

# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Statements of Operations (unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<i>(In millions, except per share amounts)</i>				
<b>NET SALES</b>	<b>\$ 3,656</b>	<b>\$ 3,713</b>	<b>\$ 12,321</b>	<b>\$ 14,745</b>
Cost of Goods Sold	2,794	2,903	10,337	11,602
Selling, Administrative and General Expense	605	618	2,192	2,323
Goodwill and Other Asset Impairments	--	--	330	--
Rationalizations	26	77	159	205
Interest Expense	78	79	324	340
Other (Income) Expense	26	24	119	98
Income (Loss) before Income Taxes	127	12	(1,140)	177
United States and Foreign Tax Expense	60	411	110	474
Net Income (Loss)	67	(399)	(1,250)	(297)
Less: Minority Shareholders' Net Income (Loss)	4	(7)	4	14
<b>Goodyear Net Income (Loss)</b>	<b>\$ 63</b>	<b>\$ (392)</b>	<b>\$ (1,254)</b>	<b>\$ (311)</b>
<b>Goodyear Net Income (Loss)</b> <b>- Per Share of Common Stock</b>				
Basic	<b>\$ 0.27</b>	<b>\$ (1.68)</b>	<b>\$ (5.35)</b>	<b>\$ (1.33)</b>
Weighted Average Shares Outstanding	235	234	234	233
Diluted	<b>\$ 0.27</b>	<b>\$ (1.68)</b>	<b>\$ (5.35)</b>	<b>\$ (1.33)</b>
Weighted Average Shares Outstanding	235	234	234	233
Cash Dividends Declared Per Common Share	<b>\$ --</b>	<b>\$ 0.16</b>	<b>\$ 0.16</b>	<b>\$ 0.64</b>

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## Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	December 31, <u>2020</u>	December 31, <u>2019</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,539	\$ 908
Accounts Receivable, less Allowance - \$150 (\$111 in 2019)	1,691	1,941
Inventories:		
Raw Materials	517	530
Work in Process	143	143
Finished Products	<u>1,493</u>	<u>2,178</u>
	2,153	2,851
Prepaid Expenses and Other Current Assets	<u>237</u>	<u>234</u>
<b>Total Current Assets</b>	<b>5,620</b>	<b>5,934</b>
Goodwill	408	565
Intangible Assets	135	137
Deferred Income Taxes	1,467	1,527
Other Assets	952	959
Operating Lease Right-of-Use Assets	851	855
Property, Plant and Equipment, less Accumulated Depreciation – \$10,991 (\$10,488 in 2019)	<u>7,073</u>	<u>7,208</u>
<b>Total Assets</b>	<b><u>\$ 16,506</u></b>	<b><u>\$ 17,185</u></b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts Payable – Trade	\$ 2,945	\$ 2,908
Compensation and Benefits	540	536
Other Current Liabilities	865	734
Notes Payable and Overdrafts	406	348
Operating Lease Liabilities due Within One Year	198	199
Long Term Debt and Finance Leases due Within One Year	<u>152</u>	<u>562</u>
<b>Total Current Liabilities</b>	<b>5,106</b>	<b>5,287</b>
Operating Lease Liabilities	684	668
Long Term Debt and Finance Leases	5,432	4,753
Compensation and Benefits	1,470	1,334
Deferred Income Taxes	84	90
Other Long Term Liabilities	<u>471</u>	<u>508</u>
<b>Total Liabilities</b>	<b>13,247</b>	<b>12,640</b>
Commitments and Contingent Liabilities		
<b>Shareholders' Equity:</b>		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares – 233 million in 2020 and 2019	233	233
Capital Surplus	2,171	2,141
Retained Earnings	4,809	6,113
Accumulated Other Comprehensive Loss	<u>(4,135)</u>	<u>(4,136)</u>
<b>Goodyear Shareholders' Equity</b>	<b>3,078</b>	<b>4,351</b>
Minority Shareholders' Equity – Nonredeemable	<u>181</u>	<u>194</u>
<b>Total Shareholders' Equity</b>	<b><u>3,259</u></b>	<b><u>4,545</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 16,506</u></b>	<b><u>\$ 17,185</u></b>

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# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Twelve Months Ended	
	December 31,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income (Loss)</b>	<b>\$ (1,250)</b>	<b>\$ (297)</b>
Adjustments to Reconcile Net Income (Loss) to Cash Flows from Operating Activities:		
Depreciation and Amortization	859	795
Amortization and Write-Off of Debt Issuance Costs	11	15
Goodwill and Other Asset Impairments	330	--
Provision for Deferred Income Taxes	23	323
Net Pension Curtailments and Settlements	18	6
Net Rationalization Charges	159	205
Rationalization Payments	(186)	(59)
Net (Gains) Losses on Asset Sales	2	(16)
Operating Lease Expense	286	292
Operating Lease Payments	(268)	(267)
Pension Contributions and Direct Payments	(56)	(79)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	132	71
Inventories	713	6
Accounts Payable – Trade	26	5
Compensation and Benefits	95	184
Other Current Liabilities	26	(50)
Other Assets and Liabilities	195	73
<b>Total Cash Flows from Operating Activities</b>	<b>1,115</b>	<b>1,207</b>
<b>Cash Flows from Investing Activities:</b>		
Capital Expenditures	(647)	(770)
Asset Dispositions	--	12
Short Term Securities Acquired	(96)	(113)
Short Term Securities Redeemed	96	106
Notes Receivable	(13)	(7)
Other Transactions	(7)	(28)
<b>Total Cash Flows from Investing Activities</b>	<b>(667)</b>	<b>(800)</b>
<b>Cash Flows from Financing Activities:</b>		
Short Term Debt and Overdrafts Incurred	1,651	1,880
Short Term Debt and Overdrafts Paid	(1,593)	(1,933)
Long Term Debt Incurred	6,251	5,942
Long Term Debt Paid	(6,059)	(6,008)
Common Stock Issued	--	1
Common Stock Dividends Paid	(37)	(148)
Transactions with Minority Interests in Subsidiaries	(10)	(26)
Debt Related Costs and Other Transactions	--	(15)
<b>Total Cash Flows from Financing Activities</b>	<b>203</b>	<b>(307)</b>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(1)	1
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>650</b>	<b>101</b>
Cash, Cash Equivalents and Restricted Cash at Beginning of the Period	974	873
<b>Cash, Cash Equivalents and Restricted Cash at End of the Period</b>	<b>\$ 1,624</b>	<b>\$ 974</b>

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## Non-GAAP Financial Measures (unaudited)

This earnings release presents Total Segment Operating Income (Loss) and Margin, 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 measure to Total Segment Operating Income (Loss) is Goodyear Net Income (Loss) and to Total Segment Operating Margin is Return on Sales (which is calculated by dividing Goodyear Net Income (Loss) by Net Sales).

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 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 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.

See the tables below for reconciliations of historical Total Segment Operating Income (Loss) and Margin, Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share to the most directly comparable U.S. GAAP financial measures.

## Segment Operating Income (Loss) and Margin Reconciliation Table

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
(In millions)	2020	2019	2020	2019
<b>Total Segment Operating Income (Loss)</b>	<b>\$ 302</b>	<b>\$ 242</b>	<b>\$ (14)</b>	<b>\$ 945</b>
Goodwill and Other Asset Impairments	--	--	(330)	--
Rationalizations	(26)	(77)	(159)	(205)
Interest Expense	(78)	(79)	(324)	(340)
Other Income (Expense)	(26)	(24)	(119)	(98)
Asset Write-offs and Accelerated Depreciation	(11)	(13)	(105)	(15)
Corporate Incentive Compensations Plans	(20)	(22)	(44)	(50)
Retained Expenses of Divested Operations	(3)	(3)	(8)	(10)
Other	(11)	(12)	(37)	(50)
<b>Income (Loss) before Income Taxes</b>	<b>\$ 127</b>	<b>\$ 12</b>	<b>\$ (1,140)</b>	<b>\$ 177</b>
United States and Foreign Taxes	60	411	110	474
Less: Minority Shareholders' Net Income (Loss)	4	(7)	4	14
<b>Goodyear Net Income (Loss)</b>	<b>\$ 63</b>	<b>\$ (392)</b>	<b>\$ (1,254)</b>	<b>\$ (311)</b>
Sales	\$3,656	\$3,713	\$12,321	\$14,745
Return on Sales	1.7%	(10.6)%	(10.2)%	(2.1)%
Total Segment Operating Margin	8.3%	6.5%	(0.1)%	6.4%

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## Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) per Share Reconciliation Tables

Fourth Quarter 2020	Income Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income	Weighted Average Shares Outstanding-Diluted	Diluted EPS
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	\$ 127	\$ 60	\$ 4	\$ 63	235	\$ 0.27
Significant Items:						
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	37	5		32		0.14
Indirect Tax Settlements and Discrete Tax Items	(6)	(28)		22		0.09
Environmental Remediation Charge	13	3		10		0.04
Legal Claims Related to Discontinued Operations	3	1		2		0.01
One-time Legal Settlement	(34)	(8)		(26)		(0.11)
	13	(27)	--	40		0.17
<b>As Adjusted</b>	<b>\$ 140</b>	<b>\$ 33</b>	<b>\$ 4</b>	<b>\$ 103</b>	<b>235</b>	<b>\$ 0.44</b>

Fourth Quarter 2019	Income Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income (Loss)	Weighted Average Shares Outstanding-Diluted*	Diluted EPS
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	\$ 12	\$ 411	\$ (7)	\$ (392)	234	\$ (1.68)
Significant Items:						
Indirect Tax Settlements and Discrete Tax Items	(21)	(387)	10	356		1.52
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	90	20		70		0.30
Beaumont, Texas Flooding	20			20		0.08
Pension Settlements	5	1		4		0.02
Gain on Acquisition, Net of Transactions Costs	(2)			(2)		(0.01)
Asset Sales	(12)	(1)		(11)		(0.04)
	80	(367)	10	437		1.87
<b>As Adjusted</b>	<b>\$ 92</b>	<b>\$ 44</b>	<b>\$ 3</b>	<b>\$ 45</b>	<b>235</b>	<b>\$ 0.19</b>

\*Weighted Average Shares Outstanding-Diluted for the calculation of as-reported diluted EPS excludes 1 million weighted average equivalent shares outstanding for stock options and other securities that were anti-dilutive.

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<b>Full Year 2020</b>	<b>Income (Loss) Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income (Loss)</b>	<b>Weighted Average Shares Outstanding- Diluted</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ (1,140)</b>	<b>\$ 110</b>	<b>\$ 4</b>	<b>\$ (1,254)</b>	<b>234</b>	<b>\$ (5.35)</b>
Significant Items:						
Indirect Tax Settlements and Discrete Tax Items		(305)		305		1.30
Goodwill and Other Asset Impairments	330	39		291		1.24
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	264	56		208		0.89
Pension Settlements and Curtailments	18	4		14		0.06
Environmental Remediation Charge	13	3		10		0.04
Legal Claims Related to Discontinued Operations	3	1		2		0.01
Asset Sales	2			2		0.01
One-time Legal Settlement	(34)	(8)		(26)		(0.11)
	596	(210)	--	806		3.44
<b>As Adjusted</b>	<b>\$ (544)</b>	<b>\$ (100)</b>	<b>\$ 4</b>	<b>\$ (448)</b>	<b>234</b>	<b>\$ (1.91)</b>

<b>Full Year 2019</b>	<b>Income Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income (Loss)</b>	<b>Weighted Average Shares Outstanding- Diluted*</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ 177</b>	<b>\$ 474</b>	<b>\$ 14</b>	<b>\$ (311)</b>	<b>233</b>	<b>\$ (1.33)</b>
Significant Items:						
Indirect Tax Settlements and Discrete Tax Items	(27)	(394)	(7)	374		1.59
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	220	42	1	177		0.76
Baumont, Texas Flooding	25			25		0.11
Pension Settlements	5	1		4		0.02
Legal Claims Related to Discontinued Operations	5	1		4		0.02
Net Insurance Recovery from Hurricanes	(4)	(1)		(3)		(0.01)
Gain on Acquisition, Net of Transaction Costs	(2)			(2)		(0.01)
Asset Sales	(16)	(1)		(15)		(0.07)
	206	(352)	(6)	564		2.41
<b>As Adjusted</b>	<b>\$ 383</b>	<b>\$ 122</b>	<b>\$ 8</b>	<b>\$ 253</b>	<b>234</b>	<b>\$ 1.08</b>

\*Weighted Average Shares Outstanding-Diluted for the calculation of as-reported diluted EPS excludes 1 million weighted average equivalent shares outstanding for stock options and other securities that were anti-dilutive.