



**GOODYEAR**



**YEAR**

**Second Quarter 2020 Conference Call**

**July 31, 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

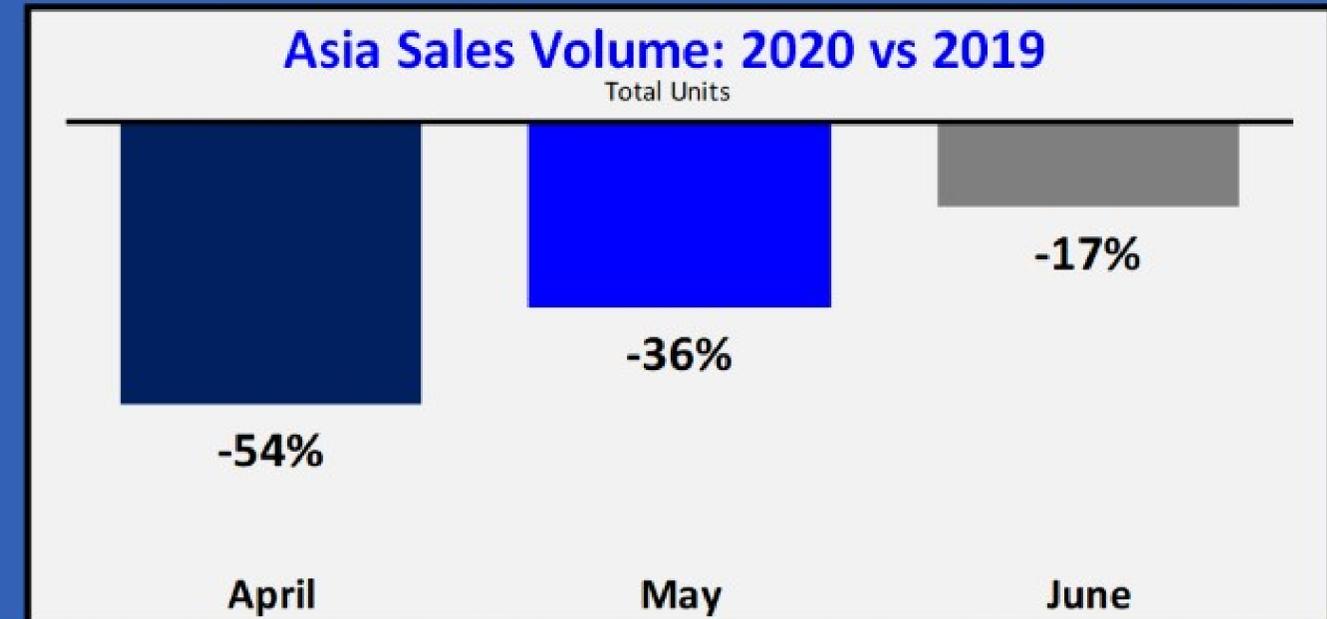
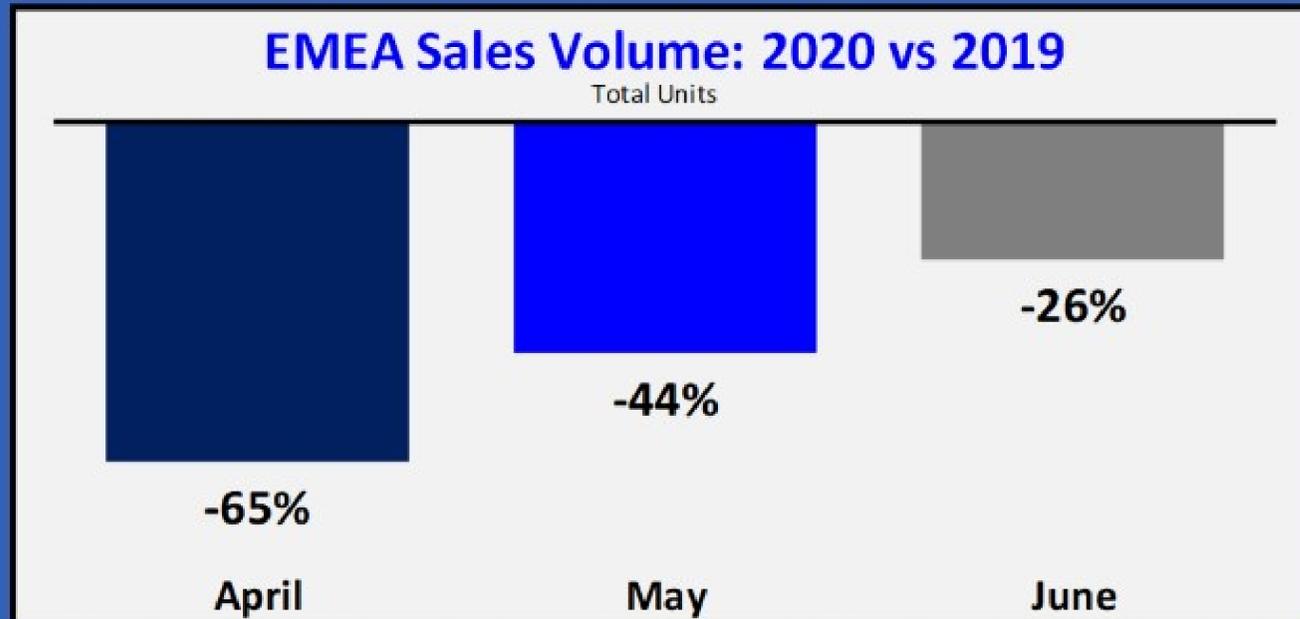
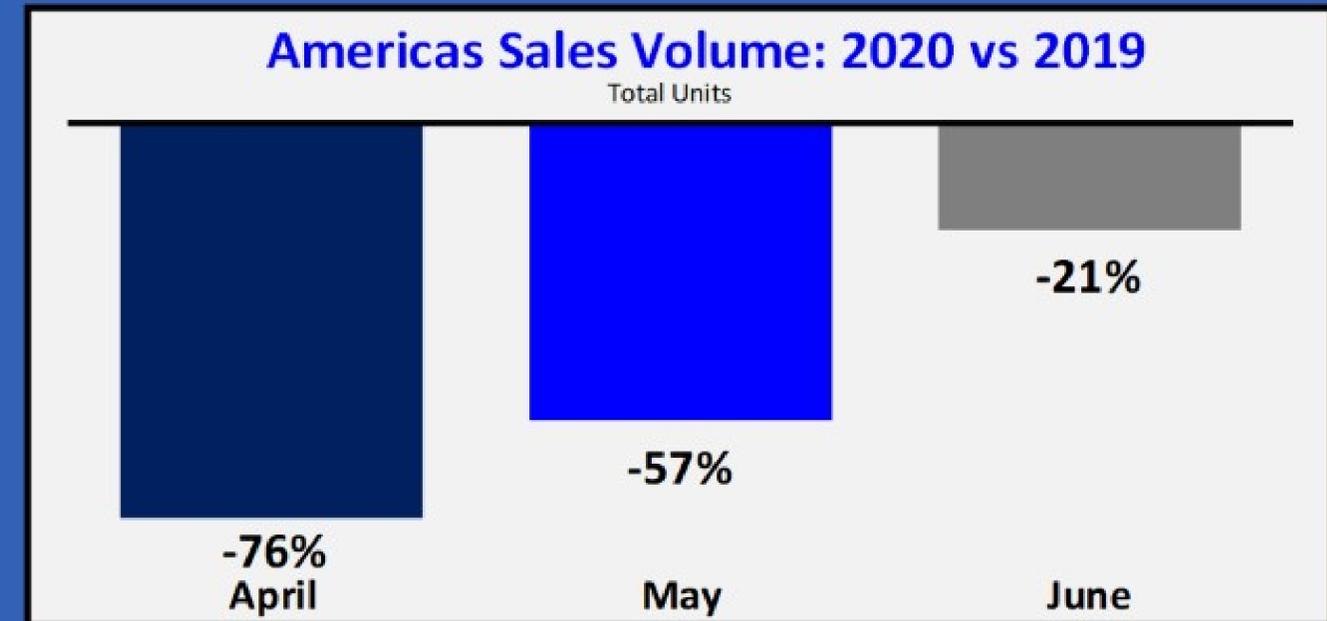
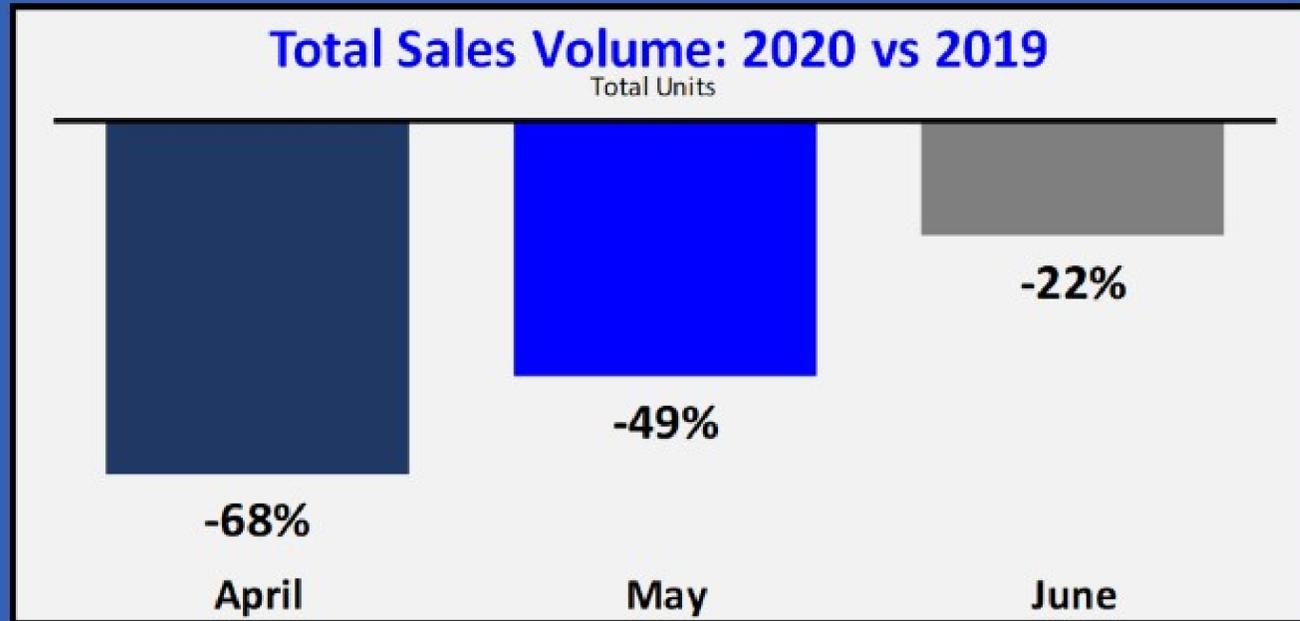
### HIGH-VALUE SEGMENTS

Compete where we capture the full value of our brand

### MASTERING COMPLEXITY

Manage the necessary; eliminate the unneeded

# Global Volume Recovery



Shipments are improving, but remain below prior year

## Positives

- Significantly reduced free cash flow usage relative to initial forecast
- Maintained strong liquidity position
- Aligned inventory with industry demand
- Completed a phased restart of production
- Replacement business performed ahead of plan

## Negatives

- Global vehicle production (slow restart)
- Wholesalers / dealers destocking inventory
- Temporary store closings in mass merchant / wholesale club channels
- Transactional foreign exchange
- Markets recovering slowly in Latin America
- Other tire-related businesses (chemical, aviation, retail)

**Delivered better-than-expected outcome despite difficult industry conditions**



- New sales channels experiencing accelerated consumer adoption
  - E-commerce +15% YOY
  - Mobile install +150% YOY
- U.S. Retail stores seeing improving demand trends; increased profitability YOY in June

Benefiting from best-in-class distribution



- Goodyear Commercial Truck Service Centers sales increased high-single digits in 1H
- Selected by Ryder to be Preferred Tire Supplier in North America
- Launched e-commerce partner program with Convoy
- EMEA signed first contract for new Goodyear Fleet Tracker solution, gained share in 1H

**Growing the business through industry-leading products, service and technology solutions**

**GOOD YEAR<sup>®</sup>**

# Financial Review

- Salaried payroll reduced by ~\$65 million
- Manufacturing costs reduced by more than 35%; factories restarted with minimal disruption
- Modified project plans to reduce capex by over \$100 million
- Other SAG reduced by more than \$75 million
- Cash usage less than \$500 million, despite 45% volume decline
- Successful refinancing of \$2.0 billion credit facility, maturing notes

**Actions dramatically reduced financial impact of volume decline**

# Second Quarter 2020 Income Statement



Terms: US\$ millions  
(except EPS)

	Three Months Ended		Change
	June 30, 2020	June 30, 2019	
Units	20.4	37.4	(45)%
Net Sales	\$ 2,144	\$ 3,632	(41)%
Gross Margin	-3.4%	21.4%	(24.8) pts
SAG	\$ 451	\$ 586	(23)%
Segment Operating Income (Loss) <sup>(a)</sup>	\$ (431)	\$ 219	(297)%
Segment Operating Margin <sup>(a)</sup>	-20.1%	6.0%	(26.1) pts
Goodyear Net Income (Loss)	\$ (696)	\$ 54	
Goodyear Net Income (Loss) Per Share			
Weighted Average Shares Outstanding	234	233	
Basic	\$ (2.97)	\$ 0.23	
Weighted Average Shares Outstanding - Diluted	234	234	
Diluted	\$ (2.97)	\$ 0.23	
Cash Dividends Declared Per Common Share	\$ -	\$ 0.16	
Adjusted Diluted Earnings (Loss) Per Share <sup>(b)</sup>	\$ (1.87)	\$ 0.25	

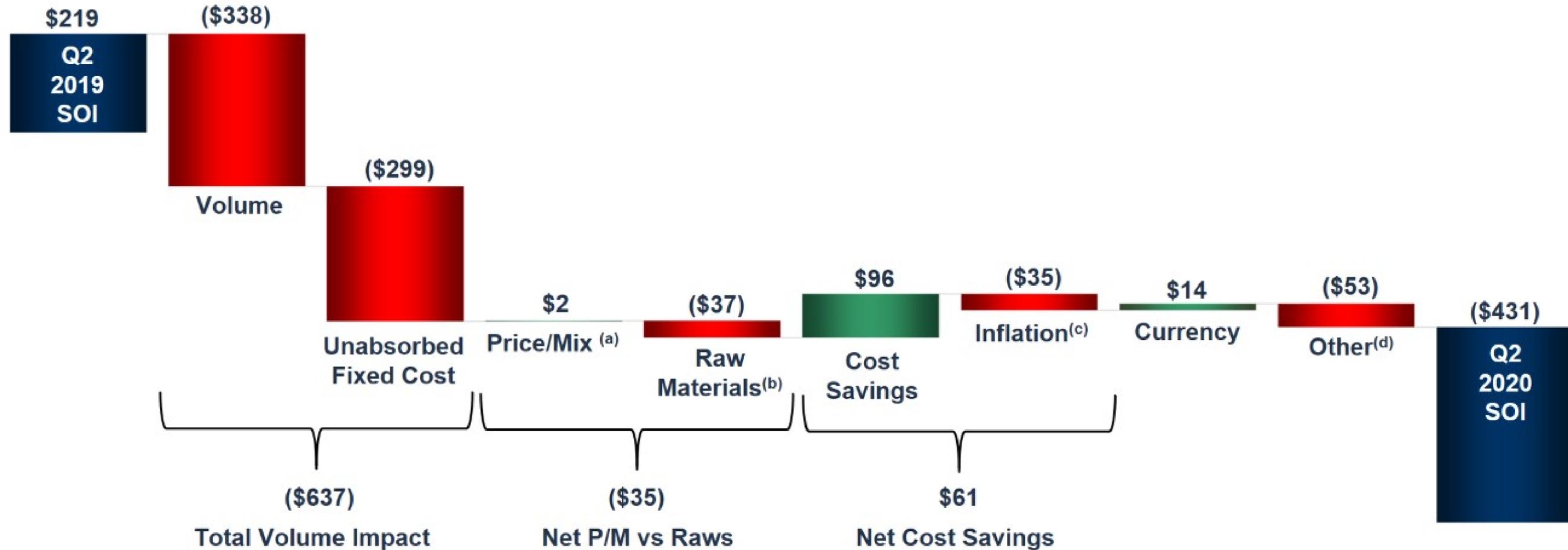
(a) See Segment Operating Income (Loss) and Margin reconciliation in Appendix on page 30

(b) See Adjusted Diluted Earnings (Loss) Per Share reconciliation in Appendix on pages 31 and 32

# Second 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 (\$37) million excludes raw material cost saving measures of \$18 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)

# Second Quarter 2020 Balance Sheet



Terms: US\$ millions

	June 30, 2020	March 31, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 1,006	\$ 971	\$ 908	\$ 917
Accounts receivable	\$ 1,727	\$ 2,025	\$ 1,941	\$ 2,473
Inventories	2,474	2,919	2,851	3,091
Accounts payable - trade	(1,858)	(2,645)	(2,908)	(2,750)
Working capital <sup>(a)</sup>	<u>\$ 2,343</u>	<u>\$ 2,299</u>	<u>\$ 1,884</u>	<u>\$ 2,814</u>
Total debt <sup>(b)</sup>	\$ 6,981	\$ 6,524	\$ 5,663	\$ 6,737
Net debt <sup>(b)</sup>	\$ 5,975	\$ 5,553	\$ 4,755	\$ 5,820

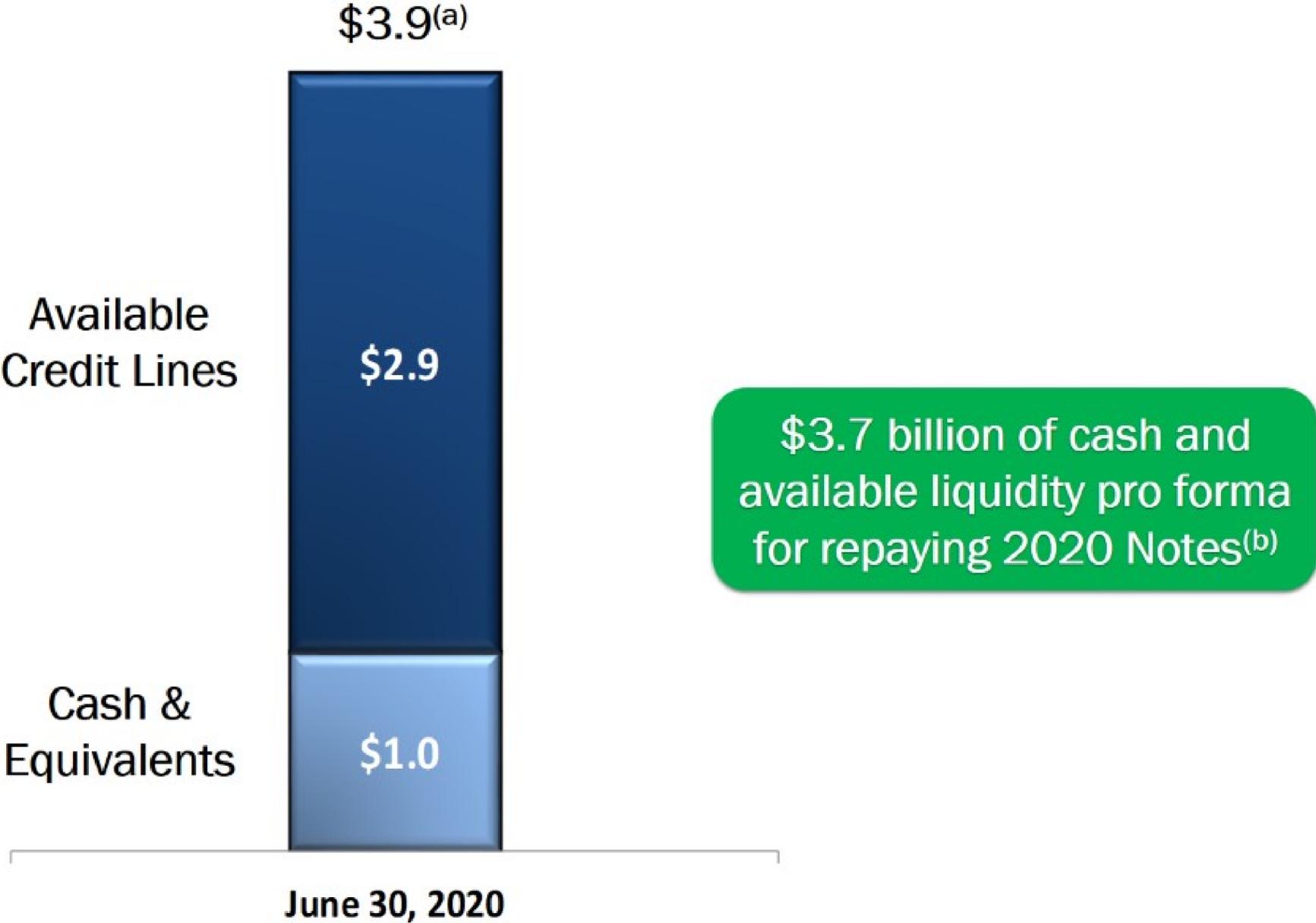
(a) Working capital represents accounts receivable and inventories, less accounts payable – trade

(b) See Total Debt and Net Debt reconciliation in Appendix on page 33

# Second Quarter 2020 Liquidity Profile



Terms: US\$ billions



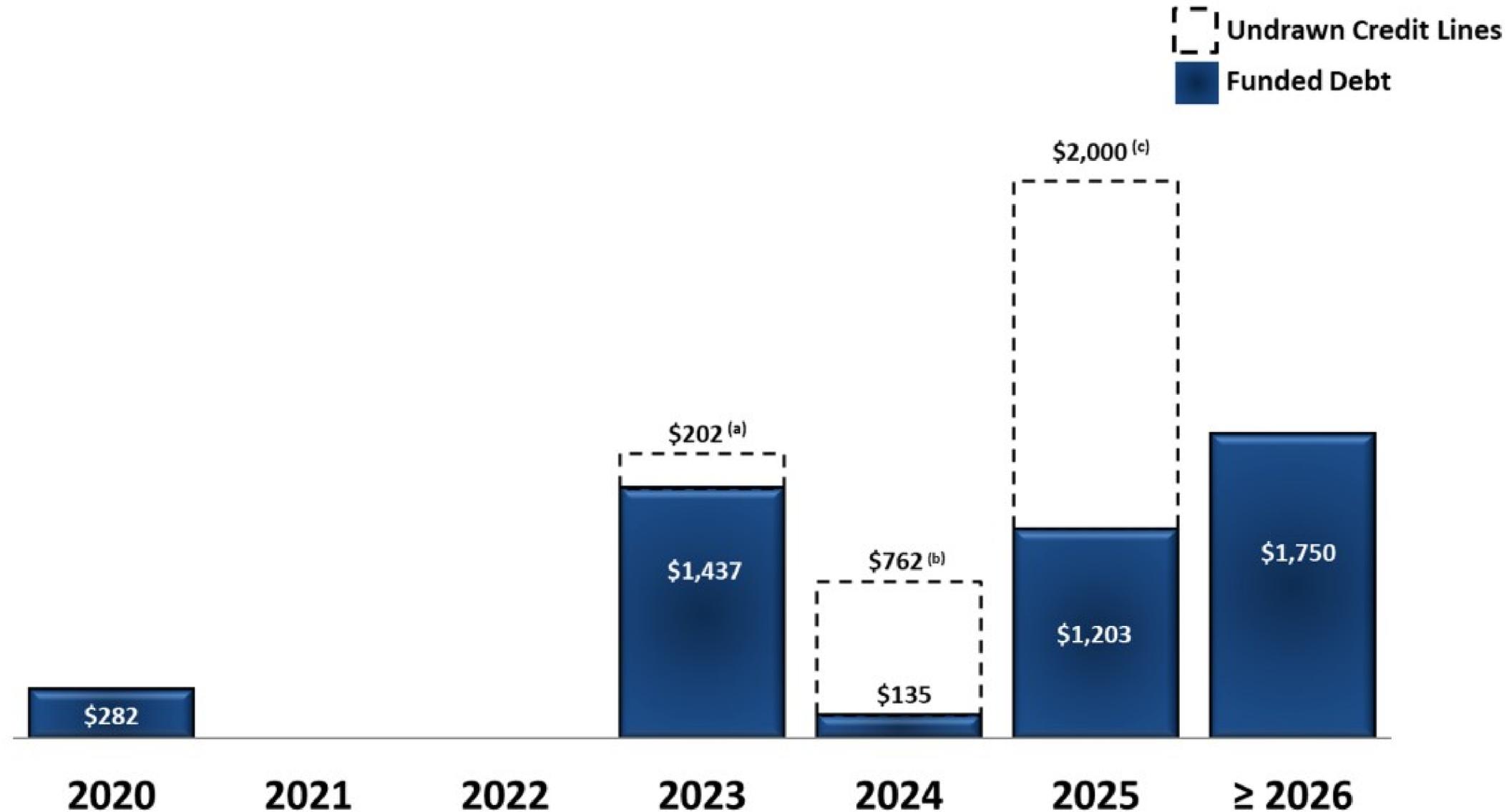
(a) Total liquidity is comprised of \$1,006 million of cash and cash equivalents, as well as \$2,938 million of unused availability under various credit agreements

(b) The company's \$282 million outstanding principal amount of 8.75% notes (the "2020 Notes") mature on August 15, 2020

# Second Quarter 2020 Maturity Schedule



Terms: US\$ millions



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

(a) At June 30, 2020, the amounts available and utilized under the Pan-European securitization program totaled \$157 million (€140 million)

(b) At June 30, 2020, there were \$135 million (€120 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 \$331 million below the facility's stated amount of \$2.0 billion;

At June 30, 2020, there were \$0 million of borrowings and \$17 million of letters of credit issued

# Second Quarter 2020 Free Cash Flow



Terms: US\$ millions

	Three Months Ended June 30,		Trailing Twelve Months Ended	
	2020	2019	June 30, 2020	
<b>Net Income (Loss)</b>	\$ (703)	\$ 56	\$ (1,629)	
Depreciation and Amortization	276	196	878	
Change in Working Capital	(38)	(144)	295	
Pension Expense	30	33	125	
Pension Contributions and Direct Payments	(14)	(14)	(80)	
Provision for Deferred Income Taxes	(177)	(8)	412	
Rationalization Payments	(28)	(15)	(127)	
Other <sup>(a)</sup>	395	(31)	804	
<b>Cash Flow from Operating Activities (GAAP)</b>	\$ (259)	\$ 73	\$ 678	
Capital Expenditures	(152)	(180)	(732)	
<b>Free Cash Flow (non-GAAP)</b>	\$ (411)	\$ (107)	\$ (54)	
<b>Cash Flow from Investing Activities (GAAP)</b>	\$ (133)	\$ (175)	\$ (771)	
<b>Cash Flow from Financing Activities (GAAP)</b>	\$ 385	\$ 166	\$ 206	

Includes \$148M non-cash  
TireHub impairment charge

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

# Second Quarter 2020 - Segment Results Americas



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	8.5	17.1	(50.4)%
Net Sales	\$1,134	\$1,971	(42.5)%
Operating Income (Loss)	(\$287)	\$134	(314.2)%
Margin	(25.3)%	6.8%	

- Consumer and commercial volume reflect lower industry demand (COVID-19)
- U.S. consumer replacement volume further impacted by largest retailer temporarily closing auto-care centers
- SOI loss driven by reduced factory utilization and lower volume
  - Partially offset by cost actions

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



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	7.3	13.3	(44.5)%
Net Sales	\$676	\$1,141	(40.8)%
Operating Income (Loss)	(\$110)	\$44	(350.0)%
Margin	(16.3)%	3.9%	

- Consumer and commercial volume reflect lower industry demand (COVID-19)
- EU consumer replacement volume also impacted by planned actions to restructure distribution
- SOI loss driven by lower volume and reduced factory utilization
  - Partially offset by cost actions

# Second Quarter 2020 - Segment Results Asia Pacific



Terms: US\$ millions  
Units in millions

## Second Quarter

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Units	4.6	7.0	(35.6)%
Net Sales	\$334	\$520	(35.8)%
Operating Income (Loss)	(\$34)	\$41	(182.9)%
Margin	(10.2)%	7.9%	

- Consumer and commercial volume reflect lower industry demand (COVID-19)
- Delivered strong growth in China consumer replacement volume in both May and June
- SOI loss driven by lower volume and reduced factory utilization
  - Partially offset by cost actions

- Assume industry down ~20%, similar to June
- Production volume forecasted down ~5M units
- Retail, chemical and aviation businesses will continue to be affected by market conditions (down \$30M - \$50M YOY)
- Raw material prices remain favorable; continue to expect full-year benefit of ~\$100M YOY (excluding foreign currency)
- Working capital positive in 2H and FY

# 2020 Outlook – Other Financial Assumptions



	Current Assumption
Raw Materials	~\$100 million benefit, excluding transactional foreign currency
Interest Expense	\$350 - \$375 million
Other (Income) Expense	Financing fees: ~\$40 million Global pension related (excluded from SOI) <sup>(a)</sup> : \$75 - \$95 million
Income Tax	Cash: ~\$60 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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**YEAR<sup>®</sup>**

# 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"> <tr> <th>Region</th> <th>Percentage</th> </tr> <tr> <td>Americas</td> <td>54%</td> </tr> <tr> <td>EMEA</td> <td>32%</td> </tr> <tr> <td>AP</td> <td>14%</td> </tr> </table> <p><b>Units</b></p> <table border="1"> <tr> <th>Market Segment</th> <th>Percentage</th> </tr> <tr> <td>Replacement</td> <td>74%</td> </tr> <tr> <td>OE</td> <td>26%</td> </tr> </table> <p><b>End Market Breakdown (Units)</b></p> <table border="1"> <tr> <th>Market Segment</th> <th>Percentage</th> </tr> <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> </table>	Region	Percentage	Americas	54%	EMEA	32%	AP	14%	Market Segment	Percentage	Replacement	74%	OE	26%	Market Segment	Percentage	Consumer	60%	Commercial	20%	Retail	13%	Chemical	4%	Other	3%
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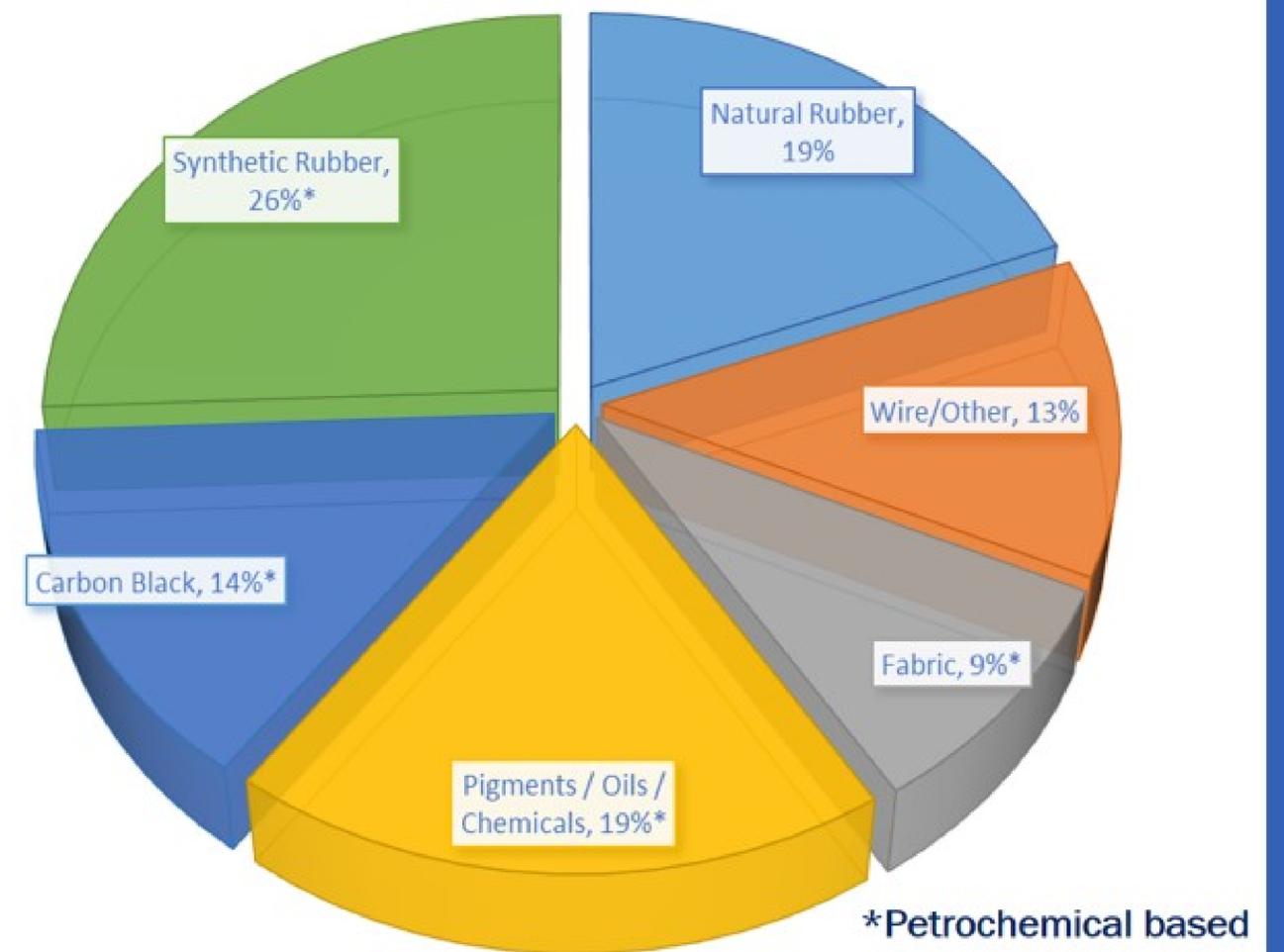
**Global leader built on more than 120 years of experience**

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

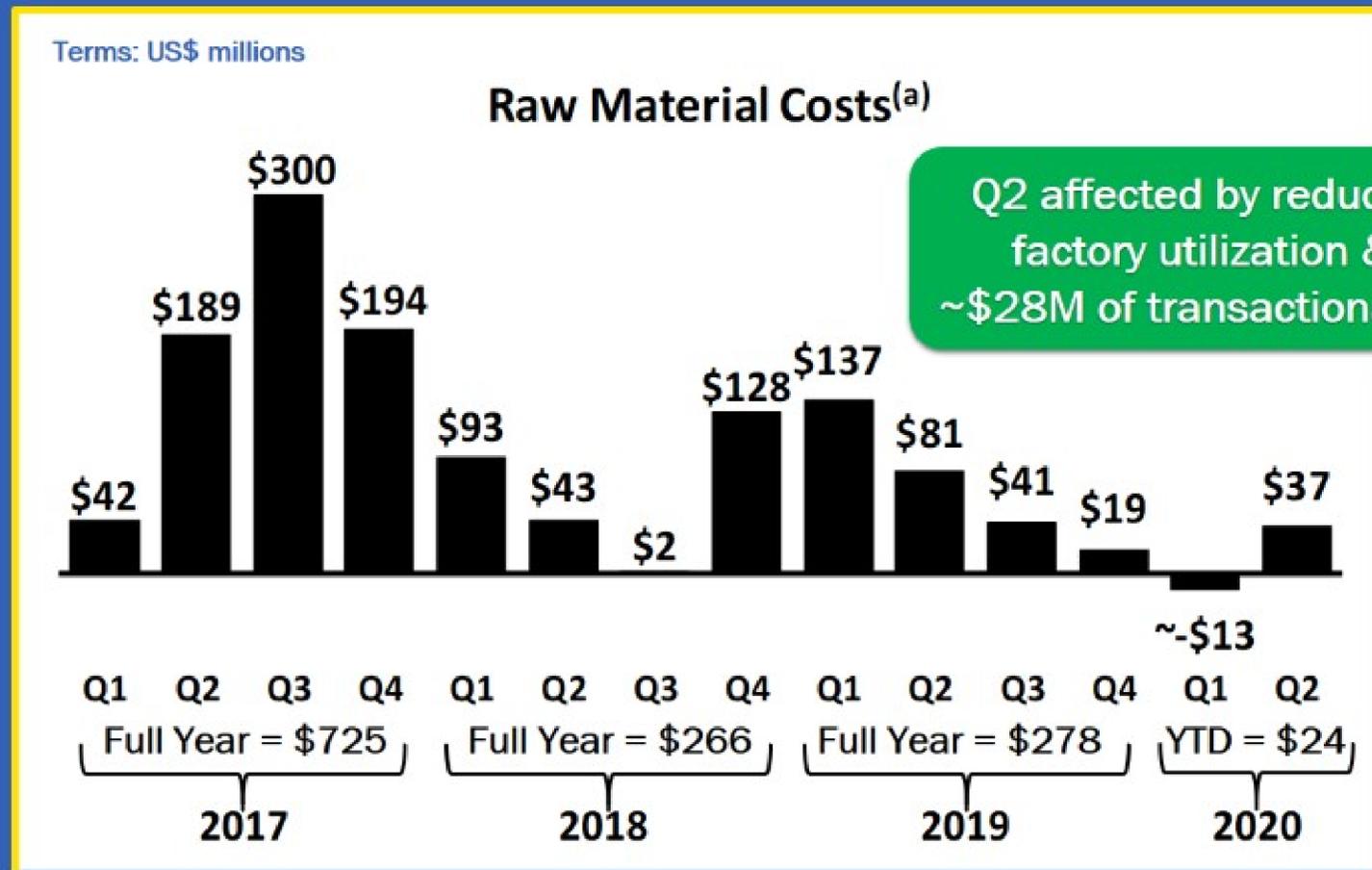
- ✓ Raw materials are ~44% of tire COGS
- ✓ ~68% of raw materials are influenced by oil prices
  - P&L impact lags spot rates by 1-2 quarters depending on commodity
- ✓ ~63% of raw materials are purchased in USD
- ✓ Customer agreements indexed to raw materials
  - OE customers
  - Certain large commercial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

## Global Raw Material Spend

FY 2019 (\$4.4 Billion)



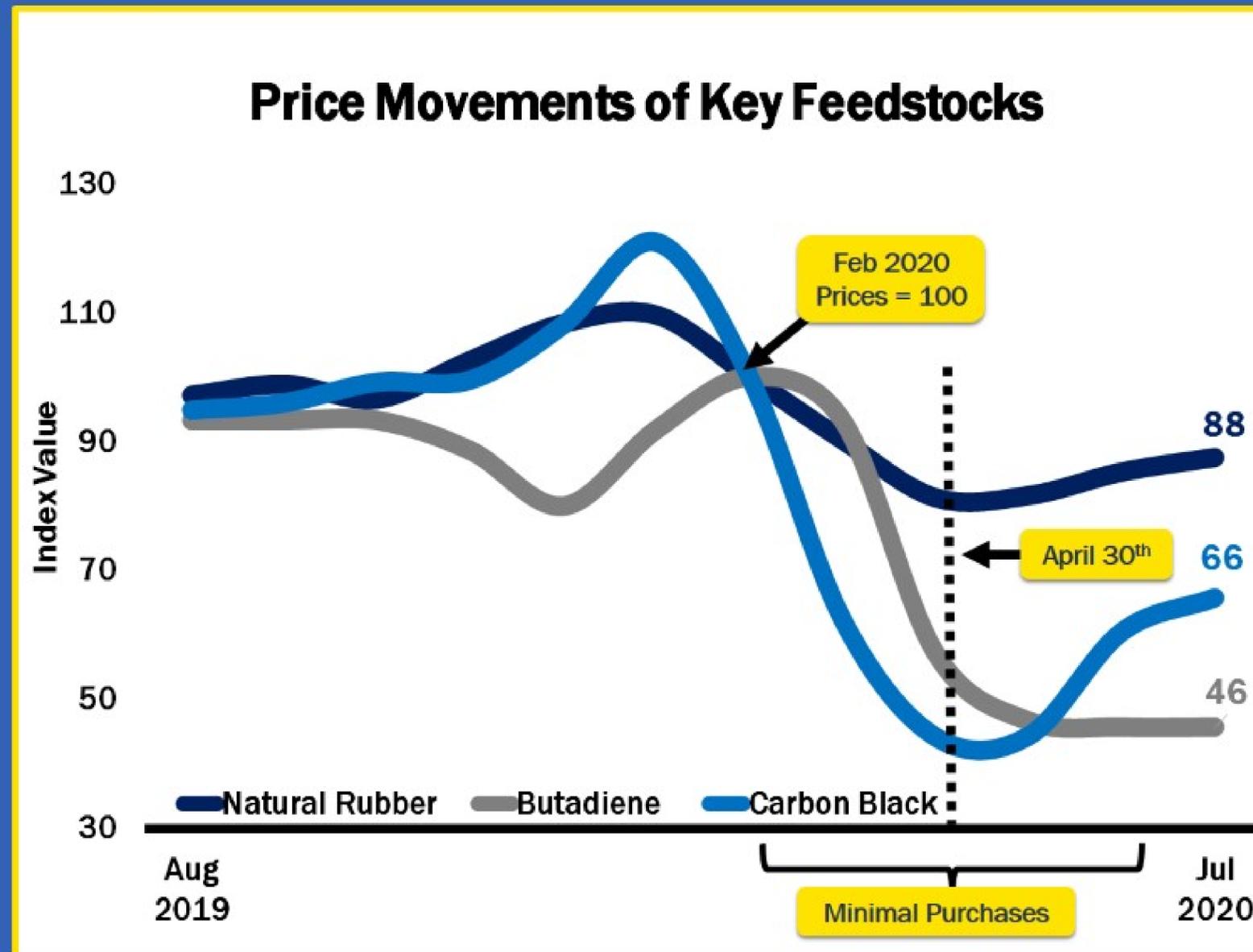
Feedstock ~65% of raw material spend



## Outlook

- 2020 raw material costs ~\$100 million benefit, excluding transactional foreign currency
- Brazilian Real and Turkish Lira drivers of unfavorable transactional foreign currency

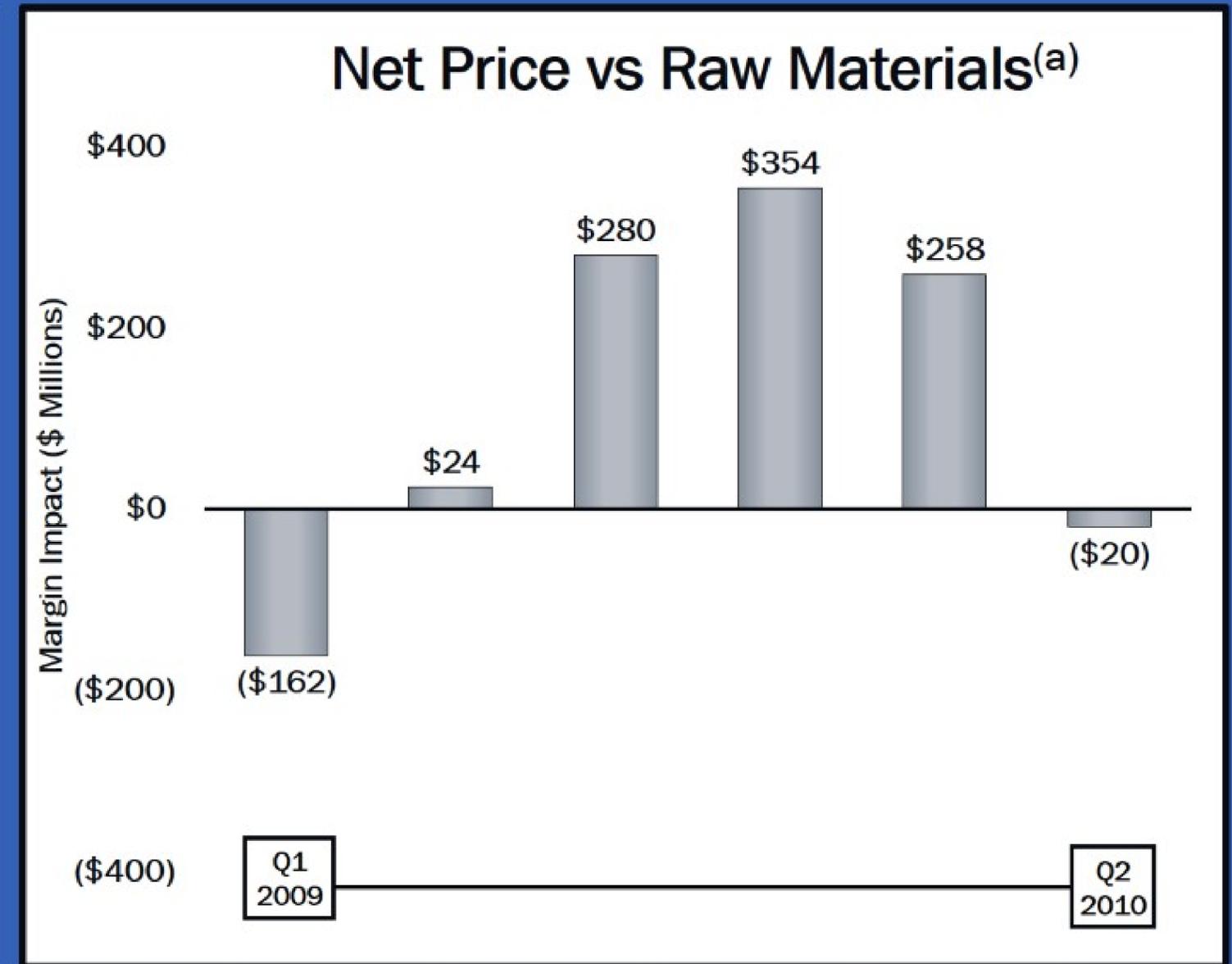
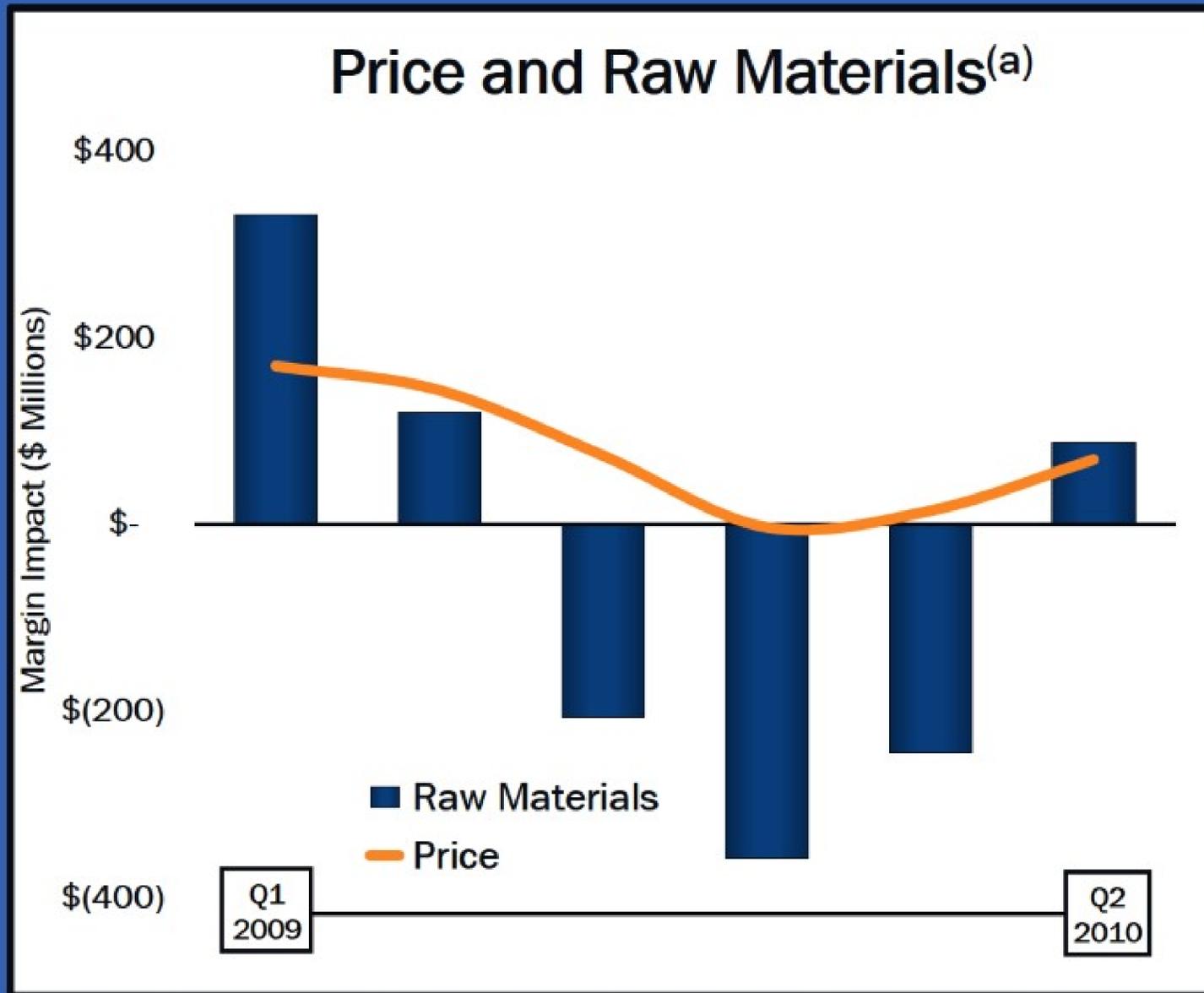
(a) Impact to cost of goods sold versus prior period, excluding the impact of raw material cost saving measures



- Prices<sup>(a)</sup> of key feedstocks remain well below Feb 2020 / pre-COVID-19 levels
- Natural rubber and carbon black prices are increasing, but the rate of recovery is less than we expected
- Expect feedstock prices will gradually return to levels more like 2019

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

# Price vs Raw Materials During the Great Recession **GOODYEAR**



**Pricing relative to raws resilient in economic downturn**

(a) Price changes are versus prior year; excludes the benefits of mix. Raw materials changes are versus prior year and exclude raw material cost savings

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



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

	<u>Q2 20</u>	<u>1H 20</u>
USTMA Members ( $\geq 17''$ )	-29%	-19%
USTMA Members ( $< 17''$ )	-35%	-27%
<b>Total</b>	<b>-31%</b>	<b>-22%</b>
Non-Members	-35%	-15%
<b>Total U.S.</b>	<b>-32%</b>	<b>-21%</b>
<b>Goodyear (<math>\geq 17''</math>)</b>	<b>-35%</b>	<b>-28%</b>

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

	<u>Q2 20</u>	<u>1H 20</u>
ETRMA Members ( $\geq 17''$ )	-25%	-15%
ETRMA Members ( $< 17''$ )	-34%	-25%
<b>Total</b>	<b>-31%</b>	<b>-22%</b>
Non-Members	-44%	-26%
<b>Total EU + Turkey</b>	<b>-35%</b>	<b>-23%</b>
<b>Goodyear (<math>\geq 17''</math>)</b>	<b>-31%</b>	<b>-23%</b>

(a) Source: U.S. Tire Manufacturers Association as of June 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 (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 (loss) 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).

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 (Loss)/Margin



Terms: US\$ millions

	Three Months Ended	
	June 30,	
	2020	2019
<b>Total Segment Operating Income (Loss)</b>	<b>\$ (431)</b>	<b>\$ 219</b>
Goodwill and Other Asset Impairments	(148)	-
Rationalizations	(99)	(4)
Interest expense	(85)	(88)
Other income (expense)	(34)	(17)
Asset write-offs and accelerated depreciation	(86)	(1)
Corporate incentive compensation plans	(7)	(14)
Retained expenses of divested operations	(1)	(3)
Other	2	(10)
<b>Income (Loss) before Income Taxes</b>	<b>\$ (889)</b>	<b>\$ 82</b>
United States and Foreign Tax Expense (Benefit)	(186)	26
Less: Minority Shareholders Net Income (Loss)	(7)	2
<b>Goodyear Net Income (Loss)</b>	<b>\$ (696)</b>	<b>\$ 54</b>
Net Sales (as reported)	\$2,144	\$3,632
Return on Net Sales (as reported)	(32.5)%	1.5%
Total Segment Operating Margin	(20.1)%	6.0%

# Second Quarter 2020 Significant Items



(After Tax and Minority Interest)

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)

# Second Quarter 2019 Significant Items

(After Tax and Minority Interest)



Terms: US\$ millions  
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	As Adjusted
Net Sales	\$ 3,632	\$ -	\$ 3,632
Cost of Goods Sold	2,855	(1)	2,854
Gross Margin	777	1	778
SAG	586	-	586
Rationalizations	4	(4)	-
Interest Expense	88	-	88
Other (Income) Expense	17	-	17
Pre-tax Income	82	5	87
Taxes	26	1	27
Minority Interest	2	-	2
Goodyear Net Income	\$ 54	\$ 4	\$ 58
EPS	\$ 0.23	\$ 0.02	\$ 0.25

# Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	June 30, 2020	March 31, 2020	December 31, 2019	June 30, 2019
Long-Term Debt and Finance Leases	\$ 5,688	\$ 5,212	\$ 4,753	\$ 5,766
Notes Payable and Overdrafts	712	691	348	480
Long-Term Debt and Finance Leases Due Within One Year	581	621	562	491
Total Debt	<u>\$ 6,981</u>	<u>\$ 6,524</u>	<u>\$ 5,663</u>	<u>\$ 6,737</u>
Less: Cash and Cash Equivalents	<u>1,006</u>	<u>971</u>	<u>908</u>	<u>917</u>
Net Debt	<u>\$ 5,975</u>	<u>\$ 5,553</u>	<u>\$ 4,755</u>	<u>\$ 5,820</u>

**GOODYEAR**  **YEAR**®