

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<i>(In millions, except per share amounts)</i>				
NET SALES	\$4,657	\$5,002	\$13,782	\$14,749
Cost of Goods Sold	3,516	3,946	10,566	11,732
Selling, Administrative and General Expense	653	686	2,018	2,022
Rationalizations	15	21	80	41
Interest Expense	108	100	315	287
Other Expense	<u>66</u>	<u>--</u>	<u>242</u>	<u>112</u>
Income before Income Taxes	299	249	561	555
United States and Foreign Taxes	<u>100</u>	<u>54</u>	<u>168</u>	<u>136</u>
Net Income	199	195	393	419
Less: Minority Shareholders' Net Income	<u>38</u>	<u>22</u>	<u>70</u>	<u>25</u>
Goodyear Net Income	161	173	323	394
Less: Preferred Stock Dividends	<u>--</u>	<u>7</u>	<u>7</u>	<u>22</u>
Goodyear Net Income Available to Common Shareholders	<u>\$ 161</u>	<u>\$ 166</u>	<u>\$ 316</u>	<u>\$ 372</u>
Goodyear Net Income Available to Common Shareholders - Per Share of Common Stock				
Basic	<u>\$ 0.58</u>	<u>\$ 0.67</u>	<u>\$ 1.18</u>	<u>\$ 1.51</u>
Weighted Average Shares Outstanding	275	246	266	246
Diluted	<u>\$ 0.58</u>	<u>\$ 0.62</u>	<u>\$ 1.15</u>	<u>\$ 1.43</u>
Weighted Average Shares Outstanding	279	278	280	276
Cash Dividends Declared Per Common Share	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.16</u>	<u>\$ 0.05</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	September 30, <u>2014</u>	December 31, <u>2013</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 1,744	\$ 2,996
Accounts Receivable, less Allowance - \$96 (\$99 in 2013)	3,021	2,435
Inventories:		
Raw Materials	584	592
Work in Process	161	164
Finished Products	<u>2,179</u>	<u>2,060</u>
	2,924	2,816
Prepaid Expenses and Other Current Assets	<u>358</u>	<u>397</u>
Total Current Assets	8,047	8,644
Goodwill	623	668
Intangible Assets	135	138
Deferred Income Taxes	105	157
Other Assets	654	600
Property, Plant and Equipment		
less Accumulated Depreciation - \$9,189 (\$9,158 in 2013)	<u>7,092</u>	<u>7,320</u>
Total Assets	<u>\$ 16,656</u>	<u>\$ 17,527</u>
Liabilities:		
Current Liabilities:		
Accounts Payable-Trade	\$ 2,827	\$ 3,097
Compensation and Benefits	774	758
Other Current Liabilities	1,036	1,083
Notes Payable and Overdrafts	38	14
Long Term Debt and Capital Leases due Within One Year	<u>98</u>	<u>73</u>
Total Current Liabilities	4,773	5,025
Long Term Debt and Capital Leases	6,719	6,162
Compensation and Benefits	1,307	2,673
Deferred and Other Noncurrent Income Taxes	243	256
Other Long Term Liabilities	<u>916</u>	<u>966</u>
Total Liabilities	13,958	15,082
Commitments and Contingent Liabilities		
Minority Shareholders' Equity	595	577
Shareholders' Equity:		
Goodyear Shareholders' Equity:		
Preferred Stock, no par value:		
Authorized, 50 million shares, Outstanding shares – none (10 million in 2013), liquidation preference \$50 per share	--	500
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares – 275 million (248 million in 2013) after deducting 3 million treasury shares (3 million in 2013)	275	248
Capital Surplus	3,275	2,847
Retained Earnings	2,231	1,958
Accumulated Other Comprehensive Loss	<u>(3,919)</u>	<u>(3,947)</u>
Goodyear Shareholders' Equity	1,862	1,606
Minority Shareholders' Equity – Nonredeemable	<u>241</u>	<u>262</u>
Total Shareholders' Equity	2,103	1,868
Total Liabilities and Shareholders' Equity	<u>\$ 16,656</u>	<u>\$ 17,527</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,	
	2014	2013
Cash Flows from Operating Activities:		
Net Income	\$ 393	\$ 419
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	553	539
Amortization and Write-Off of Debt Issuance Costs	12	13
Deferred Income Taxes	61	3
Net Pension Curtailments and Settlements	39	--
Net Rationalization Charges	80	41
Rationalization Payments	(169)	(60)
Net (Gains) Losses on Asset Sales	4	(6)
Pension Contributions and Direct Payments	(1,292)	(1,072)
Net Venezuela Currency Remeasurement Loss	155	115
Customer Prepayments and Government Grants	5	32
Insurance Proceeds	4	17
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	(675)	(728)
Inventories	(226)	249
Accounts Payable - Trade	(69)	(26)
Compensation and Benefits	103	215
Other Current Liabilities	(5)	(12)
Other Assets and Liabilities	88	(37)
Total Cash Flows from Operating Activities	(939)	(298)
Cash Flows from Investing Activities:		
Capital Expenditures	(634)	(734)
Asset Dispositions	6	8
Decrease in Restricted Cash	6	3
Short Term Securities Acquired	(72)	(89)
Short Term Securities Redeemed	82	81
Other Transactions	7	6
Total Cash Flows from Investing Activities	(605)	(725)
Cash Flows from Financing Activities:		
Short Term Debt and Overdrafts Incurred	52	30
Short Term Debt and Overdrafts Paid	(24)	(89)
Long Term Debt Incurred	1,739	2,152
Long Term Debt Paid	(1,054)	(660)
Common Stock Issued	41	16
Common Stock Repurchased	(97)	(1)
Common Stock Dividends Paid	(43)	--
Preferred Stock Dividends Paid	(15)	(22)
Transactions with Minority Interests in Subsidiaries	(36)	(10)
Debt Related Costs and Other Transactions	--	(16)
Total Cash Flows from Financing Activities	563	1,400
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(271)	(158)
Net Change in Cash and Cash Equivalents	(1,252)	219
Cash and Cash Equivalents at Beginning of the Period	2,996	2,281
Cash and Cash Equivalents at End of the Period	\$ 1,744	\$ 2,500

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Non-GAAP Financial Measures

This earnings release presents Total Segment Operating Income, Free Cash Flow from Operations, Adjusted Net Income and Adjusted Diluted Earnings Per Share (EPS) on a historical basis and our targeted Total Segment Operating Income growth rate for 2014-2016 and our targeted ratio of Adjusted Debt to EBITDAP for 2016, which are important financial measures for the company but are not financial measures defined by U.S. GAAP, and should not be construed as an alternative to corresponding financial measures presented in accordance with U.S. GAAP.

Total Segment Operating Income is the sum of the individual strategic business units' (SBUs) Segment Operating Income as determined in accordance with U.S. GAAP. 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.

Adjusted Net Income is Goodyear's Net Income as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted EPS is the company's Adjusted Net Income divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income and Adjusted Diluted EPS are useful because they represent how management reviews the operating results of the company excluding the impacts of rationalizations, asset write-offs, accelerated depreciation, asset sales and certain other significant items.

Adjusted Debt is the sum of our total debt and our global pension liability, each as determined in accordance with U.S. GAAP, and EBITDAP, as adjusted, represents Net Income (the most directly comparable U.S. GAAP financial measure) before interest expense, income tax expense, depreciation and amortization expense, net periodic pension cost, rationalization charges and other (income) and expense. We refer to the ratio of Adjusted Debt to EBITDAP because we believe it is widely used by investors as a means of evaluating a company's leverage.

We are unable to present a quantitative reconciliation of our forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures, because management cannot reliably predict all of the necessary components of those U.S. GAAP financial measures without unreasonable effort. These components could be significant to the calculation of those U.S. GAAP financial measures in the future.

It should be noted that other companies may calculate similarly-titled non-GAAP financial measures differently and, as a result, the measures presented herein may not be comparable to such similarly-titled measures reported by other companies.

See the tables below for reconciliations of historical Total Segment Operating Income, Free Cash Flow from Operations, Adjusted Net Income and Adjusted Diluted EPS to the most directly comparable U.S. GAAP measures.

Total Segment Operating Income and Margin Reconciliation Table

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(In millions)</i>	2014	2013	2014	2013
Segment Operating Income	\$520	\$431	\$1,353	\$1,161
Rationalizations	15	21	80	41
Interest Expense	108	100	315	287
Other Expense	66	--	242	112
Asset Write-offs and Accelerated Depreciation	--	5	3	15
Corporate Incentive Compensation Plans	23	34	69	79
Pension Curtailments/Settlements	--	--	33	--
Intercompany Profit Elimination	(5)	5	4	5
Retained Expenses of Divested Operations	4	7	11	17
Other	10	10	35	50
Income before Income Taxes	\$299	\$249	\$561	\$555
United States and Foreign Taxes	100	54	168	136
Less: Minority Shareholders Net Income	38	22	70	25
Goodyear Net Income	\$161	\$173	\$323	\$394
Sales	\$4,657	\$5,002	\$13,782	\$14,749
Return on Sales	3.5%	3.5%	2.3%	2.7%
Total Segment Operating Margin	11.2%	8.6%	9.8%	7.9%

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Free Cash Flow from Operations Reconciliation Table

(in millions)	Three Months Ended	
	September 30,	
	2014	2013
Net Income	\$199	\$195
Depreciation and Amortization	182	182
Working Capital (1)	(362)	(284)
Pension Expense (2)	36	65
Other (3)	225	102
Capital Expenditures	(193)	(241)
Free Cash Flow from Operations (non-GAAP)	\$87	\$19
Capital Expenditures	193	241
Pension Contributions and Direct Payments	(35)	(79)
Rationalization Payments	(50)	(17)
Cash Flow from Operating Activities (GAAP)	\$195	\$164

Amounts are calculated from the consolidated Statements of Cash Flows except for pension expense, which is as reported in the Notes to Consolidated Financial Statements.

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

(2) Pension expense is the net periodic pension cost (before curtailments, settlements and termination benefits) as reported in the pension-related note in the Notes to Consolidated Financial Statements.

(3) Other includes amortization and write-off of debt issuance costs, deferred income taxes, net pension curtailments and settlements, net rationalization charges, net (gains) losses on asset sales, net Venezuela currency remeasurement loss, customer prepayments and government grants, insurance proceeds, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.

Adjusted Net Income Reflecting Certain Significant Items (after tax and minority interest)

Third Quarter 2014	In Millions	Per Share (Diluted)
Goodyear Net Income	\$ 161	\$ 0.58
Significant Items:		
Discrete Tax Items	47	0.17
Charge Relating to Government Investigation in Africa	16	0.06
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	9	0.03
Net Losses on Asset Sales	6	0.02
Charges Relating to Labor Claims with Respect to a Previously Closed Facility in Europe	3	0.01
	\$ 81	\$ 0.29
Adjusted Net Income (non-GAAP)	\$ 242	\$ 0.87

Third Quarter 2013	In Millions	Per Share (Diluted)
Goodyear Net Income	\$ 173	\$ 0.62
Significant Items:		
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	19	0.07
Net Gain on Asset Sales	(2)	(0.01)
	\$ 17	\$ 0.06
Adjusted Net Income (non-GAAP)	\$ 190	\$ 0.68

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Adjusted Net Income Reflecting Certain Significant Items (after tax and minority interest)

First Nine Months 2014	In Millions	Per Share (Diluted)
Goodyear Net Income	\$ 323	\$ 1.15
Significant Items:		
Charge Relating to Net Remeasurement Loss in Venezuela	130	0.47
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	58	0.21
Discrete Tax Items	47	0.17
Pension Curtailments and Settlements	36	0.13
Charges Relating to Labor Claims with Respect to a Previously Closed Facility in Europe	20	0.07
Charge Relating to Government Investigation in Africa	16	0.06
Net Losses on Asset Sales	4	0.01
Settlement of Indirect Tax Claims	(13)	(0.05)
	\$ 298	\$ 1.07
Adjusted Net Income (non-GAAP)	\$ 621	\$ 2.22

First Nine Months 2013	In Millions	Per Share (Diluted)
Goodyear Net Income	\$ 394	\$ 1.43
Significant Items:		
Net Venezuela Currency Remeasurement Loss	92	0.33
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	42	0.15
Charges Relating to Labor Claims with Respect to a Previously Closed Facility in Europe	6	0.02
Net Gains on Asset Sales	(5)	(0.02)
Discrete Tax Items	(6)	(0.02)
Net Insurance Recoveries from 2011 Thailand Flood	(6)	(0.02)
	\$ 123	\$ 0.44
Adjusted Net Income (non-GAAP)	\$ 517	\$ 1.87