the facility's stated amount of \$2.0 billion;

At September 30, 2020, there were no borrowings and \$14 million of letters of credit issued

# Third Quarter 2020 - Segment Results Americas



Terms: US\$ millions  
Units in millions

## Third Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	16.2	17.9	(9.6)%
Net Sales	\$1,823	\$2,049	(11.0)%
Operating Income	\$106	\$175	(39.4)%
Margin	5.8%	8.5%	

- Volume reflects continued impact of COVID-19
- U.S. consumer OE business outperformed industry
- U.S. consumer replacement continues to be impacted by largest retailer temporarily closing auto care centers
- Realizing cost savings from U.S. plant closure
- SOI decline driven by lower volume, reduced factory utilization; price/mix positive

# Third Quarter 2020 - Segment Results Europe, Middle East & Africa



Terms: US\$ millions  
Units in millions

## Third Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	13.2	14.5	(8.9)%
Net Sales	\$1,156	\$1,205	(4.1)%
Operating Income	\$22	\$66	(66.7)%
Margin	1.9%	5.5%	

- Volume reflects continued impact of COVID-19
- Commercial replacement outperformed industry, reflecting innovative fleet service offering
- Consumer replacement volume impacted by continuing actions to align distribution
- German plant modernization project remains on track
- SOI decline driven by lower volume, reduced factory utilization; price/mix positive



# Third Quarter 2020 - Segment Results Asia Pacific



Terms: US\$ millions  
Units in millions

## Third Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	7.2	7.9	(8.7)%
Net Sales	\$486	\$548	(11.3)%
Operating Income	\$34	\$53	(35.8)%
Margin	7.0%	9.7%	

- Volume reflects continued impact of COVID-19
- China consumer replacement business outperformed industry (units up 19%)
- OE business impacted by discontinued fitments in China
- SOI decline driven by lower volume

# 2020 Outlook – Other Financial Assumptions



	Current Assumption
Raw Materials	~\$125 million benefit, excluding transactional foreign currency
Interest Expense	~\$350 million
Other (Income) Expense	Financing fees: ~\$30 million Global pension related (excluded from SOI) <sup>(a)</sup> : \$75 - \$95 million
Income Tax	Cash: ~\$40 million <sup>(b)</sup>
Depreciation & Amortization	~\$760 million
Global Pension Cash Contributions	~\$25 million
Working Capital	Positive
Capital Expenditures	No more than ~\$700 million
Rationalization Payments	\$200 - \$225 million
Corporate Other	\$90 - \$100 million

(a) Excludes one-time charges and benefits from pension settlements and curtailments

(b) Excludes one-time items

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# Appendix



# Modeling Assumptions



## Volume Sensitivities

(Impact on Goodyear's Annual Units in 000's)

• 1% Δ in U.S. Consumer OE Industry	~102
• 1% Δ in U.S. Consumer Replacement Industry	~368
• 1% Δ in U.S. Commercial OE Industry	~8
• 1% Δ in U.S. Commercial Replacement Industry	~30
• 1% Δ in European Consumer OE Industry	~117
• 1% Δ in European Consumer Replacement Industry	~358
• 1% Δ in European Commercial OE Industry	~10
• 1% Δ in European Commercial Replacement Industry	~30

## Pricing

(Annual Impact of Effective Pricing Yield)

• 1% Δ in U.S. Consumer Replacement	~\$29M
• 1% Δ in U.S. Commercial Replacement	~\$10M
• 1% Δ in European Consumer Replacement	~\$22M
• 1% Δ in European Commercial Replacement	~\$7M

## Translational Foreign Currency

(Annual Impact on FX portion of SOI Walk)

• +/- 0.01 Δ USD/BRL	(e.g. R\$3.79 to R\$3.78 is favorable by 0.01)	+/- \$0.3M
• +/- 0.01 Δ USD/CNY	(e.g. ¥6.75 to ¥6.74 is favorable by 0.01)	+/- \$0.2M
• +/- 0.01 Δ USD/EUR	(e.g. €0.87 from €0.86 is favorable by 0.01)	+/- \$1.5M
• +/- 0.01 Δ USD/TRY	(e.g. ₺5.42 from ₺5.41 is favorable by 0.01)	+/- \$0.1M

## Approximate Profit Margin Per Tire

(Industry Estimate)

• Consumer OE ≥17"	~\$15
• Consumer Replacement ≥17"	~\$28
• Consumer OE <17"	~\$5
• Consumer Replacement <17"	\$7 - \$9
• Commercial - U.S. and Europe	\$50 - \$60

## Tire Raw Material Spend

(Annual Impact)

• 1% Δ in Synthetic Rubber Prices (3 to 4 month lag)	~\$7M
• 1% Δ in Natural Rubber Prices (4 to 6 month lag)	~\$5M
• 1% Δ in Pigment, Chemical, & Oil Prices (3 to 4 month lag)	~\$5M
• 1% Δ in Wire/Other Prices (3 to 4 month lag)	~\$4M
• 1% Δ in Carbon Black (3 to 4 month lag)	~\$4M
• 1% Δ in Fabric Prices (3 to 4 month lag)	~\$3M

## Transactional Foreign Currency

(Annual Impact on Raw Material portion of SOI Walk)

• +/- 0.01 Δ USD/BRL	(e.g. R\$3.79 to R\$3.78 is favorable by a 0.01)	+/- \$0.9M
• +/- 0.01 Δ USD/CNY	(e.g. ¥6.75 to ¥6.74 is favorable by a 0.01)	+/- \$0.2M
• +/- 0.01 Δ USD/EUR	(e.g. €0.87 from €0.86 is favorable by a 0.01)	+/- \$3.2M
• +/- 0.01 Δ USD/TRY	(e.g. ₺5.42 from ₺5.41 is favorable by a 0.01)	+/- \$0.2M
• +/- 0.01 Δ EUR/TRY	(e.g. ₺6.25 from ₺6.24 is favorable by a 0.01)	+/- \$0.2M

## Approximate OH Absorption Per Tire

(1 Quarter Lag)

• Americas Consumer	\$10 - \$15
• Americas Commercial	\$50 - \$60
• EMEA Consumer	\$8 - \$12
• EMEA Commercial	\$30 - \$35

## Cost Inflation

(Annual Impact)

• 1% Δ in Global Inflation	~\$55M
• 1% Δ in Americas Inflation	~\$26M
• 1% Δ in EMEA Inflation	~\$24M

Note: Volume, pricing and raw materials modeling assumptions based on Goodyear's public disclosures. Currency, cost inflation, profit margin and overhead absorption figures based on internal estimates.

# Company Overview



Industry Leader <sup>(a)</sup>	Innovation <sup>(a)</sup>	Portfolio of Brands	Pervasive Distribution	Diverse End Markets <sup>(a)</sup>																										
<ul style="list-style-type: none"> <li>• Largest tire company in North America</li> <li>• \$14.7B in revenue</li> <li>• 155M units</li> <li>• 46 manufacturing facilities in 21 countries<sup>(b)</sup></li> <li>• 62K employees worldwide<sup>(b)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 2 world-class innovation centers</li> <li>• Innovation lab in San Francisco</li> <li>• 7 tire proving grounds</li> <li>• 5,200 patents</li> <li>• 1,400 patents pending</li> </ul>		<ul style="list-style-type: none"> <li>• Over 13,000 retail touch points<sup>(c)</sup></li> <li>• Concentrated network of value-added third-party distribution partners</li> <li>• ~200 corporate-owned warehouse distribution facilities</li> <li>• Leading B2C E-commerce platform</li> </ul>	<p><b>Sales</b></p> <table border="1"> <caption>Sales Distribution</caption> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Americas</td> <td>54%</td> </tr> <tr> <td>EMEA</td> <td>32%</td> </tr> <tr> <td>AP</td> <td>14%</td> </tr> </tbody> </table> <p><b>Units</b></p> <table border="1"> <caption>Units Distribution</caption> <thead> <tr> <th>Market Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Replacement</td> <td>74%</td> </tr> <tr> <td>OE</td> <td>26%</td> </tr> </tbody> </table> <p><b>End Markets</b></p> <table border="1"> <caption>End Markets Distribution</caption> <thead> <tr> <th>Market Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Consumer</td> <td>60%</td> </tr> <tr> <td>Commercial</td> <td>20%</td> </tr> <tr> <td>Retail</td> <td>4%</td> </tr> <tr> <td>Chemical</td> <td>3%</td> </tr> <tr> <td>Other</td> <td>13%</td> </tr> </tbody> </table>	Region	Percentage	Americas	54%	EMEA	32%	AP	14%	Market Type	Percentage	Replacement	74%	OE	26%	Market Type	Percentage	Consumer	60%	Commercial	20%	Retail	4%	Chemical	3%	Other	13%
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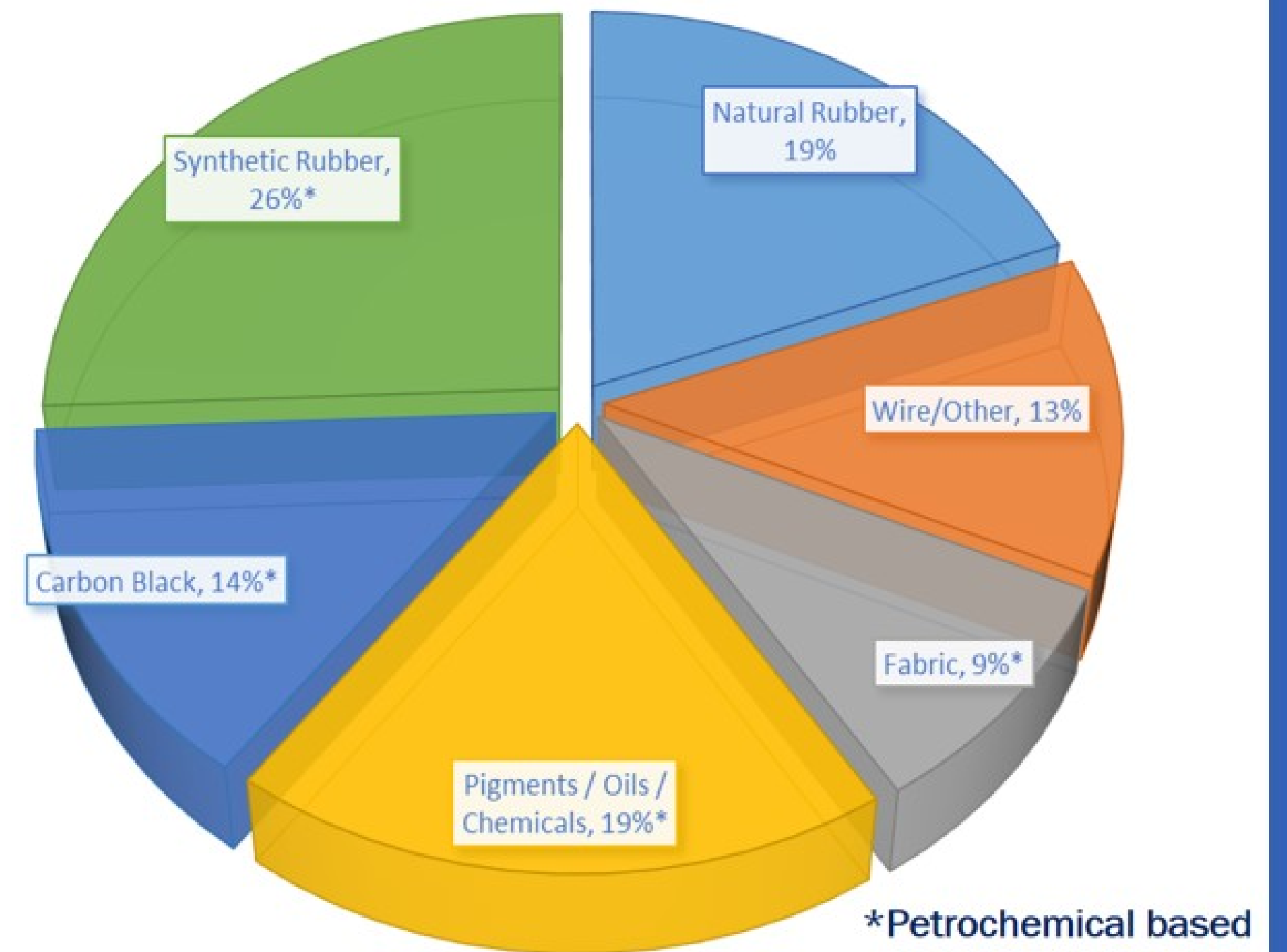
**Global leader built on more than 120 years of experience**

(a) Based on 2019 results; (b) As of October 2020 (c) Based on internal estimates

- ✓ Raw materials are ~44% of tire COGS
- ✓ ~68% of raw materials are influenced by oil prices
  - P&L impact lags spot rates by 1-2 quarters depending on commodity
- ✓ ~63% of raw materials are purchased in USD
- ✓ Customer agreements indexed to raw materials
  - OE customers
  - Certain large commercial fleets
  - OTR customers

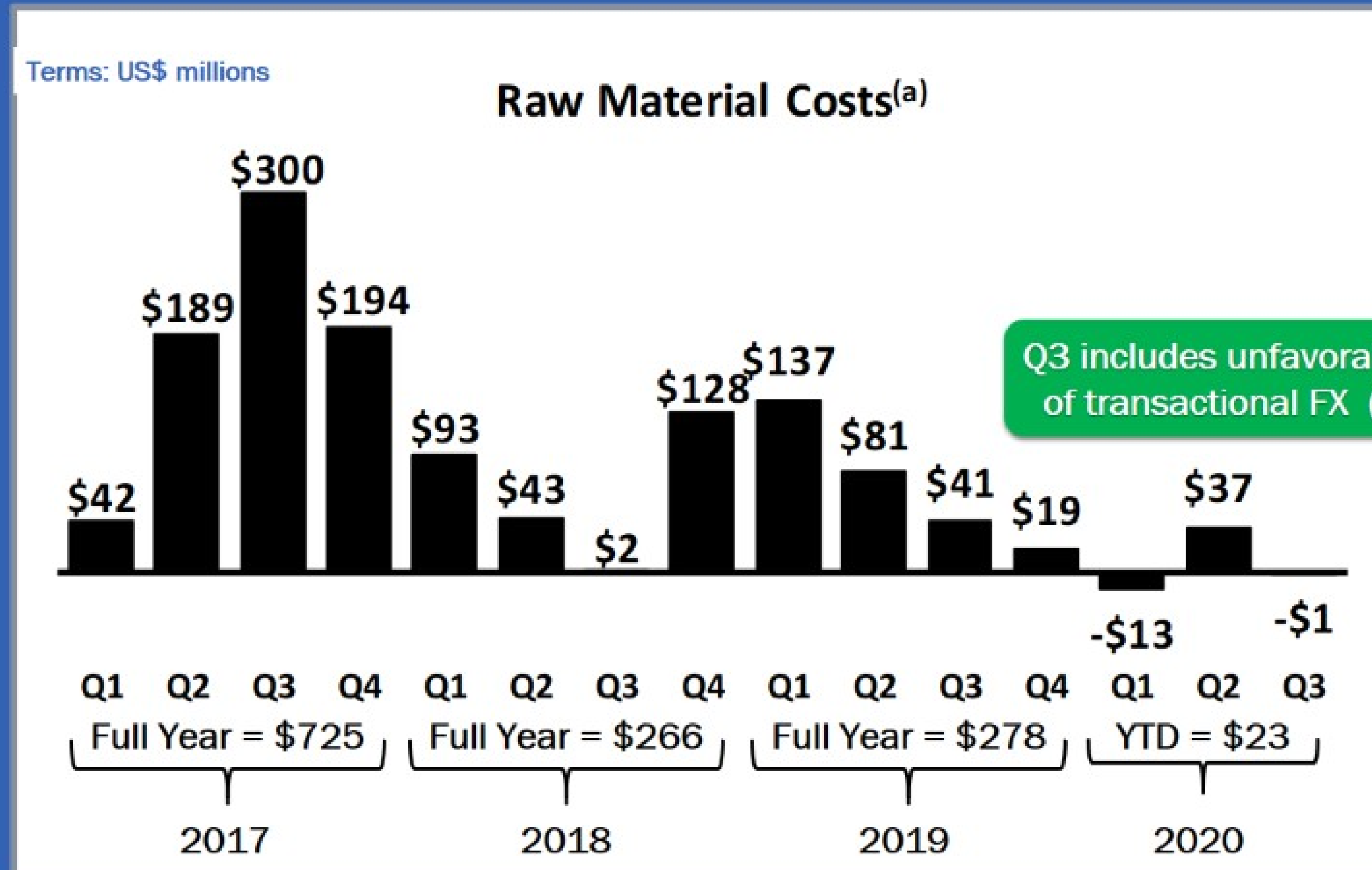
## Global Raw Material Spend

FY 2019 (\$4.4 Billion)



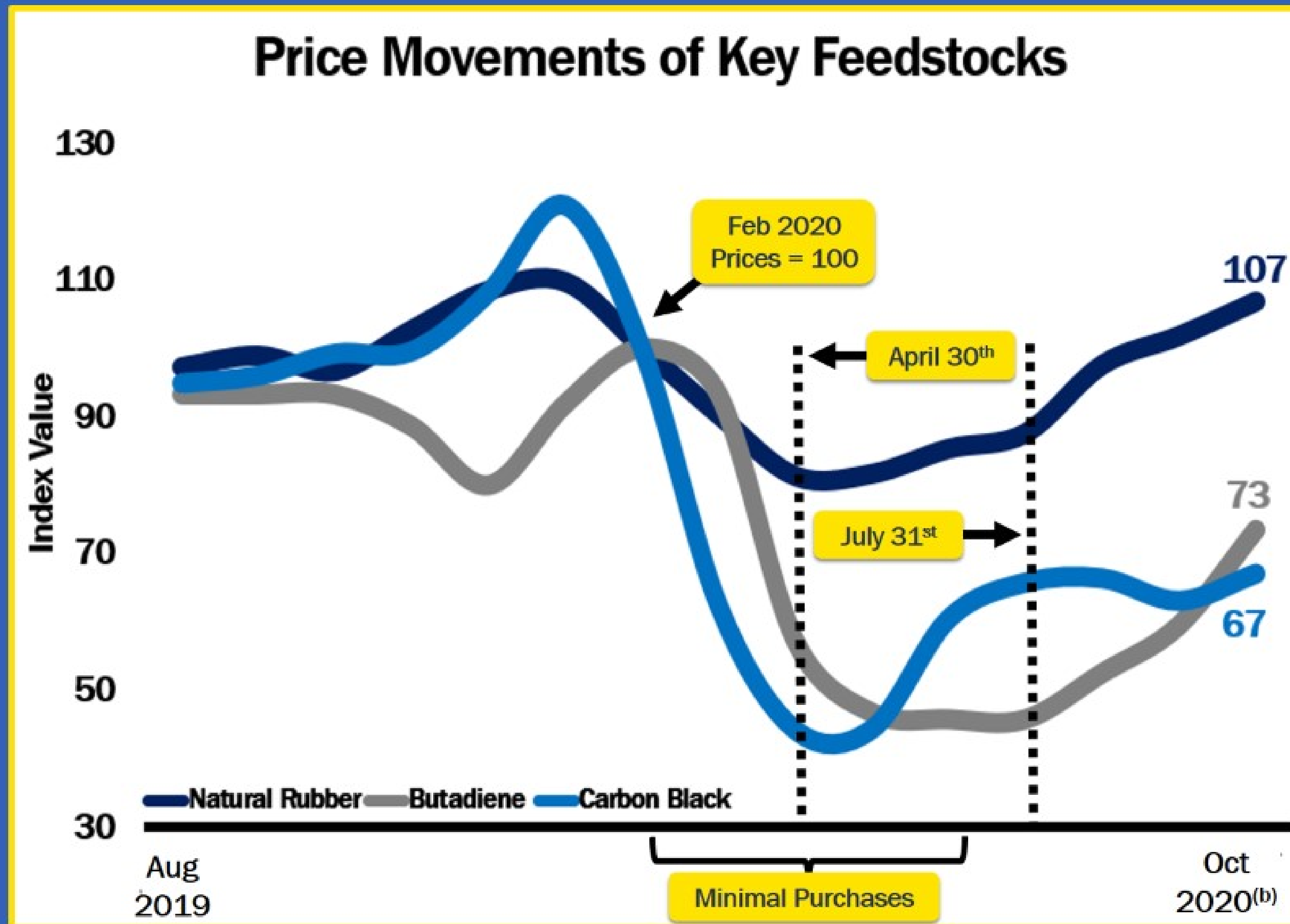
Feedstock ~65% of raw material spend





## Outlook

- 2020 raw material costs ~\$125 million benefit, excluding transactional foreign currency
- Brazilian Real and Turkish Lira drivers of unfavorable transactional foreign currency



- Recovery in global tire production is impacting feedstock prices
  - Natural rubber prices above Feb 2020 / pre-COVID-19 levels
  - Butadiene and carbon black prices steadily rising

# Consumer Replacement Industry Fundamentals: $\geq 17''$



## U.S. Replacement Industry 2020 vs. 2019 Growth Rate<sup>(a)</sup>

	<u>Q3 20</u>	<u>YTD 20</u>
USTMA Members ( $\geq 17''$ )	2%	-11%
USTMA Members ( $< 17''$ )	-7%	-20%
<b>Total</b>	<b>-1%</b>	<b>-15%</b>
Non-Members	47%	8%
<b>Total U.S.</b>	<b>8%</b>	<b>-10%</b>
<b>Goodyear (<math>\geq 17''</math>)</b>	<b>-10%</b>	<b>-21%</b>

## Europool & Turkey Replacement Industry 2020 vs. 2019 Growth Rate<sup>(b)</sup>

	<u>Q3 20</u>	<u>YTD 20</u>
ETRMA Members ( $\geq 17''$ )	8%	-7%
ETRMA Members ( $< 17''$ )	-6%	-18%
<b>Total</b>	<b>-2%</b>	<b>-14%</b>
Non-Members	-1%	-14%
<b>Total EU + Turkey</b>	<b>-2%</b>	<b>-14%</b>
<b>Goodyear (<math>\geq 17''</math>)</b>	<b>-5%</b>	<b>-16%</b>

(a) Source: U.S. Tire Manufacturers Association as of September 2020

(b) Source: European Tyre & Rubber Manufacturer's Association (Europe, including Turkey and excluding Russia) + Non-Members internal estimation



# Use of Non-GAAP Financial Measures



This presentation contains historical non-GAAP financial measures, including Total Segment Operating Income and Margin, Free Cash Flow, Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share (EPS), which are important financial measures for the company but are not financial measures defined by U.S. GAAP, and should not be construed as alternatives to corresponding financial measures presented in accordance with U.S. GAAP.

Total Segment Operating Income is the sum of the individual strategic business units' (SBUs') Segment Operating Income as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income and Margin are useful because they represent the aggregate value of income created by the company's SBUs and exclude items not directly related to the SBUs for performance evaluation purposes. The most directly comparable U.S. GAAP financial measures to Total Segment Operating Income and Margin are Goodyear Net Income and Return on Net Sales (which is calculated by dividing Goodyear Net Income by Net Sales).

Free Cash Flow is the company's Cash Flows from Operating Activities as determined in accordance with U.S. GAAP, less capital expenditures. Management believes that Free Cash Flow is useful because it represents the cash generating capability of the company's ongoing operations, after taking into consideration capital expenditures necessary to maintain its business and pursue growth opportunities. The most directly comparable U.S. GAAP financial measure is Cash Flows from Operating Activities.

Adjusted Net Income (Loss) is Goodyear Net Income (Loss) as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted Earnings (Loss) Per Share (EPS) is the company's Adjusted Net Income (Loss) divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share (EPS) are useful because they represent how management reviews the operating results of the company excluding the impacts of rationalizations, asset write-offs, accelerated depreciation, asset sales and certain other significant items.

It should be noted that other companies may calculate similarly-titled non-GAAP financial measures differently and, as a result, the measures presented herein may not be comparable to such similarly-titled measures reported by other companies.

# Reconciliation for Segment Operating Income/Margin



Terms: US\$ millions

	Three Months Ended	
	September 30,	
	2020	2019
<b>Total Segment Operating Income</b>	<b>\$ 162</b>	<b>\$ 294</b>
Rationalizations	(25)	(21)
Interest expense	(88)	(88)
Other income (expense)	(32)	(35)
Asset write-offs and accelerated depreciation	(4)	(1)
Corporate incentive compensation plans	(14)	(13)
Retained expenses of divested operations	(2)	(1)
Other	(7)	(14)
<b>Income (Loss) before Income Taxes</b>	<b>\$ (10)</b>	<b>\$ 121</b>
United States and Foreign Tax Expense (Benefit)	(13)	31
Less: Minority Shareholders' Net Income	5	2
<b>Goodyear Net Income (Loss)</b>	<b>\$ (2)</b>	<b>\$ 88</b>
Net Sales (as reported)	\$3,465	\$3,802
Return on Net Sales (as reported)	(0.1)%	2.3%
Total Segment Operating Margin	4.7%	7.7%

# Third Quarter 2020 Significant Items



(After Tax and Minority Interest)

Terms: US\$ millions  
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Pension Settlement Charges	Indirect Tax Settlements and Discrete Tax Items	As Adjusted
Net Sales	\$ 3,465	\$ -	\$ -	\$ -	\$ 3,465
Cost of Goods Sold	2,775	(4)	-	(6)	2,765
Gross Margin	690	4	-	6	700
SAG	555	-	-	-	555
Rationalizations	25	(25)	-	-	-
Interest Expense	88	-	-	-	88
Other (Income) Expense	32	-	(16)	-	16
Pre-tax Income (Loss)	(10)	29	16	6	41
Taxes	(13)	6	4	15	12
Minority Interest	5	-	-	-	5
Goodyear Net Income (Loss)	\$ (2)	\$ 23	\$ 12	\$ (9)	\$ 24
EPS	\$ (0.01)	\$ 0.10	\$ 0.05	\$ (0.04)	\$ 0.10



# Third Quarter 2019 Significant Items

(After Tax and Minority Interest)



Terms: US\$ millions  
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Beaumont, Texas Flood Effect	Indirect Tax Settlements and Discrete Tax Items	As Adjusted
Net Sales	\$ 3,802	\$ -	\$ -	\$ -	\$ 3,802
Cost of Goods Sold	2,965	-	(1)	1	2,965
Gross Margin	837	-	1	(1)	837
SAG	572	-	-	-	572
Rationalizations	21	(21)	-	-	-
Interest Expense	88	-	-	-	88
Other (Income) Expense	35	-	(5)	-	30
Pre-tax Income	121	21	6	(1)	147
Taxes	31	3	1	5	40
Minority Interest	2	-	-	-	2
Goodyear Net Income	\$ 88	\$ 18	\$ 5	\$ (6)	\$ 105
EPS	\$ 0.38	\$ 0.07	\$ 0.02	\$ (0.02)	\$ 0.45

# Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	September 30, 2020	June 30, 2020	December 31, 2019	September 30, 2019
Long-Term Debt and Finance Leases	\$ 5,708	\$ 5,688	\$ 4,753	\$ 5,580
Notes Payable and Overdrafts	529	712	348	486
Long-Term Debt and Finance Leases Due Within One Year	411	581	562	610
Total Debt	<u>\$ 6,648</u>	<u>\$ 6,981</u>	<u>\$ 5,663</u>	<u>\$ 6,676</u>
Less: Cash and Cash Equivalents	<u>1,057</u>	<u>1,006</u>	<u>908</u>	<u>868</u>
Net Debt	<u>\$ 5,591</u>	<u>\$ 5,975</u>	<u>\$ 4,755</u>	<u>\$ 5,808</u>

**GOODYEAR**  **YEAR**®