



GOODYEAR



YEAR

Third Quarter 2016 Conference Call

October 28, 2016

Forward-Looking Statements



Certain information contained in this presentation constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. There are a variety of factors, many of which are beyond our control, that affect our operations, performance, business strategy and results and could cause our actual results and experience to differ materially from the assumptions, expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to: our ability to implement successfully our strategic initiatives; actions and initiatives taken by both current and potential competitors; foreign currency translation and transaction risks; a labor strike, work stoppage or other similar event; 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; increases in the prices paid for raw materials and energy; 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.

- Record year-to-date core segment operating income^(a) of \$1.5 billion
- Third quarter segment operating margin^(a) of 14.5%
- Americas third quarter income of \$305 million, 14.7% operating margin
- Europe, Middle East and Africa third quarter income of \$152 million, 12.3% operating margin
- Record third quarter Asia Pacific operating income of \$99 million, 18.3% operating margin
- Confirms 2020 financial targets and 2017-2020 capital allocation plan

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 26.

September Investor Meeting

Transformative Targets

- ✓ SOI of \$3 Billion (2020)
- ✓ Cumulative Free Cash Flow (2017-2020) of up to ~\$5 Billion available for Shareholder Returns and Debt Repayment

Impacts on our 2020 Plan

SOI Changes (\$M)	2016	2020
Temporal industry and customer issues in Commercial Truck ^(b)	-65	No Change
Declining <17" markets in EMEA	-20	No Change
Philippsburg, Germany plant closure	0	+30
Temporal weaker Off-the-Road Mining	-15	No Change
Total SOI	\$2.0 - \$2.025B	\$3.0 billion

Long-term Outlook Unchanged (+Tariffs)

Already contemplated in 2020 plan

Impact as communicated in our Oct 24 8-K announcement

Long-term Outlook Unchanged

Confidence in our \$3 billion 2020 SOI target; U.S. commercial truck weakness impacting 2016 plan

(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 23. See Free Cash Flow reconciliation in Appendix on page 29.

(b) In U.S. and Canada.

U.S. Consumer Replacement Industry 2016 vs 2015 Growth Rate^(a)

	<u>Q3</u>	<u>YTD</u>
RMA Members (≥ 17 "	8%	8%
RMA Members (< 17 "	-11%	-11%
Total	-2%	-2%
Non-Members	30%	17%
Total U.S.	3%	2%
Goodyear (≥ 17 "	10%	10%

- Goodyear outpacing industry in ≥ 17 " segment; margin expansion in consumer of 200 bps in Americas
- Non-members' growth driven by weak comparable in 2015
- Continued destocking at dealer and distributor level
- Strong fundamentals in vehicle miles traveled, gasoline prices and fuel consumption

(a) Source: Rubber Manufacturer's Association

Europool & Turkey Replacement Industry 2016 vs 2015 Growth Rate^(a)

	<u>Q3</u>	<u>YTD</u>
ETRMA Members (≥ 17 "	12%	10%
ETRMA Members (< 17 "	-7%	-5%
Total	-1%	1%
Non-Members	3%	3%
Total EU + Turkey	0%	1%
Goodyear (≥ 17 "	10%	8%

- Strong growth in ≥ 17 " segment
- September < 17 " industry down 8%
- Increased competition in < 17 " summer segment
 - Announced footprint action in Germany
- Declines in < 17 " already contemplated as part of 2020 plan

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

Third Quarter 2016 Income Statement



Terms: US\$ millions
(except EPS)

	Three Months Ended		
	September 30, 2016	September 30, 2015	Change
Units	42.0	42.5	(1)%
Net Sales	\$ 3,847	\$ 4,184	(8)%
Gross Margin	28.9%	28.3%	0.6 pts
SAG	\$ 599	\$ 633	(5)%
Segment Operating Income ^(a)	\$ 556	\$ 602	(8)%
Segment Operating Margin ^(a)	14.5%	14.4%	0.1 pts
Goodyear Net Income	\$ 317	\$ 271	
Goodyear Net Income Per Share			
Basic	\$ 1.21	\$ 1.01	
Diluted	\$ 1.19	\$ 0.99	
Cash Dividends Declared Per Common Share	\$ 0.17	\$ 0.06	
Adjusted Diluted Earnings Per Share ^(b)	\$ 1.17	\$ 0.99	

~Flat
excluding
Venezuela^(c)

0.5 pts
excluding
Venezuela^(a)

+18%

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 26.

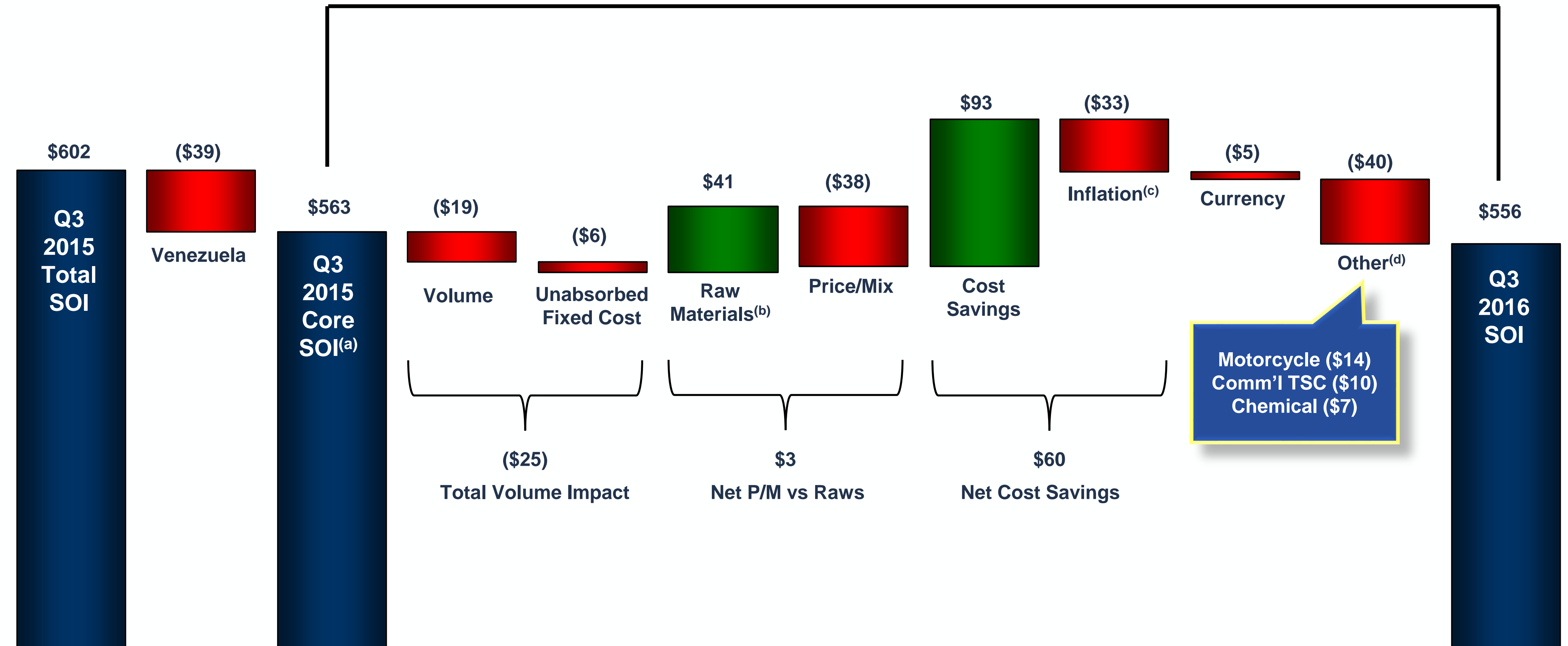
(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 24 and 25.

(c) See Appendix on page 19.

Third Quarter 2016 Segment Operating Results



Terms: US\$ millions



(a) Core Segment Operating Income is Total Segment Operating Income excluding the operating income from our Venezuelan subsidiary which was deconsolidated on December 31, 2015.
 (b) Raw material variance of \$41 million excludes raw material cost saving measures of \$42 million, which are included in Cost Savings.
 (c) Estimated impact of inflation (wages, utilities, energy, transportation and other).
 (d) Includes the impact of other tire related businesses of \$37 million, including \$14 million related to the sale of the North American motorcycle business, \$10 million related to Commercial Tire and Service Centers and \$7 million related to Chemical primarily for a royalty received in 2015 that was not received in 2016.

Third Quarter 2016 Balance Sheet



Terms: US\$ millions

	September 30, 2016	June 30, 2016	December 31, 2015	September 30, 2015
Cash and Cash equivalents	\$ 975	\$ 1,138	\$ 1,476	\$ 1,690
Accounts receivable	2,649	2,475	2,033	2,616
Inventories	2,754	2,686	2,464	2,544
Accounts payable - trade	(2,600)	(2,643)	(2,769)	(2,576)
Working capital ^(a)	<u>\$ 2,803</u>	<u>\$ 2,518</u>	<u>\$ 1,728</u>	<u>\$ 2,584</u>
Total debt ^(b)	\$ 6,028	\$ 6,236	\$ 5,708	\$ 6,000
Net debt ^(b)	\$ 5,053	\$ 5,098	\$ 4,232	\$ 4,310

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

(b) See Total Debt and Net Debt reconciliation in Appendix on page 27.

Third Quarter 2016 Free Cash Flow from Operations



Terms: US\$ millions

	Three Months Ended September 30,		Trailing Twelve Months Ended
	2016	2015	September 30, 2016
Net Income	\$ 320	\$ 305	\$ 344
Depreciation and Amortization	181	173	712
Change in Working Capital	(264)	(231)	(284)
Pension Expense	19	36	81
Provision for Deferred Income Taxes	(56)	94	(155)
Capital Expenditures	(245)	(208)	(1,038)
Loss on Deconsolidation of Venezuelan Subsidiary	-	-	646
Net Rationalization Charges	135	20	226
Other ^(a)	61	9	(77)
Free Cash Flow from Operations (non-GAAP)^(b)	\$ 151	\$ 198	\$ 455
Cash Flow from Operating Activities (GAAP)	\$ 357	\$ 361	\$ 1,289
Cash Flow from Investing Activities (GAAP)	\$ (242)	\$ (205)	\$ (1,295)
Cash Flow from Financing Activities (GAAP)	\$ (281)	\$ (39)	\$ (735)

(a) Other includes amortization and write-off of debt issuance costs, net pension curtailments and settlements, net (gains) losses on asset sales, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.

(b) See Free Cash Flow from Operations reconciliation in Appendix on page 28.

Third Quarter 2016 - Segment Results Americas



Terms: US\$ millions

Third Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	18.6	20.3	(8.1%)
Net Sales	\$2,070	\$2,398	(13.7%)
Operating Income	\$305	\$376	(18.9%)
Margin	14.7%	15.7%	

- Volume impact of deconsolidation of Venezuela (0.4 million units) and sale of GDTNA (0.2 million units)
- U.S. total Consumer ~flat, U.S. Commercial volume down 12%
- Further weakening in Brazil
- Lower sales in Canada, primarily winter tires

Comm'l Truck (\$43)^(a)
 Venezuela (\$39)
 GDTNA (\$16)

(a) Includes U.S. and Canada.

Third Quarter 2016 - Segment Results Europe, Middle East & Africa



Terms: US\$ millions

Third Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	15.4	16.2	(4.5%)
Net Sales	\$1,236	\$1,328	(6.9%)
Operating Income	\$152	\$154	(1.3%)
Margin	12.3%	11.6%	

- Decline in summer segment (<17") resulting from increased competition
- Lower OE volume, driven primarily by OE selectivity and focus on ≥ 17 "
- Margin performance driven by ≥ 17 " performance and focus on cost

Third Quarter 2016 - Segment Results Asia Pacific



Terms: US\$ millions

Third Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	8.0	6.0	32.6%
Net Sales	\$541	\$458	18.1%
Operating Income	\$99	\$72	37.5%
Margin	18.3%	15.7%	

- Strength in China; volume growth of 25%
- India volume growth of 9%
- Japan volume increase of 1.3 million units
- Record third quarter operating income

2016 Key Segment Operating Income Drivers



Driver	2015 Results excluding Venezuela	July Outlook 2016 vs 2015	Current Outlook 2016 vs 2015	Comments
Global Volume	+3%	~3%	+1% to 2%	Q4 about flat
Net Price/Mix vs Raw Materials	\$77 million	~\$75 million	~\$55 million	Raw material costs unchanged at down 4%; Price/Mix impacted by Commercial and OTR
Overhead Absorption	(\$3) million	~\$50 million	~\$20 million	Based on Q3 production
Cost Savings vs Inflation	\$227 million	~\$135 million	~\$150 million	Continued focus on cost
Foreign Exchange	(\$142) million	~(\$45) million	~(\$25) million	Based on current spot rates
Motorcycle	(\$7) million	~(\$30) million	~(\$30) million	Sale of the North American Motorcycle Business; No impact in Q4
Other	\$8 million	~(\$35) million	~(\$45) million	Reduced earnings in other tire related businesses (primarily U.S. Commercial Tire & Service Centers)

2016 Full Year SOI \$2.000 - \$2.025 billion^(a)

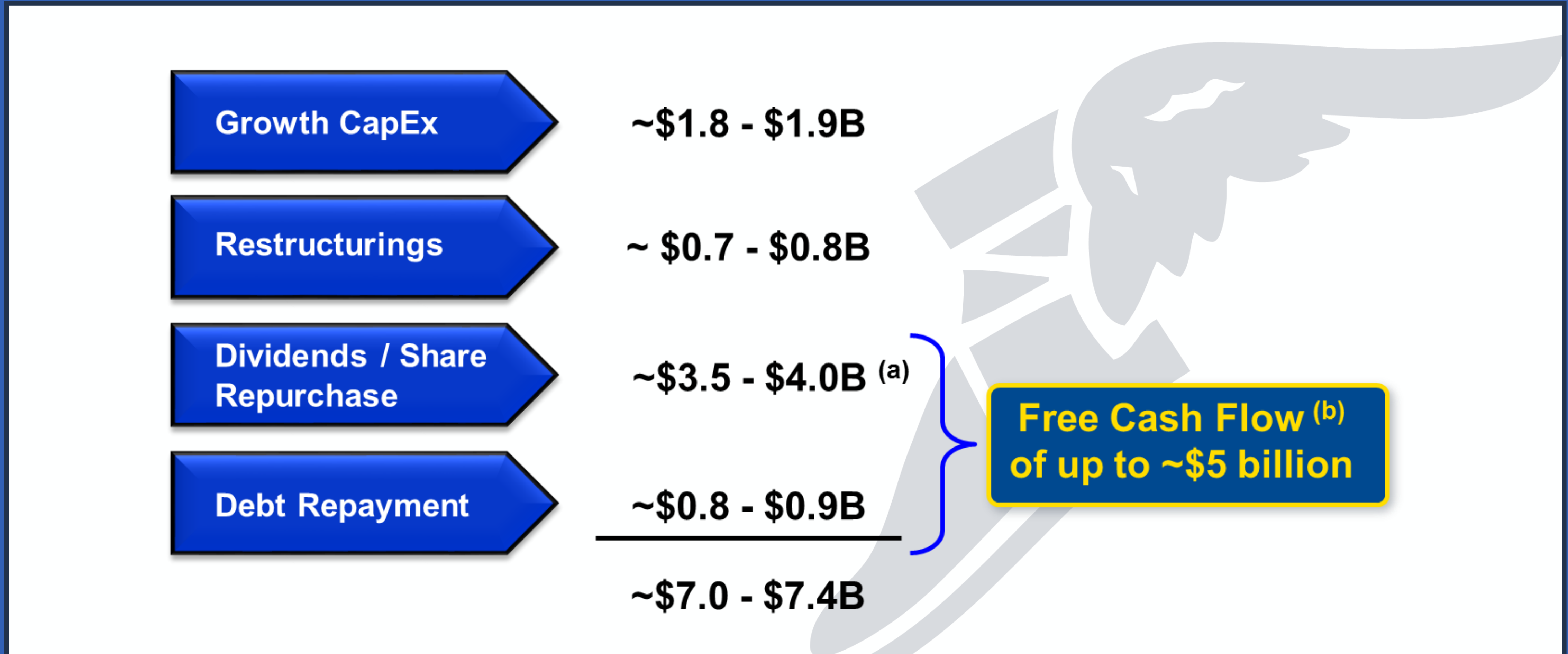
(a) Excludes the \$24 million unfavorable out of period adjustment related to intracompany profit elimination in the Americas. For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 23.

2016 Outlook – Other Financial Assumptions



	July Outlook	October FY Assumption
Interest Expense	\$350 - \$375 million	\$360 - \$375 million
Financing Fees	~\$45 million	~\$45 million
Income Tax	Expense: ~28% of global pre-tax operating income Cash: 10-15% of global pre-tax operating income	Expense: ~28% of global pre-tax operating income Cash: 10-15% of global pre-tax operating income
Depreciation & Amortization	~\$700 million	~\$700 million
Global Pension Expense	\$65 - \$85 million	\$65 - \$85 million
Global Pension Cash Contributions	\$50 - \$75 million	\$50 - \$75 million
Working Capital	Use of ~\$50 million	Use of ~\$100 million
Capital Expenditures	\$1.0 - \$1.1 billion	~\$1.0 billion
Corporate Other	~\$165 million	~\$165 million

Capital Allocation Plan Sources / Use of Cash – Cumulative 2017-2020



Creating shareholder value through capital allocation

(a) Not yet authorized by the Board of Directors, dependent on Company performance including achievement of financial targets.

(b) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see the Appendix at page 23. See Free Cash Flow reconciliation in Appendix on page 29.

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Appendix

2015 Venezuela Key Metrics



Terms: US\$ millions					
Venezuela					
	Q1	Q2	Q3	Q4	2015 Full Year
Units (000s)	377	318	385	312	1,392
Revenue	\$94	\$115	\$155	\$167	\$531
Operating Income	\$22	\$36	\$39	\$22	\$119
Foreign Currency Exchange ^(a)	(\$1)	(\$12)	(\$8)	(\$5)	(\$26)

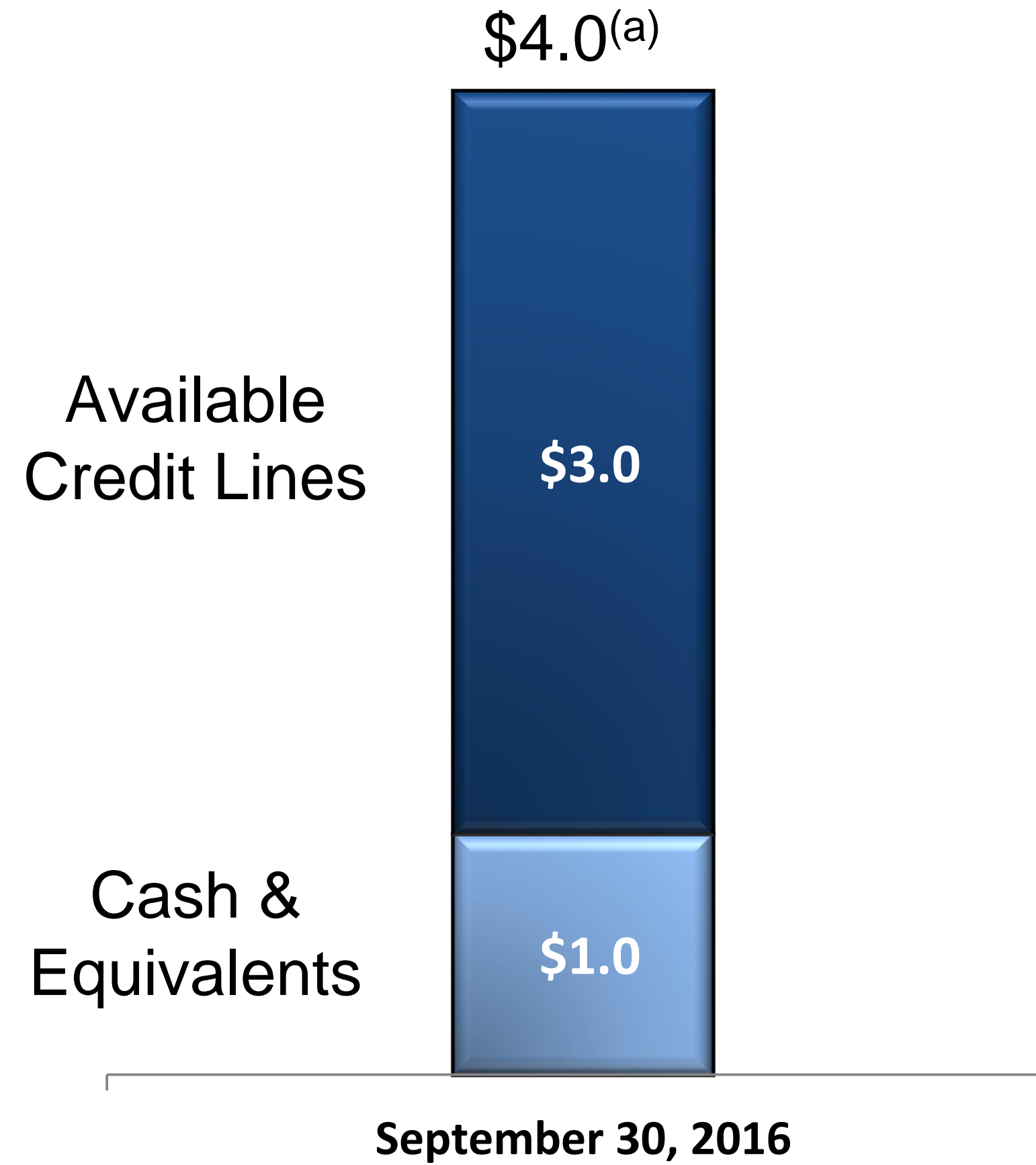
Note: The Venezuela subsidiary was deconsolidated effective December 31, 2015

(a) In addition to the foreign currency exchange impact in Venezuela, 2015 included \$8 million of foreign currency exchange losses on bolivar denominated assets held by other Goodyear entities.

Third Quarter 2016 – Liquidity Profile



Terms: US\$ billions

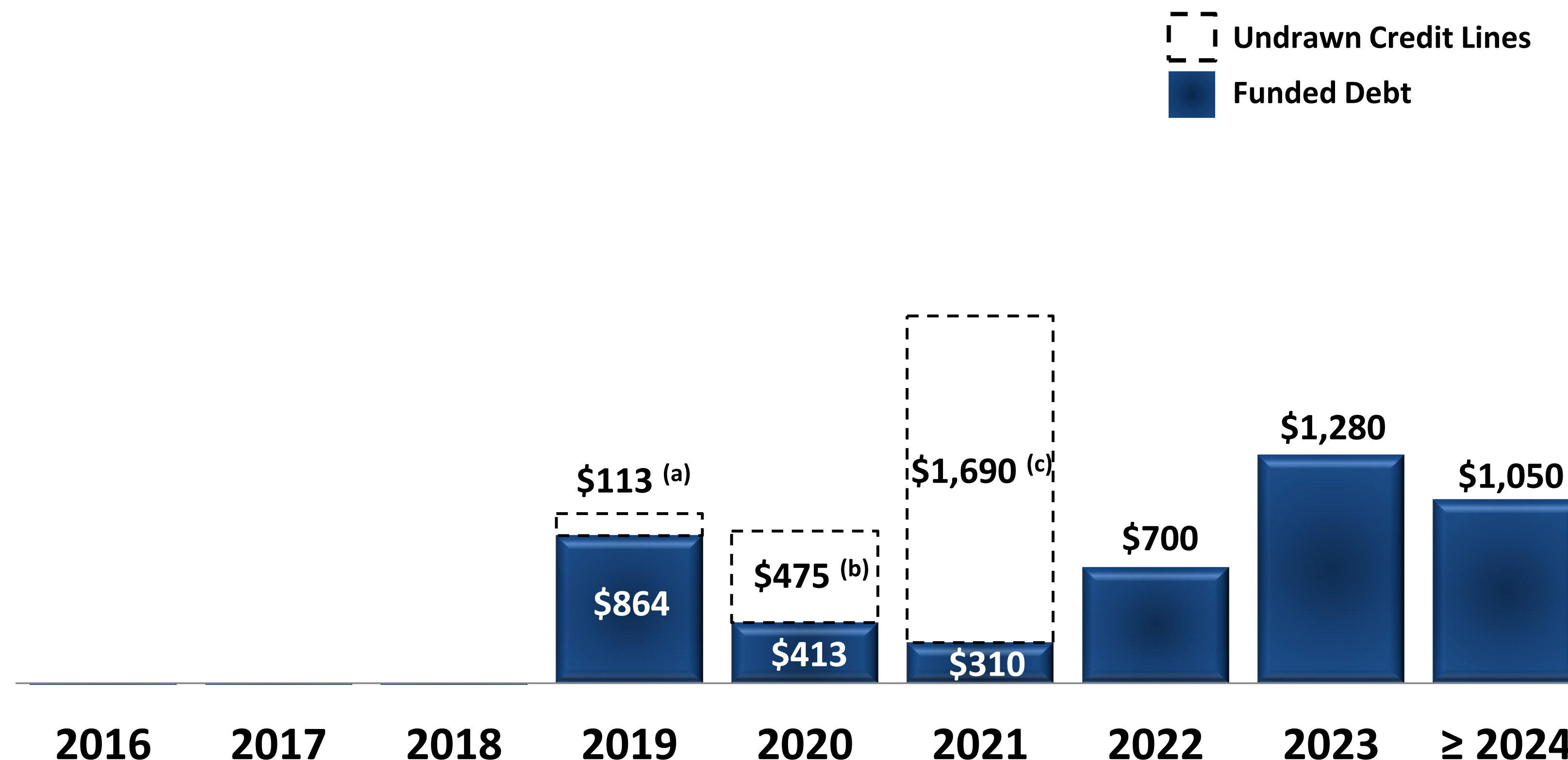


(a) Total liquidity comprised of \$975 million of cash and cash equivalents, as well as \$3,005 million of unused availability under various credit agreements.

Third Quarter 2016 – Maturity Schedule



Terms: US\$ millions



Note: Based on September 30, 2016 balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

(a) At September 30, 2016 the amounts available and utilized under the Pan-European securitization program totaled \$266 million (€238 million).

(b) At September 30, 2016 the total amount outstanding under the €550 million European revolving credit facility was \$140 million (€125 million) and no letters of credit were issued.

(c) At September 30, 2016 our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$205 million below the facility's stated amount of \$2.0 billion. At September 30, 2016 the total amount outstanding under the U.S. revolving credit facility was \$310 million and \$40 million of letters of credit were issued.

2016 Full-Year Industry Outlook



	October Full-Year 2016 Guidance				July Full-Year 2016 Guidance	
	U.S.		Western Europe		U.S.	Western Europe
Consumer Replacement	~1%	YTD 1.5%	~2%	YTD 1.4%	~1%	~2%
Consumer OE	(1%) - Flat	YTD 0.3%	~3% ^(a)	YTD 2.4%	~1%	~3% ^(a)
Commercial Replacement	~2%	YTD 4.8%	~3%	YTD 2.5%	~1%	~3%
Commercial OE	~(18%)	YTD (18.4%)	~1% ^(a)	YTD 1.3%	~(11%)	~1% ^(a)

(a) The quoted industry numbers for Western Europe for Consumer OE and Commercial OE are for total EMEA and not for Western Europe only.

Use of Historical and Forward-Looking Non-GAAP Financial Measures



This presentation contains historical and forward-looking non-GAAP financial measures, including Total Segment Operating Income and Margin, Core Segment Operating Income and Margin, Free Cash Flow from Operations, Free Cash Flow, Adjusted Net Income and Adjusted Diluted Earnings Per Share (EPS), which are important financial measures for the company but are not financial measures defined by U.S. GAAP, and should not be construed as alternatives to corresponding financial measures presented in accordance with U.S. GAAP.

Total Segment Operating Income is the sum of the individual strategic business units' (SBU's) Segment Operating Income as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income and Margin are useful because they represent the aggregate value of income created by the company's SBUs and exclude items not directly related to the SBUs for performance evaluation purposes.

Core Segment Operating Income is Total Segment Operating Income excluding the operating income from our Venezuelan subsidiary, which we deconsolidated on December 31, 2015. Core Segment Operating Margin is Core Segment Operating Income divided by Net Sales excluding the net sales of our Venezuelan subsidiary. Management believes that Core Segment Operating Income and Margin are useful because they represent Total Segment Operating Income and Margin from the company's ongoing reported operations.

The most directly comparable U.S. GAAP financial measures to Total and Core Segment Operating Income and Margin are Goodyear Net Income and Return on Sales (which is calculated by dividing Goodyear Net Income by Net Sales).

Free Cash Flow from Operations is the company's Cash Flows from Operating Activities as determined in accordance with U.S. GAAP before pension contributions and direct payments and rationalization payments, less capital expenditures. 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 both Free Cash Flow from Operations and Free Cash Flow are useful because they represent the cash generating capability of the company's ongoing operations, after taking into consideration capital expenditures necessary to maintain its business and pursue growth opportunities. The most directly comparable U.S. GAAP financial measure is Cash Flows from Operating Activities.

Adjusted Net Income is Goodyear Net Income as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted EPS is the company's Adjusted Net Income divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income and Adjusted Diluted EPS are useful because they represent how management reviews the operating results of the company excluding the impacts of rationalizations, asset write-offs, accelerated depreciation, asset sales and certain other significant items.

It should be noted that other companies may calculate similarly-titled non-GAAP financial measures differently and, as a result, the measures presented herein may not be comparable to such similarly-titled measures reported by other companies.

We are unable to present a quantitative reconciliation of our forward-looking non-GAAP financial measures, other than Free Cash Flow, to the most directly comparable U.S. GAAP financial measures because management cannot reliably predict all of the necessary components of those U.S. GAAP financial measures without unreasonable effort. Those forward-looking non-GAAP financial measures, or components thereof, would be reconciled to Goodyear Net Income, which includes several significant items that are not included in the comparable non-GAAP financial measures, such as rationalization charges, other (income) expense, pension curtailments and settlements, and income taxes. The decisions and events that typically lead to the recognition of these and other similar non-GAAP adjustments, such as a decision to exit part of our business, acquisitions and dispositions, foreign currency exchange gains and losses, financing fees, actions taken to manage our pension liabilities, and the recording or release of tax valuation allowances, are inherently unpredictable as to if or when they may occur. The inability to provide a reconciliation is due to that unpredictability and the related difficulty in assessing the potential financial impact of the non-GAAP adjustments. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to our future financial results.

Third Quarter 2016 Significant Items

(After Tax and Minority Interest)



Terms: US\$ millions,
Shares in millions
(except EPS)

	As Reported	Discrete Tax Items	Net Gains on Asset Sales	Rationalizations, Asset Write-offs, and Accelerated Depreciation	As Adjusted
Net Sales	\$ 3,847	\$ -	\$ -	\$ -	\$ 3,847
Cost of Goods Sold	2,736	-	-	(3)	2,733
Gross Margin	1,111	-	-	3	1,114
SAG	599	(2)	-	-	597
Rationalizations	135	-	-	(135)	-
Interest Expense	90	-	-	-	90
Other (Income) Expense	(23)	-	27	-	4
Pre-tax Income	310	2	(27)	138	423
Taxes	(10)	118	(3)	3	108
Minority Interest	3	2	-	-	5
Goodyear Net Income	\$ 317	\$ (118)	\$ (24)	\$ 135	\$ 310
EPS	\$ 1.19	\$ (0.44)	\$ (0.09)	\$ 0.51	\$ 1.17

Third Quarter 2015 Significant Items

(After Tax and Minority Interest)



Terms: US\$ millions,
Shares in millions
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Transaction Costs and Net Gains on Asset Sales	Insurance Recovery - Discontinued Products	Discrete Tax Items	Indirect Tax Claims	As Adjusted
Net Sales	\$ 4,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,184
Cost of Goods Sold	3,000	(3)	-	-	-	4	3,001
Gross Margin	1,184	3	-	-	-	(4)	1,183
SAG	633	-	(4)	-	-	-	629
Rationalizations	20	(20)	-	-	-	-	-
Interest Expense	105	-	-	-	-	-	105
Other (Income) Expense	(5)	-	(10)	25	-	1	11
Pre-tax Income	431	23	14	(25)	-	(5)	438
Taxes	126	3	1	(9)	9	-	130
Minority Interest	34	4	-	-	(1)	-	37
Goodyear Net Income	\$ 271	\$ 16	\$ 13	\$ (16)	\$ (8)	\$ (5)	\$ 271
EPS	\$ 0.99	\$ 0.06	\$ 0.05	\$ (0.06)	\$ (0.03)	\$ (0.02)	\$ 0.99

Reconciliation for Segment Operating Income/Margin



Terms: US\$ millions

	Three Months Ended September 30,		Nine Months Ended September 30,
	2016	2015	2016
Core Segment Operating Income	\$ 556	\$ 563	\$ 1,506
Venezuela subsidiary operating income	-	39	-
Total Segment Operating Income	\$ 556	\$ 602	\$ 1,506
Rationalizations	(135)	(20)	(194)
Interest expense	(90)	(105)	(285)
Other income (expense)	23	5	(3)
Asset write-offs and accelerated depreciation	(3)	(3)	(10)
Corporate incentive compensation plans	(20)	(26)	(60)
Pension curtailments/settlements	-	-	(14)
Intercompany profit elimination	(2)	8	(7)
Retained expenses of divested operations	(2)	(2)	(12)
Other	(17)	(28)	(43)
Income before Income Taxes	\$ 310	\$ 431	\$ 878
United States and Foreign Tax Expense (Benefit)	(10)	126	161
Less: Minority Shareholders Net Income	3	34	14
Goodyear Net Income	\$ 317	\$ 271	\$ 703
Sales (as reported)	\$3,847	\$4,184	\$11,417
Sales (excluding Venezuela)	\$3,847	\$4,029	\$11,417
Return on Sales (as reported)	8.2%	6.5%	6.2%
Total Segment Operating Margin	14.5%	14.4%	13.2%
Core Segment Operating Margin	14.5%	14.0%	13.2%

Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	<u>September 30, 2016</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Long-Term Debt and Capital Leases	\$ 5,446	\$ 5,745	\$ 5,074	\$ 5,591
Notes Payable and Overdrafts	179	145	49	41
Long-Term Debt and Capital Leases Due Within One Year	403	346	585	368
Total Debt	<u>\$ 6,028</u>	<u>\$ 6,236</u>	<u>\$ 5,708</u>	<u>\$ 6,000</u>
Less: Cash and Cash Equivalents	<u>975</u>	<u>1,138</u>	<u>1,476</u>	<u>1,690</u>
Net Debt	<u><u>\$ 5,053</u></u>	<u><u>\$ 5,098</u></u>	<u><u>\$ 4,232</u></u>	<u><u>\$ 4,310</u></u>

Reconciliation for Free Cash Flow from Operations



Terms: US\$ millions

The amounts below are calculated from the Consolidated Statements of Cash Flows except for pension expense, which is as reported in the pension-related note in the Notes to Consolidated Financial Statements.

	Three Months Ended					Trailing Twelve Months Ended
	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	Sept. 30, 2016
Net Income	\$ 320	\$ 208	\$ 189	\$ (373)	\$ 305	\$ 344
Depreciation and Amortization	181	181	174	176	173	712
Change in Working Capital ^(a)	(264)	(75)	(611)	666	(231)	(284)
Pension Expense ^(b)	19	17	18	27	36	81
Provision for Deferred Income Taxes	(56)	41	46	(186)	94	(155)
Capital Expenditures	(245)	(213)	(253)	(327)	(208)	(1,038)
Loss on Deconsolidation of Venezuelan Subsidiary	-	-	-	646	-	646
Net Rationalization Charges	135	48	11	32	20	226
Other ^(c)	61	(108)	(159)	129	9	(77)
Free Cash Flow from Operations (non-GAAP)	\$ 151	\$ 99	\$ (585)	\$ 790	\$ 198	\$ 455
Capital Expenditures	245	213	253	327	208	1,038
Pension Contributions and Direct Payments	(23)	(23)	(25)	(26)	(26)	(97)
Rationalization Payments	(16)	(28)	(24)	(39)	(19)	(107)
Cash Flow from Operating Activities (GAAP)	\$ 357	\$ 261	\$ (381)	\$ 1,052	\$ 361	\$ 1,289
Cash Flow from Investing Activities (GAAP)	(242)	(208)	(257)	(588)	(205)	(1,295)
Cash Flow from Financing Activities (GAAP)	(281)	12	213	(679)	(39)	(735)

(a) Working capital represents total changes in accounts receivable, inventories and accounts payable – trade.

(b) Pension expense is the net periodic pension cost before curtailments, settlements and termination benefits as reported in the pension-related note in the Notes to Consolidated Financial Statements.

(c) Other includes amortization and write-off of debt issuance costs, net pension curtailments and settlements, net (gains) losses on asset sales, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.

Reconciliation for Free Cash Flow Target



Terms: US\$ billions

	2017-2020
Cash Flows from Operating Activities	\$8.9 - \$9.5
Capital Expenditures	<u>(\$4.6)</u>
Free Cash Flow	\$4.3 - \$4.9

GOODYEAR  **YEAR**®