



Fourth Quarter 2017 Conference Call

February 8, 2018

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.

- Global revenue per tire up 5% for the fourth quarter, up 4% for the full-year ^(a)
- Exceeded full-year segment operating income (SOI) target of \$1.5 billion ^(b)
- Full-year cash flow from operating activities of \$1.2 billion
- Strong fourth quarter volume recovery with U.S. consumer replacement up 8%, EMEA up 2%
- Record volume, operating income in Asia Pacific

(a) Revenue per tire change excludes the impact of currency.

(b) See Segment Operating Income and Margin reconciliation in Appendix on page 40.

Fourth Quarter 2017 Income Statement



Terms: US\$ millions
(except EPS)

	Three Months Ended		
	December 31, 2017	December 31, 2016	Change
Units	42.0	41.1	2%
Net Sales	\$ 4,071	\$ 3,741	9%
Gross Margin	24.0%	27.2%	(3.2) pts
SAG	\$ 584	\$ 600	(3)%
Segment Operating Income ^(a)	\$ 419	\$ 479	(13)%
Segment Operating Margin ^(a)	10.3%	12.8%	(2.5) pts
Goodyear Net Income (Loss)	\$ (96)	\$ 561	
Goodyear Net Income (Loss) Per Share			
Weighted Average Shares Outstanding	244	258	
Basic	\$ (0.39)	\$ 2.17	
Weighted Average Shares Outstanding - Diluted	244	262	
Diluted	\$ (0.39)	\$ 2.14	
Cash Dividends Declared Per Common Share	\$ 0.14	\$ -	
Adjusted Diluted Earnings Per Share ^(b)	\$ 0.99	\$ 0.95	

2017 Net Income (Loss)
includes \$299 million
one-time, non-cash charge
related to U.S. tax reform

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 40.

(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 38 and 39.

Fourth Quarter 2017 Segment Operating Results



Terms: US\$ millions



(a) Raw material variance of (\$194) million excludes raw material cost saving measures of \$22 million, which are included in Cost Savings.

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

Fourth Quarter 2017 Balance Sheet



Terms: US\$ millions

	December 31, 2017	September 30, 2017	December 31, 2016
Cash and Cash equivalents	\$ 1,043	\$ 822	\$ 1,132
Accounts receivable	2,025	2,672	1,769
Inventories	2,787	2,991	2,627
Accounts payable - trade	(2,807)	(2,624)	(2,589)
Working capital ^(a)	<u>\$ 2,005</u>	<u>\$ 3,039</u>	<u>\$ 1,807</u>
Total debt ^(b)	\$ 5,729	\$ 6,391	\$ 5,479
Net debt ^(b)	\$ 4,686	\$ 5,569	\$ 4,347
Memo:			
Net Global Unfunded Pension Liability	\$ 656		\$ 669

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

(b) See Total Debt and Net Debt reconciliation in Appendix on page 41.

Fourth Quarter 2017 Free Cash Flow



Terms: US\$ millions

	Three Months Ended December 31,		Trailing Twelve Months Ended
	2017	2016 ^(b)	December 31, 2017
Net Income (Loss)	\$ (90)	\$ 567	\$ 365
Depreciation and Amortization	195	191	781
Change in Working Capital	950	833	(106)
Pension Expense	22	17	88
Pension Contributions and Direct Payments	(23)	(18)	(90)
Provision for Deferred Income Taxes	352	(260)	385
Rationalization Payments	(58)	(18)	(154)
Other ^(a)	(36)	(45)	(111)
Cash Flow from Operating Activities (GAAP)	\$ 1,312	\$ 1,267	\$ 1,158
Capital Expenditures	(198)	(285)	(881)
Free Cash Flow (non-GAAP)	\$ 1,114	\$ 982	\$ 277
Cash Flow from Investing Activities (GAAP)	\$ (204)	\$ (271)	\$ (879)
Cash Flow from Financing Activities (GAAP)	\$ (872)	\$ (767)	\$ (415)

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

(b) Recasted for the new guidance on the classification of debt premiums and restricted cash.

Fourth Quarter 2017 - Segment Results Americas



Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Units	19.5	18.7	4.0%
Net Sales	\$2,184	\$2,061	6.0%
Operating Income	\$209	\$295	(29.2%)
Margin	9.6%	14.3%	

- Strong volume recovery
 - U.S. consumer replacement up 8%
 - Nearly double the market growth in ≥ 17 " with all major channels (retail, wholesale, big box) up over 10%
 - Brazil OE up over 30%
- SOI reflects higher raw material costs and unabsorbed overhead

Fourth Quarter 2017 - Segment Results Europe, Middle East & Africa



Terms: US\$ millions

Units in millions

Fourth Quarter

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Units	13.7	14.1	(2.0%)
Net Sales	\$1,264	\$1,132	11.7%
Operating Income	\$93	\$81	14.8%
Margin	7.4%	7.2%	

- Consumer replacement volume up over 2%
- Outpaced the market in $\geq 17"$ for both winter and summer segments
- SOI increase reflects improved price/mix in consumer replacement and cost savings
- OE decrease driven by smaller rim-size fitments

Fourth Quarter 2017 - Segment Results

Asia Pacific



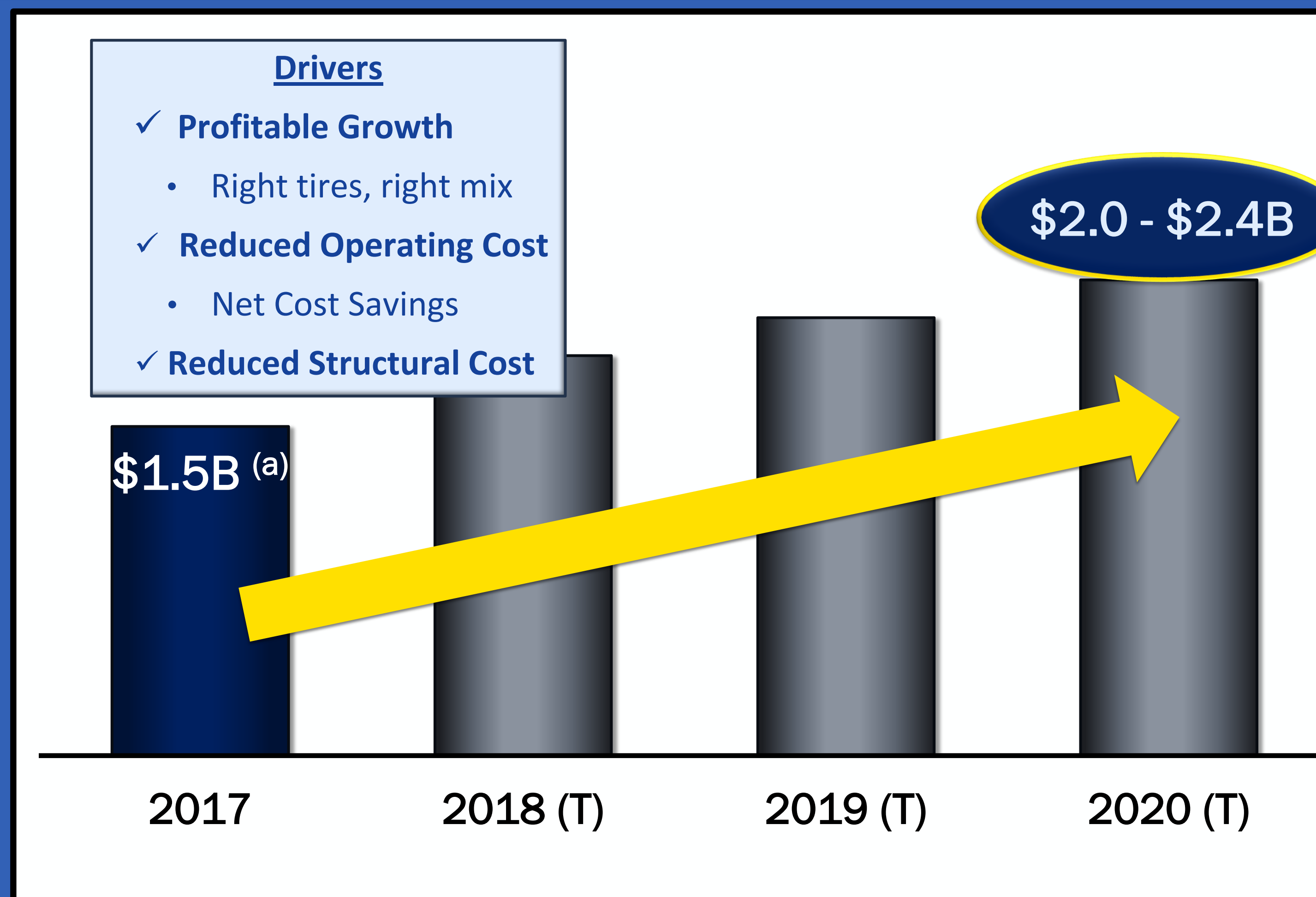
Terms: US\$ millions
Units in millions

Fourth Quarter

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Units	8.8	8.4	4.9%
Net Sales	\$623	\$548	13.7%
Operating Income	\$117	\$103	13.6%
Margin	18.8%	18.8%	

- All-time record volume and SOI
- Volume driven by 10% volume growth in China and Japan
- China consumer OE up over 15% driven by new fitment launches
- SOI reflects higher volume and improved price/mix vs raw material cost

2020 Segment Operating Income Target

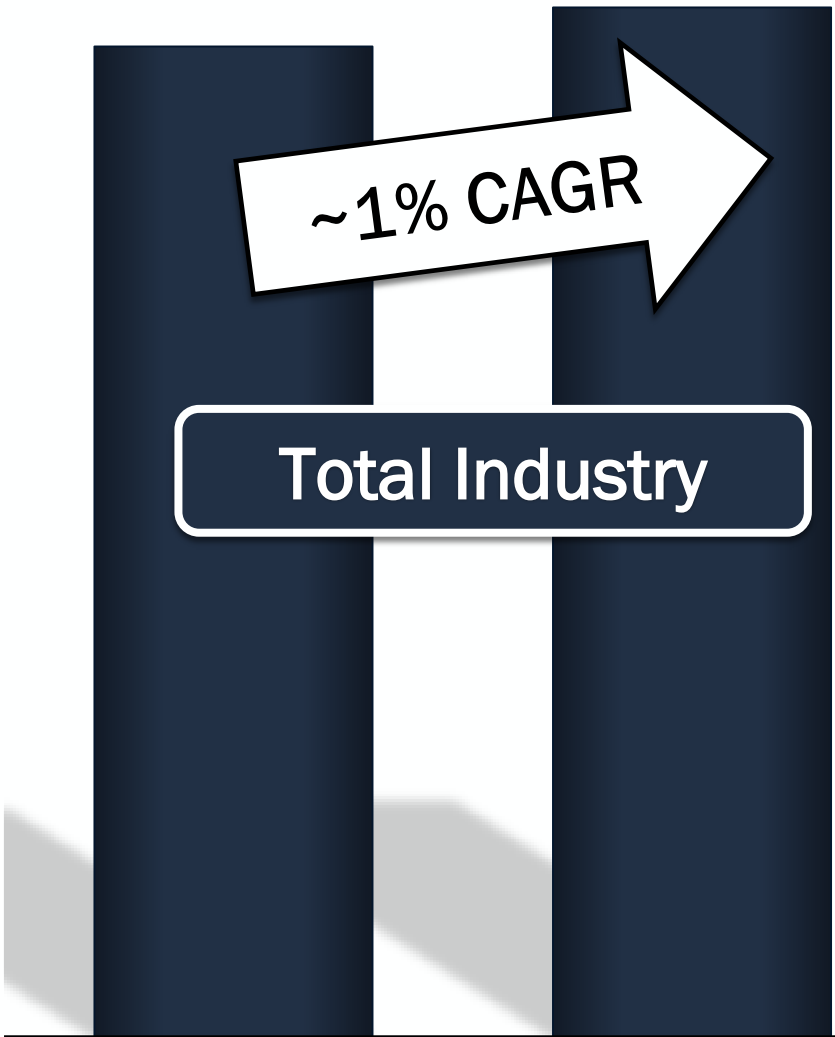


- Targets**
- 2020 SOI of \$2.0 - \$2.4B
 - Balanced plan of growth and cost
 - Above-market growth in ≥ 17 "
 - Reduced operating cost
 - Up to \$2.0B cumulative cash flow available for shareholder returns

Targeting \$2.0 - \$2.4B in SOI in 2020

(a) 2017 reported segment operating income of \$1,522 million excludes ~\$34 million favorable reclassification of pension expense from segment operating income to other income/expense in alignment with the new pension accounting standard adopted in 2018. See Segment Operating Income and Margin reconciliation in Appendix on page 40.

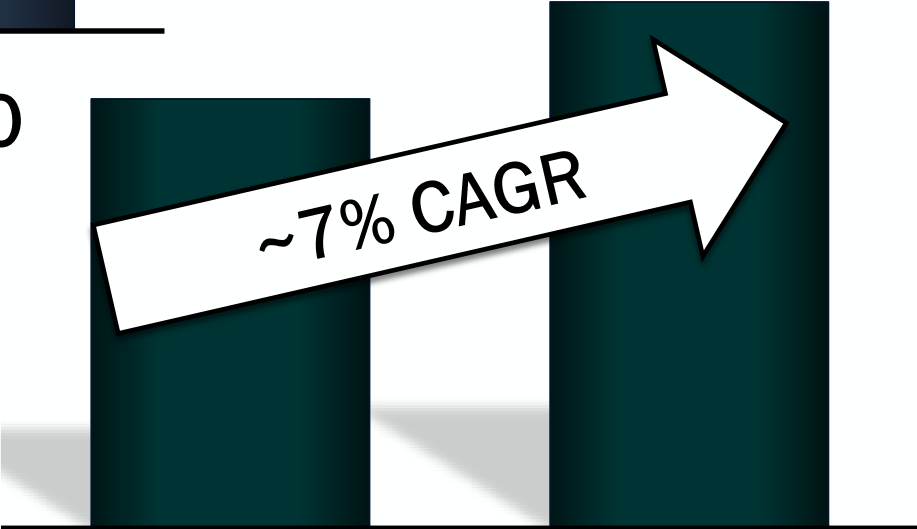
Consumer Replacement



Industry leading brand in the U.S.

- #1 OE share
- #1 in unaided brand awareness
- #1 in consideration
- #1 in purchase intent
- #1 interactive platform^(a)

≥17" Industry



Select OE Fitments



Well positioned to capture robust growth in ≥ 17-inch tires with strong products, top OE fitments and the #1 tire brand in the U.S.

(a) #1 interactive platform among tire manufacturers.
¹Ram image courtesy of Dodge, ²F-150 image courtesy of Ford, ³Accord image courtesy of Honda, ⁴Silverado image courtesy of General Motors

Europe, Middle East & Africa Outlook



Consumer Replacement



Select OE Fitments

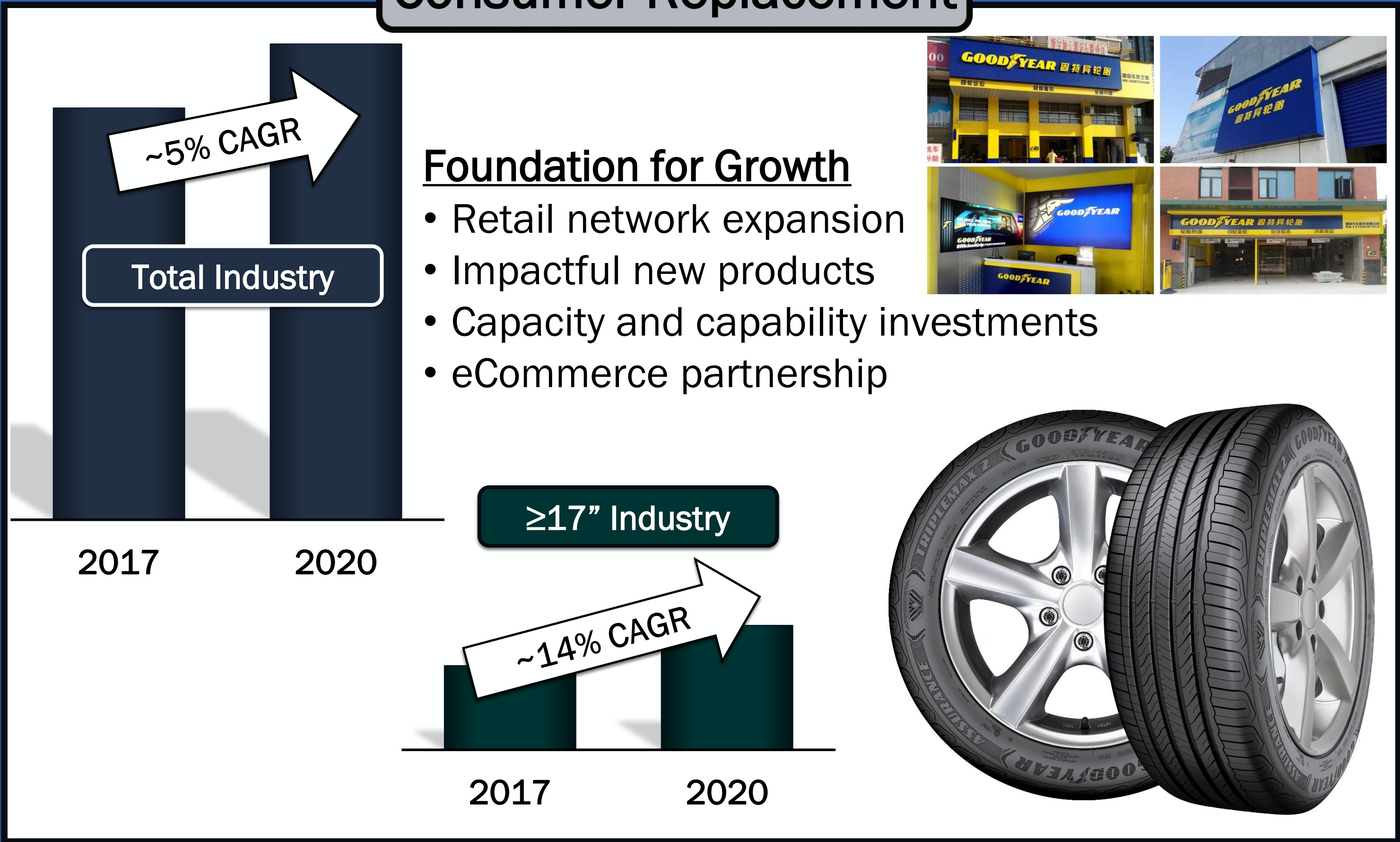


Building capability to create sustainable competitive advantage

(a) Based on 22 magazine tests, from January 2013 until November 2017, performed by 12 of the leading, independent European tire magazines. The calculation is based on the number of Goodyear test wins in the all-season category vs all competitors tested. Further information available under https://www.goodyear.eu/en_gb/consumer/legal-disclaimer-test-claims.html

¹3 Series image courtesy of BMW, ²A8 image courtesy of Audi, ³911 image courtesy of Porsche, ⁴Juke image courtesy of Nissan

Consumer Replacement



Select OE Fitments



Proven growth engine capitalizing on tremendous opportunities

¹H4 image courtesy of Great Wall, ²X3 image courtesy of BMW, ³Q3 image courtesy of Audi, ⁴Image courtesy of Lynk & Co.

Technology is changing the world...



Fleets

By 2030, 25% of global miles traveled will be shared^(a)



Autonomous

\$7 trillion business by 2050^(b)



Connected

3rd fastest growing tech device after phones and tablets^(c)



Electric

1st million sold in 6 years, 2nd million sold in 2 years^(d)

...and creating new opportunities in the tire industry

(a) The Boston Consulting Group

(b) Intel & Strategy Analytics, Accelerating the Future: The Economic Impact of the Emerging Passenger Economy

(c) Forbes, Intel Moves To Make A Mark In The Automotive Industry, As Processing Grows In Cars

(d) Global milestone: The first million electric vehicles and International Council on Clean Transportation, The rise of electric vehicles: The second million

INNOVATION EXCELLENCE

Proven history of innovation catering to most sophisticated customers – OEMs and large commercial fleets



SALES & MARKETING EXCELLENCE

Industry-leading end-to-end fleet solutions business model with footprint to service AV & EV fleets

OPERATIONAL EXCELLENCE

Unique ability to meet increasing specifications of customers while ensuring quality, efficiency & uptime

Positioned to be the leading supplier of tires and fleet services for AVs and EVs of tomorrow

2018 Key Segment Operating Income Drivers ^(a)



Driver	Current Outlook 2018 vs 2017	Comments
Global Volume	~3%	Driven by ≥ 17 ", ~flat in Q1
Net Price/Mix vs Raw Materials	~\$25 million	Raw materials flat, with ~\$105 million net headwind in Q1
Overhead Absorption	~\$60 million	Positive impact from increased volume, ~\$10 million headwind in Q1
Cost Savings vs Inflation	~\$130 million	Continued focus on operational excellence and SAG
Foreign Exchange	~\$15 million	Based on current spot rates
Other	~(\$90) million	Advertising, R&D, depreciation, and incentive compensation, ~\$35 million headwind in Q1

Expecting 2018 SOI of \$1.8 - \$1.9 billion

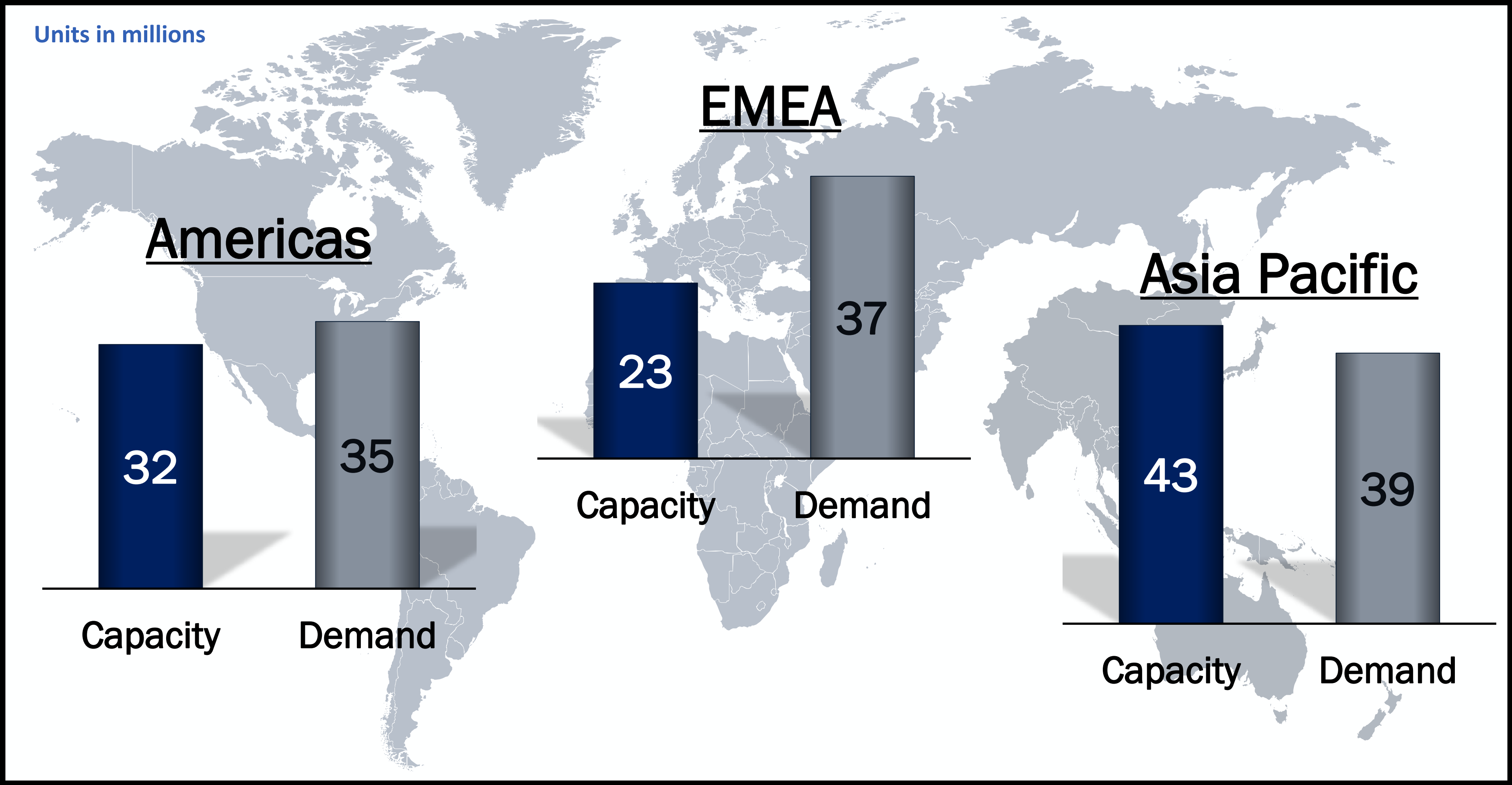
(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 37.

2018 Outlook – Other Financial Assumptions



	Current 2018 FY Assumption
Interest Expense	\$335 - \$360 million
Other (Income) Expense	Financing fees: ~\$30 million Global pension related (excluded from SOI): ~\$90 million
Income Tax	Expense: 20% - 25% of global pre-tax operating income; Cash: ~15% of global pre-tax operating income
Depreciation & Amortization	~\$785 million
Global Pension Cash Contributions	\$25 - \$50 million
Working Capital	Use of ~\$100 million
Capital Expenditures	~\$1,000 million; Driving ≥ 17 " growth in volume & mix
Restructuring Payments	~\$200 million
Corporate Other	~\$140 million

Capacity expansion vs $\geq 17''$ demand through 2020^(a)



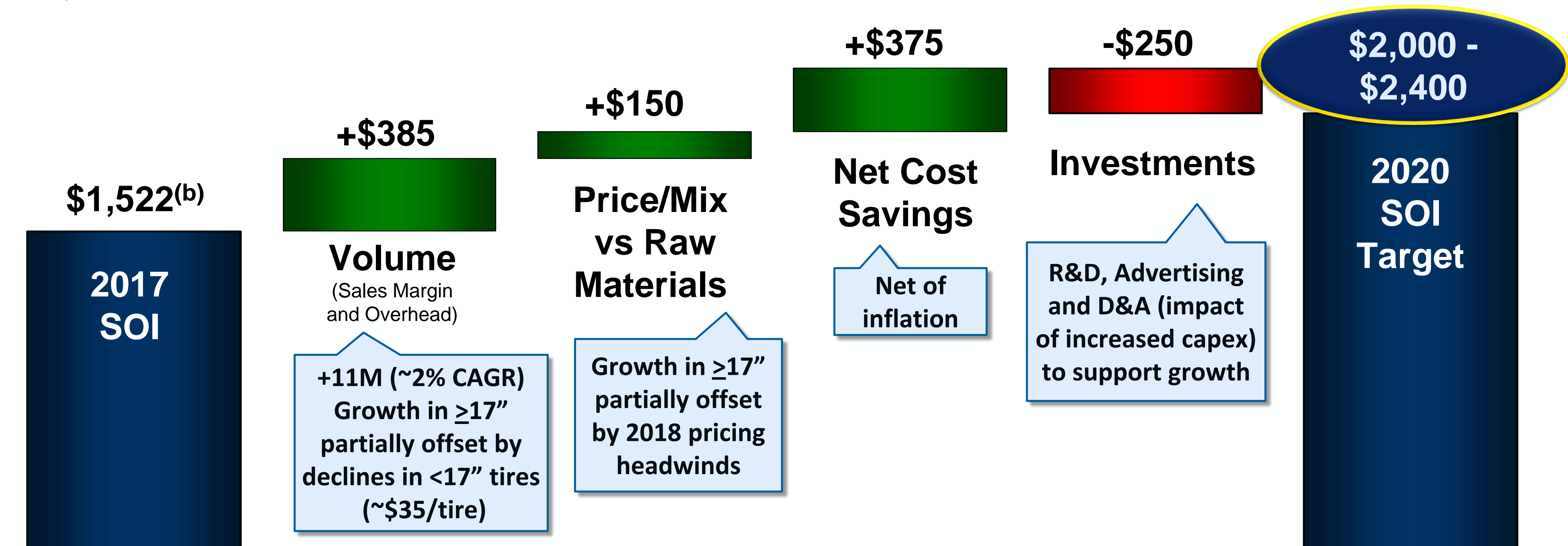
Favorable demand vs supply in $\geq 17''$ segment through 2020

(a) Capacity and demand based on Goodyear internal analysis. Capacity includes additions from tier 1 and 2 manufacturers. Demand reflects the incremental demand of $\geq 17''$ rim diameter tires in both OE and replacement.

2020 Segment Operating Income Walk^(a)



Terms: US\$ millions



Delivering strong SOI growth through $\geq 17''$ volume growth and cost savings

(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 37.

(b) 2017 reported segment operating income of \$1,522 million excludes ~\$34 million favorable reclassification of pension expense from segment operating income to other income/expense in alignment with the new pension accounting standard adopted in 2018. See Segment Operating Income and Margin reconciliation in Appendix on page 40.

Capital Allocation Plan

Sources / Uses of Cash – Cumulative 2018-2020



Terms: US\$ billions

2018 – 2020 SOI ^(a)	~\$5.7 - \$6.5
Less Corporate Other	~(\$0.5)
EBIT	~\$5.2 - \$6.0
Add Depreciation	~\$2.4
EBITDA	~\$7.6 - \$8.4

Maintaining the Business	
• Interest Expense	~\$1.1
• Taxes Paid / Other	~\$1.2 - \$1.3
• Sustaining CapEx	~\$2.2 - \$2.3
• Working Capital	~\$0.1 - \$0.2
• Total	~\$4.6 - \$4.9

Driving Value	
Cash Available for Deployment	
• Growth CapEx	
• Restructurings	
• Balance Sheet Enhancement	
• Dividends / Share Repurchase	
	~\$3.0 - \$3.5

\$3.0 - \$3.5 billion available for capital allocation

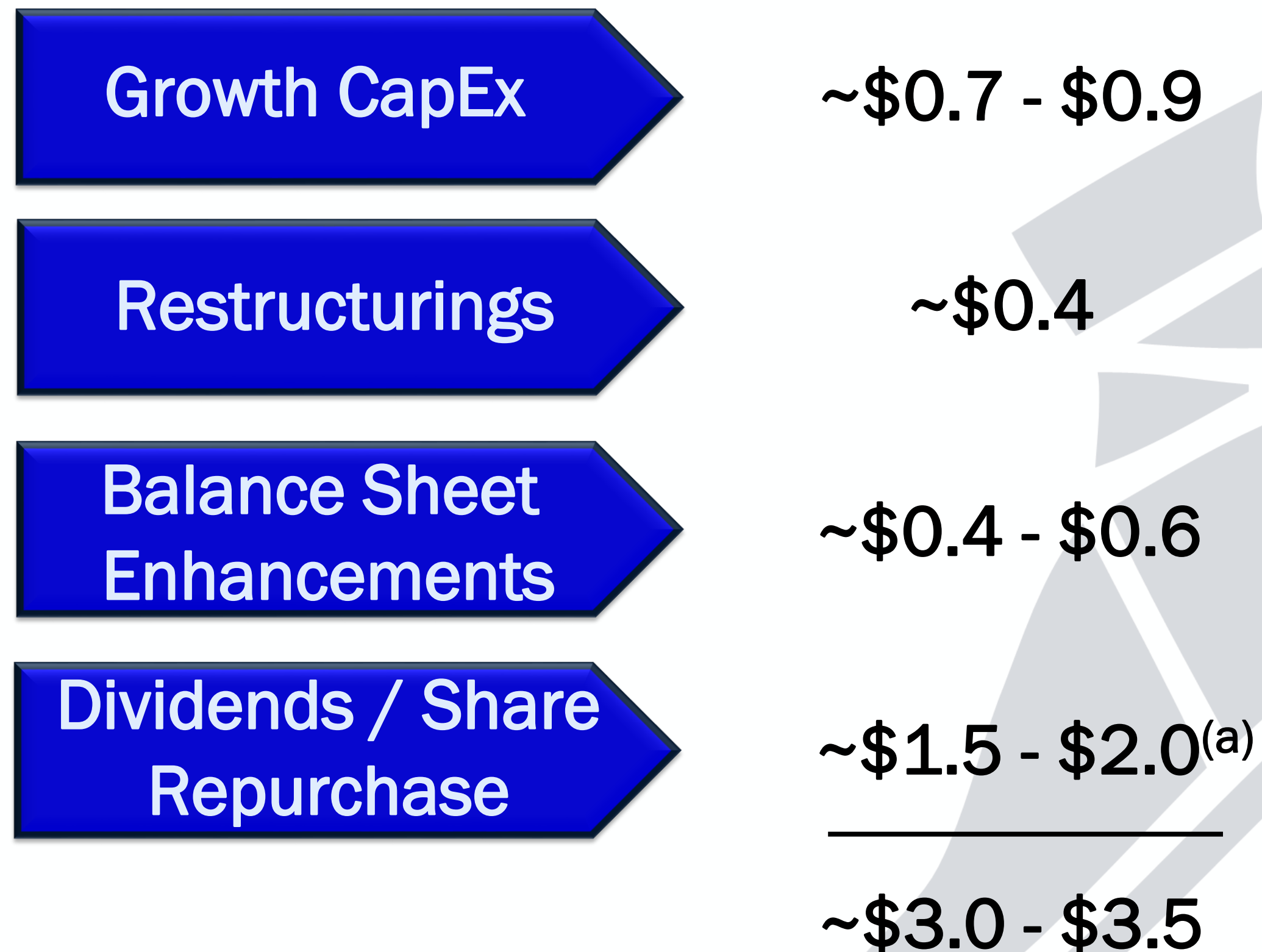
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Capital Allocation Plan

Sources / Uses of Cash – Cumulative 2018-2020



Terms: US\$ billions



Creating shareholder value through capital allocation

(a) Current remaining authorization for share repurchases is \$0.8 billion and dependent on company performance including achievement of financial targets.

Segment Operating Income Target ^(a)



Key drivers

- ✓ Moderate global industry growth, including:
 - Above market growth in ≥ 17 "
 - Emerging markets growth
- ✓ Goodyear above market volume growth in ≥ 17 " units
- ✓ 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

Goodyear will take a risk-managed approach to execution

(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 37.

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

Industry Fundamentals: ≥17” Q4 Results



U.S. Consumer Replacement Industry 2017 vs 2016 Growth Rate^(a)

	<u>Q4</u>
USTMA Members (≥17")	9%
USTMA Members (<17")	-8%
Total	1%
Non-Members	2%
Total U.S.	1%
Goodyear (≥17")	17%

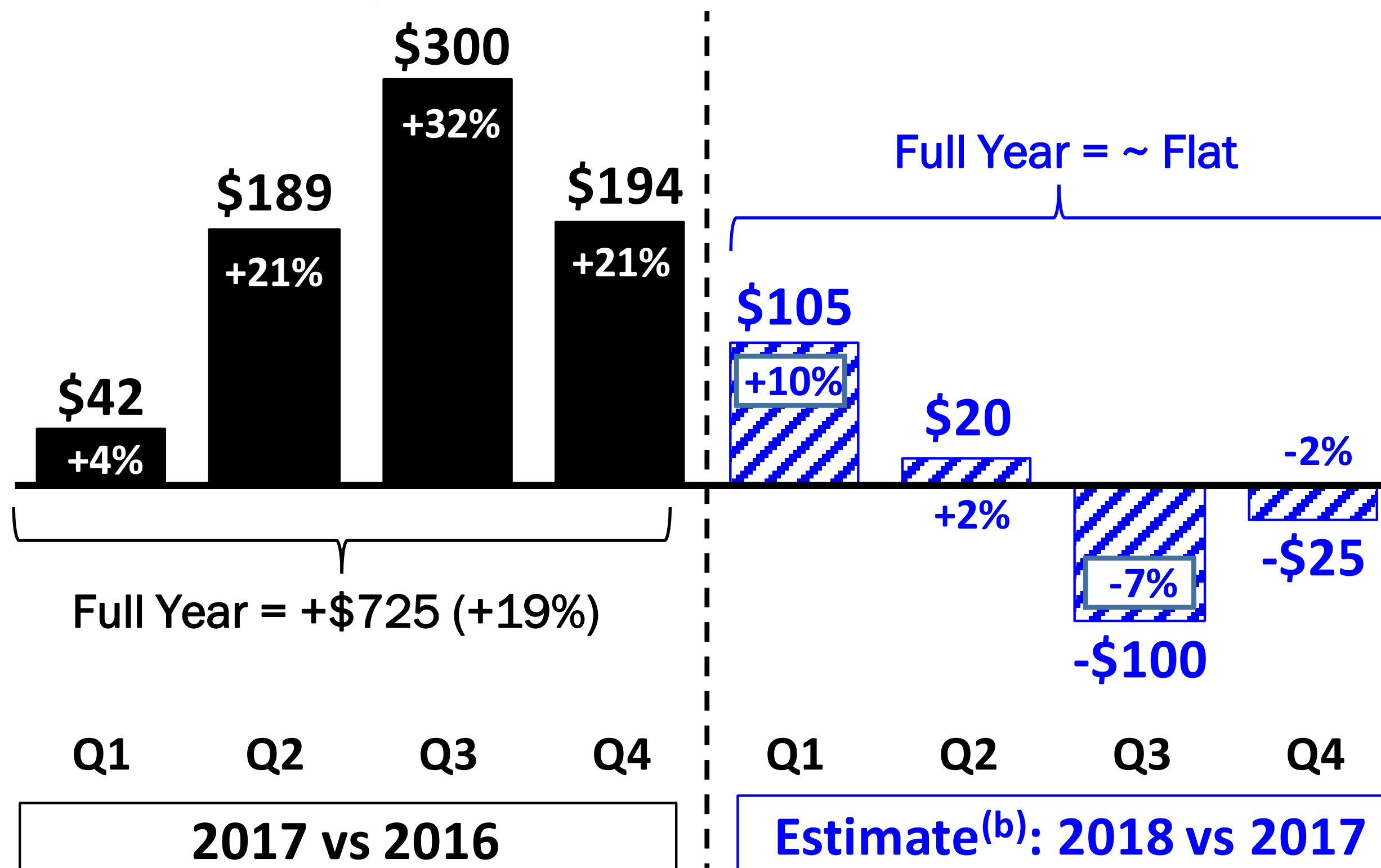
Europool & Turkey Replacement Industry 2017 vs 2016 Growth Rate^(b)

	<u>Q4</u>
ETRMA Members (≥17")	10%
ETRMA Members (<17")	-2%
Total	1%
Non-Members	3%
Total EU + Turkey	2%
Goodyear (≥17")	18%

(a) Source: U.S. Tire Manufacturers Association
(b) Source: European Tyre & Rubber Manufacturer's Association

terms: US\$ millions

Raw Material Costs (a)



- We expect raw material cost to be ~flat in 2018 vs 2017, if raw material input costs remain at current spot rate levels for the balance of 2018
- Recent upward pressure on current spot rates (as example: oil, carbon black, steel and zinc are at 52 week highs)

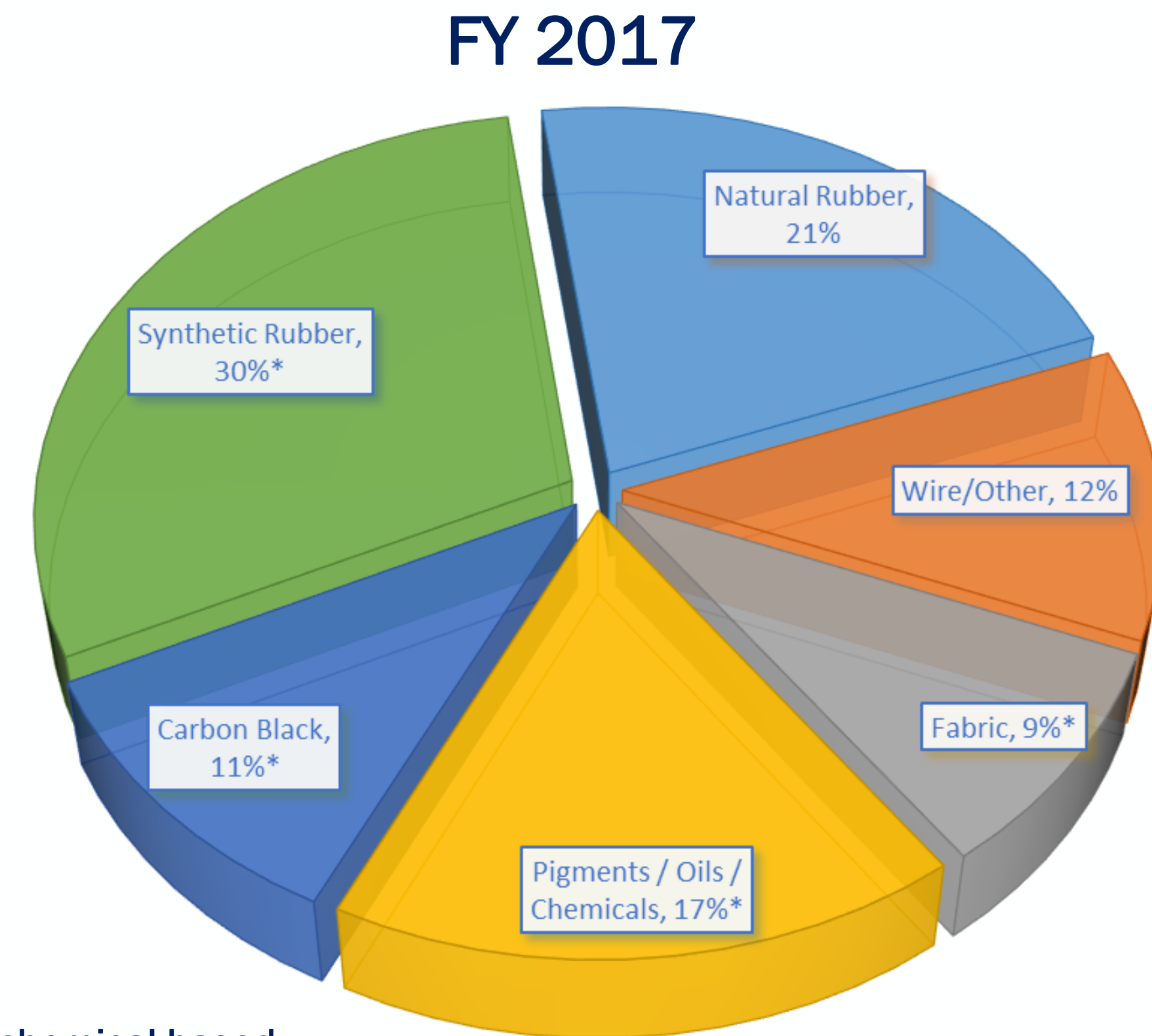
Raw material costs continue to be volatile...with recent evidence of upward pressure

(a) Impact to cost of goods sold before raw material cost saving measures

(b) Based on raw material input costs holding at February 1, 2018 spot rates for the balance of 2018

- ✓ Raw materials are ~45% 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

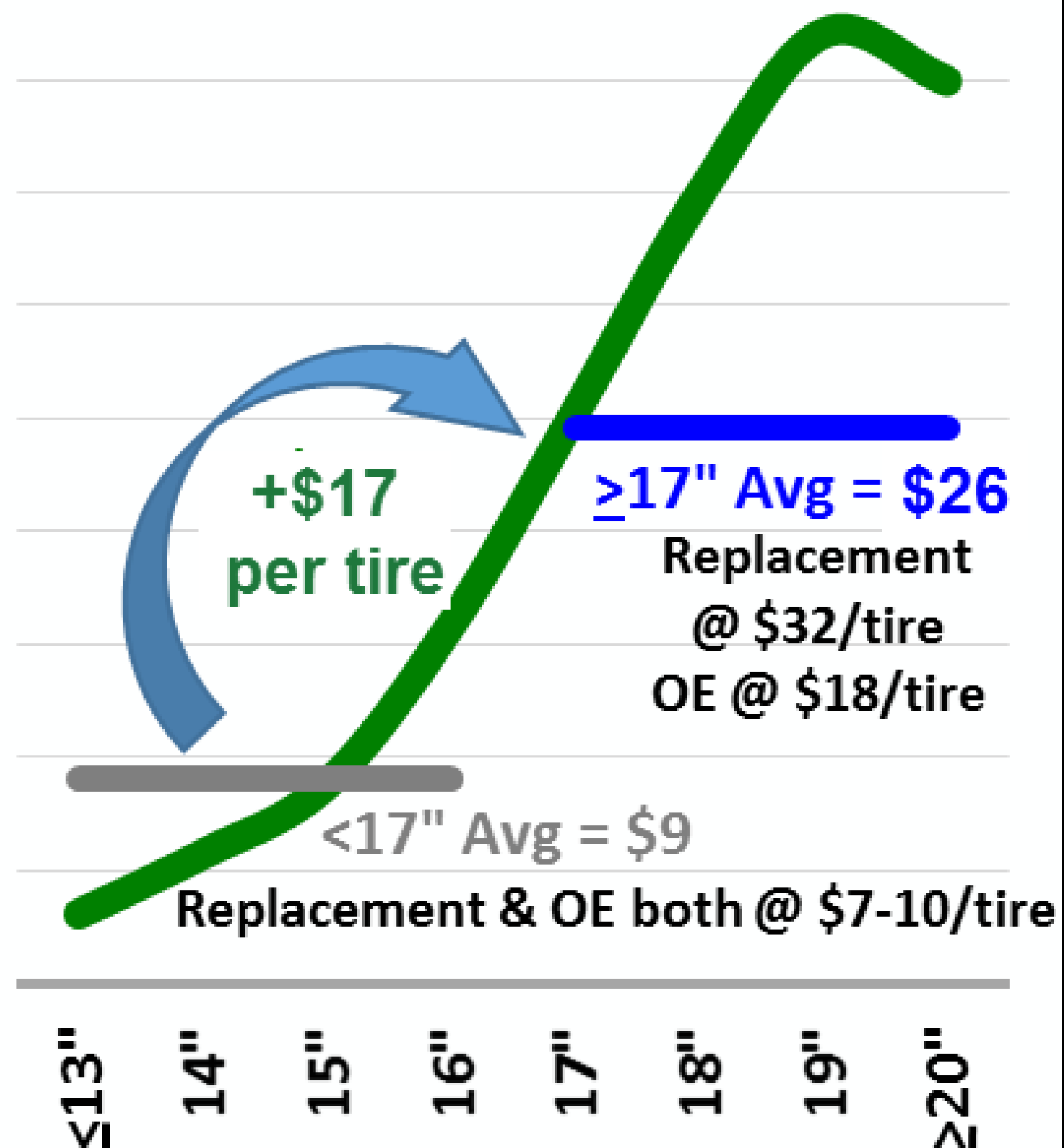
Global Raw Material Spend



*Petrochemical based

Industry Consumer Margin/Tire

— terms: Average Gross Margin per Rim Size —



- Trend towards larger, more complex rim sizes driven by OE over last several years
 - Benefit to replacement market as these fitments need first replacement tires
- Average industry gross margin in ≥ 17 " sizes is significantly more than in < 17 " sizes
 - \$17 higher per tire in ≥ 17 " segment
- Global consumer replacement industry growth of 9% expected in 2018, with similar CAGR through 2020 for ≥ 17 " sizes

≥ 17 " segment continues to be disproportionately profitable



2017	OE	Replacement	Total
Americas	80%	40%	50%
EMEA	45%	25%	30%
Asia Pacific	30%	30%	30%
Total Company	55%	35%	40%

5 points of growth in consumer replacement in 2017

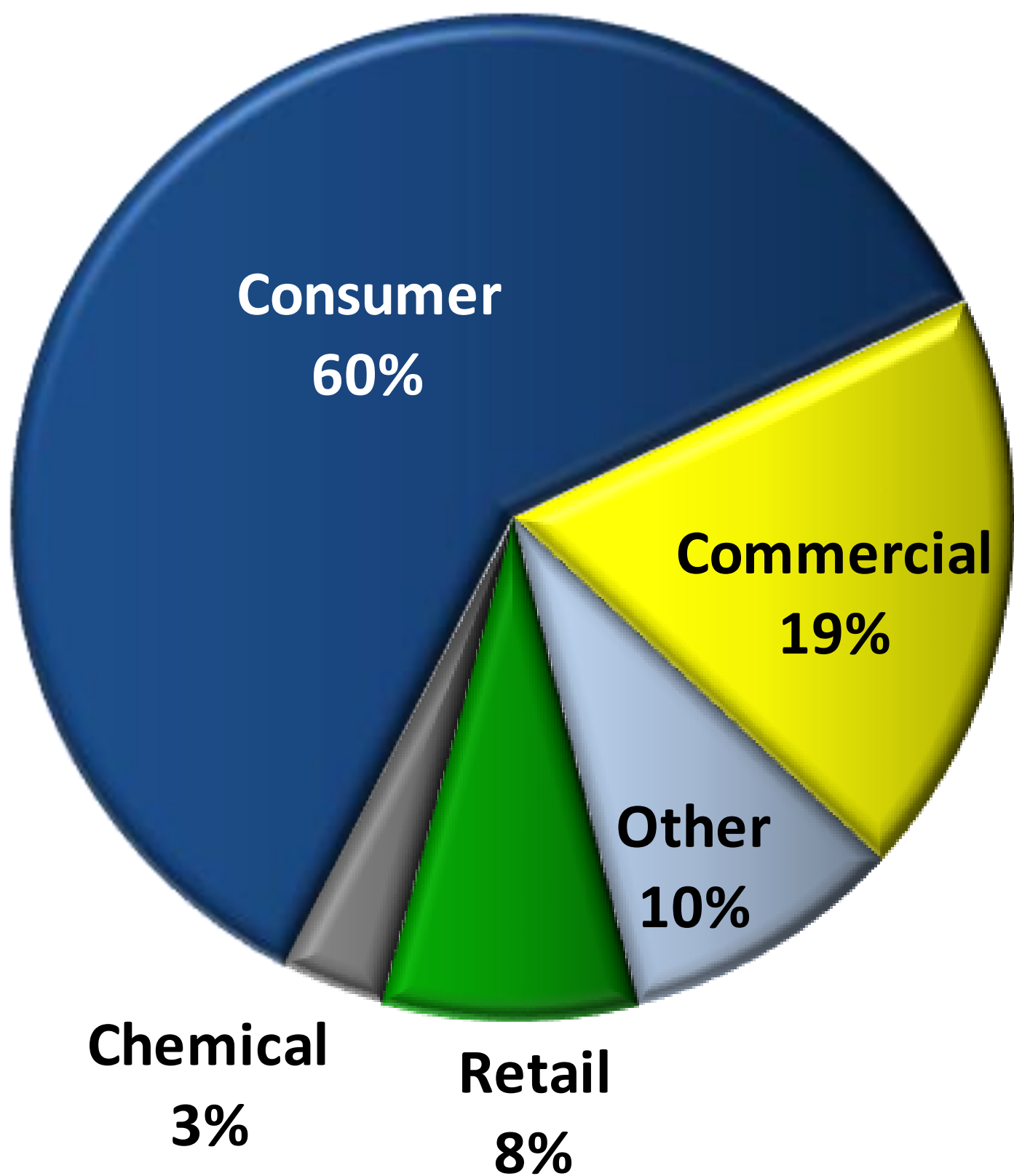
(a) All percentages are approximate.

Full Year 2017 Tire Unit & Sales Summary



Terms: millions

2017 Sales = \$15,377



	2017	2016	% Change
Consumer			
Units	145.9	153.0	(4.6%)
Sales	\$9,285	\$9,414	(1.4%)
Commercial			
Units	11.5	11.6	(0.6%)
Sales	\$2,928	\$2,806	4.3%

2017 Segment Operating Income^(a)



Terms: US\$ millions

	Q1	Q2	Q3	Q4	2017 Full Year
Reported SOI	\$385	\$361	\$357	\$419	\$1,522
Pension Adjustment ^(b)	\$5	\$8	\$10	\$11	\$34
Adjusted SOI	\$390	\$369	\$367	\$430	\$1,556

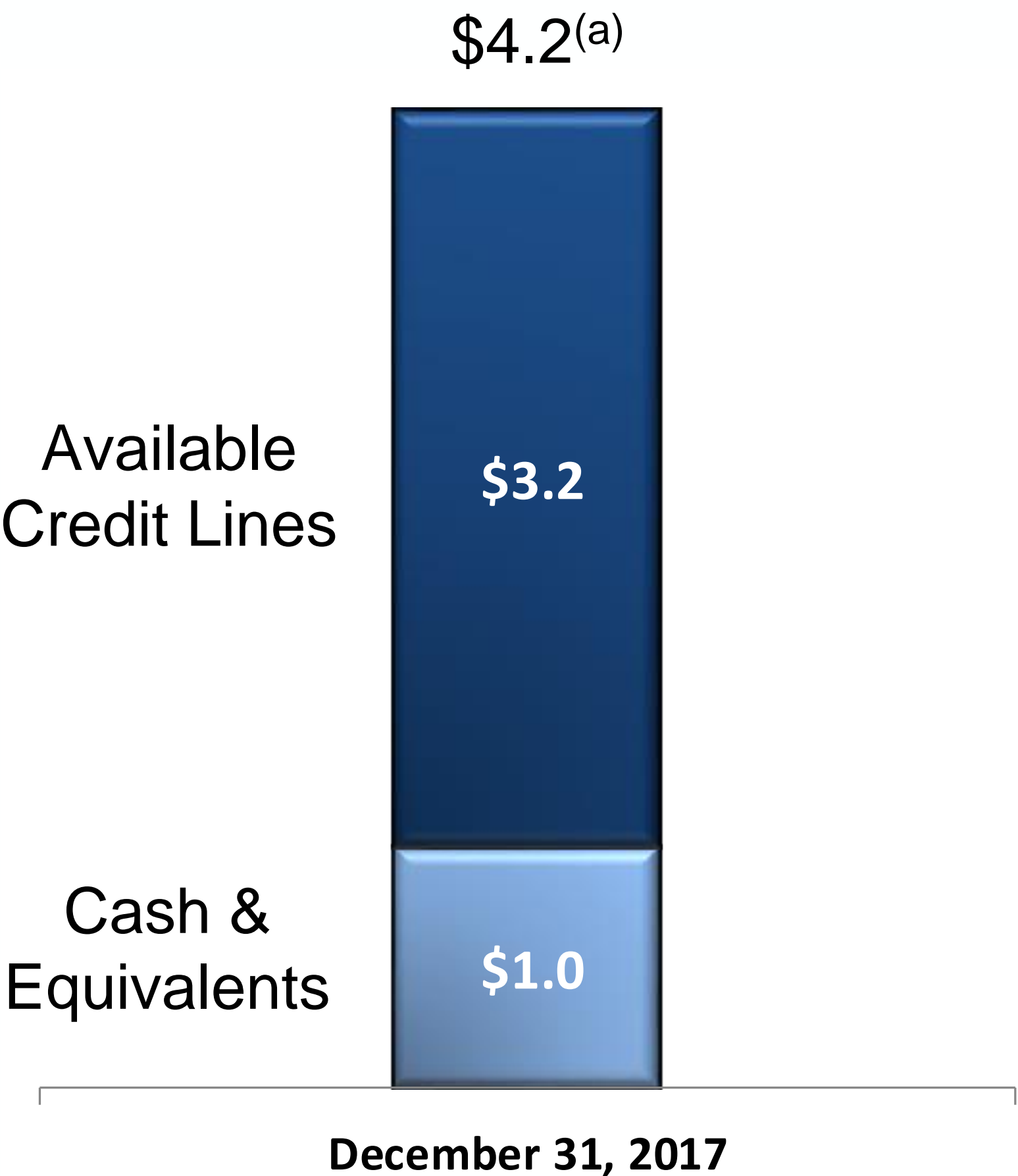
(a) See Segment Operating Income and Margin reconciliation in Appendix on page 40

(b) Favorable reclassification of pension expense from segment operating income to other income/expense in alignment with the new pension accounting standard adopted in 2018.

Fourth Quarter 2017 – Liquidity Profile



Terms: US\$ billions

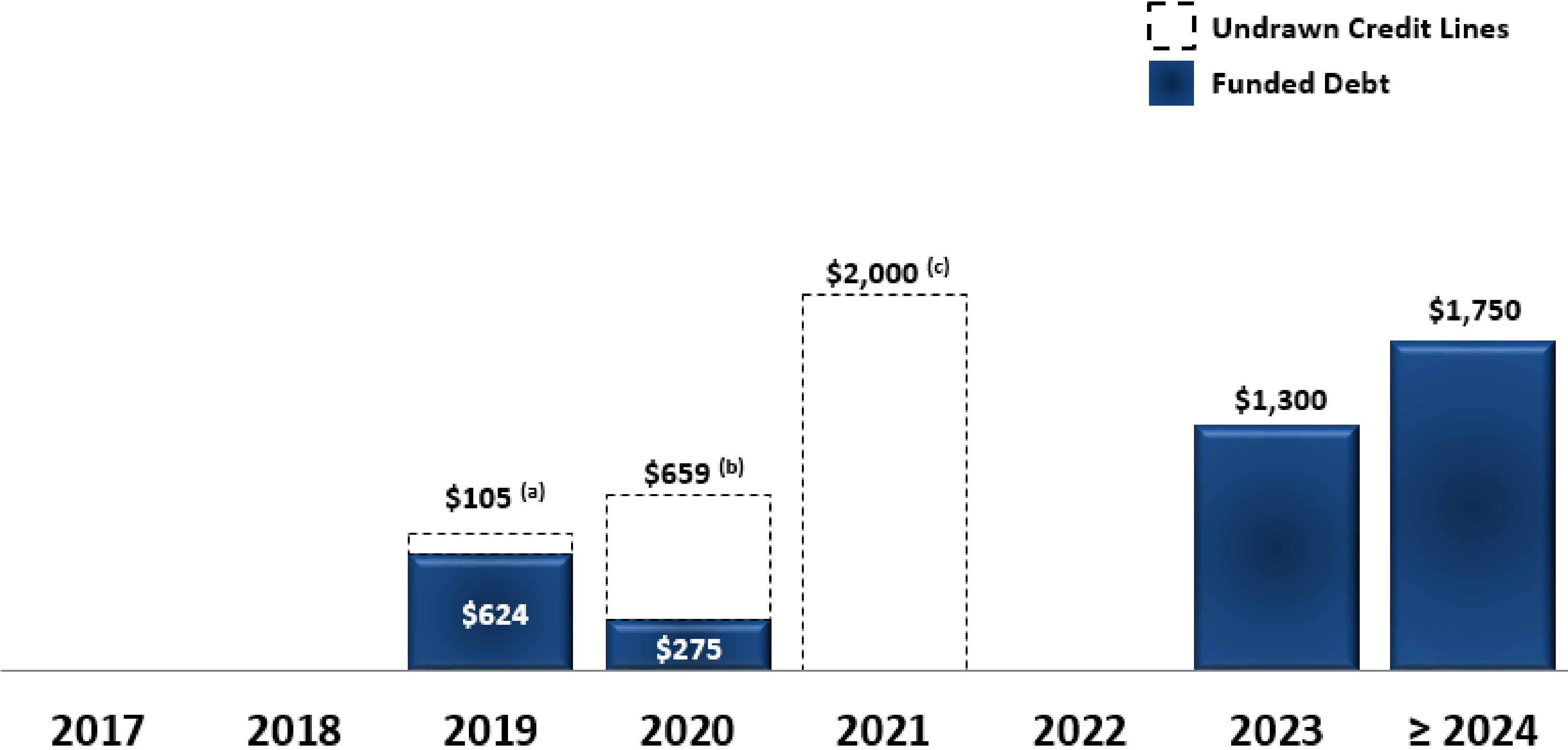


(a) Total liquidity comprised of \$1,043 million of cash and cash equivalents, as well as \$3,196 million of unused availability under various credit agreements.

Fourth Quarter 2017 – Maturity Schedule



Terms: US\$ millions



Note: Based on December 31, 2017 balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

(a) At December 31, 2017 the amounts available and utilized under the Pan-European securitization program totaled \$224 million (€187 million).

(b) At December 31, 2017 there were no borrowings outstanding under the €550 million European revolving credit facility and no letters of credit were issued.

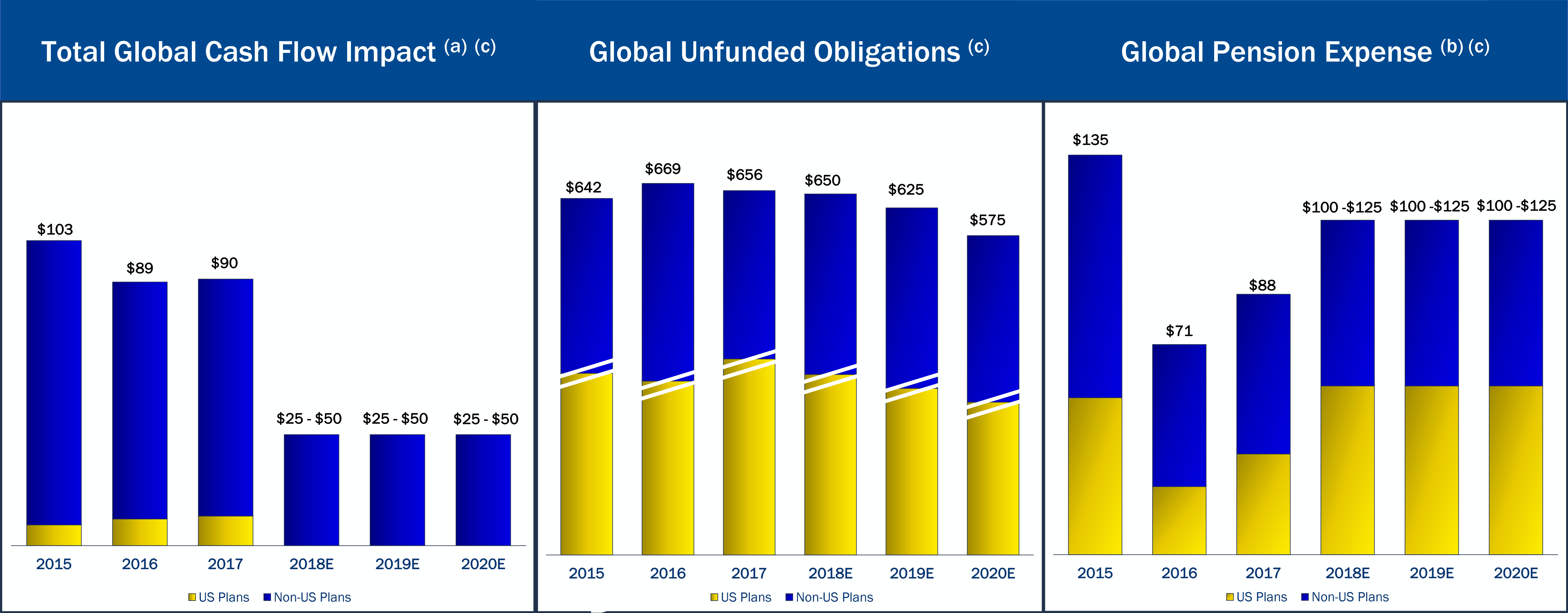
(c) At December 31, 2017 our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$296 million below the facility's stated amount of \$2.0 billion.

At December 31, 2017 we had no borrowings and \$37 million of letters of credit were issued.

Pension Update



Terms: US\$ millions



(a) Includes cash funding for direct benefit payments for 2015 - 2017 only.
(b) Excludes one-time charges and benefits from pension settlements and curtailments.
(c) 2018E - 2020E are based on assumptions as of December 31, 2017.

	Full-Year 2018 Guidance	
	United States	Western Europe ^(a)
Consumer Replacement	~Flat - 2%	~Flat - 2%
Consumer OE	~Flat	~Flat - 2%
Commercial Replacement	~1 - 3%	~2 - 4%
Commercial OE	~1 - 3%	~Flat - 2%

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

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, 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' (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. The most directly comparable U.S. GAAP financial measures to Total 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 is the company's Cash Flows from Operating Activities as determined in accordance with U.S. GAAP, less capital expenditures. Management believes that Free Cash Flow is useful because it represents 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.

Fourth Quarter 2017 Significant Items

(After Tax and Minority Interest)



Terms: US\$ millions,
(except EPS)

	As Reported	Discrete Tax Items	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Pension Settlement	As Adjusted
Net Sales	\$ 4,071	\$ -	\$ -	\$ -	\$ 4,071
Cost of Goods Sold	3,093	-	(1)	(2)	3,090
Gross Margin	978	-	1	2	981
SAG	584	-	-	(4)	580
Rationalizations	33	-	(33)	-	-
Interest Expense	75	-	-	-	75
Other (Income) Expense	(1)	-	-	-	(1)
Pre-tax Income	287	-	34	6	327
Taxes	377	(315)	11	3	76
Minority Interest	6	-	-	-	6
Goodyear Net Income (Loss)	\$ (96)	\$ 315	\$ 23	\$ 3	\$ 245
EPS	\$ (0.39)	\$ 1.28	\$ 0.09	\$ 0.01	\$ 0.99

Fourth Quarter 2016 Significant Items



(After Tax and Minority Interest)

Terms: US\$ 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

Reconciliation for Segment Operating Income/Margin



Terms: US\$ millions

	Three Months Ended				Twelve Months Ended	
	December 31,		Sept 30,	June 30,	March 31,	December 31,
	2017	2016	2017	2017	2017	2017
Total Segment Operating Income	\$ 419	\$ 479	\$ 357	\$ 361	\$ 385	\$ 1,522
Rationalizations	(33)	(16)	(46)	(27)	(29)	(135)
Interest expense	(75)	(87)	(84)	(89)	(87)	(335)
Other income (expense)	1	13	(4)	(5)	-	(8)
Asset write-offs and accelerated depreciation	(1)	(10)	(10)	(21)	(8)	(40)
Corporate incentive compensation plans	(6)	(16)	-	(12)	(15)	(33)
Pension curtailments/settlements	(6)	(2)	(13)	-	-	(19)
Intercompany profit elimination	14	5	(21)	2	3	(2)
Retained expenses of divested operations	(4)	(6)	(3)	(3)	(3)	(13)
Other	(22)	(31)	(14)	(16)	(7)	(59)
Income before Income Taxes	\$ 287	\$ 329	\$ 162	\$ 190	\$ 239	\$ 878
United States and Foreign Tax Expense / (Benefit)	377	(238)	30	36	70	513
Less: Minority Shareholders Net Income	6	6	3	7	3	19
Goodyear Net Income (Loss)	\$ (96)	\$ 561	\$ 129	\$ 147	\$ 166	\$ 346
Net Sales (as reported)	\$4,071	\$3,741	\$3,921	\$3,686	\$3,699	\$15,377
Return on Sales (as reported)	(2.4)%	15.0%	3.3%	4.0%	4.5%	2.3%
Total Segment Operating Margin	10.3%	12.8%	9.1%	9.8%	10.4%	9.9%

Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	December 31, 2017	September 30, 2017	December 31, 2016
Long-Term Debt and Capital Leases	\$ 5,076	\$ 5,737	\$ 4,798
Notes Payable and Overdrafts	262	276	245
Long-Term Debt and Capital Leases Due Within One Year	391	378	436
Total Debt	\$ 5,729	\$ 6,391	\$ 5,479
Less: Cash and Cash Equivalents	1,043	822	1,132
Net Debt	\$ 4,686	\$ 5,569	\$ 4,347

GOODYEAR®