



GOODYEAR



YEAR

Fourth Quarter 2016 Conference Call

February 8, 2017

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; increases in the prices paid for raw materials and energy; a labor strike, work stoppage or other similar event; foreign currency translation and transaction risks; deteriorating economic conditions or an inability to access capital markets; work stoppages, financial difficulties or supply disruptions at our suppliers or customers; the adequacy of our capital expenditures; our failure to comply with a material covenant in our debt obligations; potential adverse consequences of litigation involving the company; as well as the effects of more general factors such as changes in general market, economic or political conditions or in legislation, regulation or public policy. Additional factors are discussed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In addition, any forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.

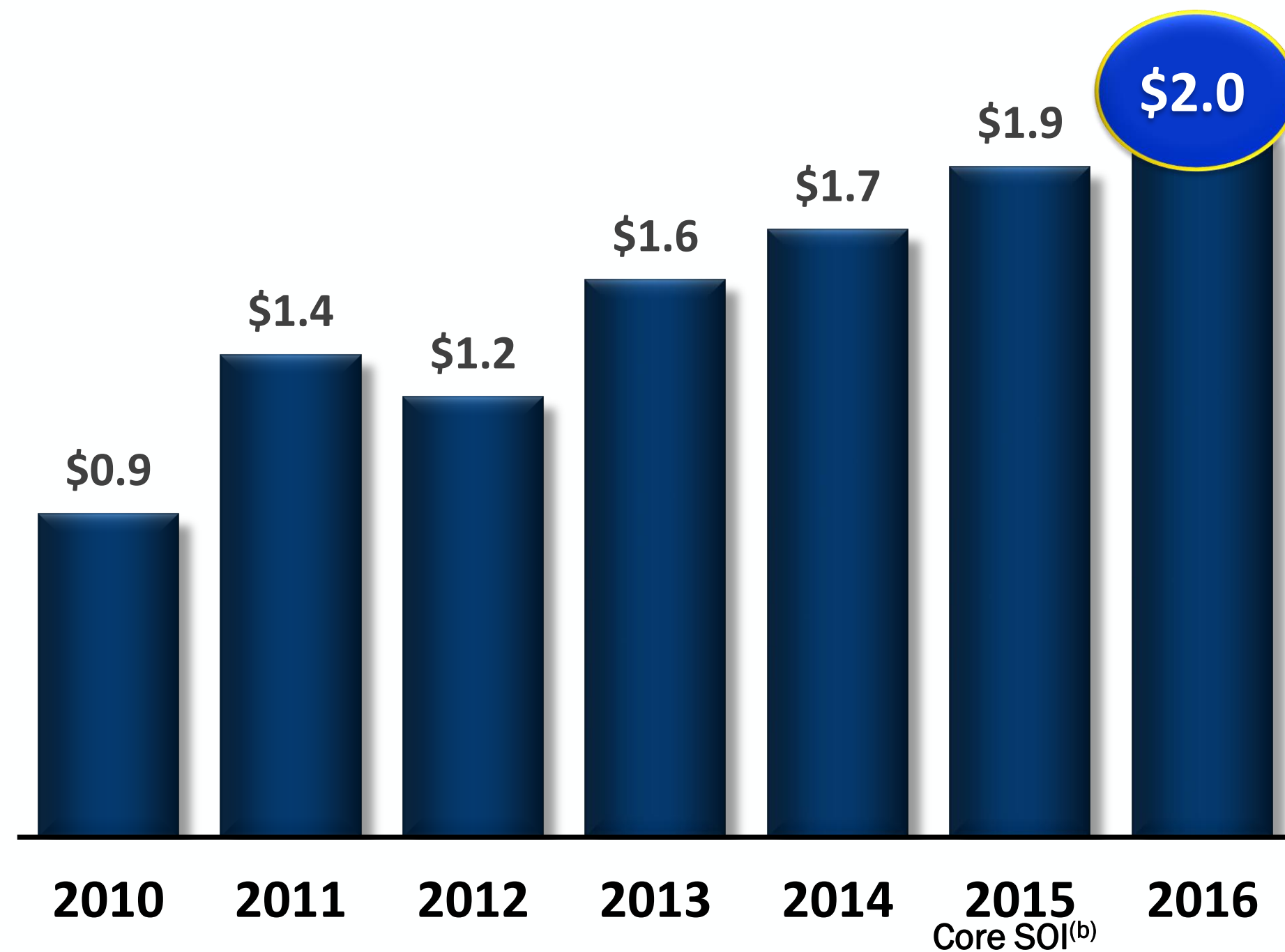
- **2016 segment operating income (SOI) within range of \$2,000 to \$2,025 million guidance ^(a)**
- **Full year adjusted earnings per share of \$4.00 ^(b), up 20%**
- **Americas full-year earnings of \$1,151 million, 14.1% operating margin**
- **Europe, Middle East and Africa full-year earnings of \$461 million, 9.4% operating margin**
- **Asia Pacific sets full-year earnings record of \$373 million, 17.7% operating margin**
- **Share repurchase authorization increased by \$1.0 billion**

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 43. Excludes a \$24 million unfavorable out of period adjustment related to intracompany profit elimination in the Americas, primarily related to years 2012 through 2015 with the majority attributable to 2012

(b) See 2016 Adjusted Diluted Earnings Per Share reconciliation in Appendix on page 36.

Segment Operating Income^(a)

Terms: US\$ billions

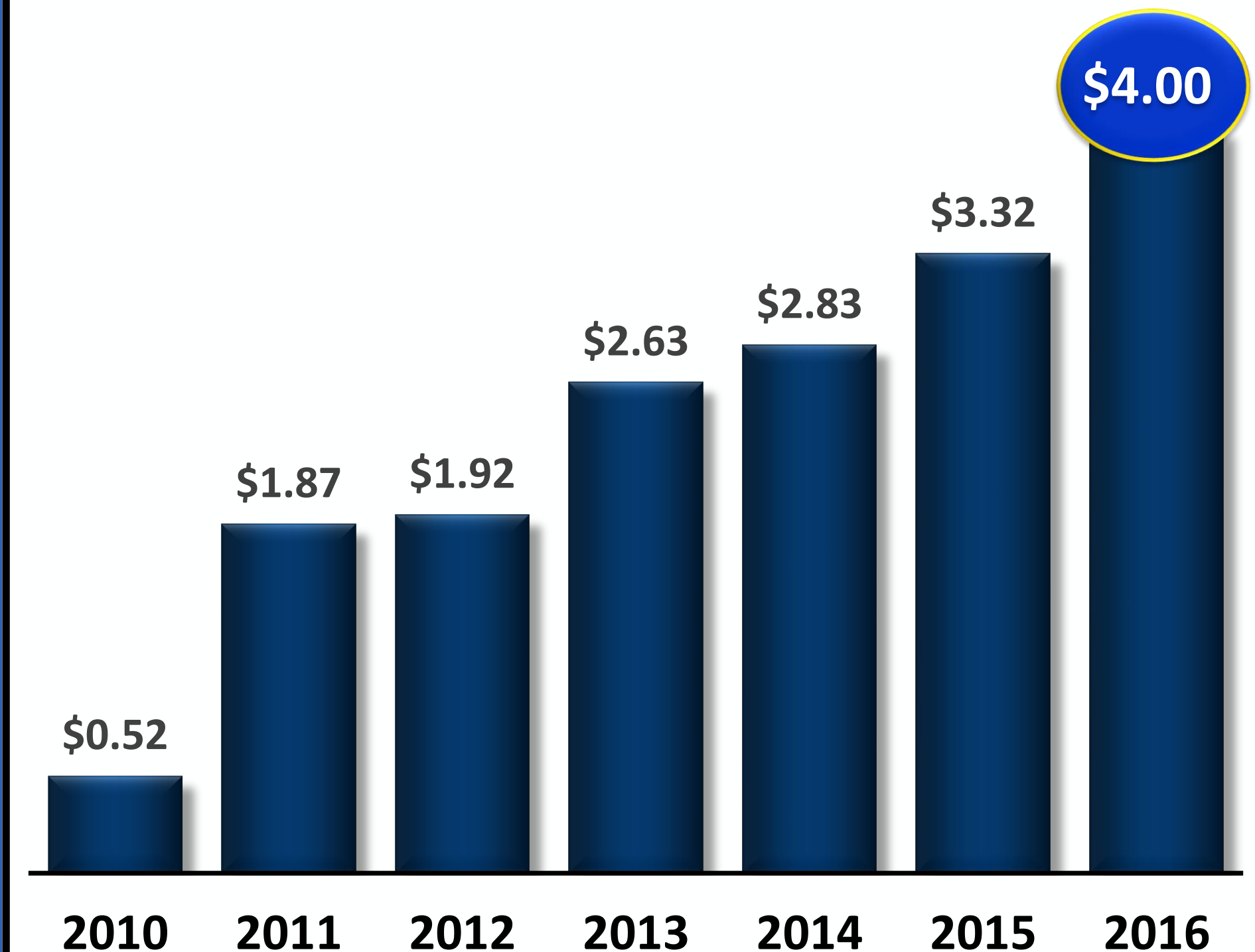


Our Progress

- ✓ **Reduced structural cost**
 - Pension and footprint
- ✓ **Reduced operating cost**
 - Net cost savings
- ✓ **Profitable growth**
 - Not chasing volume for volume's sake; but right tires, right mix

Full Year Operating EPS^(c)

Terms: Earnings Per Share



Proven ability to drive performance improvement ... results reflect our progress

(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see the Appendix at page 33. See Segment Operating Income and Margin reconciliation in Appendix on page 43. 2010 through 2012 have not been restated for the Americas consolidation.

(b) Core Segment Operating Income is Total Segment Operating Income excluding the operating income from our Venezuelan subsidiary which was deconsolidated on December 31, 2015.

(c) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 36 through 42.

Fourth Quarter 2016 Income Statement



Terms: US\$ millions
(except EPS)

	Three Months Ended		Change
	December 31, 2016	December 31, 2015	
Units	41.1	42.1	(2)%
Net Sales	\$ 3,741	\$ 4,063	(8)%
<i>Gross Margin</i>	27.2%	24.4%	2.8 pts
SAG	\$ 600	\$ 725	(17)%
Segment Operating Income ^(a)	\$ 479	\$ 480	(0)%
<i>Segment Operating Margin^(a)</i>	12.8%	11.8%	1.0 pts
Goodyear Net Income (Loss)	\$ 561	\$ (380)	
Goodyear Net Income (Loss) Per Share			
<i>Weighted Average Shares Outstanding</i>	258	269	
Basic	\$ 2.17	\$ (1.42)	
<i>Weighted Average Shares Outstanding - Diluted</i>	262	269	
Diluted	\$ 2.14	\$ (1.42)	
Cash Dividends Declared Per Common Share	\$ -	\$ 0.07	
Adjusted Diluted Earnings Per Share ^(b)	\$ 0.95	\$ 0.93	

+5%
excluding
Venezuela^(c)

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 43.

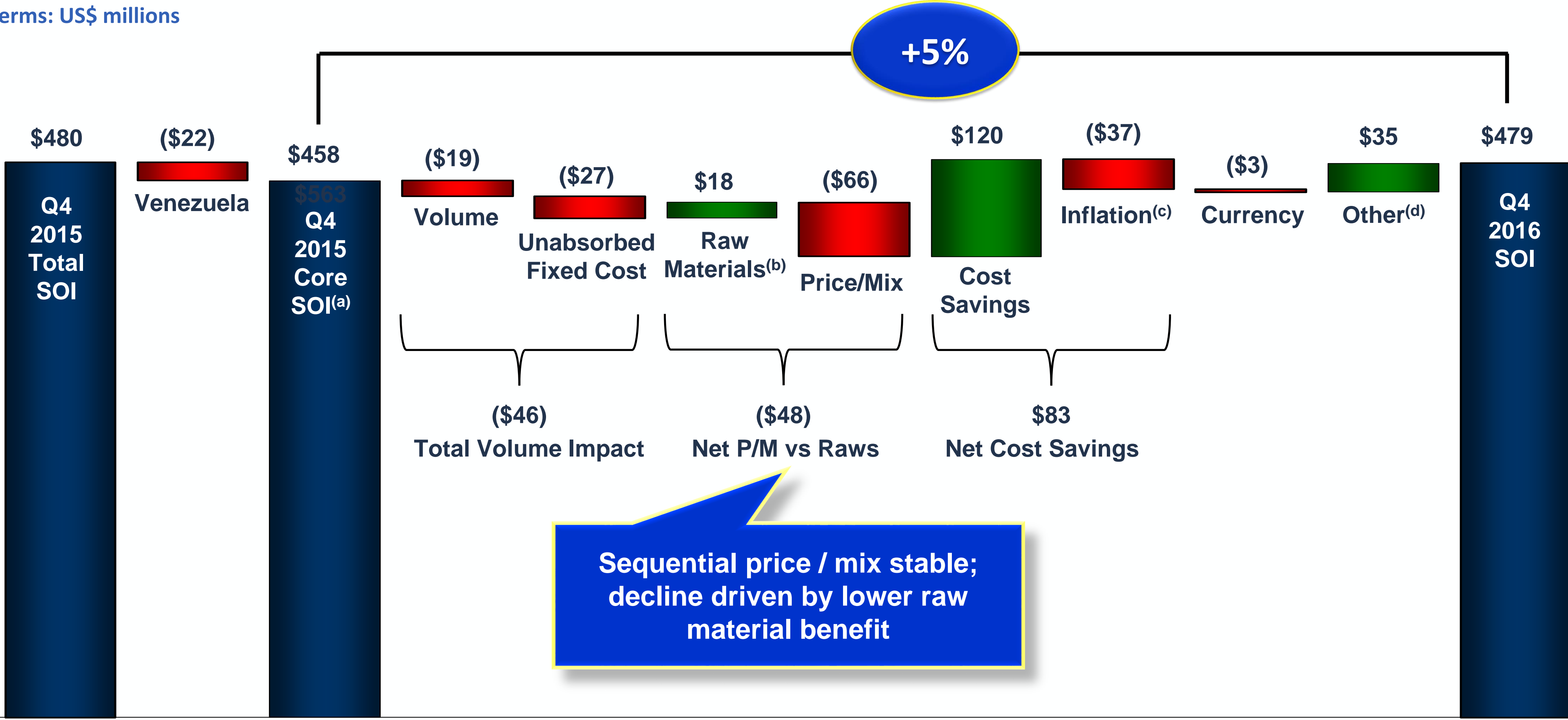
(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 34 and 35.

(c) See Appendix on page 28.

Fourth 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 \$18 million excludes raw material cost saving measures of \$43 million, which are included in Cost Savings.

(c) Estimated impact of inflation (wages, utilities, energy, transportation and other).

(d) Includes the favorable impact of incentive compensation and advertising.

Fourth Quarter 2016 Balance Sheet



Terms: US\$ millions

	December 31, 2016	September 30, 2016	December 31, 2015
Cash and Cash equivalents	\$ 1,132	\$ 975	\$ 1,476
Accounts receivable	1,769	2,649	2,033
Inventories	2,627	2,754	2,464
Accounts payable - trade	(2,589)	(2,600)	(2,769)
Working capital ^(a)	<u>\$ 1,807</u>	<u>\$ 2,803</u>	<u>\$ 1,728</u>
Total debt ^(b)	\$ 5,479	\$ 6,028	\$ 5,708
Net debt ^(b)	\$ 4,347	\$ 5,053	\$ 4,232
Memo:			
Net Global Unfunded Pension Liability	\$ 669		\$ 642
Adjusted Debt / EBITDAP ^(c)	2.39x		2.54x

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

(b) See Total Debt and Net Debt reconciliation in Appendix on page 44.

(c) See EBITDAP, Adjusted Debt and leverage ratio reconciliations in Appendix on page 45.

Fourth Quarter 2016

Free Cash Flow from Operations



Terms: US\$ millions

	Three Months Ended December 31,		Trailing Twelve Months Ended
	2016	2015	December 31, 2016
Net Income (Loss)	\$ 567	\$ (373)	\$ 1,284
Depreciation and Amortization	191	176	727
Change in Working Capital	833	666	(117)
Pension Expense	17	27	71
Provision for Deferred Income Taxes	(260)	(186)	(229)
Capital Expenditures	(285)	(327)	(996)
Loss on Deconsolidation of Venezuelan Subsidiary	-	646	-
Net Rationalization Charges	16	32	210
Other ^(a)	(61)	129	(267)
Free Cash Flow from Operations (non-GAAP)^(b)	\$ 1,018	\$ 790	\$ 683
Cash Flow from Operating Activities (GAAP)	\$ 1,267	\$ 1,052	\$ 1,504
Cash Flow from Investing Activities (GAAP)	\$ (266)	\$ (588)	\$ (973)
Cash Flow from Financing Activities (GAAP)	\$ (804)	\$ (679)	\$ (860)

(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 46.

Fourth Quarter 2016 - Segment Results Americas



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	18.7	19.6	(4.6%)
Net Sales	\$2,061	\$2,313	(10.9%)
Operating Income	\$295	\$284	3.9%
Margin	14.3%	12.3%	

+13%
excluding
Venezuela

- Operating income growth of \$33 million excluding Venezuela
- Strong performance in consumer offsetting weakness in U.S. commercial truck
- Volume impact driven by:
 - Venezuela deconsolidation (0.3 million units)
 - Consumer OE (0.3 million units)
 - U.S. Commercial OE (0.2 million units)

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



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	14.1	14.2	(0.7%)
Net Sales	\$1,132	\$1,191	(5.0%)
Operating Income	\$81	\$100	(19.0%)
Margin	7.2%	8.4%	

- Continued growth in $\geq 17''$
- Lower OE volume, driven by OE selectivity and focus on $\geq 17''$
- Consumer replacement up 1%; $\geq 17''$ offsetting declines in $< 17''$
- Lower price / mix related to raw material indexed agreements with OEMs

Fourth Quarter 2016 - Segment Results Asia Pacific



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Units	8.4	8.3	1.2%
Net Sales	\$548	\$559	(2.0%)
Operating Income	\$103	\$96	7.3%
Margin	18.8%	17.2%	

- Record fourth quarter and full year operating income
- Strength in China driving volume growth; fourth quarter consumer replacement up 20%
- Increasing raw material costs impacting fourth quarter results

2017 Select ≥ 17 " OE Fitment Wins



Americas
Cadillac CT6



Image Credit: Cadillac

EMEA
BMW 5-Series



Image Credit BMW

Asia Pacific
Audi A4



Image Credit: Audi

Ford Super Duty



Image Credit Ford

Jaguar F-Pace



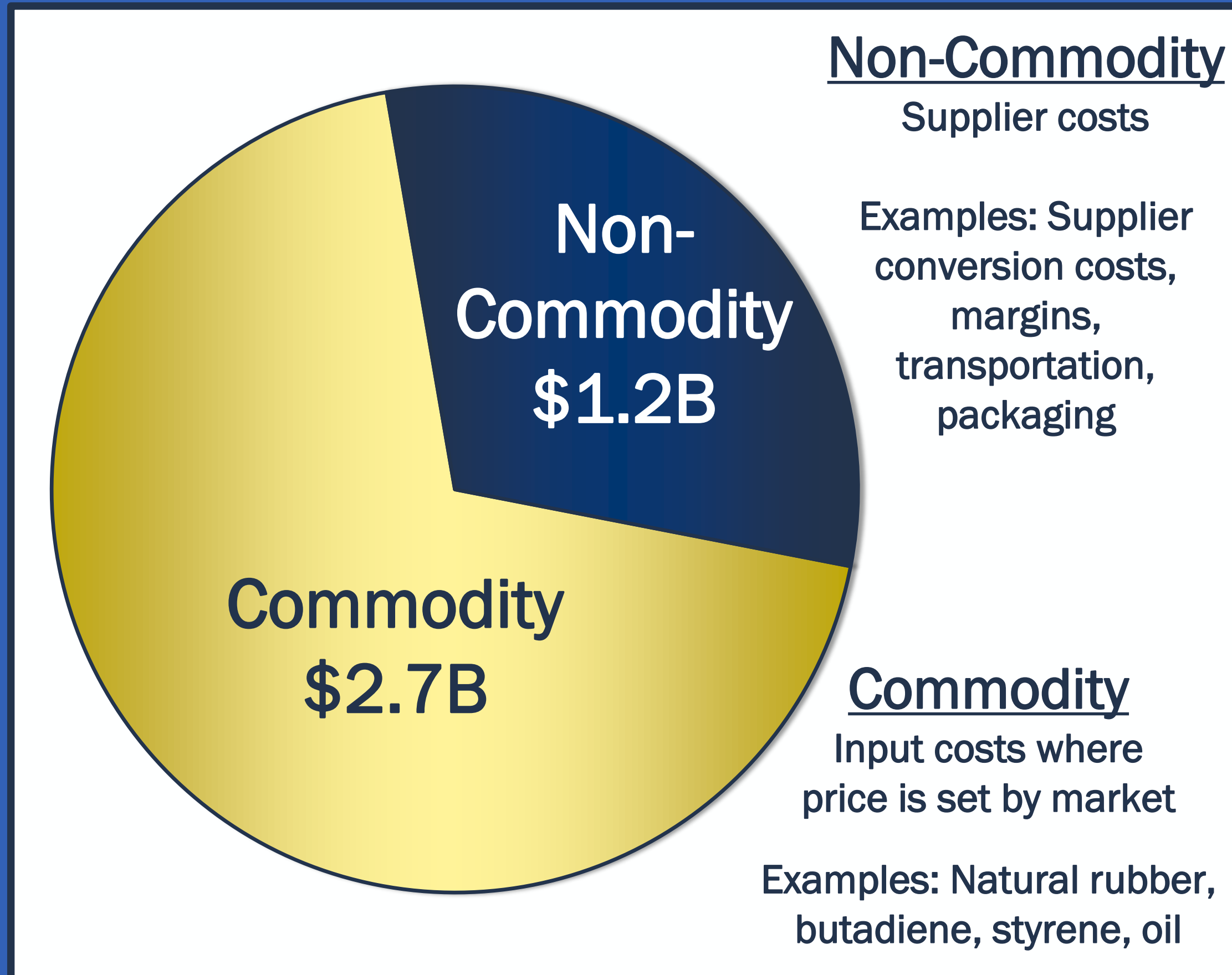
Image Credit Jaguar

Honda CRV

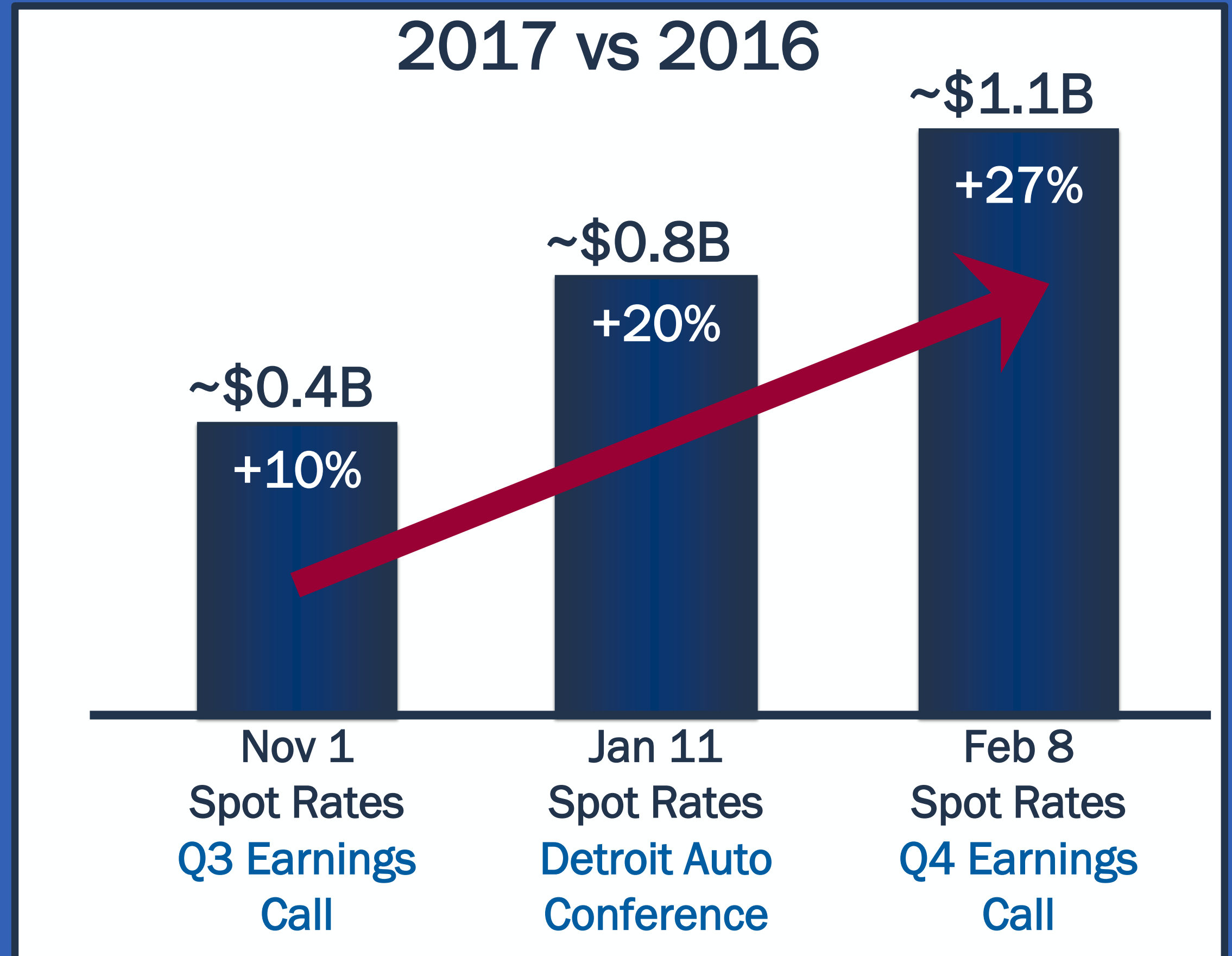


Image Credit: Honda

2016 Raw Material Costs

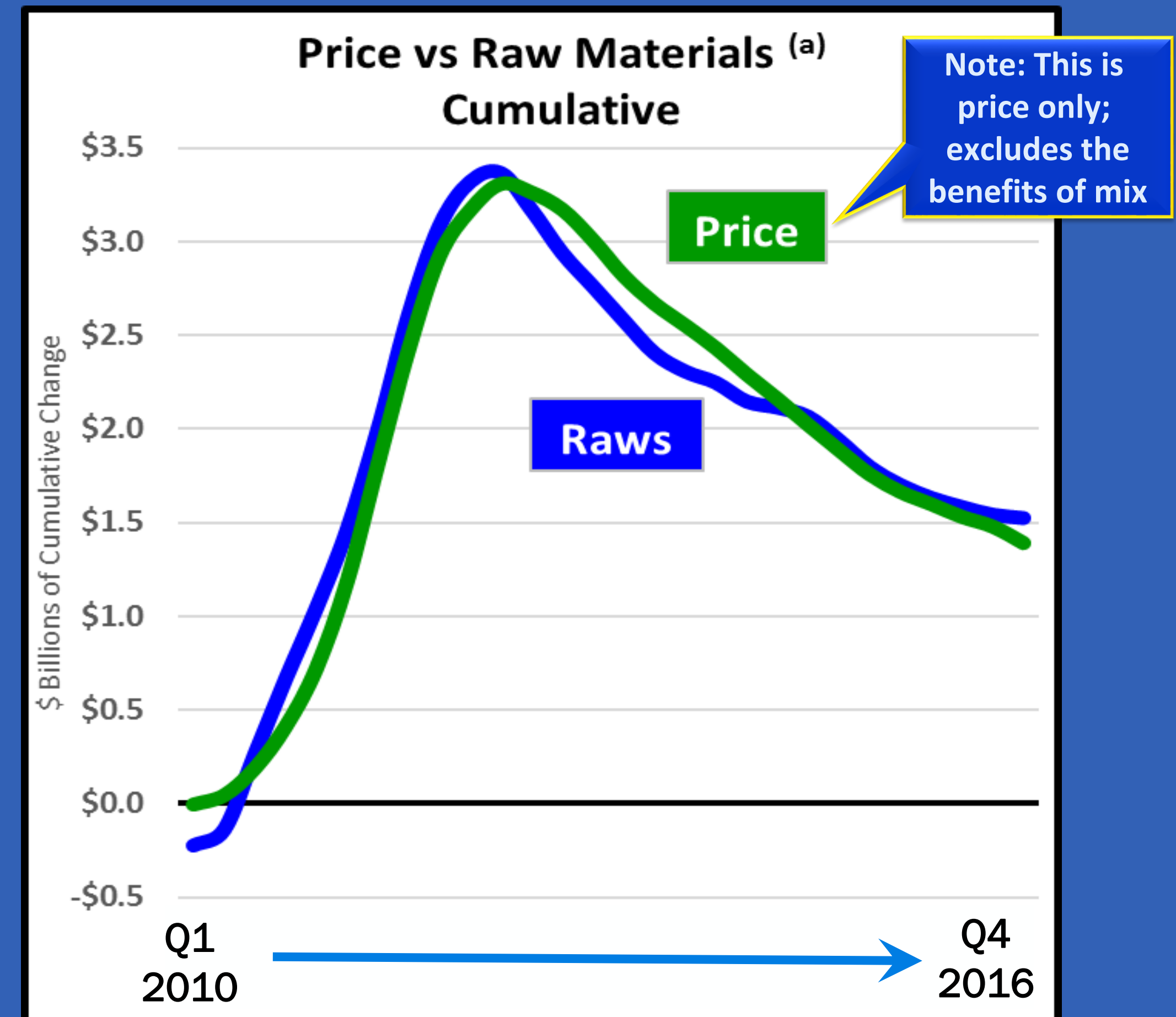
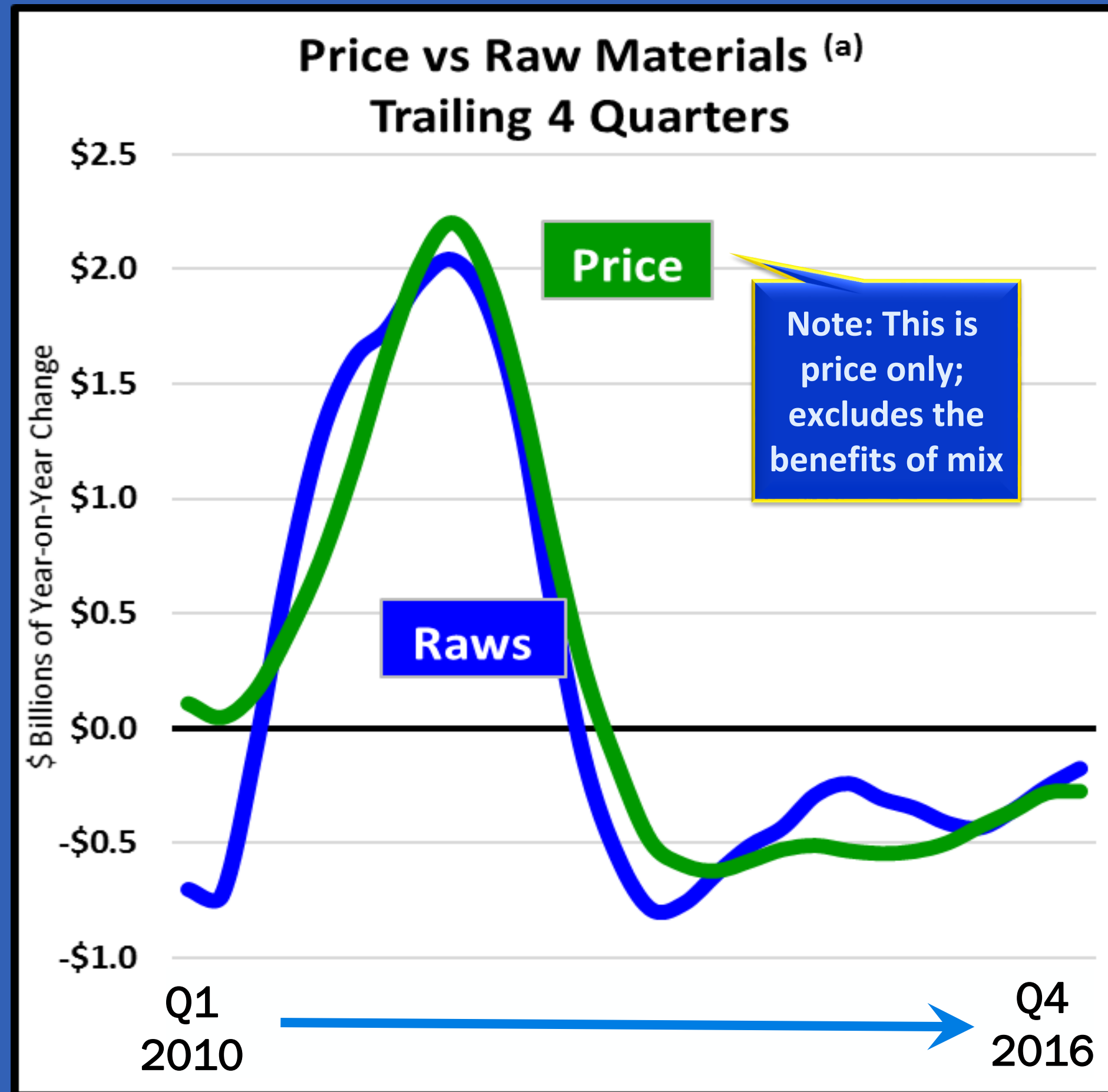


Raw Material Cost Increase



Rapid and dramatic increase in raw material cost driven by commodity inflation

Price vs. Raws History



Absolute margin dollars have been protected during periods of rising & falling raw material costs

(a) Raw Materials are changes versus prior year and excludes raw material cost savings; all data excludes Venezuela.

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

	<u>Q4</u>	<u>FY</u>
RMA Members (≥ 17 "	9%	9%
RMA Members (< 17 "	-8%	-11%
Total	0%	-1%
Non-Members	25%	18%
Total U.S.	4%	2%
Goodyear (≥ 17 "	7%	9%

- Non-members' growth driven by weak comparable in 2015
- Focus remains on growth in ≥ 17 "
- Strong fundamentals in vehicle miles traveled, gasoline prices and fuel consumption

(a) Source: Rubber Manufacturers Association

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

	<u>Q4</u>	<u>FY</u>
ETRMA Members ($\geq 17''$)	11%	10%
ETRMA Members ($< 17''$)	-1%	-4%
Total	5%	2%
Non-Members	3%	3%
Total EU + Turkey	4%	2%
Goodyear ($\geq 17''$)	19%	10%

- Continued growth in $\geq 17''$ segment
- Goodyear winter volume nearly double the market in $\geq 17''$ for Q4, FY
- Goodyear volume declines in $< 17''$ driven by summer segment and increased competition

2020 Segment Operating Income Target (a)



Terms: US\$ millions

Positive SOI Drivers 2018 vs 2017 Potential Impact

- Catch-up on 2017 OE RMI pricing ~\$100
- EMEA cost programs \$50 - \$60
- U.S. Commercial recovery \$25 - \$35
- Net cost savings \$100 - \$150
- ≥ 17 " volume/mix growth \$175 - \$200
(includes Americas plant)

2020 SOI Target



Remain well positioned to achieve 2020 target

(a) For additional drivers and risk factors see Appendix on Page 32. For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 33.

1st Half 2017 vs 2016

↓ ~ -10% ↓

- Volume (driven by EMEA)
- Unabsorbed Overhead
- Unfavorable Price/Mix vs Raws (Timing)
- Unfavorable Foreign Exchange
- + Cost Savings
- Americas plant start-up costs

2nd Half 2017 vs 2016

↑ ~ +10% ↑

- + Volume
- + Unabsorbed Overhead
- + Favorable Price/Mix vs Raws
- Unfavorable Foreign Exchange
- + Cost Savings
- Americas plant start-up costs

Strong second half sets stage for 2018

2017 Key Segment Operating Income Drivers ^(a)



Driver	Current Outlook 2017 vs 2016	Comments
Global Volume	~1%	Growth in ≥ 17 " partially offset by declines in < 17 "
Net Price/Mix vs Raw Materials	~Flat	Raw material costs up ~\$1.1 billion (+27%) at current spot rates; price/mix to offset
Overhead Absorption	~(\$70) million	Primarily first half
Cost Savings vs Inflation	~\$140 million	Continue to focus on operational excellence & SAG
Foreign Exchange	~(\$50) million	Based on current spot rates
Other	~(\$50) million	Americas plant start up costs, R&D and depreciation

Expect 2017 SOI ~\$2.0 billion

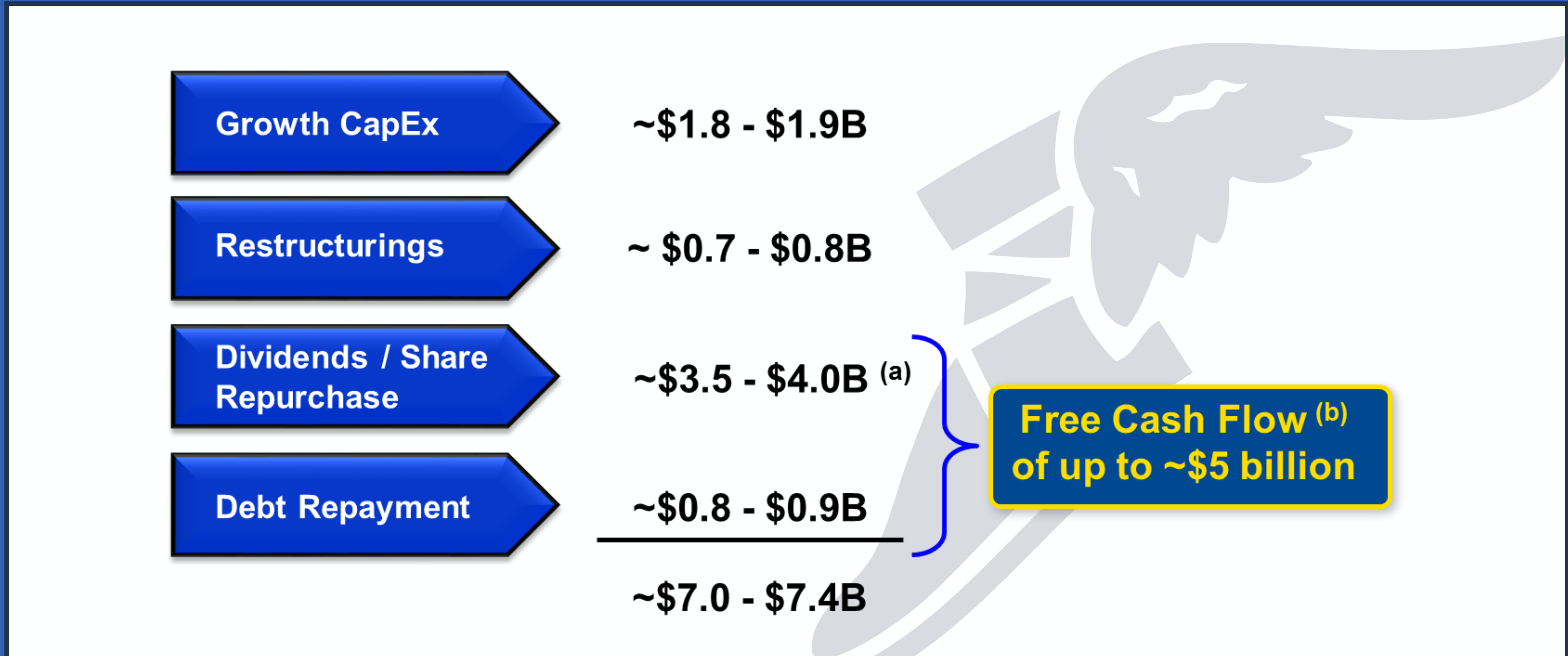
(a) Segment Operating Income in 2016 was \$1,985 million. For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 33.

2017 Outlook – Other Financial Assumptions



	2017 FY Assumption
Interest Expense	\$340 - \$365 million
Financing Fees	~\$35 million
Income Tax	Expense: ~30% of global pre-tax operating income; Cash: ~15% of global pre-tax operating income
Depreciation & Amortization	~\$750 million
Global Pension Expense	\$75 - \$100 million
Global Pension Cash Contributions	\$50 - \$75 million
Working Capital	Use of ~\$200 million
Capital Expenditures	~\$1.0 billion; Driving $\geq 17\%$ growth in volume & mix
Restructuring Payments	~\$150 million
Corporate Other	~\$160 million

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



Increase to share repurchase authorization of \$1.0 billion

(a) \$1.0 billion in additional share repurchase authorizations approved by the Board of Directors on February 2, 2017. Remaining authorization for share repurchases is \$1.2 billion and 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 33. See Free Cash Flow reconciliation in Appendix on page 47.

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



SALES & MARKETING EXCELLENCE

Build the value of our brand, help our customers win in their markets, and become consumers' preferred choice

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

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

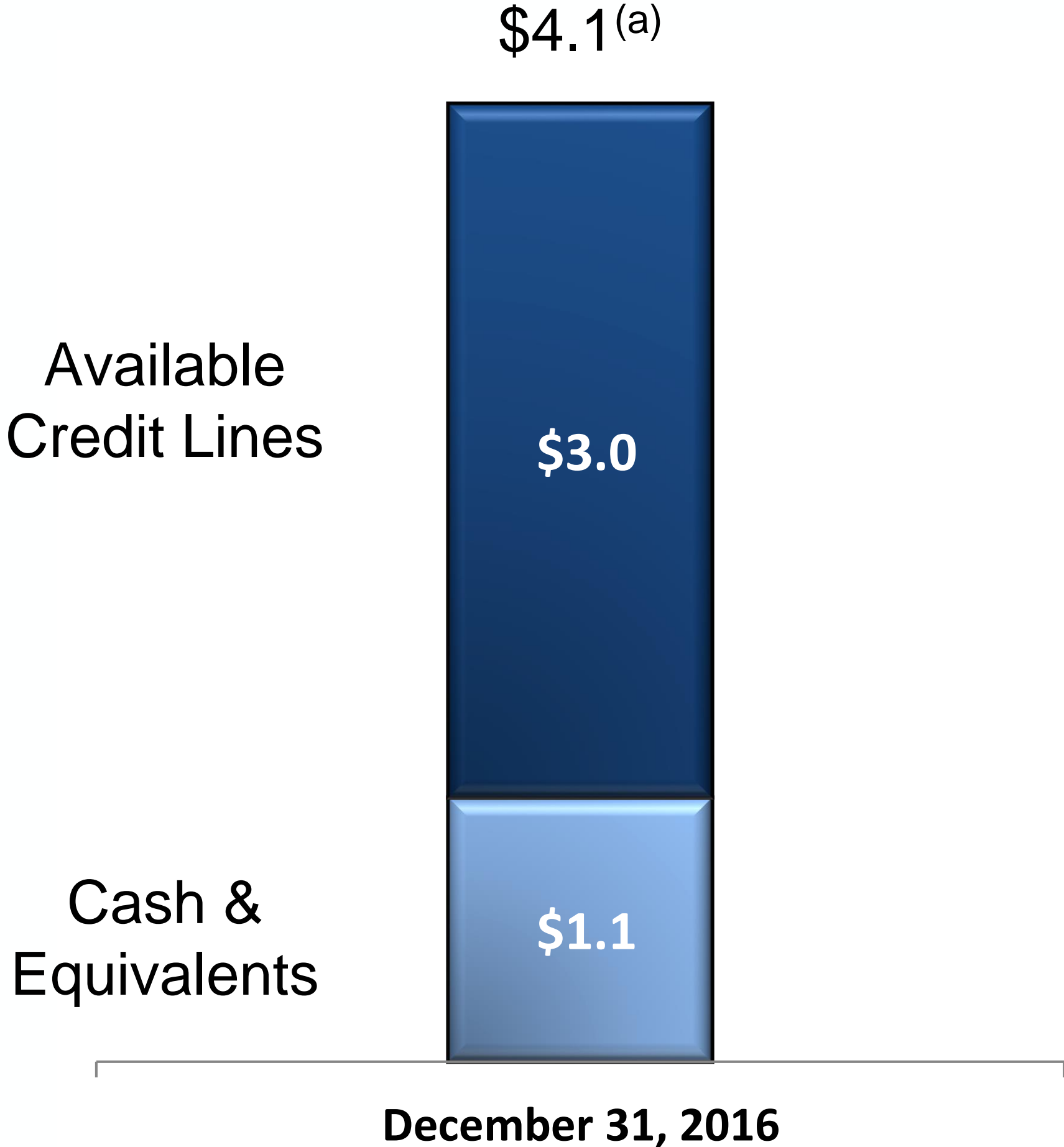
GOOD YEAR[®]

Appendix

Fourth Quarter 2016 – Liquidity Profile



Terms: US\$ billions




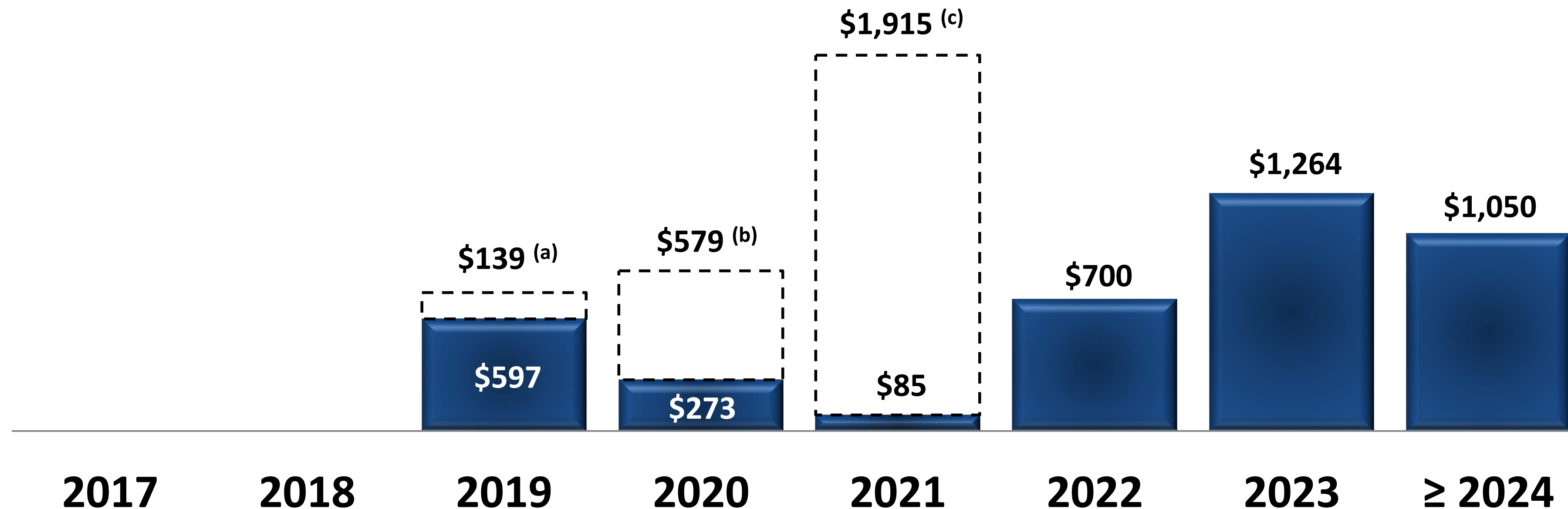
(a) Total liquidity comprised of \$1,132 million of cash and cash equivalents, as well as \$2,970 million of unused availability under various credit agreements.

Fourth Quarter 2016 – Maturity Schedule



Terms: US\$ millions

 Undrawn Credit Lines
 Funded Debt



Note: Based on December 31, 2016 balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

(a) At December 31, 2016 the amounts available and utilized under the Pan-European securitization program totaled \$198 million (€188 million).

(b) At December 31, 2016 there were no borrowings outstanding under the €550 million European revolving credit facility and no letters of credit were issued.

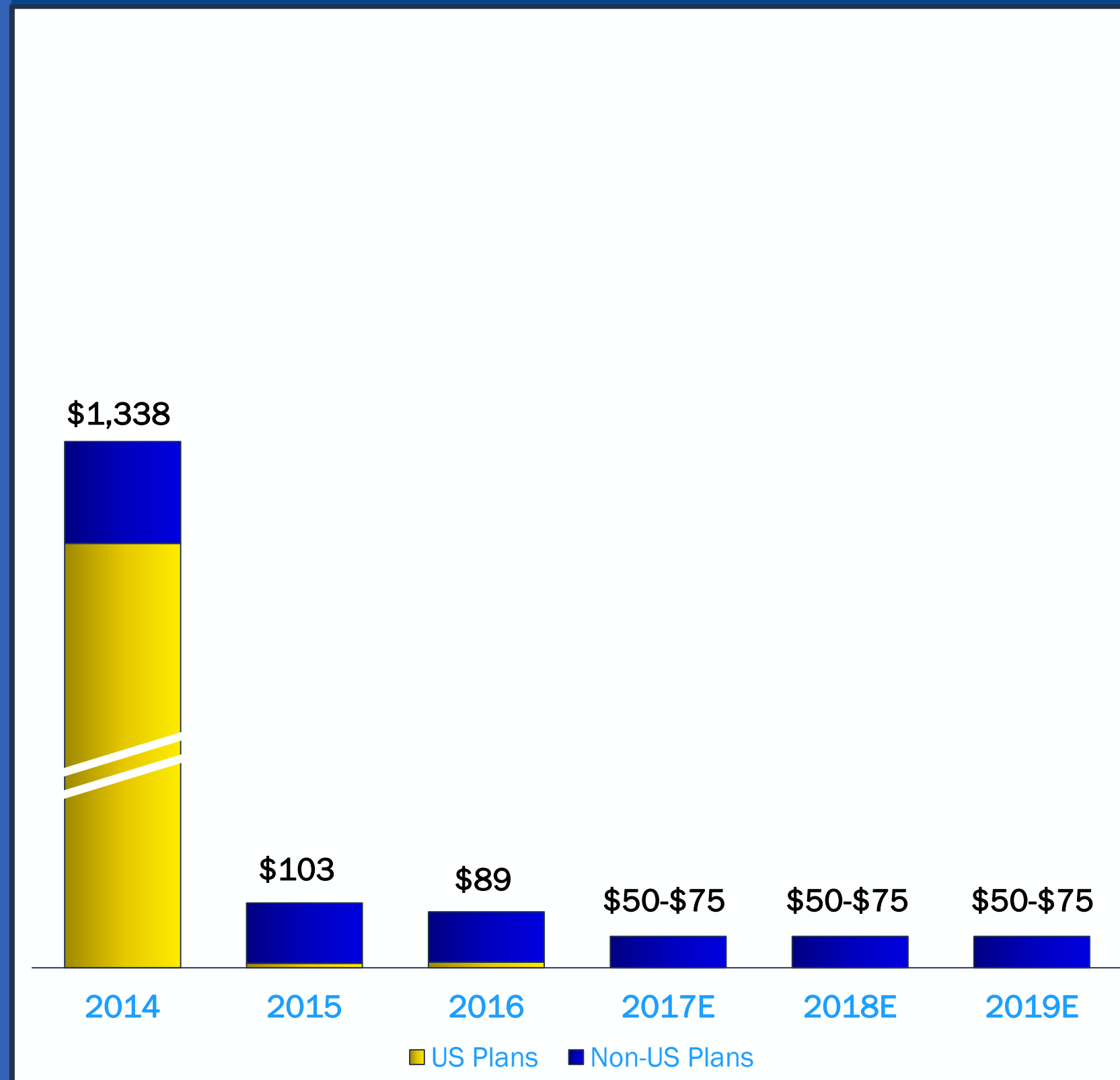
(c) At December 31, 2016 our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$369 million below the facility's stated amount of \$2.0 billion. At December 31, 2016 the total amount outstanding under the U.S. revolving credit facility was \$85 million and \$40 million of letters of credit were issued.

Pension Update

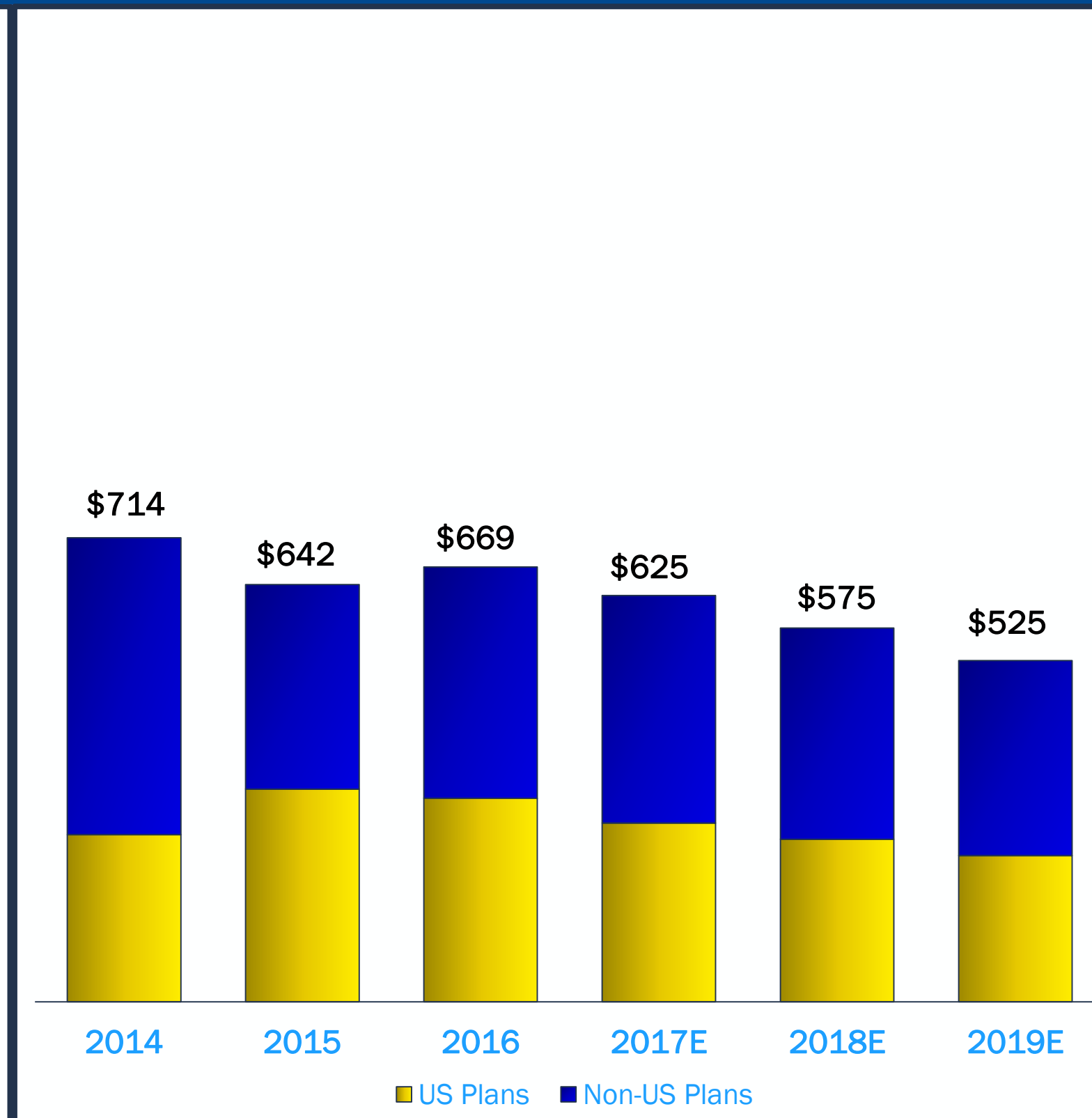


Terms: US\$ millions

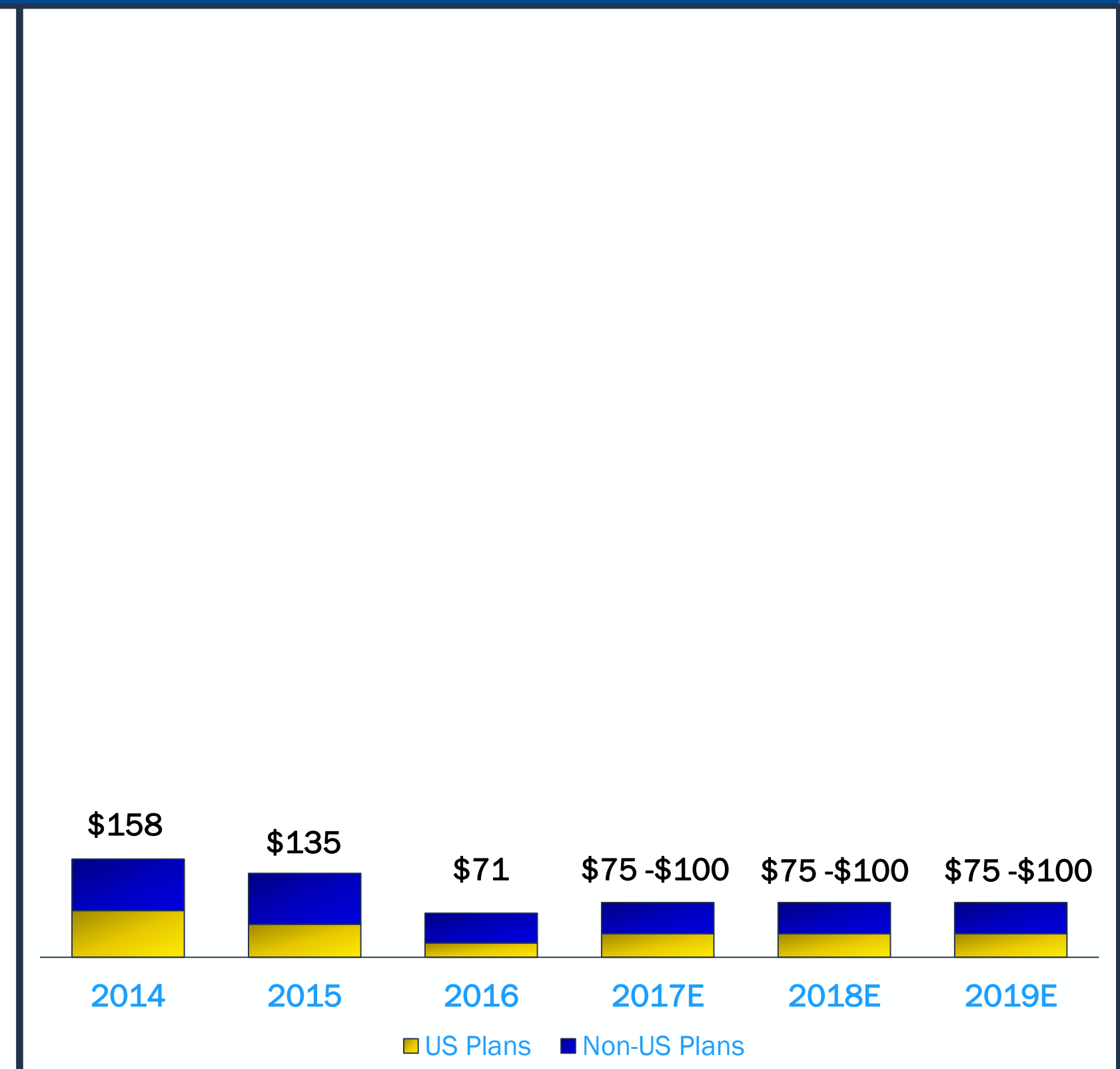
Total Global Cash Flow Impact ^(a) ^(c)



Global Unfunded Obligations ^(c)



Global Pension Expense ^(b) ^(c)



(a) Includes cash funding for direct benefit payments for 2014 - 2016 only.

(b) Excludes one-time charges and benefits from pension settlements and curtailments.

(c) 2017E - 2019E are based on assumptions as of December 31, 2016 and reflects the deconsolidation of our Venezuelan subsidiary.

2017 Full-Year Industry Outlook



	Full-Year 2017 Guidance	
	United States	Western Europe ^(a)
Consumer Replacement	~Flat - 1%	~Flat
Consumer OE	~1%	~Flat
Commercial Replacement	~1 - 2%	~2%
Commercial OE	~(6%)	~4%

(a) For replacement, Western Europe is Europol and Turkey. For OE, Western Europe is total EMEA.

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

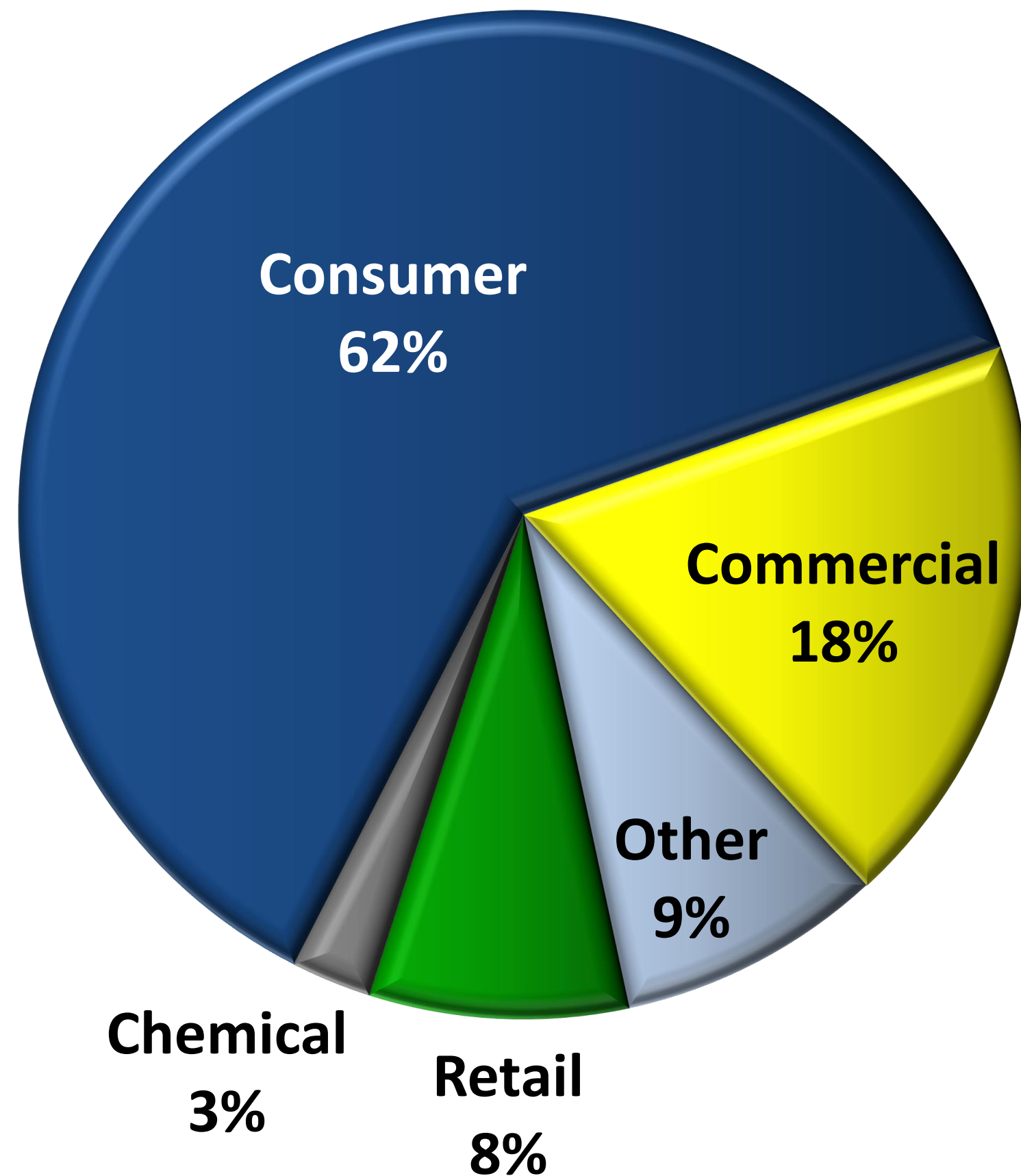
(a) In addition to the foreign currency exchange impact in Venezuela, 2015 included \$8 million of foreign currency exchange losses on bolivar denominated assets held by other Goodyear entities.

Full Year 2016 Tire Unit & Sales Summary



Terms: millions

2016 Sales = \$15,158



	2016	2015 (a)	% Change
Consumer			
Units	153.0	151.3	1.1%
Sales	\$9,414	\$9,591	(1.8%)
Commercial			
Units	11.6	12.1	(4.2%)
Sales	\$2,806	\$3,128	(10.3%)

(a) Excludes Venezuela which was deconsolidated on December 31, 2015.

Goodyear Consumer $\geq 17''$ Sales Volume (a)



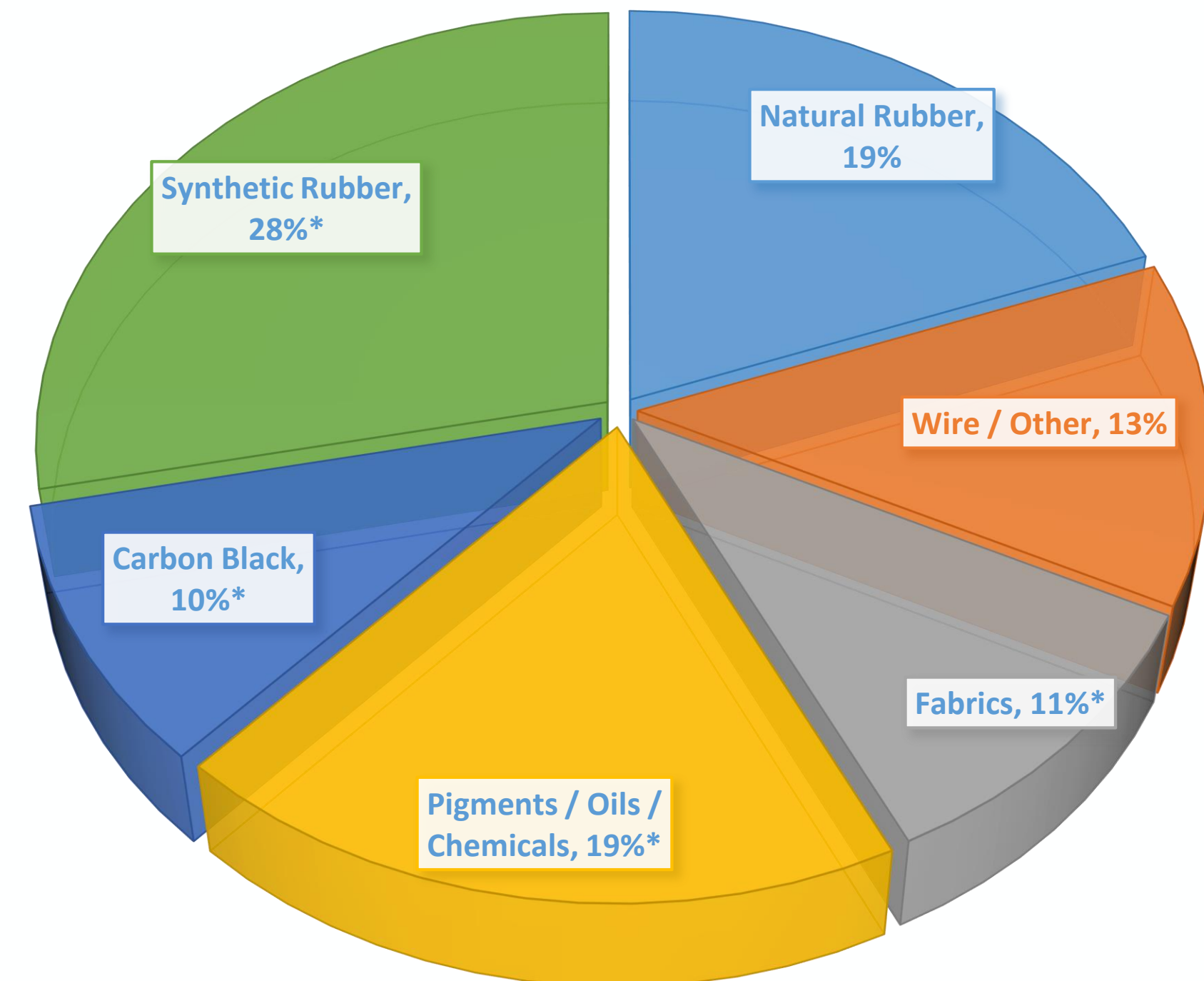
2016	OE	Replacement	Total
Americas	80%	40%	50%
EMEA	45%	25%	30%
Asia Pacific	30%	30%	30%
Total Company	55%	30%	40%

(a) All percentages are approximate.

- ✓ Raw materials are ~40% of tire COGS
- ✓ ~65% of raw materials are influenced by oil prices
 - P&L impact lags spot rates by 1-2 quarters depending on commodity
- ✓ ~60% of raw materials are purchased in USD
- ✓ Customer agreements indexed to raw materials
 - OE customers
 - Certain large Commercial fleets
 - OTR customers

Global Raw Material Spend

FY 2016 Estimate



*Petrochemical based

Recent increases in commodity prices will be an
~\$1.1 billion headwind to 2017 raw material costs

Key drivers

- ✓ Moderate global industry growth, including:
 - Above market growth in ≥ 17 "
 - Emerging markets growth
- ✓ Goodyear volume growth of 20 million units, primarily in ≥ 17 "
- ✓ Price/mix supported by innovation
- ✓ Achieve cost savings and unabsorbed fixed cost recovery
- ✓ Deliver on high-return investments

Risk Factors

- ✓ Economic environment
 - Significant weakness in key markets
- ✓ Raw materials
 - Timing of cost increases
 - Availability of select materials
- ✓ Higher wages and general inflation
 - Further cost savings may be required

Execution required, risks need to be managed

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, the ratio of Adjusted Debt to EBITDAP, 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' (SBUs') 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.

Adjusted Debt is the sum of the company's total debt and global pension liability, each as determined in accordance with U.S. GAAP, and EBITDAP, as adjusted, represents Net Income, as determined in accordance with U.S. GAAP (the most directly comparable U.S. GAAP financial measure to EBITDAP), before interest expense, income tax expense, depreciation and amortization expense, net periodic pension cost, rationalization charges, and other (income) and expense. Management believes that the ratio of Adjusted Debt to EBITDAP, or similar ratios, are widely used by investors as a means of evaluating the company's leverage.

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.

Fourth Quarter 2016 Significant Items

(After Tax and Minority Interest)



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

	As Reported	Discrete Tax Items	Insurance Recovery - Discontinued Products	Net Gains on Asset Sales	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Legal Claims Unrelated to Operations	Pension Settlement	As Adjusted
Net Sales	\$ 3,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,741
Cost of Goods Sold	2,722	-	-	-	(10)	-	(2)	2,710
Gross Margin	1,019	-	-	-	10	-	2	1,031
SAG	600	-	-	-	-	-	(1)	599
Rationalizations	16	-	-	-	(16)	-	-	-
Interest Expense	87	-	-	-	-	-	-	87
Other (Income) Expense	(13)	-	17	3	-	(10)	-	(3)
Pre-tax Income	329	-	(17)	(3)	26	10	3	348
Taxes	(238)	331	(7)	(1)	2	4	-	91
Minority Interest	6	1	-	-	1	-	-	8
Goodyear Net Income	\$ 561	\$ (332)	\$ (10)	\$ (2)	\$ 23	\$ 6	\$ 3	\$ 249
EPS	\$ 2.14	\$ (1.26)	\$ (0.04)	\$ (0.01)	\$ 0.09	\$ 0.02	\$ 0.01	\$ 0.95

Fourth Quarter 2015 Significant Items ^(a)



(After Tax and Minority Interest)

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

	As Reported	Loss on Deconsolidation of Venezuelan Subsidiary	Pension Settlement	Debt Redemption	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Transaction Costs and Net Gains on Asset Sales	SRI Share Sale	Discrete Tax Items	As Adjusted
Net Sales	\$ 4,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,063
Cost of Goods Sold	3,071	-	(88)	-	(4)	-	-	-	2,979
Gross Margin	992	-	88	-	4	-	-	-	1,084
SAG	725	-	(49)	-	-	1	-	2	679
Rationalizations	32	-	-	-	(32)	-	-	-	-
Interest Expense	116	-	-	(16)	-	-	-	-	100
Loss on Deconsolidation of Venezuelan Subsidiary	646	(646)	-	-	-	-	-	-	-
Other (Income) Expense	(17)	-	-	(41)	-	50	30	-	22
Pre-tax Income (Loss)	(510)	646	137	57	36	(51)	(30)	(2)	283
Taxes	(137)	69	51	22	6	(11)	2	18	20
Minority Interest	7	-	-	-	-	(1)	-	-	6
Goodyear Net Income (Loss)	\$ (380)	\$ 577	\$ 86	\$ 35	\$ 30	\$ (39)	\$ (32)	\$ (20)	\$ 257
EPS ^(b)	\$ (1.39)	\$ 2.11	\$ 0.31	\$ 0.13	\$ 0.11	\$ (0.15)	\$ (0.12)	\$ (0.07)	\$ 0.93

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

(b) Calculation of Diluted EPS reflects 4 million weighted average shares outstanding for stock options and other securities not included in Goodyear Net Income (Loss) Per Share Diluted as shown on page 5 as their inclusion was anti-dilutive.

Full Year 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	Insurance Recovery - Discontinued Products	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Debt Repayments	Americas Intracompany Profit Elimination Adjustment	Pension Settlement	Legal Claims Unrelated to Operations	As Adjusted
Net Sales	\$ 15,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,158
Cost of Goods Sold	10,972	-	-	-	(20)	-	(24)	(16)	-	10,912
Gross Margin	4,186	-	-	-	20	-	24	16	-	4,246
SAG	2,407	(2)	-	-	-	-	-	(1)	-	2,404
Rationalizations	210	-	-	-	(210)	-	-	-	-	-
Interest Expense	372	-	-	-	-	(11)	-	-	-	361
Other (Income) Expense	(10)	-	31	24	-	(54)	-	-	(10)	(19)
Pre-tax Income	1,207	2	(31)	(24)	230	65	24	17	10	1,500
Taxes	(77)	458	(5)	(9)	11	20	9	-	4	411
Minority Interest	20	2	-	-	1	-	-	-	-	23
Goodyear Net Income	\$ 1,264	\$ (458)	\$ (26)	\$ (15)	\$ 218	\$ 45	\$ 15	\$ 17	\$ 6	\$ 1,066
EPS	\$ 4.74	\$ (1.71)	\$ (0.10)	\$ (0.06)	\$ 0.82	\$ 0.17	\$ 0.06	\$ 0.06	\$ 0.02	\$ 4.00

Full Year 2015 Significant Items (a)

(After Tax and Minority Interest)



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

	As Reported	Loss on Deconsolidation of Venezuelan Subsidiary	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Pension Settlement	Debt Redemption	Charges for Labor Claims Related to a Closed Facility in Greece	Gain on Recognition of Deferred Royalty Income	SRI Share Sale	Net Income and Other Discrete Tax Benefits	Transaction Costs and Net Gains on Asset Sales	Insurance Recovery - Discontinued Products	As Adjusted
Net Sales	\$ 16,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,443
Cost of Goods Sold	12,164	-	(9)	(88)	-	-	-	-	1	-	-	12,068
Gross Margin	4,279	-	9	88	-	-	-	-	(1)	-	-	4,375
SAG	2,614	-	-	(49)	-	-	-	-	2	(6)	-	2,561
Rationalizations	114	-	(114)	-	-	-	-	-	-	-	-	-
Interest Expense	438	-	-	-	(16)	-	-	-	-	-	-	422
Loss on Deconsolidation of Venezuelan Subsidiary	646	(646)	-	-	-	-	-	-	-	-	-	-
Other (Income) Expense	(141)	-	-	-	(41)	(4)	155	30	1	41	25	66
Pre-tax Income	608	646	123	137	57	4	(155)	(30)	(4)	(35)	(25)	1,326
Taxes	232	69	14	51	22	-	(56)	2	19	(11)	(9)	333
Minority Interest	69	-	17	-	-	-	-	-	2	(1)	-	87
Goodyear Net Income	\$ 307	\$ 577	\$ 92	\$ 86	\$ 35	\$ 4	\$ (99)	\$ (32)	\$ (25)	\$ (23)	\$ (16)	\$ 906
EPS	\$ 1.12	\$ 2.11	\$ 0.34	\$ 0.31	\$ 0.13	\$ 0.02	\$ (0.36)	\$ (0.12)	\$ (0.09)	\$ (0.08)	\$ (0.06)	\$ 3.32

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

Full Year 2014 Significant Items (a)

(After Tax and Minority Interest)



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

	As Reported	Discrete Tax Items	Net Gains on Asset Sales	Net Venezuelan Currency Losses	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Pension Curtailments and Settlements	Charges for Labor Claims Related to a Closed Facility in Greece	Government Investigation in Africa	As Adjusted
Net Sales	\$ 18,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,138
Cost of Goods Sold	13,906	(11)	-	-	(7)	(38)	-	-	13,850
Gross Margin	4,232	11	-	-	7	38	-	-	4,288
SAG	2,720	-	-	-	-	-	-	-	2,720
Rationalizations	95	-	-	-	(95)	-	-	-	-
Interest Expense	444	6	-	-	-	-	-	-	450
Other (Income) Expense	286	10	3	(200)	-	-	(22)	(16)	61
Pre-tax Income	687	(5)	(3)	200	102	38	22	16	1,057
Taxes	(1,834)	1,972	-	25	9	-	-	-	172
Minority Interest	69	1	1	-	22	2	-	-	95
Goodyear Net Income	\$ 2,452	\$ (1,978)	\$ (4)	\$ 175	\$ 71	\$ 36	\$ 22	\$ 16	\$ 790
EPS	\$ 8.78	\$ (7.09)	\$ (0.01)	\$ 0.63	\$ 0.25	\$ 0.13	\$ 0.08	\$ 0.06	\$ 2.83

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

Full Year 2013 Significant Items (a)

(After Tax and Minority Interest)



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

	As Reported	Net Venezuela Remeasurement Loss	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Charges for Labor Claims Related to a Closed Facility in Greece	Discrete Tax Items	Net Gains on Asset Sales	Insurance Recoveries from Thailand Flood	As Adjusted
Net Sales	\$ 19,540	\$ -	\$ -	\$ -	\$ (5)	\$ -	\$ -	\$ 19,535
Cost of Goods Sold	15,422	-	(23)	-	-	-	-	15,399
Gross Margin	4,118	-	23	-	(5)	-	-	4,136
SAG	2,758	-	-	-	-	-	-	2,758
Rationalizations	58	-	(58)	-	-	-	-	-
Interest Expense	407	-	-	-	(1)	-	-	406
Other (Income) Expense	82	(115)	-	(6)	11	8	9	(11)
Pre-tax Income	813	115	81	6	(15)	(8)	(9)	983
Taxes	138	23	10	-	39	(1)	(2)	207
Minority Interest	46	-	13	-	(7)	-	(1)	51
Goodyear Net Income	\$ 629	\$ 92	\$ 58	\$ 6	\$ (47)	\$ (7)	\$ (6)	\$ 725
EPS	\$ 2.28	\$ 0.33	\$ 0.21	\$ 0.02	\$ (0.17)	\$ (0.02)	\$ (0.02)	\$ 2.63

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

Full Year 2012 Significant Items (a)

(After Tax and Minority Interest)



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

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Debt Repayments	Charges for Labor Claims Related to a Closed Facility in Greece	Discrete Tax Items	Pension Settlement	South Africa Strike	Fayetteville Tornado	Net Gains on Asset Sales	Insurance Recoveries from Thailand Flood	As Adjusted
Net Sales	\$ 20,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,992
Cost of Goods Sold	17,163	(21)	-	-	-	(9)	(6)	(4)	-	-	17,123
Gross Margin	3,829	21	-	-	-	9	6	4	-	-	3,869
SAG	2,718	-	-	-	-	-	-	-	-	-	2,718
Rationalizations	175	(175)	-	-	-	-	-	-	-	-	-
Interest Expense	385	-	(10)	-	-	-	-	-	-	-	375
Other (Income) Expense	111	-	(100)	(25)	-	-	-	-	25	18	29
Pre-tax Income	440	196	110	25	-	9	6	4	(25)	(18)	747
Taxes	203	15	-	-	(19)	3	-	-	(5)	(1)	196
Minority Interest	25	24	-	-	2	-	-	-	-	(2)	49
Goodyear Net Income	\$ 212	\$ 157	\$ 110	\$ 25	\$ 17	\$ 6	\$ 6	\$ 4	\$ (20)	\$ (15)	\$ 502
EPS	\$ 0.74	\$ 0.63	\$ 0.45	\$ 0.10	\$ 0.07	\$ 0.03	\$ 0.02	\$ 0.02	\$ (0.08)	\$ (0.06)	\$ 1.92

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

Full Year 2011 Significant Items (a)

(After Tax and Minority Interest)



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

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Debt Repayments	Thailand Flood	Fayetteville Tornado	Discrete Tax Items	Net Gains on Asset Sales	As Adjusted
Net Sales	\$ 22,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,767
Cost of Goods Sold	18,821	(50)	-	-	(4)	-	-	18,767
Gross Margin	3,946	50	-	-	4	-	-	4,000
SAG	2,822	-	-	-	-	-	-	2,822
Rationalizations	103	(103)	-	-	-	-	-	-
Interest Expense	350	-	(5)	-	-	-	-	345
Other (Income) Expense	53	-	(48)	(21)	-	-	16	-
Pre-tax Income	618	153	53	21	4	-	(16)	833
Taxes	201	8	-	3	-	36	(3)	245
Minority Interest	74	2	-	2	-	6	(5)	79
Goodyear Net Income	\$ 343	\$ 143	\$ 53	\$ 16	\$ 4	\$ (42)	\$ (8)	\$ 509
EPS	\$ 1.26	\$ 0.53	\$ 0.20	\$ 0.06	\$ 0.01	\$ (0.16)	\$ (0.03)	\$ 1.87

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

Full Year 2010 Significant Items ^(a)

(After Tax and Minority Interest)



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

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Venezuela Devaluation	Debt Exchange	VAT Claims	Supplier Disruption	South Africa Strike	Import Cost Adjustment	Discrete Tax Items	Net Gains on Asset Sales	Supplier Settlements	Insurance Recovery	As Adjusted
Net Sales	\$ 18,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,832
Cost of Goods Sold	15,452	(15)	-	-	-	(4)	(3)	(3)	-	-	12	-	15,439
Gross Margin	3,380	15	-	-	-	4	3	3	-	-	(12)	-	3,393
SAG	2,630	-	-	-	-	-	-	-	-	-	-	-	2,630
Rationalizations	240	(240)	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	335	-	-	-	-	-	-	-	-	-	-	-	335
Other (Income) Expense	167	-	(134)	(61)	(25)	-	-	-	-	70	-	8	25
Pre-tax Income	8	255	134	61	25	4	3	3	-	(70)	(12)	(8)	403
Taxes	172	3	15	-	7	-	-	-	42	(12)	(2)	-	225
Minority Interest	52	16	-	-	-	-	-	-	(2)	(12)	(2)	-	52
Goodyear Net Income (Loss)	\$ (216)	\$ 236	\$ 119	\$ 61	\$ 18	\$ 4	\$ 3	\$ 3	\$ (40)	\$ (46)	\$ (8)	\$ (8)	\$ 126
EPS ^(b)	\$ (0.89)	\$ 0.98	\$ 0.49	\$ 0.25	\$ 0.07	\$ 0.02	\$ 0.01	\$ 0.01	\$ (0.17)	\$ (0.19)	\$ (0.03)	\$ (0.03)	\$ 0.52

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs.

(b) Calculation of Diluted EPS reflects 2 million weighted average shares outstanding for stock options and other securities not included in Goodyear Net Income (Loss) Per Share Diluted as their inclusion was anti-dilutive.

Reconciliation for Segment Operating Income/Margin ^(a)



Terms: US\$ millions

	Three Months Ended December 31,		Twelve Months Ended December 31,						
	2016	2015	2016	2015	2014	2013	2012	2011	2010
Core Segment Operating Income	\$ 479	\$ 458	\$ 1,985	\$ 1,901					
Venezuela subsidiary operating income	-	22	-	119					
Total Segment Operating Income	\$ 479	\$ 480	\$ 1,985	\$ 2,020	\$ 1,706	\$ 1,577	\$ 1,248	\$ 1,368	\$ 917
Rationalizations	(16)	(32)	(210)	(114)	(95)	(58)	(175)	(103)	(240)
Interest expense	(87)	(116)	(372)	(438)	(444)	(407)	(385)	(350)	(335)
Other income (expense)	13	17	10	141	(286)	(82)	(111)	(53)	(167)
Asset write-offs and accelerated depreciation	(10)	(3)	(20)	(8)	(7)	(23)	(20)	(50)	(15)
Corporate incentive compensation plans	(16)	(42)	(76)	(103)	(97)	(108)	(69)	(70)	(71)
Pension curtailments/settlements	(2)	(137)	(16)	(137)	(33)	-	1	(15)	-
Intercompany profit elimination	5	3	(2)	(3)	9	7	(1)	(5)	(14)
Loss on deconsolidation of Venezuelan subsidiary	-	(646)	-	(646)	-	-	-	-	-
Retained expenses of divested operations	(6)	(8)	(18)	(14)	(16)	(24)	(14)	(29)	(20)
Other	(31)	(26)	(74)	(90)	(50)	(69)	(34)	(75)	(47)
Income (Loss) before Income Taxes	\$ 329	\$ (510)	\$ 1,207	\$ 608	\$ 687	\$ 813	\$ 440	\$ 618	\$ 8
United States and Foreign Tax Expense (Benefit)	(238)	(137)	(77)	232	(1,834)	138	203	201	172
Less: Minority Shareholders Net Income	6	7	20	69	69	46	25	74	52
Goodyear Net Income (Loss)	\$ 561	\$ (380)	\$ 1,264	\$ 307	\$ 2,452	\$ 629	\$ 212	\$ 343	\$ (216)
Net Sales (as reported)	\$3,741	\$4,063	\$15,158	\$16,443	\$18,138	\$19,540	\$20,992	\$22,767	\$18,832
Net Sales (excluding Venezuela)	\$3,741	\$3,896	\$15,158	\$15,912					
Return on Sales (as reported)	15.0%	(9.4)%	8.3%	1.9%	13.5%	3.2%	1.0%	1.5%	(1.1)%
Total Segment Operating Margin	12.8%	11.8%	13.1%	12.3%	9.4%	8.1%	5.9%	6.0%	4.9%
Core Segment Operating Margin	12.8%	11.8%	13.1%	11.9%					

(a) Restated for the new guidance on the presentation of debt issuance and amortization costs. 2010 through 2012 have not been restated for the Americas consolidation.

Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	December 31, 2016	September 30, 2016	December 31, 2015
Long-Term Debt and Capital Leases	\$ 4,798	\$ 5,446	\$ 5,074
Notes Payable and Overdrafts	245	179	49
Long-Term Debt and Capital Leases Due Within One Year	436	403	585
Total Debt	<u>\$ 5,479</u>	<u>\$ 6,028</u>	<u>\$ 5,708</u>
Less: Cash and Cash Equivalents	<u>1,132</u>	<u>975</u>	<u>1,476</u>
Net Debt	<u><u>\$ 4,347</u></u>	<u><u>\$ 5,053</u></u>	<u><u>\$ 4,232</u></u>

EBITDAP, Adjusted Debt & Leverage Ratio Reconciliations



Terms: US\$ millions

	Year Ended December 31,	
	2016	2015
Net Income	\$ 1,284	\$376
Interest Expense	372	438
Income Tax (Benefit) Expense	(77)	232
Depreciation and Amortization	727	698
Pension Expense ^(a)	71	135
Other ^(b)	200	619
EBITDAP, as adjusted	\$2,577	\$2,498
	December 31,	December 31,
	2016	2015
Long-Term Debt and Capital Leases	4,798	5,074
Long-Term Debt and Capital Leases Due Within One Year	436	585
Notes Payable and Overdrafts	245	49
Total Debt	\$5,479	\$5,708
Global Unfunded Pension Obligations	\$669	\$642
Adjusted Debt	\$6,148	\$6,350
Adjusted Debt/EBITDAP	2.39x	2.54x

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

(b) Other includes rationalization charges, other (income) expense and the loss on the deconsolidation of our Venezuelan subsidiary effective December 31, 2015.

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
	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Dec. 31, 2016
Net Income (Loss)	\$ 567	\$ 320	\$ 208	\$ 189	\$ (373)	\$ 1,284
Depreciation and Amortization	191	181	181	174	176	727
Change in Working Capital ^(a)	833	(264)	(75)	(611)	666	(117)
Pension Expense ^(b)	17	19	17	18	27	71
Provision for Deferred Income Taxes	(260)	(56)	41	46	(186)	(229)
Capital Expenditures	(285)	(245)	(213)	(253)	(327)	(996)
Loss on Deconsolidation of Venezuelan Subsidiary	-	-	-	-	646	-
Net Rationalization Charges	16	135	48	11	32	210
Other ^(c)	(61)	61	(108)	(159)	129	(267)
Free Cash Flow from Operations (non-GAAP)	\$ 1,018	\$ 151	\$ 99	\$ (585)	\$ 790	\$ 683
Capital Expenditures	285	245	213	253	327	996
Pension Contributions and Direct Payments	(18)	(23)	(23)	(25)	(26)	(89)
Rationalization Payments	(18)	(16)	(28)	(24)	(39)	(86)
Cash Flow from Operating Activities (GAAP)	\$ 1,267	\$ 357	\$ 261	\$ (381)	\$ 1,052	\$ 1,504
Cash Flow from Investing Activities (GAAP)	(266)	(242)	(208)	(257)	(588)	(973)
Cash Flow from Financing Activities (GAAP)	(804)	(281)	12	213	(679)	(860)

(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

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