

**FINANCIAL INFORMATION****October 28, 2021**

For Eastman Chemical Company Third Quarter 2021 Financial Results Release

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**Table 1 – Statements of Earnings**

	Third Quarter		First Nine Months	
	2021	2020	2021	2020
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,720	\$ 2,122	\$ 7,782	\$ 6,287
Cost of sales	2,058	1,621	5,841	4,838
Gross profit	662	501	1,941	1,449
Selling, general and administrative expenses	201	165	587	480
Research and development expenses	66	56	187	169
Asset impairments and restructuring charges, net	7	60	29	215
Other components of post-employment (benefit) cost, net	(36)	(30)	(109)	(90)
Other (income) charges, net	(6)	7	(11)	10
Loss on business held for sale <sup>(1)</sup>	60	—	555	—
Earnings before interest and taxes	370	243	703	665
Net interest expense	49	52	150	159
Early debt extinguishment costs	—	1	—	1
Earnings before income taxes	321	190	553	505
Provision for income taxes	(33)	25	66	50
Net earnings	354	165	487	455
Less: Net earnings attributable to noncontrolling interest	3	4	8	9
Net earnings attributable to Eastman	<u>\$ 351</u>	<u>\$ 161</u>	<u>\$ 479</u>	<u>\$ 446</u>
Basic earnings per share attributable to Eastman	<u>\$ 2.60</u>	<u>\$ 1.19</u>	<u>\$ 3.53</u>	<u>\$ 3.29</u>
Diluted earnings per share attributable to Eastman	<u>\$ 2.57</u>	<u>\$ 1.18</u>	<u>\$ 3.49</u>	<u>\$ 3.27</u>
Shares (in millions) outstanding at end of period	134.4	135.5	134.4	135.5
Shares (in millions) used for earnings per share calculation				
Basic	135.3	135.3	135.8	135.5
Diluted	137.0	136.3	137.6	136.4

<sup>(1)</sup> Sale of rubber additives (including Crystex™ insoluble sulfur and Santoflex™ antidegradants) and other product lines and related assets and technology of the global tire additives business of the Additives & Functional Products ("AFP") segment. See "Management's Discussion and Analysis of Financial Condition" and "Overview" of the [Quarterly Report on Form 10-Q](#) for second quarter 2021. The sale is expected to be completed in fourth quarter 2021.

### Table 2A – Segment Sales Information

	Third Quarter		First Nine Months	
	2021	2020	2021	2020
(Dollars in millions, unaudited)				
Sales by Segment				
Additives & Functional Products	\$ 997	\$ 742	\$ 2,793	\$ 2,249
Advanced Materials	770	668	2,255	1,850
Chemical Intermediates	731	506	2,072	1,559
Fibers	222	206	662	629
<b>Total Eastman Chemical Company</b>	<b>\$ 2,720</b>	<b>\$ 2,122</b>	<b>\$ 7,782</b>	<b>\$ 6,287</b>

	Second Quarter
	2021
(Dollars in millions, unaudited)	
Sales by Segment	
Additives & Functional Products	\$ 925
Advanced Materials	769
Chemical Intermediates	736
Fibers	223
<b>Total Eastman Chemical Company</b>	<b>\$ 2,653</b>

### Table 2B – Sales Revenue Change

	Third Quarter 2021 Compared to Third Quarter 2020			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
(Unaudited)				
Additives & Functional Products	34 %	16 %	18 %	— %
Advanced Materials	15 %	10 %	4 %	1 %
Chemical Intermediates	44 %	(2) %	46 %	— %
Fibers	8 %	7 %	1 %	— %
<b>Total Eastman Chemical Company</b>	<b>28 %</b>	<b>9 %</b>	<b>19 %</b>	<b>— %</b>

	First Nine Months 2021 Compared to First Nine Months 2020			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
(Unaudited)				
Additives & Functional Products	24 %	13 %	9 %	2 %
Advanced Materials	22 %	18 %	2 %	2 %
Chemical Intermediates	33 %	(3) %	35 %	1 %
Fibers	5 %	5 %	— %	— %
<b>Total Eastman Chemical Company</b>	<b>24 %</b>	<b>10 %</b>	<b>12 %</b>	<b>2 %</b>

**Third Quarter 2021 Compared to Second Quarter 2021**

(Unaudited)	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	8 %	2 %	7 %	(1) %
Advanced Materials	— %	(1) %	1 %	— %
Chemical Intermediates	(1) %	(5) %	4 %	— %
Fibers	— %	(2) %	2 %	— %
Total Eastman Chemical Company	3 %	(1) %	4 %	— %

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

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2021	2020	2021	2020
Sales by Customer Location				
United States and Canada	\$ 1,197	\$ 894	\$ 3,398	\$ 2,660
Europe, Middle East, and Africa	698	556	2,042	1,713
Asia Pacific	658	547	1,877	1,565
Latin America	167	125	465	349
Total Eastman Chemical Company	\$ 2,720	\$ 2,122	\$ 7,782	\$ 6,287

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

	Third Quarter		First Nine Months	
	2021	2020	2021	2020
(Dollars in millions, unaudited)				
<b>Additives &amp; Functional Products</b>				
Earnings (loss) before interest and taxes	\$ 91	\$ 107	\$ (142)	\$ 194
Asset impairments and restructuring charges, net <sup>(2)(3)(4)</sup>	2	2	9	136
Loss on business held for sale and related transaction costs <sup>(5)</sup>	68	—	563	—
Excluding non-core item	161	109	430	330
<b>Advanced Materials</b>				
Earnings before interest and taxes	125	129	421	293
Asset impairments and restructuring charges, net <sup>(6)</sup>	3	3	7	10
Accelerated depreciation <sup>(6)</sup>	—	7	4	7
Excluding non-core items	128	139	432	310
<b>Chemical Intermediates</b>				
Earnings before interest and taxes	130	31	336	131
Asset impairments and restructuring charges, net <sup>(4)</sup>	2	1	13	4
Excluding non-core item	132	32	349	135
<b>Fibers</b>				
Earnings before interest and taxes	32	41	114	140
<b>Other</b>				
Loss before interest and taxes	(8)	(65)	(26)	(93)
Asset impairments and restructuring charges, net	—	54	—	65
Excluding non-core items	(8)	(11)	(26)	(28)
<b>Total Eastman Chemical Company</b>				
Earnings before interest and taxes	370	243	703	665
Asset impairments and restructuring charges, net	7	60	29	215
Loss on business held for sale and related transaction costs	68	—	563	—
Accelerated depreciation	—	7	4	7
Total earnings before interest and taxes excluding non-core items	<u>\$ 445</u>	<u>\$ 310</u>	<u>\$ 1,299</u>	<u>\$ 887</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 third quarter 2020 for description of third quarter and first nine months 2020 non-core items.
- <sup>(2)</sup> Third quarter and first nine months 2021 severance charges of \$1 million, and first nine months 2021 asset impairment charges of \$4 million and site closure costs of \$2 million from the previously reported closure of a tire additives manufacturing facility in Asia Pacific as part of ongoing site optimization.
- <sup>(3)</sup> First nine months 2021 gain on the sale of previously impaired assets of \$1 million from the previously reported closure of an animal nutrition manufacturing facility in Asia Pacific as part of ongoing site optimization.
- <sup>(4)</sup> Third quarter and first nine months 2021 site closure costs of \$2 million and \$1 million in the Chemical Intermediates ("CI") and AFP segments, respectively, and first nine months 2021 site closure costs of \$6 million and \$2 million in the CI and AFP segments, respectively, and contract termination fees in first nine months 2021 of \$7 million and \$1 million in the CI segment and AFP segment, respectively.
- <sup>(5)</sup> See [Table 1](#) note (1).
- <sup>(6)</sup> Third quarter and first nine months 2021 site closure costs of \$2 million from the previously reported closure of a performance films manufacturing facility in North America. Third quarter and first nine months 2021 site closure costs of \$1 million and \$3 million, respectively, and first nine months 2021 asset impairment charges of \$1 million, severance charges of \$1 million, and accelerated depreciation related to the previously reported closure of an advanced interlayers manufacturing facility in North America. Both closures were part of ongoing site optimization.

**Table 3A - Segment, Other, and Company  
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued)**

	Third Quarter		First Nine Months	
	2021	2020	2021	2020
(Dollars in millions, unaudited)				
Company Non-GAAP Earnings Before Interest and Taxes				
Reconciliations by Line Items				
Earnings before interest and taxes	\$ 370	\$ 243	\$ 703	\$ 665
Costs of sales	—	7	4	7
Selling, general and administrative expenses	8	—	8	—
Asset impairments and restructuring charges, net	7	60	29	215
Loss on business held for sale	60	—	555	—
Total earnings before interest and taxes excluding non-core items	<u>\$ 445</u>	<u>\$ 310</u>	<u>\$ 1,299</u>	<u>\$ 887</u>

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

	<b>Second Quarter 2021</b>
(Dollars in millions, unaudited)	
<b>Additives &amp; Functional Products</b>	
Earnings (loss) before interest and taxes	\$ (368)
Asset impairments and restructuring charges, net	5
Loss on business held for sale	495
Excluding non-core item	132
<b>Advanced Materials</b>	
Earnings before interest and taxes	150
Asset impairments and restructuring charges, net	3
Excluding non-core items	153
<b>Chemical Intermediates</b>	
Earnings before interest and taxes	137
Asset impairments and restructuring charges, net	7
Excluding non-core item	144
<b>Fibers</b>	
Earnings before interest and taxes	37
<b>Other</b>	
Loss before interest and taxes	(12)
<b>Total Eastman Chemical Company</b>	
Earnings (loss) before interest and taxes	(56)
Asset impairments and restructuring charges, net	15
Loss on business held for sale	495
Total earnings before interest and taxes excluding non-core items	\$ 454
<b>Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items</b>	
Earnings (loss) before interest and taxes	\$ (56)
Asset impairments and restructuring charges, net	15
Loss on business held for sale	495
Total earnings before interest and taxes excluding non-core items	\$ 454

<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 second quarter 2021 for description of second quarter 2021 non-core items.

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

(Dollars in millions, unaudited)	Third Quarter				First Nine Months			
	2021		2020		2021		2020	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	\$ 161	16.1 %	\$ 109	14.7 %	\$ 430	15.4 %	\$ 330	14.7 %
Advanced Materials	128	16.6 %	139	20.8 %	432	19.2 %	310	16.8 %
Chemical Intermediates	132	18.1 %	32	6.3 %	349	16.8 %	135	8.7 %
Fibers	32	14.4 %	41	19.9 %	114	17.2 %	140	22.3 %
Total segment EBIT excluding non-core items	453	16.7 %	321	15.1 %	1,325	17.0 %	915	14.6 %
Other	(8)		(11)		(26)		(28)	
Total EBIT excluding non-core items	<u>\$ 445</u>	16.4 %	<u>\$ 310</u>	14.6 %	<u>\$ 1,299</u>	16.7 %	<u>\$ 887</u>	14.1 %

<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.

(Dollars in millions, unaudited)	Second Quarter	
	2021	
	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	\$ 132	14.3 %
Advanced Materials	153	19.9 %
Chemical Intermediates	144	19.6 %
Fibers	37	16.6 %
Total segment EBIT excluding non-core items	466	17.6 %
Other	(12)	
Total EBIT excluding non-core items	<u>\$ 454</u>	17.1 %

<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 4A – Non-GAAP Earnings (Loss) Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations**

Third Quarter 2021						
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for (Benefit from) 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>	\$ 370	\$ 321	\$ (33)	(10)%	\$ 351	\$ 2.57
<b>Non-Core or Unusual Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	7	7	2		5	0.04
Loss on business held for sale and related transaction costs <sup>(2)</sup>	68	68	24		44	0.30
Adjustment from tax law changes <sup>(3)</sup>	—	—	15		(15)	(0.11)
Interim adjustment to tax provision <sup>(4)</sup>	—	—	47		(47)	(0.34)
<b>Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)</b>	<u>\$ 445</u>	<u>\$ 396</u>	<u>\$ 55</u>	14 %	<u>\$ 338</u>	<u>\$ 2.46</u>
Third Quarter 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>	\$ 243	\$ 190	\$ 25	13 %	\$ 161	\$ 1.18
<b>Non-Core Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	60	60	15		45	0.33
Accelerated depreciation	7	7	2		5	0.04
Early debt extinguishment costs	—	1	—		1	—
Interim adjustment to tax provision <sup>(4)</sup>	—	—	(2)		2	0.02
<b>Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)</b>	<u>\$ 310</u>	<u>\$ 258</u>	<u>\$ 40</u>	16 %	<u>\$ 214</u>	<u>\$ 1.57</u>

(1) See [Table 3A](#) for description of third quarter 2021 and 2020 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.

(2) See [Table 1](#) note (1).

(3) Decrease to the provision for income taxes due to adjustment of the amount recognized in prior years as a result of the 2017 Tax Cuts and Jobs Act.

(4) The adjusted provision for income taxes for third quarter 2021 and 2020 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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

First Nine Months 2021						
(Dollars in millions, except per share amounts, unaudited)	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
<b>As reported (GAAP)</b>	\$ 703	\$ 553	\$ 66	12 %	\$ 479	\$ 3.49
<b>Non-Core or Unusual Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	29	29	6		23	0.16
Loss on business held for sale and related transaction costs <sup>(2)</sup>	563	563	54		509	3.69
Accelerated depreciation	4	4	1		3	0.02
Adjustments from tax law changes <sup>(3)</sup>	—	—	15		(15)	(0.11)
Interim adjustment to tax provision <sup>(4)</sup>	—	—	29		(29)	(0.20)
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 1,299</u>	<u>\$ 1,149</u>	<u>\$ 171</u>	15 %	<u>\$ 970</u>	<u>\$ 7.05</u>
First Nine Months 2020						
(Dollars in millions, except per share amounts, unaudited)	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
<b>As reported (GAAP)</b>	\$ 665	\$ 505	\$ 50	10 %	\$ 446	\$ 3.27
<b>Non-Core Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	215	215	51		164	1.20
Accelerated depreciation	7	7	2		5	0.04
Early debt extinguishment costs	—	1	—		1	—
Interim adjustment to tax provision <sup>(4)</sup>	—	—	9		(9)	(0.06)
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	<u>\$ 887</u>	<u>\$ 728</u>	<u>\$ 112</u>	16 %	<u>\$ 607</u>	<u>\$ 4.45</u>

<sup>(1)</sup> See [Table 3A](#) for description of first nine months 2021 and 2020 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> See [Table 1](#) note (1).

<sup>(3)</sup> Decrease to the provision for income taxes due to adjustment of the amount recognized in prior years as a result of the 2017 Tax Cuts and Jobs Act.

<sup>(4)</sup> The adjusted provision for income taxes for first nine months 2021 and 2020 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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

	Second Quarter 2021					
	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>	\$ (56)	\$ (107)	\$ 37	—	\$ (146)	\$ (1.07)
<b>Non-Core Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	15	15	3		12	0.09
Loss on business held for sale and related transaction costs <sup>(2)</sup>	495	495	30		465	3.38
Interim adjustment to tax provision <sup>(3)</sup>	—	—	(8)		8	0.06
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	<u>\$ 454</u>	<u>\$ 403</u>	<u>\$ 62</u>	16 %	<u>\$ 339</u>	<u>\$ 2.46</u>

<sup>(1)</sup> See [Table 3A](#) for description of second quarter 2021 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> See [Table 1](#) note (1).

<sup>(3)</sup> The adjusted provision for income taxes for second quarter 2021 was calculated applying the then current forecasted full year effective tax rate.

**Table 4B - Adjusted Effective Tax Rate Calculation**

	First Nine Months <sup>(1)</sup>	
	2021	2020
Effective tax rate	12 %	10 %
Tax impact of current year non-core items <sup>(2)</sup>	3 %	7 %
Changes in tax contingencies and valuation allowances	1 %	1 %
Forecasted full year impact of expected tax events	(1)%	(2)%
Forecasted full year adjusted effective tax rate	<u>15 %</u>	<u>16 %</u>

<sup>(1)</sup> Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.0 percent and 15.5 percent for first nine months 2021 and 2020, respectively.

<sup>(2)</sup> 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.

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

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2021	2020	2021	2020
<b>Operating activities</b>				
Net earnings (loss)	\$ 354	\$ 165	\$ 487	\$ 455
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	127	149	416	429
Asset impairment charges	—	—	5	145
Early debt extinguishment costs	—	1	—	1
Loss on business held for sale	60	—	555	—
Provision for (benefit from) deferred income taxes	(38)	6	(66)	(14)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	(78)	(163)	(439)	(90)
(Increase) decrease in inventories	(155)	95	(369)	316
Increase (decrease) in trade payables	71	130	377	(213)
Pension and other postretirement contributions (in excess of ) less than expenses	(45)	(25)	(142)	(108)
Variable compensation (in excess of) less than expenses	82	55	90	25
Other items, net	169	29	275	103
<b>Net cash provided by operating activities</b>	<b>547</b>	<b>442</b>	<b>1,189</b>	<b>1,049</b>
<b>Investing activities</b>				
Additions to properties and equipment	(117)	(82)	(315)	(278)
Acquisitions, net of cash acquired	(48)	—	(111)	—
Additions to capitalized software	(6)	—	(18)	—
Other items, net	1	1	(3)	(4)
<b>Net cash used in investing activities</b>	<b>(170)</b>	<b>(81)</b>	<b>(447)</b>	<b>(282)</b>
<b>Financing activities</b>				
Net increase (decrease) in commercial paper and other borrowings	(25)	(83)	(50)	14
Proceeds from borrowings	—	—	—	249
Repayment of borrowings	—	(250)	—	(250)
Dividends paid to stockholders	(94)	(90)	(282)	(269)
Treasury stock purchases	(150)	—	(290)	(60)
Proceeds from stock option exercises and other items, net	—	7	38	(6)
<b>Net cash used in financing activities</b>	<b>(269)</b>	<b>(416)</b>	<b>(584)</b>	<b>(322)</b>
Effect of exchange rate changes on cash and cash equivalents	—	1	(5)	1
<b>Net change in cash and cash equivalents</b>	<b>108</b>	<b>(54)</b>	<b>153</b>	<b>446</b>
Cash and cash equivalents at beginning of period	609	704	564	204
Cash and cash equivalents at end of period	<b>\$ 717</b>	<b>\$ 650</b>	<b>\$ 717</b>	<b>\$ 650</b>

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

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 547	\$ 442	\$ 1,189	\$ 1,049
Capital expenditures	(117)	(82)	(315)	(278)
Free cash flow	<b>\$ 430</b>	<b>\$ 360</b>	<b>\$ 874</b>	<b>\$ 771</b>

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

(Dollars in millions, unaudited)	September 30,	December 31,
	2021	2020
Total borrowings	\$ 5,488	\$ 5,618
Less: Cash and cash equivalents	717	564
Net debt <sup>(1)</sup>	<u>\$ 4,771</u>	<u>\$ 5,054</u>

<sup>(1)</sup> Includes a non-cash decrease of \$84 million in 2021 and a non-cash increase of \$132 million in 2020 resulting from foreign currency exchange rates.