

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

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In millions, except per share amounts)</i>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
NET SALES	\$4,172	\$4,656	\$ 8,196	\$ 9,125
Cost of Goods Sold	3,027	3,532	6,093	7,050
Selling, Administrative and General Expense	648	698	1,256	1,356
Rationalizations	46	24	62	65
Interest Expense	106	102	209	207
Other (Income) Expense	<u>17</u>	<u>8</u>	<u>(111)</u>	<u>176</u>
Income before Income Taxes	328	292	687	262
United States and Foreign Taxes	<u>120</u>	<u>60</u>	<u>243</u>	<u>68</u>
Net Income	208	232	444	194
Less: Minority Shareholders' Net Income	<u>16</u>	<u>19</u>	<u>28</u>	<u>32</u>
Goodyear Net Income	192	213	416	162
Less: Preferred Stock Dividends	<u>--</u>	<u>--</u>	<u>--</u>	<u>7</u>
Goodyear Net Income Available to Common Shareholders	<u>\$ 192</u>	<u>\$ 213</u>	<u>\$ 416</u>	<u>\$ 155</u>
Goodyear Net Income Available to Common Shareholders- Per Share of Common Stock				
Basic	<u>\$ 0.71</u>	<u>\$ 0.77</u>	<u>\$ 1.54</u>	<u>\$ 0.59</u>
Weighted Average Shares Outstanding	270	276	270	262
Diluted	<u>\$ 0.70</u>	<u>\$ 0.76</u>	<u>\$ 1.52</u>	<u>\$ 0.58</u>
Weighted Average Shares Outstanding	274	281	274	281
Cash Dividends Declared Per Common Share	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.10</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	June 30, <u>2015</u>	December 31, <u>2014</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 1,638	\$ 2,161
Accounts Receivable, less Allowance - \$97 (\$89 in 2014)	2,476	2,126
Inventories:		
Raw Materials	488	535
Work in Process	144	149
Finished Products	<u>1,913</u>	<u>1,987</u>
	2,545	2,671
Deferred Income Taxes	579	570
Assets Held For Sale	218	--
Prepaid Expenses and Other Current Assets	<u>239</u>	<u>196</u>
Total Current Assets	7,695	7,724
Goodwill	563	601
Intangible Assets	132	138
Deferred Income Taxes	1,572	1,762
Other Assets	744	731
Property, Plant and Equipment		
less Accumulated Depreciation - \$8,733 (\$9,029 in 2014)	<u>6,810</u>	<u>7,153</u>
Total Assets	<u>\$ 17,516</u>	<u>\$ 18,109</u>
Liabilities:		
Current Liabilities:		
Accounts Payable-Trade	\$ 2,602	\$ 2,878
Compensation and Benefits	675	724
Liabilities Held For Sale	203	--
Other Current Liabilities	904	956
Notes Payable and Overdrafts	36	30
Long Term Debt and Capital Leases due Within One Year	<u>321</u>	<u>148</u>
Total Current Liabilities	4,741	4,736
Long Term Debt and Capital Leases	5,746	6,216
Compensation and Benefits	1,452	1,676
Deferred and Other Noncurrent Income Taxes	186	181
Other Long Term Liabilities	<u>626</u>	<u>873</u>
Total Liabilities	12,751	13,682
Commitments and Contingent Liabilities		
Minority Shareholders' Equity	569	582
Shareholders' Equity:		
Goodyear Shareholders' Equity:		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares – 269 million (269 million in 2014)		
after deducting 9 million treasury shares (9 million in 2014)	269	269
Capital Surplus	3,117	3,141
Retained Earnings	4,727	4,343
Accumulated Other Comprehensive Loss	<u>(4,143)</u>	<u>(4,143)</u>
Goodyear Shareholders' Equity	3,970	3,610
Minority Shareholders' Equity – Nonredeemable	<u>226</u>	<u>235</u>
Total Shareholders' Equity	4,196	3,845
Total Liabilities and Shareholders' Equity	<u>\$ 17,516</u>	<u>\$ 18,109</u>

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The Goodyear Tire & Rubber Company and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Six Months Ended	
	June 30,	
	2015	2014
Cash Flows from Operating Activities:		
Net Income	\$ 444	\$ 194
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	349	371
Amortization and Write-Off of Debt Issuance Costs	5	10
Provision for Deferred Income Taxes	171	(1)
Net Pension Curtailments and Settlements	2	39
Net Rationalization Charges	62	65
Rationalization Payments	(86)	(119)
Net Gains on Asset Sales	(1)	(3)
Pension Contributions and Direct Payments	(51)	(1,257)
Net Venezuela Currency Loss	--	157
Gain on Recognition of Deferred Royalty Income	(155)	--
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	(439)	(376)
Inventories	(13)	(318)
Accounts Payable - Trade	(25)	86
Compensation and Benefits	(46)	35
Other Current Liabilities	(18)	(26)
Other Assets and Liabilities	75	9
Total Cash Flows from Operating Activities	274	(1,134)
Cash Flows from Investing Activities:		
Capital Expenditures	(448)	(441)
Asset Dispositions	8	5
Decrease (Increase) in Restricted Cash	(6)	3
Short Term Securities Acquired	(49)	(41)
Short Term Securities Redeemed	21	46
Other Transactions	5	7
Total Cash Flows from Investing Activities	(469)	(421)
Cash Flows from Financing Activities:		
Short Term Debt and Overdrafts Incurred	49	18
Short Term Debt and Overdrafts Paid	(43)	(24)
Long Term Debt Incurred	1,116	1,314
Long Term Debt Paid	(1,312)	(823)
Common Stock Issued	18	31
Common Stock Repurchased	(52)	(65)
Common Stock Dividends Paid	(32)	(26)
Preferred Stock Dividends Paid	--	(15)
Transactions with Minority Interests in Subsidiaries	(1)	(34)
Debt Related Costs and Other Transactions	(10)	--
Total Cash Flows from Financing Activities	(267)	376
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(61)	(180)
Net Change in Cash and Cash Equivalents	(523)	(1,359)
Cash and Cash Equivalents at Beginning of the Period	2,161	2,996
Cash and Cash Equivalents at End of the Period	\$ 1,638	\$ 1,637

(more)

Non-GAAP Financial Measures (unaudited)

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 2015-2016 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 Flows from Operating Activities 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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<i>(In millions)</i>				
Segment Operating Income	\$556	\$460	\$947	\$833
Rationalizations	46	24	62	65
Interest Expense	106	102	209	207
Other (Income) Expense	17	8	(111)	176
Asset Write-offs and Accelerated Depreciation	--	2	2	3
Corporate Incentive Compensation Plans	22	19	35	46
Corporate Pension Curtailments/Settlements	--	--	--	33
Intercompany Profit Elimination	15	(4)	21	9
Retained Expenses of Divested Operations	2	3	4	7
Other	20	14	38	25
Income before Income Taxes	\$328	\$292	\$687	\$262
United States and Foreign Taxes	120	60	243	68
Less: Minority Shareholders Net Income	16	19	28	32
Goodyear Net Income	\$192	\$213	\$416	\$162
Sales	\$4,172	\$4,656	\$8,196	\$9,125
Return on Sales	4.6%	4.6%	5.1%	1.8%
Total Segment Operating Margin	13.3%	9.9%	11.6%	9.1%

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Free Cash Flow from Operations Reconciliation Table

(in millions)	Three Months Ended June 30,	
	2015	2014
Net Income	\$208	\$232
Depreciation and Amortization	177	188
Working Capital (1)	92	(18)
Pension Expense (2)	36	38
Provision for Deferred Income Taxes	80	20
Other (3)	28	66
Capital Expenditures	(244)	(212)
Free Cash Flow from Operations (non-GAAP)	\$377	\$314
Capital Expenditures	244	212
Pension Contributions and Direct Payments	(25)	(34)
Rationalization Payments	(60)	(83)
Cash Flow from Operating Activities (GAAP)	\$536	\$409

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, net pension curtailments and settlements, net rationalization charges, net (gains) losses on asset sales, net Venezuela currency loss, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.

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Adjusted Net Income and Adjusted Diluted Earnings per Share Reconciliation Table

Second Quarter 2015	Net Income After-tax and Minority Interest	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>			
Goodyear Net Income Available to Common Shareholders	\$ 192	274	\$ 0.70
Significant Items:			
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	32		
Discrete Tax Benefits	2		
Transaction Costs and Net Gains on Asset Sales	3		
	<u>37</u>		<u>\$ 0.14</u>
As Adjusted	\$229	274	\$ 0.84

Second Quarter 2014	Net Income After-tax and Minority Interest	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>			
Goodyear Net Income Available to Common Shareholders	\$ 213	281	\$ 0.76
Significant Items:			
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	19		
Charges for Labor Claims Related to a Closed Facility in Greece	10		
Net Gains on Asset Sales	(4)		
Settlement of Indirect Tax Claims	(13)		
	<u>12</u>		<u>\$ 0.04</u>
As Adjusted	\$225	281	\$ 0.80