

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

(In millions, except per share amounts)

	(Unaudited) Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
NET SALES	\$4,791	\$5,045	\$19,540	\$20,992
Cost of Goods Sold	3,690	4,100	15,422	17,163
Selling, Administrative and General Expense	736	707	2,758	2,718
Rationalizations	17	108	58	175
Interest Expense	105	87	392	357
Other (Income) Expense	(15)	11	97	139
Income before Income Taxes	258	32	813	440
United States and Foreign Taxes	2	39	138	203
Net Income (Loss)	256	(7)	675	237
Less: Minority Shareholders' Net Income (Loss)	21	(14)	46	25
Goodyear Net Income	235	7	629	212
Less: Preferred Stock Dividends	7	7	29	29
Goodyear Net Income Available to Common Shareholders	\$ 228	\$ --	\$ 600	\$ 183
Goodyear Net Income Available to Common Shareholders - Per Share of Common Stock				
Basic	\$ 0.92	\$ --	\$ 2.44	\$ 0.75
Weighted Average Shares Outstanding	247	245	246	245
Diluted	\$ 0.84	\$ --	\$ 2.28	\$ 0.74
Weighted Average Shares Outstanding	280	247	277	247
Cash Dividends Declared Per Common Share	<u>\$ --</u>	<u>--</u>	<u>\$ 0.05</u>	<u>--</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Balance Sheets

(In millions, except share data)

	December 31, 2013	December 31, 2012
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 2,996	\$ 2,281
Accounts Receivable, less Allowance - \$99 (\$99 in 2012)	2,435	2,563
Inventories:		
Raw Materials	592	743
Work in Process	164	169
Finished Products	2,060	2,338
	<u>2,816</u>	<u>3,250</u>
Prepaid Expenses and Other Current Assets	397	404
Total Current Assets	8,644	8,498
Goodwill	668	664
Intangible Assets	138	140
Deferred Income Taxes	157	186
Other Assets	600	529
Property, Plant and Equipment		
less Accumulated Depreciation - \$9,158 (\$8,991 in 2012)	7,320	6,956
Total Assets	\$ 17,527	\$ 16,973
Liabilities:		
Current Liabilities:		
Accounts Payable-Trade	\$ 3,097	\$ 3,223
Compensation and Benefits	758	719
Other Current Liabilities	1,083	1,182
Notes Payable and Overdrafts	14	102
Long Term Debt and Capital Leases due Within One Year	73	96
Total Current Liabilities	5,025	5,322
Long Term Debt and Capital Leases	6,162	4,888
Compensation and Benefits	2,673	4,340
Deferred and Other Noncurrent Income Taxes	256	264
Other Long Term Liabilities	966	1,000
Total Liabilities	15,082	15,814
Commitments and Contingent Liabilities		
Minority Shareholders' Equity	577	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 – 248 million (245 million in 2012) after deducting 3 million treasury shares (6 million in 2012)	248	245
Capital Surplus	2,847	2,815
Retained Earnings	1,958	1,370
Accumulated Other Comprehensive Loss	(3,947)	(4,560)
Goodyear Shareholders' Equity	1,606	370
Minority Shareholders' Equity – Nonredeemable	262	255
Total Shareholders' Equity	1,868	625
Total Liabilities and Shareholders' Equity	\$ 17,527	\$ 16,973

(more)

The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Statements of Cash Flows

(In millions)

	Year Ended December 31,	
	2013	2012
Cash Flows from Operating Activities:		
Net Income	\$ 675	\$ 237
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	722	687
Amortization and write-off of debt issuance costs	18	67
Net rationalization charges	58	175
Rationalization payments	(72)	(106)
Net gains on asset sales	(8)	(25)
Pension contributions and direct payments	(1,162)	(684)
Venezuela currency devaluation	115	--
Customer prepayments and government grants	44	131
Insurance proceeds	17	50
Changes in operating assets and liabilities, net of asset acquisitions and dispositions:		
Accounts receivable	79	291
Inventories	366	619
Accounts payable - trade	(30)	(453)
Compensation and benefits	243	260
Other current liabilities	(28)	(24)
Other assets and liabilities	(99)	(187)
Total Cash Flows from Operating Activities	938	1,038
Cash Flows from Investing Activities:		
Capital expenditures	(1,168)	(1,127)
Asset dispositions	25	16
Government grants received	9	2
Decrease in restricted cash	14	11
Short term securities acquired	(105)	(57)
Short term securities redeemed	89	28
Other transactions	--	4
Total Cash Flows from Investing Activities	(1,136)	(1,123)
Cash Flows from Financing Activities:		
Short term debt and overdrafts incurred	31	77
Short term debt and overdrafts paid	(120)	(156)
Long term debt incurred	1,913	3,531
Long term debt paid	(681)	(3,717)
Common stock issued	22	3
Common stock dividends paid	(12)	--
Preferred stock dividends paid	(29)	(29)
Transactions with minority interests in subsidiaries	(26)	(71)
Debt related costs and other transactions	(16)	(64)
Total Cash Flows from Financing Activities	1,082	(426)
Effect of exchange rate changes on cash and cash equivalents	(169)	20
Net Change in Cash and Cash Equivalents	715	(491)
Cash and Cash Equivalents at Beginning of the Period	2,281	2,772
Cash and Cash Equivalents at End of the Period	\$ 2,996	\$ 2,281

(more)

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, 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.

This earnings release also contains our targeted total segment operating income growth rate for 2014-2016 and our targeted ratio of Adjusted Debt to EBITDAP for 2016. Forward-looking total segment operating income and the ratio of Adjusted Debt to EBITDAP 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.

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 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. It should be noted that companies may calculate the components of this ratio differently; as a result, the ratio of Adjusted Debt to EBITDAP as presented herein may not be comparable to similarly-titled measures reported by other companies.

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

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.

Total Segment Operating Income Reconciliation Table

	Three Months Ended December 31,		Twelve Months Ended December 31,	
<i>(In millions)</i>	2013	2012	2013	2012
Segment Operating Income	\$419	\$272	\$1,580	\$1,248
Rationalizations	17	108	58	175
Interest expense	105	87	392	357
Other (income) expense	(15)	11	97	139
Asset write-offs and accelerated depreciation	8	1	23	20
Corporate incentive compensation plans	29	22	108	69
Corporate pension curtailments/settlements	--	12	--	1
Intercompany profit elimination	(9)	(1)	(4)	(1)
Retained expenses of divested operations	(7)	2	24	14
Other	19	(2)	69	34
Income before Income Taxes	\$258	\$32	\$813	\$440

(more)

Free Cash Flow from Operations Reconciliation Table

(in millions)	Year Ended <u>Dec. 31, 2013</u>	Year Ended <u>Dec. 31, 2012</u>
Net Income	\$675	\$237
Depreciation and Amortization	722	687
Working Capital (1)	415	457
Pension Expense (2)	285	307
Other (3)	75	140
Capital Expenditures	<u>(1,168)</u>	<u>(1,127)</u>
Free Cash Flow from Operations (non-GAAP)	<u>1,004</u>	<u>701</u>
Capital Expenditures	1,168	1,127
Pension Contributions and Direct Payments	(1,162)	(684)
Rationalization Payments	<u>(72)</u>	<u>(106)</u>
Cash Flow from Operating Activities (GAAP)	<u>\$938</u>	<u>\$1,038</u>

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 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, net rationalization charges, net losses (gains) on asset sales, Venezuela currency devaluation, customer prepayments and government grants, insurance proceeds, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.

Fourth Quarter Significant Items (after tax and minority interest)

2013

- Rationalizations, asset write-offs and accelerated depreciation, \$17 million (6 cents per share)
- Income and other discrete tax benefits, \$41 million (15 cents per share)
- Gains from asset sales, \$2 million (1 cent per share)

2012

- Rationalizations, asset write-offs and accelerated depreciation, \$85 million (34 cents per share)
- Discrete tax charges, \$9 million (4 cents per share)
- Loss resulting from a strike in South Africa, \$6 million (2 cents per share)
- Charges relating to labor claims with respect to a previously closed facility in Europe, \$5 million (2 cents per share)
- Insurance recoveries related to flooding in Thailand, \$6 million (2 cents per share)
- Gains from asset sales, \$2 million (1 cent per share)