

GOODYEAR TIRE & RUBBER CO /OH/

Form 10-K

February 08, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

Commission File Number: 1-1927

THE GOODYEAR TIRE & RUBBER COMPANY

(Exact name of registrant as specified in its charter)

Ohio 34-0253240

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

200 Innovation Way, Akron, Ohio 44316-0001

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (330) 796-2121

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Without Par Value	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the common stock held by nonaffiliates of the registrant, computed by reference to the last sales price of such common stock as of the closing of trading on June 30, 2017, was approximately \$8.8 billion.

Shares of Common Stock, Without Par Value, outstanding at January 31, 2018:

240,331,530

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on April 9, 2018 are incorporated by reference in Part III.

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THE GOODYEAR TIRE & RUBBER COMPANY

Annual Report on Form 10-K

For the Fiscal Year Ended December 31, 2017

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PART I.

ITEM 1. BUSINESS.

BUSINESS OF GOODYEAR

The Goodyear Tire & Rubber Company (the “Company”) is an Ohio corporation organized in 1898. Its principal offices are located at 200 Innovation Way, Akron, Ohio 44316-0001. Its telephone number is (330) 796-2121. The terms “Goodyear,” “Company” and “we,” “us” or “our” wherever used herein refer to the Company together with all of its consolidated U.S. and foreign subsidiary companies, unless the context indicates to the contrary.

We are one of the world’s leading manufacturers of tires, engaging in operations in most regions of the world. In 2017, our net sales were \$15,377 million and Goodyear’s net income was \$346 million. Together with our U.S. and international subsidiaries, we develop, manufacture, market and distribute tires for most applications. We also manufacture and market rubber-related chemicals for various applications. We are one of the world’s largest operators of commercial truck service and tire retreading centers. In addition, we operate approximately 1,000 tire and auto service center outlets where we offer our products for retail sale and provide automotive repair and other services. We manufacture our products in 48 manufacturing facilities in 22 countries, including the United States, and we have marketing operations in almost every country around the world. We employ approximately 64,000 full-time and temporary associates worldwide.

AVAILABLE INFORMATION

We make available free of charge on our website, <http://www.goodyear.com>, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we file or furnish such reports to the Securities and Exchange Commission (the “SEC”). The information on our website is not incorporated by reference in or considered to be a part of this Annual Report on Form 10-K.

DESCRIPTION OF GOODYEAR’S BUSINESS

GENERAL INFORMATION REGARDING OUR SEGMENTS

For the year ended December 31, 2017, we operated our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa (“EMEA”); and Asia Pacific.

Financial information related to our operating segments for the three year period ended December 31, 2017 appears in the Note to the Consolidated Financial Statements No. 8, Business Segments.

Our principal business is the development, manufacture, distribution and sale of tires and related products and services worldwide. We manufacture and market numerous lines of rubber tires for:

- automobiles
- trucks
- buses
- aircraft
- motorcycles
- earthmoving and mining equipment
- farm implements
- industrial equipment, and
- various other applications.

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In each case, our tires are offered for sale to vehicle manufacturers for mounting as original equipment (“OE”) and for replacement worldwide. We manufacture and sell tires under the Goodyear, Dunlop, Kelly, Debica, Sava and Fulda brands and various other Goodyear owned “house” brands, and the private-label brands of certain customers. In certain geographic areas we also:

• retread truck, aviation and off-the-road (“OTR”) tires,
 • manufacture and sell tread rubber and other tire retreading materials,

• sell chemical products, and/or

• provide automotive and commercial repair services and miscellaneous other products and services.

Our principal products are new tires for most applications. Approximately 87% of our sales in 2017, 2016 and 2015 were for new tires. Sales of chemical products and natural rubber to unaffiliated customers were 3% in 2017 and 2016 and 2% in 2015 of our consolidated sales (6%, 5% and 4% of Americas total sales in 2017, 2016 and 2015, respectively). The percentages of each segment’s sales attributable to new tires during the periods indicated were:

	Year Ended December 31,		
Sales of New Tires By	2017	2016	2015
Americas	81 %	82 %	84 %
Europe, Middle East and Africa	94	94	94
Asia Pacific	90	89	89

Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions.

Goodyear does not include motorcycle, aviation, race or all-terrain vehicle tires in reported tire unit sales.

Tire unit sales for each segment during the periods indicated were:

GOODYEAR’S ANNUAL TIRE UNIT SALES — SEGMENT

	Year Ended December 31,		
(In millions of tires)	2017	2016	2015
Americas	70.9	74.1	79.1
Europe, Middle East and Africa	57.1	61.1	61.1
Asia Pacific	31.2	30.9	26.0
Goodyear worldwide tire units	159.2	166.1	166.2

Our replacement and OE tire unit sales during the periods indicated were:

GOODYEAR’S ANNUAL TIRE UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2017	2016	2015
Replacement tire units	113.5	117.3	115.5
OE tire units	45.7	48.8	50.7
Goodyear worldwide tire units	159.2	166.1	166.2

New tires are sold under highly competitive conditions throughout the world. On a worldwide basis, we have two major competitors: Bridgestone (based in Japan) and Michelin (based in France). Other significant competitors include Continental, Cooper, Hankook, Kumho, Pirelli, Sumitomo, Toyo, Yokohama and various regional tire manufacturers.

We compete with other tire manufacturers on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. Goodyear and Dunlop brand tires enjoy a high recognition factor and have a reputation for performance and product design. The Kelly, Debica, Sava and Fulda

brands and various house brand tire lines offered by us, and tires manufactured and sold by us to private brand customers, compete primarily on the basis of value and price.

We do not consider our tire businesses to be seasonal to any significant degree.

Table of Contents**AMERICAS**

Americas, our largest segment in terms of revenue, develops, manufactures, distributes and sells tires and related products and services in North, Central and South America, and sells tires to various export markets, primarily through intersegment sales. Americas manufactures tires in six plants in the United States, two plants in Canada and six plants in Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

Americas manufactures and sells tires for automobiles, trucks, buses, earthmoving, mining and industrial equipment, aircraft, and for various other applications.

Goodyear brand radial passenger tire lines sold throughout Americas include the Assurance family of product lines for the premium and mid-tier passenger and cross-over utility segments; the Direction family of product lines for the mid-tier consumer segment; the Eagle family of product lines for the high-performance segment; the Wrangler family of product lines for the sport utility vehicle and light truck segments; and the Ultra Grip family of winter tires.

Additionally, we offer Dunlop brand radial tire lines including Signature HP, SP Sport and Direzza for the passenger and performance segments; Grandtrek tire lines for the cross-over, sport utility vehicle and light truck segments; and SP Winter, Winter Maxx and Grandtrek tire lines for the winter tire segment. Americas also manufactures and sells several lines of Kelly brand radial tires for passenger cars and light trucks including the Kelly Edge A/S, Edge HP, Edge AT and Safari TSR. Goodyear's Americas commercial business provides commercial truck tires, retreads, services, tools and business solutions to trucking fleets.

In 2017, Americas launched two new consumer tires under the Goodyear brand, the Goodyear Assurance WeatherReady tire and a trailer tire, the Goodyear Endurance. Americas commercial truck tire business launched nine new tires under the Goodyear Endurance, Goodyear Fuel Max, Goodyear Armor Max and Goodyear Marathon lines to service our long haul, regional and mixed service customers.

Americas also:

- manufactures tread rubber and other tire retreading materials for trucks, heavy equipment and aviation,
- retreads truck, aviation and OTR tires, primarily as a service to its commercial customers,
- sells products and installation services online through our website, www.goodyear.com,
- provides automotive maintenance and repair services at approximately 580 Company-owned retail outlets primarily under the Goodyear or Just Tires names,
- provides trucking fleets with new tires, retreads, mechanical service, preventative maintenance and roadside assistance from approximately 190 Company-owned Goodyear Commercial Tire & Service Centers,
- sells automotive repair and maintenance items, automotive equipment and accessories and other items to dealers and consumers,
- sells chemical products and natural rubber to Goodyear's other business segments and to unaffiliated customers, and
- provides miscellaneous other products and services.

Markets and Other Information

Tire unit sales to replacement and OE customers served by Americas during the periods indicated were:

AMERICAS UNIT SALES — REPLACEMENT AND OE

	Year Ended		
	December 31,		
(In millions of tires)	2017	2016	2015
Replacement tire units	53.5	55.0	57.4
OE tire units	17.4	19.1	21.7
Total tire units	70.9	74.1	79.1

Americas is a major supplier of tires to most manufacturers of automobiles, trucks, buses, aircraft, and earthmoving, mining and industrial equipment that have production facilities located in the Americas.

Americas' primary competitors are Bridgestone and Michelin. Other significant competitors include Continental, Cooper, Pirelli, and imports from other regions, primarily Asia.

Goodyear, Dunlop and Kelly brand tires are sold in Americas through several channels of distribution. The principal channel for Goodyear brand tires is a large network of independent dealers. Goodyear, Dunlop and Kelly brand tires

are also sold to numerous national and regional retailers and in Goodyear Company-owned stores in the United States.

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We are subject to regulation by the National Highway Traffic Safety Administration (“NHTSA”), which has established various standards and regulations applicable to tires sold in the United States. NHTSA has the authority to order the recall of automotive products, including tires, having a defect related to motor vehicle safety or that do not comply with a motor vehicle safety standard. In addition, the Transportation Recall Enhancement, Accountability, and Documentation Act (the “TREAD Act”) imposes numerous reporting requirements with respect to tires. The TREAD Act also requires tire manufacturers, among other things, to remedy tire safety defects without charge for five years and comply with revised and more rigorous tire testing standards. NHTSA is also in the process of establishing national tire labeling regulations, under which certain tires sold in the United States will be required to be rated for rolling resistance, traction and tread wear.

In 2012, Brazil adopted a tire labeling regulation, which took effect in 2015 and set requirements for tire certification and labeling for rolling resistance, wet grip braking and noise for all radial passenger car, light truck and commercial truck tires sold in that country.

EUROPE, MIDDLE EAST AND AFRICA

Europe, Middle East and Africa, our second largest segment in terms of revenue, develops, manufactures, distributes and sells tires for automobiles, trucks, buses, aircraft, motorcycles, and earthmoving, mining and industrial equipment throughout Europe, the Middle East and Africa under the Goodyear, Dunlop, Debica, Sava and Fulda brands and other house brands, and sells tires to various export markets, primarily through intersegment sales. EMEA manufactures tires in thirteen plants in France, Germany, Luxembourg, Poland, Slovenia, South Africa and Turkey.

In 2017, EMEA launched a number of new consumer tires under the Goodyear, Dunlop, Sava and Fulda brands, including our new Fulda Sport Control 2, Sava Intensa UHP2, Fulda Kristal Control SUV, Goodyear Efficient Grip Cargo and Goodyear WRL Adventure. EMEA also introduced a number of new commercial tires including the KMAX line. EMEA also:

- sells aviation tires, and manufactures and sells retreaded aviation tires,
- provides various retreading and related services for truck and OTR tires, primarily for its commercial truck tire customers,
- offers automotive repair services at Company-owned retail outlets, and
- provides miscellaneous other products and services.

Markets and Other Information

Tire unit sales to replacement and OE customers served by EMEA during the periods indicated were:

EUROPE, MIDDLE EAST AND AFRICA UNIT SALES — REPLACEMENT AND OE

	Year Ended		
	December 31,		
(In millions of tires)	2017	2016	2015
Replacement tire units	41.4	43.8	43.8
OE tire units	15.7	17.3	17.3
Total tire units	57.1	61.1	61.1

EMEA is a significant supplier of tires to most vehicle manufacturers across the region.

EMEA’s primary competitors are Michelin, Bridgestone, Continental, Pirelli, several regional and local tire producers and imports from other regions, primarily Asia.

Goodyear and Dunlop brand tires are sold for replacement in EMEA through various channels of distribution, principally independent multi-brand tire dealers. In some areas, Goodyear brand tires, as well as Dunlop, Debica, Sava and Fulda brand tires, are distributed through independent dealers, regional distributors and retail outlets, of which approximately 50 are owned by Goodyear.

Our European operations are subject to regulation by the European Union. The Tire Labeling Regulation applies to all passenger car, light truck and commercial truck tires and requires that consumers be informed about the tire’s fuel efficiency, wet grip and noise characteristics.

ASIA PACIFIC

Our Asia Pacific segment develops, manufactures, distributes and sells tires for automobiles, trucks, buses, aircraft, farm, and earthmoving, mining and industrial equipment throughout the Asia Pacific region, and sells tires to various export markets, primarily

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through intersegment sales. Asia Pacific manufactures tires in seven plants in China, India, Indonesia, Japan, Malaysia and Thailand. Asia Pacific also:

- retreads truck tires and aviation tires,
- manufactures tread rubber and other tire retreading materials for aviation tires,
- provides automotive maintenance and repair services at Company-owned retail outlets, and
- provides miscellaneous other products and services.

In 2017, Asia Pacific released two new consumer tires under the Goodyear brand, the Goodyear EfficientGrip Performance SUV for all markets and the Goodyear Ice Navi 7 for the Japanese winter market. In addition, Asia Pacific released a new Kelly branded consumer tire as a catalyst to further penetrate China's 3rd and 4th tier cities. Asia Pacific also launched two commercial tires, the Goodyear S210KMAX for premium logistics fleets and the Goodyear S800E targeting medium electric urban buses.

Markets and Other Information

Tire unit sales to replacement and OE customers served by Asia Pacific during the periods indicated were:

ASIA PACIFIC UNIT SALES — REPLACEMENT AND OE

	Year Ended		
	December 31,		
(In millions of tires)	2017	2016	2015
Replacement tire units	18.6	18.5	14.3
OE tire units	12.6	12.4	11.7
Total tire units	31.2	30.9	26.0

Asia Pacific's major competitors are Bridgestone and Michelin along with many other global brands present in different parts of the region, including Continental, Dunlop, Hankook and a large number of regional and local tire producers.

Asia Pacific sells primarily Goodyear brand tires throughout the region and also sells the Dunlop brand in Australia and New Zealand. Other brands of tires, such as Blue Streak, Remington, Kelly and Diamondback, are sold in smaller quantities. Tires are sold through a network of licensed and franchised retail stores and multi-brand retailers through a network of wholesale dealers. In Australia, we also operate a network of approximately 200 retail stores under the Beaufreires brand.

GENERAL BUSINESS INFORMATION**Sources and Availability of Raw Materials**

The principal raw materials used by Goodyear are synthetic and natural rubber. Synthetic rubber accounts for approximately 55% of all rubber consumed by us on an annual basis. Our plants located in Beaumont and Houston, Texas supply a major portion of our global synthetic rubber requirements. We purchase all of our requirements for natural rubber in the world market.

Other important raw materials and components we use are carbon black, steel cord, fabrics and petrochemical-based commodities. Substantially all of these raw materials and components are purchased from independent suppliers, except for certain chemicals we manufacture. We purchase most raw materials and components in significant quantities from several suppliers, except in those instances where only one or a few qualified sources are available. We anticipate the continued availability of all raw materials and components we will require during 2018, subject to spot shortages and unexpected disruptions caused by natural disasters such as hurricanes and other similar events. Substantial quantities of fuel and other petrochemical-based commodities are used in the production of tires, synthetic rubber and other products. Supplies of such fuels and commodities have been and are expected to continue to be available to us in quantities sufficient to satisfy our anticipated requirements, subject to spot shortages.

Patents and Trademarks

We own approximately 2,000 product, process and equipment patents issued by the United States Patent Office and approximately 3,700 patents issued or granted in other countries around the world. We have approximately 400 applications for United States patents pending and approximately 1,900 patent applications on file in other countries

around the world. While such patents and patent applications as a group are important, we do not consider any patent or patent application to be of such importance that the loss or expiration thereof would materially affect Goodyear or any business segment.

We own, control or use approximately 1,500 different trademarks, including several using the word “Goodyear” or the word “Dunlop.” Approximately 8,400 registrations and 500 pending applications worldwide protect these trademarks. While such

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trademarks as a group are important, the only trademarks we consider material to our business, or to the business of any of our segments, are those using the word “Goodyear,” and with respect to certain of our international business segments, those using the word “Dunlop.” We believe our trademarks are valid and most are of unlimited duration as long as they are adequately protected and appropriately used.

Backlog

Our backlog of orders is not considered material to, or a significant factor in, evaluating and understanding any of our business segments or our businesses considered as a whole.

Research and Development

Our direct and indirect expenditures on research, development and certain engineering activities relating to the design, development and significant modification of new and existing products and services and the formulation and design of new, and significant improvements to existing, manufacturing processes and equipment during the periods indicated were:

	Year Ended		
	December 31,		
(In millions)	2017	2016	2015
Research and development expenditures	\$406	\$388	\$382

Employees

At December 31, 2017, we employed approximately 64,000 full-time and temporary people throughout the world, including approximately 38,000 people covered under collective bargaining agreements. Approximately 7,000 of our employees in the United States are covered by a master collective bargaining agreement with the United Steelworkers (“USW”), which expires in July 2022. Approximately 25,000 of our employees outside of the United States are covered by union contracts that currently have expired or that will expire in 2018, primarily in Germany, Brazil, Poland, Luxembourg and China. In addition, approximately 1,000 of our employees in the United States are covered by other contracts with the USW and various other unions. Unions represent a major portion of our employees in the United States and Europe.

Compliance with Environmental Regulations

We are subject to extensive regulation under environmental and occupational health and safety laws and regulations. These laws and regulations relate to, among other things, air emissions, discharges to surface and underground waters and the generation, handling, storage, transportation and disposal of waste materials and hazardous substances. We have several continuing programs designed to ensure compliance with Federal, state and local environmental and occupational safety and health laws and regulations. We expect capital expenditures for pollution control facilities and occupational safety and health projects to be \$40 million to \$50 million annually in 2018 and 2019.

We also incur ongoing expenses to maintain and operate our pollution control facilities and conduct our other environmental activities, including the control and disposal of hazardous substances. These expenditures are expected to be sufficient to comply with existing environmental laws and regulations and are not expected to have a material adverse effect on our competitive position.

In the future, we may incur increased costs and additional charges associated with environmental compliance and cleanup projects necessitated by the identification of new waste sites, the impact of new environmental laws and regulatory standards, or the availability of new technologies. Compliance with Federal, state and local environmental laws and regulations in the future may require a material increase in our capital expenditures and could adversely affect our earnings and competitive position.

INFORMATION ABOUT INTERNATIONAL OPERATIONS

We engage in manufacturing and/or sales operations in most countries in the world, often through subsidiary companies. We have manufacturing operations in 22 countries, including the United States. Most of our international manufacturing operations are engaged in the production of tires. Certain other products are also manufactured in plants located outside the United States. Financial information related to our geographic areas for the three year period ended December 31, 2017 appears in the Note to the Consolidated Financial Statements No. 8, Business Segments, and is incorporated herein by reference.

In addition to the ordinary risks of the marketplace, in some countries our operations are affected by price or profit margin controls, import controls, labor regulations, tariffs, extreme inflation and/or fluctuations in currency values. Furthermore, in certain countries where we operate, transfers of funds into or out of such countries are generally or periodically subject to certain requirements. Refer to “Item 1A. Risk Factors” for a discussion of the risks related to our international operations.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are: (1) the names and ages of all executive officers of the Company at February 8, 2018, (2) all positions with the Company presently held by each such person, and (3) the positions held by, and principal areas of responsibility of, each such person during the last five years.

Name	Position(s) Held	Age
Richard J. Kramer	Chairman of the Board, Chief Executive Officer and President	54

Mr. Kramer was elected Chief Executive Officer and President in April 2010 and Chairman in October 2010. He is the principal executive officer of the Company. Mr. Kramer joined Goodyear in March 2000 and has served as Executive Vice President and Chief Financial Officer (June 2004 to August 2007), President, North America (March 2007 to February 2010) and Chief Operating Officer (June 2009 to April 2010).

Laura K. Thompson	Executive Vice President and Chief Financial Officer	53
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Ms. Thompson was named Executive Vice President and Chief Financial Officer in December 2013. She is Goodyear's principal financial officer. Ms. Thompson joined Goodyear in 1983 and has served as Vice President, Finance, North America (March 2011 to November 2013).

Stephen R. McClellan	President, Americas	52
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Mr. McClellan was named President, Americas effective January 1, 2016. He is the executive officer responsible for Goodyear's operations in North America and Latin America. Mr. McClellan joined Goodyear in 1988 and has served as President, North America (August 2011 to December 2015).

Christopher R. Delaney	President, Europe, Middle East and Africa	56
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Mr. Delaney was named President, Europe, Middle East and Africa effective September 7, 2017. He is the executive officer responsible for Goodyear's operations in Europe, the Middle East and Africa. Mr. Delaney joined Goodyear as President-Elect, Asia Pacific in August 2015, and has served as President, Asia Pacific (January 2016 to September 6, 2017). Prior to joining Goodyear, Mr. Delaney was Chief Executive Officer and Managing Director of Goodman Fielder Ltd., a food products company in Australia, New Zealand and the Asia Pacific region, from July 2011 until March 2015.

Ryan G. Patterson	President, Asia Pacific	44
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Mr. Patterson was named President, Asia Pacific effective September 7, 2017. He is the executive officer responsible for Goodyear's operations in Asia, Australia, New Zealand and the Western Pacific. Mr. Patterson joined Goodyear in 2002 and has served as Vice President, North America Consumer Operations and Customer Development (January 2012 to August 2014) and President, North America Consumer (September 2014 to September 6, 2017).

David L. Bialosky	Senior Vice President, General Counsel and Secretary	60
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Mr. Bialosky joined Goodyear as Senior Vice President, General Counsel and Secretary in September 2009. He is Goodyear's chief legal officer.

Paul Fitzhenry Senior Vice President, Global Communications 58

Mr. Fitzhenry joined Goodyear as Senior Vice President, Global Communications in October 2012. He is the executive officer responsible for Goodyear's communications activities worldwide.

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Name	Position(s) Held	Age
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Richard Kellam	Senior Vice President, Sales and Marketing Excellence Mr. Kellam joined Goodyear as Senior Vice President, Sales and Marketing Excellence in September 2014. He is the executive officer responsible for Goodyear's global sales and marketing activities. Prior to joining Goodyear, Mr. Kellam served in positions of increasing responsibility at Mars Incorporated, a global manufacturer of confectionery, pet food and other food products, including most recently as Global Chief Customer Officer from 2009 until September 2014.	56
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Scott H. King	Senior Vice President, Strategy and Business Development Mr. King was named Senior Vice President, Strategy and Business Development in April 2015. He is the executive officer responsible for Goodyear's strategic initiatives and business development activities. Mr. King rejoined Goodyear after serving as Chief Financial Officer of Veyance Technologies, Inc., Goodyear's former Engineered Products Division, from August 2007 until February 2015.	56
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John T. Lucas	Senior Vice President, Global Human Resources Mr. Lucas joined Goodyear as Senior Vice President, Global Human Resources in February 2015. He is Goodyear's chief human resources officer. Prior to joining Goodyear, Mr. Lucas was Senior Vice President of Human Resources for Lockheed Martin Corporation, a global security and aerospace company, from February 2010 until February 2015.	58
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Joseph Zekoski	Senior Vice President, Global Operations and Technology Mr. Zekoski was named Senior Vice President and Chief Technical Officer in February 2015 and was named Senior Vice President, Global Operations and Technology in August 2016. He is the executive officer responsible for Goodyear's global manufacturing, supply chain, research and development, engineering and product quality activities. Mr. Zekoski joined Goodyear in 1979 and has served as Interim Chief Technical Officer (December 2012 to February 2015).	67
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Evan M. Scocos	Vice President and Controller Mr. Scocos was named Vice President and Controller in June 2016. He is Goodyear's principal accounting officer. Mr. Scocos joined Goodyear in 2004 and has served as Controller, North America (November 2008 to April 2013), Vice President and Assistant Controller (May 2013 to March 2014) and Vice President and General Auditor (March 2014 to May 2016).	46
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No family relationship exists between any of the above executive officers or between the executive officers and any director of the Company.

Each executive officer is elected by the Board of Directors of the Company at its annual meeting to a term of one year or until his or her successor is duly elected. In those instances where the person is elected at other than an annual meeting, such person's term will expire at the next annual meeting.

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ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below and other information contained in this Annual Report on Form 10-K when considering an investment decision with respect to our securities. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. Any of the events discussed in the risk factors below may occur. If they do, our business, results of operations, financial condition or liquidity could be materially adversely affected. In such an instance, the trading price of our securities could decline, and you might lose all or part of your investment.

If we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected.

We experienced challenging global industry conditions in 2017, and our business was impacted by trends that negatively affected the tire industry in general. These negative trends include higher raw material costs, increased competition and weak demand in many of our key markets despite favorable trends in miles driven, gasoline prices and unemployment. Global tire industry demand continues to be difficult to predict. If these overall trends continue or worsen, then our operational and financial condition could be adversely affected.

In order to offset the impact of these trends, we are pursuing important strategic initiatives, such as our operational excellence, sales and marketing excellence and innovation excellence initiatives. We are also undertaking significant capital investments in building, expanding and modernizing manufacturing facilities around the world, including a new manufacturing facility in San Luis Potosi, Mexico. The failure to implement successfully our important strategic initiatives may materially adversely affect our operating results, financial condition and liquidity.

Our operational excellence initiatives are aimed at improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service. Our sales and marketing excellence initiatives are intended to build the value of our brand, help our customers win in their markets, and become consumers' preferred choice. Our innovation excellence initiatives are designed to develop great products and services that anticipate and respond to the needs of consumers. If we fail to execute these initiatives successfully, we may fail to achieve our financial goals.

Our performance is also dependent on our ability to improve the volume and mix of higher margin tires we sell in our targeted market segments. In order to do so, we must be successful in developing, producing, marketing and selling products that consumers' desire and that offer higher margins to us. Shifts in consumer demand away from higher margin tires could materially adversely affect our business. We have been capacity constrained from time to time with respect to the production of certain higher margin tires, particularly in the United States and Western Europe. We plan to alleviate these constraints by utilizing our global manufacturing footprint to meet the demand for our tires and by adding manufacturing capacity to produce approximately 20 million tires at our manufacturing facilities worldwide. However, in spite of these initiatives, we may not be able to meet all of the demand for certain of our higher margin tires, which could harm our competitive position and limit our growth.

We cannot assure you that our strategic initiatives will be successful. If not, we may not be able to achieve or sustain future profitability, which would impair our ability to meet our debt and other obligations and would otherwise negatively affect our operating results, financial condition and liquidity.

We face significant global competition and our market share could decline.

New tires are sold under highly competitive conditions throughout the world. We compete with other tire manufacturers on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. On a worldwide basis, we have two major competitors, Bridgestone (based in Japan) and Michelin (based in France), that have large shares of the markets of the countries in which they are based and are aggressively seeking to maintain or improve their worldwide market share. Other significant competitors include Continental, Cooper, Hankook, Kumho, Pirelli, Sumitomo, Toyo, Yokohama and various regional tire manufacturers. Our competitors produce significant numbers of tires in low-cost countries, and have announced plans to further increase their production capacity in those countries as well as the United States. These increases in production capacity may result in even greater competition in the United States and elsewhere.

Our ability to compete successfully will depend, in significant part, on our ability to continue to innovate and manufacture the types of tires demanded by consumers, and to reduce costs by such means as reducing excess and

high-cost capacity, leveraging global purchasing, improving productivity, eliminating redundancies and increasing production at low-cost supply sources. If we are unable to compete successfully, our market share may decline, materially adversely affecting our results of operations and financial condition.

In addition, the automotive industry may experience significant changes due to the introduction of new technologies, such as electric and autonomous vehicles, or new services, business models or methods of travel, such as ride sharing. As the automotive industry evolves, we may need to provide a wider range of products and services to remain competitive, including products that we do not currently have the capability to manufacture or services that we do not currently offer. The demand for our products

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may also decline if automotive production declines and/or total vehicle miles traveled declines. If we do not accurately predict, prepare for and respond to market developments, technological innovations and changing customer and consumer needs, our results of operations and financial condition could be materially adversely affected.

Raw material and energy costs may materially adversely affect our operating results and financial condition.

Raw material costs have historically been volatile, and we may experience increases in the prices of natural and synthetic rubber, carbon black and petrochemical-based commodities. Market conditions, including actions by competitors, or contractual obligations may prevent us from passing any such increased costs on to our customers through timely price increases. Additionally, higher raw material and energy costs around the world may offset our efforts to reduce our cost structure. As a result, higher raw material and energy costs could result in declining margins and operating results and adversely affect our financial condition. The volatility of raw material costs may cause our margins, operating results and liquidity to fluctuate. In addition, lower raw material costs may put downward pressure on the price of tires, which could ultimately reduce our margins and adversely affect our results of operations.

If we fail to extend or renegotiate significant collective bargaining contracts with our labor unions as they expire from time to time, or if our unionized employees were to engage in a strike or other work stoppage or interruption, our business, results of operations, financial condition and liquidity could be materially adversely affected.

We are a party to collective bargaining contracts with our labor unions, which represent a significant number of our employees. Our master collective bargaining agreement with the USW covers approximately 7,000 employees in the United States at December 31, 2017, and expires in July 2022. In addition, approximately 25,000 of our employees outside of the United States are covered by union contracts that have expired or are expiring in 2018, primarily in Germany, Brazil, Poland, Luxembourg and China. Although we believe that our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage or interruption, we could experience a significant disruption of, or inefficiencies in, our operations or incur higher labor costs, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

We could be negatively impacted by the imposition of tariffs on imported tires.

The imposition of tariffs on certain tires imported from China or other countries may reduce our flexibility to utilize our global manufacturing footprint to meet demand for our tires around the world. In addition, the imposition of tariffs in the United States may result in the tires subject to such tariffs being diverted to other regions of the world, such as Europe, Latin America or Asia, or in retaliatory tariffs or other actions by affected countries, which could materially adversely affect our results of operations, financial condition and liquidity.

Our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity.

We have manufacturing and distribution facilities throughout the world. Our international operations are subject to certain inherent risks, including:

- exposure to local economic conditions;
- adverse foreign currency fluctuations;
- adverse currency exchange controls;
- withholding taxes and restrictions on the withdrawal of foreign investment and earnings;
- tax policies and regulations;
- labor regulations;
- tariffs;
- government price and profit margin controls;
- expropriations of property;
- adverse changes in the diplomatic relations of foreign countries with the United States;
- the potential instability of foreign governments;
- hostility from local populations and insurrections;
- risks of renegotiation or modification of existing agreements with governmental authorities;

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• export and import restrictions; and
• other changes in laws or government policies.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable. Certain regions, including Latin America, Asia, Eastern Europe, the Middle East and Africa, are inherently more economically and politically volatile and as a result, our business units that operate in these regions could be subject to significant fluctuations in sales and operating income from quarter to quarter. Because a significant percentage of our operating income in recent years has come from these regions, adverse fluctuations in the operating results in these regions could have a significant impact on our results of operations in future periods.

For example, since 2003, Venezuela has imposed currency exchange controls that establish the exchange rate between the Venezuelan bolivar fuerte and the U.S. dollar and restrict the ability to exchange bolivares fuertes for dollars. These restrictions have delayed and limited our ability to pay third-party and affiliated suppliers and to otherwise repatriate funds from Venezuela. In addition, other government regulations, such as price and profit margin controls and strict labor laws, have limited our ability to make and execute operational decisions at our Venezuelan subsidiary. The lack of currency exchangeability, combined with these other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. As a result, we deconsolidated the operations of our Venezuelan subsidiary and began reporting its results using the cost method of accounting effective December 31, 2015.

In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include import and export laws, anti-competition laws, anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, and other local laws prohibiting corrupt payments to governmental officials, data privacy requirements, tax laws, and accounting, internal control and disclosure requirements. Violations of these laws and regulations could result in civil and criminal fines, penalties and sanctions against us, our officers or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our reputation, business and results of operations. In certain foreign jurisdictions, there is a higher risk of fraud or corruption and greater difficulty in maintaining effective internal controls and compliance programs. Although we have implemented policies and procedures designed to promote compliance with applicable laws and regulations, there can be no assurance that our employees, contractors or agents will not violate our policies or applicable laws and regulations.

We have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity.

The financial position and results of operations of many of our international subsidiaries are initially recorded in various foreign currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. The strengthening of the U.S. dollar against these foreign currencies ordinarily has a negative impact on our reported sales and operating margin (and conversely, the weakening of the U.S. dollar against these foreign currencies has a positive impact). For the year ended December 31, 2017, foreign currency translation favorably affected sales by \$178 million and favorably affected segment operating income by \$10 million compared to the year ended December 31, 2016. The volatility of currency exchange rates may materially adversely affect our operating results.

Our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results.

The adequacy of our liquidity depends on our ability to achieve an appropriate combination of operating improvements, financing from third parties and access to capital markets. We may need to undertake additional financing actions in the capital markets in order to ensure that our future liquidity requirements are addressed or to implement strategic initiatives. These actions may include the issuance of additional debt or equity, or the factoring of our accounts receivable.

Our access to the capital markets cannot be assured and is dependent on, among other things, the ability and willingness of financial institutions to extend credit on terms that are acceptable to us or our suppliers, or to honor future draws on our existing lines of credit, and the degree of success we have in implementing our strategic

initiatives. Over the past several years, we have increased our use of supplier financing programs and the factoring of our accounts receivable in order to improve our working capital efficiency and reduce our costs. If these programs become unavailable or less attractive to us or our suppliers, our liquidity could be adversely affected.

Future liquidity requirements, or our inability to access cash deposits or make draws on our lines of credit, also may make it necessary for us to incur additional debt. A substantial portion of our assets is subject to liens securing our indebtedness. As a result, we are limited in our ability to pledge our remaining assets as security for additional secured indebtedness.

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Our inability to access the capital markets or incur additional debt in the future could have a material adverse effect on our liquidity and operations, and could require us to consider further measures, including deferring planned capital expenditures, reducing discretionary spending, selling additional assets and restructuring existing debt.

Financial difficulties, work stoppages, supply disruptions or economic conditions affecting our major customers, dealers or suppliers could harm our business.

We experienced challenging global industry conditions in 2017, particularly in Americas and EMEA. As a result of these industry conditions, automotive vehicle production and global tire industry demand continues to be difficult to predict.

Although sales to our OE customers accounted for approximately 20% of our net sales in 2017, demand for our products by OE customers and production levels at our facilities are impacted by automotive vehicle production. We may experience future declines in sales volume due to declines in new vehicle sales, the discontinuation or sale of certain OE brands, platforms or programs, increased competition, or weakness in the demand for replacement tires, which could result in us incurring under-absorbed fixed costs at our production facilities or slowing the rate at which we are able to recover those costs.

Automotive production can also be affected by labor relation issues, financial difficulties or supply disruptions. Our OE customers could experience production disruptions resulting from their own or supplier labor, financial or supply difficulties. Such events may cause an OE customer to reduce or suspend vehicle production. As a result, an OE customer could halt or significantly reduce purchases of our products, which would harm our results of operations, financial condition and liquidity.

In addition, the bankruptcy, restructuring or consolidation of one or more of our major customers, dealers or suppliers could result in the write-off of accounts receivable, a reduction in purchases of our products or a supply disruption to our facilities, which could negatively affect our results of operations, financial condition and liquidity.

Our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner.

Our capital expenditures are limited by our liquidity and capital resources and the amount we have available for capital spending is limited by the need to pay our other expenses and to maintain adequate cash reserves and borrowing capacity to meet unexpected demands that may arise. We believe that our ratio of capital expenditures to sales is lower than the comparable ratio for our principal competitors.

Productivity improvements and manufacturing cost improvements may be required to offset potential increases in labor and raw material costs and competitive price pressures. In addition, as part of our strategy to reduce high-cost and excess manufacturing capacity and to increase our capacity to produce higher margin tires, we may need to modernize or expand our facilities. We are currently undertaking significant construction, expansion and modernization projects in the United States, China, India, Luxembourg and Mexico.

We may not have sufficient resources to implement planned capital expenditures with minimal disruption to our existing manufacturing operations, or within desired time frames and budgets. Any disruption to our operations, delay in implementing capital improvements or unexpected costs may materially adversely affect our business and results of operations.

If we are unable to make sufficient capital expenditures, or to maximize the efficiency of the capital expenditures we do make, we may be unable to achieve productivity improvements, which may harm our competitive position, or to manufacture the products necessary to compete successfully in our targeted market segments. In addition, plant construction and modernization may temporarily disrupt our manufacturing operations and lead to temporary increases in our costs.

We have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health.

We have a substantial amount of debt. As of December 31, 2017, our debt (including capital leases) on a consolidated basis was approximately \$5.7 billion. Our substantial amount of debt and other obligations could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations;

-

impair our ability to obtain financing in the future for working capital, capital expenditures, research and development, acquisitions or general corporate requirements;

• increase our vulnerability to general adverse economic and industry conditions;

• limit our ability to use cash flows from operating activities in other areas of our business or to return cash to shareholders because we would need to dedicate a substantial portion of these funds for payments on our indebtedness;

• limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

• place us at a competitive disadvantage compared to our competitors.

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The agreements governing our debt, including our credit agreements, limit, but do not prohibit, us from incurring additional debt and we may incur a significant amount of additional debt in the future, including additional secured debt. If new debt is added to our current debt levels, our ability to satisfy our debt obligations may become more limited.

Our ability to make scheduled payments on, or to refinance, our debt and other obligations will depend on our financial and operating performance, which, in turn, is subject to our ability to implement our strategic initiatives, prevailing economic conditions and certain financial, business and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service and other obligations, we may be forced to reduce or eliminate our share repurchase program and the dividend on our common stock, reduce or delay expansion plans and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. We cannot assure you that our operating performance, cash flow and capital resources will be sufficient to pay our debt obligations when they become due. We cannot assure you that we would be able to dispose of material assets or operations or restructure our debt or other obligations if necessary or, even if we were able to take such actions, that we could do so on terms that are acceptable to us.

Any failure to be in compliance with any material provision or covenant of our debt instruments, or a material reduction in the borrowing base under our revolving credit facility, could have a material adverse effect on our liquidity and operations.

The agreements governing our secured credit facilities, senior unsecured notes and our other outstanding indebtedness impose significant operating and financial restrictions on us. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These restrictions limit our ability to, among other things:

- incur additional debt or issue redeemable preferred stock;
- pay dividends, repurchase shares or make certain other restricted payments or investments;
- incur liens;
- sell assets;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- enter into affiliate transactions;
- engage in sale/leaseback transactions; and
- engage in certain mergers or consolidations or transfers of substantially all of our assets.

Availability under our first lien revolving credit facility is subject to a borrowing base, which is based on eligible accounts receivable and inventory, the value of our principal trademarks, and certain cash in an amount not to exceed \$200 million. To the extent that our eligible accounts receivable and inventory and other components of the borrowing base decline in value, our borrowing base will decrease and the availability under that facility may decrease below its stated amount. In addition, if at any time the amount of outstanding borrowings and letters of credit under that facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess.

Our ability to comply with these covenants or to maintain our borrowing base may be affected by events beyond our control, including deteriorating economic conditions, and these events could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We cannot assure you that such waivers, amendments or alternative financing could be obtained, or if obtained, would be on terms acceptable to us.

A breach of any of the covenants or restrictions contained in any of our existing or future financing agreements, including the financial covenants in our secured credit facilities, could result in an event of default under those agreements. Such a default could allow the lenders under our financing agreements, if the agreements so provide, to discontinue lending, to accelerate the related debt as well as any other debt to which a cross-acceleration or cross-default provision applies, and/or to declare all borrowings outstanding thereunder to be due and payable. In addition, the lenders could terminate any commitments they have to provide us with further funds. If any of these events occur, we cannot assure you that we will have sufficient funds available to pay in full the total amount of

obligations that become due as a result of any such acceleration, or that we will be able to find additional or alternative financing to refinance any such accelerated obligations. Even if we obtain additional or alternative financing, we cannot assure you that it would be on terms that would be acceptable to us.

We cannot assure you that we will be able to remain in compliance with the covenants to which we are subject in the future and, if we fail to do so, that we will be able to obtain waivers from our lenders or amend the covenants.

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Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Certain of our borrowings are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, which would require us to use more of our available cash to service our indebtedness. There can be no assurance that we will be able to enter into swap agreements or other hedging arrangements in the future, or that existing or future hedging arrangements will offset increases in interest rates. As of December 31, 2017, we had \$1,963 million of variable rate debt outstanding.

We have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales.

We operate with significant operating and financial leverage. Significant portions of our manufacturing, selling, administrative and general expenses are fixed costs that neither increase nor decrease proportionately with sales. In addition, a significant portion of our interest expense is fixed. There can be no assurance that we would be able to reduce our fixed costs proportionately in response to a decline in our net sales and therefore our competitiveness could be significantly impacted. As a result, a decline in our net sales could result in a higher percentage decline in our income from operations and net income.

We may incur significant costs in connection with our contingent liabilities and tax matters.

We have significant reserves for contingent liabilities and tax matters. The major categories of our contingent liabilities include workers' compensation and other employment-related claims, product liability and other tort claims, including asbestos claims, and environmental matters. Our recorded liabilities and estimates of reasonably possible losses for our contingent liabilities are based on our assessment of potential liability using the information available to us at the time and, where applicable, any past experience and recent and current trends with respect to similar matters. Our contingent liabilities are subject to inherent uncertainties, and unfavorable judicial or administrative decisions could occur that we did not anticipate. Such an unfavorable decision could include monetary damages, fines or other penalties or an injunction prohibiting us from taking certain actions or selling certain products. If such an unfavorable decision were to occur, it could result in a material adverse impact on our financial position and results of operations in the period in which the decision occurs, or in future periods.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including with respect to transfer pricing. While we apply consistent transfer pricing policies and practices globally, support transfer prices through economic studies, seek advance pricing agreements and joint audits to the extent possible and believe our transfer prices to be appropriate, such transfer prices, and related interpretations of tax laws, are occasionally challenged by various taxing authorities globally. We have received various tax assessments challenging our interpretations of applicable tax laws in various jurisdictions. Although we believe we have complied with applicable tax laws, have strong positions and defenses and have historically been successful in defending such claims, our results of operations could be materially adversely affected in the case we are unsuccessful in the defense of existing or future claims.

If we wish to appeal any future adverse judgment in any of these proceedings, we may be required to post an appeal bond with the relevant court. If we were subject to a significant adverse judgment or experienced an interruption or reduction in the availability of bonding capacity, we may be required to provide letters of credit or post cash collateral, which may have a material adverse effect on our liquidity.

For further information regarding our contingent liabilities and tax matters, refer to the Note to the Consolidated Financial Statements, No. 19, Commitments and Contingent Liabilities. For further information regarding our accounting policies with respect to certain of our contingent liabilities and uncertain income tax positions, refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies."

We are subject to extensive government regulations that may materially adversely affect our operating results.

We are subject to regulation by the Department of Transportation through the National Highway Traffic Safety Administration, or NHTSA, which has established various standards and regulations applicable to tires sold in the United States and tires sold in a foreign country that are identical or substantially similar to tires sold in the

United States. NHTSA has the authority to order the recall of automotive products, including tires, having safety-related defects or that do not comply with a motor vehicle safety standard.

The Transportation Recall Enhancement, Accountability, and Documentation Act, or TREAD Act, imposes numerous requirements with respect to the early warning reporting of warranty claims, property damage claims, and bodily injury and fatality claims and also requires tire manufacturers, among other things, to comply with revised and more rigorous tire testing standards. Compliance with the TREAD Act regulations has increased the cost of producing and distributing tires in the United States. In addition, while we believe that our tires are free from design and manufacturing defects, it is possible that a recall of our tires, including under the TREAD Act or in other countries under similar regulations, could occur in the future. A substantial recall could have a material adverse effect on our reputation, operating results and financial condition.

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In addition, as required by the Energy Independence and Security Act of 2007, NHTSA will establish a national tire fuel efficiency consumer information program. When the related rule-making process is completed, certain tires sold in the United States will be required to be rated for rolling resistance, traction and tread wear. While the Federal law will preempt state tire fuel efficiency laws adopted after January 1, 2006, we may become subject to additional tire fuel efficiency legislation, either in the United States or other countries.

Our European operations are subject to regulation by the European Union. In 2009, two regulations, the Tire Safety Regulation and the Tire Labeling Regulation, applicable to tires sold in the European Union were adopted. The Tire Safety Regulation sets performance standards that tires for cars and light and commercial trucks need to meet for rolling resistance, wet grip braking (passenger car tires only) and noise in order to be sold in the European Union, and became effective beginning in 2012, with continuing phases that will become effective through 2020. The Tire Labeling Regulation applies to all passenger car, light truck and commercial truck tires and requires that consumers be informed about the tire's fuel efficiency, wet grip and noise characteristics. Other countries, such as Brazil, have also adopted tire labeling regulations, and additional countries may also introduce similar regulations in the future.

Tires produced or sold in Europe also have to comply with various other standards, including environmental laws such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances), which regulates the use of chemicals in the European Union. For example, REACH prohibits the use of highly aromatic oils in tires, which were used as compounding components to improve certain performance characteristics.

These U.S. and European regulations, rules adopted to implement these regulations, or other similar regulations that may be adopted in the United States, Europe or elsewhere in the future may require us to alter or increase our capital spending and research and development plans or cease the production of certain tires, which could have a material adverse effect on our operating results.

Laws and regulations governing environmental and occupational safety and health are complicated, change frequently and have tended to become stricter over time. As a manufacturing company, we are subject to these laws and regulations both inside and outside the United States. We may not be in complete compliance with such laws and regulations at all times. Our costs or liabilities relating to them may be more than the amount we have reserved, and that difference may be material.

In addition, our manufacturing facilities may become subject to further limitations on the emission of "greenhouse gases" due to public policy concerns regarding climate change issues or other environmental or health and safety concerns. While the form of any additional regulations cannot be predicted, a "cap-and-trade" system similar to the one adopted in the European Union could be adopted in the United States. Any such "cap-and-trade" system (including the system currently in place in the European Union) or other limitations imposed on the emission of "greenhouse gases" could require us to increase our capital expenditures, use our cash to acquire emission credits or restructure our manufacturing operations, which could have a material adverse effect on our operating results, financial condition and liquidity.

Compliance with the laws and regulations described above or any of the myriad of applicable foreign, Federal, state and local laws and regulations currently in effect or that may be adopted in the future could materially adversely affect our competitive position, operating results, financial condition and liquidity.

We may be adversely affected by any disruption in, or failure of, our information technology systems.

We rely upon the capacity, reliability and security of our information technology, or IT, systems across all of our major business functions, including our research and development, manufacturing, retail, financial and administrative functions. We also face the challenge of supporting our older systems and implementing upgrades when necessary.

Our security measures are focused on the prevention, detection and remediation of damage from computer viruses, unauthorized access, cyber-attack, natural disasters and other similar disruptions. We may incur significant costs in order to implement the security measures that we feel are necessary to protect our IT systems. However, our IT systems may remain vulnerable to damage despite our implementation of security measures that we deem to be appropriate.

Any system failure, accident or security breach involving our IT systems could result in disruptions to our operations. A breach in the security of our IT systems could include the theft of our intellectual property or trade secrets, negatively impact our manufacturing or retail operations, or result in the compromise of personal information of our

employees, customers or suppliers. While we have, from time to time, experienced system failures, accidents and security breaches involving our IT systems, these incidents have not had a material impact on our operations, and we are not aware of any resulting theft, loss or disclosure of, or damage to, material data or confidential information. To the extent that any system failure, accident or security breach results in material disruptions to our operations or the theft, loss or disclosure of, or damage to, material data or confidential information, our reputation, business, results of operations and financial condition could be materially adversely affected.

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If we are unable to attract and retain key personnel our business could be materially adversely affected. Our business substantially depends on the continued service of key members of our management. The loss of the services of a significant number of members of our management could have a material adverse effect on our business. Our future success will also depend on our ability to attract and retain highly skilled personnel, such as engineering, marketing and senior management professionals. Competition for these employees is intense, and we could experience difficulty from time to time in hiring and retaining the personnel necessary to support our business. If we do not succeed in retaining our current employees and attracting new high quality employees, our business could be materially adversely affected.

We may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

We manage businesses and facilities worldwide. Our facilities and operations, and the facilities and operations of our suppliers and customers, could be disrupted by events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters. Any such disruption could cause delays in the production and distribution of our products and the loss of sales and customers. We may not be insured against all such potential losses and, if insured, the insurance proceeds that we receive may not adequately compensate us for all of our losses.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We manufacture our products in 48 manufacturing facilities located around the world including 14 plants in the United States.

AMERICAS MANUFACTURING FACILITIES. Americas owns or leases and operates 25 manufacturing facilities in 8 countries, including:

- 14 tire plants,
- 4 chemical plants,
- 1 tire mold plant,
- 2 tire retread plants,
- 3 aviation retread plants, and
- 1 mix plant.

EUROPE, MIDDLE EAST AND AFRICA MANUFACTURING FACILITIES. EMEA owns or leases and operates 15 manufacturing facilities in 8 countries, including:

- 13 tire plants,
- 1 tire mold and tire manufacturing machine facility, and
- 1 aviation retread plant.

ASIA PACIFIC MANUFACTURING FACILITIES. Asia Pacific owns and operates 8 manufacturing facilities in 6 countries, including 7 tire plants and 1 aviation retread plant.

PLANT UTILIZATION. Our worldwide tire capacity utilization rate was approximately 84% during 2017 compared to approximately 85% in 2016 and 86% in 2015. The reported capacity utilization is an overall average for the Company. Our utilization rate can vary significantly between product lines, such as high-value-added and low-value-added tires or consumer and commercial tires, and can also vary between business segments.

OTHER FACILITIES. We also own and operate two research and development facilities and technical centers, and seven tire proving grounds. We lease our Corporate and Americas headquarters and our research and development facility and technical center in Akron, Ohio. We operate approximately 1,000 retail outlets for the sale of our tires to consumer and commercial customers, approximately 40 tire retreading facilities and approximately 240 warehouse distribution facilities. Substantially all of these facilities are leased. We do not consider any one of these leased properties to be material to our operations. For additional information regarding leased properties, refer to the Notes to the Consolidated Financial Statements No. 13, Property, Plant and Equipment and No. 14, Leased Assets. Certain of our manufacturing facilities are mortgaged as collateral for our secured credit facilities. Refer to the Note to the Consolidated Financial Statements No. 15, Financing Arrangements and Derivative Financial Instruments.

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ITEM 3. LEGAL PROCEEDINGS.

Asbestos Litigation

We are currently one of numerous defendants in legal proceedings in certain state and Federal courts involving approximately 54,300 claimants at December 31, 2017 relating to their alleged exposure to materials containing asbestos in products allegedly manufactured by us or asbestos materials present at our facilities. We manufactured, among other things, rubber coated asbestos sheet gasket materials from 1914 through 1973 and aircraft brake assemblies containing asbestos materials prior to 1987. Some of the claimants are independent contractors or their employees who allege exposure to asbestos while working at certain of our facilities. It is expected that in a substantial portion of these cases there will be no evidence of exposure to a Goodyear manufactured product containing asbestos or asbestos in our facilities. The amount expended by us and our insurers on defense and claim resolution was approximately \$16 million during 2017. The plaintiffs in the pending cases allege that they were exposed to asbestos and, as a result of such exposure, suffer from various respiratory diseases, including in some cases mesothelioma and lung cancer. The plaintiffs are seeking unspecified actual and punitive damages and other relief. For additional information on asbestos litigation, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

Amiens Labor Claims

Approximately 840 former employees of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims totaling €118 million (\$142 million) against Goodyear Dunlop Tires France. We intend to vigorously defend ourselves against these claims, and any additional claims that may be asserted against us, and cannot estimate the amounts, if any, that we may ultimately pay in respect of such claims.

Other Matters

In addition to the legal proceedings described above, various other legal actions, indirect tax assessments, claims and governmental investigations and proceedings covering a wide range of matters are pending against us, including claims and proceedings relating to several waste disposal sites that have been identified by the United States Environmental Protection Agency and similar agencies of various states for remedial investigation and cleanup, which sites were allegedly used by us in the past for the disposal of industrial waste materials. Based on available information, we do not consider any such action, assessment, claim, investigation or proceeding to be material, within the meaning of that term as used in Item 103 of Regulation S-K and the instructions thereto. For additional information regarding our legal proceedings, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

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PART II.

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND 5. ISSUER PURCHASES OF EQUITY SECURITIES.

The principal market for our common stock is the Nasdaq Global Select Market (Stock Exchange Symbol: GT). Information relating to the high and low sale prices of shares of our common stock and dividends declared on our common stock appears under the caption "Quarterly Data and Market Price Information" in Item 8 of this Annual Report at page 114, and is incorporated herein by reference. Under our primary credit facilities, we are permitted to pay dividends on our common stock as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities following the payment, and certain financial tests are satisfied. On October 10, 2017, we increased the quarterly cash dividend on our common stock by 40%, from \$0.10 per share to \$0.14 per share, beginning with the December 1, 2017 payment date. At December 31, 2017, there were 13,666 holders of record of the 240,154,602 shares of our common stock then outstanding.

The following table presents information with respect to repurchases of common stock made by us during the three months ended December 31, 2017.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
10/1/17-10/31/17	—	\$ —	—	\$981,490,337
11/1/17-11/30/17	3,454,404	29.90	3,454,404	878,203,146
12/1/17-12/31/17	2,865,784	32.00	2,865,784	786,490,900
Total	6,320,188	\$ 30.85	6,320,188	786,490,900

Total number of shares purchased as part of our common stock repurchase program and delivered to us by (1) employees as payment for the exercise price of stock options and the withholding taxes due upon the exercise of stock options or the vesting or payment of stock awards.

On September 18, 2013, the Board of Directors approved our common stock repurchase program. From time to time, the Board of Directors has approved increases in the amount authorized to be purchased under that program. On February 2, 2017, the Board of Directors approved a further increase in that authorization to \$2.1 billion. This program expires on December 31, 2019. We intend to repurchase shares of common stock in open market (2) transactions in order to offset new shares issued under equity compensation programs and to provide for additional shareholder returns. During the three month period ended December 31, 2017, we repurchased 6,320,188 shares at an average price, including commissions, of \$30.85 per share, or \$195 million in the aggregate. Since 2013, we repurchased 43,969,657 shares at an average price, including commissions, of \$29.87 per share, or \$1,313 million in the aggregate.

Set forth in the table below is certain information regarding the number of shares of our common stock that were subject to outstanding stock options or other compensation plan awards at December 31, 2017.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options,	Weighted Average Price of Outstanding Options,	Number of Shares Remaining Available for Future Issuance under
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	Warrants and Rights	Warrants and Rights	Equity Compensation Plans (Excluding Shares Reflected in Column (a))	
	(a)			
Equity compensation plans approved by shareholders	6,597,098	\$ 19.91	17,764,947	(1)
Equity compensation plans not approved by shareholders	—	—	—	
Total	6,597,098	\$ 19.91	17,764,947	

Under our equity-based compensation plans, up to a maximum of 1,063,282 performance shares in respect of performance periods ending on or subsequent to December 31, 2017, 103,492 shares of time-vested restricted stock and 856,398 restricted stock units have been awarded. In addition, up to 6,629 shares of common stock may be issued in respect of the deferred payout of awards made under our equity compensation plans. The number of performance shares indicated assumes the maximum possible payout that may be earned during the relevant performance periods.

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ITEM 6. SELECTED FINANCIAL DATA.

(In millions, except per share amounts)	Year Ended December 31, ⁽¹⁾				
	2017 ⁽²⁾	2016 ⁽³⁾	2015 ⁽⁴⁾	2014 ⁽⁵⁾	2013 ⁽⁶⁾
Net Sales	\$15,377	\$15,158	\$16,443	\$18,138	\$19,540
Net Income	365	1,284	376	2,521	675
Less: Minority Shareholders' Net Income	19	20	69	69	46
Goodyear Net Income	\$346	\$1,264	\$307	\$2,452	\$629
Less: Preferred Stock Dividends	—	—	—	7	29
Goodyear Net Income available to Common Shareholders	\$346	\$1,264	\$307	\$2,445	\$600
Goodyear Net Income available to Common Shareholders — Per Share of Common Stock:					
Basic	\$1.39	\$4.81	\$1.14	\$9.13	\$2.44
Diluted	\$1.37	\$4.74	\$1.12	\$8.78	\$2.28
Cash Dividends Declared per Common Share	\$0.44	\$0.31	\$0.25	\$0.22	\$0.05
Total Assets	\$17,064	\$16,511	\$16,391	\$18,000	\$17,385
Long Term Debt and Capital Leases Due Within One Year	391	436	585	148	73
Long Term Debt and Capital Leases	5,076	4,798	5,074	6,172	6,110
Goodyear Shareholders' Equity	4,603	4,507	3,920	3,610	1,606
Total Shareholders' Equity	4,850	4,725	4,142	3,845	1,868

(1) Refer to "Basis of Presentation" and "Principles of Consolidation" in the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

Goodyear net income in 2017 included net charges after-tax and minority of \$460 million resulting from discrete income tax items; rationalization charges, including accelerated depreciation and asset write-offs; charges related to the early repayment of debt; negative impacts related to hurricanes in the U.S.; and settlement charges related to pension plans. Goodyear net income in 2017 also included net gains after-tax and minority of \$16 million resulting from net gains on asset sales; and insurance recoveries for claims related to discontinued products.

Goodyear net income in 2016 included net gains after-tax and minority of \$499 million resulting from discrete income tax items; net gains on asset sales; and insurance recoveries for claims related to discontinued products.

(3) Goodyear net income in 2016 also included net charges after-tax and minority of \$301 million due to rationalization charges, including accelerated depreciation and asset write-offs; charges related to the early repayment of debt; settlement charges related to pension plans in EMEA; an out of period adjustment in Americas related to the elimination of intracompany profit; and legal claims unrelated to operations.

Goodyear net income in 2015 included net charges after-tax and minority of \$794 million due to the loss on the deconsolidation of our Venezuelan subsidiary; rationalization charges, including accelerated depreciation and asset write-offs; settlement charges related to pension plans in Americas; charges related to the early repayment of debt; and charges related to labor claims with respect to a previously closed facility in Greece. Goodyear net income in

(4) 2015 also included net gains after-tax and minority of \$195 million resulting from royalty income related to the termination of a licensing agreement; the gain on the dissolution of the global alliance with Sumitomo Rubber Industries, Ltd. ("SRI"); the gain on the sale of our investment in SRI's shares; discrete income tax items; insurance recoveries for claims related to discontinued products; and the settlement of certain indirect tax claims in Americas.

(5) Goodyear net income in 2014 included net charges after-tax and minority of \$323 million due to changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar; rationalization charges, including accelerated depreciation and asset write-offs; curtailment and settlement losses related to pension plans in the U.S.

and the U.K.; charges related to labor claims with respect to a previously closed facility in Greece; charges related to a government investigation in Africa; and the settlement of certain indirect tax claims in Americas. Goodyear net income in 2014 also included net gains after-tax and minority of \$1,985 million resulting from discrete income tax items, including the release of substantially all of the valuation allowance on our net deferred U.S. tax assets; and net gains on asset sales.

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- Goodyear net income in 2013 included net charges after-tax and minority of \$156 million due to the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar; rationalization charges, including accelerated depreciation and asset write-offs; and charges related to labor claims with respect to a previously closed facility in Greece.
- (6) Goodyear net income in 2013 also included net gains after-tax and minority of \$60 million resulting from certain foreign government tax incentives, tax law changes and interest earned on favorable tax judgments; insurance recoveries for a flood in Thailand; and net gains on asset sales.

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ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
7. OPERATIONS.

OVERVIEW

The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, with one of the most recognizable brand names in the world and operations in most regions of the world. We have a broad global footprint with 48 manufacturing facilities in 22 countries, including the United States. We operate our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa; and Asia Pacific.

Results of Operations

In 2017, we experienced challenging global industry conditions, including higher raw material costs, increased competition and weak demand in many of our key markets. We experienced weakening demand for original equipment and consumer replacement tires in the United States and Europe despite favorable trends in miles driven, gasoline prices and unemployment.

In order to continue to drive growth in our business and address the challenging economic environment, we remain focused on our key strategies by:

• Developing great products and services that anticipate and respond to the needs of consumers;

• Building the value of our brand, helping our customers win in their markets, and becoming consumers' preferred choice; and

• Improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service.

In EMEA, we continued to pursue our strategy of focusing on more profitable segments of the market, such as larger rim diameter tires, and closed our manufacturing facility in Philippsburg, Germany in July 2017.

During the third quarter of 2017, the United Steelworkers ratified a new five-year master collective bargaining agreement with us in the United States. The new contract, which expires in July 2022, provides increased stability by changing from a four-year to a five-year agreement, operational improvements that increase manufacturing flexibility, and health care changes to help manage costs.

On February 8, 2018, we announced our 2018-2020 capital allocation plan that provides for growth capital expenditures of \$700 million to \$900 million, debt repayments of \$400 million to \$600 million, restructuring payments of approximately \$400 million and, subject to our performance, common stock dividends and share repurchases of \$1.5 billion to \$2.0 billion. We also announced a 40% increase in the quarterly cash dividend on our common stock, from \$0.10 per share to \$0.14 per share, beginning with the December 1, 2017 payment date. Refer to "Liquidity and Capital Resources - Overview" for additional information.

Our 2017 results reflect a 4.2% decrease in tire unit shipments compared to 2016. In 2017, we realized approximately \$259 million of cost savings, including raw material cost saving measures of approximately \$107 million, which exceeded the impact of general inflation. Our raw material costs, including cost saving measures, increased by approximately 16% in 2017 compared to 2016.

Net sales were \$15,377 million in 2017, compared to \$15,158 million in 2016. Net sales increased in 2017 due to an increase in price and product mix, primarily driven by the impact of higher raw material costs on pricing, favorable foreign currency translation, primarily in EMEA and Americas, and higher sales in other tire-related businesses, driven by higher prices for third-party chemical sales in Americas. These increases were partially offset by lower tire unit volume, primarily in EMEA and Americas.

Goodyear net income in 2017 was \$346 million, or \$1.37 per diluted share, compared to \$1,264 million, or \$4.74 per diluted share, in 2016. The decrease in Goodyear net income in 2017 was driven by an increase in income tax expense, primarily due to the recognition of a net discrete tax charge of \$299 million in 2017 in connection with changes in U.S. income tax law compared to the recognition of discrete tax benefits of \$458 million in 2016, primarily due to the release of certain valuation allowances, and lower segment operating income, primarily in Americas and EMEA. Refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes. Partially offsetting these items were a decrease in rationalization charges and lower corporate selling, administrative and general expense

("SAG"), primarily due to lower incentive compensation.

Our total segment operating income for 2017 was \$1,522 million, compared to \$1,985 million in 2016. The \$463 million, or 23.3%, decrease in segment operating income was primarily due to the impact of higher raw material costs of \$618 million, which more than offset the effect of higher price and product mix of \$420 million, lower tire unit volume of \$166 million, and higher conversion costs of \$139 million, primarily due to increased under-absorbed overhead resulting from lower production volumes. These impacts were partially offset by lower SAG of \$75 million, driven by lower advertising costs, savings from rationalization plans and lower incentive compensation. Refer to "Results of Operations — Segment Information" for additional information.

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Liquidity

At December 31, 2017, we had \$1,043 million in Cash and cash equivalents as well as \$3,196 million of unused availability under our various credit agreements, compared to \$1,132 million and \$2,970 million, respectively, at December 31, 2016. Cash and cash equivalents decreased by \$89 million from December 31, 2016 due primarily to capital expenditures of \$881 million, common stock repurchases of \$400 million, and dividends paid on our common stock of \$110 million. These uses of cash were partially offset by cash flows from operating activities of \$1,158 million and net borrowings of \$129 million. Refer to "Liquidity and Capital Resources" for additional information.

Outlook

We expect that our full-year tire unit volume for 2018 will be up approximately 3.0% compared to 2017, and for unabsorbed fixed overhead costs to be approximately \$60 million lower in 2018 compared to 2017 due to the anticipated volume increases. We also expect cost savings to more than offset general inflation in 2018 by approximately \$130 million. Based on current spot rates, we expect foreign currency translation to positively affect segment operating income by approximately \$15 million in 2018 compared to 2017.

Based on current raw material spot prices, for the full year of 2018, we expect our raw material costs will be about flat compared to 2017, excluding raw material cost saving measures, and we expect a benefit of approximately \$25 million from price and product mix net of raw material costs. Natural and synthetic rubber prices and other commodity prices historically have experienced significant volatility, and this estimate could change significantly based on fluctuations in the cost of these and other key raw materials. We are continuing to focus on price and product mix, to substitute lower cost materials where possible, to work to identify additional substitution opportunities, to reduce the amount of material required in each tire, and to pursue alternative raw materials.

Given our significant deferred tax assets, we previously had not expected to pay cash taxes in the U.S. through 2020.

With the change in the corporate income tax rate from 35% to 21% effective January 1, 2018 as a result of U.S. tax reform, we now do not expect to pay cash taxes in the U.S. through 2025.

Refer to "Item 1A. Risk Factors" for a discussion of the factors that may impact our business, results of operations, financial condition or liquidity and "Forward-Looking Information — Safe Harbor Statement" for a discussion of our use of forward-looking statements.

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RESULTS OF OPERATIONS — CONSOLIDATED

All per share amounts are diluted and refer to Goodyear net income (loss).

2017 Compared to 2016

Goodyear net income in 2017 was \$346 million, or \$1.37 per share, compared to \$1,264 million, or \$4.74 per share, in 2016. The decrease in Goodyear net income in 2017 was driven by an increase in income tax expense, primarily due to recognition of discrete tax charges in 2017 in connection with changes in U.S. income tax law compared to the recognition of discrete tax benefits in 2016, primarily due to the release of certain valuation allowances, and lower segment operating income, primarily in Americas and EMEA. These items were partially offset by a decrease in rationalization charges and lower corporate SAG, primarily due to lower incentive compensation.

Net Sales

Net sales in 2017 of \$15,377 million increased \$219 million, or 1.4%, compared to \$15,158 million in 2016 due to an increase in price and product mix of \$521 million, primarily driven by the impact of higher raw material costs on pricing, favorable foreign currency translation of \$178 million, primarily in EMEA and Americas, and higher sales in other tire-related businesses of \$89 million, driven by higher prices for third-party chemical sales in Americas. These increases were partially offset by lower tire unit volume of \$569 million, primarily in EMEA and Americas. Goodyear worldwide tire unit net sales were \$12,958 million and \$12,832 million in 2017 and 2016, respectively. Consumer and commercial net sales, which are included in worldwide tire unit net sales, were \$9,285 million and \$2,928 million, respectively, in 2017. Consumer and commercial net sales were \$9,414 million and \$2,806 million, respectively, in 2016.

The following table presents our tire unit sales for the periods indicated:

(In millions of tires)	Year Ended December 31,		
	2017	2016	% Change
Replacement Units			
United States	38.3	39.2	(2.3)%
International	75.2	78.1	(3.7)%
Total	113.5	117.3	(3.3)%
OE Units			
United States	13.7	15.7	(12.7)%
International	32.0	33.1	(3.3)%
Total	45.7	48.8	(6.4)%
Goodyear worldwide tire units	159.2	166.1	(4.2)%

The decrease in worldwide tire unit sales of 6.9 million units, or 4.2%, compared to 2016, included a decrease of 3.8 million replacement tire units, or 3.3%, comprised primarily of decreases in EMEA and Americas. OE tire units decreased 3.1 million units, or 6.4%, comprised primarily of decreases in Americas and EMEA. The overall volume decreases in EMEA and Americas were primarily related to lower consumer tire sales, driven by increased competition and changes in OEM production. Consumer and commercial unit sales in 2017 were 145.9 million and 11.5 million, respectively. Consumer and commercial unit sales in 2016 were 153.0 million and 11.6 million, respectively.

Cost of Goods Sold

Cost of goods sold (“CGS”) was \$11,719 million in 2017, increasing \$747 million, or 6.8%, from \$10,972 million in 2016. CGS was 76.2% of sales in 2017 compared to 72.4% of sales in 2016. CGS in 2017 increased due to higher raw material costs of \$618 million, foreign currency translation of \$141 million, primarily in EMEA and Americas, higher conversion costs of \$139 million, primarily due to increased under-absorbed overhead resulting from lower production volumes in Americas and EMEA, higher costs in other tire-related businesses of \$107 million, driven by an increase in raw material prices related to third-party chemical sales in Americas, and higher costs related to product mix of \$101 million. These increases were partially offset by lower volume of \$403 million, primarily in EMEA and Americas. CGS in 2017 also included pension expense of \$49 million which increased from \$44 million in 2016,

primarily in Americas. Pension expense excluded pension settlement charges in CGS of \$8 million (\$5 million after-tax and minority) and \$16 million in 2017 and 2016, respectively.

CGS in 2017 included accelerated depreciation and asset write-offs of \$40 million (\$28 million after-tax and minority), primarily related to our plan to close our manufacturing facility in Philippsburg, Germany. Accelerated depreciation was \$20 million (\$20 million after-tax and minority) in 2016, primarily related to our plan to close our manufacturing facility in Philippsburg, Germany and our plan to close our Wolverhampton, U.K. mixing and retreading facility.

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Selling, Administrative and General Expense

SAG was \$2,302 million in 2017, decreasing \$105 million, or 4.4%, from \$2,407 million in 2016. SAG was 15.0% of sales in 2017 compared to 15.9% of sales in 2016. The decrease in SAG was due to lower wages and benefits of \$105 million, primarily related to lower incentive compensation and savings from rationalization plans, and lower advertising costs of \$49 million. These decreases were partially offset by foreign currency translation of \$27 million, primarily in EMEA, and increases due to general inflation. SAG in 2017 included pension expense of \$37 million which increased compared to \$31 million in 2016, primarily in Americas. Pension expense excluded pension settlement charges in SAG of \$11 million (\$7 million after-tax and minority) and \$1 million in 2017 and 2016, respectively.

Rationalizations

We recorded net rationalization charges of \$135 million (\$93 million after-tax and minority) in 2017. Net rationalization charges include charges of \$46 million related to plans to reduce manufacturing headcount in EMEA, \$35 million related to the closure of our tire manufacturing facility in Philippsburg, Germany, \$32 million related to global plans to reduce SAG headcount, and \$20 million related to SAG headcount reductions in EMEA.

We recorded net rationalization charges of \$210 million (\$198 million after-tax and minority) in 2016. Net rationalization charges included charges of \$116 million related to the plan to close our tire manufacturing facility in Philippsburg, Germany, \$34 million related to a global plan to reduce SAG headcount, and \$25 million related to manufacturing headcount reductions in EMEA.

Upon completion of the 2017 plans, we estimate that annual segment operating income will improve by approximately \$56 million (\$37 million SAG and \$19 million CGS), primarily related to our global plans to reduce SAG headcount. The savings realized in 2017 from rationalization plans totaled \$91 million (\$49 million CGS and \$42 million SAG). For further information, refer to the Note to the Consolidated Financial Statements No. 2, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was \$335 million in 2017, decreasing \$37 million from \$372 million in 2016. The decrease was due primarily to a decrease in the average interest rate to 5.58% in 2017 compared to 6.23% in 2016. This decrease was partially offset by higher average debt balances of \$6,001 million in 2017 compared to \$5,972 million in 2016. Interest expense in 2017 and 2016 included \$6 million (\$4 million after-tax and minority) and \$12 million (\$8 million after-tax and minority), respectively, of expense related to the write-off of deferred financing fees and unamortized discounts related to the redemption of various debt instruments.

Other (Income) Expense

Other (Income) Expense in 2017 was expense of \$8 million, increasing \$18 million from income of \$10 million in 2016. The increase in Other (Income) Expense was primarily due to lower gains on general and product liability (income) expense - discontinued products of \$27 million and lower gains on asset sales of \$17 million. These increases were partially offset by lower financing fees and financial instruments expense of \$28 million.

General and product liability (income) expense - discontinued products in 2017 includes a benefit of \$5 million (\$3 million after-tax and minority) for the recovery of past costs from certain asbestos insurers, as compared to a benefit in 2016 of \$24 million (\$15 million after-tax and minority) for the recovery of past costs from certain asbestos insurers and a benefit of \$10 million related to changes in assumptions for probable insurance recoveries for asbestos claims in future periods.

Net (gains) losses on asset sales was a gain of \$14 million (\$13 million after-tax and minority) in 2017 as compared to a gain of \$31 million (\$26 million after-tax and minority) in 2016. Net gains (losses) on asset sales in 2017 included a gain of \$6 million related to the sale of a former wire plant site in Luxembourg. Net gains (losses) on asset sales in 2016 included a gain of \$16 million related to the sale of the former wire plant site and a gain of \$9 million related to the sale of our interest in a supply chain logistics company.

Financing fees and financial instruments expense in 2017 includes a premium of \$25 million (\$15 million after-tax and minority) related to the redemption of our \$700 million 7% senior notes due 2022, as compared to premiums of \$53 million (\$37 million after-tax and minority) in 2016 related to the redemption of our \$900 million 6.5% senior notes due 2021 and our €250 million 6.75% senior notes due 2019.

Other (Income) Expense in 2017 included charges of \$14 million (\$11 million after-tax and minority) for hurricane related expenses.

For further information, refer to the Note to the Consolidated Financial Statements No. 4, Other (Income) Expense.

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Income Taxes

Income tax expense in 2017 was \$513 million on income before income taxes of \$878 million. In 2017, tax expense was unfavorably impacted by net discrete adjustments of \$294 million due primarily to a net tax charge of \$299 million related to the enactment of the Tax Cuts and Jobs Act (the "Tax Act") on December 22, 2017 in the United States.

Effective January 1, 2018, the Tax Act establishes a corporate income tax rate of 21%, replacing the current 35% rate, and creates a territorial tax system rather than a worldwide system, which generally eliminates the U.S. federal income tax on dividends from foreign subsidiaries. The transition to the territorial system includes a one-time transition tax on certain of our foreign earnings previously untaxed in the United States. While our accounting for the Tax Act is not complete, we have made reasonable estimates for certain provisions and we have recorded a non-cash net charge to tax expense of \$299 million related to its enactment. This net charge includes a deferred tax charge of \$384 million primarily from revaluing our net U.S. deferred tax assets to reflect the new U.S. corporate tax rate. We believe this calculation is complete except for changes in estimates that can result from finalizing the filing of our 2017 U.S. income tax return, which are not anticipated to be material, and changes that may be a direct impact of other provisional amounts recorded due to the enactment of the Tax Act. The net charge also includes a provisional deferred tax benefit of \$162 million to reverse reserves maintained for the taxation of undistributed foreign earnings under prior law net of reserves established for foreign withholding taxes consistent with our revised indefinite reinvestment assertion, and a provisional deferred tax charge of \$77 million related to the one-time transition tax.

For 2016, the income tax benefit was \$77 million on income before income taxes of \$1,207 million. The net tax benefit in 2016 was driven by net discrete adjustments of \$458 million (\$459 million after minority interest), due primarily to a tax benefit of \$331 million from the December 31, 2016 release of the valuation allowances on certain subsidiaries in England, France, Luxembourg and New Zealand. The release of the valuation allowances on these subsidiaries is net of 2016 tax law changes that reduced deferred tax assets by \$23 million. The 2016 income tax benefit also included a \$163 million tax benefit resulting from changing our election for our 2009, 2010 and 2012 U.S. tax years from deducting foreign taxes to crediting foreign taxes. The 2016 income tax benefit was net of a \$39 million tax charge to establish a valuation allowance in the U.S. on deferred tax assets related to receivables from our deconsolidated Venezuelan operations.

At December 31, 2017, our valuation allowance on certain of our U.S. Federal, state and local deferred tax assets was \$88 million primarily related to our investment in our deconsolidated subsidiary in Venezuela, and our valuation allowance on our foreign deferred tax assets was \$230 million. Based on positive evidence and future sources of income it is more likely than not that our foreign tax credits of approximately \$750 million will be fully utilized.

Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of our net deferred tax assets. Each reporting period we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize these existing deferred tax assets. If recent positive evidence provided by the profitability in our Brazilian subsidiary continues, it will provide us the opportunity to apply greater significance to our forecasts in assessing the need for a valuation allowance. We believe it is reasonably possible that sufficient positive evidence required to release all, or a portion, of its valuation allowance will exist within the next twelve months. This may result in a reduction of the valuation allowance and one-time tax benefit of up to \$30 million.

For further information, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

Minority Shareholders' Net Income

Minority shareholders' net income was \$19 million in 2017, compared to \$20 million in 2016.

2016 Compared to 2015

Goodyear net income in 2016 was \$1,264 million, or \$4.74 per share, compared to \$307 million, or \$1.12 per share, in 2015. The increase in Goodyear net income in 2016 was primarily driven by recognition of a loss in 2015 related to the deconsolidation of our Venezuelan subsidiary, a decrease in income tax expense in 2016, primarily due to the recognition of various discrete tax benefits including the release of certain valuation allowances, and a decrease in pension curtailment/settlement expense. Partially offsetting these items were a reduction in royalty income of \$155 million that was recognized in 2015 due to the termination of a licensing agreement associated with the sale of our

former Engineered Products business and an increase in rationalization charges in 2016, primarily related to our plan to close our manufacturing facility in Philippsburg, Germany.

Net Sales

Net sales in 2016 of \$15,158 million decreased \$1,285 million, or 7.8%, compared to \$16,443 million in 2015 due primarily to lower sales of \$531 million as a result of the deconsolidation of our Venezuelan subsidiary, unfavorable foreign currency translation of \$258 million, primarily in EMEA and Americas, a decline in price and product mix of \$230 million, primarily in EMEA and Americas, driven by the impact of lower raw material costs on pricing, lower sales in other tire-related businesses of \$188 million, primarily related to motorcycle tire sales in Americas due to the dissolution of the global alliance with SRI, and lower tire unit

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volume of \$75 million. Consumer and commercial net sales in 2016 were \$9,414 million and \$2,806 million, respectively. Consumer and commercial net sales in 2015 were \$9,907 million and \$3,342 million, respectively. The following table presents our tire unit sales for the periods indicated:

(In millions of tires)	Year Ended		
	December 31,		
	2016	2015	% Change
Replacement Units			
United States	39.2	39.9	(1.8)%
International	78.1	75.6	3.3%
Total	117.3	115.5	1.6%
OE Units			
United States	15.7	16.2	(3.1)%
International	33.1	34.5	(4.1)%
Total	48.8	50.7	(3.7)%
Goodyear worldwide tire units	166.1	166.2	(0.1)%

The decrease in worldwide tire unit sales of 0.1 million units, or 0.1%, compared to 2015, included a decrease of 1.9 million OE tire units, or 3.7%, comprised primarily of decreases in Americas, partially offset by increases in Asia Pacific. Replacement tire units increased 1.8 million units, or 1.6%, comprised primarily of increases in Asia Pacific, partially offset by decreases in Americas. The volume increases in Asia Pacific were primarily related to replacement units in Japan due to the acquisition of NGY and growth in China and India in both OE and replacement. The volume decreases in Americas were primarily related to the deconsolidation of our Venezuelan subsidiary, lower consumer tire sales in the United States and Canada and the impact of the dissolution of the global alliance with SRI. Consumer and commercial unit sales in 2016 were 153.0 million and 11.6 million, respectively. Consumer and commercial unit sales in 2015 were 152.4 million and 12.4 million, respectively.

Cost of Goods Sold

Cost of goods sold was \$10,972 million in 2016, decreasing \$1,192 million, or 9.8%, from \$12,164 million in 2015. CGS was 72.4% of sales in 2016 compared to 74.0% of sales in 2015. CGS in 2016 decreased due to lower costs of \$373 million as a result of the deconsolidation of our Venezuelan subsidiary, lower raw material costs of \$346 million, foreign currency translation of \$201 million, primarily in EMEA and Americas, lower costs in other tire-related businesses of \$127 million, primarily related to motorcycle tire sales in Americas due to the dissolution of the global alliance with SRI, and lower volume of \$51 million. CGS in 2016 included an out of period adjustment of \$24 million (\$15 million after-tax and minority) of expense related to the elimination of intracompany profit in Americas, primarily related to the years 2012 to 2015, with the majority attributable to 2012. CGS in 2016 also included pension expense of \$44 million which decreased from \$85 million in 2015 primarily due to the deconsolidation of our Venezuelan subsidiary and the change in calculating interest and service costs in the measurement of pension expense effective January 1, 2016. Pension expense excluded pension settlement charges in CGS of \$16 million (\$16 million after-tax and minority) and \$91 million in 2016 and 2015, respectively. CGS in 2016 included accelerated depreciation of \$20 million (\$20 million after-tax and minority), primarily related to our plan to close our manufacturing facility in Philippsburg, Germany and our plan to close our Wolverhampton, U.K. mixing and retreading facility. Accelerated depreciation was \$8 million (\$7 million after-tax and minority) in 2015, primarily related to our plan to close our Wolverhampton, U.K. mixing and retreading facility.

Selling, Administrative and General Expense

SAG was \$2,407 million in 2016, decreasing \$207 million, or 7.9%, from \$2,614 million in 2015. SAG was 15.9% of sales in both 2016 and 2015. The decrease in SAG was due to lower wages and benefits of \$66 million, primarily related to lower incentive compensation and savings from rationalization plans, lower pension settlement charges of \$49 million related to a settlement that occurred in 2015, lower costs of \$39 million due to the deconsolidation of our Venezuelan subsidiary, foreign currency translation of \$27 million, primarily in EMEA, and lower advertising costs of \$12 million. SAG in 2016 included pension expense of \$31 million which decreased compared to \$50 million in 2015,

primarily due to the change in calculating interest and service costs in the measurement of pension expense effective January 1, 2016. Pension expense excluded pension settlement charges in SAG of \$1 million (\$1 million after-tax and minority) and \$49 million in 2016 and 2015, respectively.

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Rationalizations

We recorded net rationalization charges of \$210 million in 2016 (\$198 million after-tax and minority). Net rationalization charges included charges of \$116 million related to the plan to close our tire manufacturing facility in Philippsburg, Germany, \$34 million related to a plan to reduce global SAG headcount, and \$25 million related to manufacturing headcount reductions in EMEA.

We recorded net rationalization charges of \$114 million in 2015 (\$85 million after-tax and minority). Net rationalization charges included charges of \$38 million related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and a plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. We also initiated plans in 2015 for manufacturing and SAG headcount reductions in EMEA and Americas.

For further information, refer to the Note to the Consolidated Financial Statements No. 2, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was \$372 million in 2016, decreasing \$66 million from \$438 million in 2015. The decrease was due primarily to lower average debt balances of \$5,972 million in 2016 compared to \$6,053 million in 2015, and a decrease in average interest rates to 6.23% in 2016 compared to 7.22% in 2015. Interest expense in 2016 and 2015 included \$12 million (\$8 million after-tax and minority) and \$16 million (\$10 million after-tax and minority), respectively, of expense related to the write-off of deferred financing fees and unamortized discounts related to the redemption of various debt instruments.

Other Income

Other Income in 2016 was \$10 million, decreasing \$131 million from Other Income of \$141 million in 2015. The decrease in Other Income was due, in part, to 2016 royalty income of \$23 million, which decreased \$169 million from \$192 million of royalty income in 2015. Royalty income in 2015 included a one-time pre-tax gain of \$155 million (\$99 million after-tax and minority) on the recognition of deferred royalty income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business.

Other Income in 2016 included net gains on asset sales of \$31 million (\$26 million after-tax and minority) compared to net gains on asset sales of \$71 million (\$60 million after-tax and minority) in 2015. Net gains on asset sales in 2016 included a gain of \$16 million related to the sale of a former wire plant site in Luxembourg and a gain of \$9 million related to the sale of our interest in a supply chain logistics company. Net gains on asset sales in 2015 included a net gain of \$48 million (\$38 million after-tax and minority) related to the dissolution of the global alliance with SRI and a gain of \$30 million (\$32 million after-tax and minority) on the sale of our investment in shares of SRI. Net gains on asset sales in 2015 also included losses of \$14 million in EMEA, primarily related to the sales of certain sub-Saharan Africa retail businesses.

Other Income included net foreign currency exchange gains of \$13 million in 2016, an improvement of \$90 million from net foreign currency exchange losses of \$77 million in 2015. Foreign currency exchange reflects net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide, including \$34 million of losses in 2015 related to the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar.

Other Income in 2016 included charges of \$53 million (\$37 million after-tax and minority) for premiums related to the redemption of various debt instruments and \$10 million (\$6 million after-tax and minority) for legal claims unrelated to operations. Other Income in 2016 also included gains of \$24 million (\$15 million after-tax and minority) for the recovery of past costs from several of our asbestos insurers. Other Income in 2015 included charges of \$4 million (\$4 million after-tax and minority) for labor claims related to a previously closed facility in Greece.

For further information, refer to the Note to the Consolidated Financial Statements No. 4, Other (Income) Expense.

Income Taxes

Income tax benefit in 2016 was \$77 million on income before income taxes of \$1,207 million. For 2015, income tax expense was \$232 million on income before income taxes of \$608 million. The decrease in income taxes for 2016 compared to 2015 was primarily due to net discrete adjustments of \$458 million (\$459 million after minority interest), due primarily to a tax benefit of \$331 million from the December 31, 2016 release of the valuation allowances on

certain subsidiaries in England, France, Luxembourg and New Zealand. The release of the valuation allowances on these subsidiaries is net of 2016 tax law changes that reduced deferred tax assets by \$23 million. As of each reporting date, management considers new evidence that could affect our view of realization of our deferred tax assets. As of December 31, 2016, these subsidiaries, on which we have previously maintained a full valuation allowance, were located in jurisdictions with unlimited carryforward periods for utilization of tax losses and have achieved earnings of a duration and magnitude that they were in a position of cumulative profits for the most recent three-year period. As a consequence of this profitability in recent periods and our future business plans forecasting sustainable profitability, we concluded that it was more likely than not that our deferred tax assets in these entities will be realized. The 2016 income tax benefit included a \$163 million tax benefit resulting from changing our election for our 2009, 2010 and 2012 U.S. tax years from

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deducting foreign taxes to crediting foreign taxes. Since making our initial election to deduct foreign taxes paid, as opposed to taking them as a credit, the profitability of our U.S. operations has significantly improved. In 2014, as a consequence of our U.S. operations being in a position of cumulative profits for the most recent three-year period, we released our U.S. valuation allowance on our deferred tax assets including our foreign tax credits. Our U.S. profitability has continued and the Company forecasts sufficient income of the appropriate character that will allow us to fully utilize these additional foreign tax credits before expiration. Based on these facts, we elected to claim a credit instead of deducting these foreign taxes in 2016. The 2016 income tax benefit included a \$39 million tax charge to establish a valuation allowance in the U.S. on deferred tax assets related to receivables from our deconsolidated Venezuelan operations. These receivables were written off in the fourth quarter of 2015 when Venezuela was deconsolidated and the Company, at that time, recorded deferred tax assets for a potential bad debt deduction in the U.S. During the third quarter of 2016, these receivables were contributed to Venezuela's capital, necessitating the need for a valuation allowance against these deferred tax assets due to uncertainty as to whether we will be able to generate sufficient future capital gains to fully realize the deduction that is now characterized as a potential capital loss. The 2016 income tax benefit also included a \$7 million tax benefit related to the release of a valuation allowance in Brazil due to the collection of a receivable that had previously been written off as uncollectible.

Income tax expense for 2015 included discrete net tax benefits of \$18 million (\$18 million after minority interest), due primarily to a \$9 million benefit from the conclusion of non-U.S. tax claims and an \$8 million benefit from the release of a valuation allowance related to U.S. state deferred tax assets.

In 2015, in addition to the items noted above, the difference between our effective tax rate and the U.S. statutory rate was primarily due to certain of our foreign subsidiaries continuing to maintain a full valuation allowance against their net deferred tax assets, the realization of \$55 million of U.S. tax credits primarily as a result of dividend inclusions from Brazil and U.S. legislation enacted in the fourth quarter of 2015 and \$69 million of tax benefits related to the deconsolidation of our Venezuelan subsidiary.

At December 31, 2016, our valuation allowance on certain of our U.S. Federal, state and local deferred tax assets was \$139 million primarily related to our investment in our deconsolidated subsidiary in Venezuela, and our valuation allowance on our foreign deferred tax assets was \$187 million. As discussed above, during 2016 foreign tax credits increased due to a change in election.

For further information, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

Minority Shareholders' Net Income

Minority shareholders' net income was \$20 million in 2016, compared to \$69 million in 2015. Minority shareholders' net income no longer includes the minority interests of Goodyear Dunlop Tires North America, Ltd. ("GDTNA") and Goodyear Dunlop Tires Europe B.V. ("GDTE") following the dissolution of the global alliance with SRI on October 1, 2015.

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Segment information reflects our strategic business units (“SBUs”), which are organized to meet customer requirements and global competition and are segmented on a regional basis.

Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions. Segment operating income is computed as follows: Net Sales less CGS (excluding asset write-off and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges (credits), asset sales and certain other items.

Total segment operating income was \$1,522 million in 2017, \$1,985 million in 2016 and \$2,020 million in 2015. Total segment operating margin (segment operating income divided by segment sales) in 2017 was 9.9%, compared to 13.1% in 2016 and 12.3% in 2015.

Management believes that total segment operating income is useful because it represents the aggregate value of income created by our SBUs and excludes items not directly related to the SBUs for performance evaluation purposes. Total segment operating income is the sum of the individual SBUs’ segment operating income. Refer to the Note to the Consolidated Financial Statements No. 8, Business Segments, for further information and for a reconciliation of total segment operating income to Income before Income Taxes.

Americas

	Year Ended December 31,		
(In millions)	2017	2016	2015
Tire Units	70.9	74.1	79.1
Net Sales	\$8,212	\$8,172	\$9,370
Operating Income	825	1,151	1,266
Operating Margin	10.0 %	14.1 %	13.5 %

2017 Compared to 2016

Americas unit sales in 2017 decreased 3.2 million units, or 4.4%, to 70.9 million units. OE tire volume decreased 1.7 million units, or 9.0%, primarily in consumer OE in the United States, driven by changes in OEM production. Replacement tire volume decreased 1.5 million units, or 2.8%, primarily in consumer replacement in the United States, Mexico and Canada. Declines in consumer replacement volumes in the United States were primarily driven by increased competition and lower volumes in 16 inch and below rim size tires.

Net sales in 2017 were \$8,212 million, increasing \$40 million, or 0.5%, compared to \$8,172 million in 2016. The increase in net sales was driven by improvements in price and product mix of \$168 million, primarily due to the impact of higher raw material costs on pricing, higher sales in other tire-related businesses of \$104 million, primarily driven by an increase in price for third-party sales of chemical products, and favorable foreign currency translation of \$49 million, primarily in Brazil. These increases in net sales were partially offset by lower tire volume of \$281 million.

Operating income in 2017 was \$825 million, decreasing \$326 million, or 28.3%, from \$1,151 million in 2016. The decrease in operating income was due to increased raw material costs of \$266 million, which more than offset improvements in price and product mix of \$131 million, unfavorable conversion costs of \$108 million, primarily due to increased under-absorbed overhead resulting from lower production volumes, lower tire unit volume of \$79 million, and incremental start-up costs of \$28 million associated with our new plant in San Luis Potosi, Mexico. These decreases in operating income were partially offset by the impact of an out of period adjustment in 2016 of \$24 million of expense related to the elimination of intracompany profit, primarily related to the years 2012 to 2015, with the majority attributable to 2012, and lower SAG of \$16 million, primarily related to lower incentive compensation and lower advertising expense. SAG included incremental savings from rationalization plans of \$23 million. During the third quarter of 2017, several Company facilities were directly impacted by Hurricanes Harvey and Irma, which negatively impacted Americas operating income by about \$6 million in 2017.

Operating income in 2017 excluded rationalization charges of \$6 million and net gains on asset sales of \$4 million. Operating income in 2016 excluded rationalization charges of \$15 million, net gains on asset sales of \$4 million and accelerated depreciation and asset write-offs of \$1 million.

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Americas' results are highly dependent upon the United States, which accounted for approximately 81% and 82% of Americas' net sales in 2017 and 2016, respectively. Results of operations in the United States are expected to continue to have a significant impact on Americas' future performance.

2016 Compared to 2015

Americas unit sales in 2016 decreased 5.0 million units, or 6.3%, to 74.1 million units. Americas unit volume decreased 1.4 million units due to the impact of the deconsolidation of our Venezuelan subsidiary and 0.9 million units due to the dissolution of the global alliance with SRI. OE tire volume decreased 2.6 million units, or 12.1%, primarily driven by the dissolution of the global alliance with SRI, continuing weakness in Brazil, lower sales in Canada and a decline in commercial tire volume in the United States. Replacement tire volume decreased 2.4 million units, or 4.1%, primarily due to the deconsolidation of our Venezuelan subsidiary and lower consumer sales in the United States and Canada. Declines in consumer volume related to sales of 16 inch and below rim size tires in the U.S. and Canada were partially offset by increases in volume related to sales of 17 inch and above rim size tires. Net sales in 2016 were \$8,172 million, decreasing \$1,198 million, or 12.8%, compared to \$9,370 million in 2015. The decrease in net sales was due to the deconsolidation of our Venezuelan subsidiary of \$531 million, lower volume of \$317 million, lower sales in other tire-related businesses of \$169 million, primarily driven by a \$113 million decrease in motorcycle tire sales due to the dissolution of the global alliance with SRI and \$45 million related to our retail and retread businesses, unfavorable foreign currency translation of \$102 million, primarily in Argentina, Mexico and Brazil, and a decline in price and product mix of \$78 million, primarily driven by the impact of lower raw material costs on pricing.

Operating income in 2016 was \$1,151 million, decreasing \$115 million, or 9.1%, from \$1,266 million in 2015. The decrease in operating income was due to the deconsolidation of our Venezuelan subsidiary of \$119 million, lower volume of \$84 million, lower income in other tire-related businesses of \$57 million, primarily due to decreased motorcycle tire sales as a result of the dissolution of the global alliance with SRI and reduced margins in our commercial retail business, and unfavorable conversion costs of \$46 million primarily due to lower production volume and general inflation. Operating income was also negatively impacted by an out of period adjustment in the second quarter of 2016 of \$24 million of expense related to the elimination of intracompany profit, primarily related to the years 2012 to 2015, with the majority attributable to 2012, lower price and product mix of \$18 million and incremental start-up costs of \$14 million associated with our new plant being constructed in San Luis Potosi, Mexico. These decreases in operating income were partially offset by lower raw material costs of \$189 million and lower SAG of \$70 million, primarily due to a decrease in wages and other benefits, including incentive compensation. Conversion costs and SAG included incremental savings from rationalization plans of \$1 million and \$19 million, respectively. Operating income in 2016 excluded rationalization charges of \$15 million, net gains on asset sales of \$4 million and accelerated depreciation of \$1 million. Operating income in 2015 excluded net pension settlement charges of \$137 million, rationalization charges of \$15 million and net gains on asset sales of \$2 million.

Europe, Middle East and Africa

	Year Ended December 31,		
(In millions)	2017	2016	2015
Tire Units	57.1	61.1	61.1
Net Sales	\$4,928	\$4,880	\$5,115
Operating Income	355	461	435
Operating Margin	7.2 %	9.4 %	8.5 %

2017 Compared to 2016

Europe, Middle East and Africa unit sales in 2017 decreased 4.0 million units, or 6.5%, to 57.1 million units. Replacement tire volume decreased 2.4 million units, or 5.5%, primarily in our consumer business caused by decreased industry demand for 16 inch and below rim size tires and increased competition. OE tire volume decreased 1.6 million units, or 9.0%, primarily in our consumer business, driven by 16 inch and below rim size tires, as a result of the continuation of our OE selectivity strategy, increased competition and reduced OEM production due to certain customers managing inventory levels.

Net sales in 2017 were \$4,928 million, increasing \$48 million, or 1.0%, compared to \$4,880 million in 2016. Net sales increased due to improvements in price and product mix of \$244 million, due to our increased focus on 17 inch and above rim size tires and the impact of higher raw material costs on pricing, and favorable foreign currency translation of \$112 million, primarily related to strengthening of the euro. These increases were partially offset by the impact of lower tire unit volume of \$303 million.

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Operating income in 2017 was \$355 million, decreasing \$106 million, or 23.0%, compared to \$461 million in 2016. Operating income decreased due to higher raw material costs of \$229 million, which more than offset improvements in price and product mix of \$176 million, lower sales volume of \$91 million and higher conversion costs of \$31 million, primarily related to under-absorbed overhead due to lower production levels. These decreases were partially offset by lower SAG of \$59 million, primarily driven by lower advertising costs and lower wages and benefits due to restructuring savings and lower incentive compensation, and favorable foreign currency translation of \$9 million, primarily related to the strengthening of the euro. SAG and conversion costs included savings from rationalization plans of \$19 million and \$49 million, respectively.

Operating income in 2017 excluded net rationalization charges of \$111 million, primarily related to programs initiated to streamline operations and reduce complexity across EMEA. Operating income in 2017 also excluded charges for accelerated depreciation and asset write-offs of \$40 million, related to the closure of our plant in Philippsburg, Germany, as well as gains on asset sales of \$10 million, driven by the sale of a former wire plant site in Luxembourg. Operating income in 2016 excluded net rationalization charges of \$184 million, which primarily related to the plan to close our tire manufacturing facility in Philippsburg, Germany and programs initiated to streamline operations and reduce complexity across EMEA. Operating income in 2016 also excluded charges for accelerated depreciation of \$19 million, primarily related to our plan to close our tire manufacturing facility in Philippsburg, Germany and the closure of our Wolverhampton, U.K. mixing and retreading facility, as well as gains on asset sales of \$17 million, primarily related to the sale of a former wire plant site in Luxembourg.

EMEA's results are highly dependent upon Germany, which accounted for approximately 38% of EMEA's net sales in 2017 and 2016. Results of operations in Germany are expected to continue to have a significant impact on EMEA's future performance.

2016 Compared to 2015

Europe, Middle East and Africa unit sales in 2016 were consistent with 2015 at 61.1 million units. OE tire volume was consistent with the prior year. Replacement tire volume was also consistent with the prior year as increases in sales of 17 inch and above rim size tires were offset by decreases in sales of 16 inch and below rim size tires that were driven by lower industry demand and increased competition.

Net sales in 2016 were \$4,880 million, decreasing \$235 million, or 4.6%, compared to \$5,115 million in 2015. Net sales decreased due primarily to unfavorable foreign currency translation of \$110 million, primarily related to devaluation of the British pound and the South African rand, unfavorable price and product mix of \$107 million, driven by the impact of lower raw material costs on pricing, and lower sales from other tire related business of \$19 million, primarily related to our retread business.

Operating income in 2016 was \$461 million, increasing \$26 million, or 6.0%, compared to \$435 million in 2015. Operating income increased primarily due to lower conversion costs of \$29 million related to higher production levels in the first half of the year and lower SAG of \$17 million, driven by lower incentive compensation and fees for professional services. The increase in operating income was partially offset by the effect of lower price and product mix of \$114 million, which more than offset a decline in raw material costs of \$110 million, unfavorable foreign currency translation of \$8 million and higher pension costs of \$6 million. SAG and conversion costs included incremental savings from rationalization plans of \$13 million and \$10 million, respectively, primarily related to the closure of our Wolverhampton, U.K. mixing and retreading facility and programs initiated to streamline operations and reduce complexity across EMEA.

Operating income in 2016 excluded net rationalization charges of \$184 million, which primarily related to the plan to close our tire manufacturing facility in Philippsburg, Germany and programs initiated to streamline operations and reduce complexity across EMEA. Operating income in 2016 also excluded charges for accelerated depreciation of \$19 million, primarily related to our plan to close our tire manufacturing facility in Philippsburg, Germany and the closure of our Wolverhampton, U.K. mixing and retreading facility, as well as gains on asset sales of \$17 million, primarily related to the sale of a former wire plant site in Luxembourg. Operating income in 2015 excluded net rationalization charges of \$95 million, primarily related to the closure of our Wolverhampton, U.K. mixing and retreading facility and one of our Amiens, France manufacturing facilities, and charges for accelerated depreciation of \$8 million. Operating income in 2015 also excluded net losses on asset sales of \$14 million, primarily related to the sales of

certain sub-Saharan Africa retail businesses and charges of \$4 million related to labor claims with respect to a previously closed facility in Greece.

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Asia Pacific

	Year Ended December 31,		
(In millions)	2017	2016	2015
Tire Units	31.2	30.9	26.0
Net Sales	\$2,237	\$2,106	\$1,958
Operating Income	342	373	319
Operating Margin	15.3 %	17.7 %	16.3 %

2017 Compared to 2016

Asia Pacific unit sales in 2017 increased 0.3 million units, or 0.7%, to 31.2 million units. Replacement tire volume increased 0.1 million units, or 0.5%, primarily due to growth in the consumer business, partially offset by lower volumes in the commercial business. OE tire volume increased 0.2 million units, or 1.1%, primarily due to growth in India, partially offset by lower volumes in China.

Net sales in 2017 were \$2,237 million, increasing \$131 million, or 6.2%, from \$2,106 million in 2016. Net sales increased by \$109 million due to improvements in price and product mix, primarily due to the impact of higher raw material costs on pricing, \$17 million due to favorable foreign currency translation, and \$15 million due to higher tire volume. These increases were partially offset by lower sales in other tire-related businesses of \$11 million, primarily in retail.

Operating income in 2017 was \$342 million, decreasing \$31 million, or 8.3%, from \$373 million in 2016. Operating income decreased due to higher raw material costs of \$123 million, which more than offset improvements in price and product mix of \$113 million, a decrease in incentives recognized for the expansion of our factory in China of \$13 million, and lower income in other tire-related businesses of \$9 million, primarily in retail. These decreases were partially offset by higher volume of \$4 million.

Operating income in 2017 excluded net rationalization charges of \$2 million. Operating income in 2016 excluded net gains on asset sales of \$1 million and net rationalization charges of \$1 million.

Asia Pacific's results are highly dependent upon China and Australia. China accounted for approximately 28% and 29% of Asia Pacific's net sales in 2017 and 2016, respectively. Australia accounted for approximately 27% of Asia Pacific's net sales in 2017 and 2016. Results of operations in China and Australia are expected to continue to have a significant impact on Asia Pacific's future performance.

2016 Compared to 2015

Asia Pacific unit sales in 2016 increased 4.9 million units, or 18.9%, to 30.9 million units. Replacement tire volume increased 4.2 million units, or 28.7%, primarily in the consumer business, due to the acquisition of a controlling interest in NGY in Japan, which increased tire volume by 3.2 million units, and growth in China and India. OE tire volume increased 0.7 million units, or 6.9%, primarily in the consumer business, which reflected growth in China and India.

Net sales in 2016 were \$2,106 million, increasing \$148 million, or 7.6%, from \$1,958 million in 2015. Net sales increased by \$239 million due to higher tire volume, including \$129 million related to the acquisition of a controlling interest in NGY. This increase was partially offset by unfavorable foreign currency translation of \$46 million, primarily related to the strong U.S. dollar against most Asian currencies except the Japanese yen, and lower price and product mix of \$45 million, driven primarily by the impact of lower raw material costs on pricing.

Operating income in 2016 was \$373 million, increasing \$54 million, or 16.9%, from \$319 million in 2015. Operating income increased due primarily to higher tire volume of \$62 million, lower raw material costs of \$47 million, which offset the effects of lower price and product mix of \$46 million, lower conversion costs of \$18 million, due to the favorable impact of higher production levels on absorbed overhead, and an increase of \$18 million related to incentives for the expansion of our factory in China. These increases were partially offset by higher SAG of \$31 million, primarily driven by the acquisition of a controlling interest in NGY, and unfavorable foreign currency translation of \$10 million.

Operating income in 2016 excluded net gains on asset sales of \$1 million and net rationalization charges of \$1 million. Operating income in 2015 excluded net gains on asset sales of \$5 million and net rationalization charges of \$4 million.

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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. On an ongoing basis, management reviews its estimates, based on currently available information. Changes in facts and circumstances may alter such estimates and affect our results of operations and financial position in future periods. Our critical accounting policies relate to:

- general and product liability and other litigation,
- workers' compensation,
- recoverability of goodwill,
- deferred tax asset valuation allowances and uncertain income tax positions, and
- pensions and other postretirement benefits.

General and Product Liability and Other Litigation. We have recorded liabilities totaling \$316 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2017. General and product liability and other litigation liabilities are recorded based on management's assessment that a loss arising from these matters is probable. If the loss can be reasonably estimated, we record the amount of the estimated loss. If the loss is estimated within a range and no point within the range is more probable than another, we record the minimum amount in the range. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Loss ranges are based upon the specific facts of each claim or class of claims and are determined after review by counsel. Court rulings on our cases or similar cases may impact our assessment of the probability and our estimate of the loss, which may have an impact on our reported results of operations, financial position and liquidity. We record receivables for insurance recoveries related to our litigation claims when it is probable that we will receive reimbursement from the insurer. Specifically, we are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products manufactured by us or present in certain of our facilities. Typically, these lawsuits have been brought against multiple defendants in Federal and state courts.

In determining the estimate of our asbestos liability, we evaluated claims over the next ten year period. Due to the difficulties in making these estimates, analysis based on new data and/or changed circumstances arising in the future may result in an increase in the recorded obligation, and that increase may be significant. We had recorded gross liabilities for both asserted and unasserted asbestos claims, inclusive of defense costs, totaling \$167 million at December 31, 2017.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. We record a receivable with respect to such policies when we determine that recovery is probable and we can reasonably estimate the amount of a particular recovery. This determination is based on consultation with our outside legal counsel and taking into consideration agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers and other relevant factors.

As of December 31, 2017, we recorded a receivable related to asbestos claims of \$113 million, and we expect that approximately 70% of asbestos claim related losses would be recoverable through insurance through the period covered by the estimated liability. Of this amount, \$15 million was included in Current Assets as part of Accounts Receivable at December 31, 2017. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers. Although we believe these amounts are collectible under primary and certain excess policies today, future disputes with insurers could result in significant charges to operations.

Workers' Compensation. We had recorded liabilities, on a discounted basis, of \$243 million for anticipated costs related to U.S. workers' compensation claims at December 31, 2017. The costs include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on our assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and current cost trends. The amount of our ultimate liability in respect of these matters

may differ from these estimates. We periodically, and at least annually, update our loss development factors based on actuarial analyses. The liability is discounted using the risk-free rate of return.

For further information on general and product liability and other litigation, and workers' compensation, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

Recoverability of Goodwill. Goodwill is tested for impairment annually or more frequently if an indicator of impairment is present. Goodwill totaled \$595 million at December 31, 2017.

We test goodwill for impairment on at least an annual basis, with the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting

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unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not (defined as a likelihood of more than 50%) that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured. At October 31, 2017, after considering changes to assumptions used in our most recent quantitative annual testing for each reporting unit, including the capital markets environment, economic conditions, tire industry competition and trends, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative annual testing, and other factors, we concluded that it was not more likely than not that the fair values of our reporting units were less than their respective carrying values and, therefore, did not perform a quantitative analysis.

Deferred Tax Asset Valuation Allowances and Uncertain Income Tax Positions. At December 31, 2017, we had valuation allowances aggregating \$318 million against certain of our U.S. Federal, state and local and foreign net deferred tax assets.

We record a reduction to the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not such assets will not be realized. The valuation of deferred tax assets requires judgment in assessing future profitability and the tax consequences of events that have been recognized in either our financial statements or tax returns.

We consider both positive and negative evidence when measuring the need for a valuation allowance. The weight given to the evidence is commensurate with the extent to which it may be objectively verified. Current and cumulative financial reporting results are a source of objectively verifiable evidence. We give operating results during the most recent three-year period a significant weight in our analysis. We typically only consider forecasts of future profitability when positive cumulative operating results exist in the most recent three-year period. We perform scheduling exercises to determine if sufficient taxable income of the appropriate character exists in the periods required in order to realize our deferred tax assets with limited lives (tax loss carryforwards and tax credits) prior to their expiration. We consider tax planning strategies available to accelerate taxable amounts if required to utilize expiring deferred tax assets. A valuation allowance is not required to the extent that, in our judgment, positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not that our deferred tax assets will be realized.

We recognize the effects of changes in tax rates and laws on deferred tax balances in the period in which legislation is enacted. We remeasure existing deferred tax assets and liabilities considering the tax rates at which they will be realized. We also consider the effects of enacted tax laws in our analysis of the need for valuation allowances. On December 22, 2017, the Tax Act was enacted in the United States, which establishes a corporate income tax rate of 21% effective January 1, 2018, replacing the current 35% rate, and creates a territorial tax system rather than a worldwide system. Certain impacts of the new legislation would generally require accounting to be completed in the period of enactment, however in response to the complexities of this new legislation, the SEC issued guidance to provide companies with relief. Specifically, when the initial accounting for items under the new legislation is incomplete, the guidance allows us to include provisional amounts when reasonable estimates can be made. The SEC has provided up to a one year window for companies to finalize the accounting for the impacts of this new legislation and we anticipate finalizing our accounting over the coming quarters. While our accounting for the Tax Act is not complete, we have made reasonable estimates for certain provisions and we have recorded a non-cash net charge to tax expense of \$299 million related to its enactment. This net charge includes a deferred tax charge of \$384 million primarily from revaluing our net U.S. deferred tax assets to reflect the new U.S. corporate tax rate. We believe this calculation is complete except for changes in estimates that can result from finalizing the filing of our 2017 U.S. income tax return, which are not anticipated to be material, and changes that may be a direct impact of other provisional amounts recorded due to the enactment of the Tax Act. The net charge also includes a provisional deferred tax benefit of \$162 million to reverse reserves maintained for the taxation of undistributed foreign earnings under prior law net of reserves established for foreign withholding taxes consistent with our revised indefinite reinvestment assertion, and a provisional deferred tax charge of \$77 million related to the one-time transition tax.

Effective January 1, 2018, the Tax Act subjects a U.S. parent to current tax on its "global intangible low-taxed income" ("GILTI"). We do not anticipate incurring a GILTI liability, however, to the extent that we incur expense under the GILTI provisions we will treat it as a component of income tax expense in the period incurred.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including those for transfer pricing. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize income tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. We derecognize income tax benefits when, based on new information, we determine that it is no longer more likely than not that our position will be sustained. To the extent we prevail in matters for which liabilities have been established, or determine we need to derecognize tax benefits recorded in prior periods, our results of operations and effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash, and lead to

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recognition of expense to the extent the settlement amount exceeds recorded liabilities, resulting in an increase in our effective tax rate in the period of resolution. To reduce our risk of an unfavorable transfer price settlement, the Company applies consistent transfer pricing policies and practices globally, supports pricing with economic studies and seeks advance pricing agreements and joint audits to the extent possible. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and, in the case of an income tax settlement, would result in a reduction in our effective tax rate in the period of resolution. We report interest and penalties related to uncertain income tax positions as income taxes.

For additional information regarding uncertain income tax positions and valuation allowances, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

Pensions and Other Postretirement Benefits. We have recorded liabilities for pension and other postretirement benefits of \$656 million and \$282 million, respectively, at December 31, 2017. Our recorded liabilities and net periodic costs for pensions and other postretirement benefits are based on a number of assumptions, including:

- life expectancies,
- retirement rates,
- discount rates,
- long term rates of return on plan assets,
- inflation rates,
- future compensation levels,
- future health care costs, and
- maximum company-covered benefit costs.

Certain of these assumptions are determined with the assistance of independent actuaries. Assumptions about life expectancies, retirement rates, future compensation levels and future health care costs are based on past experience and anticipated future trends. The discount rate for our U.S. plans is based on a yield curve derived from a portfolio of corporate bonds from issuers rated AA or higher as of December 31 and is reviewed annually. Our expected benefit payment cash flows are discounted based on spot rates developed from the yield curve. The mortality assumption for our U.S. plans is based on actual historical experience, an assumed long term rate of future improvement based on published actuarial tables, and current government regulations related to lump sum payment factors. The long term rate of return on U.S. plan assets is based on estimates of future long term rates of return similar to the target allocation of substantially all fixed income securities. Actual U.S. pension fund asset allocations are reviewed on a monthly basis and the pension fund is rebalanced to target ranges on an as-needed basis. These assumptions are reviewed regularly and revised when appropriate. Changes in one or more of them may affect the amount of our recorded liabilities and net periodic costs for these benefits. Other assumptions involving demographic factors such as retirement age and turnover are evaluated periodically and are updated to reflect our experience and expectations for the future. If the actual experience differs from expectations, our financial position, results of operations and liquidity in future periods may be affected.

The weighted average discount rate used in estimating the total liability for our U.S. pension and other postretirement benefit plans was 3.56% and 3.44%, respectively, at December 31, 2017, compared to 3.99% and 3.72%, respectively, at December 31, 2016. The decrease in the discount rate at December 31, 2017 was due primarily to lower yields on highly rated corporate bonds. Interest cost included in our U.S. net periodic pension cost was \$160 million in 2017, compared to \$164 million in 2016 and \$238 million in 2015. Interest cost included in our worldwide net periodic other postretirement benefits cost was \$13 million in 2017, compared to \$12 million in 2016 and \$15 million in 2015. 2017 and 2016 interest costs reflect the election to measure interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows for plans that utilize a yield curve approach.

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The following table presents the sensitivity of our U.S. projected pension benefit obligation, accumulated other postretirement benefits obligation, and annual expense to the indicated increase/decrease in key assumptions:

(Dollars in millions)	Change	+ / - Change at December 31, 2017	
		PBO/ABO	Annual Expense
Pensions:			
Assumption:			
Discount rate	+/- 0.5%	\$ 292	\$ 4

Other Postretirement Benefits:

Assumption:

Discount rate	+/- 0.5%	\$ 5	\$ —
Health care cost trends — total cost	+/- 1.0%	1	—

Changes in general interest rates and corporate (AA or better) credit spreads impact our discount rate and thereby our U.S. pension benefit obligation. Our U.S. pension plans are invested in a portfolio of substantially all fixed income securities designed to offset the impact of future discount rate movements on liabilities for these plans. If corporate (AA or better) interest rates increase or decrease in parallel (i.e., across all maturities), the investment portfolio described above is designed to mitigate a substantial portion of the expected change in our U.S. pension benefit obligation. For example, if corporate (AA or better) interest rates increased or decreased by 0.50%, the actions described above would be expected to mitigate more than 85% of the expected change in our U.S. pension benefit obligation.

At December 31, 2017, our net actuarial loss included in AOCL related to global pension plans was \$3,272 million, \$2,603 million of which related to our U.S. pension plans. The net actuarial loss included in AOCL related to our U.S. pension plans is a result of declines in U.S. discount rates and plan asset losses that occurred prior to 2015, plus the impact of prior increases in estimated life expectancies. For purposes of determining our 2017 U.S. pension total benefits cost, we recognized \$140 million of the net actuarial losses in 2017. We will recognize approximately \$114 million of net actuarial losses in 2018 U.S. net periodic pension cost. If our future experience is consistent with our assumptions as of December 31, 2017, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2018 before it begins to gradually decline. In addition, if annual lump sum payments from a pension plan exceed annual service and interest cost for that plan, accelerated recognition of net actuarial losses will be required through a settlement in total benefits cost.

The actual rate of return on our U.S. pension fund was 8.7%, 6.9% and (2.1%) in 2017, 2016 and 2015, respectively, as compared to the expected rate of 5.08%, 5.33% and 5.00% in 2017, 2016 and 2015, respectively. We use the fair value of our pension assets in the calculation of pension expense for all of our U.S. pension plans.

The weighted average amortization period for our U.S. pension plans is approximately 18 years.

Net periodic pension costs were recorded in CGS, as part of the cost of inventory sold during the period, or SAG in our Consolidated Statements of Operations, based on the specific roles (i.e., manufacturing vs. non-manufacturing) of employee groups covered by each of our pension plans. In 2017, 2016 and 2015, approximately 60% and 40% of net periodic pension costs are included in CGS and SAG, respectively. Effective January 1, 2018, non-service related net periodic pension costs will be recorded in Other (Income) Expense in line with the accounting standards update issued by the FASB to improve the financial statement presentation of pension and post retirement benefits cost. Refer to the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

Globally we expect our 2018 net periodic pension cost to be approximately \$100 million to \$125 million, compared to \$88 million in 2017. The increase is primarily due to the impact of lower discount rates for our U.S. pension plans.

We experienced a decrease in our U.S. discount rate at the end of 2017 and a large portion of the net actuarial loss included in AOCL of \$47 million for our worldwide other postretirement benefit plans as of December 31, 2017 is a result of the overall decline in U.S. discount rates over time. For purposes of determining 2017 worldwide net periodic

other postretirement benefits cost, we recognized \$6 million of net actuarial losses in 2017. We will recognize approximately \$5 million of net actuarial losses in 2018. If our future experience is consistent with our assumptions as of December 31, 2017, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2018 before it begins to gradually decline.

For further information on pensions and other postretirement benefits, refer to the Note to the Consolidated Financial Statements No. 17, Pension, Other Postretirement Benefits and Savings Plans.

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LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Our primary sources of liquidity are cash generated from our operating and financing activities. Our cash flows from operating activities are driven primarily by our operating results and changes in our working capital requirements and our cash flows from financing activities are dependent upon our ability to access credit or other capital.

On February 8, 2018, we announced our 2018-2020 capital allocation plan that is intended to increase shareholder value by investing in high-return growth capital projects, strengthening our balance sheet and providing for direct returns to shareholders. The capital allocation plan provides for:

• Growth capital expenditures of \$700 million to \$900 million.

• Debt repayments of \$400 million to \$600 million, which advances our objective of achieving an investment grade credit rating.

• Restructuring payments of approximately \$400 million.

• Common stock dividends and share repurchases of \$1.5 billion to \$2.0 billion, subject to our performance.

We announced a 40% increase in the quarterly cash dividend on our common stock, from \$0.10 per share to \$0.14 per share, beginning with the December 1, 2017 payment date.

In March 2017, we issued \$700 million in aggregate principal amount of 4.875% senior notes due 2027. These notes were sold at 100% of the principal amount and will mature on March 15, 2027. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities.

In May 2017, we used the proceeds from the \$700 million 4.875% senior notes due 2027, together with cash and cash equivalents, to redeem in full our \$700 million 7% senior notes due 2022, which included the payment of a \$25 million redemption premium plus accrued and unpaid interest to the redemption date. We also recorded \$6 million of expense for the write-off of deferred financing fees as a result of the redemption.

For further information on the other strategic initiatives we pursued in 2017, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview.”

At December 31, 2017, we had \$1,043 million of Cash and Cash Equivalents, compared to \$1,132 million at December 31, 2016. The decrease in cash and cash equivalents of \$89 million was primarily due to cash used for investing activities of \$879 million, primarily related to capital expenditures of \$881 million; cash used for financing activities of \$415 million, primarily related to common stock repurchases of \$400 million and common stock dividends of \$110 million, partially offset by net borrowings of \$129 million. These uses of cash were partially offset by cash flows from operating activities of \$1,158 million, which included net income of \$365 million and non-cash depreciation and amortization of \$781 million.

At December 31, 2017 and 2016 we had \$3,196 million and \$2,970 million, respectively, of unused availability under our various credit agreements. The table below provides unused availability by our significant credit facilities as of December 31:

(In millions)	2017	2016
First lien revolving credit facility	\$1,667	\$1,506
European revolving credit facility	659	579
Chinese credit facilities	217	252
Mexican credit facilities	—	52
Other domestic and international debt	298	267
Notes payable and overdrafts	355	314
	\$3,196	\$2,970

We have deposited our cash and cash equivalents and entered into various credit agreements and derivative contracts with financial institutions that we considered to be substantial and creditworthy at the time of such transactions. We seek to control our exposure to these financial institutions by diversifying our deposits, credit agreements and derivative contracts across multiple financial institutions, by setting deposit and counterparty credit limits based on long term credit ratings and other indicators of credit risk such as credit default swap spreads, and by monitoring the financial strength of these financial institutions on a regular basis. We also enter into master netting agreements with

counterparties when possible. By controlling and monitoring exposure to financial institutions in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a financial institution. However, we cannot provide assurance that we will not experience losses or delays in accessing our deposits or lines of credit due to the nonperformance of a financial institution. Our inability to access our cash deposits or make draws on our lines of credit, or the inability of a counterparty to fulfill its contractual obligations to us, could have a material adverse effect on our liquidity, financial condition or results of operations in the period in which it occurs.

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We expect our 2018 cash flow needs to include capital expenditures of approximately \$1.0 billion. We also expect interest expense to range between \$335 million and \$360 million, restructuring payments to be approximately \$200 million, dividends on our common stock to be approximately \$135 million, and contributions to our funded non-U.S. pension plans to be approximately \$25 million to \$50 million. We expect working capital to be a use of cash of approximately \$100 million in 2018. We intend to operate the business in a way that allows us to address these needs with our existing cash and available credit if they cannot be funded by cash generated from operations.

We believe that our liquidity position is adequate to fund our operating and investing needs and debt maturities in 2018 and to provide us with flexibility to respond to further changes in the business environment.

Our ability to service debt and operational requirements is also dependent, in part, on the ability of our subsidiaries to make distributions of cash to various other entities in our consolidated group, whether in the form of dividends, loans or otherwise. In certain countries where we operate, such as China and South Africa, transfers of funds into or out of such countries by way of dividends, loans, advances or payments to third-party or affiliated suppliers are generally or periodically subject to certain requirements, such as obtaining approval from the foreign government and/or currency exchange board before net assets can be transferred out of the country. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make distributions of cash. Thus, we would have to repay and/or amend these credit agreements and other debt instruments in order to use this cash to service our consolidated debt. Because of the inherent uncertainty of satisfactorily meeting these requirements or limitations, we do not consider the net assets of our subsidiaries, including our Chinese and South African subsidiaries, which are subject to such requirements or limitations, to be integral to our liquidity or our ability to service our debt and operational requirements. At December 31, 2017, approximately \$807 million of net assets, including \$103 million of cash and cash equivalents, were subject to such requirements. The requirements we must comply with to transfer funds out of China and South Africa have not adversely impacted our ability to make transfers out of those countries.

Cash Position

At December 31, 2017, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

\$355 million or 34% in Europe, Middle East and Africa, primarily Belgium (\$310 million or 27% at December 31, 2016),

\$344 million or 33% in Asia Pacific, primarily India, China and Australia (\$427 million or 38% at December 31, 2016), and

\$169 million or 16% in Americas, primarily Canada and Brazil (\$203 million or 18% at December 31, 2016).

Operating Activities

Net cash provided by operating activities was \$1,158 million in 2017, compared to \$1,557 million in 2016 and \$1,728 million in 2015. Net cash provided by operating activities in 2017 decreased \$399 million compared to 2016 primarily due to a \$463 million decrease in segment operating income.

Cash used for working capital in 2017 was \$106 million compared to \$117 million in 2016. Cash used for working capital in 2017 reflects the impacts of higher raw materials on our costs and pricing, driving year-over-year increases in cash used for accounts receivable of \$358 million and cash provided by accounts payable of \$241 million, as the balances of each remaining on our year-end balance sheet are higher compared to the prior year. Cash used for inventory decreased \$128 million during 2017 as the impacts of higher raw materials were more than offset by the impact of reduced production levels.

The decrease in cash provided by operating activities in 2016 versus 2015 was primarily due to an increased use of cash for working capital of \$75 million and lower segment operating income of \$35 million.

The increased use of cash for working capital in 2016 was due to an increase in cash used for accounts payable of \$234 million, primarily due to the timing of payments and 2015 payables that were paid in 2016 which reflected higher average raw material prices, and inventories of \$83 million, driven by an increase in year-end inventory units for finished goods in 2016. These uses of cash were partially offset by positive year-over-year cash flow from accounts receivable of \$242 million, primarily due to increased factoring activity in 2016.

Investing Activities

Net cash used in investing activities was \$879 million in 2017, compared to \$979 million in 2016 and \$1,256 million in 2015. Capital expenditures were \$881 million in 2017, compared to \$996 million in 2016 and \$983 million in 2015. Beyond expenditures required to sustain our facilities, capital expenditures in 2017 primarily related to the construction, expansion and modernization of manufacturing capacity in the United States, Mexico, China and India. Capital expenditures in 2016 primarily related to the

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construction, expansion and modernization of manufacturing capacity in the United States, Brazil, China and Mexico. Capital expenditures in 2015 primarily related to the construction, expansion and modernization of manufacturing capacity in the United States, Brazil, China, Germany and Mexico. Proceeds from asset sales were \$12 million in 2017. Proceeds from asset sales were \$35 million in 2016, primarily related to the sale of a former wire plant site in Luxembourg and the sale of our interest in a supply chain logistics company. Proceeds from asset sales were \$62 million in 2015, primarily related to the sale of our investment in shares of SRI.

Financing Activities

Net cash used in financing activities was \$415 million in 2017, compared to net cash used of \$876 million in 2016 and net cash used of \$1,026 million in 2015. Financing activities in 2017 included net borrowings of \$129 million. Financing activities in 2016 included net debt repayments of \$256 million. Financing activities in 2015 included net debt repayments of \$477 million and a payment related to the dissolution of the global alliance with SRI of \$271 million. In 2017, we paid dividends on our common stock of \$110 million and repurchased \$400 million of our common stock, as compared to dividend payments of \$82 million and common stock share repurchases of \$500 million in 2016. In 2015, dividend payments were \$68 million and common stock share repurchases were \$180 million.

Credit Sources

In aggregate, we had total credit arrangements of \$8,963 million available at December 31, 2017, of which \$3,196 million were unused, compared to \$8,491 million available at December 31, 2016, of which \$2,970 million were unused. At December 31, 2017, we had long term credit arrangements totaling \$8,346 million, of which \$2,841 million were unused, compared to \$7,932 million and \$2,656 million, respectively, at December 31, 2016. At December 31, 2017, we had short term committed and uncommitted credit arrangements totaling \$617 million, of which \$355 million were unused, compared to \$559 million and \$314 million, respectively, at December 31, 2016. The continued availability of the short term uncommitted arrangements is at the discretion of the relevant lender and may be terminated at any time.

Outstanding Notes

At December 31, 2017, we had \$3,325 million of outstanding notes, compared to \$3,287 million at December 31, 2016.

\$2.0 Billion Amended and Restated First Lien Revolving Credit Facility due 2021

Our amended and restated first lien revolving credit facility is available in the form of loans or letters of credit, with letter of credit availability limited to \$800 million. Availability under the facility is subject to a borrowing base, which is based primarily on (i) eligible accounts receivable and inventory of The Goodyear Tire & Rubber Company and certain of its U.S. and Canadian subsidiaries, (ii) the value of our principal trademarks, and (iii) certain cash in an amount not to exceed \$200 million. To the extent that our eligible accounts receivable and inventory and other components of the borrowing base decline in value, our borrowing base will decrease and the availability under the facility may decrease below \$2.0 billion. In addition, if the amount of outstanding borrowings and letters of credit under the facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess. As of December 31, 2017, our borrowing base, and therefore our availability, under the facility was \$296 million below the facility's stated amount of \$2.0 billion. Based on our current liquidity, amounts drawn under this facility bear interest at LIBOR plus 125 basis points, and undrawn amounts under the facility will be subject to an annual commitment fee of 30 basis points.

At December 31, 2017, we had no borrowings and \$37 million of letters of credit issued under the revolving credit facility. At December 31, 2016, we had \$85 million of borrowings and \$40 million of letters of credit issued under the revolving credit facility.

During 2016, we began entering into bilateral letter of credit agreements. At December 31, 2017, we had \$368 million in letters of credit issued under these agreements.

Amended and Restated Second Lien Term Loan Facility due 2019

In March 2017, we amended our second lien term loan facility. As a result of the amendment, the term loan now bears interest, at our option, at (i) 200 basis points over LIBOR or (ii) 100 basis points over an alternative base rate (the higher of (a) the prime rate, (b) the federal funds effective rate or the overnight bank funding rate plus 50 basis points

or (c) LIBOR plus 100 basis points). In addition, if the Total Leverage Ratio is equal to or less than 1.25 to 1.00, we have the option to further reduce the spreads described above by 25 basis points. "Total Leverage Ratio" has the meaning given it in the facility.

At December 31, 2017 and 2016, the amounts outstanding under this facility were \$400 million and \$399 million, respectively.

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€550 Million Amended and Restated Senior Secured European Revolving Credit Facility due 2020

Our amended and restated €550 million European revolving credit facility consists of (i) a €125 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH (“GDTG”) and (ii) a €425 million all-borrower tranche that is available to Goodyear Dunlop Tires Europe B.V. (“GDTE”), GDTG and Goodyear Dunlop Tires Operations S.A. Up to €150 million of swingline loans and €50 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under the facility will bear interest at LIBOR plus 175 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 175 basis points for loans denominated in euros, and undrawn amounts under the facility will be subject to an annual commitment fee of 30 basis points.

At December 31, 2017 and 2016, we had no borrowings and no letters of credit issued under the European revolving credit facility.

Each of our first lien revolving credit facility and our European revolving credit facility have customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2015 under the first lien facility and December 31, 2014 under the European facility.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

GDTE and certain other of our European subsidiaries are parties to a pan-European accounts receivable securitization facility that provides the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €30 million and not more than €450 million. For the period beginning October 16, 2016 to October 15, 2017, the designated maximum amount of the facility was €320 million. Effective October 16, 2017, the designated maximum amount of the facility was reduced to €275 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GDTE subsidiaries. Utilization under the facility is based on eligible receivable balances.

The funding commitments under the facility will expire upon the earliest to occur of: (a) September 25, 2019, (b) the non-renewal and expiration (without substitution) of all of the back-up liquidity commitments, (c) the early termination of the facility according to its terms (generally upon an Early Amortisation Event (as defined in the facility), which includes, among other things, events similar to the events of default under our senior secured credit facilities; certain tax law changes; or certain changes to law, regulation or accounting standards), or (d) our request for early termination of the facility. The facility’s current back-up liquidity commitments will expire on October 15, 2018. At December 31, 2017, the amounts available and utilized under this program totaled \$224 million (€187 million). At December 31, 2016, the amounts available and utilized under this program totaled \$198 million (€188 million). The program does not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Capital Leases.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

We have sold certain of our trade receivables under off-balance sheet programs. For these programs, we have concluded that there is generally no risk of loss to us from non-payment of the sold receivables. At December 31, 2017 and 2016, the gross amount of receivables sold was \$572 million and \$502 million, respectively.

Supplier Financing

We have entered into payment processing agreements with several financial institutions. Under these agreements, the financial institution acts as our paying agent with respect to accounts payable due to our suppliers. These agreements also allow our suppliers to sell their receivables to the financial institutions at the sole discretion of both the supplier and the financial institution on terms that are negotiated between them. We are not always notified when our suppliers sell receivables under these programs. Our obligations to our suppliers, including the amounts due and scheduled payment dates, are not impacted by our suppliers' decisions to sell their receivables under the program. Agreements for such supplier financing programs totaled up to \$500 million at December 31, 2017 and 2016.

Further Information

For a further description of the terms of our outstanding notes, first lien revolving credit facility, second lien term loan facility, European revolving credit facility and pan-European accounts receivable securitization facility, refer to the Note to the Consolidated Financial Statements No. 15, Financing Arrangements and Derivative Financial Instruments.

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Covenant Compliance

Our first and second lien credit facilities and some of the indentures governing our notes contain certain covenants that, among other things, limit our ability to incur additional debt or issue redeemable preferred stock, pay dividends, repurchase shares or make certain other restricted payments or investments, incur liens, sell assets, incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, enter into affiliate transactions, engage in sale and leaseback transactions, and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. Our first and second lien credit facilities and the indentures governing our notes also have customary defaults, including cross-defaults to material indebtedness of Goodyear and its subsidiaries.

We have additional financial covenants in our first and second lien credit facilities that are currently not applicable. We only become subject to these financial covenants when certain events occur. These financial covenants and related events are as follows:

We become subject to the financial covenant contained in our first lien revolving credit facility when the aggregate amount of our Parent Company (The Goodyear Tire & Rubber Company) and guarantor subsidiaries cash and cash equivalents (“Available Cash”) plus our availability under our first lien revolving credit facility is less than \$200 million. If this were to occur, our ratio of EBITDA to Consolidated Interest Expense may not be less than 2.0 to 1.0 for any period of four consecutive fiscal quarters. As of December 31, 2017, our availability under this facility of \$1,667 million plus our Available Cash of \$208 million totaled \$1,875 million, which is in excess of \$200 million. We become subject to a covenant contained in our second lien credit facility upon certain asset sales. The covenant provides that, before we use cash proceeds from certain asset sales to repay any junior lien, senior unsecured or subordinated indebtedness, we must first offer to use such cash proceeds to prepay borrowings under the second lien credit facility unless our ratio of Consolidated Net Secured Indebtedness to EBITDA (Pro Forma Senior Secured Leverage Ratio) for any period of four consecutive fiscal quarters is equal to or less than 3.0 to 1.0.

In addition, our European revolving credit facility contains non-financial covenants similar to the non-financial covenants in our first and second lien credit facilities that are described above and a financial covenant applicable only to GDTE and its subsidiaries. This financial covenant provides that we are not permitted to allow GDTE’s ratio of Consolidated Net J.V. Indebtedness to Consolidated European J.V. EBITDA for a period of four consecutive fiscal quarters to be greater than 3.0 to 1.0 at the end of any fiscal quarter. Consolidated Net J.V. Indebtedness is determined net of the sum of cash and cash equivalents in excess of \$100 million held by GDTE and its subsidiaries, cash and cash equivalents in excess of \$150 million held by the Parent Company and its U.S. subsidiaries and availability under our first lien revolving credit facility if the ratio of EBITDA to Consolidated Interest Expense described above is not applicable and the conditions to borrowing under the first lien revolving credit facility are met. Consolidated Net J.V. Indebtedness also excludes loans from other consolidated Goodyear entities. This financial covenant is also included in our pan-European accounts receivable securitization facility. At December 31, 2017, we were in compliance with this financial covenant.

Our credit facilities also state that we may only incur additional debt or make restricted payments that are not otherwise expressly permitted if, after giving effect to the debt incurrence or the restricted payment, our ratio of EBITDA to Consolidated Interest Expense for the prior four fiscal quarters would exceed 2.0 to 1.0. Certain of our senior note indentures have substantially similar limitations on incurring debt and making restricted payments. Our credit facilities and indentures also permit the incurrence of additional debt through other provisions in those agreements without regard to our ability to satisfy the ratio-based incurrence test described above. We believe that these other provisions provide us with sufficient flexibility to incur additional debt necessary to meet our operating, investing and financing needs without regard to our ability to satisfy the ratio-based incurrence test.

Covenants could change based upon a refinancing or amendment of an existing facility, or additional covenants may be added in connection with the incurrence of new debt.

As of December 31, 2017, we were in compliance with the currently applicable material covenants imposed by our principal credit facilities and indentures.

The terms “Available Cash,” “EBITDA,” “Consolidated Interest Expense,” “Consolidated Net Secured Indebtedness,” “Pro Forma Senior Secured Leverage Ratio,” “Consolidated Net J.V. Indebtedness” and “Consolidated European J.V. EBITDA”

have the meanings given them in the respective credit facilities.

Potential Future Financings

In addition to our previous financing activities, we may seek to undertake additional financing actions that could include restructuring bank debt or capital markets transactions, possibly including the issuance of additional debt or equity. Given the challenges that we face and the uncertainties of the market conditions, access to the capital markets cannot be assured.

Our future liquidity requirements may make it necessary for us to incur additional debt. However, a substantial portion of our assets are already subject to liens securing our indebtedness. As a result, we are limited in our ability to pledge our remaining

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assets as security for additional secured indebtedness. In addition, no assurance can be given as to our ability to raise additional unsecured debt.

Dividends and Common Stock Repurchase Program

Under our primary credit facilities and some of our note indentures, we are permitted to pay dividends on and repurchase our capital stock (which constitute restricted payments) as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities or indentures following the payment, and certain financial tests are satisfied.

During 2017, 2016 and 2015 we paid cash dividends of \$110 million, \$82 million and \$68 million, respectively, on our common stock. On January 16, 2018, the Company's Board of Directors (or a duly authorized committee thereof) declared cash dividends of \$0.14 per share of our common stock, or approximately \$34 million in the aggregate. The cash dividend will be paid on March 1, 2018 to stockholders of record as of the close of business on February 1, 2018. Future quarterly dividends are subject to Board approval.

On September 18, 2013, the Board of Directors approved our common stock repurchase program. From time to time, the Board of Directors has approved increases in the amount authorized to be purchased under that program. On February 2, 2017, the Board of Directors approved a further increase in that authorization to \$2.1 billion. This program expires on December 31, 2019. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs and to provide for additional shareholder returns. During 2017, we repurchased 12,755,547 shares at an average price, including commissions, of \$31.37 per share, or \$400 million in the aggregate. Since 2013, we repurchased 43,969,657 shares at an average price, including commissions, of \$29.87 per share, or \$1,313 million in the aggregate.

The restrictions imposed by our credit facilities and indentures did not affect our ability to pay the dividends on or repurchase our capital stock as described above, and are not expected to affect our ability to pay similar dividends or make similar repurchases in the future.

Asset Dispositions

The restrictions on asset sales imposed by our material indebtedness have not affected our strategy of divesting non-core businesses, and those divestitures have not affected our ability to comply with those restrictions.

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COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Obligations

The following table presents our contractual obligations and commitments to make future payments as of December 31, 2017:

(In millions)	Total	2018	2019	2020	2021	2022	Beyond 2022
Debt Obligations ⁽¹⁾	\$5,737	\$646	\$1,124	\$624	\$13	\$90	\$3,240
Capital Lease Obligations ⁽²⁾	40	7	4	3	15	1	10
Interest Payments ⁽³⁾	1,733	302	240	219	176	173	623
Operating Leases ⁽⁴⁾	1,046	265	202	156	110	63	250
Pension Benefits ⁽⁵⁾	300	75	75	50	50	50	N/A
Other Postretirement Benefits ⁽⁶⁾	192	21	21	20	20	19	91
Workers' Compensation ⁽⁷⁾	311	45	32	25	20	17	172
Binding Commitments ⁽⁸⁾	3,100	1,355	717	264	246	107	411
Uncertain Income Tax Positions ⁽⁹⁾	6	1	4	1	—	—	—
	\$12,465	\$2,717	\$2,419	\$1,362	\$650	\$520	\$4,797

(1) Debt obligations include Notes Payable and Overdrafts, and excludes the impact of deferred financing fees and unamortized discounts.

(2) The minimum lease payments for capital lease obligations are \$67 million.

(3) These amounts represent future interest payments related to our existing debt obligations and capital leases based on fixed and variable interest rates specified in the associated debt and lease agreements. The amounts provided relate only to existing debt obligations and do not assume the refinancing or replacement of such debt or future changes in variable interest rates.

(4) Operating lease obligations have not been reduced by minimum sublease rentals of \$12 million, \$8 million, \$6 million, \$3 million, \$2 million and \$7 million in each of the periods above, respectively, for a total of \$38 million. Payments, net of minimum sublease rentals, total \$1,008 million. The present value of the net operating lease payments is \$847 million. The operating leases relate to, among other things, real estate, vehicles, data processing equipment and miscellaneous other assets. No asset is leased from any related party.

(5) The obligation related to pension benefits is actuarially determined and is reflective of obligations as of December 31, 2017. Although subject to change, the amounts set forth in the table represent the mid-point of the range of our expected contributions for funded U.S. and non-U.S. pension plans, plus expected cash funding of direct participant payments to our U.S. and non-U.S. pension plans.

We made significant contributions to fully fund our U.S. pension plans in 2013 and 2014. We have no minimum funding requirements for our funded U.S. pension plans under current ERISA law or the provisions of our USW collective bargaining agreement, which requires us to maintain an annual ERISA funded status for the hourly U.S. pension plan of at least 97%.

Future U.S. pension contributions will be affected by our ability to offset changes in future interest rates with asset returns from our fixed income portfolio, and any changes to ERISA law. For further information on the U.S. pension investment strategy, refer to the Note to the Consolidated Financial Statements No. 17, Pension, Other Postretirement Benefits and Savings Plans.

Future non-U.S. contributions are affected by factors such as:

• future interest rate levels,

• the amount and timing of asset returns, and

• how contributions in excess of the minimum requirements could impact the amount and timing of future contributions.

(6) The payments presented above are expected payments for the next 10 years. The payments for other postretirement benefits reflect the estimated benefit payments of the plans using the provisions currently in effect. Under the

relevant

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summary plan descriptions or plan documents we have the right to modify or terminate the plans. The obligation related to other postretirement benefits is actuarially determined on an annual basis.

(7) The payments for workers' compensation obligations are based upon recent historical payment patterns on claims. The present value of anticipated claims payments for workers' compensation is \$243 million.

Binding commitments are for raw materials, capital expenditures, utilities, and various other types of contracts.

(8) The obligations to purchase raw materials include supply contracts at both fixed and variable prices. Those with variable prices are based on index rates for those commodities at December 31, 2017.

These amounts primarily represent expected payments with interest for uncertain tax positions as of December 31, 2017. We have reflected them in the period in which we believe they will be ultimately settled based upon our experience with these matters.

Additional other long term liabilities include items such as general and product liabilities, environmental liabilities and miscellaneous other long term liabilities. These other liabilities are not contractual obligations by nature. We cannot, with any degree of reliability, determine the years in which these liabilities might ultimately be settled. Accordingly, these other long term liabilities are not included in the above table.

In addition, pursuant to certain long term agreements, we will purchase varying amounts of certain raw materials and finished goods at agreed upon base prices that may be subject to periodic adjustments for changes in raw material costs and market price adjustments, or in quantities that may be subject to periodic adjustments for changes in our or our suppliers' production levels. These contingent contractual obligations, the amounts of which cannot be estimated, are not included in the table above.

We do not engage in the trading of commodity contracts or any related derivative contracts. We generally purchase raw materials and energy through short term, intermediate and long term supply contracts at fixed prices or at formula prices related to market prices or negotiated prices. We may, however, from time to time, enter into contracts to hedge our energy costs.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has:

- made guarantees,
- retained or held a contingent interest in transferred assets,
- undertaken an obligation under certain derivative instruments, or
- undertaken any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company.

We have entered into certain arrangements under which we have provided guarantees that are off-balance sheet arrangements. Those guarantees totaled approximately \$82 million at December 31, 2017. For further information about our guarantees, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

We concluded that effective as of December 31, 2015, we no longer met the accounting criteria for control of our Venezuelan subsidiary, and its assets and liabilities are no longer reported in the Consolidated Balance Sheet as of December 31, 2015. Subsequent to its deconsolidation, we maintained a variable interest in our Venezuelan subsidiary. Our exposure to future losses resulting from our Venezuelan subsidiary is limited to the extent that we decide to provide raw materials or finished goods to, or make future investments in, our Venezuelan subsidiary. For further information, refer to the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

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FORWARD-LOOKING INFORMATION — SAFE HARBOR STATEMENT

Certain information in this Annual Report on Form 10-K (other than historical data and information) may constitute forward-looking statements regarding events and trends that may affect our future operating results and financial position. The words “estimate,” “expect,” “intend” and “project,” as well as other words or expressions of similar meaning, are intended to identify forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Such statements are based on current expectations and assumptions, are inherently uncertain, are subject to risks and should be viewed with caution. Actual results and experience may differ materially from the forward-looking statements as a result of many factors, including:

- if we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected;
- we face significant global competition and our market share could decline;
- deteriorating economic conditions in any of our major markets, or an inability to access capital markets or third-party financing when necessary, may materially adversely affect our operating results, financial condition and liquidity;
- raw material and energy costs may materially adversely affect our operating results and financial condition;
- if we experience a labor strike, work stoppage or other similar event our business, results of operations, financial condition and liquidity could be materially adversely affected;
- our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity;
- we have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity;
- our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results;
- financial difficulties, work stoppages, supply disruptions or economic conditions affecting our major OE customers, dealers or suppliers could harm our business;
- our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner;
- we have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health;
- any failure to be in compliance with any material provision or covenant of our debt instruments, or a material reduction in the borrowing base under our revolving credit facility, could have a material adverse effect on our liquidity and operations;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly;
- we have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales;
- we may incur significant costs in connection with our contingent liabilities and tax matters;
- our reserves for contingent liabilities and our recorded insurance assets are subject to various uncertainties, the outcome of which may result in our actual costs being significantly higher than the amounts recorded;
- we are subject to extensive government regulations that may materially adversely affect our operating results;
- we may be adversely affected by any disruption in, or failure of, our information technology systems due to computer viruses, unauthorized access, cyber-attack, natural disasters or other similar disruptions;
- if we are unable to attract and retain key personnel, our business could be materially adversely affected; and
- we may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

It is not possible to foresee or identify all such factors. We will not revise or update any forward-looking statement or disclose any facts, events or circumstances that occur after the date hereof that may affect the accuracy of any forward-looking statement.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We utilize derivative financial instrument contracts and nonderivative instruments to manage interest rate, foreign exchange and commodity price risks. We have established a control environment that includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. We do not hold or issue derivative financial instruments for trading purposes.

Commodity Price Risk

The raw materials costs to which our operations are principally exposed include the cost of natural rubber, synthetic rubber, carbon black, fabrics, steel cord and other petrochemical-based commodities. Approximately two-thirds of our raw materials are oil-based derivatives, the cost of which may be affected by fluctuations in the price of oil. We currently do not hedge commodity prices. We do, however, use various strategies to partially offset cost increases for raw materials, including centralizing purchases of raw materials through our global procurement organization in an effort to leverage our purchasing power, expanding our capabilities to substitute lower-cost raw materials and reducing the amount of material required in each tire.

Interest Rate Risk

We carefully monitor our fixed and floating rate debt mix. Within defined limitations, we manage the mix using refinancing. At December 31, 2017, 34% of our debt was at variable interest rates averaging 4.42% compared to 33% at an average rate of 6.34% at December 31, 2016.

The following table presents information about long term fixed rate debt, excluding capital leases, at December 31:

(In millions)	2017	2016
Carrying amount — liability	\$3,616	\$3,514
Fair value — liability	3,786	3,669
Pro forma fair value — liability	3,908	3,781

The pro forma information assumes a 100 basis point decrease in market interest rates at December 31 of each year, and reflects the estimated fair value of fixed rate debt outstanding at that date under that assumption. The sensitivity of our fixed rate debt to changes in interest rates was determined using current market pricing models.

Foreign Currency Exchange Risk

We will enter into foreign currency contracts in order to manage the impact of changes in foreign exchange rates on our consolidated results of operations and future foreign currency-denominated cash flows. These contracts reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions, intercompany loans and royalty agreements. Contracts hedging short term trade receivables and payables normally have no hedging designation.

The following table presents foreign currency derivative information at December 31:

(In millions)	2017	2016
Fair value — asset (liability)	\$ (15)	\$ 23
Pro forma decrease in fair value	(166)	(131)
		1/17
Contract maturities	1/18-12/19	-
		11/18

The pro forma decrease in fair value assumes a 10% adverse change in underlying foreign exchange rates at December 31 of each year, and reflects the estimated change in the fair value of positions outstanding at that date under that assumption. The sensitivity of our foreign currency positions to changes in exchange rates was determined using current market pricing models.

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Fair values are recognized on the Consolidated Balance Sheets at December 31 as follows:

(In millions)	2017	2016
Current asset (liability):		
Accounts receivable	\$ 4	\$39
Other current liabilities	(17)	(18)

Long term asset (liability):

Other assets	\$ —	\$2
Other long term liabilities (2)	—	—

For further information on foreign currency contracts, refer to the Note to the Consolidated Financial Statements No. 15, Financing Arrangements and Derivative Financial Instruments.

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for a discussion of our management of counterparty risk.

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ITEM 8. FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA.

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<u>Report of Independent Registered Public Accounting Firm</u>	50
Consolidated Financial Statements of The Goodyear Tire & Rubber Company:	
<u>Consolidated Statements of Operations for each of the three years ended December 31, 2017</u>	52
<u>Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2017</u>	53
Consolidated Balance Sheets at December 31, 2017 and December 31, 2016	54
<u>Consolidated Statements of Shareholders' Equity for each of the three years ended December 31, 2017</u>	55
<u>Consolidated Statements of Cash Flows for each of the three years ended December 31, 2017</u>	59
<u>Notes to Consolidated Financial Statements</u>	60
<u>Supplementary Data (unaudited)</u>	114
Financial Statement Schedule:	
The following consolidated financial statement schedule of The Goodyear Tire & Rubber Company is filed as part of this Annual Report on Form 10-K and should be read in conjunction with the Consolidated Financial Statements of The Goodyear Tire & Rubber Company:	
<u>Schedule II — Valuation and Qualifying Accounts</u>	FS-2

Schedules not listed above have been omitted since they are not applicable or are not required, or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2017 using the framework specified in Internal Control — Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The Goodyear Tire & Rubber Company
Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the consolidated financial statements, including the related notes and financial statement schedule, of The Goodyear Tire & Rubber Company and its subsidiaries as listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Cleveland, Ohio

February 8, 2018

We have served as the Company's auditor since 1898.

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Table of ContentsTHE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Year Ended December 31,		
	2017	2016	2015
Net Sales	\$15,377	\$15,158	\$16,443
Cost of Goods Sold	11,719	10,972	12,164
Selling, Administrative and General Expense	2,302	2,407	2,614
Rationalizations (Note 2)	135	210	114
Interest Expense (Note 3)	335	372	438
Loss on Deconsolidation of Venezuelan Subsidiary (Note 1)	—	—	646
Other (Income) Expense (Note 4)	8	(10)	(141)
Income before Income Taxes	878	1,207	608
United States and Foreign Tax Expense (Benefit) (Note 6)	513	(77)	232
Net Income	365	1,284	376
Less: Minority Shareholders' Net Income	19	20	69
Goodyear Net Income	\$346	\$1,264	\$307
Goodyear Net Income — Per Share of Common Stock			
Basic	\$1.39	\$4.81	\$1.14
Weighted Average Shares Outstanding (Note 7)	249	263	269
Diluted	\$1.37	\$4.74	\$1.12
Weighted Average Shares Outstanding (Note 7)	253	266	273
Cash Dividends Declared Per Common Share	\$0.44	\$0.31	\$0.25

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended		
	2017	2016	2015
Net Income	\$365	\$1,284	\$376
Other Comprehensive Income (Loss):			
Foreign currency translation net of tax of \$39 in 2017 (((\$2) in 2016, (\$52) in 2015)	257	(221)	(315)
Reclassification adjustment for amounts recognized in income net of tax of \$0 in all periods	—	—	16
Defined benefit plans:			
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost net of tax of \$40 in 2017 (\$33 in 2016, \$34 in 2015)	77	63	69
Increase in net actuarial losses net of tax of (\$37) in 2017 (((\$53) in 2016, (\$19) in 2015)	(100)	(62)	(68)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures net of tax of \$14 in 2017 (\$0 in 2016, \$67 in 2015)	27	17	259
Prior service credit (cost) from plan amendments net of tax of (\$2) in 2017 (\$0 in 2016, \$0 in 2015)	(4)	—	—
Deferred derivative gains (losses) net of tax of (\$8) in 2017 (\$4 in 2016, \$3 in 2015)	(20)	8	17
Reclassification adjustment for amounts recognized in income net of tax \$1 in 2017 (((\$1) in 2016, (\$3) in 2015)	1	(5)	(25)
Unrealized investment gains (losses) net of tax of \$0 in 2017 (\$0 in 2016, (\$2) in 2015)	—	—	(4)
Reclassification adjustment for amounts recognized in income net of tax \$0 in 2017 (\$0 in 2016, \$2 in 2015)	—	—	(32)
Deconsolidation of Venezuelan subsidiary net of tax of \$0 (Note 1)	—	—	248
Other Comprehensive Income (Loss)	238	(200)	165
Comprehensive Income	603	1,084	541
Less: Comprehensive Income Attributable to Minority Shareholders	35	8	6
Goodyear Comprehensive Income	\$568	\$1,076	\$535

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
(In millions, except share data)		
Assets		
Current Assets:		
Cash and Cash Equivalents (Note 1)	\$ 1,043	\$ 1,132
Accounts Receivable (Note 9)	2,025	1,769
Inventories (Note 10)	2,787	2,627
Prepaid Expenses and Other Current Assets	224	190
Total Current Assets	6,079	5,718
Goodwill (Note 11)	595	535
Intangible Assets (Note 11)	139	136
Deferred Income Taxes (Note 6)	2,008	2,414
Other Assets (Note 12)	792	668
Property, Plant and Equipment (Note 13)	7,451	7,040
Total Assets	\$ 17,064	\$ 16,511
Liabilities		
Current Liabilities:		
Accounts Payable-Trade	\$ 2,807	\$ 2,589
Compensation and Benefits (Notes 17 and 18)	539	584
Other Current Liabilities	1,026	963
Notes Payable and Overdrafts (Note 15)	262	245
Long Term Debt and Capital Leases due Within One Year (Note 15)	391	436
Total Current Liabilities	5,025	4,817
Long Term Debt and Capital Leases (Note 15)	5,076	4,798
Compensation and Benefits (Notes 17 and 18)	1,515	1,460
Deferred Income Taxes (Note 6)	100	85
Other Long Term Liabilities	498	626
Total Liabilities	12,214	11,786
Commitments and Contingent Liabilities (Note 19)		
Shareholders' Equity		
Goodyear Shareholders' Equity		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares — 240 million (252 million in 2016)	240	252
Capital Surplus	2,295	2,645
Retained Earnings	6,044	5,808
Accumulated Other Comprehensive Loss (Note 21)	(3,976)	(4,198)
Goodyear Shareholders' Equity	4,603	4,507
Minority Shareholders' Equity — Nonredeemable	247	218
Total Shareholders' Equity	4,850	4,725
Total Liabilities and Shareholders' Equity	\$ 17,064	\$ 16,511
The accompanying notes are an integral part of these consolidated financial statements.		

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Capital	Retained	Accumulated	Goodyear	Minority	Total	
(Dollars in millions)	Shares	Surplus	Earnings	Other	Shareholders'	Shareholders'	Shareholders'	
				Comprehensive	Equity	Equity -	Equity	
				Loss		Non-		
						Redeemable		
Balance at December 31, 2014	269,483,500	\$ 269	\$ 3,141	\$ 4,331	\$ (4,131)	\$ 3,610	\$ 235	\$ 3,845
(after deducting 8,979,927 common treasury shares)								
Comprehensive income (loss):								
Net income			307		307	22	329	
Foreign currency translation (net of tax of (\$52))				(251)	(251)	(26)	(277)	
Reclassification adjustment for amounts recognized in income (net of tax of \$0)				16	16		16	
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of \$34)				66	66		66	
Increase in net actuarial losses (net of tax of (\$19))				(68)	(68)		(68)	
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of \$67)				259	259		259	
Deferred derivative gains (net of tax of \$3)				15	15		15	
Reclassification adjustments for amounts recognized in income (net of tax of (\$3))				(21)	(21)		(21)	
Unrealized investment gains (losses) (net of tax of (\$2))				(4)	(4)		(4)	
Reclassification adjustments for amounts recognized in income (net of tax of \$2)				(32)	(32)		(32)	
Deconsolidation of Venezuelan subsidiary (net of tax of \$0) (Notes 1 and 21)				248	248		248	
Other comprehensive income (loss)					228	(26)	202	
					535	(4)	531	

Total comprehensive income (loss)								
Purchase of subsidiary shares from minority interest (Note 5)	60		(107)		(47)		—	(47)
Dividends declared to minority shareholders							(9)	(9)
Stock-based compensation plans (Note 18)	19				19			19
Repurchase of common stock (Note 20)	(5,647,429)	(5)	(175)		(180)			(180)
Dividends declared (Note 20)			(68)		(68)			(68)
Common stock issued from treasury	3,181,911	3	48		51			51
Balance at December 31, 2015								
(after deducting 11,445,445 common treasury shares)	267,017,982	\$ 267	\$ 3,093	\$ 4,570	\$ (4,010)	\$ 3,920	\$ 222	\$ 4,142

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

	Common Stock	Capital	Retained	Accumulated	Goodyear	Minority	Total	
(Dollars in millions)	Shares	Surplus	Earnings	Other	Shareholders'	Shareholders'	Shareholders'	
	Amount			Comprehensive	Equity	Equity -	Equity	
				Loss		Non-		
						Redeemable		
Balance at December 31, 2015	267,017,982	\$ 267	\$ 3,093	\$ 4,570	\$ (4,010)	\$ 3,920	\$ 222	\$ 4,142
(after deducting 11,445,445 common treasury shares)								
Comprehensive income (loss):								
Net income			1,264		1,264	20		1,284
Foreign currency translation (net of tax of (\$2))				(209)	(209)	(12)		(221)
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of \$33)				63	63			63
Increase in net actuarial losses (net of tax of (\$53))				(62)	(62)			(62)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of \$0)				17	17			17
Deferred derivative gains (net of tax of \$4)				8	8			8
Reclassification adjustment for amounts recognized in income (net of tax of (\$1))				(5)	(5)			(5)
Other comprehensive income (loss)					(188)	(12)		(200)
Total comprehensive income (loss)					1,076	8		1,084
Adoption of new accounting standard (Note 1)			56		56			56
Dividends declared to minority shareholders						(12)		(12)
Stock-based compensation plans (Note 18)		24			24			24
Repurchase of common stock (Note 20)	(16,706,392)	(17)	(483)		(500)			(500)
Dividends declared (Note 20)				(82)	(82)			(82)

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Common stock issued from treasury	1,284,944	2	11			13		13
Balance at December 31, 2016								
(after deducting 26,866,893 common treasury shares)	251,596,534	\$ 252	\$ 2,645	\$ 5,808	\$ (4,198)	\$ 4,507	\$ 218	\$ 4,725

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

	Common Stock	Capital	Retained	Accumulated	Goodyear	Minority	Total	
(Dollars in millions)	Shares	Surplus	Earnings	Other	Shareholders'	Shareholders'	Shareholders'	
	Amount		Loss	Comprehensive	Equity	Equity -	Equity	
				Loss		Non-		
						Redeemable		
Balance at December 31, 2016	251,596,534	\$ 252	\$ 2,645	\$ 5,808	\$ (4,198)	\$ 4,507	\$ 218	\$ 4,725
(after deducting 26,866,893 common treasury shares)								
Comprehensive income (loss):								
Net income			346		346	19	365	
Foreign currency translation (net of tax of \$39)				240	240	17	257	
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of \$40)				77	77		77	
Increase in net actuarial losses (net of tax of (\$37))				(99)	(99)	(1)	(100)	
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of \$14)				27	27		27	
Prior service cost from plan amendments (net of tax of (\$2))				(4)	(4)		(4)	
Deferred derivative losses (net of tax of (\$8))				(20)	(20)		(20)	
Reclassification adjustment for amounts recognized in income (net of tax of \$1)				1	1		1	
Other comprehensive income (loss)					222	16	238	
Total comprehensive income (loss)					568	35	603	
Dividends declared to minority shareholders						(6)	(6)	
Stock-based compensation plans (Note 18)		24			24		24	
Repurchase of common stock (Note 20)	(12,755,547)	(13)	(387)		(400)		(400)	
				(110)	(110)		(110)	

Dividends declared (Note
20)

Common stock issued from treasury	1,313,615	1	13			14		14
Balance at December 31, 2017 (after deducting 38,308,825 common treasury shares)	240,154,602	\$ 240	\$2,295	\$6,044	\$ (3,976)	\$ 4,603	\$ 247	\$ 4,850

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

The following table presents changes in Minority Equity presented outside of Shareholders' Equity:

(In millions)	2015
Balance at beginning of year	\$582
Comprehensive income (loss):	
Net income (loss)	47
Foreign currency translation (net of tax of \$0)	(38)
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of \$0)	3
Deferred derivative gains (losses) (net of tax of \$0)	2
Reclassification adjustment for amounts recognized in income (net of tax of \$0)	(4)
Other comprehensive income (loss)	(37)
Total comprehensive income (loss)	10
Dividends declared to minority shareholders	—
Dissolution of global alliance (Note 5)	(592)
Balance at end of year	\$—

Due to the dissolution of the global alliance with Sumitomo Rubber Industries, Ltd. ("SRI") on October 1, 2015, we no longer have Minority Equity presented outside of Shareholders' Equity, thus no amounts are presented above for 2016 or 2017.

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net Income	\$365	\$1,284	\$376
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:			
Depreciation and Amortization	781	727	698
Amortization and Write-Off of Debt Issuance Costs	21	29	23
Provision for Deferred Income Taxes	385	(229)	79
Loss on Deconsolidation of Venezuelan Subsidiary (Note 1)	—	—	646
Net Pension Curtailments and Settlements (Note 17)	19	17	139
Net Rationalization Charges (Note 2)	135	210	114
Rationalization Payments	(154)	(86)	(144)
Net Gains on Asset Sales (Note 4)	(14)	(31)	(71)
Pension Contributions and Direct Payments	(90)	(89)	(103)
Gain on Recognition of Deferred Royalty Revenue (Note 4)	—	—	(155)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:			
Accounts Receivable	(147)	211	(31)
Inventories	(44)	(172)	(89)
Accounts Payable — Trade	85	(156)	78
Compensation and Benefits	(65)	(50)	66
Other Current Liabilities	(76)	(56)	(28)
Other Assets and Liabilities	(43)	(52)	130
Total Cash Flows from Operating Activities	1,158	1,557	1,728
Cash Flows from Investing Activities:			
Capital Expenditures	(881)	(996)	(983)
Asset Dispositions (Note 4)	12	35	62
Decrease in Cash Due to Deconsolidation of Venezuelan Subsidiary (Note 1)	—	—	(320)
Short Term Securities Acquired	(83)	(72)	(77)
Short Term Securities Redeemed	83	60	69
Other Transactions	(10)	(6)	(7)
Total Cash Flows from Investing Activities	(879)	(979)	(1,256)
Cash Flows from Financing Activities:			
Short Term Debt and Overdrafts Incurred	1,054	417	103
Short Term Debt and Overdrafts Paid	(1,046)	(228)	(84)
Long Term Debt Incurred	6,463	4,988	2,819
Long Term Debt Paid	(6,342)	(5,433)	(3,315)
Common Stock Issued (Note 18)	14	13	53
Common Stock Repurchased (Note 20)	(400)	(500)	(180)
Common Stock Dividends Paid (Note 20)	(110)	(82)	(68)
Transactions with Minority Interests in Subsidiaries	(7)	(11)	(9)
Debt Related Costs and Other Transactions	(41)	(40)	(74)
Dissolution of Global Alliance (Note 5)	—	—	(271)
Total Cash Flows from Financing Activities	(415)	(876)	(1,026)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	57	(15)	(125)
Net Change in Cash, Cash Equivalents and Restricted Cash	(79)	(313)	(679)
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	1,189	1,502	2,181
Cash, Cash Equivalents and Restricted Cash at End of the Year	\$1,110	\$1,189	\$1,502

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting Policies

A summary of the significant accounting policies used in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

Recently Adopted Accounting Standards

Effective January 1, 2017, we adopted an accounting standards update with new guidance on the transition to the equity method of accounting. The new guidance eliminates the requirement for an investor to retrospectively apply equity method accounting when an investment that it had accounted for by another method initially qualifies for the equity method. Instead, the investor is required to apply the equity method prospectively from the date the investment qualifies for the equity method. In addition, an entity that has an available-for-sale equity security that becomes qualified for the equity method must recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment qualifies for the equity method. The adoption of this standards update did not impact our consolidated financial statements.

Effective January 1, 2017, we adopted an accounting standards update with new guidance on the measurement of inventory. Inventory within the scope of this update is required to be measured at the lower of its cost or net realizable value, with net realizable value being the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The adoption of this standards update did not impact our consolidated financial statements.

Effective January 1, 2017, we early adopted an accounting standards update with new guidance on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update provides guidance on eight specific cash flow issues. As a result of the adoption, premiums for debt extinguishment of \$53 million and \$41 million were reclassified from Operating Activities to Financing Activities in the statement of cash flows for the years ended December 31, 2016 and 2015, respectively. The other seven specific cash flow issues were either not applicable to Goodyear or the treatment has not materially changed from our current practice.

Effective January 1, 2017, we early adopted an accounting standards update with new guidance on the presentation of restricted cash in the statement of cash flows. The standards update requires that the reconciliation of the beginning and end of period cash amounts shown in the statement of cash flows include restricted cash. When restricted cash is presented separately from cash and cash equivalents on the balance sheet, a reconciliation is required between the amounts presented on the statement of cash flows and the balance sheet. Also, the new guidance requires the disclosure of information about the nature of the restrictions.

Recently Issued Accounting Standards

In August 2017, the Financial Accounting Standards Board ("FASB") issued an accounting standards update with new guidance intended to reduce complexity in hedge accounting and make hedge results easier to understand. This includes simplifying how hedge results are presented and disclosed in the financial statements, expanding the types of hedge strategies allowed and providing relief around the documentation and assessment requirements. The standards update is effective using a modified retrospective approach, with the presentation and disclosure guidance required prospectively, for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. We are currently assessing the impact of this standards update on our consolidated financial statements.

In May 2017, the FASB issued an accounting standards update with new guidance to clarify when changes to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires the application of modification accounting if the value, vesting conditions or classification of the award changes. The standards update is effective prospectively for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted. The adoption of this standards update will not have a material impact on our consolidated financial statements.

In March 2017, the FASB issued an accounting standards update intended to improve the financial statement presentation of pension and postretirement benefits cost. The standards update requires employers that offer defined

benefit pension or other postretirement benefit plans to report service cost in the same income statement line as compensation costs and to report non-service related costs separately from service cost outside a sub-total of income from operations, if one is presented. Currently, the Company records both service and non-service related costs in selling, administrative and general expense ("SAG") and cost of goods sold ("CGS"), as appropriate. In addition, the new guidance allows only service cost to be capitalized. The standards update is effective retrospectively for the financial statement presentation of benefits cost and prospectively for the capitalization of service cost for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted.

In alignment with the financial statement presentation provisions of the new standards update, beginning in 2018 only service related costs of approximately \$35 million per year, including approximately \$5 million per year of corporate related costs, will

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

remain in SAG and CGS. As such, \$62 million and \$35 million of non-service related costs, including \$28 million and \$24 million of corporate related costs, will be reclassified from SAG and CGS to Other (Income) Expense for 2017 and 2016, respectively. Further, we expect approximately \$90 million of non-service related costs, including approximately \$15 million of corporate related costs and excluding any potential settlement/curtailment charges, to be classified in Other (Income) Expense for 2018. The provision of the new standards update to allow only service costs to be capitalized is not expected to have a significant impact on our consolidated financial statements.

In January 2017, the FASB issued an accounting standards update with new guidance intended to simplify the subsequent measurement of goodwill. The standards update eliminates the requirement for an entity to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, an entity will perform its annual, or interim, goodwill impairment testing by comparing the fair value of a reporting unit with its carrying amount and recording an impairment charge for the amount by which the carrying amount exceeds the fair value. The standards update is effective prospectively for annual and interim goodwill impairment testing performed in fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this standards update is not expected to impact our consolidated financial statements.

In October 2016, the FASB issued an accounting standards update with new guidance on the accounting for the income tax consequences of intra-entity transfers of assets other than inventory, including the elimination of the prohibition on recognition of current and deferred income taxes on such transfers. The standards update is effective using the modified retrospective approach for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted. The adoption of this standards update will not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued an accounting standards update with new guidance intended to increase transparency and comparability among organizations relating to leases. Lessees will be required to recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. The FASB retained a dual model for lease classification, requiring leases to be classified as finance or operating leases to determine recognition in the statements of operations and cash flows; however, substantially all leases will be required to be recognized on the balance sheet. Lessor accounting is largely unchanged from the current accounting model. The standards update will also require quantitative and qualitative disclosures regarding key information about leasing arrangements. In 2018, the FASB issued an amendment that provided an optional transition practical expedient regarding land easements. The standards update is effective using a modified retrospective approach for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. The standard provides for certain practical expedients. The transition will require application at the beginning of the earliest comparative period presented at the time of adoption. We have completed aggregating our worldwide lease contracts, are in the process of evaluating these lease contracts and are in the early stages of implementing a new lease accounting system to support the accounting and disclosure requirements of this standards update. The adoption of this standards update is expected to have a material impact on our financial statements as the Company has significant operating lease commitments that are off-balance sheet in accordance with current U.S. GAAP.

In May 2014, the FASB issued an accounting standards update with new guidance on recognizing revenue from contracts with customers. The standards update outlines a single comprehensive model for entities to utilize to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that will be received in exchange for the goods and services. Additional disclosures will also be required to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In 2016, the FASB issued several amendments which provide clarification, additional guidance, practical expedients and technical corrections. In August 2015, the FASB deferred the effective date of this standards update to fiscal years beginning after December 15, 2017, with early adoption permitted. The standard permits the use of either a retrospective or modified retrospective approach. We will use the modified retrospective approach. The adoption of this standards update will not have a material impact on our consolidated financial statements, however it will require new disclosures, which we are in the process of finalizing.

Principles of Consolidation

The consolidated financial statements include the accounts of all legal entities in which we hold a controlling financial interest. A controlling financial interest generally arises from our ownership of a majority of the voting shares of our subsidiaries. We would also hold a controlling financial interest in variable interest entities if we are considered to be the primary beneficiary. Investments in companies in which we do not own a majority interest and we have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Investments in other companies are carried at cost. All intercompany balances and transactions have been eliminated in consolidation.

Deconsolidation of Venezuelan Subsidiary

Our wholly-owned subsidiary, C.A. Goodyear de Venezuela, manufactures, markets and distributes consumer and commercial tires throughout Venezuela. Conditions in Venezuela, including currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms, have resulted in an other-than-temporary lack of

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

exchangeability between the Venezuelan bolivar fuerte and the U.S. dollar, and have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. These currency exchange regulations, combined with other government regulations such as price and profit margin controls and strict labor laws, have significantly limited our ability to make and execute operational decisions at our Venezuelan subsidiary. This lack of currency exchangeability, combined with these other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. We expect these conditions to continue for the foreseeable future.

As a result of these conditions, we concluded that effective as of December 31, 2015, we did not meet the accounting criteria for control over our Venezuelan subsidiary and began reporting the results of our Venezuelan subsidiary using the cost method of accounting. This change resulted in a pre-tax charge of \$646 million in the fourth quarter of 2015. We have determined the fair value of our investment in, and receivables from, our Venezuelan subsidiary to be insignificant based on our expectations of dividend payments and settlements of such receivables in future periods. Reporting periods beginning after December 31, 2015 do not include the operating results of our Venezuelan subsidiary. We now record income from sales of inventory and raw materials or from dividends or royalties to the extent cash is received from our Venezuelan subsidiary. Our exposure to future losses resulting from our Venezuelan subsidiary is limited to the extent that we decide to provide raw materials or finished goods to, or make future investments in, our Venezuelan subsidiary.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from those estimates.

On an ongoing basis, management reviews its estimates, including those related to:

- recoverability of intangibles and other long-lived assets,
- deferred tax asset valuation allowances and uncertain income tax positions,
- workers' compensation,
- general and product liabilities and other litigation,
- pension and other postretirement benefits, and
- various other operating allowances and accruals, based on currently available information.

Changes in facts and circumstances may alter such estimates and affect results of operations and financial position in future periods.

Revenue Recognition and Accounts Receivable Valuation

Revenues are recognized when finished products are shipped to unaffiliated customers, both title and the risks and rewards of ownership are transferred or services have been rendered and accepted, and collectability is reasonably assured. A provision for sales returns, discounts and allowances is recorded at the time of sale. Appropriate provisions are made for uncollectible accounts based on historical loss experience, portfolio duration, economic conditions and credit risk. The adequacy of the allowances are assessed quarterly.

Shipping and Handling Costs

Costs incurred for transportation of products to customers are recorded as a component of CGS.

Research and Development Costs

Research and development costs include, among other things, materials, equipment, compensation and contract services. These costs are expensed as incurred and included as a component of CGS. Research and development expenditures were \$406 million, \$388 million and \$382 million in 2017, 2016 and 2015, respectively.

Warranty

Warranties are provided on the sale of certain of our products and services and an accrual for estimated future claims is recorded at the time revenue is recognized. Tire replacement under most of the warranties we offer is on a prorated basis. Warranty reserves are based on past claims experience, sales history and other considerations. Refer to Note 19.

Environmental Cleanup Matters

We expense environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. We determine our liability on a site by site basis and record a liability at the time when it is probable

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

and can be reasonably estimated. Our estimated liability is reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of the relevant costs. Our estimated liability is not discounted or reduced for possible recoveries from insurance carriers. Refer to Note 19.

Legal Costs

We record a liability for estimated legal and defense costs related to pending general and product liability claims, environmental matters and workers' compensation claims. Refer to Note 19.

Advertising Costs

Costs incurred for producing and communicating advertising are generally expensed when incurred as a component of SAG. Costs incurred under our cooperative advertising programs with dealers and franchisees are generally recorded as reductions of sales as related revenues are recognized. Advertising costs, including costs for our cooperative advertising programs with dealers and franchisees, were \$320 million, \$355 million and \$385 million in 2017, 2016 and 2015, respectively.

Rationalizations

We record costs for rationalization actions implemented to reduce excess and high-cost manufacturing capacity and operating and administrative costs. Associate-related costs include severance, supplemental unemployment compensation and benefits, medical benefits, pension curtailments, postretirement benefits, and other termination benefits. For ongoing benefit arrangements, a liability is recognized when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. For one-time benefit arrangements, a liability is incurred and must be accrued at the date the plan is communicated to employees, unless they will be retained beyond a minimum retention period. In this case, the liability is calculated at the date the plan is communicated to employees and is accrued ratably over the future service period. Other costs generally include non-cancelable lease costs, contract terminations, and relocation costs. A liability for these costs is recognized in the period in which the liability is incurred. Rationalization charges related to accelerated depreciation and asset impairments are recorded in CGS or SAG. Refer to Note 2.

Income Taxes

Income taxes are recognized during the year in which transactions enter into the determination of financial statement income, with deferred taxes being provided for temporary differences between carrying values of assets and liabilities for financial reporting purposes and such carrying values as measured under applicable tax laws. The effect on deferred tax assets or liabilities of a change in the tax law or tax rate is recognized in the period the change is enacted. Valuation allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The calculation of our tax liabilities also involves considering uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain income tax positions based on our estimate of whether it is more likely than not that additional taxes will be required and we report related interest and penalties as income taxes. The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, subjects a U.S. parent to current tax on its "global intangible low-taxed income," or GILTI. We do not anticipate incurring a GILTI liability, however, to the extent that we incur expense under the GILTI provisions we will treat it as a component of income tax expense in the period incurred. Refer to Note 6.

Cash and Cash Equivalents / Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. Substantially all of our cash and short-term investment securities are held with investment grade-rated counterparties. At December 31, 2017, our cash investments with any single counterparty did not exceed \$218 million.

Cash flows associated with derivative financial instruments designated as hedges of identifiable transactions or events are classified in the same category as the cash flows from the related hedged items. Cash flows associated with derivative financial instruments not designated as hedges are classified as operating activities. Bank overdrafts, if any, are recorded within Notes Payable and Overdrafts. Cash flows associated with bank overdrafts are classified as

financing activities.

Customer prepayments for products and government grants received that are related to operations are reported as operating activities. Government grants received that are solely related to capital expenditures are reported as investing activities. The Consolidated Statements of Cash Flows are presented net of capital leases of \$5 million, \$3 million and \$3 million originating in the years ended December 31, 2017, 2016 and 2015, respectively. Cash flows from investing activities in 2017 exclude \$265 million of accrued capital expenditures remaining unpaid at December 31, 2017, and include payment for \$264 million of capital expenditures that were accrued and unpaid at December 31, 2016. Cash flows from investing activities in 2016 exclude \$264 million of accrued capital expenditures remaining unpaid at December 31, 2016, and include payment for \$254 million of capital expenditures that were accrued and unpaid at December 31, 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Restricted Cash

The following table provides a reconciliation of Cash, Cash Equivalents and Restricted Cash as reported within the Consolidated Statements of Cash Flows:

(In millions)	December 31,		
	2017	2016	2015
Cash and Cash Equivalents	\$1,043	\$1,132	\$1,476
Restricted Cash	67	57	26
Total Cash, Cash Equivalents and Restricted Cash	\$1,110	\$1,189	\$1,502

Restricted Cash, which is included in Prepaid Expenses and Other Current Assets in the Consolidated Balance Sheets, primarily represents amounts required to be set aside in connection with accounts receivable factoring programs and funds obtained under certain Chinese credit facilities for plant expansion in China. The restrictions lapse when cash from factored accounts receivable is remitted to the purchaser of those receivables or when funds are used for plant expansion expenditures, respectively.

Restricted Net Assets

In certain countries where we operate, transfers of funds into or out of such countries by way of dividends, loans or advances are generally or periodically subject to various governmental regulations. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make cash distributions. At December 31, 2017, approximately \$807 million of net assets were subject to such regulations or limitations.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out or the average cost method. Costs include direct material, direct labor and applicable manufacturing and engineering overhead. We allocate fixed manufacturing overheads based on normal production capacity and recognize abnormal manufacturing costs as period costs. We determine a provision for excess and obsolete inventory based on management's review of inventories on hand compared to estimated future usage and sales. Refer to Note 10.

Goodwill and Other Intangible Assets

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill and intangible assets with indefinite useful lives are not amortized but are assessed for impairment annually with the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of the reporting unit or indefinite-lived intangible to its carrying amount. Under the qualitative assessment, an entity is not required to calculate the fair value unless the entity determines that it is more likely than not that the fair value is less than the carrying amount. If under the quantitative assessment the fair value is less than the carrying amount, then the amount of the impairment loss, if any, must be measured.

In addition to annual testing, impairment testing is conducted when events occur or circumstances change that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and intangible assets with indefinite useful lives would be written down to fair value if considered impaired. Intangible assets with finite useful lives are amortized to their estimated residual values over such finite lives, and reviewed for impairment whenever events or circumstances warrant such a review. Refer to Note 11.

Investments

Investments in marketable securities are stated at fair value. Fair value is determined using quoted market prices at the end of the reporting period and, when appropriate, exchange rates at that date. Unrealized gains and losses on marketable securities classified as available-for-sale are recorded in AOCL, net of tax. We regularly review our investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the Consolidated Statements of Operations. Refer to Notes 16 and 21.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method. Additions and improvements that substantially extend the useful life of property, plant and equipment, and interest costs incurred during the

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construction period of major projects are capitalized. Government grants to us that are solely related to capital expenditures are recorded as reductions of the cost of the associated assets. Repair and maintenance costs are expensed as incurred. Property, plant and equipment are depreciated to their estimated residual values over their estimated useful lives, and reviewed for impairment whenever events or circumstances warrant such a review. Depreciation expense for property, plant and equipment was \$779 million, \$726 million and \$697 million in 2017, 2016 and 2015, respectively. Refer to Notes 3 and 13.

Foreign Currency Translation

The functional currency for most subsidiaries outside the United States is the local currency. Financial statements of these subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. The U.S. dollar is used as the functional currency in countries with a history of high inflation and in countries that predominantly sell into the U.S. dollar export market. For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in Other (Income) Expense. Translation adjustments are recorded in AOCL. Income taxes are generally not provided for foreign currency translation adjustments.

Derivative Financial Instruments and Hedging Activities

To qualify for hedge accounting, hedging instruments must be designated as hedges and meet defined correlation and effectiveness criteria. These criteria require that the anticipated cash flows and/or changes in fair value of the hedging instrument substantially offset those of the position being hedged.

Derivative contracts are reported at fair value on the Consolidated Balance Sheets as Accounts Receivable, Other Assets, Other Current Liabilities or Other Long Term Liabilities. Deferred gains and losses on contracts designated as cash flow hedges are recorded net of tax in AOCL. Ineffectiveness in hedging relationships is recorded in Other (Income) Expense in the current period.

Interest Rate Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income as Interest Expense in the same period that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges are recognized in income in the current period as Interest Expense. Gains and losses on contracts with no hedging designation are recorded in the current period in Other (Income) Expense.

Foreign Currency Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income in the same period and on the same line that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges, excluding premiums and discounts, are recorded in Other (Income) Expense in the current period. Gains and losses on contracts with no hedging designation are also recorded in Other (Income) Expense in the current period. We do not include premiums or discounts on forward currency contracts in our assessment of hedge effectiveness. Premiums and discounts on contracts designated as hedges are recognized in Other (Income) Expense over the life of the contract.

Net Investment Hedging — Nonderivative instruments denominated in foreign currencies are used from time to time to hedge net investments in foreign subsidiaries. Gains and losses on these instruments are deferred and recorded in AOCL as Foreign Currency Translation Adjustments. These gains and losses are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

Termination of Contracts — Gains and losses (including deferred gains and losses in AOCL) are recognized in Other (Income) Expense when contracts are terminated concurrently with the termination of the hedged position. To the extent that such position remains outstanding, gains and losses are amortized to Interest Expense or to Other (Income) Expense over the remaining life of that position. Gains and losses on contracts that we temporarily continue to hold after the early termination of a hedged position, or that otherwise no longer qualify for hedge accounting, are recognized in Other (Income) Expense. Refer to Note 15.

Stock-Based Compensation

We measure compensation cost arising from the grant of stock-based awards to employees at fair value and recognize such cost in income over the period during which the service is provided, usually the vesting period. We recognize

compensation expense using the straight-line approach.

Stock-based awards to employees include grants of performance share units, restricted stock units and stock options. We measure the fair value of grants of performance share units and restricted stock units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

We estimate the fair value of stock options using the Black-Scholes valuation model. Assumptions used to estimate compensation expense are determined as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Expected term represents the period of time that options granted are expected to be outstanding based on our historical experience of option exercises;

Expected volatility is measured using the weighted average of historical daily changes in the market price of our common stock over the expected term of the award and implied volatility calculated for our exchange traded options with an expiration date greater than one year;

Risk-free interest rate is equivalent to the implied yield on zero-coupon U.S. Treasury bonds with a remaining maturity equal to the expected term of the awards; and

Forfeitures are based substantially on the history of cancellations of similar awards granted in prior years.

Refer to Note 18.

Earnings Per Share of Common Stock

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share primarily reflects the dilutive impact of outstanding stock options and other stock based awards. All earnings per share amounts in these notes to the consolidated financial statements are diluted, unless otherwise noted.

Refer to Note 7.

Fair Value Measurements

Valuation Hierarchy

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date.

Level 1 — Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Investments

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Derivative Financial Instruments

Exchange-traded derivative financial instruments that are valued using quoted prices would be classified within Level 1 of the valuation hierarchy. Derivative financial instruments valued using internally-developed models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Derivative financial instruments that are valued based upon models with significant unobservable market parameters, and that are normally traded less actively, would be classified within Level 3 of the valuation hierarchy. Refer to Notes 15 and 16.

Reclassifications and Adjustments

Certain items previously reported in specific financial statement captions have been reclassified to conform to the current presentation. Additionally, in the second quarter of 2016, we recorded an out of period adjustment of \$24 million of expense related to the elimination of intracompany profit in Americas. The adjustment primarily relates to the years, and interim periods therein, of 2012 to 2015, with the majority attributable to 2012. The adjustment did not have a material effect on any of the periods impacted.

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Note 2. Costs Associated with Rationalization Programs

In order to maintain our global competitiveness, we have implemented rationalization actions over the past several years to reduce excess and high-cost manufacturing capacity and to reduce associate costs.

The following table presents the roll-forward of the liability balance between periods:

(In millions)	Associate-related Costs	Other Costs	Total
Balance at December 31, 2014	\$ 117	\$ 2	\$119
2015 charges ⁽¹⁾	86	30	116
Incurred, Net of Foreign Currency Translation of \$(12) million and \$0 million, respectively ⁽²⁾	(106) (25)	(131)
Reversed to the Statement of Operations	(1) —	(1)
Balance at December 31, 2015	\$ 96	\$ 7	\$103
2016 charges ⁽¹⁾	202	16	218
Incurred, Net of Foreign Currency Translation of \$(13) million and \$0 million, respectively	(75) (18)	(93)
Reversed to the Statement of Operations	(9) —	(9)
Balance at December 31, 2016	\$ 214	\$ 5	\$219
2017 charges ⁽¹⁾	103	32	135
Incurred, Net of Foreign Currency Translation of \$25 million and \$1 million, respectively	(94) (34)	(128)
Reversed to the Statement of Operations	(13) —	(13)
Balance at December 31, 2017	\$ 210	\$ 3	\$213

Charges of \$135 million, \$218 million and \$116 million in 2017, 2016 and 2015, respectively, exclude \$13 million, (1)\$1 million and (\$1) million of benefit plan curtailments and settlements recorded in Rationalizations in the Statement of Operations.

Incurred in 2016 and 2015 of \$93 million and \$131 million, respectively, excludes \$6 million and \$25 million, (2)respectively, of rationalization payments, primarily for labor claims relating to a previously closed facility in Greece.

Rationalization actions accrued at December 31, 2017 include \$90 million related to the closure of our tire manufacturing facility in Philippsburg, Germany, which was in furtherance of our strategy to capture the growing demand for premium, large-rim diameter tires in part by reducing excess capacity in declining, less profitable segments of the tire market. The remainder of the accrual balance at December 31, 2017 includes \$53 million related to plans to reduce manufacturing headcount in Europe, Middle East and Africa ("EMEA"), \$29 million related to global plans to reduce SAG headcount, and \$13 million related to a SAG headcount reduction plan in EMEA.

The accrual balance at December 31, 2017 is expected to be substantially utilized in the next 12 months.

The net rationalization charges included in Income before Income Taxes are as follows:

(In millions)	2017	2016	2015
Current Year Plans			
Associate Severance and Other Related Costs	\$81	\$188	\$66
Other Exit and Non-Cancelable Lease Costs	2	1	7
Current Year Plans - Net Charges	\$83	\$189	\$73
Prior Year Plans			
Associate Severance and Other Related Costs	\$9	\$5	\$19
Benefit Plan Curtailments and Settlements	13	1	(1)
Other Exit and Non-Cancelable Lease Costs	30	15	23
Prior Year Plans - Net Charges	52	21	41

Total Net Charges	\$135	\$210	\$114
Asset Write-off and Accelerated Depreciation Charges	\$40	\$20	\$8

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Substantially all of the new charges in 2017 related to future cash outflows. Net current year plan charges at December 31, 2017 include charges of \$30 million related to reductions in manufacturing headcount in EMEA, \$25 million related to a global plan to reduce SAG headcount, \$20 million related to SAG headcount reductions in EMEA, and \$8 million related to a plan to improve operating efficiency in EMEA.

Net prior year plan charges recognized in the year ended December 31, 2017 include charges of \$35 million related to the closure of our tire manufacturing facility in Philippsburg, Germany, \$8 million related to manufacturing headcount reductions in EMEA, and \$7 million related to a separate global plan to reduce SAG headcount.

Net charges for the year ended December 31, 2017 included reversals of \$13 million for actions no longer needed for their originally intended purposes. Ongoing rationalization plans had approximately \$730 million in charges through 2017 and approximately \$35 million is expected to be incurred in future periods.

Approximately 600 associates will be released under new plans initiated in 2017, of which approximately 200 were released through December 31, 2017. In 2017, approximately 1,300 associates were released under plans initiated in prior years, primarily related to the closure of our tire manufacturing facility in Philippsburg, Germany.

Approximately 700 associates remain to be released under all ongoing rationalization plans.

At December 31, 2017, approximately 840 former associates of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims against us. Refer to Note 19.

Asset write-off and accelerated depreciation charges in 2017 primarily related to the closure of our tire manufacturing facility in Philippsburg, Germany. Asset write-off and accelerated depreciation charges for all periods were recorded in CGS.

Rationalization activities initiated in 2016 consisted primarily of charges of \$116 million related to the plan to close our tire manufacturing facility in Philippsburg, Germany, \$34 million related to a global plan to reduce SAG headcount, and \$25 million related to manufacturing headcount reductions in EMEA. Net prior year plan charges recognized in the year ended December 31, 2016 include charges of \$12 million related to the closure of one of our manufacturing facilities in Amiens, France.

Accelerated depreciation charges in 2016 primarily related to the closure of our Wolverhampton, U.K. mixing and retreading facility and the plan to close our tire manufacturing facility in Philippsburg, Germany.

Rationalization activities initiated in 2015 consisted primarily of charges of \$38 million related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and a plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. Additional charges for the year ended December 31, 2015 primarily related to plans to reduce manufacturing and SAG headcount in EMEA and Americas. Net prior year plan charges recognized in the year ended December 31, 2015 include charges of \$33 million related to the closure of one of our manufacturing facilities in Amiens, France and our exit from the farm tire business in EMEA.

Accelerated depreciation charges in 2015 primarily related to the plan to close our Wolverhampton, U.K. mixing and retreading facility.

Note 3. Interest Expense

Interest expense includes interest and the amortization of deferred financing fees and debt discounts, less amounts capitalized, as follows:

(In millions)	2017	2016	2015
Interest expense before capitalization	\$358	\$398	\$457
Capitalized interest	(23)	(26)	(19)
	\$335	\$372	\$438

Cash payments for interest, net of amounts capitalized, were \$314 million, \$351 million and \$445 million in 2017, 2016 and 2015, respectively.

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Note 4. Other (Income) Expense

(In millions)	2017	2016	2015
Financing fees and financial instruments	\$55	\$83	\$85
Royalty income	(32)	(23)	(192)
Net (gains) losses on asset sales	(14)	(31)	(71)
Interest income	(13)	(15)	(22)
Net foreign currency exchange (gains) losses	(7)	(13)	77
General and product liability (income) expense - discontinued products	—	(27)	(25)
Miscellaneous	19	16	7
	\$8	\$(10)	\$(141)

Financing fees and financial instruments expense consists of commitment fees and charges incurred in connection with financing transactions. Financing fees and financial instruments expense in 2017 includes a premium of \$25 million related to the redemption of our \$700 million 7% senior notes due 2022 in May 2017. Financing fees and financial instruments expense in 2016 included premiums of \$53 million related to the redemption of our \$900 million 6.5% senior notes due 2021 in June 2016 and our €250 million 6.75% senior notes due 2019 in January 2016. Financing fees and financial instruments expense in 2015 included a premium of \$41 million related to the redemption of our \$1,000 million 8.25% senior notes due 2020 in December 2015.

Royalty income is derived primarily from licensing arrangements related to divested businesses as well as other licensing arrangements. Royalty income in 2015 included a one-time pre-tax gain of \$155 million on the recognition of deferred income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business ("Veyance"). The licensing agreement was terminated following the acquisition of Veyance by Continental AG in January 2015.

Net (gains) losses on asset sales in 2017 include a gain of \$6 million related to the sale of a former wire plant site in Luxembourg. Net (gains) losses on asset sales in 2016 included a gain of \$16 million related to the sale of the former wire plant site and a gain of \$9 million related to the sale of our interest in a supply chain logistics company. Net (gains) losses on asset sales in 2015 included a gain of \$48 million related to the dissolution of the global alliance with SRI and a gain of \$30 million on the sale of our investment in shares of SRI. Refer to Note 5. Net gains on asset sales in 2015 also included losses of \$14 million in EMEA, primarily related to the sales of certain sub-Saharan Africa retail businesses.

Interest income consists primarily of amounts earned on cash deposits.

Foreign currency exchange in all periods reflects net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide, including \$34 million of losses in 2015 resulting from the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar.

General and product liability (income) expense - discontinued products includes charges for claims against us related primarily to asbestos personal injury claims, net of probable insurance recoveries. General and product liability (income) expense - discontinued products in 2017 includes a benefit of \$5 million for the recovery of past costs from certain asbestos insurers. General and product liability (income) expense - discontinued products in 2016 included a benefit of \$24 million for the recovery of past costs from certain asbestos insurers and a benefit of \$10 million related to changes in assumptions for probable insurance recoveries for asbestos claims in future periods. General and product liability (income) expense - discontinued products in 2015 included a benefit of \$25 million for the recovery of past costs from one of our asbestos insurers and a benefit of \$21 million related to changes in assumptions for probable insurance recoveries for asbestos claims in future periods. The 2015 benefits were partially offset by an \$8 million increase in the net asbestos liability based on updated assumptions for defense and indemnity costs in future periods based on historical cost data and trends.

Miscellaneous expense in 2017 includes \$14 million related to expenses incurred by the Company as a direct result of hurricanes Harvey and Irma during 2017.

Note 5. Dissolution of Global Alliance with Sumitomo Rubber Industries

On October 1, 2015, the Company completed the previously announced dissolution of its global alliance with SRI in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between the Company and SRI.

Prior to the dissolution, the Company owned 75% and SRI owned 25% of two companies, Goodyear Dunlop Tires Europe B.V. (“GDTE”) and Goodyear Dunlop Tires North America, Ltd. (“GDTNA”). GDTE owns and operates substantially all of the Company’s tire businesses in Europe. GDTNA had rights to the Dunlop brand and operated certain related businesses in the United States, Canada and Mexico. In Japan, the Company owned 25% and SRI owned 75% of two companies, one, Nippon Goodyear

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Ltd. (“NGY”), for the sale of Goodyear-brand passenger and truck tires for replacement in Japan and the other, Dunlop Goodyear Tires Ltd. (“DGT”), for the sale of Goodyear-brand and Dunlop-brand tires to vehicle manufacturers in Japan. Pursuant to the Framework Agreement, the Company sold to SRI its 75% interest in GDTNA for \$125 million, 25% interest in DGT for \$14 million and Huntsville, Alabama test track used by GDTNA for \$6 million. Accordingly, the Company no longer has any remaining ownership interests in GDTNA, DGT or the Huntsville, Alabama test track. With the sale of GDTNA, SRI obtained full ownership of the Dunlop motorcycle tire business in the United States, Canada and Mexico, and the rights to sell Dunlop-brand tires to Japanese vehicle manufacturers in the United States, Canada and Mexico. The Company retained exclusive rights to sell Dunlop-brand tires in both the consumer and commercial replacement markets of the United States, Canada and Mexico as well as to non-Japanese vehicle manufacturers in those countries.

The Company also acquired SRI's 75% interest in NGY for \$29 million and 25% interest in GDTE for \$387 million. Accordingly, the Company now has full ownership interests in NGY and GDTE. In addition, SRI obtained exclusive rights to sell Dunlop-brand tires in those countries that were previously non-exclusive under the global alliance, including Russia, Turkey and certain countries in Africa.

We paid SRI a net amount of \$271 million upon closing of the transactions described above. In addition, we delivered a promissory note to GDTNA in an initial principal amount of \$56 million, with a maturity date three years following the date of dissolution and at an interest rate of LIBOR plus 0.1%, that represented SRI's 25% interest in a GDTNA loan receivable from the Company.

The contractual net consideration paid of \$271 million, discussed above, represented an amount agreed to by the Company and SRI as a result of arm's length negotiations for the dissolution of the global alliance. In order to appropriately account for the various components of the dissolution transaction within its consolidated financial statements, the Company independently estimated the fair value of each component of the dissolution transaction as of the October 1, 2015 closing date using commonly used fair value measurement techniques, such as discounted cash flow methods and market approaches based on comparable companies, in order to determine the fair value of consideration for each component and the gain or loss on the dissolution transaction.

The Framework Agreement also provided that we and SRI would conduct an orderly sale of the SRI common stock held by us and the Goodyear common stock held by SRI. As of December 31, 2015, the Company sold all of its common stock in SRI resulting in total proceeds of \$47 million and a pre-tax gain of \$30 million that was recorded within Other (Income) Expense.

In addition to the gain recognized on the sale of SRI common stock, the Company recognized a pre-tax gain of \$48 million on the transactions described above that was recorded in Other (Income) Expense. The net gain on the transaction, after taxes, was \$38 million. The net pre-tax gain on the dissolution transaction of \$48 million is comprised of the following:

(In millions)

Pre-tax gain on sale of a controlling interest in GDTNA	\$23
Pre-tax gain on sale of a non-controlling investment in DGT	42
Pre-tax gain on sale of non-exclusive rights	19
Transaction costs and other	(8)
Net product liability claims	(28)
	\$48

Pursuant to the Framework Agreement, the Company will defend product liability claims related to GDTNA's historical operations. We recorded a net liability of \$28 million reflecting the estimated cost of the Company's obligation to defend those product liability claims net of the amount recorded for the indemnification of those claims provided by SRI to the Company under the Framework Agreement.

Prior to October 1, 2015, GDTE's assets and liabilities were included in our consolidated balance sheets and GDTE's results of operations were included in our consolidated statements of operations, which also reflected SRI's minority interest in GDTE. Subsequent to October 1, 2015, we continue to include GDTE in our consolidated balance sheets

and consolidated statements of operations; however, there is no minority interest impact to our results of operations related to GDTE. Additionally, prior to October 1, 2015, we accounted for NGY under the equity method as we did not have a controlling financial interest in NGY. Subsequent to October 1, 2015, we have a controlling interest in NGY and, accordingly, NGY's assets and liabilities are included in our consolidated balance sheet as of December 31, 2015, and NGY's results of operations are included in our consolidated statements of operations. The effects of the acquisition of NGY were not material to our consolidated balance sheet or results of operations as of and for the year ended December 31, 2015.

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For the year ended December 31, 2015, the Company had classified the closing payment of \$271 million as cash flows from financing activities as the acquisition of the minority shareholder's equity in GDTE represents the predominant use of these proceeds.

The Company and SRI entered into various supply agreements, licenses, transition services agreements, releases and other ancillary agreements in connection with the Framework Agreement to give effect to the dissolution and/or to set forth arrangements between the Company and SRI following the dissolution. The Company and SRI also each agreed to indemnify the other for certain losses arising out of breaches of representations and warranties, covenants and other specified matters, including product liability matters. The Company recorded an indemnification asset of \$32 million for SRI's obligation to reimburse the Company for certain product liability claims related to periods prior to the dissolution, subject to certain caps and restrictions. At December 31, 2017, a total indemnification asset of \$35 million is recorded within Accounts Receivable of \$5 million and Other Assets of \$30 million. The range of possible outcomes for the indemnification receivable is not material to the Company's financial statements.

As a result of the sale of GDTNA and the acquisition of the minority interest in GDTE in 2015, we recognized a net decrease in AOCL of \$77 million, comprised of a reduction of \$184 million for GDTNA accumulated pension-related losses that were recognized in the net gain on sale for the transaction, partially offset by an increase of \$107 million primarily for GDTE pension-related losses that were reclassified from minority shareholders' equity into AOCL. We also recognized an increase in our capital surplus of \$60 million related to our acquisition of the minority interest in GDTE.

Note 6. Income Taxes

The components of Income before Income Taxes follow:

(In millions)	2017	2016	2015
U.S.	\$394	\$595	\$284
Foreign	484	612	324
	\$878	\$1,207	\$608

A reconciliation of income taxes at the U.S. statutory rate to United States and Foreign Tax (Benefit) Expense follows:

(In millions)	2017	2016	2015
U.S. Federal income tax expense at the statutory rate of 35%	\$307	\$422	\$213
Deferred tax impact of enacted tax rate and law changes	389	(2)	(2)
Provision for undistributed foreign earnings, net	(162)	—	—
Transition tax (repatriation)	77	—	—
Adjustment for foreign income taxed at different rates	(55)	(51)	(39)
U.S. credits (R&D, foreign tax credits) and benefits offset to OCI	(23)	(163)	(72)
Domestic production activities deduction	(16)	(3)	—
State income taxes, net of U.S. Federal benefit	9	16	10
Net foreign losses (income) with no tax due to valuation allowances	(7)	8	(19)
Net establishment (resolution) of uncertain tax positions	(6)	3	(13)
Net establishment (release) of U.S. valuation allowance	5	39	(8)
Net establishment (release) of foreign valuation allowances	1	(354)	4
Deconsolidation of Venezuelan subsidiary	—	—	157
Other	(6)	8	1
United States and Foreign Tax (Benefit) Expense	\$513	\$(77)	\$232

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The components of United States and Foreign Tax (Benefit) Expense by taxing jurisdiction, follow:

(In millions)	2017	2016	2015
Current:			
Federal	\$(22)	\$(25)	\$—
Foreign	147	175	154
State	3	2	(1)
	128	152	153
Deferred:			
Federal	408	77	74
Foreign	(8)	(328)	5
State	(15)	22	—
	385	(229)	79

United States and Foreign Tax (Benefit) Expense \$513 \$(77) \$232

In 2017, income tax expense of \$513 million was unfavorably impacted by net discrete adjustments of \$294 million, due to a net non-cash charge of \$299 million related to the enactment of the Tax Cuts and Jobs Act (the "Tax Act") in the United States, and \$5 million, net benefit, of other miscellaneous discrete tax items.

Effective January 1, 2018, the Tax Act establishes a corporate income tax rate of 21%, replacing the current 35% rate, and creates a territorial tax system rather than a worldwide system, which generally eliminates the U.S. federal income tax on dividends from foreign subsidiaries. The transition to the territorial system includes a one-time transition tax on certain of our foreign earnings previously untaxed in the United States. Certain impacts of the new legislation would generally require accounting to be completed in the period of enactment, however, in response to the complexities of this new legislation, the Securities and Exchange Commission ("SEC") issued guidance to provide companies with relief. Specifically, when the initial accounting for items under the new legislation is incomplete, the guidance allows us to include provisional amounts when reasonable estimates can be made. The SEC has provided up to a one-year measurement period for companies to finalize the accounting for the impacts of this new legislation and we anticipate finalizing our accounting over the coming quarters. While our accounting for the Tax Act is not complete, we have made reasonable estimates for certain provisions and we have recorded a non-cash net charge to tax expense of \$299 million related to its enactment. This net charge includes a deferred tax charge of \$384 million primarily from revaluing our net U.S. deferred tax assets to reflect the new U.S. corporate tax rate. We believe this calculation is complete except for changes in estimates that can result from finalizing the filing of our 2017 U.S. income tax return, which are not anticipated to be material, and changes that may be a direct impact of other provisional amounts recorded due to the enactment of the Tax Act. The net charge also includes a provisional deferred tax benefit of \$162 million to reverse reserves maintained for the taxation of undistributed foreign earnings under prior law net of reserves established for foreign withholding taxes consistent with our revised indefinite reinvestment assertion, and a provisional deferred tax charge of \$77 million related to the one-time transition tax. In general, the one-time transition tax imposed by the Tax Act results in the taxation of our accumulated foreign earnings and profits ("E&P") at a 15.5% rate on liquid assets and 8% on the remaining unremitted foreign E&P, both net of foreign tax credits. At this time, we have not yet gathered, prepared and analyzed the necessary information with respect to 2017 in sufficient detail to complete the complex calculations necessary to finalize the amount of our transition tax. We also anticipate that further guidance may become available in this and other areas. We believe that our preliminary calculations result in a reasonable estimate of the transition tax and related foreign tax credit and, as such, have included those amounts in our year-end income tax provision. As the analysis of accumulated foreign E&P and related foreign taxes paid are completed on an entity by entity basis and we finalize the amount held in cash or other specified assets, we will update our provisional estimate of the transition tax and related foreign tax credit.

In 2016, the income tax benefit of \$77 million was favorably impacted by net discrete adjustments of \$458 million, due primarily to a tax benefit of \$331 million from the December 31, 2016 release of the valuation allowance on certain subsidiaries in England, France, Luxembourg and New Zealand. As of December 31, 2016, these subsidiaries

on which we have maintained a full valuation allowance have achieved earnings of a duration and magnitude that they were in a position of cumulative profits for the most recent three-year period. As a consequence of this profitability in recent periods and our future business plans forecasting sustainable profitability, we concluded that it was more likely than not that our deferred tax assets in these entities will be realized. The 2016 income tax benefit also included a \$163 million tax benefit resulting from changing our election for our 2009, 2010 and 2012 U.S. tax years from deducting foreign taxes to crediting foreign taxes, a \$39 million tax charge related to establishing a valuation allowance in the United States on deferred tax assets related to receivables from our deconsolidated Venezuelan operations which were contributed to its capital, and a \$7 million tax benefit related to the release of a valuation allowance in Brazil due to the collection of a receivable that had previously been written off as uncollectible.

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In 2015, income tax expense of \$232 million included net discrete tax benefits of \$18 million unrelated to current year income, due primarily to a \$9 million benefit from the conclusion of non-U.S. tax claims and an \$8 million benefit from the release of a valuation allowance related to certain state deferred tax assets. Our tax expense for 2015 also included a U.S. tax benefit of \$69 million related to the pre-tax loss of \$646 million on the deconsolidation of our Venezuelan subsidiary (refer to Note 1), and a current year benefit of \$10 million related to recently enacted U.S. legislation extending the research and development credit.

Temporary differences and carryforwards giving rise to deferred tax assets and liabilities at December 31 follow:

(In millions)	2017	2016
Tax loss carryforwards and credits	\$1,515	\$1,503
Capitalized research and development expenditures	402	666
Accrued expenses deductible as paid	297	456
Postretirement benefits and pensions	223	294
Rationalizations and other provisions	36	36
Vacation and sick pay	24	37
Investment and receivables related to Venezuelan deconsolidation	80	134
Alternative minimum tax credit carryforwards	—	43
Other	85	106
	2,662	3,275
Valuation allowance	(318)	(326)
Total deferred tax assets	2,344	2,949
Property basis differences	(414)	(482)
Tax on undistributed earnings of subsidiaries	(22)	(138)
Total net deferred tax assets	\$1,908	\$2,329

At December 31, 2017, we had \$605 million of tax assets for net operating loss, capital loss and tax credit carryforwards related to certain foreign subsidiaries. These carryforwards are primarily from countries with unlimited carryforward periods, but include \$53 million of tax credits in various European countries that are subject to expiration from 2018 to 2027. A valuation allowance totaling \$230 million has been recorded against these and other deferred tax assets where recovery of the asset or carryforward is uncertain. In addition, we had \$816 million of Federal and \$94 million of state tax assets for net operating loss and tax credit carryforwards. The Federal carryforwards consist of \$749 million of foreign tax credits that are subject to expiration from 2018 to 2025 and \$67 million of tax assets related to research and development credits and other Federal credits that are subject to expiration from 2030 to 2037. The state carryforwards are subject to expiration from 2018 to 2035. A valuation allowance of \$88 million has been recorded against Federal and state deferred tax assets where recovery is uncertain.

At December 31, 2017, we had unrecognized tax benefits of \$52 million that if recognized, would have a favorable impact on our tax expense of \$37 million. We had accrued interest of \$2 million as of December 31, 2017. If not favorably settled, \$5 million of the unrecognized tax benefits and all of the accrued interest would require the use of our cash. We do not expect changes during 2018 to our unrecognized tax benefits to have a significant impact on our financial position or results of operations.

Reconciliation of Unrecognized Tax Benefits

(In millions)	2017	2016	2015
Balance at January 1	\$63	\$54	\$81
Increases related to prior year tax positions	2	19	10
Decreases related to prior year tax positions	(2)	(8)	(10)
Settlements	(8)	(8)	(14)
Foreign currency impact	—	6	(15)
Increases related to current year tax positions	—	1	2
Lapse of statute of limitations	(3)	(1)	—

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may have been implemented to utilize certain U.S. tax attributes. With the enactment of the Tax Act, including a transition to the territorial system and a one-time transition tax on our foreign earnings previously untaxed in the United States, the reserve for the U.S. tax related to our prior assertion was no longer required and therefore released. As of December 31, 2017, we have changed our assertion and have established a reserve of \$19 million related to foreign withholding taxes (net of foreign tax credits) that we would incur should we repatriate certain earnings. We have undistributed earnings of foreign subsidiaries of approximately \$1 billion where no provision for foreign withholding tax is required because such earnings have been or will be reinvested in property, plant and equipment and working capital. A withholding tax charge of approximately \$74 million (net of foreign tax credits) would be required if these earnings were to be distributed.

Net cash payments for income taxes were \$144 million, \$153 million and \$113 million in 2017, 2016 and 2015, respectively.

Note 7. Earnings Per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share are calculated to reflect the potential dilution that could occur if securities or other contracts were exercised or converted into common stock.

Basic and diluted earnings per common share are calculated as follows:

(In millions, except per share amounts)	2017	2016	2015
Earnings per share — basic:			
Goodyear net income	\$346	\$1,264	\$307
Weighted average shares outstanding	249	263	269
Earnings per common share — basic	\$1.39	\$4.81	\$1.14

Earnings per share — diluted:

Goodyear net income	\$346	\$1,264	\$307
Weighted average shares outstanding	249	263	269
Dilutive effect of stock options and other dilutive securities	4	3	4
Weighted average shares outstanding — diluted	253	266	273
Earnings per common share — diluted	\$1.37	\$4.74	\$1.12

Weighted average shares outstanding — diluted for 2017 and 2016 excludes approximately 1 million equivalent shares related to options with exercise prices greater than the average market price of our common stock (i.e., “underwater” options). There were no shares related to options with exercise prices greater than the average market price of our common stock for 2015.

Note 8. Business Segments

Segment information reflects our strategic business units (“SBUs”), which are organized to meet customer requirements and global competition. For the year ended December 31, 2017, we operated our business through three operating segments representing our regional tire businesses: Americas; Europe, Middle East and Africa; and Asia Pacific.

Segment information is reported on the basis used for reporting to our Chief Executive Officer. Each of the three regional business segments is involved in the development, manufacture, distribution and sale of tires. Certain of the business segments also provide related products and services, which include retreads and automotive and commercial truck maintenance and repair services. Each segment also exports tires to other segments.

Americas manufactures and sells tires for automobiles, trucks, buses, earthmoving, mining and industrial equipment, aircraft, and for various other applications. Americas also provides related products and services including retreaded tires, tread rubber, automotive and commercial truck maintenance and repair services, as well as sells chemical and natural rubber products to our other business segments and to unaffiliated customers. Americas' 2015 segment sales and operating income include the results of our Venezuelan subsidiary, which was deconsolidated on December 31, 2015. Refer to Note 1. Americas' segment sales and operating income subsequent to the deconsolidation exclude the results of our Venezuelan subsidiary.

Europe, Middle East and Africa manufactures and sells tires for automobiles, trucks, buses, aircraft, motorcycles, and earthmoving, mining and industrial equipment throughout Europe, the Middle East and Africa. EMEA also sells retreaded aviation tires, retreading and related services for commercial truck and earthmoving, mining and industrial equipment, and automotive maintenance and repair services.

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Asia Pacific manufactures and sells tires for automobiles, trucks, aircraft, farm, and earthmoving, mining and industrial equipment throughout the Asia Pacific region. Asia Pacific also provides related products and services including retreaded truck and aviation tires, tread rubber, and automotive maintenance and repair services. The following table presents segment sales and operating income, and the reconciliation of segment operating income to Income before Income Taxes:

(In millions)	2017	2016	2015
Sales			
Americas	\$8,212	\$8,172	\$9,370
Europe, Middle East and Africa	4,928	4,880	5,115
Asia Pacific	2,237	2,106	1,958
Net Sales	\$15,377	\$15,158	\$16,443
Segment Operating Income			
Americas	\$825	\$1,151	\$1,266
Europe, Middle East and Africa	355	461	435
Asia Pacific	342	373	319
Total Segment Operating Income	1,522	1,985	2,020
Less:			
Rationalizations	135	210	114
Interest expense	335	372	438
Other (income) expense ⁽¹⁾	8	(10)	(141)
Asset write-offs and accelerated depreciation	40	20	8
Corporate incentive compensation plans	33	76	103
Pension curtailments/settlements ⁽²⁾	19	16	137
Intercompany profit elimination	2	2	3
Loss on deconsolidation of Venezuelan subsidiary	—	—	646
Retained expenses of divested operations	13	18	14
Other ⁽³⁾	59	74	90
Income before Income Taxes	\$878	\$1,207	\$608

(1) Refer to Note 4.

(2) Substantially all of the pension and curtailment settlement charges noted above relate to our SBUs; however, such costs were not included in segment operating income for purposes of management's assessment of SBU operating performance.

(3) Primarily represents unallocated corporate costs. Also includes the elimination of \$32 million, \$24 million and \$25 million for the years ended December 31, 2017, 2016 and 2015, respectively, of royalty income attributable to the strategic business units.

The following table presents segment assets at December 31:

(In millions)	2017	2016	2015
Assets			
Americas	\$6,923	\$6,701	\$6,275
Europe, Middle East and Africa	4,995	4,385	4,377
Asia Pacific	2,681	2,515	2,559
Total Segment Assets	14,599	13,601	13,211
Corporate ⁽¹⁾	2,465	2,910	3,180
	\$17,064	\$16,511	\$16,391

(1) Corporate includes substantially all of our U.S. net deferred tax assets.

Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include

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operating income derived from such transactions. Segment operating income is computed as follows: Net sales less CGS (excluding asset write-offs and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges, asset sales, pension curtailments/settlements and certain other items.

The following table presents geographic information. Net sales by country were determined based on the location of the selling subsidiary. Long-lived assets consisted of property, plant and equipment. Besides Germany, management did not consider the net sales of any other individual countries outside the United States to be significant to the consolidated financial statements. For long-lived assets only, China and Germany were considered to be significant.

(In millions)	2017	2016	2015
Net Sales			
United States	\$6,678	\$6,724	\$7,338
Germany	1,874	1,853	1,905
Other international	6,825	6,581	7,200
	\$15,377	\$15,158	\$16,443
Long-Lived Assets			
United States	\$2,750	\$2,651	\$2,468
China	766	716	766
Germany	727	717	778
Other international	3,208	2,956	2,765
	\$7,451	\$7,040	\$6,777

At December 31, 2017, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

\$355 million or 34% in Europe, Middle East and Africa, primarily Belgium (\$310 million or 27% at December 31, 2016),

\$344 million or 33% in Asia Pacific, primarily India, China and Australia (\$427 million or 38% at December 31, 2016), and

\$169 million or 16% in Americas, primarily Canada and Brazil (\$203 million or 18% at December 31, 2016).

Rationalizations, as described in Note 2, Costs Associated with Rationalization Programs, Net (gains) losses on asset sales, as described in Note 4, Other (Income) Expense, and Asset write-offs and accelerated depreciation were not charged (credited) to the SBUs for performance evaluation purposes but were attributable to the SBUs as follows:

(In millions)	2017	2016	2015
Rationalizations			
Americas	\$6	\$15	\$15
Europe, Middle East and Africa	111	184	95
Asia Pacific	2	1	4
Total Segment Rationalizations	119	200	114
Corporate	16	10	—
	\$135	\$210	\$114

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(In millions)	2017	2016	2015
Net (Gains) Losses on Asset Sales			
Americas	\$(4)	\$(4)	\$(2)
Europe, Middle East and Africa	(10)	(17)	14
Asia Pacific	—	(1)	(5)
Total Segment Asset Sales	(14)	(22)	7
Corporate ⁽¹⁾	—	(9)	(78)
	\$(14)	\$(31)	\$(71)

(1) Corporate gain on asset sales in 2015 included a \$48 million gain on the dissolution of our global alliance with SRI and a \$30 million gain on the sale of our investment in shares of SRI. Refer to Note 5.

(In millions)	2017	2016	2015
Asset Write-offs and Accelerated Depreciation			
Americas	\$ —	\$ 1	\$ —
Europe, Middle East and Africa	40	19	8
Asia Pacific	—	—	—
Total Segment Asset Write-offs and Accelerated Depreciation	\$ 40	\$ 20	\$ 8

The following tables present segment capital expenditures and depreciation and amortization:

(In millions)	2017	2016	2015
Capital Expenditures			
Americas	\$525	\$618	\$618
Europe, Middle East and Africa	159	191	223
Asia Pacific	164	137	124
Total Segment Capital Expenditures	848	946	965
Corporate	33	50	18
	\$881	\$996	\$983

(In millions)	2017	2016	2015
Depreciation and Amortization			
Americas	\$398	\$366	\$364
Europe, Middle East and Africa	191	192	186
Asia Pacific	124	120	114
Total Segment Depreciation and Amortization	713	678	664
Corporate	68	49	34
	\$781	\$727	\$698

The following table presents segment equity in the net income of investees accounted for by the equity method:

(In millions)	2017	2016	2015
Equity in (Income)			
Americas	\$(5)	\$—	\$(3)
Europe, Middle East and Africa	—	(1)	(1)
Asia Pacific ⁽¹⁾	—	—	(12)
Total Segment Equity in (Income)	\$(5)	\$(1)	\$(16)

Substantially all of the Asia Pacific segment equity in income related to 25% interests in NGY and DGT which (1) ceased to be recognized effective October 1, 2015 following the dissolution of the global alliance with SRI. Refer to Note 5.

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Note 9. Accounts Receivable

(In millions)	2017	2016
Accounts receivable	\$2,141	\$1,870
Allowance for doubtful accounts (116) (101)		
	\$2,025	\$1,769

Note 10. Inventories

(In millions)	2017	2016
Raw materials	\$466	\$436
Work in process	142	131
Finished goods	2,179	2,060
	\$2,787	\$2,627

Note 11. Goodwill and Intangible Assets

The following table presents the net carrying amount of goodwill allocated by reporting unit, and changes during 2017:

(In millions)	Balance at December 31, 2016	Acquisitions	Divestitures	Translation	Balance at December 31, 2017
Americas	\$ 91	\$ —	\$ —	—\$ —	\$ 91
Europe, Middle East and Africa	383	1	—	53	437
Asia Pacific	61	1	—	5	67
	\$ 535	\$ 2	\$ —	—\$ 58	\$ 595

The following table presents the net carrying amount of goodwill allocated by reporting unit, and changes during 2016:

(In millions)	Balance at December 31, 2015	Acquisitions	Divestitures	Translation	Balance at December 31, 2016
Americas	\$ 91	\$ —	—\$ —	—\$ —	\$ 91
Europe, Middle East and Africa	401	—	—	(18)	383
Asia Pacific	63	—	—	(2)	61
	\$ 555	\$ —	—\$ —	—\$ (20)	\$ 535

The following table presents information about intangible assets:

(In millions)	2017			2016		
	Gross Carrying Amount	Accumulated Amortization ⁽¹⁾	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization ⁽¹⁾	Net Carrying Amount
Intangible assets with indefinite lives	\$124	\$ (6)	\$ 118	\$128	\$ (6)	\$ 122
Trademarks and patents	26	(21)	5	24	(20)	4
Other intangible assets	24	(8)	16	19	(9)	10
	\$174	\$ (35)	\$ 139	\$171	\$ (35)	\$ 136

(1)Includes impact of foreign currency translation.

Intangible assets primarily comprise the rights to use the Dunlop brand name and related trademarks and certain other brand names and trademarks.

Amortization expense for intangible assets totaled \$1 million in 2017, 2016 and 2015, respectively. We estimate that annual amortization expense related to intangible assets will be approximately \$2 million in 2018 through 2022, and

the weighted average remaining amortization period is approximately 21 years.

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Our annual impairment analyses for 2017, 2016 and 2015 indicated no impairment of goodwill or intangible assets with indefinite lives. In addition, there were no events or circumstances that indicated the impairment tests should be re-performed for goodwill or for intangible assets with indefinite lives for any reporting unit at December 31, 2017.

Note 12. Other Assets and Investments

Dividends received from our consolidated subsidiaries were \$558 million, \$66 million and \$46 million in 2017, 2016 and 2015, respectively. Dividends received in 2017 were primarily from a subsidiary in Luxembourg and paid to the United States. Dividends received from our affiliates accounted for using the equity method were \$5 million, \$4 million and \$24 million in 2017, 2016 and 2015, respectively.

Note 13. Property, Plant and Equipment

(In millions)	2017			2016		
	Owned	Capital Leases	Total	Owned	Capital Leases	Total
Property, plant and equipment, at cost:						
Land	\$433	\$ —	\$433	\$397	\$ —	\$397
Buildings	2,589	30	2,619	2,288	35	2,323
Machinery and equipment	13,403	46	13,449	12,232	46	12,278
Construction in progress	721	—	721	887	—	887
	17,146	76	17,222	15,804	81	15,885
Accumulated depreciation	(10,047)	(31)	(10,078)	(9,102)	(23)	(9,125)
	7,099	45	7,144	6,702	58	6,760
Spare parts	307	—	307	280	—	280
	\$7,406	\$ 45	\$7,451	\$6,982	\$ 58	\$7,040

The range of useful lives of property used in arriving at the annual amount of depreciation are as follows: buildings and improvements, 3 to 45 years; machinery and equipment, 3 to 40 years.

Note 14. Leased Assets

Net rental expense comprised the following:

(In millions)	2017	2016	2015
Gross rental expense	\$332	\$332	\$324
Sublease rental income (17) (27) (33)			
	\$315	\$305	\$291

We enter into leases primarily for our wholesale distribution facilities, administrative offices, retail stores, vehicles and data processing equipment under varying terms and conditions. Many of the leases require us to pay taxes assessed against leased property and the cost of insurance and maintenance. A portion of our retail distribution network is sublet to independent dealers.

While substantially all subleases and some operating leases are cancelable for periods beyond 2018, management expects that in the normal course of its business nearly all of its independent dealer distribution network will be actively operated. As leases and subleases for existing locations expire, we would normally expect to evaluate such leases and either renew the leases or substitute another more favorable retail location.

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The following table presents minimum future lease payments:

(In millions)	2018	2019	2020	2021	2022	2023 and Beyond	Total
Capital Leases							
Minimum lease payments	\$ 10	\$ 7	\$ 6	\$ 18	\$ 2	\$ 24	\$ 67
Imputed interest	(3)	(3)	(3)	(3)	(1)	(14)	(27)
Present value	\$ 7	\$ 4	\$ 3	\$ 15	\$ 1	\$ 10	\$ 40
Operating Leases							
Minimum lease payments	\$ 265	\$ 202	\$ 156	\$ 110	\$ 63	\$ 250	\$ 1,046
Minimum sublease rentals	(12)	(8)	(6)	(3)	(2)	(7)	(38)
	\$ 253	\$ 194	\$ 150	\$ 107	\$ 61	\$ 243	\$ 1,008
Imputed interest							(161)
Present value							\$ 847

Note 15. Financing Arrangements and Derivative Financial Instruments

At December 31, 2017, we had total credit arrangements of \$8,963 million, of which \$3,196 million were unused. At that date, 34% of our debt was at variable interest rates averaging 4.42%.

Notes Payable and Overdrafts, Long Term Debt and Capital Leases due Within One Year and Short Term Financing Arrangements

At December 31, 2017, we had short term committed and uncommitted credit arrangements totaling \$617 million, of which \$355 million were unused. These arrangements are available primarily to certain of our foreign subsidiaries through various banks at quoted market interest rates.

The following table presents amounts due within one year:

(In millions)	December 31, 2017	December 31, 2016
Notes payable and overdrafts:	\$ 262	\$ 245
Weighted average interest rate	5.00 %	6.18 %
Long term debt and capital leases due within one year:		
Chinese credit facilities	\$ 113	\$ 146
Other domestic and foreign debt (including capital leases)	278	290
Total long term debt and capital leases due within one year	\$ 391	\$ 436
Weighted average interest rate	6.86 %	9.39 %
Total obligations due within one year	\$ 653	\$ 681

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Long Term Debt and Capital Leases and Financing Arrangements

At December 31, 2017, we had long term credit arrangements totaling \$8,346 million, of which \$2,841 million were unused.

The following table presents long term debt and capital leases, net of unamortized discounts, and interest rates:

(In millions)	December 31,		December 31,	
	Amount	Interest Rate	Amount	Interest Rate
Notes:				
8.75% due 2020	\$275		\$273	
7% due 2022	—		700	
5.125% due 2023	1,000		1,000	
3.75% Euro Notes due 2023	300		264	
5% due 2026	900		900	
4.875% due 2027	700		—	
7% due 2028	150		150	
Credit Facilities:				
\$2.0 billion first lien revolving credit facility due 2021	—	—	85	1.98 %
Second lien term loan facility due 2019	400	3.50 %	399	3.75 %
€550 million revolving credit facility due 2020	—	—	—	—
Pan-European accounts receivable facility	224	0.90 %	198	0.98 %
Mexican credit facilities	340	3.14 %	138	2.78 %
Chinese credit facilities	212	4.87 %	315	4.68 %
Other foreign and domestic debt ⁽¹⁾	967	6.02 %	813	10.23 %
	5,468		5,235	
Unamortized deferred financing fees	(41)		(42)	
	5,427		5,193	
Capital lease obligations	40		41	
	5,467		5,234	
Less portion due within one year	(391)		(436)	
	\$5,076		\$4,798	

(1) Interest rates are weighted average interest rates related to various foreign credit facilities with customary terms and conditions and domestic debt related to our Global and Americas Headquarters.

NOTES

\$282 million 8.75% Senior Notes due 2020

At December 31, 2017, \$282 million aggregate principal amount of 8.75% notes due 2020 were outstanding. These notes had an effective yield of 9.20% at issuance. These notes are unsecured senior obligations, are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below, and will mature on August 15, 2020.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price equal to the greater of 100% of the principal amount of these notes or the sum of the present values of the remaining scheduled payments on these notes, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur secured debt, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or

otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

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\$700 million 7% Senior Notes due 2022

In May 2017, we redeemed in full our \$700 million 7% senior notes due 2022, which included the payment of a \$25 million redemption premium plus accrued and unpaid interest to the redemption date. We also recorded \$6 million of expense for the write-off of deferred financing fees as a result of the redemption.

\$1.0 billion 5.125% Senior Notes due 2023

At December 31, 2017, \$1.0 billion aggregate principal amount of 5.125% senior notes due 2023 were outstanding. These notes were sold at 100% of the principal amount and will mature on November 15, 2023. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after November 15, 2018 at a redemption price of 102.563%, 101.281% and 100% during the 12-month periods commencing on November 15, 2018, 2019 and 2020 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to November 15, 2018, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to November 15, 2018, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 105.125% of the principal amount plus accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit the ability of the Company and certain of its subsidiaries, including GDTE, to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends, repurchase shares or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. For example, if these notes are assigned an investment grade rating by Moody's and Standard and Poor's and no default has occurred and is continuing, certain covenants will be suspended and we may elect to suspend the subsidiary guarantees. The indenture has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

€250 million 3.75% Senior Notes due 2023 of GDTE

At December 31, 2017, €250 million aggregate principal amount of GDTE's 3.75% senior notes due 2023 were outstanding. These notes were sold at 100% of the principal amount and will mature on December 15, 2023. These notes are unsecured senior obligations of GDTE and are guaranteed, on an unsecured senior basis, by the Company and our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after December 15, 2018 at a redemption price of 101.875%, 100.938% and 100% during the 12-month periods commencing on December 15, 2018, 2019 and 2020 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to December 15, 2018, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to December 15, 2018, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 103.75% of the principal amount plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 5.125% senior notes due 2023, described above.

\$900 million 5% Senior Notes due 2026

At December 31, 2017, \$900 million aggregate principal amount of 5% senior notes due 2026 were outstanding. These notes were sold at 100% of the principal amount and will mature on May 31, 2026. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under

our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after May 31, 2021 at a redemption price of 102.5%, 101.667%, 100.833% and 100% during the 12-month periods commencing on May 31, 2021, 2022, 2023 and 2024 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to May 31, 2021, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to May 31, 2019 we may redeem up to 35% of the original aggregate principal amount of these notes from net cash proceeds of certain equity offerings at a redemption price equal to 105% of the principal amount plus accrued and unpaid interest to the redemption date.

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The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 5.125% senior notes due 2023, described above.

\$700 million 4.875% Senior Notes due 2027

At December 31, 2017, \$700 million aggregate principal amount of 4.875% senior notes due 2027 were outstanding. These notes were sold at 100% of the principal amount and will mature on March 15, 2027. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time prior to their maturity. If we elect to redeem the notes prior to December 15, 2026, we will pay a redemption price equal to the greater of 100% of the principal amount of the notes redeemed or the sum of the present values of the remaining scheduled payments on the notes redeemed, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date. If we elect to redeem the notes on or after December 15, 2026, we will pay a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date. The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur certain liens, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

\$150 million 7% Senior Notes due 2028

At December 31, 2017, \$150 million aggregate principal amount of 7% notes due 2028 were outstanding. These notes are unsecured senior obligations and will mature on March 15, 2028.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price equal to the greater of 100% of the principal amount thereof or the sum of the present values of the remaining scheduled payments thereon, discounted using a defined treasury rate plus 15 basis points, plus in either case accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur secured debt, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

CREDIT FACILITIES

\$2.0 billion Amended and Restated First Lien Revolving Credit Facility due 2021

Our amended and restated first lien revolving credit facility is available in the form of loans or letters of credit, with letter of credit availability limited to \$800 million. Subject to the consent of the lenders whose commitments are to be increased, we may request that the facility be increased by up to \$250 million. Amounts drawn under this facility bear interest at LIBOR plus 125 basis points, based on our current liquidity as described below.

Our obligations under the facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries. Our obligations under the facility and our subsidiaries' obligations under the related guarantees are secured by first priority security interests in collateral that includes, subject to certain exceptions:

• U.S. and Canadian accounts receivable and inventory;

• certain of our U.S. manufacturing facilities;

• equity interests in our U.S. subsidiaries and up to 65% of the equity interests in our directly owned foreign subsidiaries; and

• substantially all other tangible and intangible assets, including equipment, contract rights and intellectual property.

Availability under the facility is subject to a borrowing base, which is based primarily on (i) eligible accounts receivable and inventory of The Goodyear Tire & Rubber Company and certain of its U.S. and Canadian subsidiaries, after adjusting for customary factors that are subject to modification from time to time by the administrative agent or the majority lenders at their discretion (not to be exercised unreasonably), (ii) the value of our principal trademarks,

and (iii) certain cash in an amount not to exceed \$200 million. Modifications are based on the results of periodic collateral and borrowing base evaluations and appraisals. To the extent that our eligible accounts receivable, inventory and other components of the borrowing base decline in value, our borrowing base will decrease and the availability under the facility may decrease below \$2.0 billion. In addition, if the amount of outstanding borrowings and letters of credit under the facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess. As of December 31, 2017, our borrowing base, and therefore our availability, under this facility was \$296 million below the facility's stated amount of \$2.0 billion.

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The facility, which matures on April 7, 2021, contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends, repurchase shares or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. In addition, in the event that the availability under the facility plus the aggregate amount of our Available Cash is less than \$200 million, we will not be permitted to allow our ratio of EBITDA to Consolidated Interest Expense to be less than 2.0 to 1.0 for any period of four consecutive fiscal quarters. "Available Cash," "EBITDA" and "Consolidated Interest Expense" have the meanings given them in the facility.

The facility has customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2015. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

If Available Cash (as defined in the facility) plus the availability under the facility is greater than \$1.0 billion, amounts drawn under the facility will bear interest, at our option, at (i) 125 basis points over LIBOR or (ii) 25 basis points over an alternative base rate (the higher of (a) the prime rate, (b) the federal funds effective rate or the overnight bank funding rate plus 50 basis points or (c) LIBOR plus 100 basis points), and undrawn amounts under the facility will be subject to an annual commitment fee of 30 basis points. If Available Cash plus the availability under the facility is equal to or less than \$1.0 billion, then amounts drawn under the facility will bear interest, at our option, at (i) 150 basis points over LIBOR or (ii) 50 basis points over an alternative base rate, and undrawn amounts under the facility will be subject to an annual commitment fee of 25 basis points.

At December 31, 2017, we had no borrowings and \$37 million of letters of credit issued under the revolving credit facility. At December 31, 2016, we had \$85 million of borrowings and \$40 million of letters of credit issued under the revolving credit facility.

Amended and Restated Second Lien Term Loan Facility due 2019

In March 2017, we amended our second lien term loan facility. As a result of the amendment, the term loan now bears interest, at our option, at (i) 200 basis points over LIBOR or (ii) 100 basis points over an alternative base rate (the higher of (a) the prime rate, (b) the federal funds effective rate or the overnight bank funding rate plus 50 basis points or (c) LIBOR plus 100 basis points). In addition, if the Total Leverage Ratio is equal to or less than 1.25 to 1.00, we have the option to further reduce the spreads described above by 25 basis points. "Total Leverage Ratio" has the meaning given it in the facility.

Our obligations under our second lien term loan facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries and are secured by second priority security interests in the same collateral securing the \$2.0 billion first lien revolving credit facility.

The facility, which matures on April 30, 2019, contains covenants, representations, warranties and defaults similar to those in the \$2.0 billion first lien revolving credit facility. In addition, if our Pro Forma Senior Secured Leverage Ratio (the ratio of Consolidated Net Secured Indebtedness to EBITDA) for any period of four consecutive fiscal quarters is greater than 3.0 to 1.0, before we may use cash proceeds from certain asset sales to repay any junior lien, senior unsecured or subordinated indebtedness, we must first offer to use such cash proceeds to prepay borrowings under the second lien term loan facility. "Pro Forma Senior Secured Leverage Ratio," "Consolidated Net Secured Indebtedness" and "EBITDA" have the meanings given them in the facility.

The amounts outstanding under this facility were \$400 million and \$399 million at December 31, 2017 and 2016, respectively.

€550 million Amended and Restated Senior Secured European Revolving Credit Facility due 2020

Our amended and restated €550 million European revolving credit facility consists of (i) a €125 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH ("GDTG") and (ii) a €425 million all-borrower tranche that is available to GDTE, GDTG and Goodyear Dunlop Tires Operations S.A. Up to €150 million of swingline loans and €50 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under this facility will bear interest at LIBOR plus 175 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 175 basis points for loans denominated in euros, and undrawn amounts under the facility will be subject to an annual commitment fee of 30 basis points.

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GDTE and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany provide guarantees to support the facility. GDTE's obligations under the facility and the obligations of its subsidiaries under the related guarantees are secured by security interests in collateral that includes, subject to certain exceptions:

the capital stock of the principal subsidiaries of GDTE; and

a substantial portion of the tangible and intangible assets of GDTE and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany, including real property, equipment, inventory, contract rights, intercompany receivables and cash accounts, but excluding accounts receivable and certain cash accounts in subsidiaries that are or may become parties to securitization or factoring transactions.

The German guarantors secure the German tranche on a first-lien basis and the all-borrower tranche on a second-lien basis. GDTE and its other subsidiaries that provide guarantees secure the all-borrower tranche on a first-lien basis and generally do not provide collateral support for the German tranche. The Company and its U.S. and Canadian subsidiaries that guarantee our U.S. senior secured credit facilities described above also provide unsecured guarantees in support of the facility.

The facility, which matures on May 12, 2020, contains covenants similar to those in our first lien revolving credit facility, with additional limitations applicable to GDTE and its subsidiaries. In addition, under the facility, GDTE's ratio of Consolidated Net J.V. Indebtedness to Consolidated European J.V. EBITDA for a period of four consecutive fiscal quarters is not permitted to be greater than 3.0 to 1.0 at the end of any fiscal quarter. "Consolidated Net J.V. Indebtedness" and "Consolidated European J.V. EBITDA" have the meanings given them in the facility.

The facility has customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our business or financial condition since December 31, 2014. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

At December 31, 2017 and 2016, we had no borrowings and no letters of credit issued under the European revolving credit facility.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

GDTE and certain other of our European subsidiaries are parties to a pan-European accounts receivable securitization facility that expires in 2019. The terms of the facility provide the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €30 million and not more than €450 million. For the period beginning October 16, 2016 to October 15, 2017, the designated maximum amount of the facility was €320 million. For the period beginning October 16, 2017 to October 15, 2018, the designated maximum amount of the facility is €275 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GDTE subsidiaries to a bankruptcy-remote French company controlled by one of the liquidity banks in the facility. These subsidiaries retain servicing responsibilities. Utilization under this facility is based on eligible receivable balances. The funding commitments under the facility will expire upon the earliest to occur of: (a) September 25, 2019, (b) the non-renewal and expiration (without substitution) of all of the back-up liquidity commitments, (c) the early termination of the facility according to its terms (generally upon an Early Amortisation Event (as defined in the facility), which includes, among other things, events similar to the events of default under our senior secured credit facilities; certain tax law changes; or certain changes to law, regulation or accounting standards), or (d) our request for early termination of the facility. The facility's current back-up liquidity commitments will expire on October 15, 2018. At December 31, 2017, the amounts available and utilized under this program totaled \$224 million (€187 million). At December 31, 2016, the amounts available and utilized under this program totaled \$198 million (€188 million). The program does not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Capital Leases.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

We have sold certain of our trade receivables under off-balance sheet programs. For these programs, we have concluded that there is generally no risk of loss to us from non-payment of the sold receivables. At December 31, 2017 and 2016, the gross amount of receivables sold was \$572 million and \$502 million, respectively.

Other Foreign Credit Facilities

A Mexican subsidiary and a U.S. subsidiary have several financing arrangements in Mexico. At December 31, 2017, the amounts available and utilized under these facilities were \$340 million. At December 31, 2016, the amounts available and utilized under these facilities were \$190 million and \$138 million, respectively. The facilities ultimately mature in 2020. The facilities contain covenants relating to the Mexican and U.S. subsidiary and have customary representations and warranties and default provisions relating to the Mexican and U.S. subsidiary's ability to perform its respective obligations under the applicable facilities.

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A Chinese subsidiary has several financing arrangements in China. At December 31, 2017, these non-revolving credit facilities had total unused availability of \$217 million and can only be used to finance the expansion of our manufacturing facility in China. At December 31, 2017 and 2016, the amounts outstanding under these facilities were \$212 million and \$315 million, respectively. The facilities ultimately mature in 2025 and principal amortization began in 2015. The facilities contain covenants relating to the Chinese subsidiary and have customary representations and warranties and defaults relating to the Chinese subsidiary's ability to perform its obligations under the facilities. At December 31, 2017 and 2016, restricted cash related to funds obtained under these credit facilities was \$7 million and \$8 million, respectively.

Debt Maturities

The annual aggregate maturities of our debt (excluding the impact of deferred financing fees and unamortized discounts) and capital leases for the five years subsequent to December 31, 2017 are presented below. Maturities of debt credit agreements have been reported on the basis that the commitments to lend under these agreements will be terminated effective at the end of their current terms.

(In millions)	2018	2019	2020	2021	2022
U.S.	\$60	\$541	\$483	\$ —	\$ —
Foreign	593	587	144	28	91
	\$653	\$1,128	\$627	\$ 28	\$ 91

DERIVATIVE FINANCIAL INSTRUMENTS

We utilize derivative financial instrument contracts and nonderivative instruments to manage interest rate, foreign exchange and commodity price risks. We have established a control environment that includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. We do not hold or issue derivative financial instruments for trading purposes.

Foreign Currency Contracts

We enter into foreign currency contracts in order to manage the impact of changes in foreign exchange rates on our consolidated results of operations and future foreign currency-denominated cash flows. These contracts may be used to reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions, intercompany loans and royalty agreements. Contracts hedging short term trade receivables and payables normally have no hedging designation.

The following table presents fair values for foreign currency contracts not designated as hedging instruments:

(In millions)	December 31, December 31,	
	2017	2016
Fair Values — Current asset (liability):		
Accounts receivable	\$ 3	\$ 30
Other current liabilities	(9)	(18)

At December 31, 2017 and 2016, these outstanding foreign currency derivatives had notional amounts of \$1,409 million and \$1,812 million, respectively, and were primarily related to intercompany loans. Other (Income) Expense included net transaction loss of \$57 million and gain of \$4 million in 2017 and 2016, respectively, on foreign currency derivatives. These amounts were substantially offset in Other (Income) Expense by the effect of changing exchange rates on the underlying currency exposures.

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The following table presents fair values for foreign currency contracts designated as cash flow hedging instruments:

(In millions)	December 31, December 31,	
	2017	2016
Fair Values — Current asset (liability):		
Accounts receivable	\$ 1	\$ 9
Other current liabilities	(8)	—
Fair Values — Long term asset (liability):		
Other assets	\$ —	\$ 2
Other long term liabilities	(2)	—

At December 31, 2017 and 2016, these outstanding foreign currency derivatives had notional amounts of \$250 million and \$293 million, respectively, and primarily related to U.S. dollar denominated intercompany transactions.

We enter into master netting agreements with counterparties. The amounts eligible for offset under the master netting agreements are not material and we have elected a gross presentation of foreign currency contracts in the Consolidated Balance Sheets.

The following table presents the classification of changes in fair values of foreign currency contracts designated as cash flow hedging instruments (before tax and minority):

(In millions) (Income) Expense	Year Ended	
	2017	2016
Amounts deferred to AOCL	\$ 28	\$(12)
Amount of deferred loss (gain) reclassified from AOCL into CGS	2	(6)
Amounts excluded from effectiveness testing	(2)	(1)

The estimated net amount of the deferred losses at December 31, 2017 that is expected to be reclassified to earnings within the next twelve months is \$9 million.

The counterparties to our foreign currency contracts were considered by us to be substantial and creditworthy financial institutions that are recognized market makers at the time we entered into those contracts. We seek to control our credit exposure to these counterparties by diversifying across multiple counterparties, by setting counterparty credit limits based on long term credit ratings and other indicators of counterparty credit risk such as credit default swap spreads, and by monitoring the financial strength of these counterparties on a regular basis. We also enter into master netting agreements with counterparties when possible. By controlling and monitoring exposure to counterparties in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a counterparty.

However, the inability of a counterparty to fulfill its contractual obligations to us could have a material adverse effect on our liquidity, financial position or results of operations in the period in which it occurs.

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Note 16. Fair Value Measurements

The following table presents information about assets and liabilities recorded at fair value on the Consolidated Balance Sheet at December 31:

(In millions)	Total Carrying Value in the Consolidated Balance Sheet		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets:								
Investments	\$ 11	\$ 9	\$ 11	\$ 9	\$ —	\$ —	\$ —	\$ —
Foreign Exchange Contracts	4	41	—	—	4	41	—	—
Total Assets at Fair Value	\$ 15	\$ 50	\$ 11	\$ 9	\$ 4	\$ 41	\$ —	\$ —
Liabilities:								
Foreign Exchange Contracts	\$ 19	\$ 18	\$ —	\$ —	\$ 19	\$ 18	\$ —	\$ —
Total Liabilities at Fair Value	\$ 19	\$ 18	\$ —	\$ —	\$ 19	\$ 18	\$ —	\$ —

The following table presents supplemental fair value information about long term fixed rate and variable rate debt, excluding capital leases, at December 31:

(In millions)	December 31, December 31,	
	2017	2016
Fixed Rate Debt⁽¹⁾:		
Carrying amount — liability	\$ 3,616	\$ 3,514
Fair value — liability	3,786	3,669
Variable Rate Debt⁽¹⁾:		
Carrying amount — liability	\$ 1,811	\$ 1,679
Fair value — liability	1,811	1,678

Excludes notes payable and overdrafts of \$262 million and \$245 million at December 31, 2017 and 2016, respectively, of which \$110 million and \$123 million, respectively, are at fixed rates and \$152 million and \$122 million, respectively, are at variable rates. The carrying value of notes payable and overdrafts approximates fair value due to the short term nature of the facilities.

Long term debt with a fair value of \$3,857 million and \$3,804 million at December 31, 2017 and 2016, respectively, was estimated using quoted Level 1 market prices. The carrying value of the remaining long term debt approximates fair value since the terms of the financing arrangements are similar to terms that could be obtained under current lending market conditions.

Note 17. Pension, Other Postretirement Benefits and Savings Plans

We provide employees with defined benefit pension or defined contribution savings plans. Our hourly U.S. pension plans are frozen and provide benefits based on length of service. The principal salaried U.S. pension plans are frozen and provide benefits based on final five-year average earnings formulas. Salaried employees who made voluntary contributions to these plans receive higher benefits. We also provide certain U.S. employees and employees at certain non-U.S. subsidiaries with health care benefits or life insurance benefits upon retirement. Substantial portions of the health care benefits for U.S. salaried retirees are not insured and are funded from operations.

During 2017, we recognized settlement charges of \$32 million, primarily related to our frozen salaried U.S. pension plan. The settlement charges resulted from total lump sum benefit payments exceeding annual interest cost. Of the total settlement charges, \$13 million was included in rationalization charges for employees who terminated service as

a result of ongoing rationalization plans.

During the second quarter of 2016, annuities were purchased from existing plan assets to settle \$41 million in obligations of one of our U.K. pension plans which resulted in a settlement charge of \$14 million.

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During 2015, we offered lump sum payments over a limited time to certain former employees in our U.S. pension plans. Payments of \$190 million related to this offer were made from existing plan assets in the fourth quarter of 2015. As a result, total lump sum payments from these plans exceeded annual service and interest cost in 2015, and we recognized a pre-tax corporate pension settlement charge of \$137 million in the fourth quarter of 2015.

Total benefits cost and amounts recognized in other comprehensive (income) loss follows:

(In millions)	Pension Plans						Other Postretirement Benefits		
	U.S.			Non-U.S.					
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Benefits cost:									
Service cost	\$4	\$5	\$4	\$31	\$29	\$43	\$4	\$3	\$3
Interest cost	160	164	238	71	80	113	13	12	15
Expected return on plan assets	(241)	(255)	(295)	(80)	(88)	(107)	(1)	—	—
Amortization of prior service cost (credit)	—	—	—	—	—	1	(29)	(45)	(45)
Amortization of net losses	111	109	106	32	27	32	6	5	7
Net periodic cost	34	23	53	54	48	82	(7)	(25)	(20)
Curtailements/settlements/termination benefits	29	—	137	3	16	2	—	2	—
Total benefits cost	\$63	\$23	\$190	\$57	\$64	\$84	\$(7)	\$(23)	\$(20)
Recognized in other comprehensive (income) loss before tax and minority:									
Prior service (credit) cost from plan amendments	\$—	\$—	\$—	\$3	\$—	\$—	\$3	\$—	\$—
Increase (decrease) in net actuarial losses	128	81	150	25	35	(45)	(15)	(1)	(19)
Amortization of prior service (cost) credit in net periodic cost	—	—	—	—	—	(1)	29	45	45
Amortization of net losses in net periodic cost	(111)	(109)	(106)	(29)	(27)	(34)	(6)	(5)	(7)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures	(29)	—	(386)	(12)	(17)	(5)	—	—	4
Deconsolidation of Venezuelan subsidiary (Note 1)	—	—	—	—	—	(62)	—	—	—
Total recognized in other comprehensive loss (income) before tax and minority	(12)	(28)	(342)	(13)	(9)	(147)	11	39	23
Total recognized in total benefits cost and other comprehensive loss (income) before tax and minority	\$51	\$(5)	\$(152)	\$44	\$55	\$(63)	\$4	\$16	\$3

We use the fair value of pension assets in the calculation of pension expense for all plans.

Total benefits (credit) cost for our other postretirement benefits was \$(17) million, \$(31) million and \$(28) million for our U.S. plans in 2017, 2016 and 2015, respectively, and \$10 million, \$8 million and \$8 million for our non-U.S. plans in 2017, 2016 and 2015, respectively.

The estimated net actuarial loss for the defined benefit pension plans that will be amortized from AOCL into benefits cost in 2018 is \$114 million for our U.S. plans and \$30 million for our non-U.S. plans.

The estimated prior service credit and net actuarial loss for the other postretirement benefit plans that will be amortized from AOCL into benefits cost in 2018 are a benefit of \$8 million and expense of \$5 million, respectively. The Medicare Prescription Drug Improvement and Modernization Act provides plan sponsors a federal subsidy for certain qualifying prescription drug benefits covered under the sponsor's postretirement health care plans. Our other postretirement benefits cost is presented net of this subsidy, which is approximately \$1 million annually.

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The change in benefit obligation and plan assets for 2017 and 2016 and the amounts recognized in our Consolidated Balance Sheet at December 31, 2017 and 2016 are as follows:

(In millions)	Pension Plans				Other	
	U.S.		Non-U.S.		Postretirement	
	2017	2016	2017	2016	2017	2016
Change in benefit obligation:						
Beginning balance	\$(5,285)	\$(5,338)	\$(2,863)	\$(2,808)	\$(294)	\$(291)
Newly adopted plans	—	—	—	(2)	—	—
Service cost — benefits earned	(4)	(5)	(31)	(29)	(4)	(3)
Interest cost	(160)	(164)	(71)	(80)	(13)	(12)
Plan amendments	—	—	(3)	—	(3)	—
Actuarial gain (loss)	(303)	(171)	(29)	(384)	15	—
Participant contributions	—	—	(2)	(2)	(14)	(13)
Curtailments/settlements/termination benefits	55	1	21	52	—	(2)
Foreign currency translation	—	—	(280)	262	(9)	(10)
Benefit payments	366	392	149	128	36	37
Ending balance	\$(5,331)	\$(5,285)	\$(3,109)	\$(2,863)	\$(286)	\$(294)
Change in plan assets:						
Beginning balance	\$4,972	\$5,011	\$2,507	\$2,493	\$4	\$3
Newly adopted plans	—	—	—	1	—	—
Actual return on plan assets	417	345	146	393	—	1
Company contributions to plan assets	—	—	56	56	2	2
Cash funding of direct participant payments	10	9	24	24	20	22
Participant contributions	—	—	2	2	14	13
Settlements	(55)	(1)	(11)	(51)	—	—
Foreign currency translation	—	—	231	(283)	—	—
Benefit payments	(366)	(392)	(149)	(128)	(36)	(37)
Ending balance	\$4,978	\$4,972	\$2,806	\$2,507	\$4	\$4
Funded status at end of year	\$(353)	\$(313)	\$(303)	\$(356)	\$(282)	\$(290)

Other postretirement benefits funded status was \$(132) million and \$(143) million for our U.S. plans at December 31, 2017 and 2016, respectively, and \$(150) million and \$(147) million for our non-U.S. plans at December 31, 2017 and 2016, respectively.

The funded status recognized in the Consolidated Balance Sheets consists of:

(In millions)	Pension Plans				Other	
	U.S.		Non-U.S.		Postretirement	
	2017	2016	2017	2016	2017	2016
Noncurrent assets	\$—	\$—	\$349	\$231	\$—	\$—
Current liabilities	(16)	(12)	(21)	(19)	(20)	(21)
Noncurrent liabilities	(337)	(301)	(631)	(568)	(262)	(269)
Net amount recognized	\$(353)	\$(313)	\$(303)	\$(356)	\$(282)	\$(290)

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The amounts recognized in AOCL, net of tax, consist of:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.		2017	2016
(In millions)	2017	2016	2017	2016	2017	2016
Prior service (credit) cost	\$(4)	\$(4)	\$4	\$1	\$(27)	\$(59)
Net actuarial loss	2,603	2,615	669	685	47	68
Gross amount recognized	2,599	2,611	673	686	20	9
Deferred income taxes	(103)	(118)	(109)	(115)	(26)	(20)
Minority shareholders' equity—	—	—	(1)	—	—	—
Net amount recognized	\$2,496	\$2,493	\$563	\$571	\$(6)	\$(11)

The following table presents significant weighted average assumptions used to determine benefit obligations at December 31:

	Pension Plans		Other Postretirement Benefits	
	2017	2016	2017	2016
Discount rate:				
— U.S.	3.56%	3.99%	3.44%	3.72%
— Non-U.S.	2.53	2.72	4.92	5.12
Rate of compensation increase:				
— U.S.	N/A	N/A	N/A	N/A
— Non-U.S.	2.91	3.18	N/A	N/A

The following table presents significant weighted average assumptions used to determine benefits cost for the years ended December 31:

	Pension Plans			Other Postretirement Benefits		
	2017	2016	2015	2017	2016	2015
Discount rate for determining interest cost:						
— U.S.	3.18%	3.23%	3.89%	3.02%	2.98%	3.59%
— Non-U.S.	2.70	3.37	3.31	5.98	6.31	4.89
Expected long term return on plan assets:						
— U.S.	5.08	5.33	5.00	N/A	N/A	N/A
— Non-U.S.	3.12	3.81	4.12	N/A	N/A	N/A
Rate of compensation increase:						
— U.S.	N/A	N/A	N/A	N/A	N/A	N/A
— Non-U.S.	3.18	2.63	2.88	N/A	N/A	N/A

Effective January 1, 2016, we changed the method used to measure the service and interest components of net periodic cost for pension and other postretirement benefits for plans that utilize a yield curve approach. We elected to utilize a full yield curve approach in the measurement of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We believe this approach provides a more precise measurement of service and interest costs by aligning the timing of projected benefit cash flows to the corresponding spot rates on the yield curve. This change did not affect the measurement of our plan benefit obligations and reduced our 2016 net periodic pension cost by approximately \$65 million. We have accounted

for this change as a change in accounting estimate.

For 2017, a weighted average discount rate of 3.18% was used to determine interest cost for the U.S. pension plans. This rate was derived from spot rates along a yield curve developed from a portfolio of bonds from issuers rated AA or higher by established rating agencies as of December 31, 2016, applied to our expected benefit payment cash flows. For our non-U.S. locations, a weighted average discount rate of 2.70% was used. This rate was developed based on the nature of the liabilities and local environments, using available bond indices, yield curves, projected cash flows, and long term inflation.

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For 2017, an assumed weighted average long term rate of return of 5.08% was used for the U.S. pension plans. In developing the long term rate of return, we evaluated input from our pension fund consultant on asset class return expectations, including determining the appropriate rate of return for our plans, which are primarily invested in fixed income securities. For our non-U.S. locations, an assumed weighted average long term rate of return of 3.12% was used. Input from local pension fund consultants concerning asset class return expectations and long term inflation form the basis of this assumption.

The U.S. pension plan mortality assumption is based on our actual historical experience and expected future mortality improvements based on published actuarial tables. For our non-U.S. locations, mortality assumptions are based on published actuarial tables which include projections of future mortality improvements.

The following table presents estimated future benefit payments from the plans as of December 31, 2017. Benefit payments for other postretirement benefits are presented net of retiree contributions and Medicare Part D Subsidy Receipts:

	Pension Plans		Other Postretirement Benefits
(In millions)	U.S.	Non-U.S.	
2018	\$426	\$ 125	\$ 21
2019	405	122	21
2020	387	124	20
2021	382	126	20
2022	366	132	19
2023-2027	1,735	708	91

The following table presents selected information on our pension plans:

(In millions)	U.S.		Non-U.S.	
	2017	2016	2017	2016
All plans:				
Accumulated benefit obligation	\$5,320	\$5,275	\$3,017	\$2,792
Plans not fully-funded:				
Projected benefit obligation	\$5,329	\$5,282	\$945	\$911
Accumulated benefit obligation	5,318	5,273	887	862
Fair value of plan assets	4,976	4,970	302	327

Certain non-U.S. subsidiaries maintain unfunded pension plans consistent with local practices and requirements. At December 31, 2017, these plans accounted for \$227 million of our accumulated pension benefit obligation, \$251 million of our projected pension benefit obligation, and \$59 million of our AOCL adjustment. At December 31, 2016, these plans accounted for \$219 million of our accumulated pension benefit obligation, \$239 million of our projected pension benefit obligation, and \$65 million of our AOCL adjustment.

We expect to contribute approximately \$25 million to \$50 million to our funded non-U.S. pension plans in 2018.

Assumed health care cost trend rates at December 31 follow:

	2017	2016
Health care cost trend rate assumed for the next year	6.5 %	6.5 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.0
Year that the rate reaches the ultimate trend rate	2025	2025

A 1% change in the assumed health care cost trend would have increased (decreased) the accumulated other postretirement benefits obligation at December 31, 2017 and the aggregate service and interest cost for the year then ended as follows:

(In millions)

	1%	1%
	Increase	Decrease
Accumulated other postretirement benefits obligation	\$ 15	\$ (12)
Aggregate service and interest cost	1	(1)

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Our pension plan weighted average investment allocation at December 31, by asset category, follows:

	U.S.		Non-U.S.	
	2017	2016	2017	2016
Cash and short term securities	2 %	3 %	1 %	1 %
Equity securities	6	6	9	9
Debt securities	92	91	85	78
Alternatives	—	—	5	12
Total	100%	100%	100%	100%

Our pension investment policy recognizes the long term nature of pension liabilities, the benefits of diversification across asset classes and the effects of inflation. The portfolio for plans that are fully funded is designed to offset the future impact of discount rate movements on the funded status for those plans. The diversified portfolio for plans that are not fully funded is designed to maximize returns consistent with levels of liquidity and investment risk that are prudent and reasonable. All assets are managed externally according to target asset allocation guidelines we have established. Manager guidelines prohibit the use of any type of investment derivative without our prior approval. Portfolio risk is controlled by having managers comply with guidelines, establishing the maximum size of any single holding in their portfolios and by using managers with different investment styles. We periodically undertake asset and liability modeling studies to determine the appropriateness of the investments.

The portfolio of our U.S. pension plan assets includes holdings of global high quality and high yield fixed income securities, short term interest bearing deposits, and private equities. The target asset allocation of our U.S. pension plans is 94% in duration-matched fixed income securities and 6% in equity securities. Actual U.S. pension fund asset allocations are reviewed on a periodic basis and the pension funds are rebalanced to target ranges on an as needed basis.

The portfolios of our non-U.S. pension plans include holdings of U.S. and non-U.S. equities, global high quality and high yield fixed income securities, hedge funds, currency derivatives, insurance contracts, repurchase agreements, and short term interest bearing deposits. The weighted average target asset allocation of the non-U.S. pension funds is approximately 10% equities and 90% fixed income.

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The fair values of our pension plan assets at December 31, 2017, by asset category are as follows:

(In millions)	U.S.				Non-U.S.			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	\$55	\$ 39	\$ 16	\$ —	\$20	\$ 19	\$ 1	\$ —
Equity Securities								
Common and Preferred Stock:								
Non-U.S. Companies	—	—	—	—	24	24	—	—
Commingled Funds	—	—	—	—	148	17	—	131
Mutual Funds	—	—	—	—	5	5	—	—
Debt Securities								
Corporate Bonds	2,699	—	2,698	1	156	14	142	—
Government Bonds	1,033	—	1,033	—	2,358	73	2,285	—
Repurchase Agreements	—	—	—	—	(763)	—	(763)	—
Asset Backed Securities	58	—	58	—	47	4	43	—
Commingled Funds	—	—	—	—	10	—	10	—
Mutual Funds	—	—	—	—	7	7	—	—
Alternatives								
Real Estate	—	—	—	—	4	—	—	4
Insurance Contracts	2	—	—	2	18	—	—	18
Other Investments	—	—	—	—	10	—	7	3
Total Investments in the Fair Value Hierarchy	3,847	\$ 39	\$ 3,805	\$ 3	2,044	\$ 163	\$ 1,725	\$ 156
Investments Measured at Net Asset Value, as Practical Expedient:								
Equity Securities								
Commingled Funds	54				66			
Mutual Funds	—				18			
Partnership Interests	238				—			
Debt Securities								
Mutual funds	111				7			
Commingled Funds	682				579			
Short Term Securities								
Commingled Funds	67				6			
Alternatives								
Commingled Funds	—				95			
Total Investments	4,999				2,815			
Other	(21)				(9)			

Total Plan Assets	\$4,978	\$2,806
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The fair values of our pension plan assets at December 31, 2016, by asset category are as follows:

(In millions)	U.S.				Non-U.S.			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	\$62	\$ 58	\$ 4	\$ —	\$24	\$ 23	\$ 1	\$ —
Equity Securities								
Common and Preferred Stock:								
Non-U.S. Companies	—	—	—	—	20	20	—	—
Commingled Funds	—	—	—	—	134	16	—	118
Mutual Funds	—	—	—	—	3	3	—	—
Debt Securities								
Corporate Bonds	2,707	—	2,707	—	154	13	141	—
Government Bonds	968	—	968	—	2,148	68	2,080	—
Repurchase Agreements	—	—	—	—	(777)	—	(777)	—
Asset Backed Securities	63	—	63	—	30	2	28	—
Commingled Funds	—	—	—	—	9	—	9	—
Mutual Funds	—	—	—	—	5	5	—	—
Alternatives								
Real Estate	—	—	—	—	62	—	1	61
Insurance Contracts	2	—	—	2	14	—	—	14
Other Investments	1	—	1	—	10	2	5	3
Total Investments in the Fair Value Hierarchy	3,803	\$ 58	\$ 3,743	\$ 2	1,836	\$ 152	\$ 1,488	\$ 196
Investments Measured at Net Asset Value, as Practical Expedient:								
Equity Securities								
Commingled Funds	38				59			
Mutual Funds	—				21			
Partnership Interests	263				—			
Debt Securities								
Mutual funds	123				5			
Commingled Funds	697				471			
Short Term Securities								
Commingled Funds	87				2			
Alternatives								
Commingled Funds	—				154			
Real Estate	—				59			
Total Investments	5,011				2,607			

Other	(39)	(100)
Total Plan Assets	\$4,972	\$2,507

At December 31, 2017 and 2016, the Plans did not directly hold any of our common stock.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Investments that are measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy. Under the practical expedient approach, the NAV is based on the fair value of the underlying investments held by each fund less its liabilities. This practical expedient would not be used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to total plan assets. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Cash and Short Term Securities: Cash and cash equivalents consist of U.S. and foreign currencies. Foreign currencies are reported in U.S. dollars based on currency exchange rates readily available in active markets. Short term securities held in commingled funds are valued at the NAV of units held at year end, as determined by the investment manager.

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Equity Securities: Common and preferred stock are valued at the closing price reported on the active market on which the individual securities are traded. Commingled funds are valued at the NAV of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the NAV of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available. Partnership interests are priced based on valuations using the partnership's available financial statements coinciding with our year end and the plan's percent ownership, adjusted for any cash transactions which occurred between the date of those financial statements and our year end.

Debt Securities: Corporate and government bonds, including asset backed securities, are valued at the closing price reported on the active market on which the individual securities are traded, or based on institutional bid evaluations using proprietary models if an active market is not available. Repurchase agreements are valued at the contract price plus accrued interest. These secured borrowings are collateralized by government bonds held by the non-U.S. plans and have maturities less than one year. Commingled funds are valued at the NAV of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the NAV of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available.

Alternatives: Commingled funds are invested in hedge funds and currency derivatives, which are valued based on the NAV as determined by the fund manager using the most recent financial information available. Participation in real estate funds are valued based on institutional bid evaluations or the NAV as determined by the fund manager using the most recent financial information available. Other investments include derivative financial instruments, which are primarily valued using independent pricing sources which utilize industry standard derivative valuation models, and directed insurance contracts, which are valued as reported by the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in fair value of the pension plan investments classified as Level 3 for the year ended December 31, 2017:

(In millions)	Non-U.S.		Equity Securities - Commingled Funds	Other
	Insurance Contracts	Real Estate		
Balance, beginning of year	\$ 14	\$ 61	\$ 118	\$ 3
Realized gains (losses)	—	4	2	—
Unrealized (losses) gains relating to instruments still held at the reporting date	—	1	18	—
Purchases, sales, issuances and settlements (net)	2	(65)	(18)	—
Foreign currency translation	2	3	11	—
Balance, end of year	\$ 18	\$ 4	\$ 131	\$ 3

The following table sets forth a summary of changes in fair value of the pension plan investments classified as Level 3 for the year ended December 31, 2016:

(In millions)	Non-U.S.		Equity Securities - Commingled Funds	Other
	Insurance Contracts	Real Estate		

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Balance, beginning of year	\$56	\$ 72	\$ —	\$ 9
Realized gains (losses)	3	1	—	—
Purchases, sales, issuances and settlements (net)	(42)	—	132	—
Transfers from Level 3	—	—	—	(7)
Foreign currency translation	(3)	(12)	(14)	1
Balance, end of year	\$14	\$ 61	\$ 118	\$ 3

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Other postretirement benefits plan assets at December 31, 2017 and 2016, which relate to a non-U.S. plan, are invested primarily in mutual funds, which are traded on an active market, and are considered a Level 1 investment.

Savings Plans

Substantially all employees in the U.S. and employees of certain non-U.S. locations are eligible to participate in a defined contribution savings plan. Expenses recognized for contributions to these plans were \$111 million, \$122 million and \$125 million for 2017, 2016 and 2015, respectively.

Note 18. Stock Compensation Plans

Our stock compensation plans (collectively, the “Plans”) permit the grant of stock options, stock appreciation rights (“SARs”), performance share units, restricted stock, restricted stock units and other stock-based awards to employees and directors. Our current stock compensation plan, the 2017 Performance Plan, was adopted on April 10, 2017 and expires on April 9, 2027. A total of 18,000,000 shares of our common stock may be issued in respect of grants made under the 2017 Performance Plan. Any shares of common stock that are subject to awards of stock options or SARs will be counted as one share for each share granted for purposes of the aggregate share limit and any shares of common stock that are subject to any other awards will be counted as 2 shares for each share granted for purposes of the aggregate share limit. In addition, shares of common stock that are subject to awards issued under the 2017 Performance Plan or certain prior stock compensation plans that expire according to their terms or are forfeited, terminated, canceled or surrendered or are settled, or can be paid, only in cash, or are surrendered in payment of taxes associated with such awards (other than stock options or SARs) will be available for issuance pursuant to a new award under the 2017 Performance Plan. Shares issued under our stock compensation plans are usually issued from shares of our common stock held in treasury.

Stock Options

Grants of stock options and SARs (collectively referred to as “options”) under the Plans generally have a graded vesting period of four years whereby one-fourth of the awards vest on each of the first four anniversaries of the grant date, an exercise price equal to the fair market value of one share of our common stock on the date of grant (calculated as the average of the high and low price or the closing market price on that date depending on the terms of the related Plan) and a contractual term of ten years. The exercise of tandem SARs cancels an equivalent number of stock options and, conversely, the exercise of stock options cancels an equivalent number of tandem SARs. Option grants are cancelled on, or 90 days following, termination of employment unless termination is due to retirement, death or disability under certain circumstances, in which case, all outstanding options vest fully and remain outstanding for a term set forth in the related grant agreement.

The following table summarizes the activity related to options during 2017:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1	7,173,048	\$ 18.21		
Options granted	722,440	35.16		
Options exercised	(1,142,039)	18.13		\$ 18
Options expired	(107,080)	26.14		
Options cancelled	(49,271)	23.72		
Outstanding at December 31	6,597,098	19.91	5.3	84
Vested and expected to vest at December 31	6,411,897	19.59	5.2	85
Exercisable at December 31	4,913,448	16.01	4.3	80
Available for grant at December 31	17,764,947			

In addition, the aggregate intrinsic value of options exercised in 2016 and 2015 was \$14 million and \$40 million, respectively.

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Significant option groups outstanding at December 31, 2017 and related weighted average exercise price and remaining contractual term information follows:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Contractual Term (Years)
2/27/2017	685,669	—	\$35.26	9.2
2/22/2016	669,719	180,041	29.90	8.2
2/23/2015	607,101	315,735	27.16	7.2
2/24/2014	415,862	312,824	26.44	6.2
2/28/2013	1,064,424	1,064,424	12.98	5.2
2/27/2012	838,311	838,311	12.94	4.2
2/22/2011	609,805	609,805	13.91	3.1
2/23/2010	435,696	435,696	12.74	2.1
2/26/2009	330,916	330,916	4.81	1.2
2/21/2008	149,241	149,241	26.74	0.1
All Other	790,354	676,455	(1)	(1)
	6,597,098	4,913,448		

Options in the “All other” category had exercise prices ranging from \$6.22 to \$36.25. The weighted average exercise (1) price for options outstanding and exercisable in that category was \$19.50 and \$17.97, respectively, while the remaining weighted average contractual term was 5.0 and 4.5, respectively.

Weighted average grant date fair values of stock options and the assumptions used in estimating those fair values are as follows:

	2017	2016	2015
Weighted average grant date fair value	\$12.05	\$11.92	\$11.51
Black-Scholes model assumptions ⁽¹⁾ :			
Expected term (years)	7.20	7.20	7.30
Interest rate	2.13 %	1.45 %	1.83 %
Volatility	33.63 %	40.78 %	42.00 %
Dividend yield	1.13 %	0.94 %	0.88 %

(1) We review the assumptions used in our Black-Scholes model in conjunction with estimating the grant date fair value of the annual grants of options by our Board of Directors.

Performance Share Units

Performance share units granted under the Plans are earned over a three-year period beginning January 1 of the year of grant. Total units earned for grants made in 2017, 2016 and 2015, may vary between 0% and 200% of the units granted based on the attainment of performance targets during the related three-year period and continued service. The performance targets are established by the Board of Directors. All of the units earned will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to performance share units during 2017:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	369,303	\$ 29.68
Units granted	164,996	36.78
Units vested	(184,961)	28.44

Units forfeited (7,031) 31.72

Unvested at December 31 342,307 33.73

We measure the fair value of grants of performance share units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

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Restricted Stock Units

Restricted stock units granted under the Plans typically vest over a three-year period beginning on the date of grant. Restricted stock units will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to restricted stock units during 2017:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	826,459	\$ 28.14
Units granted	323,277	33.58
Units vested and settled	(196,361)	26.94
Units forfeited	(96,977)	30.93
Unvested at December 31	856,398	30.15

We measure the fair value of grants of restricted stock units based on the closing market price of a share of our common stock on the date of the grant.

Other Information

Stock-based compensation expense, cash payments made to settle SARs and cash received from the exercise of stock options follows:

(In millions)	2017	2016	2015
Stock-based compensation expense recognized	\$22	\$23	\$19
Tax benefit	(6)	(8)	(7)
After-tax stock-based compensation expense	\$16	\$15	\$12
Cash payments to settle SARs	\$1	\$1	\$2
Cash received from stock option exercises	\$19	\$17	\$53

As of December 31, 2017, unearned compensation cost related to the unvested portion of all stock-based awards was approximately \$28 million and is expected to be recognized over the remaining vesting period of the respective grants, through the first quarter of 2022.

Note 19. Commitments and Contingent Liabilities

Environmental Matters

We have recorded liabilities totaling \$46 million and \$55 million at December 31, 2017 and 2016, respectively, for anticipated costs related to various environmental matters, primarily the remediation of numerous waste disposal sites and certain properties sold by us. Of these amounts, \$10 million and \$21 million were included in Other Current Liabilities at December 31, 2017 and 2016, respectively. The costs include legal and consulting fees, site studies, the design and implementation of remediation plans, post-remediation monitoring and related activities, and will be paid over several years. The amount of our ultimate liability in respect of these matters may be affected by several uncertainties, primarily the ultimate cost of required remediation and the extent to which other responsible parties contribute. We have limited potential insurance coverage for future environmental claims.

Since many of the remediation activities related to environmental matters vary substantially in duration and cost from site to site and the associated costs for each vary depending on the mix of unique site characteristics, in some cases we cannot reasonably estimate a range of possible losses. Although it is not possible to estimate with certainty the outcome of all of our environmental matters, management believes that potential losses in excess of current reserves for environmental matters, individually and in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

Workers' Compensation

We have recorded liabilities, on a discounted basis, totaling \$243 million and \$248 million for anticipated costs related to workers' compensation at December 31, 2017 and 2016, respectively. Of these amounts, \$45 million and \$48 million were included in Current Liabilities as part of Compensation and Benefits at December 31, 2017 and 2016, respectively. The costs include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on our assessment of potential liability using an analysis of available information with respect to pending claims, historical experience, and current cost trends. The amount of our ultimate liability in respect of these matters may differ from these estimates. We periodically, and at least annually, update our loss development factors based on actuarial analyses. At

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December 31, 2017 and 2016, the liability was discounted using a risk-free rate of return. At December 31, 2017, we estimate that it is reasonably possible that the liability could exceed our recorded amounts by approximately \$30 million.

General and Product Liability and Other Litigation

We have recorded liabilities totaling \$316 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at both December 31, 2017 and 2016. Of these amounts, \$55 million and \$49 million were included in Other Current Liabilities at December 31, 2017 and 2016, respectively. The amounts recorded were estimated based on an assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and, where available, recent and current trends. Based upon that assessment, at December 31, 2017, we do not believe that estimated reasonably possible losses associated with general and product liability claims in excess of the amounts recorded will have a material adverse effect on our financial position, cash flows or results of operations. However, the amount of our ultimate liability in respect of these matters may differ from these estimates. We have recorded an indemnification asset within Accounts Receivable of \$5 million and within Other Assets of \$30 million for SRI's obligation to indemnify us for certain product liability claims related to products manufactured by GDTNA during the existence of the global alliance with SRI, subject to certain caps and restrictions.

Asbestos. We are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products manufactured by us or present in certain of our facilities. Typically, these lawsuits have been brought against multiple defendants in state and Federal courts. To date, we have disposed of approximately 134,700 claims by defending and obtaining the dismissal thereof or by entering into a settlement. The sum of our accrued asbestos-related liability and gross payments to date, including legal costs, by us and our insurers totaled approximately \$529 million and \$517 million through December 31, 2017 and 2016, respectively.

A summary of recent approximate asbestos claims activity follows. Because claims are often filed and disposed of by dismissal or settlement in large numbers, the amount and timing of settlements and the number of open claims during a particular period can fluctuate significantly.

(Dollars in millions)	2017	2016	2015
Pending claims, beginning of year	64,400	67,400	73,800
New claims filed during the year	1,900	1,900	1,900
Claims settled/dismissed during the year	(12,000)	(4,900)	(8,300)
Pending claims, end of year	54,300	64,400	67,400
Payments ⁽¹⁾	\$ 16	\$ 20	\$ 19

(1) Represents amount spent by us and our insurers on asbestos litigation defense and claim resolution.

We periodically, and at least annually, review our existing reserves for pending claims, including a reasonable estimate of the liability associated with unasserted asbestos claims, and estimate our receivables from probable insurance recoveries. We recorded gross liabilities for both asserted and unasserted claims, inclusive of defense costs, totaling \$167 million and \$171 million at December 31, 2017 and 2016, respectively. In determining the estimate of our asbestos liability, we evaluated claims over the next ten year period. Due to the difficulties in making these estimates, analysis based on new data and/or changed circumstances arising in the future may result in an increase in the recorded obligation, and that increase may be significant.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. After consultation with our outside legal counsel and giving consideration to agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers and other relevant factors, we determine an amount we expect is probable of recovery from such carriers. We record a receivable with respect to such policies when we determine that recovery is probable and we can reasonably estimate the amount of a particular recovery.

We recorded a receivable related to asbestos claims of \$113 million and \$123 million at December 31, 2017 and 2016, respectively. We expect that approximately 70% of asbestos claim related losses would be recoverable through insurance during the period covered by the estimated liability. Of these amounts, \$15 million and \$12 million were included in Current Assets as part of Accounts Receivable at December 31, 2017 and 2016, respectively. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary carriers and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers.

We believe that, at December 31, 2017, we had approximately \$440 million in excess level policy limits applicable to indemnity and defense costs for asbestos products claims under coverage-in-place agreements. We also had additional unsettled excess level policy limits potentially applicable to such costs. We had coverage under certain primary policies for indemnity and defense costs

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for asbestos products claims under remaining aggregate limits pursuant to a coverage-in-place agreement, as well as coverage for indemnity and defense costs for asbestos premises claims pursuant to coverage-in-place agreements. We believe that our reserve for asbestos claims, and the receivable for recoveries from insurance carriers recorded in respect of these claims, reflects reasonable and probable estimates of these amounts. The estimate of the assets and liabilities related to pending and expected future asbestos claims and insurance recoveries is subject to numerous uncertainties, including, but not limited to, changes in:

- the litigation environment,
- Federal and state law governing the compensation of asbestos claimants,
- recoverability of receivables due to potential insolvency of carriers,
- our approach to defending and resolving claims, and
- the level of payments made to claimants from other sources, including other defendants and 524(g) trusts.

As a result, with respect to both asserted and unasserted claims, it is reasonably possible that we may incur a material amount of cost in excess of the current reserve; however, such amounts cannot be reasonably estimated. Coverage under insurance policies is subject to varying characteristics of asbestos claims including, but not limited to, the type of claim (premise vs. product exposure), alleged date of first exposure to our products or premises and disease alleged. Depending upon the nature of these characteristics, as well as the resolution of certain legal issues, some portion of the insurance may not be accessible by us.

Amiens Labor Claims

Approximately 840 former employees of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims totaling €118 million (\$142 million) against Goodyear Dunlop Tires France. We intend to vigorously defend ourselves against these claims, and any additional claims that may be asserted against us, and cannot estimate the amounts, if any, that we may ultimately pay in respect of such claims.

Other Actions

We are currently a party to various claims, indirect tax assessments and legal proceedings in addition to those noted above. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on our financial position or overall trends in results of operations.

Our recorded liabilities and estimates of reasonably possible losses for the contingent liabilities described above are based on our assessment of potential liability using the information available to us at the time and, where applicable, any past experience and recent and current trends with respect to similar matters. Our contingent liabilities are subject to inherent uncertainties, and unfavorable judicial or administrative decisions could occur which we did not anticipate. Such an unfavorable decision could include monetary damages, fines or other penalties or an injunction prohibiting us from taking certain actions or selling certain products. If such an unfavorable decision were to occur, it could result in a material adverse impact on our financial position and results of operations in the period in which the decision occurs, or in future periods.

Income Tax Matters

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize income tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. We derecognize income tax benefits when based on new information we

determine that it is no longer more likely than not that our position will be sustained. To the extent we prevail in matters for which liabilities have been established, or determine we need to derecognize tax benefits recorded in prior periods, our results of operations and effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash, and lead to recognition of expense to the extent the settlement amount exceeds recorded liabilities and, in the case of an income tax settlement, result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and, in the case of an income tax settlement, result in a reduction in our effective tax rate in the period of resolution.

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While the Company applies consistent transfer pricing policies and practices globally, supports transfer prices through economic studies, seeks advance pricing agreements and joint audits to the extent possible and believes its transfer prices to be appropriate, such transfer prices, and related interpretations of tax laws, are occasionally challenged by various taxing authorities globally. We have received various tax assessments challenging our interpretations of applicable tax laws in various jurisdictions. Although we believe we have complied with applicable tax laws, have strong positions and defenses and have historically been successful in defending such claims, our results of operations could be materially adversely affected in the case we are unsuccessful in the defense of existing or future claims.

Binding Commitments and Guarantees

At December 31, 2017, we had binding commitments for raw materials, capital expenditures, utilities and various other types of contracts. Total commitments on contracts that extend beyond 2018 are expected to total approximately \$2,500 million. In addition, we have other contractual commitments, the amounts of which cannot be estimated, pursuant to certain long term agreements under which we will purchase varying amounts of certain raw materials and finished goods at agreed upon base prices that may be subject to periodic adjustments for changes in raw material costs and market price adjustments, or in quantities that may be subject to periodic adjustments for changes in our or our suppliers' production levels.

We have off-balance sheet financial guarantees and other commitments totaling approximately \$82 million and \$40 million at December 31, 2017 and 2016, respectively. We issue guarantees to financial institutions or other entities on behalf of certain of our affiliates, lessors or customers. Normally there is no separate premium received by us as consideration for the issuance of guarantees.

In 2017, we issued a guarantee of approximately \$47 million in connection with an indirect tax assessment in EMEA. We have concluded our performance under this guarantee is not probable and, therefore, have not recorded a liability for this guarantee. In 2015, as a result of the dissolution of the global alliance with SRI, we issued a guarantee of approximately \$46 million to an insurance company related to SRI's obligation to pay GDTNA's outstanding workers' compensation claims arising during the existence of the global alliance. As of December 31, 2017, this guarantee has been reduced to \$33 million. We have concluded the probability of our performance to be remote and, therefore, have not recorded a liability for this guarantee. While there is no fixed duration of this guarantee, we expect the amount of this guarantee to decrease over time as GDTNA pays its outstanding claims.

If performance under our guarantees is triggered by non-payment or another specified event, we would be obligated to make payment to the financial institution or the other entity, and would typically have recourse to the affiliate, lessor, customer, or SRI. Except for the workers' compensation guarantee described above, the guarantees expire at various times through 2020. We are unable to estimate the extent to which our affiliates', lessors', customers', or SRI's assets would be adequate to recover any payments made by us under the related guarantees.

Indemnifications

At December 31, 2017, we were a party to various agreements under which we had assumed obligations to indemnify the counterparties from certain potential claims and losses. These agreements typically involve standard commercial activities undertaken by us in the normal course of business; the sale of assets by us; the formation or dissolution of joint venture businesses to which we had contributed assets in exchange for ownership interests; and other financial transactions. Indemnifications provided by us pursuant to these agreements relate to various matters including, among other things, environmental, tax and shareholder matters; intellectual property rights; government regulations; employment-related matters; and dealer, supplier and other commercial matters.

Certain indemnifications expire from time to time, and certain other indemnifications are not subject to an expiration date. In addition, our potential liability under certain indemnifications is subject to maximum caps, while other indemnifications are not subject to caps. Although we have been subject to indemnification claims in the past, we cannot reasonably estimate the number, type and size of indemnification claims that may arise in the future. Due to these and other uncertainties associated with the indemnifications, our maximum exposure to loss under these agreements cannot be estimated.

We have determined that there are no indemnifications or guarantees other than liabilities for which amounts are already recorded or reserved in our consolidated financial statements under which it is probable that we have incurred a liability.

Warranty

We recorded \$17 million and \$19 million for potential claims under warranties offered by us at December 31, 2017 and 2016, respectively, the majority of which is recorded in Other Current Liabilities.

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The following table presents changes in the warranty reserve during 2017 and 2016:

(in millions)	2017	2016
Balance at January 1	\$19	\$17
Payments made during the period	(27)	(29)
Expense recorded during the period	24	31
Translation adjustment	1	—
Balance at December 31	\$17	\$19

Note 20. Capital Stock

Dividends

During 2017, 2016 and 2015 we paid cash dividends of \$110 million, \$82 million and \$68 million, respectively, on our common stock. On January 16, 2018, the Company's Board of Directors (or a duly authorized committee thereof) declared cash dividends of \$0.14 per share on our common stock, or approximately \$34 million in the aggregate. The cash dividend will be paid on March 1, 2018 to stockholders of record as of the close of business on February 1, 2018. Future quarterly dividends are subject to Board approval.

Common Stock Repurchases

On September 18, 2013, the Board of Directors approved our common stock repurchase program. From time to time, the Board of Directors has approved increases in the amount authorized to be purchased under that program. On February 2, 2017, the Board of Directors approved a further increase in that authorization to \$2.1 billion. This program expires on December 31, 2019. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs and to provide for additional shareholder returns. During 2017, we repurchased 12,755,547 shares at an average price, including commissions, of \$31.37 per share, or \$400 million in the aggregate. Since 2013, we repurchased 43,969,657 shares at an average price, including commissions, of \$29.87 per share, or \$1,313 million in the aggregate.

In addition, we may repurchase shares delivered to us by employees as payment for the exercise price of stock options and the withholding taxes due upon the exercise of stock options or the vesting or payment of stock awards. During 2017, we did not repurchase any shares from employees.

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Note 21. Reclassifications out of Accumulated Other Comprehensive Loss

The following table presents changes in Accumulated Other Comprehensive Loss (AOCL) by component, for the years ended December 31, 2017, 2016 and 2015:

(In millions)	Foreign Currency Translation Adjustment	Unrecognized Net Actuarial Losses and Prior Service Costs	Deferred Derivative Gains (Losses)	Unrealized Investment Gains	Total
Balance at December 31, 2014	\$ (894)	\$ (3,285)	\$ 12	\$ 36	\$(4,131)
Other comprehensive income (loss) before reclassifications	(251)	(68)	15	(4)	(308)
Amounts reclassified from accumulated other comprehensive loss	16	325	(21)	(32)	288
Purchase of subsidiary shares from minority interest	(3)	(105)	1	—	(107)
Deconsolidation of Venezuelan subsidiary (Note 1)	186	62	—	—	248
Balance at December 31, 2015	\$ (946)	\$ (3,071)	\$ 7	\$ —	\$(4,010)
Other comprehensive income (loss) before reclassifications	(209)	(62)	8	—	(263)
Amounts reclassified from accumulated other comprehensive loss	—	80	(5)	—	75
Balance at December 31, 2016	\$ (1,155)	\$ (3,053)	\$ 10	\$ —	\$(4,198)
Other comprehensive income (loss) before reclassifications	240	(103)	(20)	—	117
Amounts reclassified from accumulated other comprehensive loss	—	104	1	—	105
Balance at December 31, 2017	\$ (915)	\$ (3,052)	\$ (9)	\$ —	\$(3,976)

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The following table presents reclassifications out of AOCL for the years ended December 31, 2017, 2016 and 2015:

(In millions)	Year Ended December 31,			Affected Line Item in the Consolidated Statements of Operations
	2017	2016	2015	
Component of AOCL	Amount Reclassified from AOCL			
Foreign Currency Translation Adjustment, before tax	\$—	\$—	\$16	Other (Income) Expense
Deconsolidation of Venezuelan subsidiary (Note 1)	—	—	186	Loss on Deconsolidation of Venezuelan Subsidiary
Tax effect	—	—	—	United States and Foreign Taxes
Minority interest	—	—	—	Minority Shareholders' Net Income
Net of tax	\$—	\$—	\$202	Goodyear Net Income
Amortization of prior service cost and unrecognized gains and losses	\$117	\$96	\$103	Total Benefit Cost
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments and settlements	41	17	142	Total Benefit Cost
Immediate recognition of prior service cost and unrecognized gains and losses due to divestitures	—	—	184	Other (Income) Expense
Deconsolidation of Venezuelan subsidiary (Note 1)	—	—	62	Loss on Deconsolidation of Venezuelan Subsidiary
Unrecognized Net Actuarial Losses and Prior Service Costs, before tax	\$158	\$113	\$491	
Tax effect	(54)	(33)	(101)	United States and Foreign Taxes
Minority interest	—	—	(3)	Minority Shareholders' Net Income
Net of tax	\$104	\$80	\$387	Goodyear Net Income
Deferred Derivative Losses (Gains), before tax	\$2	\$(6)	\$(28)	Cost of Goods Sold
Tax effect	(1)	1	3	United States and Foreign Taxes
Minority interest	—	—	4	Minority Shareholders' Net Income
Net of tax	\$1	\$(5)	\$(21)	Goodyear Net Income
Unrealized Investment Gains, before tax	\$—	\$—	\$(30)	Other (Income) Expense
Tax effect	—	—	(2)	United States and Foreign Taxes
Minority interest	—	—	—	Minority Shareholders' Net Income
Net of tax	\$—	\$—	\$(32)	Goodyear Net Income
Total reclassifications	\$105	\$75	\$536	Goodyear Net Income

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Note 22. Consolidating Financial Information

Certain of our subsidiaries have guaranteed our obligations under the \$282 million outstanding principal amount of 8.75% notes due 2020, the \$1.0 billion outstanding principal amount of 5.125% senior notes due 2023, the \$900 million outstanding principal amount of 5% senior notes due 2026 and the \$700 million outstanding principal amount of 4.875% senior notes due 2027 (collectively, the “notes”). The following presents the condensed consolidating financial information separately for:

- (i) The Goodyear Tire & Rubber Company (the “Parent Company”), the issuer of the guaranteed obligations;
- (ii) Guarantor subsidiaries, on a combined basis, as specified in the indentures related to Goodyear’s obligations under the notes;
- (iii) Non-guarantor subsidiaries, on a combined basis;

- Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions
- (iv) between or among the Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries,
- (b) eliminate the investments in our subsidiaries, and (c) record consolidating entries; and
- (v) The Goodyear Tire & Rubber Company and Subsidiaries on a consolidated basis.

Each guarantor subsidiary is 100% owned by the Parent Company at the date of each balance sheet presented. The notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation. Changes in intercompany receivables and payables related to operations, such as intercompany sales or service charges, are included in cash flows from operating activities. Intercompany transactions reported as investing or financing activities include the sale of capital stock, loans and other capital transactions between members of the consolidated group.

During the first quarter of 2017, one of our guarantor subsidiaries merged with the Parent Company. We have changed the prior year consolidating financial statements to conform to the current structure. As a result, Parent Company Total Assets decreased \$113 million and Guarantor Subsidiaries Total Assets decreased \$358 million, with corresponding offsetting adjustments presented on the same line items in the Consolidating Entries and Eliminations column, as of December 31, 2016. In addition, Parent Company Total Liabilities decreased \$113 million, Guarantor Subsidiaries Total Liabilities decreased \$46 million and Guarantor Subsidiaries Total Shareholders' Equity decreased \$312 million, with corresponding offsetting adjustments presented on the same line items in the Consolidating Entries and Eliminations column, as of December 31, 2016. Furthermore, Net Income increased \$17 million and \$1 million for Guarantor Subsidiaries, with corresponding offsetting adjustments presented on the same line items in the Consolidating Entries and Eliminations column, for the year ended December 31, 2016 and December 31, 2015, respectively. The change did not impact the Non-Guarantor Subsidiaries presentation in the previously issued consolidating financial statements.

Certain non-guarantor subsidiaries of the Parent Company are limited in their ability to remit funds to it by means of dividends, advances or loans due to required foreign government and/or currency exchange board approvals or limitations in credit agreements or other debt instruments of those subsidiaries.

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December 31, 2017

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 176	\$ 32	\$ 835	\$ —	\$ 1,043
Accounts Receivable	649	116	1,260	—	2,025
Accounts Receivable From Affiliates	—	254	71	(325)	—
Inventories	1,444	43	1,329	(29)	2,787
Prepaid Expenses and Other Current Assets	59	3	157	5	224
Total Current Assets	2,328	448	3,652	(349)	6,079
Goodwill	24	1	444	126	595
Intangible Assets	119	—	20	—	139
Deferred Income Taxes	1,549	35	424	—	2,008
Other Assets	221	51	518	2	792
Investments in Subsidiaries	4,424	503	—	(4,927)	—
Property, Plant and Equipment	2,491	420	4,569	(29)	7,451
Total Assets	\$ 11,156	\$ 1,458	\$ 9,627	\$ (5,177)	\$ 17,064
Liabilities:					
Current Liabilities:					
Accounts Payable-Trade	\$ 927	\$ 115	\$ 1,765	\$ —	\$ 2,807
Accounts Payable to Affiliates	325	—	—	(325)	—
Compensation and Benefits	322	15	202	—	539
Other Current Liabilities	323	2	701	—	1,026
Notes Payable and Overdrafts	—	—	262	—	262
Long Term Debt and Capital Leases Due Within One Year	60	—	331	—	391
Total Current Liabilities	1,957	132	3,261	(325)	5,025
Long Term Debt and Capital Leases	3,544	152	1,380	—	5,076
Compensation and Benefits	682	109	724	—	1,515
Deferred Income Taxes	—	1	99	—	100
Other Long Term Liabilities	370	8	120	—	498
Total Liabilities	6,553	402	5,584	(325)	12,214
Commitments and Contingent Liabilities					
Shareholders' Equity:					
Goodyear Shareholders' Equity:					
Common Stock	240	—	—	—	240
Other Equity	4,363	1,056	3,796	(4,852)	4,363
Goodyear Shareholders' Equity	4,603	1,056	3,796	(4,852)	4,603
Minority Shareholders' Equity — Nonredeemable	—	—	247	—	247
Total Shareholders' Equity	4,603	1,056	4,043	(4,852)	4,850
Total Liabilities and Shareholders' Equity	\$ 11,156	\$ 1,458	\$ 9,627	\$ (5,177)	\$ 17,064

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December 31, 2016

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 188	\$ 55	\$ 889	\$ —	\$ 1,132
Accounts Receivable	589	106	1,074	—	1,769
Accounts Receivable From Affiliates	—	277	270	(547)	—
Inventories	1,443	25	1,178	(19)	2,627
Prepaid Expenses and Other Current Assets	57	3	130	—	190
Total Current Assets	2,277	466	3,541	(566)	5,718
Goodwill	24	—	391	120	535
Intangible Assets	118	—	18	—	136
Deferred Income Taxes	2,010	31	373	—	2,414
Other Assets	223	53	387	5	668
Investments in Subsidiaries	4,344	541	—	(4,885)	—
Property, Plant and Equipment	2,481	308	4,279	(28)	7,040
Total Assets	\$ 11,477	\$ 1,399	\$ 8,989	\$ (5,354)	\$ 16,511
Liabilities:					
Current Liabilities:					
Accounts Payable-Trade	\$ 905	\$ 142	\$ 1,542	\$ —	\$ 2,589
Accounts Payable to Affiliates	547	—	—	(547)	—
Compensation and Benefits	365	15	204	—	584
Other Current Liabilities	355	—	611	(3)	963
Notes Payable and Overdrafts	—	—	245	—	245
Long Term Debt and Capital Leases Due Within One Year	6	—	430	—	436
Total Current Liabilities	2,178	157	3,032	(550)	4,817
Long Term Debt and Capital Leases	3,685	—	1,113	—	4,798
Compensation and Benefits	682	98	680	—	1,460
Deferred Income Taxes	—	1	84	—	85
Other Long Term Liabilities	425	12	188	1	626
Total Liabilities	6,970	268	5,097	(549)	11,786
Commitments and Contingent Liabilities					
Shareholders' Equity:					
Goodyear Shareholders' Equity:					
Common Stock	252	—	—	—	252
Other Equity	4,255	1,131	3,674	(4,805)	4,255
Goodyear Shareholders' Equity	4,507	1,131	3,674	(4,805)	4,507
Minority Shareholders' Equity — Nonredeemable	—	—	218	—	218
Total Shareholders' Equity	4,507	1,131	3,892	(4,805)	4,725
Total Liabilities and Shareholders' Equity	\$ 11,477	\$ 1,399	\$ 8,989	\$ (5,354)	\$ 16,511

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(In millions)	Consolidating Statements of Operations Year Ended December 31, 2017				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	\$7,378	\$ 1,186	\$ 9,499	\$ (2,686)	\$ 15,377
Cost of Goods Sold	5,794	1,135	7,546	(2,756)	11,719
Selling, Administrative and General Expense	991	37	1,274	—	2,302
Rationalizations	20	1	114	—	135
Interest Expense	254	10	122	(51)	335
Other (Income) Expense	(91)	(1)	(30)	130	8
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	410	4	473	(9)	878
United States and Foreign Tax (Benefit) Expense	417	(2)	101	(3)	513
Equity in Earnings (Loss) of Subsidiaries	353	39	—	(392)	—
Net Income (Loss)	346	45	372	(398)	365
Less: Minority Shareholders' Net Income	—	—	19	—	19
Goodyear Net Income (Loss)	\$346	\$ 45	\$ 353	\$ (398)	\$ 346
Comprehensive Income (Loss)	\$568	\$ 62	\$ 656	\$ (683)	\$ 603
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	35	—	35
Goodyear Comprehensive Income (Loss)	\$568	\$ 62	\$ 621	\$ (683)	\$ 568
	Year Ended December 31, 2016				
(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	\$7,418	\$ 1,265	\$ 9,121	\$ (2,646)	\$ 15,158
Cost of Goods Sold	5,498	1,218	6,971	(2,715)	10,972
Selling, Administrative and General Expense	1,068	38	1,302	(1)	2,407
Rationalizations	20	—	190	—	210
Interest Expense	276	12	129	(45)	372
Other (Income) Expense	(46)	1	(52)	87	(10)
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	602	(4)	581	28	1,207
United States and Foreign Tax (Benefit) Expense	104	(7)	(180)	6	(77)
Equity in Earnings (Loss) of Subsidiaries	766	122	—	(888)	—
Net Income (Loss)	1,264	125	761	(866)	1,284
Less: Minority Shareholders' Net Income	—	—	20	—	20
Goodyear Net Income (Loss)	\$1,264	\$ 125	\$ 741	\$ (866)	\$ 1,264
Comprehensive Income (Loss)	\$1,076	\$ 55	\$ 585	\$ (632)	\$ 1,084
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	8	—	8
Goodyear Comprehensive Income (Loss)	\$1,076	\$ 55	\$ 577	\$ (632)	\$ 1,076

Table of ContentsTHE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(In millions)	Consolidating Statements of Operations Year Ended December 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	\$8,044	\$ 1,558	\$ 10,308	\$ (3,467)	\$ 16,443
Cost of Goods Sold	6,186	1,458	8,090	(3,570)	12,164
Selling, Administrative and General Expense	1,168	57	1,392	(3)	2,614
Rationalizations	13	—	101	—	114
Interest Expense	339	22	135	(58)	438
Loss on Deconsolidation of Venezuelan Subsidiary	374	—	272	—	646
Other (Income) Expense	(455)	(13)	173	154	(141)
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	419	34	145	10	608
United States and Foreign Tax (Benefit) Expense	104	10	112	6	232
Equity in Earnings (Loss) of Subsidiaries	(8)	19	—	(11)	—
Net Income (Loss)	307	43	33	(7)	376
Less: Minority Shareholders' Net Income	—	—	69	—	69
Goodyear Net Income (Loss)	\$307	\$ 43	\$ (36)	\$ (7)	\$ 307
Comprehensive Income (Loss)	\$535	\$ 55	\$ 46	\$ (95)	\$ 541
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	32	(26)	6
Goodyear Comprehensive Income (Loss)	\$535	\$ 55	\$ 14	\$ (69)	\$ 535

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2017

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	\$1,192	\$ 67	\$ 577	\$ (678)	\$ 1,158
Cash Flows from Investing Activities:					
Capital Expenditures	(305)	(136)	(442)	2	(881)
Asset Dispositions	1	1	10	—	12
Short Term Securities Acquired	—	—	(83)	—	(83)
Short Term Securities Redeemed	—	—	83	—	83
Capital Contributions Received and Loans Incurred	(79)	—	(292)	371	—
Capital Redemptions and Loans Paid	76	—	563	(639)	—
Other Transactions	(3)	—	(7)	—	(10)
Total Cash Flows from Investing Activities	(310)	(135)	(168)	(266)	(879)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	420	—	634	—	1,054
Short Term Debt and Overdrafts Paid	(420)	—	(626)	—	(1,046)
Long Term Debt Incurred	3,062	204	3,197	—	6,463
Long Term Debt Paid	(3,151)	(52)	(3,139)	—	(6,342)
Common Stock Issued	14	—	—	—	14
Common Stock Repurchased	(400)	—	—	—	(400)
Common Stock Dividends Paid	(110)	—	—	—	(110)
Capital Contributions Received and Loans Incurred	292	66	13	(371)	—
Capital Redemptions and Loans Paid	(563)	(48)	(28)	639	—
Intercompany Dividends Paid	—	(128)	(548)	676	—
Transactions with Minority Interests in Subsidiaries	—	—	(7)	—	(7)
Debt Related Costs and Other Transactions	(35)	—	(6)	—	(41)
Total Cash Flows from Financing Activities	(891)	42	(510)	944	(415)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	—	3	54	—	57
Net Change in Cash, Cash Equivalents and Restricted Cash	(9)	(23)	(47)	—	(79)
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	210	55	924	—	1,189
Cash, Cash Equivalents and Restricted Cash at End of the Year	\$201	\$ 32	\$ 877	\$ —	\$ 1,110

Table of ContentsTHE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(In millions)	Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2016				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	\$609	\$ 135	\$ 885	\$ (72)	\$ 1,557
Cash Flows from Investing Activities:					
Capital Expenditures	(370)	(107)	(525)	6	(996)
Asset Dispositions	11	—	24	—	35
Short Term Securities Acquired	—	—	(72)	—	(72)
Short Term Securities Redeemed	—	—	60	—	60
Capital Contributions Received and Loans Incurred	(257)	—	(576)	833	—
Capital Redemptions and Loans Paid	163	—	148	(311)	—
Other Transactions	—	—	(6)	—	(6)
Total Cash Flows from Investing Activities	(453)	(107)	(947)	528	(979)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	—	—	417	—	417
Short Term Debt and Overdrafts Paid	—	—	(228)	—	(228)
Long Term Debt Incurred	2,896	—	2,092	—	4,988
Long Term Debt Paid	(3,016)	—	(2,417)	—	(5,433)
Common Stock Issued	13	—	—	—	13
Common Stock Repurchased	(500)	—	—	—	(500)
Common Stock Dividends Paid	(82)	—	—	—	(82)
Capital Contributions Received and Loans Incurred	576	59	198	(833)	—
Capital Redemptions and Loans Paid	(148)	(80)	(83)	311	—
Intercompany Dividends Paid	—	(19)	(47)	66	—
Transactions with Minority Interests in Subsidiaries	—	—	(11)	—	(11)
Debt Related Costs and Other Transactions	(46)	—	6	—	(40)
Total Cash Flows from Financing Activities	(307)	(40)	(73)	(456)	(876)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	—	—	(15)	—	(15)
Net Change in Cash, Cash Equivalents and Restricted Cash	(151)	(12)	(150)	—	(313)
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	361	67	1,074	—	1,502
Cash, Cash Equivalents and Restricted Cash at End of the Year	\$210	\$ 55	\$ 924	\$ —	\$ 1,189

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(In millions)	Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	\$1,043	\$ 126	\$ 612	\$ (53)	\$ 1,728
Cash Flows from Investing Activities:					
Capital Expenditures	(322)	(112)	(558)	9	(983)
Asset Dispositions	48	—	14	—	62
Decrease in Cash Due to Deconsolidation of Venezuelan Subsidiary	—	—	(320)	—	(320)
Short Term Securities Acquired	—	—	(77)	—	(77)
Short Term Securities Redeemed	—	—	69	—	69
Capital Contributions Received and Loans Incurred	(70)	—	(90)	160	—
Capital Redemptions and Loans Paid	122	—	125	(247)	—
Other Transactions	—	—	(7)	—	(7)
Total Cash Flows from Investing Activities	(222)	(112)	(844)	(78)	(1,256)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	39	—	118	(54)	103
Short Term Debt and Overdrafts Paid	(15)	—	(123)	54	(84)
Long Term Debt Incurred	1,736	—	1,083	—	2,819
Long Term Debt Paid	(2,341)	—	(974)	—	(3,315)
Common Stock Issued	53	—	—	—	53
Common Stock Repurchased	(180)	—	—	—	(180)
Common Stock Dividends Paid	(68)	—	—	—	(68)
Capital Contributions Received and Loans Incurred	90	12	58	(160)	—
Capital Redemptions and Loans Paid	(125)	(15)	(107)	247	—
Intercompany Dividends Paid	—	(17)	(27)	44	—
Transactions with Minority Interests in Subsidiaries	—	—	(9)	—	(9)
Debt Related Costs and Other Transactions	(59)	—	(15)	—	(74)
Dissolution of Global Alliance	(271)	—	—	—	(271)
Total Cash Flows from Financing Activities	(1,141)	(20)	4	131	(1,026)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	—	(13)	(112)	—	(125)
Net Change in Cash, Cash Equivalents and Restricted Cash	(320)	(19)	(340)	—	(679)
Cash, Cash Equivalents and Restricted Cash at Beginning of the Year	681	86	1,414	—	2,181
Cash, Cash Equivalents and Restricted Cash at End of the Year	\$361	\$ 67	\$ 1,074	\$ —	\$ 1,502

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Supplementary Data

(Unaudited)

Quarterly Data and Market Price Information

(In millions, except per share amounts)	Quarter				
	First	Second	Third	Fourth	Year
2017					
Net Sales	\$3,699	\$3,686	\$3,921	\$4,071	\$15,377
Gross Profit	934	894	852	978	3,658
Net Income (Loss)	169	154	132	(90)	365
Less: Minority Shareholders' Net Income	3	7	3	6	19
Goodyear Net Income (Loss)	\$166	\$147	\$129	\$(96)	\$346
Goodyear Net Income (Loss) - Per Share of Common Stock: *					
— Basic	\$0.66	\$0.58	\$0.52	\$(0.39)	\$1.39
— Diluted	\$0.65	\$0.58	\$0.50	\$(0.39)	\$1.37
Weighted Average Shares Outstanding — Basic	252	252	250	244	249
— Diluted	256	256	254	244	253
Dividends Declared per Share of Common Stock	\$0.10	\$0.10	\$0.10	\$0.14	\$0.44
Price Range of Common Stock: High	\$37.20	\$36.74	\$36.52	\$34.52	\$37.20
Low	30.10	31.33	29.45	28.81	28.81
Selected Balance Sheet Items at Quarter-End:					
Total Assets	\$17,194	\$17,646	\$17,852	\$17,064	
Total Debt and Capital Leases	5,933	6,076	6,391	5,729	
Goodyear Shareholders' Equity	4,733	4,909	4,882	4,603	
Total Shareholders' Equity	4,960	5,145	5,121	4,850	

* Due to the anti-dilutive impact of potentially dilutive securities, as well as weighted average shares changing throughout the year, the quarterly earnings per share amounts do not add to the full year.

All numbers presented below are after-tax and minority.

The first quarter of 2017 included rationalization charges of \$20 million and charges of \$5 million related to accelerated depreciation and asset write-offs. The first quarter of 2017 also included discrete tax benefits of \$2 million.

The second quarter of 2017 included rationalization charges of \$20 million, debt repayment charges of \$19 million, and charges of \$16 million related to accelerated depreciation and asset write-offs. The second quarter of 2017 also included net gains on asset sales of \$12 million and discrete tax benefits of \$13 million.

The third quarter of 2017 included rationalization charges of \$31 million, charges of \$15 million for hurricane related expenses, pension settlement charges of \$8 million, and charges of \$7 million related to accelerated depreciation and asset write-offs. The third quarter of 2017 also included discrete tax benefits of \$10 million and a benefit of \$3 million related to the recovery of past costs from certain of our asbestos insurers.

The fourth quarter of 2017 included discrete tax charges of \$315 million primarily related to changes in U.S. tax law, rationalization charges of \$22 million, pension settlement charges of \$3 million, and charges of \$1 million related to accelerated depreciation and asset write-offs.

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(In millions, except per share amounts)	Quarter				
	First	Second	Third	Fourth	Year
2016					
Net Sales	\$3,691	\$3,879	\$3,847	\$3,741	\$15,158
Gross Profit	990	1,066	1,111	1,019	4,186
Net Income	189	208	320	567	1,284
Less: Minority Shareholders' Net Income	5	6	3	6	20
Goodyear Net Income	\$184	\$202	\$317	\$561	\$1,264
Goodyear Net Income - Per Share of Common Stock: *					
— Basic	\$0.69	\$0.76	\$1.21	\$2.17	\$4.81
— Diluted	\$0.68	\$0.75	\$1.19	\$2.14	\$4.74
Dividends Declared per Share of Common Stock	0.07	0.07	0.17	—	0.31
Weighted Average Shares Outstanding — Basic	267	264	262	258	263
— Diluted	271	268	266	262	266
Price Range of Common Stock: High	\$33.33	\$32.92	\$32.85	\$33.36	\$33.36
Low	26.07	24.40	24.31	26.82	24.31
Selected Balance Sheet Items at Quarter-End:					
Total Assets	\$16,777	\$16,860	\$17,143	\$16,511	
Total Debt and Capital Leases	6,075	6,236	6,028	5,479	
Goodyear Shareholders' Equity	4,104	4,182	4,477	4,507	
Total Shareholders' Equity	4,332	4,408	4,704	4,725	

* Due to the anti-dilutive impact of potentially dilutive securities, as well as weighted average shares changing throughout the year, the quarterly earnings per share amounts do not add to the full year.

All numbers presented below are after-tax and minority.

The first quarter of 2016 included debt repayment charges of \$12 million, rationalization charges of \$10 million and charges of \$2 million related to accelerated depreciation. The first quarter of 2016 also included discrete tax benefits of \$11 million, a benefit of \$2 million related to the recovery of past costs from one of our asbestos insurers, and net gains on asset sales of \$1 million.

The second quarter of 2016 included rationalization charges of \$44 million, debt repayment charges of \$34 million, charges of \$15 million related to an out of period adjustment in Americas related to the elimination of intracompany profit, pension settlement charges of \$14 million, charges of \$5 million related to accelerated depreciation, and charges of \$3 million related to discrete tax items. The second quarter of 2016 also included a benefit of \$3 million related to the recovery of past costs from one of our asbestos insurers.

The third quarter of 2016 included discrete tax benefits of \$118 million and net gains on asset sales of \$24 million. The third quarter of 2016 also included rationalization charges of \$133 million and charges of \$2 million related to accelerated depreciation.

The fourth quarter of 2016 included discrete tax benefits of \$332 million primarily related to the reversal of certain valuation allowances, a benefit of \$10 million related to the recovery of past costs from certain of our asbestos insurers, and net gains on asset sales of \$2 million. The fourth quarter of 2016 also included rationalization charges of \$12 million, charges of \$11 million related to accelerated depreciation, a charge of \$6 million related to legal claims unrelated to operations, and pension settlement charges of \$3 million.

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ITEM CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
9. FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" that, consistent with Rule 13a-15(e) under the Securities Exchange Act of 1934, we define to mean controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of December 31, 2017 (the end of the period covered by this Annual Report on Form 10-K).

Assessment of Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting is presented on page 49 of this Annual Report on Form 10-K. The report of PricewaterhouseCoopers LLP relating to the consolidated financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting is presented on page 50 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item about Goodyear's executive officers is included in Part I, "Item 1. Business" of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant." All other information required by this item is incorporated herein by reference from the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held April 9, 2018 to be filed with the SEC pursuant to Regulation 14A (the "Proxy Statement").

Code of Business Conduct and Code of Ethics

Goodyear has adopted a code of business conduct and ethics for directors, officers and employees, known as the Business Conduct Manual. Goodyear also has adopted a conflict of interest policy applicable to directors and executive officers. Both of these documents are available on Goodyear's website at <https://corporate.goodyear.com/en-US/investors/governance/documents-charters.html>. Shareholders may request a free copy of these documents from:

The Goodyear Tire & Rubber Company

Attention: Investor Relations

200 Innovation Way

Akron, Ohio 44316-0001

(330) 796-3751

Goodyear's Code of Ethics for the Chief Executive Officer and Senior Financial Officers (the "Code of Ethics") is also posted on Goodyear's website. Amendments to and waivers of the Code of Ethics will be disclosed on the website.

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Corporate Governance Guidelines and Certain Committee Charters

Goodyear has adopted Corporate Governance Guidelines as well as charters for its Audit, Compensation and Governance Committees. These documents are available on Goodyear's website at

<https://corporate.goodyear.com/en-US/investors/governance/documents-charters.html>. Shareholders may request a free copy of any of these documents from the address and phone number set forth above under "Code of Business Conduct and Code of Ethics."

The information on our website is not incorporated by reference in or considered to be a part of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE
COMPENSATION.

The information required by this item is incorporated herein by reference from the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND
RELATED STOCKHOLDER MATTERS.

See Part II, Item 5 for information regarding our equity compensation plans. The other information required by this item is incorporated herein by reference from the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated herein by reference from the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this item is incorporated herein by reference from the Proxy Statement.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

LIST OF DOCUMENTS FILED AS PART OF THIS REPORT:

(1) Financial Statements: See Index to Consolidated Financial Statements on page 48 of this Annual Report.

Financial Statement Schedules: See Index to Financial Statement Schedules attached to this Annual Report at (2) page FS-1. The Financial Statement Schedule at page FS-2 is incorporated into and made a part of this Annual Report.

(3) Exhibits required to be filed by Item 601 of Regulation S-K: See the Index of Exhibits at pages X-1 through X-5 inclusive, which is attached to and incorporated into and made a part of this Annual Report.

ITEM 16. FORM 10-K SUMMARY.

None.

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FINANCIAL STATEMENT SCHEDULES
ITEMS 8 AND 15(a)(2) OF FORM 10-K
FOR THE COMPANY'S
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEX TO FINANCIAL STATEMENT SCHEDULES

Financial Statement Schedules:

	Schedule No.	Page Number
Valuation and Qualifying Accounts II		FS-2

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Financial statements relating to 50 percent or less owned companies, the investments in which are accounted for by the equity method, have been omitted as permitted because these companies would not constitute a significant subsidiary.

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SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Year Ended December 31,

(In millions)

Description	Balance at beginning of period	Additions Charged (credited) to income	Charged (credited) to AOCL	Deductions from reserves	Translation adjustment during period	Balance at end of period
2017						
Allowance for doubtful accounts	\$ 101	\$ 12	\$ —	—\$ (6)	(a)\$ 9	\$ 116
Valuation allowance — deferred tax assets	326	(19)	—	—	11	318
2016						
Allowance for doubtful accounts	\$ 105	\$ 10	\$ —	—\$ (13)	(a)\$ (1)	\$ 101
Valuation allowance — deferred tax assets	621	(309)	2	—	12	326
2015						
Allowance for doubtful accounts	\$ 89	\$ 32	\$ —	—\$ (8)	(a)\$ (8)	\$ 105
Valuation allowance — deferred tax assets	632	31	8	(4)	(46)	621

Note: (a) Accounts receivable charged off.

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THE GOODYEAR TIRE & RUBBER COMPANY

Annual Report on Form 10-K
For the Year Ended December 31, 2017

INDEX OF EXHIBITS

Exhibit

Table Item No.	Description of Exhibit	Exhibit Number
2	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession <u>Framework Agreement, dated as of June 4, 2015, by and between the Company and Sumitomo Rubber Industries, Ltd. (incorporated by reference, filed as Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u> In accordance with Item 601(b)(2) of Regulation S-K, certain schedules and similar attachments have been omitted. The Company hereby agrees to furnish a copy of any such schedule or similar attachment to the SEC upon request.	
(a)		
3	Articles of Incorporation and By-Laws <u>Certificate of Amended Articles of Incorporation of The Goodyear Tire & Rubber Company, dated December 20, 1954, Certificate of Amendment to Amended Articles of Incorporation of the Company, dated April 6, 1993, Certificate of Amendment to Amended Articles of Incorporation of the Company, dated June 4, 1996, Certificate of Amendment to Amended Articles of Incorporation of the Company, dated April 18, 2006, Certificate of Amendment to Amended Articles of</u>	
(a)	<u>Incorporation of the Company, dated April 22, 2009, Certificate of Amendment to Amended Articles of Incorporation of the Company, dated March 30, 2011, and Certificate of Amendment to Amended Articles of Incorporation of the Company, dated April 16, 2015, together comprising the Company's Articles of Incorporation, as amended (incorporated by reference, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u> <u>Code of Regulations of The Goodyear Tire & Rubber Company, adopted November 22, 1955, and as most recently amended on February 28, 2017 (incorporated by reference, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 6, 2017, File No. 1-1927).</u>	
(b)		
4	Instruments Defining the Rights of Security Holders, Including Indentures <u>Specimen Nondenominational Certificate for Shares of the Common Stock, Without Par Value, of the Company (incorporated by reference, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed May 9, 2007, File No. 1-1927).</u>	
(a)		
(b)	<u>Indenture, dated as of March 15, 1996, between the Company and Chemical Bank (now Wells Fargo Bank, N.A.), as Trustee, as supplemented on March 16, 1998, in respect of the Company's 7% Notes due 2028 (incorporated by reference, filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, File No. 1-1927).</u> <u>Indenture, dated as of March 1, 1999, between the Company and The Chase Manhattan Bank (now Wells Fargo Bank, N.A.), as Trustee (incorporated by reference, filed as Exhibit 4.1 to the</u>	
(c)	<u>Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, File No. 1-1927), as supplemented by the First Supplemental Indenture thereto, dated as of March 5, 2010, in respect of the Company's 8.75% Notes due 2020 (incorporated by reference, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed March 8, 2010, File No. 1-1927).</u>	
(d)	<u>Indenture, dated as of August 13, 2010, among the Company, the subsidiary guarantors party thereto and Wells Fargo Bank, N.A., as Trustee (incorporated by reference, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 13, 2010, File No. 1-1927), as</u>	

supplemented by the Fourth Supplemental Indenture thereto, dated as of November 5, 2015, in respect of the Company's 5.125% Senior Notes due 2023 (incorporated by reference, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed November 5, 2015, File No. 1-1927), as supplemented by the Fifth Supplemental Indenture thereto, dated as of May 13, 2016, in respect of the Company's 5% Senior Notes due 2026 (incorporated by reference, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed May 13, 2016, File No. 1-1927), and as supplemented by the Sixth Supplemental Indenture thereto, dated as of March 7, 2017, in respect of the Company's 4.875% Senior Notes due 2027 (incorporated by reference, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed March 7, 2017, File No. 1-1927).

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Exhibit Table Item No.	Description of Exhibit	Exhibit Number
(e)	<u>Indenture, dated as of December 15, 2015, among Goodyear Dunlop Tires Europe B.V., as Issuer, the Company, as Parent Guarantor, the subsidiary guarantors party thereto, Deutsche Trustee Company Limited, as Trustee, Deutsche Bank AG, London Branch, as Principal Paying Agent and Transfer Agent, and Deutsche Bank Luxembourg S.A., as Registrar and Luxembourg Paying Agent and Transfer Agent, in respect of GDTE's 3.75% Senior Notes due 2023 (incorporated by reference, filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, File No. 1-1927).</u>	
10	In accordance with Item 601(b)(4)(iii) of Regulation S-K, certain instruments defining the rights of holders of long term debt of the Company and its consolidated subsidiaries pursuant to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis are not filed herewith. The Company hereby agrees to furnish a copy of any such instrument to the SEC upon request.	
(a)	<u>Material Contracts</u> <u>Amended and Restated First Lien Credit Agreement, dated as of April 7, 2016, among the Company, the lenders, issuing banks, syndication agents, documentation agents, senior managing agents, joint lead arrangers and joint bookrunners party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, File No. 1-1927).</u>	
(b)	<u>Amended and Restated Second Lien Credit Agreement, dated as of April 19, 2012, among the Company, the lenders, syndication agents, documentation agents, joint lead arrangers and joint bookrunners party thereto, Deutsche Bank Trust Company Americas, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 1-1927).</u>	
(c)	<u>First Amendment, dated as of June 16, 2015, to the Amended and Restated Second Lien Credit Agreement, dated as of April 19, 2012, among the Company, the lenders party thereto, Deutsche Bank Trust Company Americas, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u>	
(d)	<u>Second Amendment, dated as of March 7, 2017, to the Amended and Restated Second Lien Credit Agreement, dated as of April 19, 2012, among the Company, the lenders party thereto, Deutsche Bank Trust Company Americas, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, File No. 1-1927).</u>	
(e)	<u>First Lien Guarantee and Collateral Agreement, dated as of April 8, 2005, as amended and restated as of April 7, 2016, among the Company, the subsidiaries of the Company identified therein and JPMorgan Chase Bank, N.A., as Collateral Agent (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, File No. 1-1927).</u>	
(f)	<u>Second Lien Guarantee and Collateral Agreement, dated as of April 8, 2005, among the Company, the subsidiaries of the Company identified therein and Deutsche Bank Trust Company Americas, as Collateral Agent (incorporated by reference, filed as Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-1927).</u>	

- (g) Reaffirmation of Second Lien Guarantee and Collateral Agreement, dated as of March 7, 2017, among the Company, the subsidiaries of the Company identified therein, Deutsche Bank Trust Company Americas, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, File No. 1-1927).
- (h) Amended and Restated Lenders Lien Subordination and Intercreditor Agreement, dated as of April 19, 2012, among JPMorgan Chase Bank, N.A., as Collateral Agent for the First Lien Secured Parties referred to therein, Deutsche Bank Trust Company Americas, as Collateral Agent for the Second Lien Secured Parties referred to therein, the Company, and the subsidiaries of the Company named therein (incorporated by reference, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 1-1927).

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Exhibit Table Item No.	Description of Exhibit	Exhibit Number
(i)	<u>Amended and Restated Revolving Credit Agreement, dated as of May 12, 2015, among the Company, Goodyear Dunlop Tires Europe B.V., Goodyear Dunlop Tires Germany GmbH, Goodyear Dunlop Tires Operations S.A., the lenders party thereto, J.P. Morgan Europe Limited, as Administrative Agent, JPMorgan Chase Bank, N.A., as Collateral Agent, BNP Paribas, as Syndication Agent, and the documentation agents, joint bookrunners and joint lead arrangers identified therein (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u>	
(j)	<u>Amendment and Restatement Agreement, dated as of May 12, 2015, among the Company, Goodyear Dunlop Tires Europe B.V., Goodyear Dunlop Tires Germany GmbH, Goodyear Dunlop Tires Operations S.A., J.P. Morgan Europe Limited, as Administrative Agent, JPMorgan Chase Bank, N.A., as Collateral Agent, BNP Paribas, as Issuing Bank, the subsidiary guarantors party thereto, and the lenders party thereto (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u>	
(k)	<u>Master Guarantee and Collateral Agreement, dated as of March 31, 2003, as amended and restated as of February 20, 2004, and as further amended and restated as of April 8, 2005, among the Company, Goodyear Dunlop Tires Europe B.V., the other subsidiaries of the Company identified therein and JPMorgan Chase Bank, N.A., as Collateral Agent (incorporated by reference, filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, File No. 1-1927), as amended by the Amendment and Restatement Agreement, dated as of April 20, 2007 (incorporated by reference, filed as Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-1927), as amended by the Amendment and Restatement Agreement, dated as of April 20, 2011 (incorporated by reference, filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011, File No. 1-1927), and as amended by the Amendment and Restatement Agreement, dated as of May 12, 2015 (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-1927).</u>	
(l)	<u>Amended and Restated General Master Purchase Agreement dated December 10, 2004, as last amended and restated on September 25, 2014, between Ester Finance Titrisation, as Purchaser, Credit Agricole Leasing & Factoring, as Agent, Credit Agricole Corporate and Investment Bank, as Joint Lead Arranger and as Calculation Agent, Natixis, as Joint Lead Arranger, Dunlop Tyres Limited, as Centralising Unit, and the Sellers listed therein (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-1927).</u>	
(m)	<u>Amendment No. 6 to the Amended and Restated General Master Purchase Agreement, dated November 14, 2016, between Ester Finance Titrisation, as Purchaser, Credit Agricole Leasing & Factoring, as Agent, Credit Agricole Corporate and Investment Bank, as Joint Lead Arranger and as Calculation Agent, Natixis, as Joint Lead Arranger, Dunlop Tyres Limited, as Centralising Unit, and the Sellers listed therein (incorporated by reference, filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-1927).</u>	
(n)	<u>Master Subordinated Deposit Agreement dated July 23, 2008, as last amended and restated on September 25, 2014, between Credit Agricole Leasing & Factoring, as Agent, Credit Agricole Corporate and Investment Bank, as Calculation Agent, Ester Finance Titrisation, as Purchaser, and</u>	

Dunlop Tyres Limited, as Subordinated Depositor or Centralising Unit (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-1927).

Master Complementary Deposit Agreement dated July 23, 2008, as last amended and restated on September 25, 2014, between Credit Agricole Leasing & Factoring, as Agent, Credit Agricole Corporate and Investment Bank, as Calculation Agent, Ester Finance Titrisation, as Purchaser, and Dunlop Tyres Limited, as Complementary Depositor or Centralising Unit (incorporated by reference, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-1927).

- (o)
- (p)* 2017 Performance Plan of the Company (incorporated by reference, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed April 13, 2017, File No. 1-1927).
- (q)* Form of Non-Qualified Stock Option Grant Agreement (incorporated by reference, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).
- (r)* Form of Non-Qualified Stock Option with Tandem Stock Appreciation Right Grant Agreement (incorporated by reference, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).
- (s)* Form of Incentive Stock Option Grant Agreement (incorporated by reference, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).

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Exhibit Table Item No.	Description of Exhibit	Exhibit Number
(t)*	<u>Form of Performance Share Grant Agreement (incorporated by reference, filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).</u>	
(u)*	<u>Form of Executive Performance Unit Grant Agreement (incorporated by reference, filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).</u>	
(v)*	<u>Form of Restricted Stock Unit Retention Grant Agreement (incorporated by reference, filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).</u>	
(w)*	<u>Form of Restricted Stock Unit Annual Grant Agreement (incorporated by reference, filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed June 8, 2017, File No. 1-1927).</u>	
(x)*	<u>2013 Performance Plan of the Company (incorporated by reference, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed April 19, 2013, File No. 1-1927).</u>	
(y)*	<u>2008 Performance Plan of the Company (incorporated by reference, filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-1927).</u>	
(z)*	<u>2005 Performance Plan of the Company (incorporated by reference, filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, File No. 1-1927).</u>	
(aa)*	<u>Performance Recognition Plan of the Company, as amended and restated on October 7, 2008 (incorporated by reference, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-1927).</u>	
(bb)*	<u>The Goodyear Tire & Rubber Company Management Incentive Plan (incorporated by reference, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed April 11, 2008, File No. 1-1927).</u>	
(cc)*	<u>Goodyear Supplementary Pension Plan (October 7, 2008 Restatement) (incorporated by reference, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-1927).</u>	
(dd)*	<u>Defined Benefit Excess Benefit Plan of the Company, as amended and restated as of October 7, 2008, effective as of January 1, 2005 (incorporated by reference, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-1927).</u>	
(ee)*	<u>Defined Contribution Excess Benefit Plan of the Company, adopted October 7, 2008, effective as of January 1, 2005, as further amended September 7, 2012 (incorporated by reference, filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, File No. 1-1927).</u>	
(ff)*	<u>Deferred Compensation Plan for Executives, as amended and restated effective September 1, 2016, dated April 19, 2017 (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, File No. 1-1927).</u>	
(gg)*	<u>Outside Directors' Equity Participation Plan, as adopted February 2, 1996 and last amended as of July 1, 2017 (incorporated by reference, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-1927).</u>	
(hh)*	<u>The Goodyear Tire & Rubber Company Executive Severance and Change in Control Plan, adopted February 28, 2013 (incorporated by reference, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 6, 2013, File No. 1-1927).</u>	
(ii)*	<u>Letter Agreement, dated July 1, 2017, between the Company and Joseph Zekoski (incorporated by reference, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter</u>	

	<u>ended September 30, 2017, File No. 1-1927).</u>	
12	Statement re Computation of Ratios	
(a)	<u>Statement setting forth the Computation of Ratio of Earnings to Fixed Charges.</u>	12.1
21	Subsidiaries	
(a)	<u>List of Subsidiaries of the Company at December 31, 2017.</u>	21.1
23	Consents	
(a)	<u>Consent of PricewaterhouseCoopers LLP.</u>	23.1
24	Powers of Attorney	
(a)	<u>Powers of Attorney of Officers and Directors signing this report.</u>	24.1
31	302 Certifications	
(a)	<u>Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	31.1
(b)	<u>Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	31.2
32	906 Certifications	
(a)	<u>Certificate of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	32.1

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Exhibit

Table Item No.	Description of Exhibit	Exhibit Number
101	Interactive Data File	
(a)	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.	101

* Indicates management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE GOODYEAR TIRE & RUBBER COMPANY
(Registrant)

Date: February 8, 2018 /s/ RICHARD J. KRAMER
Richard J. Kramer, Chairman of the Board,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 8, 2018	/s/ RICHARD J. KRAMER Richard J. Kramer, Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)
Date: February 8, 2018	/s/ LAURA K. THOMPSON Laura K. Thompson, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: February 8, 2018	/s/ EVAN M. SCOCOS Evan M. Scocos, Vice President and Controller (Principal Accounting Officer)
	WILLIAM J. CONATY, Director JAMES A. FIRESTONE, Director WERNER GEISSLER, Director PETER S. HELLMAN, Director LAURETTE T. KOELLNER, Director W. ALAN McCOLLOUGH, Director
Date: February 8, 2018	/s/ LAURA K. THOMPSON Laura K. Thompson, Signing as Attorney-in-Fact for the Directors whose names appear opposite.
	JOHN E. McGLADE, Director MICHAEL J. MORELL, Director RODERICK A. PALMORE, Director STEPHANIE A. STREETER, Director THOMAS H. WEIDEMEYER, Director MICHAEL R. WESSEL, Director