

**The Goodyear Tire & Rubber Company and Subsidiaries**  
**Consolidated Statements of Operations (unaudited)**

*(In millions, except per share amounts)*

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>NET SALES</b>	<b>\$ 3,876</b>	<b>\$ 4,071</b>	<b>\$ 15,475</b>	<b>\$ 15,377</b>
Cost of Goods Sold	3,008	3,081	11,961	11,680
Selling, Administrative and General Expense	580	579	2,312	2,279
Rationalizations	4	33	44	135
Interest Expense	85	75	321	335
Other (Income) Expense	(3)	16	(174)	70
Income before Income Taxes	202	287	1,011	878
United States and Foreign Tax Expense	92	377	303	513
Net Income (Loss)	110	(90)	708	365
Less: Minority Shareholders' Net Income	--	6	15	19
<b>Goodyear Net Income (Loss)</b>	<b>\$ 110</b>	<b>\$ (96)</b>	<b>\$ 693</b>	<b>\$ 346</b>
<b>Goodyear Net Income (Loss)</b> <b>- Per Share of Common Stock</b>				
Basic	<b>\$ 0.47</b>	<b>\$ (0.39)</b>	<b>\$ 2.92</b>	<b>\$ 1.39</b>
Weighted Average Shares Outstanding	233	244	237	249
Diluted	<b>\$ 0.47</b>	<b>\$ (0.39)</b>	<b>\$ 2.89</b>	<b>\$ 1.37</b>
Weighted Average Shares Outstanding	235	244	239	253
Cash Dividends Declared Per Common Share	<b>\$ 0.16</b>	<b>\$ 0.14</b>	<b>\$ 0.58</b>	<b>\$ 0.44</b>

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## The Goodyear Tire & Rubber Company and Subsidiaries Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	December 31, <u>2018</u>	December 31, <u>2017</u>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 801	\$ 1,043
Accounts Receivable	2,030	2,025
Inventories:		
Raw Materials	569	466
Work in Process	152	142
Finished Products	<u>2,135</u>	<u>2,179</u>
	2,856	2,787
Prepaid Expenses and Other Current Assets	<u>238</u>	<u>224</u>
<b>Total Current Assets</b>	<b>5,925</b>	<b>6,079</b>
Goodwill	569	595
Intangible Assets	136	139
Deferred Income Taxes	1,847	2,008
Other Assets	1,136	792
Property, Plant and Equipment	<u>7,259</u>	<u>7,451</u>
<b>Total Assets</b>	<b><u>\$ 16,872</u></b>	<b><u>\$ 17,064</u></b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts Payable-Trade	\$ 2,920	\$ 2,807
Compensation and Benefits	471	539
Other Current Liabilities	737	1,026
Notes Payable and Overdrafts	410	262
Long Term Debt and Capital Leases due Within One Year	<u>243</u>	<u>391</u>
<b>Total Current Liabilities</b>	<b>4,781</b>	<b>5,025</b>
Long Term Debt and Capital Leases	5,110	5,076
Compensation and Benefits	1,345	1,515
Deferred Income Taxes	95	100
Other Long Term Liabilities	<u>471</u>	<u>498</u>
<b>Total Liabilities</b>	<b>11,802</b>	<b>12,214</b>
<b>Shareholders' Equity:</b>		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares – 232 million (240 million in 2017)	232	240
Capital Surplus	2,111	2,295
Retained Earnings	6,597	6,044
Accumulated Other Comprehensive Loss	<u>(4,076)</u>	<u>(3,976)</u>
<b>Goodyear Shareholders' Equity</b>	<b>4,864</b>	<b>4,603</b>
Minority Shareholders' Equity – Nonredeemable	<u>206</u>	<u>247</u>
<b>Total Shareholders' Equity</b>	<b>5,070</b>	<b>4,850</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 16,872</u></b>	<b><u>\$ 17,064</u></b>

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## The Goodyear Tire & Rubber Company and Subsidiaries Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Twelve Months Ended	
	December 31, 2018	2017
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income</b>	<b>\$ 708</b>	<b>\$ 365</b>
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	778	781
Amortization and Write-Off of Debt Issuance Costs	15	21
Provision for Deferred Income Taxes	131	366
Net Pension Curtailments and Settlements	22	19
Net Rationalization Charges	44	135
Rationalization Payments	(174)	(154)
Net Gains on Asset Sales	(1)	(14)
Gain on TireHub Transaction, Net of Transaction Costs	(272)	--
Pension Contributions and Direct Payments	(74)	(90)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	(172)	(147)
Inventories	(171)	(44)
Accounts Payable - Trade	223	85
Compensation and Benefits	(26)	(65)
Other Current Liabilities	(181)	(76)
Other Assets and Liabilities	66	(24)
<b>Total Cash Flows from Operating Activities</b>	<b>916</b>	<b>1,158</b>
<b>Cash Flows from Investing Activities:</b>		
Capital Expenditures	(811)	(881)
Asset Dispositions	2	12
Short Term Securities Acquired	(68)	(83)
Short Term Securities Redeemed	68	83
Notes Receivable	(55)	--
Other Transactions	(3)	(10)
<b>Total Cash Flows from Investing Activities</b>	<b>(867)</b>	<b>(879)</b>
<b>Cash Flows from Financing Activities:</b>		
Short Term Debt and Overdrafts Incurred	1,944	1,054
Short Term Debt and Overdrafts Paid	(1,795)	(1,046)
Long Term Debt Incurred	6,455	6,463
Long Term Debt Paid	(6,469)	(6,342)
Common Stock Issued	4	14
Common Stock Repurchased	(220)	(400)
Common Stock Dividends Paid	(138)	(110)
Transactions with Minority Interests in Subsidiaries	(31)	(7)
Debt Related Costs and Other Transactions	7	(41)
<b>Total Cash Flows from Financing Activities</b>	<b>(243)</b>	<b>(415)</b>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(43)	57
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(237)</b>	<b>(79)</b>
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	1,110	1,189
<b>Cash, Cash Equivalents and Restricted Cash at End of the Period</b>	<b>\$ 873</b>	<b>\$ 1,110</b>

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## Non-GAAP Financial Measures (unaudited)

This earnings release presents Total Segment Operating Income and Margin, 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.

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

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.

The company is unable to present a quantitative reconciliation of its forward-looking non-GAAP financial measure, Total Segment Operating Income, to the most directly comparable U.S. GAAP financial measure, Goodyear Net Income, because management cannot reliably predict all of the necessary components of Goodyear Net Income without unreasonable effort. Goodyear Net Income includes several significant items that are not included in Total Segment Operating Income, 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 the company's business, acquisitions and dispositions, foreign currency exchange gains and losses, financing fees, actions taken to manage the company's 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, the company is unable to address the probable significance of the unavailable information, which could be material to the company's future financial results.

See the tables below for reconciliations of historical Total Segment Operating Income and Margin, Adjusted Net Income and Adjusted Diluted EPS to the most directly comparable U.S. GAAP financial measures.

## Segment Operating Income and Margin Reconciliation Table

	Three Months Ended December 31,		Twelve Months Ended December 31,	
<i>(In millions)</i>	2018	2017	2018	2017
<b>Total Segment Operating Income</b>	<b>\$307</b>	<b>\$430</b>	<b>\$1,274</b>	<b>\$1,556</b>
Rationalizations	(4)	(33)	(44)	(135)
Interest Expense	(85)	(75)	(321)	(335)
Other Income (Expense)	3	(16)	174	(70)
Asset Write-offs and Accelerated Depreciation	(2)	(1)	(4)	(40)
Corporate Incentive Compensation Plans	(7)	(6)	(13)	(33)
Intercompany Profit Elimination	(6)	14	(4)	(2)
Retained Expenses of Divested Operations	(2)	(4)	(9)	(13)
Other	(2)	(22)	(42)	(50)
<b>Income before Income Taxes</b>	<b>\$202</b>	<b>\$287</b>	<b>\$1,011</b>	<b>\$878</b>
United States and Foreign Taxes	92	377	303	513
Less: Minority Shareholders Net Income	--	6	15	19
<b>Goodyear Net Income (Loss)</b>	<b>\$110</b>	<b>\$(96)</b>	<b>\$693</b>	<b>\$346</b>
Sales	\$3,876	\$4,071	\$15,475	\$15,377
Return on Sales	2.8%	(2.4)%	4.5%	2.3%
Total Segment Operating Margin	7.9%	10.6%	8.2%	10.1%

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**Adjusted Net Income and Adjusted Diluted Earnings per Share Reconciliation Tables**

<b>Fourth Quarter 2018</b>	<b>Income Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income</b>	<b>Weighted Average Shares Outstanding-Diluted</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ 202</b>	<b>\$ 92</b>	<b>-</b>	<b>\$ 110</b>	<b>235</b>	<b>\$ 0.47</b>
Significant Items:						
Pension Settlements	9	2		7		0.03
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	6	2		4		0.02
Discrete Tax Items	(73)	(72)		(1)		(0.01)
	(58)	(68)		10		0.04
<b>As Adjusted</b>	<b>\$ 144</b>	<b>\$ 24</b>	<b>-</b>	<b>\$ 120</b>	<b>235</b>	<b>\$ 0.51</b>

<b>Fourth Quarter 2017</b>	<b>Income Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income</b>	<b>Weighted Average Shares Outstanding-Diluted*</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ 287</b>	<b>\$ 377</b>	<b>\$ 6</b>	<b>\$ (96)</b>	<b>244</b>	<b>\$ (0.39)</b>
Significant Items:						
Discrete Tax Items		(315)		315		1.28
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	34	11		23		0.09
Pension Settlements	6	3		3		0.01
	40	(301)		341		1.38
<b>As Adjusted</b>	<b>\$ 327</b>	<b>\$ 76</b>	<b>\$ 6</b>	<b>\$ 245</b>	<b>248</b>	<b>\$ 0.99</b>

\*Weighted Average Shares Outstanding – Diluted for the calculation of as-reported diluted EPS excludes 4 million weighted average shares outstanding for stock options and other securities that were anti-dilutive.

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<b>Full Year 2018</b>	<b>Income Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income</b>	<b>Weighted Average Shares Outstanding-Diluted</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ 1,011</b>	<b>\$ 303</b>	<b>\$ 15</b>	<b>\$ 693</b>	<b>239</b>	<b>\$ 2.89</b>
Significant Items:						
Rationalizations, Asset Write-Offs, and Accelerated Depreciation Charges	48	12	1	35		0.15
Pension Settlements	22	5		17		0.07
Hurricane Effect	12			12		0.05
Pension Standard Change	9	2		7		0.03
Brazil Transportation Strike	7	2		5		0.02
Legal Claims Related to Discontinued Operations	4	1		3		0.01
Insurance Recovery - Discontinued Products	(3)	(1)		(2)		(0.01)
Net Gains on Asset Sales	(1)			(1)		(0.01)
Discrete Tax Items	(95)	(88)		(7)		(0.02)
Gain on TireHub Transaction, Net of Transaction Costs	(272)	(65)		(207)		(0.86)
	(269)	(132)	1	(138)		(0.57)
<b>As Adjusted</b>	<b>\$ 742</b>	<b>\$ 171</b>	<b>\$ 16</b>	<b>\$ 555</b>	<b>239</b>	<b>\$ 2.32</b>
<b>Full Year 2017</b>						
	<b>Income Before Income Taxes</b>	<b>Taxes</b>	<b>Minority Interest</b>	<b>Goodyear Net Income</b>	<b>Weighted Average Shares Outstanding-Diluted</b>	<b>Diluted EPS</b>
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	<b>\$ 878</b>	<b>\$ 513</b>	<b>\$ 19</b>	<b>\$ 346</b>	<b>253</b>	<b>\$ 1.37</b>
Significant Items:						
Discrete Tax Items	(2)	(294)		292		1.14
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	175	53	1	121		0.48
Debt Redemption Charges	31	12		19		0.08
Hurricane Effect	18	2		16		0.06
Pension Settlements	19	7		12		0.05
Insurance Recovery - Discontinued Products	(5)	(2)		(3)		(0.01)
Net Gains on Asset Sales	(14)	(1)		(13)		(0.05)
	222	(223)	1	444		1.75
<b>As Adjusted</b>	<b>\$ 1,100</b>	<b>\$ 290</b>	<b>\$ 20</b>	<b>\$ 790</b>	<b>253</b>	<b>\$ 3.12</b>