

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<i>(In millions, except per share amounts)</i>				
NET SALES	\$5,002	\$5,264	\$14,749	\$15,947
Cost of Goods Sold	3,946	4,315	11,732	13,063
Selling, Administrative and General Expense	686	652	2,022	2,011
Rationalizations	21	26	41	67
Interest Expense	100	86	287	270
Other (Income) Expense	<u>—</u>	<u>(1)</u>	<u>112</u>	<u>128</u>
Income before Income Taxes	249	186	555	408
United States and Foreign Taxes	<u>54</u>	<u>53</u>	<u>136</u>	<u>164</u>
Net Income	195	133	419	244
Less: Minority Shareholders' Net Income	<u>22</u>	<u>16</u>	<u>25</u>	<u>39</u>
Goodyear Net Income	173	117	394	205
Less: Preferred Stock Dividends	<u>7</u>	<u>7</u>	<u>22</u>	<u>22</u>
Goodyear Net Income Available to Common Shareholders	<u>\$ 166</u>	<u>\$ 110</u>	<u>\$ 372</u>	<u>\$ 183</u>
Goodyear Net Income Available to Common Shareholders- Per Share of Common Stock				
Basic	<u>\$ 0.67</u>	<u>\$ 0.45</u>	<u>\$ 1.51</u>	<u>\$ 0.75</u>
Weighted Average Shares Outstanding	246	245	246	245
Diluted	<u>\$ 0.62</u>	<u>\$ 0.41</u>	<u>\$ 1.43</u>	<u>\$ 0.73</u>
Weighted Average Shares Outstanding	278	281	276	281
Cash Dividends Declared Per Common Share	<u>\$ 0.05</u>	<u>—</u>	<u>\$ 0.05</u>	<u>—</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	September 30, <u>2013</u>	December 31, <u>2012</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 2,500	\$ 2,281
Accounts Receivable, less Allowance - \$106 (\$99 in 2012)	3,254	2,563
Inventories:		
Raw Materials	616	743
Work in Process	172	169
Finished Products	<u>2,156</u>	<u>2,338</u>
	2,944	3,250
Prepaid Expenses and Other Current Assets	<u>371</u>	<u>404</u>
Total Current Assets	9,069	8,498
Goodwill	660	664
Intangible Assets	138	140
Deferred Income Taxes	190	186
Other Assets	550	529
Property, Plant and Equipment		
less Accumulated Depreciation - \$9,151 (\$8,991 in 2012)	<u>7,065</u>	<u>6,956</u>
Total Assets	<u>\$ 17,672</u>	<u>\$ 16,973</u>
Liabilities:		
Current Liabilities:		
Accounts Payable-Trade	\$ 3,084	\$ 3,223
Compensation and Benefits	794	719
Other Current Liabilities	1,130	1,182
Notes Payable and Overdrafts	44	102
Long Term Debt and Capital Leases due Within One Year	<u>132</u>	<u>96</u>
Total Current Liabilities	5,184	5,322
Long Term Debt and Capital Leases	6,366	4,888
Compensation and Benefits	3,111	4,340
Deferred and Other Noncurrent Income Taxes	273	264
Other Long Term Liabilities	<u>995</u>	<u>1,000</u>
Total Liabilities	15,929	15,814
Commitments and Contingent Liabilities		
Minority Shareholders' Equity	540	534
Shareholders' Equity:		
Goodyear Shareholders' Equity:		
Preferred Stock, no par value:		
Authorized, 50 million shares, Outstanding shares – 10 million (10 million in 2012), liquidation preference \$50 per share	500	500
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares – 247 million (245 million in 2012) after deducting 4 million treasury shares (6 million in 2012)	247	245
Capital Surplus	2,838	2,815
Retained Earnings	1,730	1,370
Accumulated Other Comprehensive Loss	<u>(4,363)</u>	<u>(4,560)</u>
Goodyear Shareholders' Equity	952	370
Minority Shareholders' Equity – Nonredeemable	<u>251</u>	<u>255</u>
Total Shareholders' Equity	1,203	625
Total Liabilities and Shareholders' Equity	<u>\$ 17,672</u>	<u>\$ 16,973</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Nine Months Ended	
	September 30,	
	2013	2012
Cash Flows from Operating Activities:		
Net Income	\$ 419	\$ 244
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	539	513
Amortization and write-off of debt issuance costs	13	64
Net rationalization charges	41	67
Rationalization payments	(60)	(66)
Net (gains) losses on asset sales	(6)	(22)
Pension contributions and direct payments	(1,072)	(490)
Venezuela currency devaluation	115	--
Customer prepayments and government grants	32	94
Insurance proceeds	17	39
Changes in operating assets and liabilities, net of asset acquisitions and dispositions:		
Accounts receivable	(728)	(729)
Inventories	249	257
Accounts payable - trade	(26)	(432)
Compensation and benefits	215	169
Other current liabilities	(12)	70
Other assets and liabilities	(34)	(107)
Total Cash Flows from Operating Activities	(298)	(329)
Cash Flows from Investing Activities:		
Capital expenditures	(734)	(788)
Asset dispositions	8	14
Government grants received	6	2
Decrease (increase) in restricted cash	3	(17)
Short term securities acquired	(89)	(25)
Short term securities redeemed	81	10
Other transactions	--	4
Total Cash Flows from Investing Activities	(725)	(800)
Cash Flows from Financing Activities:		
Short term debt and overdrafts incurred	30	74
Short term debt and overdrafts paid	(89)	(89)
Long term debt incurred	2,152	3,042
Long term debt paid	(660)	(2,322)
Common stock issued	15	1
Preferred stock dividends paid	(22)	(22)
Transactions with minority interests in subsidiaries	(10)	(23)
Debt related costs and other transactions	(16)	(63)
Total Cash Flows from Financing Activities	1,400	598
Effect of exchange rate changes on cash and cash equivalents	(158)	16
Net Change in Cash and Cash Equivalents	219	(515)
Cash and Cash Equivalents at Beginning of the Period	2,281	2,772
Cash and Cash Equivalents at End of the Period	\$ 2,500	\$ 2,257

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Non-GAAP Financial Measures

This earnings release presents total segment operating income and free cash flow from operations, on a historical basis, which are important financial measures for the company but are not financial measures defined by U.S. GAAP.

Total segment operating income is the sum of the individual strategic business units' segment operating income as determined in accordance with U.S. GAAP. Management believes that total segment operating income is useful because it represents the aggregate value of income created by the company's SBUs and excludes items not directly related to the SBUs for performance evaluation purposes.

Free cash flow from operations is the company's cash flow from operations as determined in accordance with U.S. GAAP before pension contributions and direct payments and rationalization payments, less capital expenditures. Management believes that free cash flow from operations is useful because it represents the cash generating capability of the company's ongoing operations, after taking into consideration capital expenditures necessary to maintain its business and pursue growth opportunities.

See the tables below for reconciliations of historical total segment operating income and free cash flow from operations to the most directly comparable GAAP measures. This earnings release also presents total segment operating income on a forward-looking basis. The company is unable to reconcile forward-looking total segment operating income without unreasonable efforts because management cannot predict, with sufficient certainty, the various elements necessary to provide such a reconciliation.

Total Segment Operating Income Reconciliation Table

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<i>(In millions)</i>				
Segment Operating Income	\$431	\$348	\$1,161	\$976
Rationalizations	21	26	41	67
Interest expense	100	86	287	270
Other (income) expense	--	(1)	112	128
Asset write-offs and accelerated depreciation	5	13	15	19
Corporate incentive compensation plans	34	25	79	47
Intercompany profit elimination	5	(12)	5	(11)
Retained expenses of divested operations	7	3	17	12
Other	10	22	50	36
Income before Income Taxes	\$249	\$186	\$555	\$408

Free Cash Flow from Operations Reconciliation Table

	Three Months Ended	Trailing Twelve Months Ended
	Sept. 30, 2013	Sept. 30, 2013
<i>(in millions)</i>		
Net Income	\$195	\$412
Depreciation and Amortization	182	713
Working Capital (1)	(284)	856
Pension Expense	65	291
Other (2)	102	163
Capital Expenditures	(241)	(1,073)
Free Cash Flow from Operations (non-GAAP)	\$19	\$1,362
Capital Expenditures	241	1,073
Pension Contributions and Direct Payments	(79)	(1,266)
Rationalization Payments	(17)	(100)
Cash Flow from Operating Activities (GAAP)	\$164	\$1,069

Amounts are calculated from the consolidated Statements of Cash Flows except for pension expense, which is the total defined benefit pension cost (before curtailments, settlements and termination benefits) as reported in the Notes to Consolidated Financial Statements.

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

(2) Other includes amortization and write-off of debt issuance costs, net rationalization charges, net (gains) losses on asset sales, Venezuela currency devaluation, customer prepayments and government grants, insurance proceeds, compensation and benefits less the total defined benefit pension cost (before curtailments, settlements and termination benefits) reported in the pension-related note in the Notes to Consolidated Financial Statements, other current liabilities, and other assets and liabilities.

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Third Quarter Significant Items (after tax and minority interest)

2013

- Rationalizations, asset write-offs and accelerated depreciation, \$19 million (7 cents per share)
- Gains from asset sales, \$2 million (1 cent per share)

2012

- Rationalizations, asset write-offs and accelerated depreciation, \$32 million (12 cents per share)
- Pension settlements in the United Kingdom, \$6 million (2 cents per share)
- Discrete tax charges, \$3 million (1 cent per share)
- Gains from asset sales, \$5 million (2 cents per share)
- Insurance recoveries related to flooding in Thailand, \$4 million (1 cent per share)