



GOODYEAR

Fourth Quarter 2019 Conference Call

February 11, 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: 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

Positives

- Positive trend in price versus raw materials
- Strong cash flow generation
- U.S. consumer replacement business continuing to perform well
- Global commercial truck tire shipments continuing to outpace industry
- Consumer replacement shipments up double digits in Brazil
- Solid consumer replacement growth in China
- OE fitment wins continuing to outperform

Negatives

- Weak global light vehicle production
- Commercial truck downturn accelerating
- Recessionary demand in European consumer replacement industry
- European distribution challenges
- Competitive pressures in China OE
- Weak demand for OTR tires
- Transactional foreign exchange / strong U.S. dollar

Replacement business delivering volume and profit growth; OE demand at recessionary levels

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



U.S. Replacement Industry 2019 vs. 2018 Growth Rate^(a)

	<u>Q4 19</u>	<u>FY 19</u>
USTMA Members ($\geq 17''$)	5%	6%
USTMA Members ($< 17''$)	-8%	-8%
Total	0%	0%
Non-Members	1%	11%
Total U.S.	0%	3%
Goodyear ($\geq 17''$)	8%	10%

Europool & Turkey Replacement Industry 2019 vs. 2018 Growth Rate^(b)

	<u>Q4 19</u>	<u>YTD 19</u>
ETRMA Members ($\geq 17''$)	10%	7%
ETRMA Members ($< 17''$)	-6%	-7%
Total	-2%	-3%
Non-Members	-1%	-3%
Total EU + Turkey	-1%	-3%
Goodyear ($\geq 17''$)	11%	4%

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

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



Assurance ComfortDrive

- Premium line for all-important commuter touring category
- Exceptional comfort and noise cancellation
- Superior performance on wet pavement



WinterCommand Ultra

- Positions Goodyear to win in winter category
- Delivers premium ice and snow performance
- Offered in over 50 sizes

- Launched 10 new major product lines during the past 3 years
- Setting the industry standard for product performance & design
- 2020 launches set to drive further improvements in product mix

Industry leading product offering helping drive
U.S. consumer replacement volume to a 5-year high



GOODYEAR
ENDURANCE LHS



- Commenced Intelligent Tire Technology Pilots
- Unveiled AndGo
- Launched Goodyear Ventures



GOODYEAR Ventures



Shaping the way people move today and in the future

GOOD YEAR[®]

Financial Review

Fourth Quarter 2019 Income Statement



Terms: US\$ millions
(except EPS)

	Three Months Ended		Change
	December 31, 2019	December 31, 2018	
Units	39.6	40.7	(2)%
Net Sales	\$ 3,713	\$ 3,876	(4)%
<i>Gross Margin</i>	21.8%	22.4%	(0.6) pts
SAG	\$ 618	\$ 580	7%
Segment Operating Income ^(a)	\$ 242	\$ 307	(21)%
<i>Segment Operating Margin^(a)</i>	6.5%	7.9%	(1.4) pts
Goodyear Net Income (Loss)	\$ (392)	\$ 110	
Goodyear Net Income (Loss) Per Share			
<i>Weighted Average Shares Outstanding</i>	234	233	
Basic	\$ (1.68)	\$ 0.47	
<i>Weighted Average Shares Outstanding - Diluted</i>	234	235	
Diluted	\$ (1.68)	\$ 0.47	
Cash Dividends Declared Per Common Share	\$ 0.16	\$ 0.16	
Adjusted Diluted Earnings Per Share ^(b)	\$ 0.19	\$ 0.51	

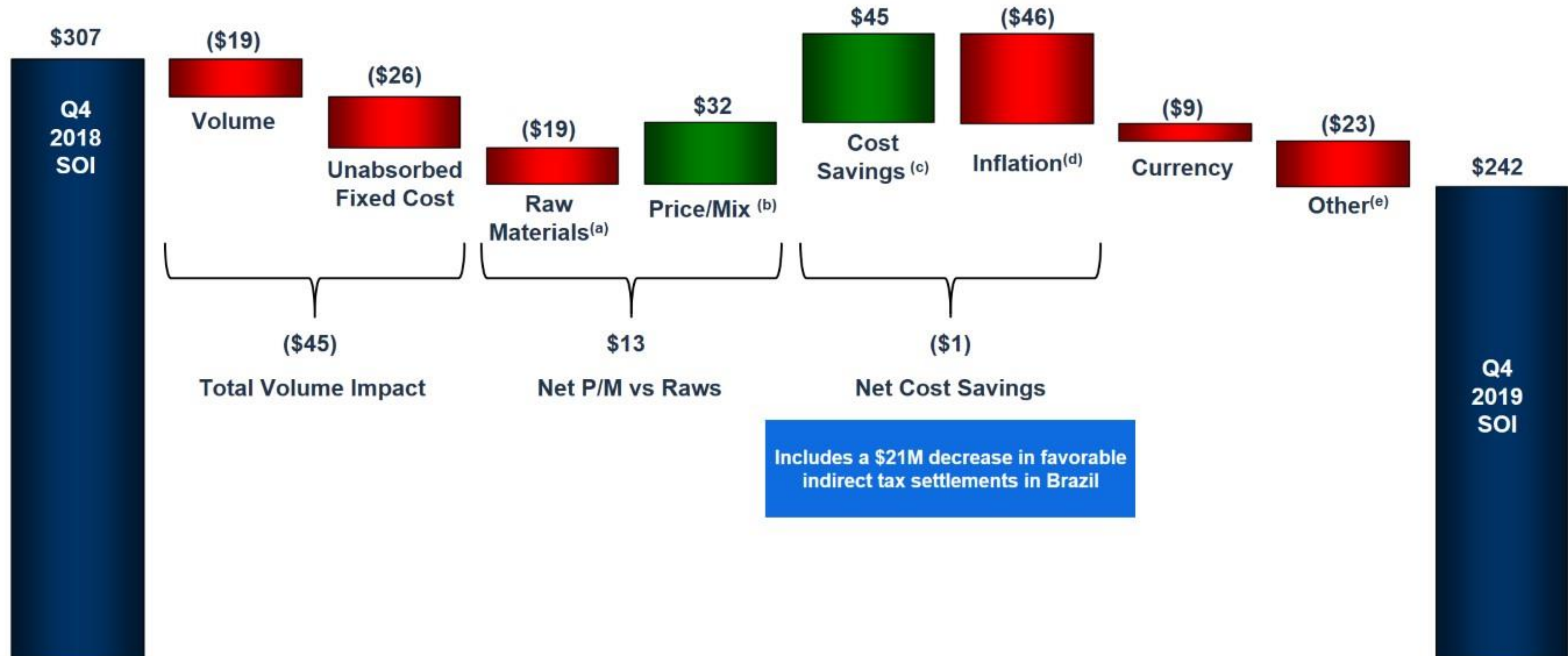
(a) See Segment Operating Income and Margin reconciliation in Appendix on page 33

(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 34 and 35

Fourth Quarter 2019 Segment Operating Results



Terms: US\$ millions



(a) Raw materials variance of (\$19) million excludes raw material cost saving measures of \$21 million, which are included in cost savings

(b) Price/mix excludes the impact of equity interest in TireHub (\$4 million benefit year over year)

(c) Includes impact of a decrease in favorable indirect tax settlements in Brazil of \$21 million

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

(e) Includes the impacts of other tire-related businesses, advertising, R&D and equity interest in TireHub (\$4 million benefit year over year)

Fourth Quarter 2019 Balance Sheet



Terms: US\$ millions

	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$ 908	\$ 868	\$ 801
Accounts receivable	\$ 1,941	\$ 2,748	\$ 2,030
Inventories	2,851	2,965	2,856
Accounts payable - trade	(2,908)	(2,651)	(2,920)
Working capital ^(a)	<u>\$ 1,884</u>	<u>\$ 3,062</u>	<u>\$ 1,966</u>
Total debt ^(b)	\$ 5,663	\$ 6,676	\$ 5,763
Net debt ^(b)	\$ 4,755	\$ 5,808	\$ 4,962

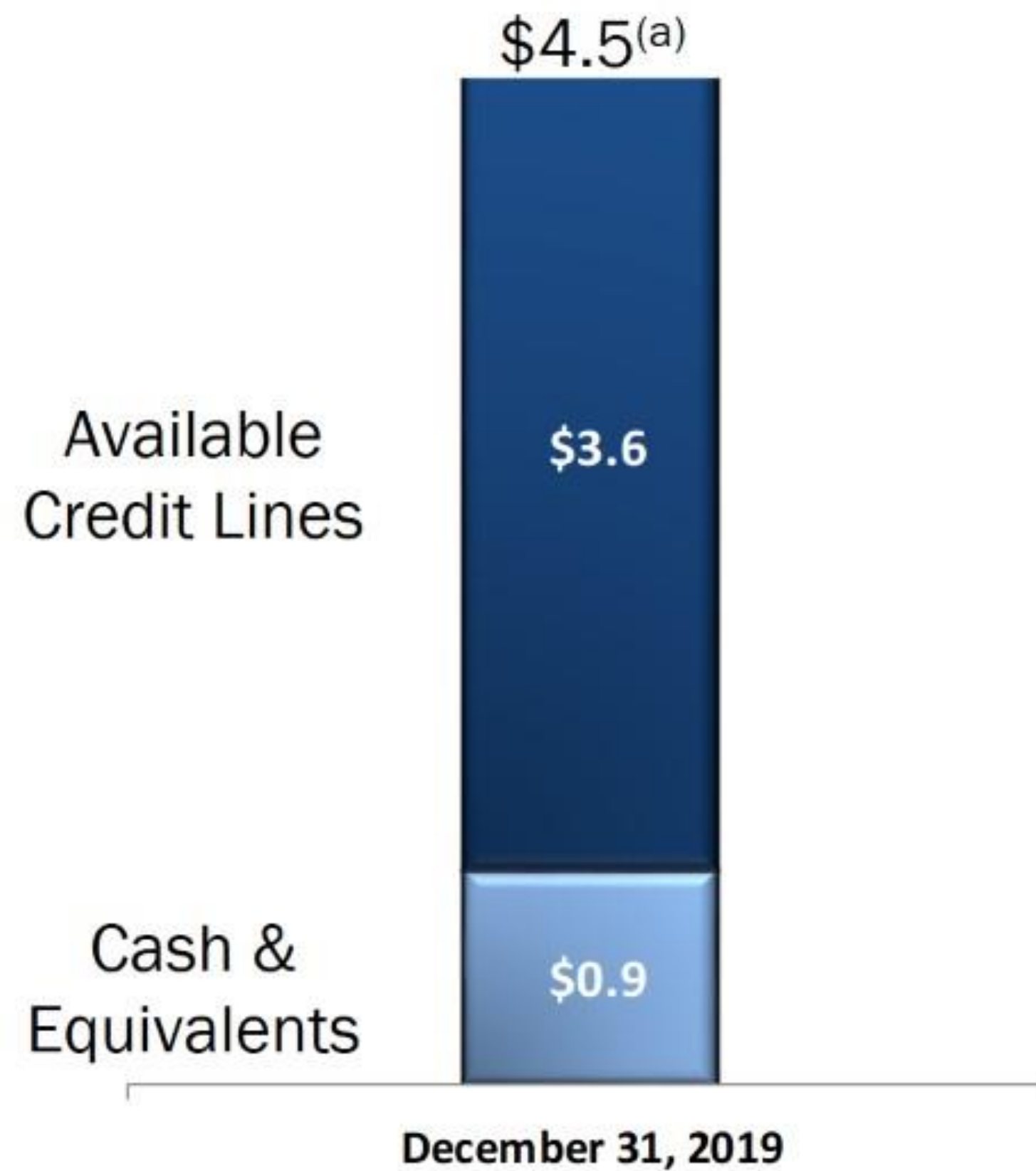
(a) Working capital represents accounts receivable and inventories, less accounts payable – trade

(b) See Total Debt and Net Debt reconciliation in Appendix on page 36

Fourth Quarter 2019 – Liquidity Profile



Terms: US\$ billions



(a) Total liquidity is comprised of \$908 million of cash and cash equivalents, as well as \$3,578 million of unused availability under various credit agreements

Fourth Quarter 2019 Free Cash Flow



Terms: US\$ millions

	Three Months Ended December 31,		Trailing Twelve Months Ended
	2019	2018	December 31, 2019
Net Income (Loss)	\$ (399)	\$ 110	\$ (297)
Depreciation and Amortization	211	189	795
Change in Working Capital	1,143	706	82
Pension Expense	32	27	132
Pension Contributions and Direct Payments	(28)	(18)	(79)
Provision for Deferred Income Taxes	356	72	323
Rationalization Payments	(13)	(23)	(59)
Other ^(a)	44	(123)	310
Cash Flow from Operating Activities (GAAP)	\$ 1,346	\$ 940	\$ 1,207
Capital Expenditures	(209)	(196)	(770)
Free Cash Flow (non-GAAP)	\$ 1,137	\$ 744	\$ 437
Cash Flow from Investing Activities (GAAP)	\$ (216)	\$ (203)	\$ (800)
Cash Flow from Financing Activities (GAAP)	\$ (1,096)	\$ (820)	\$ (307)

(a) Other includes 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 under the new accounting standard, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities

Fourth Quarter 2019 - Segment Results Americas



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Units	18.7	19.1	(2.0%)
Net Sales	\$2,026	\$2,114	(4.2%)
Operating Income	\$152	\$179	(15.1%)
Margin	7.5%	8.5%	

- Consumer replacement shipment growth continued to exceed the industry; up 12% in Brazil & 2% in the U.S.
- Commercial businesses outperformed industry
- Price vs. raw material costs continue to recover
- Challenging consumer OE environment
- SOI decline more than explained by decreases in favorable Brazilian VAT settlements & impact of a strike at a major OE customer

Fourth Quarter 2019 - Segment Results Europe, Middle East & Africa



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Units	13.0	13.7	(4.3%)
Net Sales	\$1,141	\$1,210	(5.7%)
Operating Income	\$38	\$74	(48.6%)
Margin	3.3%	6.1%	

- Recessionary conditions continue to impact demand, particularly OE and winter tire sales
- Commercial replacement gained share; units up 3%
- SOI also impacted by inflation ahead of cost savings

Fourth Quarter 2019 - Segment Results Asia Pacific



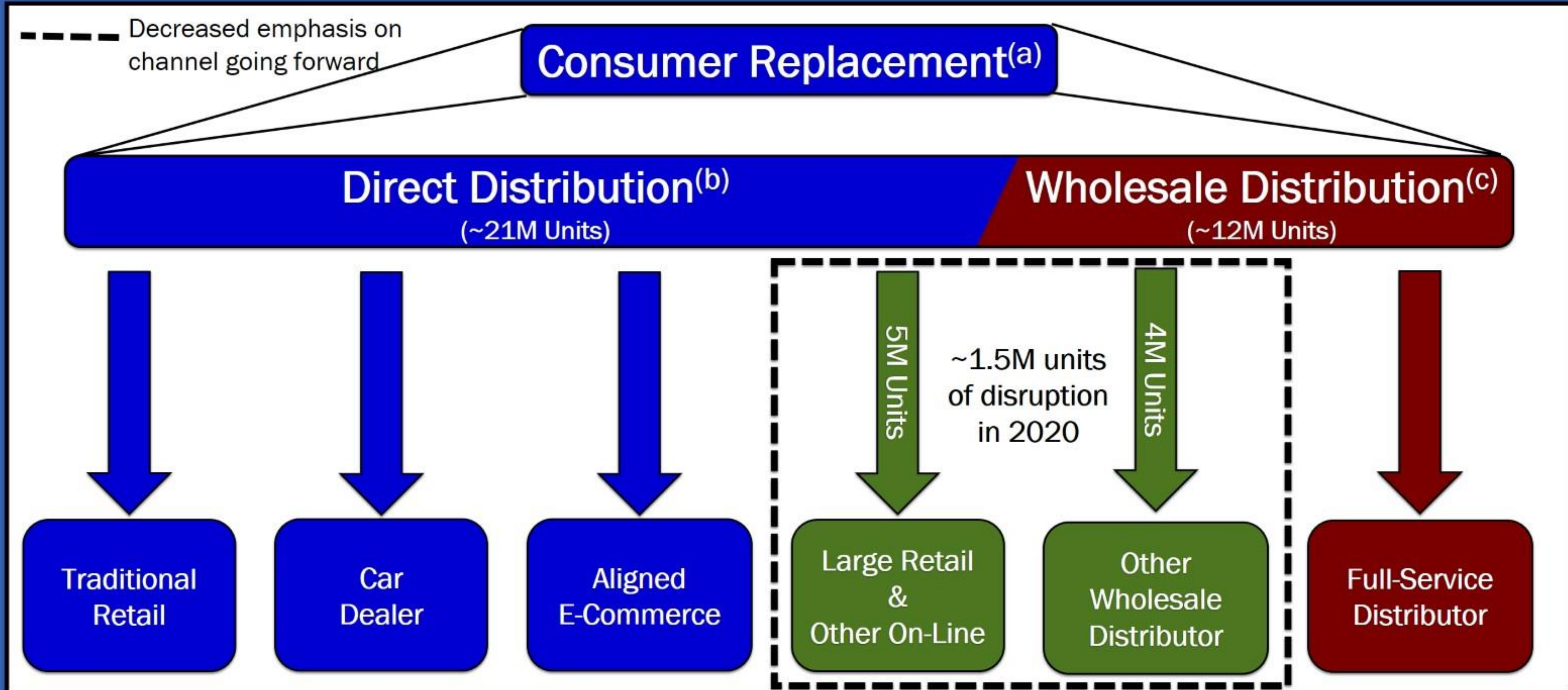
Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Units	7.9	7.9	(0.1%)
Net Sales	\$546	\$552	(1.1%)
Operating Income	\$52	\$54	(3.7%)
Margin	9.5%	9.8%	

- China consumer OE and replacement shipments both up high-single digits
- Consumer replacement shipments in Japan impacted by weak industry demand
 - Volume up 5%, excluding Japan
- SOI also impacted by unfavorable currency translation

European Aligned Distribution



(a) Western Europe
(b) Business-to-consumer distribution
(c) Business-to-business distribution

First Quarter 2020 Puts and Takes



Americas	EMEA	Asia Pacific
(+) Price > raw materials	(-) Volume (consumer OE / aligned distribution)	(-) China consumer OE
(-) Unabsorbed overhead (OE customer strike in U.S.)	(-) Unabsorbed overhead	(-) Off highway
(-) Transitional manufacturing costs (related to footprint optimization)	(-) Price/mix (consumer OE)	(-) Coronavirus

Depressed OE demand & transitional impact of restructurings / distribution changes more than offsetting improved pricing environment

- Structural manufacturing cost reductions
 - Announced \$60-70M of savings in EMEA by 2022
 - Expect at least as much savings in the U.S.
- Consumer OE volume growth of ~20% (~7M units) based on fitments awarded to date ^(a)
- Continued price versus raw materials cycle recovery
- Return to positive contribution from mix (product/customer/channel)
- Restructuring of European distribution – expect to recover much of the transitional volume loss and achieve part of the long-term margin benefit (\$2-4 per tire, or \$65M+)

Multiple drivers of positive outlook over next 2-3 years

2020 Outlook – Other Financial Assumptions



	Current Assumption
Raw Materials	~Flat, excluding transactional currency effect
Interest Expense	\$350 - \$375 million
Other (Income) Expense	Financing fees: ~\$40 million Global pension related (excluded from SOI) ^(a) : \$75 - \$95 million
Income Tax	Expense: Higher than normal; sensitive to profitability in EMEA Cash: ~\$130 - \$140 million ^(b)
Depreciation & Amortization	~\$800 million
Global Pension Cash Contributions	\$25 - \$50 million
Working Capital	Use of \$50 - \$100 million
Capital Expenditures	~\$800 million; in-line with depreciation
Restructuring Payments	\$125 - \$150 million
Corporate Other	\$100 - \$125 million

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

(b) Excludes one-time items

GOOD YEAR[®]

Appendix

Strong Foundation



Industry Leader ^(a)	Innovation ^(a)	Portfolio of Brands	Pervasive Distribution	Diverse End Markets ^(a)																										
<ul style="list-style-type: none"> • Largest tire company in North America • \$14.7B in revenue • 155M units • 47 manufacturing facilities in 21 countries • 63K employees worldwide 	<ul style="list-style-type: none"> • 2 world-class innovation centers • Innovation lab in San Francisco • 7 tire proving grounds • 5,200 patents • 1,400 patents pending 		<ul style="list-style-type: none"> • Over 13,000 retail touch points^(b) • Concentrated network of value-added third-party distribution partners • ~200 corporate-owned warehouse distribution facilities • Leading B2C E-commerce platform 	<p>Sales</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>Units</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>End Markets Breakdown</p> <table border="1"> <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>13%</td> </tr> <tr> <td>Chemical</td> <td>4%</td> </tr> <tr> <td>Other</td> <td>3%</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	13%	Chemical	4%	Other	3%
Region	Percentage																													
Americas	54%																													
EMEA	32%																													
AP	14%																													
Market Type	Percentage																													
Replacement	74%																													
OE	26%																													
Market Type	Percentage																													
Consumer	60%																													
Commercial	20%																													
Retail	13%																													
Chemical	4%																													
Other	3%																													

Global leader built on more than 120 years of experience

(a) Based on 2019 results (b) Based on internal estimates

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

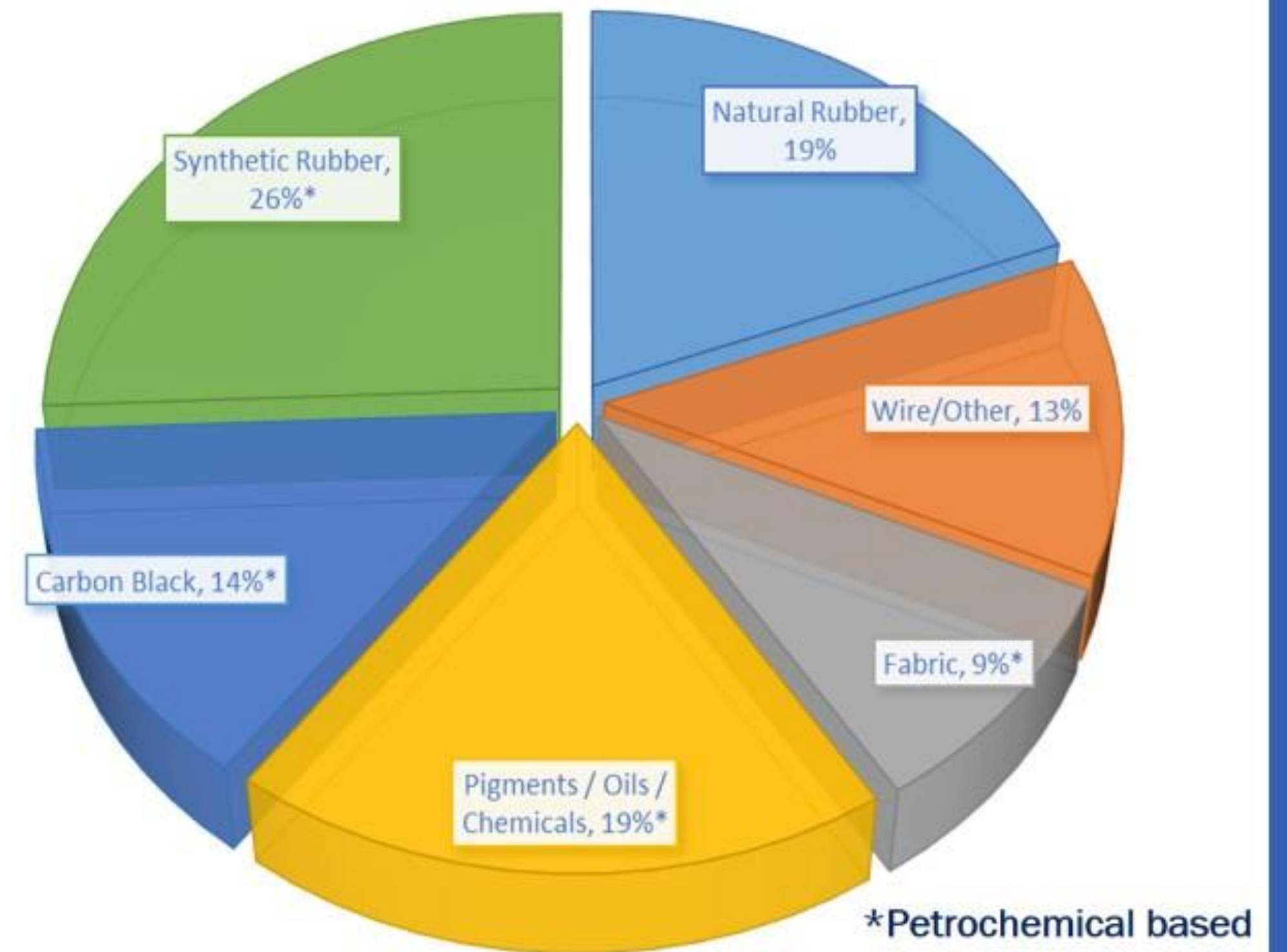
(Annual Impact)

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

- ✓ 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

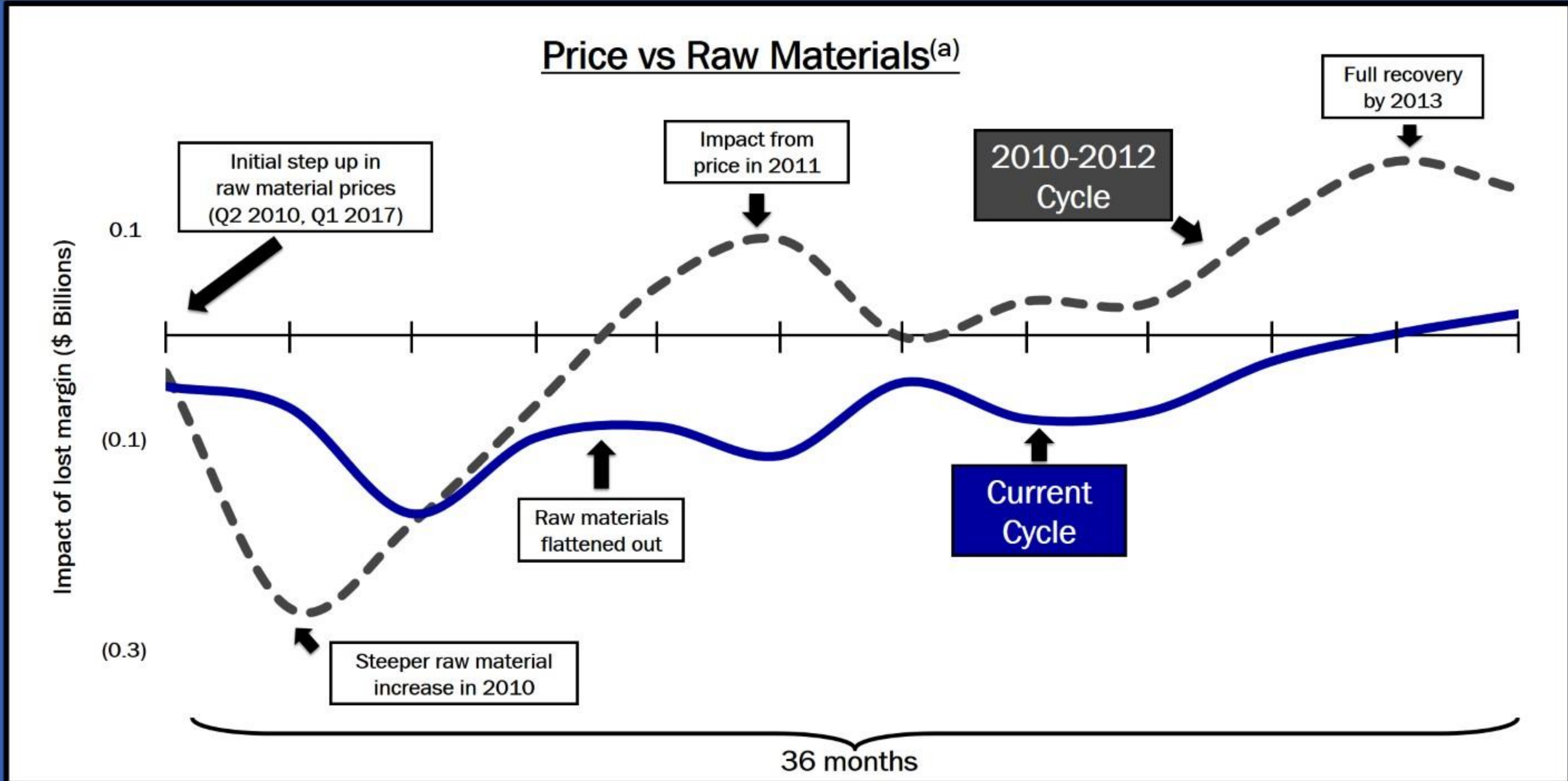


- 2020 raw material costs essentially flat, excluding transactional foreign currency
- Turkish Lira and Brazilian Real drivers of unfavorable transactional foreign currency

Transactional foreign currency and non-feedstock cost pressures offsetting favorable commodity costs

(a) Impact to cost of goods sold versus prior period, excluding the impact of raw material cost saving measures

Price vs Raws Over Time: Comparing Current Cycle to Prior Cycle



(a) Price changes versus prior year; excludes the impact of mix and excludes Venezuela. Raw materials are changes versus prior year; excludes raw material cost savings and excludes Venezuela. Price announcements reflect U.S. consumer replacement.

Goodyear Consumer $\geq 17''$ Sales Volume (a)



2019	OE	Replacement	Total
Americas	75%	50% +5% YOY	55%
EMEA	45%	30%	35% +5% YOY
Asia Pacific	40% +10% YOY	30%	35% +5% YOY
Total Company	55%	40% +5% YOY	45% +5% YOY

(a) All percentages are approximate

2020 Full-Year Industry Outlook



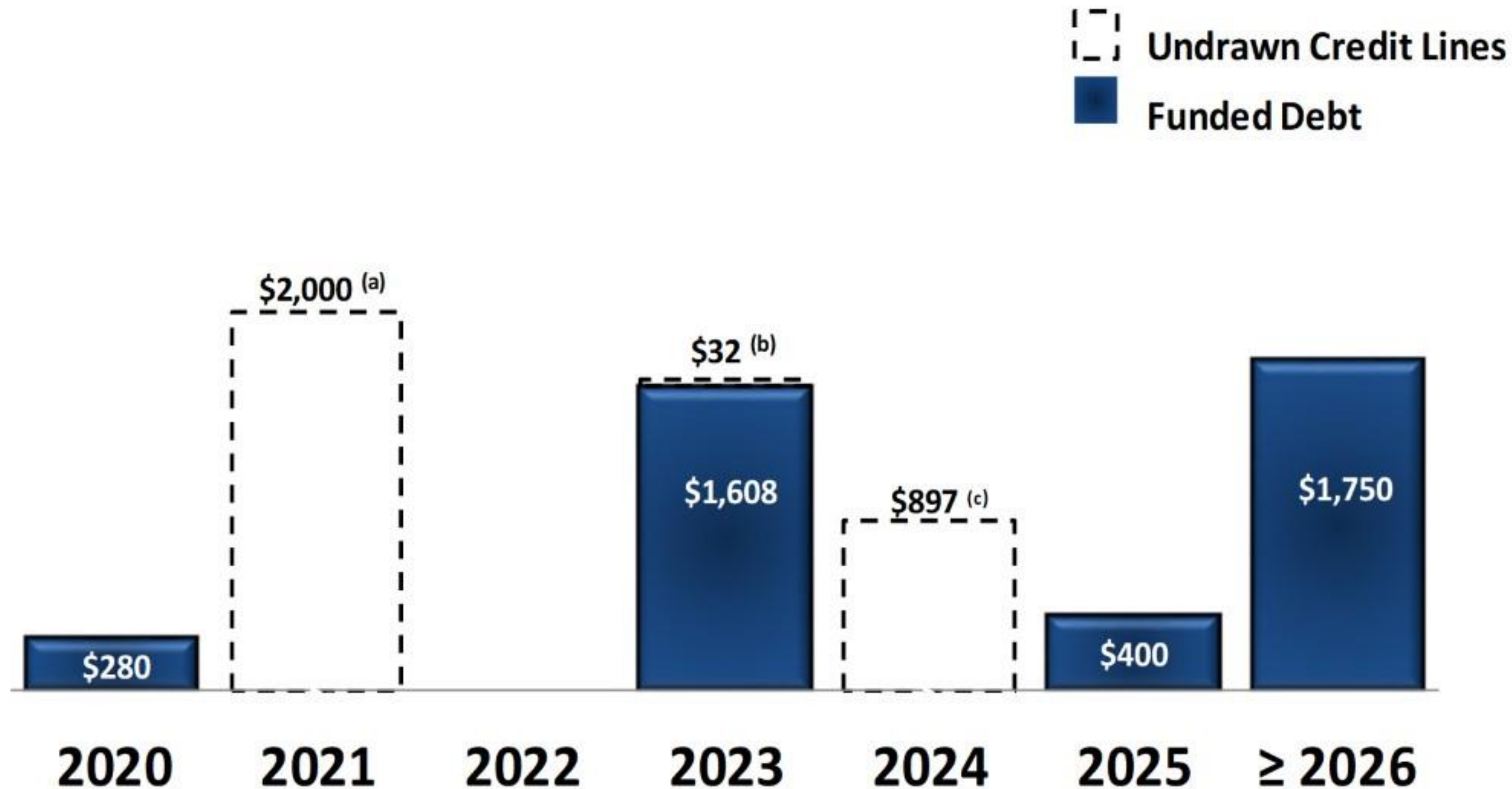
	Full-Year 2020 Guidance	
	United States	Western Europe ^(a)
Consumer Replacement	~0%	~0%
Consumer OE	~0 – 2%	~(2) – 0%
Commercial Replacement	~1 – 3%	~0 – 3%
Commercial OE	~(20) – (16)%	~(6) – (2)%

(a) For replacement, Western Europe is Europol and Turkey; for OE, Western Europe is total EMEA

Fourth Quarter 2019 – Maturity Schedule



Terms: US\$ millions



Note: Based on December 31, 2019 balance sheet values and excludes notes payable, finance and operating leases and other domestic and foreign debt

(a) At December 31, 2019 our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$301 million below the facility's stated amount of \$2.0 billion

At December 31, 2019 there were \$0 million of borrowings and \$37 million of letters of credit issued

(b) At December 31, 2019 the amounts available and utilized under the Pan-European securitization program totaled \$327 million (€291 million)

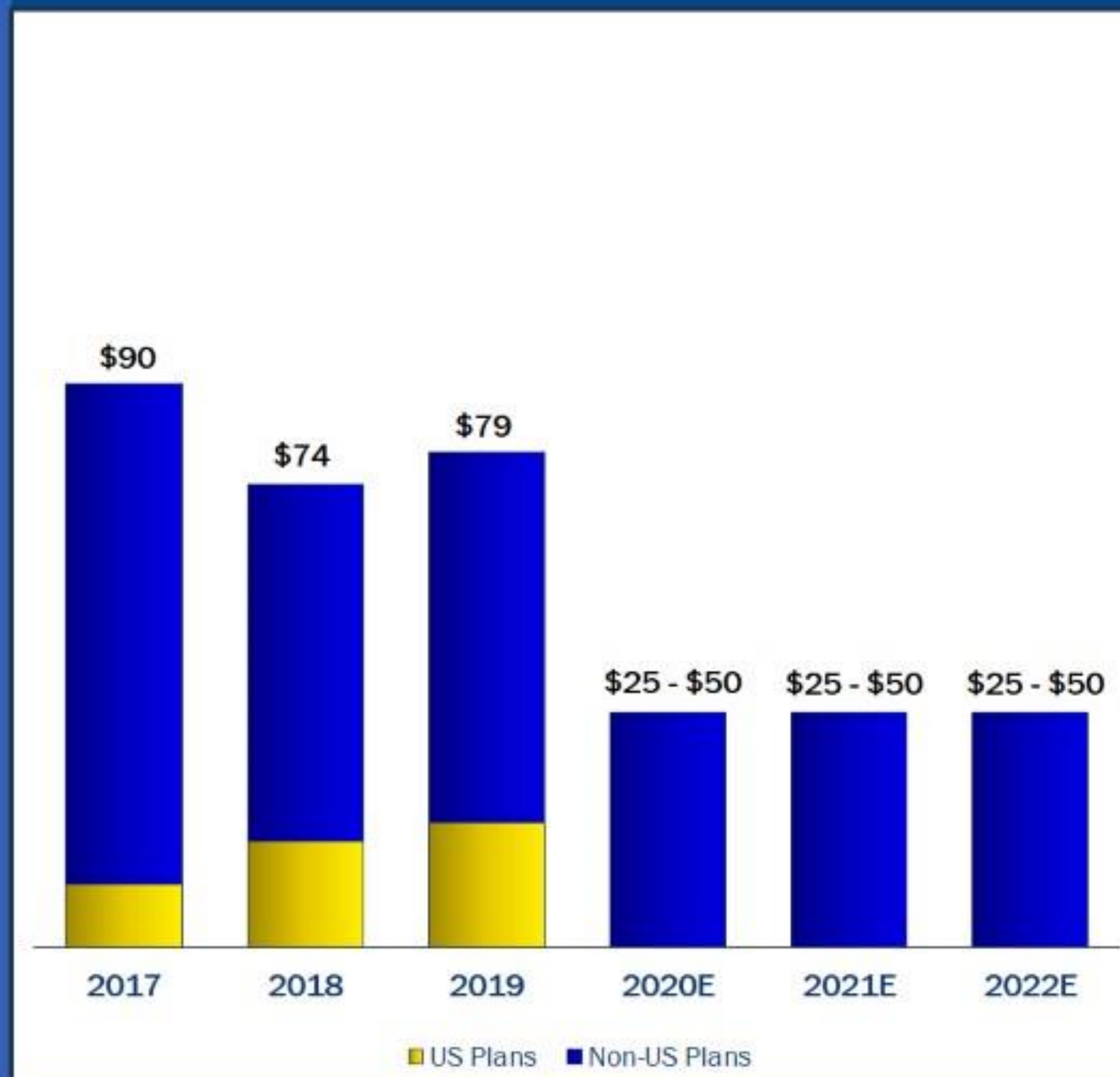
(c) At December 31, 2019 there were \$0 million (€0 million) of borrowings and no letters of credit issued under the €800 million European revolving credit facility

Pension Update

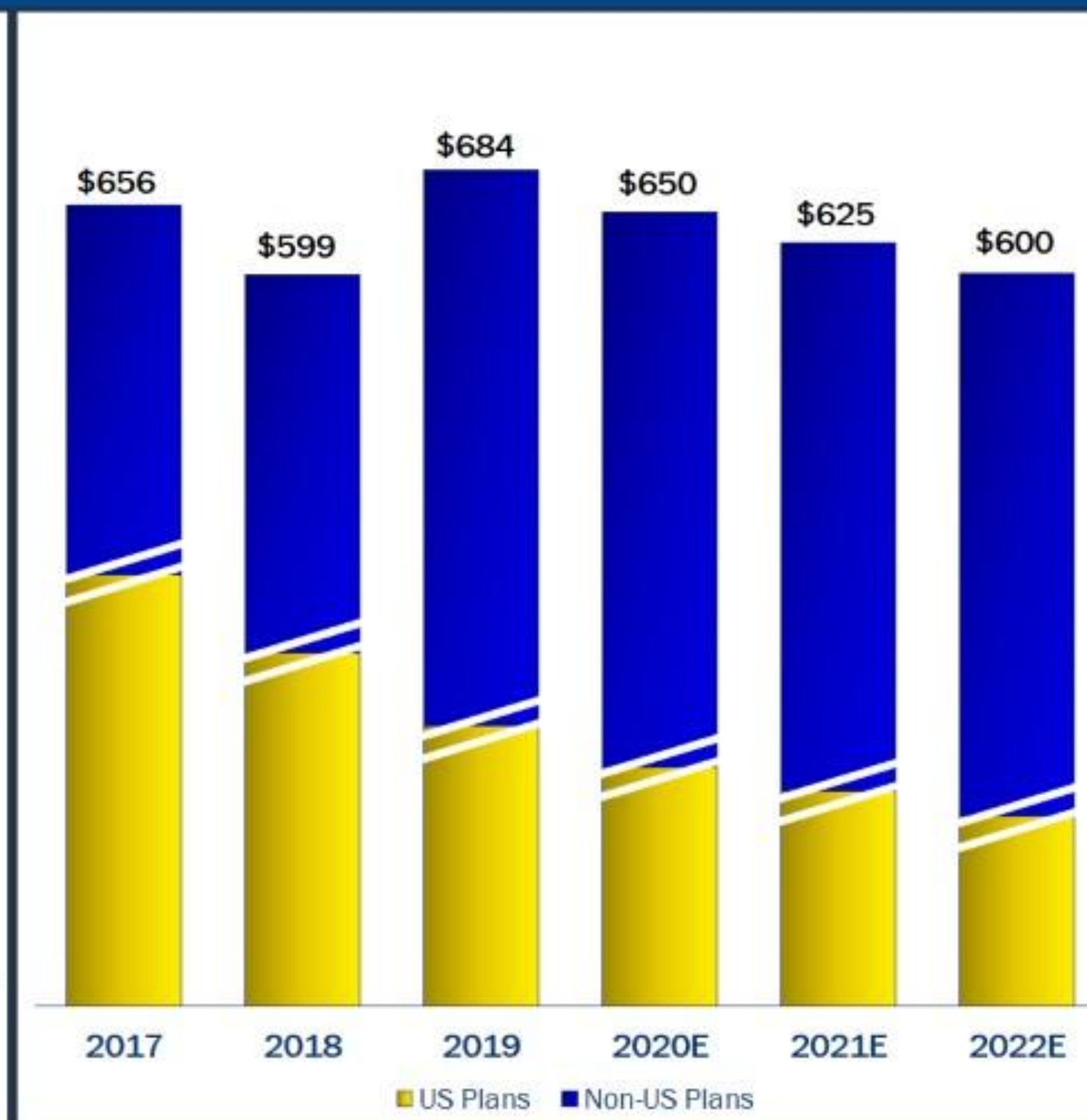


Terms: US\$ millions

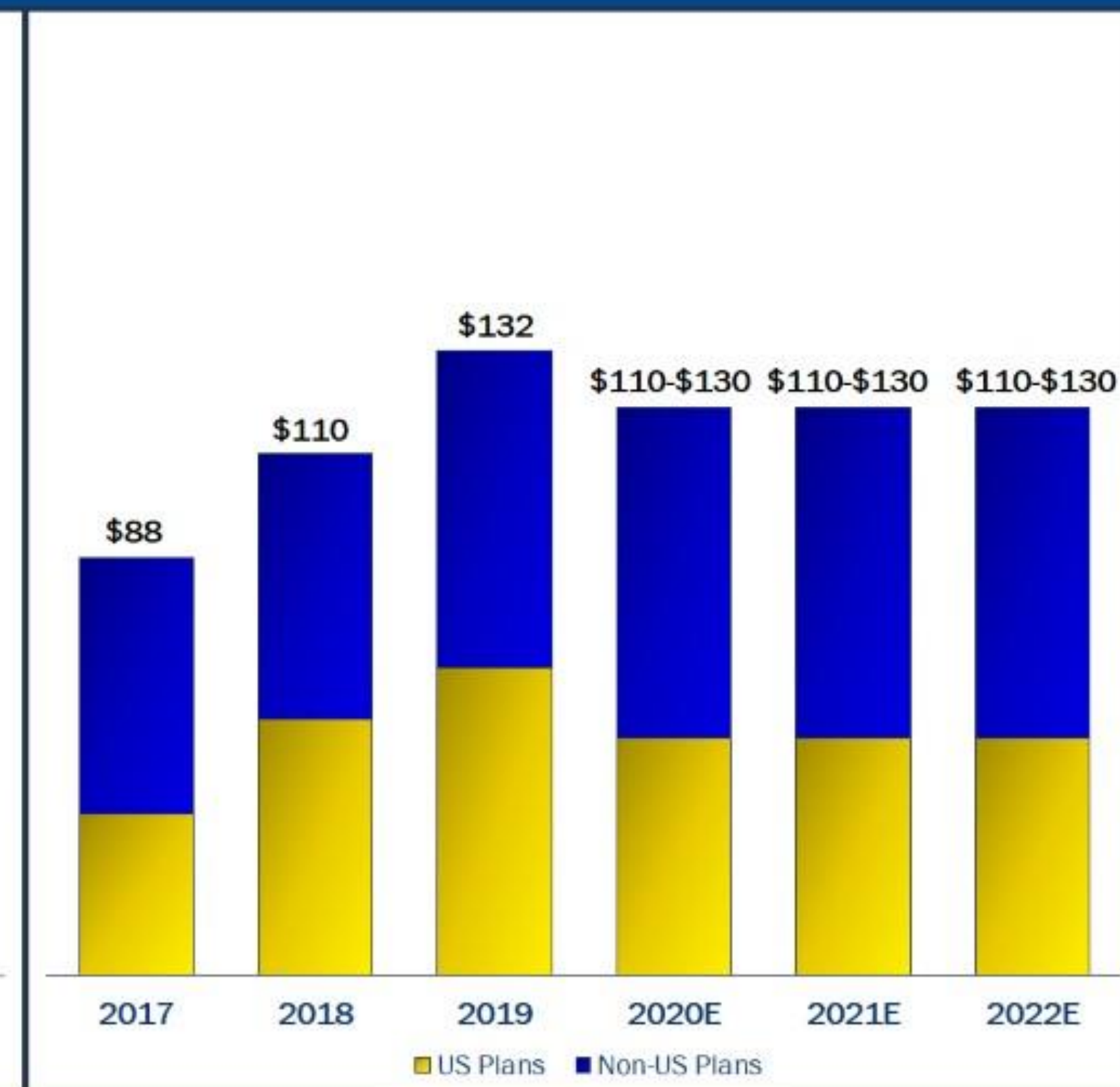
Total Global Cash Flow Impact ^(a) ^(c)



Global Unfunded Obligations ^(c)



Global Pension Expense ^(b) ^(c)



(a) Includes cash funding for direct benefit payments for 2017 - 2019 only
 (b) Excludes one-time charges and benefits from pension settlements and curtailments
 (c) 2020E - 2022E are based on assumptions as of December 31, 2019

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 and Adjusted Diluted Earnings 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 (Loss) and Return on Net Sales (which is calculated by dividing Goodyear Net Income (Loss) 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 is Goodyear Net Income (Loss) as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted EPS is the company's Adjusted Net Income divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income and Adjusted Diluted 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	
	December 31,	
	2019	2018
Total Segment Operating Income	\$ 242	\$ 307
Rationalizations	(77)	(4)
Interest expense	(79)	(85)
Other income (expense)	(24)	3
Asset write-offs and accelerated depreciation	(13)	(2)
Corporate incentive compensation plans	(22)	(7)
Retained expenses of divested operations	(3)	(2)
Other	(12)	(8)
Income before Income Taxes	\$ 12	\$ 202
United States and Foreign Tax Expense	411	92
Less: Minority Shareholders Net Income (Loss)	(7)	-
Goodyear Net Income (Loss)	\$ (392)	\$ 110
Net Sales (as reported)	\$3,713	\$3,876
Return on Net Sales (as reported)	(10.6)%	2.8%
Total Segment Operating Margin	6.5%	7.9%

Fourth Quarter 2019 Significant Items



(After Tax and Minority Interest)

Terms: US\$ millions
(except EPS)

	As Reported	Indirect Tax Settlements and Discrete Tax Items	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Beaumont, Texas Flooding	Pension Settlement	Gain on Acquisition, Net of Transaction Costs	Net Gains on Asset Sales	As Adjusted
Net Sales	\$ 3,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,713
Cost of Goods Sold	2,903	12	(13)	-	-	-	-	2,902
Gross Margin	810	(12)	13	-	-	-	-	811
SAG	618	-	-	-	-	-	-	618
Rationalizations	77	-	(77)	-	-	-	-	-
Interest Expense	79	-	-	-	-	-	-	79
Other (Income) Expense	24	9	-	(20)	(5)	2	12	22
Pre-tax Income	12	(21)	90	20	5	(2)	(12)	92
Taxes	411	(387)	20	-	1	-	(1)	44
Minority Interest	(7)	10	-	-	-	-	-	3
Goodyear Net Income (Loss)	\$ (392)	\$ 356	\$ 70	\$ 20	\$ 4	\$ (2)	\$ (11)	\$ 45
EPS	\$ (1.68)	\$ 1.52	\$ 0.30	\$ 0.08	\$ 0.02	\$ (0.01)	\$ (0.04)	\$ 0.19

Fourth Quarter 2018 Significant Items



(After Tax and Minority Interest)

Terms: US\$ millions
(except EPS)

	As Reported	Pension Settlements	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Indirect Tax Settlements and Discrete Tax Items	As Adjusted
Net Sales	\$ 3,876	\$ -	\$ -	\$ -	\$ 3,876
Cost of Goods Sold	3,008	-	(2)	38	3,044
Gross Margin	868	-	2	(38)	832
SAG	580	-	-	-	580
Rationalizations	4	-	(4)	-	-
Interest Expense	85	-	-	-	85
Other (Income) Expense	(3)	(9)	-	35	23
Pre-tax Income	202	9	6	(73)	144
Taxes	92	2	2	(72)	24
Minority Interest	-	-	-	-	-
Goodyear Net Income (Loss)	\$ 110	\$ 7	\$ 4	\$ (1)	\$ 120
EPS	\$ 0.47	\$ 0.03	\$ 0.02	\$ (0.01)	\$ 0.51

Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	December 31, 2019	September 30, 2019	December 31, 2018^(a)
Long-Term Debt and Finance Leases	\$ 4,753	\$ 5,580	\$ 5,110
Notes Payable and Overdrafts	348	486	410
Long-Term Debt and Finance Leases Due Within One Year	562	610	243
Total Debt	<u>\$ 5,663</u>	<u>\$ 6,676</u>	<u>\$ 5,763</u>
Less: Cash and Cash Equivalents	<u>908</u>	<u>868</u>	<u>801</u>
Net Debt	<u>\$ 4,755</u>	<u>\$ 5,808</u>	<u>\$ 4,962</u>

(a) 2018 period was not restated for the new lease accounting standard

GOODYEAR  **YEAR**®