

# SECOND QUARTER 2021 CONFERENCE CALL

**AUGUST 6, 2021**

**GOODYEAR**

# 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 achieve the expected benefits of the Cooper Tire & Rubber Company acquisition; delays or disruptions in our supply chain; our ability to implement successfully our strategic initiatives; actions and initiatives taken by both current and potential competitors; deteriorating economic conditions or an inability to access capital markets; 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; 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.

# SECOND QUARTER HIGHLIGHTS



- **Second quarter Goodyear net income of \$67 million; adjusted net income of \$79 million**
- **Second quarter merger-adjusted segment operating income of \$349 million<sup>(a)</sup>**
- **Global consumer replacement volume continued to exceed industry, driven by large-rim diameter volume**
- **Global consumer OE volume outpaced market, with electric vehicle tire deliveries more than doubling**
- **Second quarter price/mix exceeds raw materials by nearly \$130 million**

(a) See Merger-Adjusted Segment Operating Income (Loss) and Margin and Segment Operating Income (Loss) and Margin reconciliation in Appendix on page 27



## Positives

- Continued recovery of pre-pandemic price versus raw material deficit
- Continued recovering consumer replacement share in U.S. and EU
- Consumer OE volume outperformed industry in EMEA and Asia Pacific
- Continued momentum in commercial fleet business
- Continued benefit of cost saving actions, including rationalizations
- Cooper Tire transaction closed ahead of schedule (June 7th)

## Negatives

- Disruptions in OE production schedules continued
- Demand and production in emerging markets impacted by COVID-19
- Production and manufacturing costs impacted by staffing availability
- Strain on global supply chain resulting in cost pressures (e.g., higher transportation costs)
- Carryover impact of a severe U.S. winter storm, including on chemical production

**ENTERING THE SECOND HALF OF THE YEAR WITH GOOD MOMENTUM**

# CONSUMER REPLACEMENT INDUSTRY



## U.S. Replacement Industry<sup>(a)</sup>

	<u>Q2 21</u>	<u>1H 21</u>
<b>USTMA Members (≥17")</b>	<b>63%</b>	<b>38%</b>
USTMA Members (<17")	49%	27%
<b>Total</b>	<b>58%</b>	<b>34%</b>
<b>Non-Members</b>	<b>93%</b>	<b>33%</b>
<b>Total U.S.</b>	<b>64%</b>	<b>34%</b>
<b>Goodyear (≥17")<sup>(c)</sup></b>	<b>72%</b>	<b>47%</b>

## Europool & Turkey Replacement Industry<sup>(b)</sup>

	<u>Q2 21</u>	<u>1H 21</u>
<b>ETRMA Members (≥17")</b>	<b>52%</b>	<b>31%</b>
ETRMA Members (<17")	38%	21%
<b>Total</b>	<b>43%</b>	<b>25%</b>
<b>Non-Members</b>	<b>41%</b>	<b>13%</b>
<b>Total EU &amp; Turkey</b>	<b>43%</b>	<b>21%</b>
<b>Goodyear (≥17")<sup>(c)</sup></b>	<b>45%</b>	<b>31%</b>

(a) Source: U.S. Tire Manufacturers Association (2021 vs. 2020 performance)

(b) Source: European Tyre & Rubber Manufacturer's Association (Europe, including Turkey and excluding Russia) + Non-Members internal estimation (2021 vs. 2020 performance)

(c) Excludes Cooper Tire volume



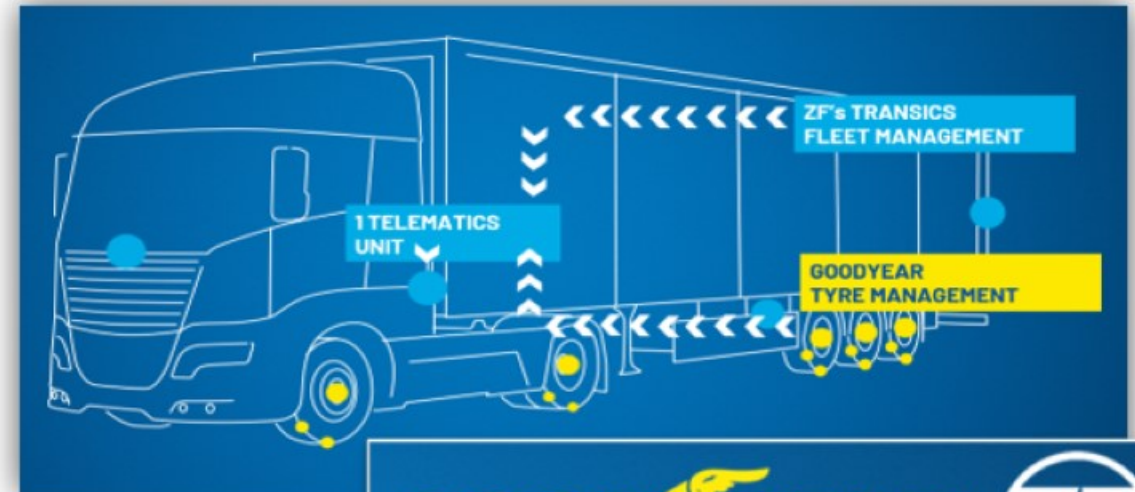
## GOODYEAR SightLine

### Suite of tire intelligence technologies

- First intelligent tire solution designed for cargo vans enabling optimal tire performance and reduced fleet downtime
- Collaborating with OEs and tier 1 automotive suppliers to unlock vehicle performance
- Paves the way to provide feedback on road conditions in the future

### Integrated fleet and tire management solution with ZF

- Simplifies operations through an integrated and customizable telematics-based solution
- Delivers actionable insights to boost vehicle uptime, promote economical driving, lower emissions and improve customer service



# FINANCIAL REVIEW

**GOODYEAR**

# INCOME STATEMENT

SECOND QUARTER  
2021

Terms: US\$ millions  
(except EPS)

	Three Months Ended		Change
	June 30, 2021	June 30, 2020	
Units	37.5	20.4	84%
Net Sales	\$ 3,979	\$ 2,144	86%
Gross Margin	22.6%	-3.4%	26.0 pts
SAG	\$ 658	\$ 451	46%
Merger-Adjusted Segment Operating Income (Loss) <sup>(a)</sup>	\$ 349	\$ (431)	
Merger-Adjusted Segment Operating Margin <sup>(a)</sup>	8.8%	(20.1)%	28.9 pts
Segment Operating Income (Loss) <sup>(a)</sup>	\$ 299	\$ (431)	
Segment Operating Margin <sup>(a)</sup>	7.5%	(20.1)%	27.6 pts
Goodyear Net Income (Loss)	\$ 67	\$ (696)	
Goodyear Net Income (Loss) Per Share			
Weighted Average Shares Outstanding	244	234	
Basic	\$ 0.27	\$ (2.97)	
Weighted Average Shares Outstanding - Diluted	247	234	
Diluted	\$ 0.27	\$ (2.97)	
Adjusted Diluted Earnings (Loss) Per Share <sup>(b)</sup>	\$ 0.32	\$ (1.87)	

(a) See Merger-Adjusted Segment Operating Income (Loss) and Margin and Segment Operating Income (Loss) and Margin reconciliation in Appendix on page 27

(b) See Adjusted Diluted Earnings (Loss) Per Share reconciliation in Appendix on pages 28 and 29

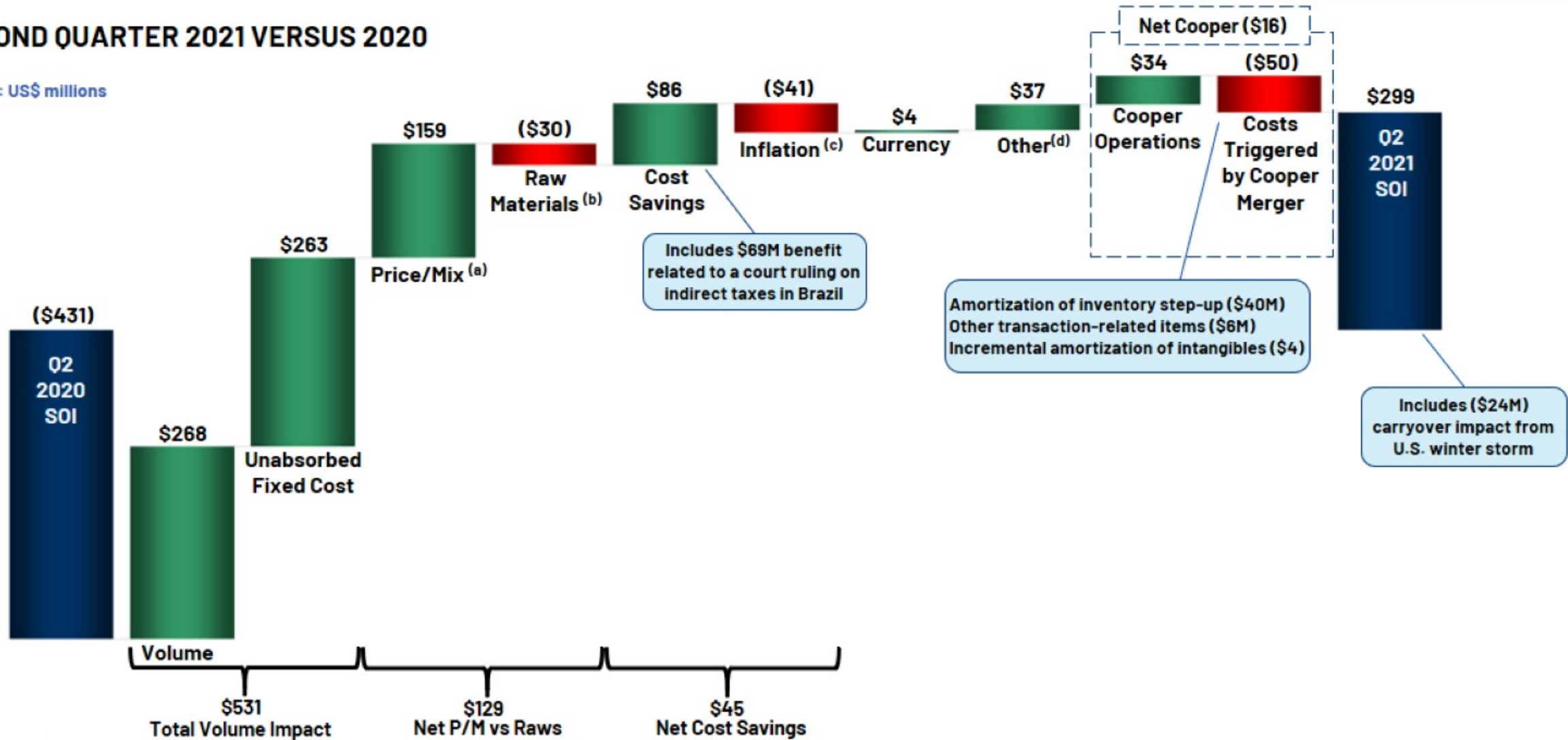


# SEGMENT OPERATING RESULTS



## SECOND QUARTER 2021 VERSUS 2020

Terms: US\$ millions



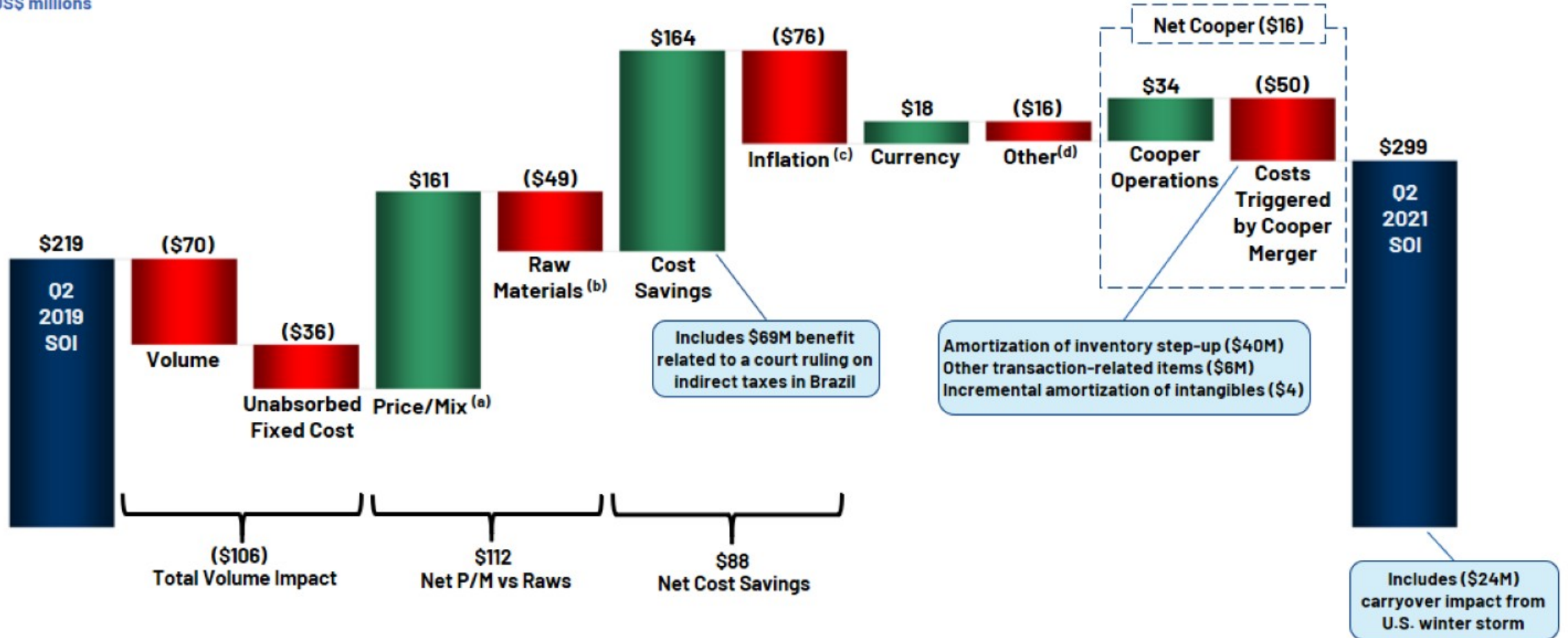
- (a) Price/mix excludes the impact of equity interest in TireHub (\$17 million benefit year over year)
- (b) Raw materials variance of (\$30) million includes raw material cost saving measures
- (c) Estimated impact of inflation (wages, utilities, energy, transportation and other)
- (d) Includes the impacts of other tire-related businesses, advertising, R&D and equity interest in TireHub (\$17 million benefit year over year)

# SEGMENT OPERATING RESULTS



## SECOND QUARTER 2021 VERSUS 2019

Terms: US\$ millions



- (a) Price/mix excludes the impact of equity interest in TireHub (\$17 million benefit year over year)
- (b) Raw materials variance of (\$49) million includes raw material cost saving measures
- (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 (\$17 million benefit year over year)

# BALANCE SHEET

SECOND QUARTER  
2021

Terms: US\$ millions

Includes impact of  
Cooper transaction

	June 30, 2021	March 31, 2021	December 31, 2020	June 30, 2020
Cash and cash equivalents	\$ 1,030	\$ 1,223	\$ 1,539	\$ 1,006
Accounts receivable	\$ 2,819	\$ 2,159	\$ 1,691	\$ 1,727
Inventories	3,314	2,359	2,153	2,474
Accounts payable - trade	(3,858)	(3,037)	(2,945)	(1,858)
Working capital <sup>(a)</sup>	<u>\$ 2,275</u>	<u>\$ 1,481</u>	<u>\$ 899</u>	<u>\$ 2,343</u>
Total debt <sup>(b)</sup>	\$ 7,972	\$ 6,102	\$ 5,990	\$ 6,981
Net debt <sup>(b)</sup>	\$ 6,942	\$ 4,879	\$ 4,451	\$ 5,975

(a) Working capital represents accounts receivable and inventories, less accounts payable - trade  
 (b) See Total Debt and Net Debt reconciliation in Appendix on page 30

# FREE CASH FLOW

SECOND QUARTER  
2021

Terms: US\$ millions

	Three Months Ended June 30,		Trailing Twelve Months Ended
	2021	2020	June 30, 2021
<b>Net Income (Loss)</b>	\$ 71	\$ (703)	\$ 159
Depreciation and Amortization	208	276	792
Change in Working Capital	23	(38)	851
Pension Expense	21	30	101
Pension Contributions and Direct Payments	(13)	(14)	(45)
Provision for Deferred Income Taxes	(48)	(177)	(101)
Rationalization Payments	(40)	(28)	(208)
Other <sup>(a)</sup>	(11)	395	315
<b>Cash Flow from Operating Activities (GAAP)</b>	\$ 211	\$ (259)	\$ 1,864
Capital Expenditures	(200)	(152)	(669)
<b>Free Cash Flow (non-GAAP)</b>	\$ 11	\$ (411)	\$ 1,195
<b>Cash Flow from Investing Activities (GAAP)</b>	\$ (2,053)	\$ (133)	\$ (2,510)
<b>Cash Flow from Financing Activities (GAAP)</b>	\$ 1,676	\$ 385	\$ 699

Includes \$93M inventory fair value adj. and other non-cash items and (\$33M) cash costs related to the merger

Includes \$1,856 million for net cash portion of merger consideration

(a) Other includes goodwill and other asset impairments, amortization and write-off of debt issuance costs, net pension curtailments and settlements, net rationalization charges, amortization of inventory fair value step-up and transaction and other costs and payments related to Cooper Tire acquisition, 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

# SEGMENT RESULTS – AMERICAS



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2021<sup>(a)</sup></u>	<u>2020</u>	<u>Change</u>
<b>Units</b>	<b>19.0</b>	<b>8.5</b>	<b>125.1%</b>
<b>Net Sales</b>	<b>\$2,256</b>	<b>\$1,134</b>	<b>98.9%</b>
<b>Operating Income (Loss)</b>	<b>\$233</b>	<b>(\$287)</b>	
<b>Margin</b>	<b>10.3%</b>	<b>(25.3)%</b>	

- U.S. consumer replacement share recovering
- U.S. commercial replacement business benefited from strong fleet volume (+14% vs Q219 ex. Cooper)
- OE volume impacted by semiconductor shortage
- Price/mix > raw material costs
- Benefit of U.S. plant closure and Brazil indirect tax ruling partially offset by carryover impact of U.S. winter storm and Cooper transaction impact

(a) The Cooper transaction closed on June 7, 2021, and segment results include Cooper operations from June 7 through June 30.

# SEGMENT RESULTS - EMEA



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2021<sup>(a)</sup></u>	<u>2020</u>	<u>Change</u>
<b>Units</b>	<b>12.0</b>	<b>7.3</b>	<b>62.7%</b>
<b>Net Sales</b>	<b>\$1,230</b>	<b>\$676</b>	<b>82.0%</b>
<b>Operating Income (Loss)</b>	<b>\$43</b>	<b>(\$110)</b>	
<b>Margin</b>	<b>3.5%</b>	<b>(16.3)%</b>	

- Volume reflects partial recovery from COVID-19 related shutdowns
- EU consumer replacement business benefitting from aligned distribution
- Consumer OE volume outperformance reflects new platforms
- Commercial business continued to benefit from strong fleet volume
- Price/mix > raw material costs

(a) The Cooper transaction closed on June 7, 2021, and segment results include Cooper operations from June 7 through June 30.

# SEGMENT RESULTS – ASIA PACIFIC



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2021<sup>(a)</sup></u>	<u>2020</u>	<u>Change</u>
<b>Units</b>	<b>6.5</b>	<b>4.6</b>	<b>43.1%</b>
<b>Net Sales</b>	<b>\$493</b>	<b>\$334</b>	<b>47.6%</b>
<b>Operating Income (Loss)</b>	<b>\$23</b>	<b>(\$34)</b>	
<b>Margin</b>	<b>4.7%</b>	<b>(10.2)%</b>	

- **Volume reflects partial recovery from COVID-19 related shutdowns**
  - **Recent COVID disruptions in ASEAN markets and India**
- **China consumer replacement business remained strong (units >20% vs. Q2 19)**
- **Consumer OE business continued recovering; outperformed industry**

(a) The Cooper transaction closed on June 7, 2021, and segment results include Cooper operations from June 7 through June 30.



- **Volume continues to trend back toward 2019 levels (expect smaller decline than in Q2<sup>(a)</sup>)**
- **Tire production at 2019 levels, rebuilding inventories**
- **Positive price/mix vs. raw material costs**
- **Net cost savings reflecting non-recurrence of one-time COVID savings (\$57M), higher transportation rates (up \$30M vs. flat in Q2) and labor costs (up \$40M vs. up \$30M in Q2)**

(a) Cooper unit volume of approximately 10.1 million in Q3 2019



# 2021 OUTLOOK: OTHER FINANCIAL ASSUMPTIONS



Includes impact of Cooper transaction except as noted

## Current Assumption

<b>Raw Materials</b>	<b>\$425 to \$475 million higher than prior year based on current spot rates, net of raw material cost savings <sup>(a)</sup></b>
<b>Interest Expense</b>	<b>\$400 to \$425 million</b>
<b>Other (Income) Expense</b>	<b>Financing fees: ~\$40 million, including ~\$10 million of one-time fees related to merger financing Global pension related (excluded from SOI) <sup>(b)</sup>: \$30 to \$50 million</b>
<b>Income Tax</b>	<b>Cash: \$125 to \$150 million <sup>(c)</sup></b>
<b>Depreciation &amp; Amortization</b>	<b>\$865 million <sup>(d)</sup></b>
<b>Amortization of Inventory Step-Up</b>	<b>~\$110 million (~\$70 million in Q3) <sup>(e)</sup></b>
<b>Incremental Amortization of Intangible Assets</b>	<b>~\$35 million (~\$15 million in Q3) <sup>(e)</sup></b>
<b>Global Pension Cash Contributions</b>	<b>\$50 to \$75 million</b>
<b>Working Capital</b>	<b>Use of \$300 to \$500 million</b>
<b>Capital Expenditures</b>	<b>~\$1 billion</b>
<b>Rationalization Payments</b>	<b>~\$225 million</b>
<b>Corporate Other</b>	<b>\$150 to \$175 million</b>

(a) Excludes impact of Cooper Tire merger

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

(c) Includes payments deferred from 2020 and excludes extraordinary payments

(d) Excludes amortization of Cooper Tire inventory step-up and incremental amortization of Cooper Tire intangible assets

(e) Based on preliminary purchase price allocation

# APPENDIX

**GOOD YEAR.**

# LEGACY GOODYEAR MODELING ASSUMPTIONS



## Volume Sensitivities

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

• 1% Δ in U.S. Consumer OE Industry	~90
• 1% Δ in U.S. Consumer Replacement Industry	~290
• 1% Δ in U.S. Commercial OE Industry	~8
• 1% Δ in U.S. Commercial Replacement Industry	~25
• 1% Δ in European Consumer OE Industry	~90
• 1% Δ in European Consumer Replacement Industry	~290
• 1% Δ in European Commercial OE Industry	~8
• 1% Δ in European Commercial Replacement Industry	~25

## 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)	+/- \$0.5M
• +/- 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)	+/- \$3.4M
• +/- 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	~\$50M
• 1% Δ in Americas Inflation	~\$25M
• 1% Δ in EMEA Inflation	~\$20M

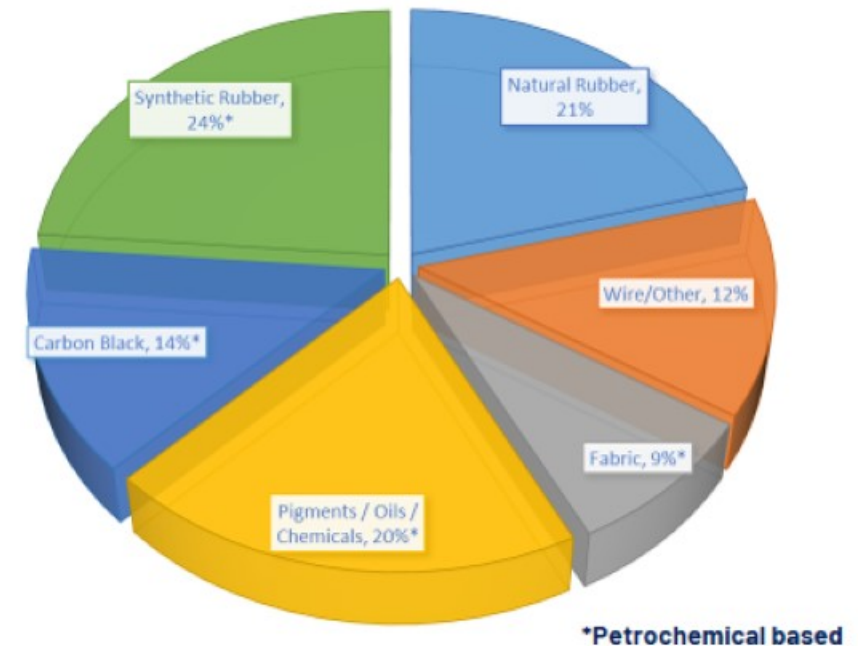
Note: Volume, pricing and raw materials modeling assumptions based on Goodyear's public disclosures. Currency, cost inflation, profit margin and overhead absorption figures based on internal estimates



- ✓ Raw materials are ~36%<sup>(a)</sup> of tire COGS
- ✓ ~67% of raw materials are **influenced** by oil prices
  - P&L impact lags spot rates by 1-2 quarters depending on commodity
- ✓ ~61% of raw materials are purchased in USD
- ✓ Customer agreements indexed to raw materials
  - OE customers
  - Certain large commercial fleets
  - OTR customers

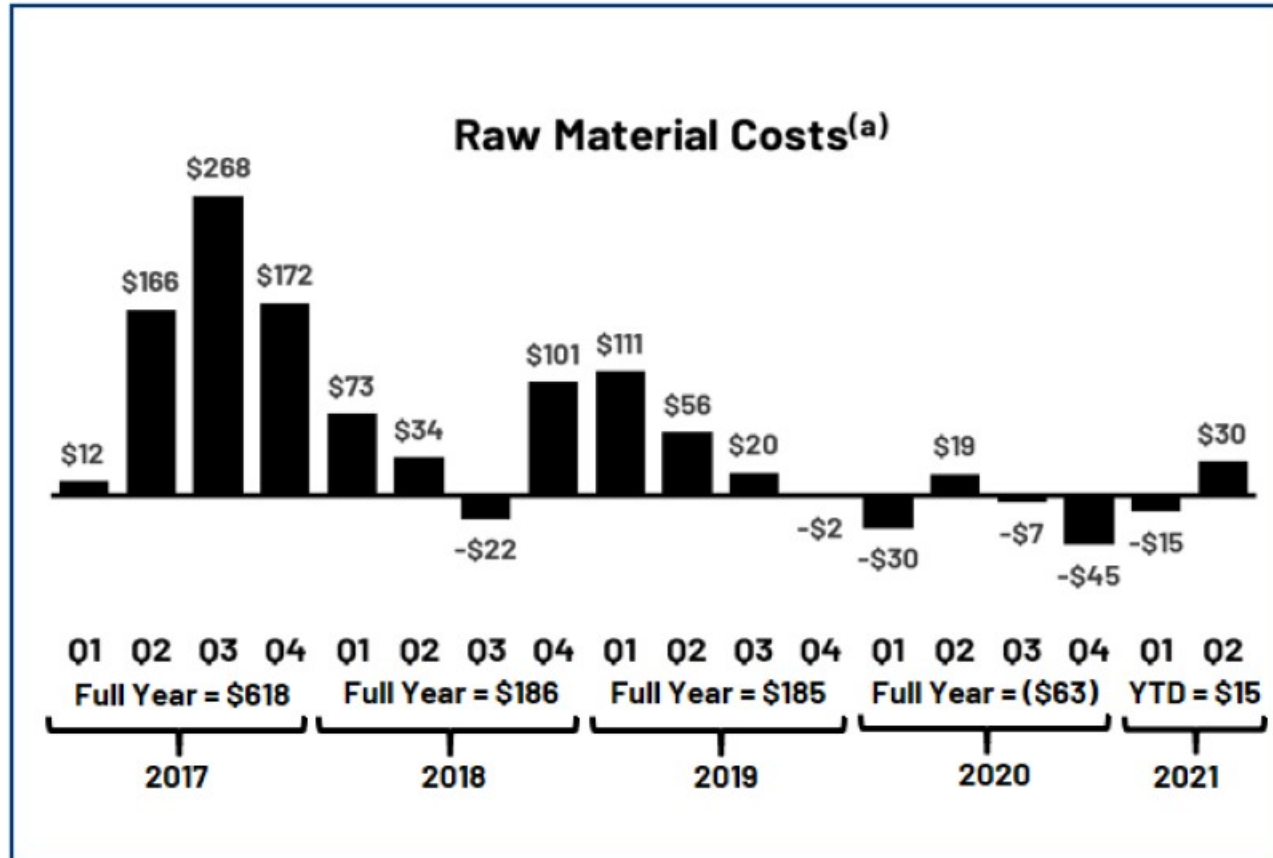
## Global Raw Material Spend

FY 2020 (\$3.2 Billion)<sup>(b)</sup>



**Feedstock ~63% of raw material spend**

(a) Raw materials were 44% of tire COGS in 2019  
(b) Spend totaled \$4.4 billion in 2019

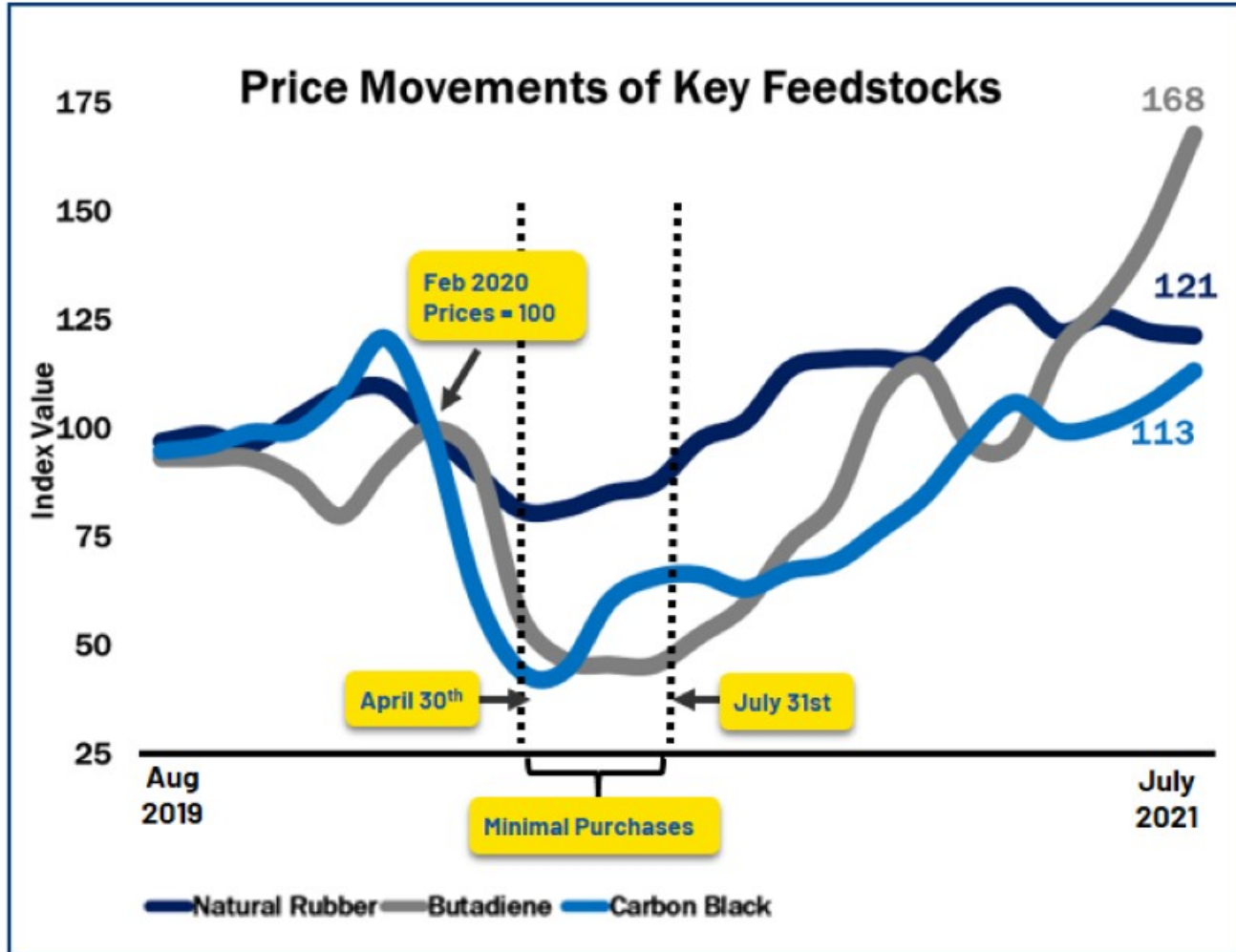


## 2021 Outlook<sup>(b)</sup>

Raw material costs expected to increase \$425 to \$475 million based on current spot rates, net of raw material cost savings

- Includes adverse transactional foreign currency impact of ~\$25 million<sup>(c)</sup>

(a) Impact to cost of goods sold versus prior period, net of cost savings measures  
 (b) Excludes impact of Cooper Tire merger  
 (c) Based on current spot rates



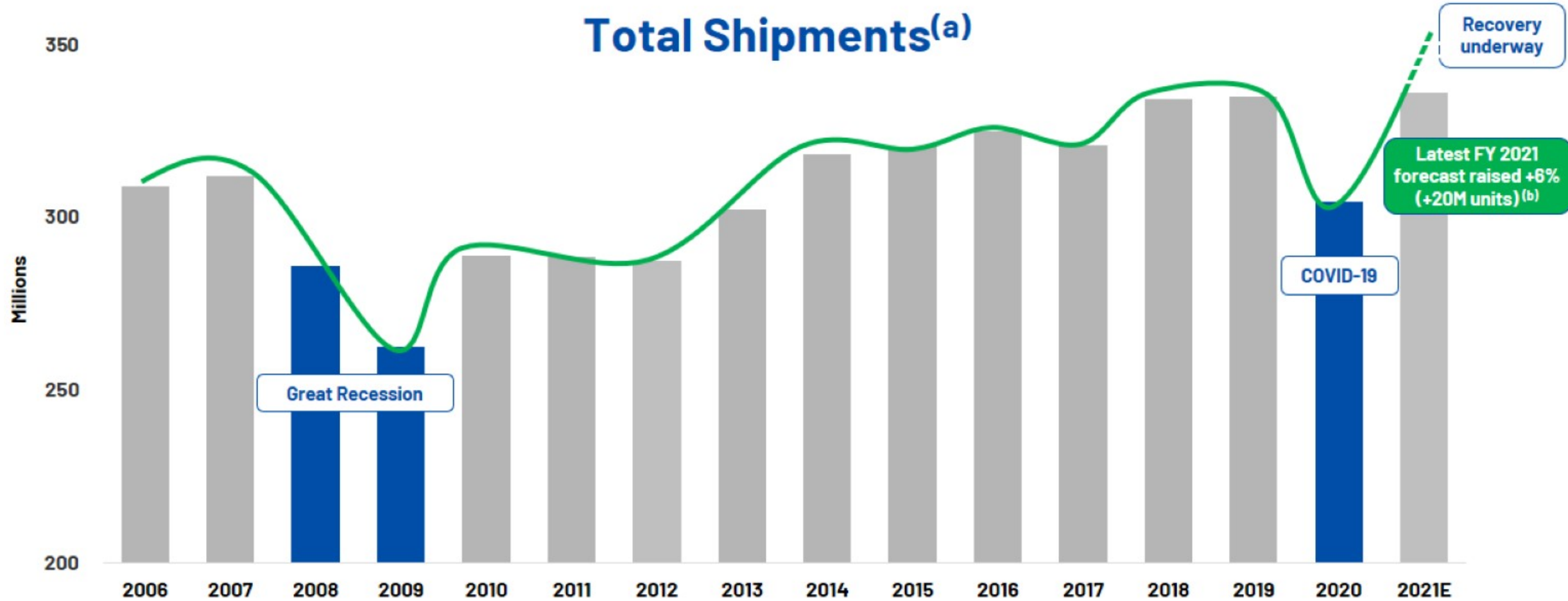
- Recovery in global tire production and supply chain constraints impacting feedstock prices
- Synthetic rubber costs significantly impacted by rising butadiene prices
  - Q1 winter storm impacted supply of butadiene
- Natural rubber and carbon black also above pre-COVID-19 levels

(a) Based on external third-party pricing data and Goodyear's estimates

# U.S. INDUSTRY FUNDAMENTALS



## Total Shipments<sup>(a)</sup>



**CYCLICAL RECOVERY EXPECTED TO CONTINUE**

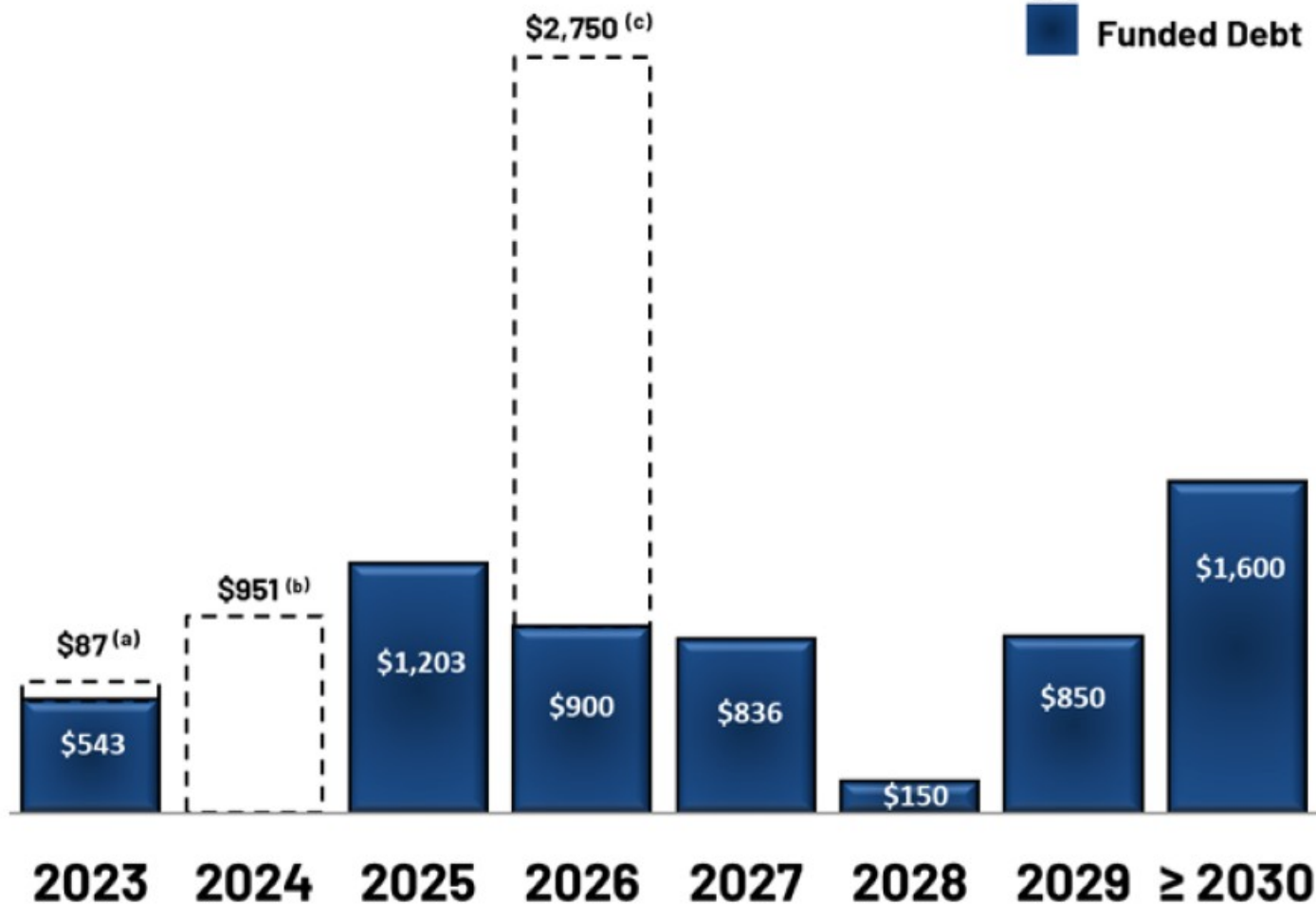
(a) Source: U.S. Tire Manufacturers Association (USTMA) (includes consumer OE, consumer replacement, commercial OE, and commercial replacement shipments)  
(b) USTMA 2021 forecast issued February 2021 of 315.7 million shipments compared to July 2021 of 336.1 million shipments

# MATURITY SCHEDULE

SECOND QUARTER 2021

Terms: US\$ millions

 Undrawn Credit Lines  
 Funded Debt



Note: Based on June 30, 2021 balance sheet values and excludes notes payable, finance and operating leases and other domestic and foreign debt

(a) At June 30, 2021, the amounts available and utilized under the Pan-European securitization program totaled \$246 million (€207 million)

(b) At June 30, 2021, there were \$0 million (€0 million) of borrowings and no letters of credit issued under the €800 million European revolving credit facility

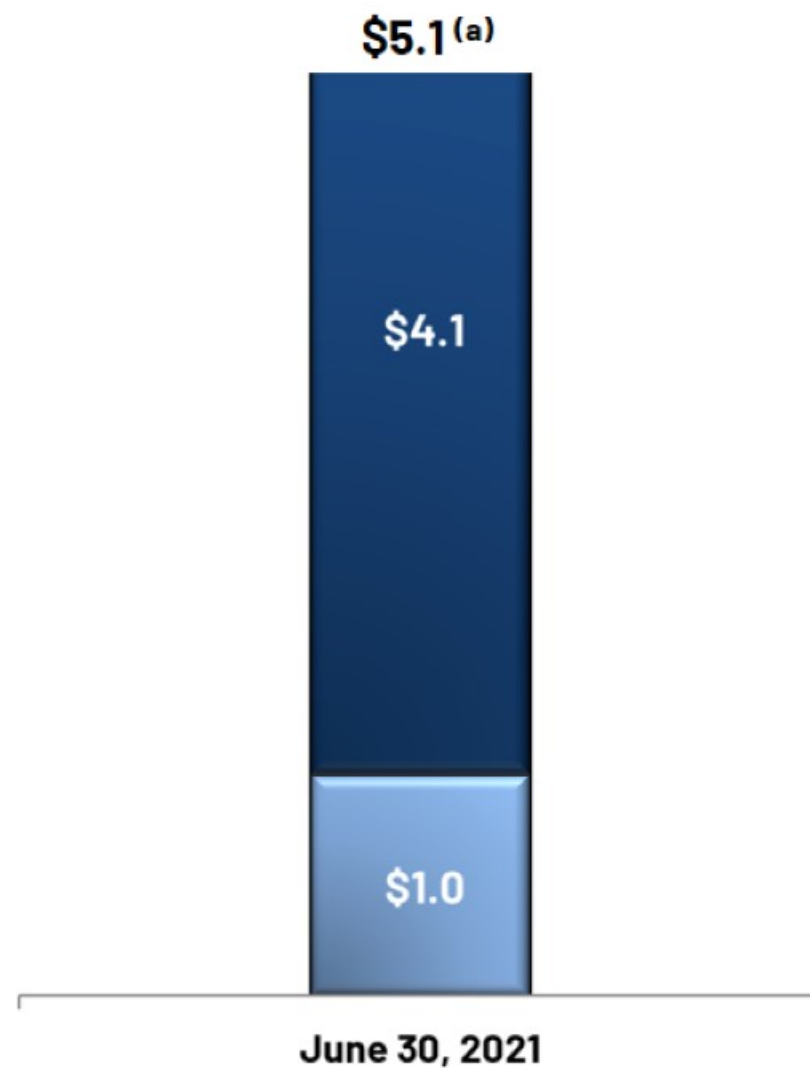
(c) At June 30, 2020, our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$423 million below the facility's stated amount of \$2.75 billion; At June 30, 2020, there were no borrowings and \$19 million of letters of credit issued



# LIQUIDITY PROFILE

SECOND QUARTER  
2021

Terms: US\$ billions



(a) Total liquidity is comprised of \$1,030 million of cash and cash equivalents, as well as \$4,112 million of unused availability under various credit agreements

# USE OF NON-GAAP FINANCIAL MEASURES



This presentation contains historical non-GAAP financial measures, including Total Segment Operating Income (Loss) and Margin, Merger-Adjusted Segment Operating Income (Loss) 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 (Loss) is the sum of the individual strategic business units' (SBUs') Segment Operating Income (Loss) as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income (Loss) divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income (Loss) 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 (Loss) and Margin are Goodyear Net Income (Loss) and Return on Net Sales (which is calculated by dividing Goodyear Net Income (Loss) by Net Sales).

Merger-Adjusted Segment Operating Income (Loss) is Total Segment Operating Income (Loss) less the impact of the amortization of inventory step-up, other transaction-related items and the amortization of intangible assets related to the Cooper Tire merger. Merger-Adjusted Segment Operating Margin is Merger-Adjusted Segment Operating Income (Loss) divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Merger-Adjusted Segment Operating Income (Loss) and Margin are useful because they allow investors to understand and evaluate the aggregate value of income created by the company's SBUs in a manner that is more comparable to the performance of The Goodyear Tire & Rubber Company and Cooper Tire & Rubber Company in the periods before the merger by adjusting for certain expenses related to the Cooper Tire merger, including amortization of the Cooper Tire inventory step-up, incremental amortization of Cooper Tire intangible assets, and other transaction-related items.

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 non-cash impairment charges, 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 MERGER- ADJUSTED SEGMENT OPERATING INCOME (LOSS)/ MARGIN & SEGMENT OPERATING INCOME (LOSS)/ MARGIN

SECOND QUARTER  
2021

Terms: US\$ millions

	Three Months Ended		
	June 30,		
	2021	2020	2019
<b>Merger-Adjusted Segment Operating Income (Loss)</b>	<b>\$ 349</b>	<b>\$ (431)</b>	<b>\$ 219</b>
Amortization of Cooper Tire Inventory Step-up	(40)	-	-
Other Transaction-related Items	(6)	-	-
Incremental Amortization of Intangible Assets	(4)	-	-
<b>Total Segment Operating Income (Loss)</b>	<b>\$ 299</b>	<b>\$ (431)</b>	<b>\$ 219</b>
Goodwill and Other Asset Impairments	-	(148)	-
Rationalizations	(18)	(99)	(4)
Interest Expense	(97)	(85)	(88)
Other Income (Expense)	(30)	(34)	(17)
Asset Write-offs and Accelerated Depreciation	-	(86)	(1)
Corporate Incentive Compensation Plans	(24)	(7)	(14)
Retained Expenses of Divested Operations	(4)	(1)	(3)
Other	(28)	2	(10)
<b>Income (Loss) before Income Taxes</b>	<b>\$ 98</b>	<b>\$ (889)</b>	<b>\$ 82</b>
United States and Foreign Tax Expense (Benefit)	27	(186)	26
Less: Minority Shareholders' Net Income (Loss)	4	(7)	2
<b>Goodyear Net Income (Loss)</b>	<b>\$ 67</b>	<b>\$ (696)</b>	<b>\$ 54</b>
Net Sales (as reported)	\$3,979	\$2,144	\$3,632
Return on Net Sales (as reported)	1.7%	(32.5)%	1.5%
Total Segment Operating Margin	7.5%	(20.1)%	6.0%
Merger-Adjusted Segment Operating Margin	8.8%	(20.1)%	6.0%

# SECOND QUARTER 2021 SIGNIFICANT ITEMS



Terms: US\$ millions  
(except EPS)

	As Reported	Acquisition Related Transaction and Other Costs	Amortization of Acquisition Related Inventory Fair Value Adjustment	Americas Winter Storm Impact	Pension Settlement Charges	Rationalizations	Colombia National Strike	Debt Redemption Charges	Americas Accrued Freight Adjustment	Indirect Tax Settlements and Discrete Tax Items	As Adjusted
Net Sales	\$ 3,979	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 3,996
Cost of Goods Sold	3,078	(1)	(38)	(16)	-	-	2	-	8	69	3,102
Gross Margin	901	1	38	27	-	-	4	-	(8)	(69)	894
SAG	658	(5)	-	-	-	-	-	-	-	-	653
Rationalizations	18	-	-	-	-	(18)	-	-	-	-	-
Interest Expense	97	-	-	-	-	-	-	(5)	-	-	92
Other (Income) Expense	30	(42)	-	-	(19)	-	-	-	-	48	17
Pre-tax Income	98	48	38	27	19	18	4	5	(8)	(117)	132
Taxes	27	9	9	5	5	2	-	1	(2)	(7)	49
Minority Interest	4	-	-	-	-	-	-	-	-	-	4
Goodyear Net Income	\$ 67	\$ 39	\$ 29	\$ 22	\$ 14	\$ 16	\$ 4	\$ 4	\$ (6)	\$ (110)	\$ 79
EPS	\$ 0.27	\$ 0.16	\$ 0.12	\$ 0.09	\$ 0.06	\$ 0.06	\$ 0.02	\$ 0.01	\$ (0.02)	\$ (0.45)	\$ 0.32

# SECOND QUARTER 2020 SIGNIFICANT ITEMS



Terms: US\$ millions  
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Impairment of TireHub Investment	Asset Sales	Discrete Tax Items	As Adjusted
Net Sales	\$ 2,144	\$ -	\$ -	\$ -	\$ -	\$ 2,144
Cost of Goods Sold	2,216	(86)	-	-	-	2,130
Gross Margin	(72)	86	-	-	-	14
SAG	451	-	-	-	-	451
Goodwill and Other Asset Impairments	148	-	(148)	-	-	-
Rationalizations	99	(99)	-	-	-	-
Interest Expense	85	-	-	-	-	85
Other (Income) Expense	34	-	-	(3)	-	31
Pre-tax Income (Loss)	(889)	185	148	3	-	(553)
Taxes	(186)	44	35	-	(2)	(109)
Minority Interest	(7)	-	-	-	-	(7)
Goodyear Net Income (Loss)	\$ (696)	\$ 141	\$ 113	\$ 3	\$ 2	\$ (437)
EPS	\$ (2.97)	\$ 0.60	\$ 0.48	\$ 0.01	\$ 0.01	\$ (1.87)

# RECONCILIATION FOR TOTAL DEBT AND NET DEBT

SECOND QUARTER 2021

Terms: US\$ millions

	<u>June 30, 2021</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Long-Term Debt and Finance Leases	\$ 6,978	\$ 5,326	\$ 5,432	\$ 5,688
Notes Payable and Overdrafts	459	390	406	712
Long-Term Debt and Finance Leases Due Within One Year	535	386	152	581
Total Debt	<u>\$ 7,972</u>	<u>\$ 6,102</u>	<u>\$ 5,990</u>	<u>\$ 6,981</u>
Less: Cash and Cash Equivalents	<u>1,030</u>	<u>1,223</u>	<u>1,539</u>	<u>1,006</u>
Net Debt	<u>\$ 6,942</u>	<u>\$ 4,879</u>	<u>\$ 4,451</u>	<u>\$ 5,975</u>

**GOODYEAR**



**YEAR**