

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<i>(In millions, except per share amounts)</i>				
<b>NET SALES</b>	<b>\$4,894</b>	<b>\$5,150</b>	<b>\$ 9,747</b>	<b>\$10,683</b>
Cost of Goods Sold	3,846	4,141	7,786	8,748
Selling, Administrative and General Expense	691	697	1,336	1,359
Rationalizations	13	26	20	41
Interest Expense	102	83	187	184
Other (Income) Expense	<u>(14)</u>	<u>37</u>	<u>112</u>	<u>129</u>
Income before Income Taxes	256	166	306	222
United States and Foreign Taxes	<u>63</u>	<u>63</u>	<u>82</u>	<u>111</u>
Net Income	193	103	224	111
Less: Minority Shareholders' Net Income	<u>5</u>	<u>11</u>	<u>3</u>	<u>23</u>
<b>Goodyear Net Income</b>	<b>188</b>	<b>92</b>	<b>221</b>	<b>88</b>
Less: Preferred Stock Dividends	<u>7</u>	<u>7</u>	<u>15</u>	<u>15</u>
<b>Goodyear Net Income Available to Common Shareholders</b>	<b><u>\$ 181</u></b>	<b><u>\$ 85</u></b>	<b><u>\$ 206</u></b>	<b><u>\$ 73</u></b>
<b>Goodyear Net Income Available to Common Shareholders- Per Share of Common Stock</b>				
Basic	<b><u>\$ 0.74</u></b>	<b><u>\$ 0.35</u></b>	<b><u>\$ 0.84</u></b>	<b><u>\$ 0.30</u></b>
Weighted Average Shares Outstanding	246	245	246	244
Diluted	<b><u>\$ 0.67</u></b>	<b><u>\$ 0.33</u></b>	<b><u>\$ 0.79</u></b>	<b><u>\$ 0.30</u></b>
Weighted Average Shares Outstanding	282	281	281	246

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# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	<b>June 30,</b> <b><u>2013</u></b>	<b>December 31,</b> <b><u>2012</u></b>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,564	\$ 2,281
Accounts Receivable, less Allowance - \$100 (\$99 in 2012)	2,880	2,563
Inventories:		
Raw Materials	658	743
Work in Process	171	169
Finished Products	<u>2,309</u>	<u>2,338</u>
	3,138	3,250
Prepaid Expenses and Other Current Assets	<u>387</u>	<u>404</u>
<b>Total Current Assets</b>	<b><u>8,969</u></b>	<b><u>8,498</u></b>
Goodwill	643	664
Intangible Assets	139	140
Deferred Income Taxes	187	186
Other Assets	527	529
Property, Plant and Equipment		
less Accumulated Depreciation - \$9,060 (\$8,991 in 2012)	<u>6,919</u>	<u>6,956</u>
<b>Total Assets</b>	<b><u>\$ 17,384</u></b>	<b><u>\$ 16,973</u></b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts Payable-Trade	\$ 3,213	\$ 3,223
Compensation and Benefits	691	719
Other Current Liabilities	1,067	1,182
Notes Payable and Overdrafts	79	102
Long Term Debt and Capital Leases due Within One Year	<u>125</u>	<u>96</u>
<b>Total Current Liabilities</b>	<b><u>5,175</u></b>	<b><u>5,322</u></b>
Long Term Debt and Capital Leases	6,325	4,888
Compensation and Benefits	3,133	4,340
Deferred and Other Noncurrent Income Taxes	262	264
Other Long Term Liabilities	<u>1,011</u>	<u>1,000</u>
<b>Total Liabilities</b>	<b><u>15,906</u></b>	<b><u>15,814</u></b>
Commitments and Contingent Liabilities		
Minority Shareholders' Equity	520	534
<b>Shareholders' Equity:</b>		
<b>Goodyear Shareholders' Equity:</b>		
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 – 246 million (245 million in 2012) after deducting 5 million treasury shares (6 million in 2012)	246	245
Capital Surplus	2,824	2,815
Retained Earnings	1,576	1,370
Accumulated Other Comprehensive Loss	<u>(4,431)</u>	<u>(4,560)</u>
<b>Goodyear Shareholders' Equity</b>	<b><u>715</u></b>	<b><u>370</u></b>
Minority Shareholders' Equity – Nonredeemable	<u>243</u>	<u>255</u>
<b>Total Shareholders' Equity</b>	<b><u>958</u></b>	<b><u>625</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 17,384</u></b>	<b><u>\$ 16,973</u></b>

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# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Six Months Ended	
	June 30,	
	2013	2012
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income</b>	<b>\$ 224</b>	<b>\$ 111</b>
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	357	337
Amortization and write-off of debt issuance costs	8	60
Net rationalization charges	20	41
Rationalization payments	(43)	(48)
Net (gains) losses on asset sales	(3)	(17)
Pension contributions and direct payments	(993)	(227)
Venezuela currency devaluation	115	--
Customer prepayments and government grants	29	51
Insurance proceeds	17	39
Changes in operating assets and liabilities, net of asset acquisitions and dispositions:		
Accounts receivable	(391)	(377)
Inventories	22	(116)
Accounts payable - trade	148	(275)
Compensation and benefits	46	15
Other current liabilities	(38)	5
Other assets and liabilities	20	(50)
<b>Total Cash Flows from Operating Activities</b>	<b>(462)</b>	<b>(451)</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(493)	(490)
Asset dispositions	7	9
Government grants received	4	--
Increase in restricted cash	(8)	(18)
Short term securities acquired	(60)	(21)
Short term securities redeemed	48	4
Other transactions	--	4
<b>Total Cash Flows from Investing Activities</b>	<b>(502)</b>	<b>(512)</b>
<b>Cash Flows from Financing Activities:</b>		
Short term debt and overdrafts incurred	29	34
Short term debt and overdrafts paid	(51)	(42)
Long term debt incurred	2,115	2,266
Long term debt paid	(639)	(1,810)
Common stock issued	5	--
Preferred stock dividends paid	(15)	(15)
Transactions with minority interests in subsidiaries	(8)	(27)
Debt related costs and other transactions	(16)	(63)
<b>Total Cash Flows from Financing Activities</b>	<b>1,420</b>	<b>343</b>
Effect of exchange rate changes on cash and cash equivalents	(173)	4
<b>Net Change in Cash and Cash Equivalents</b>	<b>283</b>	<b>(616)</b>
Cash and Cash Equivalents at Beginning of the Period	2,281	2,772
<b>Cash and Cash Equivalents at End of the Period</b>	<b>\$ 2,564</b>	<b>\$ 2,156</b>

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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 June 30,		Six Months Ended June 30,	
<i>(In millions)</i>	2013	2012	2013	2012
<b>Segment Operating Income</b>	<b>\$428</b>	<b>\$336</b>	<b>\$730</b>	<b>\$628</b>
Rationalizations	13	26	20	41
Interest expense	102	83	187	184
Other (income) expense	(14)	37	112	129
Asset write-offs and accelerated depreciation	5	4	10	6
Corporate incentive compensation plans	35	15	45	22
Intercompany profit elimination	(3)	(9)	--	1
Retained expenses of divested operations	6	5	10	9
Other	28	9	40	14
<b>Income before Income Taxes</b>	<b>\$256</b>	<b>\$166</b>	<b>\$306</b>	<b>\$222</b>

## Free Cash Flow from Operations Reconciliation Table

	Three Months Ended June 30, 2013	Trailing Twelve Months Ended June 30, 2013
<i>(in millions)</i>		
<b>Net Income</b>	<b>\$193</b>	<b>\$350</b>
Depreciation and Amortization	180	707
Working Capital (1)	114	1,004
Pension Expense	72	303
Other (2)	20	214
Capital Expenditures	(222)	(1,130)
<b>Free Cash Flow from Operations (non-GAAP)</b>	<b>\$357</b>	<b>\$1,448</b>
Capital Expenditures	222	1,130
Pension Contributions and Direct Payments	(85)	(1,450)
Rationalization Payments	(19)	(101)
<b>Cash Flow from Operating Activities (GAAP)</b>	<b>\$475</b>	<b>\$1,027</b>

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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## **Second Quarter Significant Items (after tax and minority interest)**

### **2013**

- Rationalizations, asset write-offs and accelerated depreciation, \$13 million (5 cents per share)
- Discrete tax charges, \$7 million (3 cents per share)
- Charges relating to labor claims with respect to a previously closed facility in Europe, \$5 million (2 cents per share)
- Gain from asset sales, \$4 million (1 cent per share)

### **2012**

- Rationalizations, asset write-offs and accelerated depreciation, \$25 million (9 cents per share)
- Debt financing fees related to the refinancing of \$3.2 billion in credit facilities, \$24 million (9 cents per share)
- Charges relating to labor claims with respect to a previously closed facility in Europe, \$20 million (7 cents per share)
- Discrete tax charges, \$2 million (1 cent per share)
- Costs related to tornado damage in 2011 at a manufacturing facility, \$2 million (1 cent per share)
- Gain from asset sales, \$10 million (3 cents per share)