

**FINANCIAL INFORMATION****January 28, 2021**

For Eastman Chemical Company Fourth Quarter 2020 Financial Results Release

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**Table 1 – Statements of Earnings**

|  | Fourth Quarter |          | Twelve Months |          |
|--|----------------|----------|---------------|----------|
|  | 2020           | 2019     | 2020          | 2019     |
| (Dollars in millions, except per share amounts; unaudited)             |                |          |               |          |
| Sales  | \$ 2,186       | \$ 2,205 | \$ 8,473      | \$ 9,273 |
| Cost of sales  | 1,660          | 1,708    | 6,498         | 7,039    |
| Gross profit   | 526            | 497      | 1,975         | 2,234    |
| Selling, general and administrative expenses                           | 174            | 176      | 654           | 691      |
| Research and development expenses                                      | 57             | 60       | 226           | 234      |
| Asset impairments and restructuring charges, net                       | 12             | 74       | 227           | 126      |
| Other components of post-employment (benefit) cost, net <sup>(1)</sup> | 209            | 122      | 119           | 60       |
| Other (income) charges, net  | (2)            | 3        | 8             | 3        |
| Earnings before interest and taxes                                     | 76             | 62       | 741           | 1,120    |
| Net interest expense   | 51             | 53       | 210           | 218      |
| Early debt extinguishment costs  | —              | —        | 1             | —        |
| Earnings before income taxes   | 25             | 9        | 530           | 902      |
| Provision for (benefit from) income taxes                              | (9)            | (18)     | 41            | 140      |
| Net earnings   | 34             | 27       | 489           | 762      |
| Less: Net earnings attributable to noncontrolling interest             | 2              | 1        | 11            | 3        |
| Net earnings attributable to Eastman                                   | \$ 32          | \$ 26    | \$ 478        | \$ 759   |
| Basic earnings per share attributable to Eastman                       | \$ 0.23        | \$ 0.19  | \$ 3.53       | \$ 5.52  |
| Diluted earnings per share attributable to Eastman                     | \$ 0.23        | \$ 0.19  | \$ 3.50       | \$ 5.48  |
| Shares (in millions) outstanding at end of period                      | 135.9          | 136.0    | 135.9         | 136.0    |
| Shares (in millions) used for earnings per share calculation           |                |          |               |          |
| Basic  | 135.6          | 135.9    | 135.5         | 137.4    |
| Diluted  | 137.0          | 137.1    | 136.5         | 138.5    |

<sup>(1)</sup> Includes mark-to-market pension and other postretirement benefit plans loss, net. See [Table 3A](#).

**Table 2A – Segment Sales Information**

|                                       | Fourth Quarter  |                 | Twelve Months   |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                       | 2020            | 2019            | 2020            | 2019            |
| (Dollars in millions, unaudited)      |                 |                 |                 |                 |
| Sales by Segment                      |                 |                 |                 |                 |
| Additives & Functional Products       | \$ 773          | \$ 763          | \$ 3,022        | \$ 3,273        |
| Advanced Materials                    | 674             | 638             | 2,524           | 2,688           |
| Chemical Intermediates                | 531             | 578             | 2,090           | 2,443           |
| Fibers                                | 208             | 226             | 837             | 869             |
| <b>Total Eastman Chemical Company</b> | <b>\$ 2,186</b> | <b>\$ 2,205</b> | <b>\$ 8,473</b> | <b>\$ 9,273</b> |

**Table 2B – Sales Revenue Change**

|                                       | Fourth Quarter 2020 Compared to Fourth Quarter 2019 |  |              |                      |
|---------------------------------------|---|--|--------------|----------------------|
|                                       | Change in Sales Revenue Due To                      |  |              |                      |
|                                       | Revenue % Change                                    | Volume / Product Mix Effect                | Price Effect | Exchange Rate Effect |
| (Unaudited)                           |   |  |              |                      |
| Additives & Functional Products       | 1 %   | 2 %  | (3) %        | 2 %                  |
| Advanced Materials                    | 6 %   | 6 %  | (2) %        | 2 %                  |
| Chemical Intermediates                | (8) %   | (6) %                                      | (3) %        | 1 %                  |
| Fibers                                | (8) %   | (6) %                                      | (2) %        | — %                  |
| <b>Total Eastman Chemical Company</b> | <b>(1) %</b>  | <b>1 %</b>                                 | <b>(3) %</b> | <b>1 %</b>           |
|                                       |   |  |              |                      |
|                                       | Twelve Months 2020 Compared to Twelve Months 2019   |  |              |                      |
|                                       | Change in Sales Revenue Due To                      |  |              |                      |
|                                       | Revenue % Change                                    | Volume / Product Mix Effect <sup>(1)</sup> | Price Effect | Exchange Rate Effect |
| (Unaudited)                           |   |  |              |                      |
| Additives & Functional Products       | (8) %   | (4) %                                      | (4) %        | — %                  |
| Advanced Materials                    | (6) %   | (4) %                                      | (2) %        | — %                  |
| Chemical Intermediates                | (14) %  | (7) %                                      | (7) %        | — %                  |
| Fibers                                | (4) %   | (2) %                                      | (2) %        | — %                  |
| <b>Total Eastman Chemical Company</b> | <b>(9) %</b>  | <b>(5) %</b>                               | <b>(4) %</b> | <b>— %</b>           |

<sup>(1)</sup> Full year 2020 included \$18 million of licensing revenue in the Chemical Intermediates segment.

**Table 2C – Sales by Customer Location**

|                                       | Fourth Quarter  |                 | Twelve Months   |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                       | 2020            | 2019            | 2020            | 2019            |
| (Dollars in millions, unaudited)      |                 |                 |                 |                 |
| Sales by Customer Location            |                 |                 |                 |                 |
| United States and Canada              | \$ 919          | \$ 924          | \$ 3,579        | \$ 3,885        |
| Europe, Middle East, and Africa       | 586             | 595             | 2,299           | 2,544           |
| Asia Pacific                          | 546             | 549             | 2,111           | 2,278           |
| Latin America                         | 135             | 137             | 484             | 566             |
| <b>Total Eastman Chemical Company</b> | <b>\$ 2,186</b> | <b>\$ 2,205</b> | <b>\$ 8,473</b> | <b>\$ 9,273</b> |

**Table 3A - Segment, Other, and Company  
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations <sup>(1)</sup>**

|  | Fourth Quarter |               | Twelve Months   |                 |
|--|----------------|---------------|-----------------|-----------------|
|  | 2020           | 2019          | 2020            | 2019            |
| (Dollars in millions, unaudited)   |                |               |                 |                 |
| <b>Additives &amp; Functional Products</b>   |                |               |                 |                 |
| Earnings before interest and taxes   | \$ 118         | \$ 59         | \$ 312          | \$ 496          |
| Asset impairments and restructuring charges, net   | —              | 50            | 136             | 54              |
| Excluding non-core item  | 118            | 109           | 448             | 550             |
| <b>Advanced Materials</b>  |                |               |                 |                 |
| Earnings before interest and taxes   | 134            | 111           | 427             | 517             |
| Asset impairments and restructuring charges, net <sup>(2)</sup>                          | 3              | 1             | 13              | 1               |
| Accelerated depreciation <sup>(2)</sup>  | 1              | —             | 8               | —               |
| Excluding non-core items   | 138            | 112           | 448             | 518             |
| <b>Chemical Intermediates</b>  |                |               |                 |                 |
| Earnings before interest and taxes   | 35             | —             | 166             | 170             |
| Asset impairments and restructuring charges, net <sup>(3)</sup>                          | 1              | 22            | 5               | 22              |
| Excluding non-core item  | 36             | 22            | 171             | 192             |
| <b>Fibers</b>  |                |               |                 |                 |
| Earnings before interest and taxes   | 40             | 50            | 180             | 194             |
| <b>Other</b>   |                |               |                 |                 |
| Loss before interest and taxes   | (251)          | (158)         | (344)           | (257)           |
| Mark-to-market pension and other postretirement benefit plans loss, net <sup>(4)</sup>   | 240            | 143           | 240             | 143             |
| Asset impairments and restructuring charges, net <sup>(5)</sup>                          | 8              | 1             | 73              | 49              |
| Excluding non-core items   | (3)            | (14)          | (31)            | (65)            |
| <b>Total Eastman Chemical Company</b>  |                |               |                 |                 |
| Earnings before interest and taxes   | 76             | 62            | 741             | 1,120           |
| Mark-to-market pension and other postretirement benefit plans loss, net                  | 240            | 143           | 240             | 143             |
| Asset impairments and restructuring charges, net   | 12             | 74            | 227             | 126             |
| Accelerated depreciation   | 1              | —             | 8               | —               |
| Total earnings before interest and taxes excluding non-core items                        | <u>\$ 329</u>  | <u>\$ 279</u> | <u>\$ 1,216</u> | <u>\$ 1,389</u> |
| <b>Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items</b> |                |               |                 |                 |
| Earnings before interest and taxes   | \$ 76          | \$ 62         | \$ 741          | \$ 1,120        |
| Costs of sales   | 1              | —             | 8               | —               |
| Asset impairments and restructuring charges, net   | 12             | 74            | 227             | 126             |
| Other components of post-employment (benefit) cost, net                                  | 240            | 143           | 240             | 143             |
| Total earnings before interest and taxes excluding non-core items                        | <u>\$ 329</u>  | <u>\$ 279</u> | <u>\$ 1,216</u> | <u>\$ 1,389</u> |

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Quarterly Report on Form 10-Q](#) for description of first nine months 2020 non-core items. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Company's Annual Report on Form 10-K](#) for 2019 for description of the 2019 non-core and unusual items.

<sup>(2)</sup> Fourth quarter 2020 charges for severance and accelerated depreciation related to the closure of an advanced interlayers manufacturing facility in North America.

<sup>(3)</sup> Fourth quarter 2020 severance charges for the previously reported plan to discontinue production of certain products at the Singapore manufacturing site by the end of 2020.

<sup>(4)</sup> Losses resulting from changes in discount rates and other actuarial assumptions and the differences between actual and expected returns on plan assets.

<sup>(5)</sup> Fourth quarter 2020 charges for severance and related costs as part of business improvement and cost reduction initiatives.

**Table 3B - Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins<sup>(1)(2)</sup>**

| (Dollars in millions, unaudited)            | Fourth Quarter   |                            |                  |                            | Twelve Months    |                            |                  |                            |
|---|------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|
|   | 2020             |                            | 2019             |                            | 2020             |                            | 2019             |                            |
|   | Adjusted<br>EBIT | Adjusted<br>EBIT<br>Margin | Adjusted<br>EBIT | Adjusted<br>EBIT<br>Margin | Adjusted<br>EBIT | Adjusted<br>EBIT<br>Margin | Adjusted<br>EBIT | Adjusted<br>EBIT<br>Margin |
| Additives & Functional Products             | \$ 118           | 15.3 %                     | \$ 109           | 14.3 %                     | \$ 448           | 14.8 %                     | \$ 550           | 16.8 %                     |
| Advanced Materials                          | 138              | 20.5 %                     | 112              | 17.6 %                     | 448              | 17.7 %                     | 518              | 19.3 %                     |
| Chemical Intermediates                      | 36               | 6.8 %                      | 22               | 3.8 %                      | 171              | 8.2 %                      | 192              | 7.9 %                      |
| Fibers                                      | 40               | 19.2 %                     | 50               | 22.1 %                     | 180              | 21.5 %                     | 194              | 22.3 %                     |
| Total segment EBIT excluding non-core items | 332              | 15.2 %                     | 293              | 13.3 %                     | 1,247            | 14.7 %                     | 1,454            | 15.7 %                     |
| Other                                       | (3)              |                            | (14)             |                            | (31)             |                            | (65)             |                            |
| Total EBIT excluding non-core items         | <u>\$ 329</u>    | 15.1 %                     | <u>\$ 279</u>    | 12.7 %                     | <u>\$ 1,216</u>  | 14.4 %                     | <u>\$ 1,389</u>  | 15.0 %                     |

<sup>(1)</sup> For identification of excluded non-core items and reconciliations to GAAP EBIT, see [Table 3A](#).

<sup>(2)</sup> Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See [Table 2A](#) for sales.

**Table 4 – Non-GAAP Earnings Before Interest and Taxes, Net Earnings,  
and Earnings Per Share Reconciliations**

| Fourth Quarter 2020  |   |                                       |  |                                 |   |                      |
|--|---|---------------------------------------|--|---------------------------------|---|----------------------|
| (Dollars in millions, except per share amounts,<br>unaudited)                    | Earnings<br>Before<br>Interest<br>and Taxes | Earnings<br>Before<br>Income<br>Taxes | Provision<br>for<br>(Benefit<br>from)<br>Income<br>Taxes | Effective<br>Income<br>Tax Rate | Net Earnings<br>Attributable to Eastman |                      |
|  |   |                                       |  |                                 | After Tax                               | Per Diluted<br>Share |
| <b>As reported (GAAP)</b>  | \$ 76                                       | \$ 25                                 | \$ (9)   | (42)%                           | \$ 32                                   | \$ 0.23              |
| <b>Non-Core Items:</b> <sup>(1)</sup>  |   |                                       |  |                                 |   |                      |
| Asset impairments and restructuring charges, net                                 | 12  | 12                                    | 2  |                                 | 10                                      | 0.07                 |
| Accelerated depreciation   | 1   | 1                                     | —  |                                 | 1                                       | 0.01                 |
| Mark-to-market pension and other postretirement benefit plans loss, net          | 240   | 240                                   | 60   |                                 | 180                                     | 1.32                 |
| Interim adjustment to tax provision <sup>(2)</sup>                               | —   | —                                     | (9)  |                                 | 9                                       | 0.06                 |
| Non-GAAP (Excluding non-core items and with adjusted provision for income taxes) | <u>\$ 329</u>                               | <u>\$ 278</u>                         | <u>\$ 44</u>   | 16 %                            | <u>\$ 232</u>                           | <u>\$ 1.69</u>       |
| Fourth Quarter 2019  |   |                                       |  |                                 |   |                      |
| (Dollars in millions, except per share amounts,<br>unaudited)                    | Earnings<br>Before<br>Interest<br>and Taxes | Earnings<br>Before<br>Income<br>Taxes | Provision<br>for<br>(Benefit<br>from)<br>Income<br>Taxes | Effective<br>Income<br>Tax Rate | Net Earnings<br>Attributable to Eastman |                      |
|  |   |                                       |  |                                 | After Tax                               | Per Diluted<br>Share |
| <b>As reported (GAAP)</b>  | \$ 62                                       | \$ 9                                  | \$ (18)  | (237)%                          | \$ 26                                   | \$ 0.19              |
| <b>Non-Core Items:</b> <sup>(1)</sup>  |   |                                       |  |                                 |   |                      |
| Asset impairments and restructuring charges, net                                 | 74  | 74                                    | —  |                                 | 74                                      | 0.53                 |
| Mark-to-market pension and other postretirement benefit plans loss, net          | 143   | 143                                   | 34   |                                 | 109                                     | 0.80                 |
| Interim adjustment to tax provision <sup>(2)</sup>                               | —   | —                                     | 13   |                                 | (13)                                    | (0.10)               |
| Non-GAAP (Excluding non-core items and with adjusted provision for income taxes) | <u>\$ 279</u>                               | <u>\$ 226</u>                         | <u>\$ 29</u>   | 13 %                            | <u>\$ 196</u>                           | <u>\$ 1.42</u>       |

<sup>(1)</sup> See [Table 3A](#) for description of fourth quarter 2020 and 2019 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

<sup>(2)</sup> Fourth quarter 2020 and 2019 is a reconciliation of the adjustments made in interim quarters to reflect the previously forecasted full year effective tax rate.

**Table 4 – Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations (continued)**

|   | Twelve Months 2020                 |                              |                            |                           |                                      |                   |
|---|------------------------------------|------------------------------|----------------------------|---------------------------|--------------------------------------|-------------------|
|   | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman |                   |
|   |                                    |                              |                            |                           | After Tax                            | Per Diluted Share |
| (Dollars in millions, except per share amounts, unaudited)              |                                    |                              |                            |                           |                                      |                   |
| <b>As reported (GAAP)</b>   | \$ 741                             | \$ 530                       | \$ 41                      | 8 %                       | \$ 478                               | \$ 3.50           |
| <b>Non-Core Items:</b> <sup>(1)</sup>                                   |                                    |                              |                            |                           |                                      |                   |
| Asset impairments and restructuring charges, net                        | 227                                | 227                          | 53                         |                           | 174                                  | 1.28              |
| Accelerated depreciation  | 8                                  | 8                            | 2                          |                           | 6                                    | 0.05              |
| Mark-to-market pension and other postretirement benefit plans loss, net | 240                                | 240                          | 60                         |                           | 180                                  | 1.32              |
| Early debt extinguishment costs <sup>(2)</sup>                          | —                                  | 1                            | —                          |                           | 1                                    | —                 |
| <b>Non-GAAP (Excluding non-core items)</b>                              | <u>\$ 1,216</u>                    | <u>\$ 1,006</u>              | <u>\$ 156</u>              | 16 %                      | <u>\$ 839</u>                        | <u>\$ 6.15</u>    |

|  | Twelve Months 2019                 |                              |                            |                           |                                      |                   |
|--|------------------------------------|------------------------------|----------------------------|---------------------------|--------------------------------------|-------------------|
|  | Earnings Before Interest and Taxes | Earnings Before Income Taxes | Provision for Income Taxes | Effective Income Tax Rate | Net Earnings Attributable to Eastman |                   |
|  |                                    |                              |                            |                           | After Tax                            | Per Diluted Share |
| (Dollars in millions, except per share amounts, unaudited)               |                                    |                              |                            |                           |                                      |                   |
| <b>As reported (GAAP)</b>  | \$ 1,120                           | \$ 902                       | \$ 140                     | 16 %                      | \$ 759                               | \$ 5.48           |
| <b>Non-Core or Unusual Items:</b> <sup>(1)</sup>                         |                                    |                              |                            |                           |                                      |                   |
| Asset impairments and restructuring charges, net                         | 126                                | 126                          | 13                         |                           | 113                                  | 0.81              |
| Mark-to-market pension and other postretirement benefit plans loss, net  | 143                                | 143                          | 34                         |                           | 109                                  | 0.79              |
| Adjustments from tax law changes and outside-U.S. entity reorganizations | —                                  | —                            | (7)                        |                           | 7                                    | 0.05              |
| <b>Non-GAAP (Excluding non-core and unusual items)</b>                   | <u>\$ 1,389</u>                    | <u>\$ 1,171</u>              | <u>\$ 180</u>              | 15 %                      | <u>\$ 988</u>                        | <u>\$ 7.13</u>    |

<sup>(1)</sup> See [Table 3A](#) for description of 2020 and 2019 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

<sup>(2)</sup> Unamortized costs recognized due to early repayment of term loan credit agreement debt.

**Table 5A – Statements of Cash Flows**

| (Dollars in millions, unaudited)   | Fourth Quarter |               | Twelve Months |                |
|--|----------------|---------------|---------------|----------------|
|  | 2020           | 2019          | 2020          | 2019           |
| <b>Operating activities</b>  |                |               |               |                |
| Net earnings   | \$ 34          | \$ 27         | \$ 489        | \$ 762         |
| Adjustments to reconcile net earnings to net cash provided by operating activities:          |                |               |               |                |
| Depreciation and amortization  | 145            | 149           | 574           | 611            |
| Mark-to-market pension and other postretirement benefit plans loss, net                      | 240            | 143           | 240           | 143            |
| Asset impairment charges   | 1              | 72            | 146           | 72             |
| Early debt extinguishment costs  | —              | —             | 1             | —              |
| Provision for (benefit from) deferred income taxes   | (114)          | 10            | (128)         | 23             |
| Changes in operating assets and liabilities, net of effect of acquisitions and divestitures: |                |               |               |                |
| (Increase) decrease in trade receivables   | 59             | 220           | (31)          | 170            |
| (Increase) decrease in inventories   | (25)           | 42            | 291           | (80)           |
| Increase (decrease) in trade payables  | 113            | 156           | (100)         | (27)           |
| Pension and other postretirement contributions (in excess of ) less than expenses            | (28)           | (22)          | (136)         | (119)          |
| Variable compensation (in excess of) less than expenses                                      | 62             | 53            | 87            | 38             |
| Other items, net   | (81)           | (179)         | 22            | (89)           |
| <b>Net cash provided by operating activities</b>   | <b>406</b>     | <b>671</b>    | <b>1,455</b>  | <b>1,504</b>   |
| <b>Investing activities</b>  |                |               |               |                |
| Additions to properties and equipment  | (105)          | (117)         | (383)         | (425)          |
| Acquisitions, net of cash acquired   | (1)            | —             | (1)           | (48)           |
| Other items, net   | (6)            | (3)           | (10)          | (7)            |
| <b>Net cash used in investing activities</b>   | <b>(112)</b>   | <b>(120)</b>  | <b>(394)</b>  | <b>(480)</b>   |
| <b>Financing activities</b>  |                |               |               |                |
| Net increase (decrease) in commercial paper and other borrowings                             | (135)          | (219)         | (121)         | (70)           |
| Proceeds from borrowings   | —              | 125           | 249           | 460            |
| Repayment of borrowings  | (185)          | (375)         | (435)         | (760)          |
| Dividends paid to stockholders   | (89)           | (85)          | (358)         | (343)          |
| Treasury stock purchases   | —              | —             | (60)          | (325)          |
| Other items, net   | 27             | (2)           | 21            | (5)            |
| <b>Net cash used in financing activities</b>   | <b>(382)</b>   | <b>(556)</b>  | <b>(704)</b>  | <b>(1,043)</b> |
| Effect of exchange rate changes on cash and cash equivalents                                 | 2              | 2             | 3             | (3)            |
| Net change in cash and cash equivalents  | (86)           | (3)           | 360           | (22)           |
| Cash and cash equivalents at beginning of period   | 650            | 207           | 204           | 226            |
| Cash and cash equivalents at end of period   | <b>\$ 564</b>  | <b>\$ 204</b> | <b>\$ 564</b> | <b>\$ 204</b>  |



**Table 5B – Net Cash Provided By Operating Activities to Free Cash Flow Reconciliations**

| (Dollars in millions, unaudited)          | Fourth Quarter |        | Twelve Months |          |
|---|----------------|--------|---------------|----------|
|   | 2020           | 2019   | 2020          | 2019     |
| Net cash provided by operating activities | \$ 406         | \$ 671 | \$ 1,455      | \$ 1,504 |
| Capital expenditures                      | (105)          | (117)  | (383)         | (425)    |
| Free cash flow                            | \$ 301         | \$ 554 | \$ 1,072      | \$ 1,079 |

**Table 6 – Total Borrowings to Net Debt Reconciliations**

| (Dollars in millions, unaudited) | December 31, | December 31, |
|----------------------------------|--------------|--------------|
|                                  | 2020         | 2019         |
| Total borrowings                 | \$ 5,618     | \$ 5,782     |
| Less: Cash and cash equivalents  | 564          | 204          |
| Net debt <sup>(1)</sup>          | \$ 5,054     | \$ 5,578     |

<sup>(1)</sup> Includes non-cash impact of foreign currency exchange rates of \$132 million in 2020 and \$(25) million in 2019.