GOODYEAR TIRE & RUBBER CO /OH/
Form 10-K
February 09, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
Commission File Number: 1-1927
THE GOODYEAR TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

Ohio	34-0253240
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Innovation Way, Akron, Ohio	44316-0001
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (330) 796-2121
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Without Par Value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes o No þ
The aggregate market value of the common stock held by nonaffiliates of the registrant, computed by reference to the last sales price of such common stock as of the closing of trading on June 30, 2015, was approximately $8.1 billion.

Shares of Common Stock, Without Par Value, outstanding at January 31, 2016:
267,042,491
DOCUMENTS INCORPORATED BY REFERENCE:
Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on April 11, 2016 are incorporated by reference in Part III.

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THE GOODYEAR TIRE & RUBBER COMPANY
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2015
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PART I.

ITEM 1. BUSINESS.

BUSINESS OF GOODYEAR

The Goodyear Tire & Rubber Company (the "Company") is an Ohio corporation organized in 1898. Its principal offices are located at 200 Innovation Way, Akron, Ohio 44316-0001. Its telephone number is (330) 796-2121. The terms "Goodyear," "Company" and "we," "us" or "our" wherever used herein refer to the Company together with all of its consolidat U.S. and foreign subsidiary companies, unless the context indicates to the contrary.

We are one of the world's leading manufacturers of tires, engaging in operations in most regions of the world. In 2015, our net sales were $16,443 million and Goodyear's net income and net income available to common shareholders were $307 million, including an after-tax charge of $577 million related to the deconsolidation of our Venezuelan subsidiary. Together with our U.S. and international subsidiaries, we develop, manufacture, market and distribute tires for most applications. We also manufacture and market rubber-related chemicals for various applications. We are one of the world's largest operators of commercial truck service and tire retreading centers. In addition, we operate approximately 1,100 tire and auto service center outlets where we offer our products for retail sale and provide automotive repair and other services. We manufacture our products in 49 manufacturing facilities in 22 countries, including the United States, and we have marketing operations in almost every country around the world. We employ approximately 66,000 full-time and temporary associates worldwide.

Dissolution of Global Alliance with Sumitomo Rubber Industries

On October 1, 2015, we completed the previously announced dissolution of our global alliance with Sumitomo Rubber Industries, Ltd. ("SRI") in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between us and SRI.

Under the global alliance, we owned 75% and SRI owned 25% of two companies, Goodyear Dunlop Tires Europe B.V. ("GDTE") and Goodyear Dunlop Tires North America, Ltd. ("GDTNA"). In Japan, we owned 25%, and SRI owned 75%, of two companies, one, Nippon Goodyear Ltd. ("NGY"), for the sale of Goodyear-brand passenger and truck tires for replacement in Japan and the other, Dunlop Goodyear Tires Ltd. ("DGT"), for the sale of Goodyear-brand and Dunlop-brand tires to vehicle manufacturers in Japan. We also own 51%, and SRI owns 49%, of a company that coordinated and disseminated both commercialized tire technology and non-commercialized technology among us and SRI, the joint ventures and their respective affiliates (the "Technology JV"), and we own 80%, and SRI owns 20%, of a global purchasing company (the "Purchasing JV"). The global alliance also provided for the investment by us and SRI in the common stock of the other.

As result of the completion of certain of the transactions contemplated by the Framework Agreement:

- we acquired SRI's 25% interest in GDTE and SRI's 75% interest in NGY;
- we sold to SRI our 75% interest in GDTNA, as well as the Huntsville, Alabama test track used by GDTNA, and our 25% interest in DGT;
- we maintained control of the Dunlop-related trademarks for tire-related businesses in North America but granted to SRI an exclusive license to develop, manufacture and sell Dunlop-brand tires for motorcycles and for Japanese-owned original equipment manufacturers operating in North America; and
- SRI obtained exclusive rights to sell Dunlop-brand tires in those countries that were previously non-exclusive under the global alliance, including Russia, Turkey and certain countries in Africa.

We paid to SRI a net amount of $271 million and delivered a promissory note to GDTNA in the initial principal amount of $56 million at an interest rate of LIBOR plus 0.1% and with a maturity date three years following the date of dissolution.

The Framework Agreement also provides that we will liquidate the Technology JV and the Purchasing JV and distribute the remaining assets and liabilities of those entities to us and SRI in accordance with our respective ownership interests, and that we and SRI will conduct an orderly sale of the investments in the common stock of the other.

AVAILABLE INFORMATION

We make available free of charge on our website, http://www.goodyear.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we file or furnish such reports to the Securities and Exchange Commission (the “SEC”). The information on our website is not incorporated by reference in or considered to be a part of this Annual Report on Form 10-K.

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DESCRIPTION OF GOODYEAR'S BUSINESS

GENERAL INFORMATION REGARDING OUR SEGMENTS

For the year ended December 31, 2015, we operated our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa ("EMEA"); Asia Pacific; and Latin America. Financial information related to our operating segments for the three year period ended December 31, 2015 appears in the Note to the Consolidated Financial Statements No. 8, Business Segments.

Effective January 1, 2016, we combined our North America and Latin America strategic business units into one Americas strategic business unit. We have combined the North America and Latin America reportable segments effective on this date to align with the new organizational structure and the basis used for reporting to our Chief Executive Officer beginning in 2016. Our first quarter 2016 Form 10-Q will reflect the new segment structure with prior periods recast for comparable disclosure.

Our principal business is the development, manufacture, distribution and sale of tires and related products and services worldwide. We manufacture and market numerous lines of rubber tires for:

- automobiles
- trucks
- buses
- aircraft
- motorcycles
- earthmoving and mining equipment
- farm implements
- industrial equipment, and
- various other applications.

In each case, our tires are offered for sale to vehicle manufacturers for mounting as original equipment ("OE") and for replacement worldwide. We manufacture and sell tires under the Goodyear, Dunlop, Kelly, Debica, Sava and Fulda brands and various other Goodyear owned "house" brands, and the private-label brands of certain customers. In certain geographic areas we also:

- retread truck, aviation and off-the-road, or OTR, tires,
- manufacture and sell tread rubber and other tire retreading materials,
- sell chemical products, and
- provide automotive repair services and miscellaneous other products and services.

Our principal products are new tires for most applications. Approximately 87% of our sales in 2015 and 2014 were for new tires, compared to 86% in 2013. Sales of chemical products and natural rubber to unaffiliated customers were 2% in 2015, 3% in 2014 and 4% in 2013 of our consolidated sales (5%, 7% and 9% of North America's total sales in 2015, 2014 and 2013, respectively). The percentages of each segment's sales attributable to new tires during the periods indicated were:

	Year Ended December 31,		
Sales of New Tires By	2015	2014	2013
North America	81 %	80 %	78 %
Europe, Middle East and Africa	94	94	94
Asia Pacific	89	88	87
Latin America	96	92	92

Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions.

Goodyear does not include motorcycle, aviation or all terrain vehicle tires in reported tire unit sales.

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Tire unit sales for each segment during the periods indicated were:
GOODYEAR'S ANNUAL TIRE UNIT SALES — SEGMENT

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
North America	61.6	61.1	61.7
Europe, Middle East and Africa	61.1	60.5	60.8
Asia Pacific	26.0	23.0	21.9
Latin America	17.5	17.4	17.9
Goodyear worldwide tire units	166.2	162.0	162.3

Our replacement and OE tire unit sales during the periods indicated were:
GOODYEAR'S ANNUAL TIRE UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
Replacement tire units	115.5	112.9	111.9
OE tire units	50.7	49.1	50.4
Goodyear worldwide tire units	166.2	162.0	162.3

New tires are sold under highly competitive conditions throughout the world. On a worldwide basis, we have two major competitors: Bridgestone (based in Japan) and Michelin (based in France). Other significant competitors include Continental, Cooper, Hankook, Kumho, Pirelli, SRI, Toyo, Yokohama and various regional tire manufacturers.

We compete with other tire manufacturers on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. Goodyear and Dunlop brand tires enjoy a high recognition factor and have a reputation for performance and product design. The Kelly, Debica, Sava and Fulda brands and various house brand tire lines offered by us, and tires manufactured and sold by us to private brand customers, compete primarily on the basis of value and price.

Although we do not consider our tire businesses to be seasonal to any significant degree, we historically sell more replacement tires in EMEA during the third quarter.

NORTH AMERICA

North America, our largest segment in terms of revenue, develops, manufactures, distributes and sells tires and related products and services in the United States and Canada, and sells tires to various export markets, primarily through intersegment sales. North America manufactures tires in six plants in the United States and two plants in Canada. North America manufactures and sells tires for automobiles, trucks, buses, earthmoving and mining equipment, commercial and military aviation and industrial equipment, and for various other applications.

Goodyear brand radial passenger tire lines sold in the United States and Canada include the Assurance family of product lines for the premium and mid-tier passenger and cross-over utility vehicle segments; the Eagle family of product lines for the high-performance segment; the Wrangler family of product lines for the sport utility vehicle and light truck segments and the Ultra Grip family of winter tires. Additionally, we offer Dunlop brand radial tire lines including Signature II, SP Sport and Direzza for the passenger and performance segments; the Grandtrek tire lines for the cross-over, sport utility vehicle and light truck segment and SP Winter, Winter Maxx and Grandtrek tire lines for the winter tire segment. North America also manufactures and sells several lines of Kelly brand radial tires for passenger cars and light trucks in the United States and Canada. Goodyear's North America commercial business unit provides commercial truck tires, retreads, services, tools and business solutions to trucking fleets.

In 2015, North America launched six new consumer tires, under the Goodyear, Dunlop and Kelly brands, including our new Goodyear Wrangler Fortitude HT, Dunlop Signature HP and Kelly Edge tire lines. North America's commercial truck tire business launched four new tires under the Goodyear Fuel Max tire line to serve our long haul and regional customers as well as the Goodyear Endurance Waste Haul.

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In 2015, North America also launched online tire sales, becoming the first major tire manufacturer to sell products, as well as installation services, online through our website, www.goodyear.com. To date, we have more than 4,000 independent dealer and Company-owned locations signed up as authorized installers. North America also:

- retreads truck, aviation and OTR tires, primarily as a service to its commercial customers,
- manufactures tread rubber and other tire retreading materials for trucks, heavy equipment and aviation,
- provides automotive maintenance and repair services at approximately 600 retail outlets primarily under the Goodyear or Just Tires names,
- provides trucking fleets with new tires, retreads, mechanical service, preventative maintenance and roadside assistance from approximately 190 Company-owned Goodyear Commercial Tire & Service Centers,
- sells automotive repair and maintenance items, automotive equipment and accessories and other items to dealers and consumers,
- sells chemical products and natural rubber to Goodyear’s other business segments and to unaffiliated customers, and
- provides miscellaneous other products and services.

Markets and Other Information

Tire unit sales to replacement and OE customers served by North America during the periods indicated were:

NORTH AMERICA UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
Replacement tire units	43.1	43.0	42.9
OE tire units	18.5	18.1	18.8
Total tire units	61.6	61.1	61.7

North America is a major supplier of tires to most manufacturers of automobiles, trucks and aircraft that have production facilities located in North America.

North America’s primary competitors are Bridgestone and Michelin. Other significant competitors include Continental, Cooper, Pirelli, and imports from other regions, primarily Asia.

Goodyear, Dunlop and Kelly brand tires are sold in the United States and Canada through several channels of distribution. The principal channel for Goodyear brand tires is a large network of independent dealers. Goodyear, Dunlop and Kelly brand tires are also sold to numerous national and regional retail marketing firms and in Goodyear Company-owned stores in the United States.

We are subject to regulation by the National Highway Traffic Safety Administration (“NHTSA”), which has established various standards and regulations applicable to tires sold in the United States. NHTSA has the authority to order the recall of automotive products, including tires, having a defect related to motor vehicle safety. In addition, the Transportation Recall Enhancement, Accountability, and Documentation Act (the “TREAD Act”) imposes numerous reporting requirements with respect to tires. The TREAD Act also requires tire manufacturers, among other things, to remedy tire safety defects without charge for five years and comply with revised and more rigorous tire testing standards. NHTSA is also in the process of establishing national tire labeling regulations, under which certain tires sold in the United States will be required to be rated for rolling resistance, traction and tread wear.

EUROPE, MIDDLE EAST AND AFRICA

Europe, Middle East and Africa, our second largest segment in terms of revenue, develops, manufactures, distributes and sells tires for automobiles, trucks, buses, aircraft, motorcycles, earthmoving and mining equipment, and industrial equipment throughout Europe, the Middle East and Africa under the Goodyear, Dunlop, Debica, Sava and Fulda brands and other house brands, and sells tires to various export markets, primarily through intersegment sales. EMEA manufactures tires in fourteen plants in France, Germany, Luxembourg, Poland, Slovenia, South Africa and Turkey.

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In 2015, EMEA launched three new consumer tires, including several models in the Goodyear Ultra Grip Performance line for the winter tire segment, as well as the new all season Goodyear Vector 4-Seasons line. EMEA also introduced five new commercial tires including the Ultra Grip Max for all wheel positions. These new products provide extended mobility in winter conditions, more versatility and superior tire performance to commercial customers. EMEA also:

- sells aviation tires, and manufactures and sells retreaded aviation tires,
- provides various retreading and related services for truck and OTR tires, primarily for its commercial truck tire customers,
- offers automotive repair services at retail outlets, and
- provides miscellaneous other products and services.

Markets and Other Information

Tire unit sales to replacement and OE customers served by EMEA during the periods indicated were:

EUROPE, MIDDLE EAST AND AFRICA UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
Replacement tire units	43.8	43.7	44.2
OE tire units	17.3	16.8	16.6
Total tire units	61.1	60.5	60.8

EMEA is a significant supplier of tires to most vehicle manufacturers across the region.

EMEA’s primary competitors are Michelin, Bridgestone, Continental, Pirelli, several regional and local tire producers and imports from other regions, primarily Asia.

Goodyear and Dunlop brand tires are sold for replacement in EMEA through various channels of distribution, principally independent multi-brand tire dealers. In some areas, Goodyear brand tires, as well as Dunlop, Debica, Sava and Fulda brand tires, are distributed through independent dealers, regional distributors and retail outlets, of which approximately 80 are owned by Goodyear.

Our European operations are subject to regulation by the European Union. The Tire Labeling Regulation applies to all passenger car, light truck and commercial truck tires and requires that consumers be informed about the tire's fuel efficiency, wet grip and noise characteristics.

ASIA PACIFIC

Our Asia Pacific segment manufactures and sells tires for automobiles, trucks, aircraft, and farm, earthmoving and mining equipment throughout the Asia Pacific region, and sells tires to various export markets, primarily through intersegment sales. Asia Pacific manufactures tires in seven plants in China, India, Indonesia, Japan, Thailand and Malaysia. Asia Pacific also:

- retreads truck tires and aviation tires,
- manufactures tread rubber and other tire retreading materials for aviation tires,
- provides automotive maintenance and repair services at retail outlets, and
- provides miscellaneous other products and services.

In 2015, Asia Pacific launched two new consumer tires including the Assurance DuraPlus and EfficientGrip Performance tires. Asia Pacific also launched two new commercial tire products in China and Australia.

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Markets and Other Information

Tire unit sales to replacement and OE customers served by Asia Pacific during the periods indicated were:

ASIA PACIFIC UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
Replacement tire units	14.3	12.7	12.4
OE tire units	11.7	10.3	9.5
Total tire units	26.0	23.0	21.9

Asia Pacific's major competitors are Bridgestone and Michelin along with many other global brands present in different parts of the region, including Continental, Dunlop, Hankook and a large number of regional and local tire producers.

Asia Pacific sells primarily Goodyear brand tires throughout the region and also sells the Dunlop brand in Australia and New Zealand. Other brands of tires, such as Blue Streak, Kelly and Diamondback, are sold in smaller quantities. Tires are sold through a network of licensed and franchised retail stores and multi-brand retailers through a network of wholesale dealers. In Australia, we also operate a network of approximately 230 retail stores under the Beaurepaires brand.

LATIN AMERICA

Our Latin America segment manufactures and sells automobile and truck tires throughout Central and South America and in Mexico, and sells tires to various export markets, primarily through intersegment sales. Latin America manufactures tires in five plants in Brazil, Chile, Colombia, Peru and Venezuela. Latin America also:

- retreads, and provides various materials and related services for retreading truck tires,
- manufactures other products, including OTR tires, and
- provides miscellaneous other products and services.

Goodyear brand radial passenger tire lines sold throughout Latin America include the Assurance family of product lines for the premium and mid-tier consumer segment; the Direction family of product lines for the mid-tier segment; and the Eagle and Efficient Grip product lines for the sport performance segment. For the sport utility vehicle and light truck segments, Latin America has the Wrangler family of product lines and in 2015 introduced the Efficient Grip SUV. Additionally, the commercial business provides products for the long haul, regional haul, city service, and mixed service and OTR segments. In 2015, the commercial business launched three new tires: KMAX S, D Traction and Extreme.

Currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. These conditions, combined with other government regulations such as price and profit margin controls and strict labor laws, have increasingly limited our ability to make and execute operational decisions at our Venezuelan subsidiary. We concluded that we no longer meet the accounting criteria for control and, as a result, we deconsolidated our Venezuelan subsidiary on December 31, 2015. Refer to the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

Markets and Other Information

Tire unit sales to replacement and OE customers served by Latin America during the periods indicated were:

LATIN AMERICA UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2015	2014	2013
Replacement tire units	14.3	13.5	12.4
OE tire units	3.2	3.9	5.5
Total tire units	17.5	17.4	17.9

Latin America is a significant supplier of tires to most manufacturers of automobiles, trucks, and construction and mining equipment located in the region. Goodyear brand tires are sold for replacement primarily through independent dealers. Significant competitors include Pirelli, Bridgestone, Michelin and Continental, and imports from other regions, primarily Asia.

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In 2012, Brazil adopted a tire labeling regulation, which took effect in 2015 and set requirements for tire certification and labeling for rolling resistance, wet grip braking and noise for all radial passenger car, light truck and commercial truck tires sold in that country. The adoption of labeling regulations is in two phases, with labeling of certain new products required in 2015 and labeling of all tires required by the end of 2016.

GENERAL BUSINESS INFORMATION

Sources and Availability of Raw Materials

The principal raw materials used by Goodyear are synthetic and natural rubber. Synthetic rubber accounts for approximately 60% of all rubber consumed by us on an annual basis. Our plants located in Beaumont and Houston, Texas supply a major portion of our global synthetic rubber requirements. We purchase all of our requirements for natural rubber in the world market.

Other important raw materials and components we use are carbon black, steel cord, fabrics and petrochemical-based commodities. Substantially all of these raw materials and components are purchased from independent suppliers, except for certain chemicals we manufacture. We purchase most raw materials and components in significant quantities from several suppliers, except in those instances where only one or a few qualified sources are available. We anticipate the continued availability of all raw materials and components we will require during 2016, subject to spot shortages and unexpected disruptions caused by natural disasters such as hurricanes and other similar events.

Substantial quantities of fuel and other petrochemical-based commodities are used in the production of tires, synthetic rubber and other products. Supplies of such fuels and commodities have been and are expected to continue to be available to us in quantities sufficient to satisfy our anticipated requirements, subject to spot shortages.

In 2015, raw material costs decreased by approximately 11% in our tire businesses compared to 2014, primarily driven by a decrease in natural and synthetic rubber prices and cost savings initiatives during 2015. For the full year of 2016, we expect our raw material costs, including raw material cost savings, will decline approximately 9% compared to 2015. However, natural and synthetic rubber prices and other commodity prices have experienced significant volatility, and this estimate could change significantly based on fluctuations in the cost of these and other key raw materials.

Patents and Trademarks

We own approximately 2,000 product, process and equipment patents issued by the United States Patent Office and approximately 3,500 patents issued or granted in other countries around the world. We have approximately 500 applications for United States patents pending and approximately 2,200 patent applications on file in other countries around the world. While such patents and patent applications as a group are important, we do not consider any patent or patent application to be of such importance that the loss or expiration thereof would materially affect Goodyear or any business segment.

We own, control or use approximately 1,700 different trademarks, including several using the word “Goodyear” or the word “Dunlop.” Approximately 13,200 registrations and 700 pending applications worldwide protect these trademarks. While such trademarks as a group are important, the only trademarks we consider material to our business, or to the business of any of our segments, are those using the word “Goodyear,” and with respect to certain of our international business segments, those using the word “Dunlop.” We believe our trademarks are valid and most are of unlimited duration as long as they are adequately protected and appropriately used.

Backlog

Our backlog of orders is not considered material to, or a significant factor in, evaluating and understanding any of our business segments or our businesses considered as a whole.

Research and Development

Our direct and indirect expenditures on research, development and certain engineering activities relating to the design, development and significant modification of new and existing products and services and the formulation and design of new, and significant improvements to existing, manufacturing processes and equipment during the periods indicated were:

	Year Ended December 31,		
(In millions)	2015	2014	2013

Research and development expenditures	$382	$399	$390

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Employees

At December 31, 2015, we employed approximately 66,000 full-time and temporary people throughout the world, including approximately 36,000 people covered under collective bargaining agreements. Approximately 6,700 of our employees in the United States are covered by a master collective bargaining agreement with the United Steelworkers ("USW"), which expires in July 2017. Approximately 21,000 of our employees outside of the United States are covered by union contracts that currently have expired or that will expire in 2016, primarily in Germany, Brazil and South Africa. In addition, approximately 1,000 of our employees in the United States are covered by other contracts with the USW and various other unions. Unions represent the major portion of our employees in Europe and Latin America.

Compliance with Environmental Regulations

We are subject to extensive regulation under environmental and occupational health and safety laws and regulations. These laws and regulations relate to, among other things, air emissions, discharges to surface and underground waters and the generation, handling, storage, transportation and disposal of waste materials and hazardous substances. We have several continuing programs designed to ensure compliance with Federal, state and local environmental and occupational safety and health laws and regulations. We expect capital expenditures for pollution control facilities and occupational safety and health projects to be $35 million to $45 million annually in 2016 and 2017.

We also incur ongoing expenses to maintain and operate our pollution control facilities and conduct our other environmental activities, including the control and disposal of hazardous substances. These expenditures are expected to be sufficient to comply with existing environmental laws and regulations and are not expected to have a material adverse effect on our competitive position.

In the future, we may incur increased costs and additional charges associated with environmental compliance and cleanup projects necessitated by the identification of new waste sites, the impact of new environmental laws and regulatory standards, or the availability of new technologies. Compliance with Federal, state and local environmental laws and regulations in the future may require a material increase in our capital expenditures and could adversely affect our earnings and competitive position.

INFORMATION ABOUT INTERNATIONAL OPERATIONS

We engage in manufacturing and/or sales operations in most countries in the world, often through subsidiary companies. We have manufacturing operations in 22 countries, including the United States. Most of our international manufacturing operations are engaged in the production of tires. Certain other products are also manufactured in plants located outside the United States. Financial information related to our geographic areas for the three year period ended December 31, 2015 appears in the Note to the Consolidated Financial Statements No. 8, Business Segments, and is incorporated herein by reference.

In addition to the ordinary risks of the marketplace, in some countries our operations are affected by price or profit margin controls, import controls, labor regulations, tariffs, extreme inflation and/or fluctuations in currency values. Furthermore, in certain countries where we operate, transfers of funds into or out of such countries are generally or periodically subject to certain requirements. Refer to “Item 1A. Risk Factors” for a discussion of the risks related to our international operations.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are: (1) the names and ages of all executive officers of the Company at February 9, 2016, (2) all positions with the Company presently held by each such person, and (3) the positions held by, and principal areas of responsibility of, each such person during the last five years.

Name	Position(s) Held	Age
Richard J. Kramer	Chairman of the Board, Chief Executive Officer and President	52

Mr. Kramer was elected Chief Executive Officer and President in April 2010 and Chairman in October 2010. He is the principal executive officer of the Company. Mr. Kramer joined Goodyear in March 2000 and has served as Executive Vice President and Chief Financial Officer (June 2004 to August 2007), President, North America (March 2007 to February 2010) and Chief Operating Officer (June 2009 to April 2010).

Laura K. Thompson	Executive Vice President and Chief Financial Officer	51

Ms. Thompson was named Executive Vice President and Chief Financial Officer in December 2013. She is Goodyear’s principal financial officer. Ms. Thompson joined Goodyear in 1983 and has served as Vice President, Business Development (June 2005 to February 2011) and Vice President, Finance, North America (March 2011 to November 2013).

Stephen R. McClellan	President, Americas	50

Mr. McClellan was named President, Americas effective January 1, 2016. He is the executive officer responsible for Goodyear's operations in North America and Latin America. Mr. McClellan joined Goodyear in 1988 and has served as President, Consumer Tires, North America (August 2008 to August 2011) and President, North America (August 2011 to December 2015).

Jean-Claude Kihn	President, Europe, Middle East and Africa	56

Mr. Kihn was named President, Europe, Middle East and Africa effective January 1, 2016. He is the executive officer responsible for Goodyear’s operations in Europe, the Middle East and Africa. Mr. Kihn joined Goodyear in 1988 and has served as Senior Vice President and Chief Technical Officer (January 2008 to December 2012), Senior Vice President and Managing Director, Goodyear Brazil (December 2012 to October 2014) and President, Latin America (November 2014 to December 2015).

Christopher R. Delaney	President, Asia Pacific	54

Mr. Delaney joined Goodyear as President-Elect, Asia Pacific on August 24, 2015, and was named President, Asia Pacific effective January 1, 2016. He is the executive officer responsible for Goodyear’s operations in Asia, Australia, New Zealand and the Western Pacific. Prior to joining Goodyear, Mr. Delaney was Chief Executive Officer and Managing Director of Goodman Fielder Ltd., a food products company in Australia, New Zealand and the Asia Pacific region, from July 2011 until March 2015 and was President, Asia Pacific for Campbell Soup Company from October 2009 until June 2011.

David L. Bialosky	Senior Vice President, General Counsel and Secretary	58

Mr. Bialosky joined Goodyear as Senior Vice President, General Counsel and Secretary in September 2009. He is Goodyear's chief legal officer.

Paul Fitzhenry	Senior Vice President, Global Communications	56

Mr. Fitzhenry joined Goodyear as Senior Vice President, Global Communications in October 2012. He is the executive officer responsible for Goodyear's communications activities worldwide. Prior to joining Goodyear, he was Vice President of Corporate Communications of Tyco International, a diversified global industrial company, from 2007 until September 2012.

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Name	Position(s) Held	Age
Richard Kellam	Senior Vice President, Sales and Marketing Excellence	54

Mr. Kellam joined Goodyear as Senior Vice President, Sales and Marketing Excellence in September 2014. He is the executive officer responsible for Goodyear’s global sales and marketing activities. Prior to joining Goodyear, Mr. Kellam served in positions of increasing responsibility at Mars Incorporated, a global manufacturer of confectionery, pet food and other food products, including most recently as Global Chief Customer Officer from 2009 until September 2014.

Scott H. King	Senior Vice President, Strategy and Business Development	54

Mr. King was named Senior Vice President, Strategy and Business Development on April 13, 2015. He is the executive officer responsible for Goodyear's strategic initiatives and business development activities. Mr. King rejoined Goodyear after serving as Chief Financial Officer of Veyance Technologies, Inc., Goodyear's former Engineered Products Division, from August 2007 until February 2015. From April 2006 to August 2007, he served as Vice President, Finance of Goodyear's Engineered Products Division.

John T. Lucas	Senior Vice President, Global Human Resources	56

Mr. Lucas joined Goodyear as Senior Vice President, Global Human Resources on February 2, 2015. He is Goodyear’s chief human resources officer. Prior to joining Goodyear, Mr. Lucas was Senior Vice President of Human Resources for Lockheed Martin Corporation, a global security and aerospace company, from February 2010 until February 2015.

Gregory L. Smith	Senior Vice President, Global Operations	52

Mr. Smith joined Goodyear as Senior Vice President, Global Operations in October 2011. He is the executive officer responsible for Goodyear's global manufacturing and related supply chain activities. Prior to joining Goodyear, Mr. Smith served in operations, manufacturing and supply chain positions of increasing responsibility at ConAgra Foods, a packaged foods company, since 2001, including most recently as Executive Vice President, Supply Chain and Operations from December 2007 to September 2011.

Joseph Zekoski	Senior Vice President and Chief Technical Officer	65

Mr. Zekoski was named Senior Vice President and Chief Technical Officer on February 24, 2015. He is the executive officer responsible for Goodyear's research and tire technology development, engineering and product quality worldwide. Mr. Zekoski joined Goodyear in 1979 and has served as Vice President, Global Product Development and Innovation Center Operations (January 2008 to December 2011) and Interim Chief Technical Officer (December 2012 to February 2015).

Richard J. Noechel	Vice President and Controller	47

Mr. Noechel became Vice President and Controller in March 2011. He is Goodyear's principal accounting officer. Mr. Noechel joined Goodyear in October 2004 and has served as Vice President, Finance, North America from December 2008 to February 2011.

No family relationship exists between any of the above executive officers or between the executive officers and any director of the Company.
Each executive officer is elected by the Board of Directors of the Company at its annual meeting to a term of one year or until his or her successor is duly elected. In those instances where the person is elected at other than an annual meeting, such person’s term will expire at the next annual meeting.

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ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below and other information contained in this Annual Report on Form 10-K when considering an investment decision with respect to our securities. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. Any of the events discussed in the risk factors below may occur. If they do, our business, results of operations, financial condition or liquidity could be materially adversely affected. In such an instance, the trading price of our securities could decline, and you might lose all or part of your investment.

If we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected.

Volatile global industry conditions continued in 2015, and our business was impacted by trends that negatively affected the tire industry in general. These negative trends include economic weakness in Europe, recessionary economic conditions and political volatility in Latin America, particularly in Brazil and Venezuela, and slowing growth in Asia Pacific. Global tire industry demand continues to be difficult to predict. In addition, we were also impacted by the continued strengthening of the U.S. dollar against most foreign currencies. If these overall trends continue or worsen, then our operational and financial condition could be adversely affected.

In order to offset the impact of these trends, we have announced important strategic initiatives, such as our operational excellence and sales and marketing excellence initiatives, increasing our low-cost manufacturing capacity, reducing our high-cost manufacturing capacity, increasing sales in emerging markets, and improving the profitability of our EMEA segment. We are also undertaking significant capital investments in building, expanding and modernizing manufacturing facilities around the world, including a new manufacturing facility in San Luis Potosi, Mexico to supply the Americas. The failure to implement successfully our important strategic initiatives may materially adversely affect our operating results, financial condition and liquidity.

Our operational excellence initiatives are aimed at improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service. Our sales and marketing excellence initiatives are intended to drive sustainable growth through standard processes and innovative solutions delivered to customers and consumers. If we fail to execute these initiatives successfully, we may fail to achieve our financial goals.

If economic and political conditions in emerging markets, such as Eastern Europe, the Middle East, Latin America, China and India, deteriorate significantly, we may not be able to increase our sales in emerging markets and our operating results, financial condition and liquidity could be materially adversely affected.

Our performance is also dependent on our ability to improve the volume and mix of higher margin tires we sell in our targeted market segments. In order to do so, we must be successful in developing, producing, marketing and selling products that consumers desire and that offer higher margins to us. Shifts in consumer demand away from higher margin tires could materially adversely affect our business. We are currently capacity constrained with respect to the production of certain higher margin tires, particularly in North America. We plan to alleviate these constraints by utilizing our global manufacturing footprint to meet the demand for our tires and by adding manufacturing capacity in the Americas, such as our new plant in San Luis Potosi, Mexico. However, in spite of these initiatives, we may not be able to meet all of the demand for certain of our higher margin tires, which could harm our competitive position and limit our growth.

We cannot assure you that our strategic initiatives will be successful. If not, we may not be able to achieve or sustain future profitability, which would impair our ability to meet our debt and other obligations and would otherwise negatively affect our operating results, financial condition and liquidity.

We face significant global competition and our market share could decline.

New tires are sold under highly competitive conditions throughout the world. We compete with other tire manufacturers on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. On a worldwide basis, we have two major competitors, Bridgestone (based in Japan) and Michelin (based in France), that have large shares of the markets of the countries in which they are based and are aggressively seeking to maintain or improve their worldwide market share. Other significant competitors include Continental, Cooper, Hankook, Kumho, Pirelli, SRI, Toyo, Yokohama and various regional tire manufacturers. Our competitors produce significant numbers of tires in low-cost countries, and have announced plans to further increase their production capacity.

Our ability to compete successfully will depend, in significant part, on our ability to continue to innovate and manufacture the types of tires demanded by consumers, and to reduce costs by such means as reducing excess and high-cost capacity, leveraging global purchasing, improving productivity, eliminating redundancies and increasing production at low-cost supply sources. If we are unable to compete successfully, our market share may decline, materially adversely affecting our results of operations and financial condition.

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We could be negatively impacted by the decision to impose tariffs on certain tires imported from China.

The imposition of tariffs on certain tires imported from China may reduce our flexibility to utilize our global manufacturing footprint to meet demand for our tires around the world. In addition, the imposition of tariffs in the United States may result in the Chinese tires subject to such tariffs being diverted to other regions of the world, such as Europe, Latin America or elsewhere in Asia, which could materially adversely affect our results of operations, financial condition and liquidity in those regions.

Our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity.

We have manufacturing and distribution facilities throughout the world. Our international operations are subject to certain inherent risks, including:

- exposure to local economic conditions;
- adverse foreign currency fluctuations;
- adverse currency exchange controls;
- withholding taxes and restrictions on the withdrawal of foreign investment and earnings;
- labor regulations;
- government price and profit margin controls;
- expropriations of property;
- adverse changes in the diplomatic relations of foreign countries with the United States;
- the potential instability of foreign governments;
- hostility from local populations and insurrections;
- risks of renegotiation or modification of existing agreements with governmental authorities;
- export and import restrictions; and
- other changes in laws or government policies.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable. Certain regions, including Latin America, Asia, Eastern Europe, the Middle East and Africa, are inherently more economically and politically volatile and as a result, our business units that operate in these regions could be subject to significant fluctuations in sales and operating income from quarter to quarter. Because a significant percentage of our operating income in recent years has come from these regions, adverse fluctuations in the operating results in these regions could have a significant impact on our results of operations in future periods.

For example, since 2003, Venezuela has imposed currency exchange controls that establish the exchange rate between the Venezuelan bolivar fuerte and the U.S. dollar and restrict the ability to exchange bolivares fuertes for dollars. These restrictions have delayed and limited our ability to pay third-party and affiliated suppliers and to otherwise repatriate funds from Venezuela. In addition, other government regulations, such as price and profit margin controls and strict labor laws, have increasingly limited our ability to make and execute operational decisions at our Venezuelan subsidiary. The lack of currency exchangeability, combined with these other operating restrictions, have significantly limited our Venezuelan subsidiary’s ability to maintain normal production and control over its operations. As a result, we deconsolidated the operations of our Venezuelan subsidiary, recognized a pre-tax $646 million charge and began reporting its results using the cost method of accounting effective December 31, 2015.

In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include import and export laws, anti-competition laws, anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, and other local laws prohibiting corrupt payments to governmental officials, data privacy requirements, tax laws, and accounting, internal control and disclosure requirements. Violations of these laws and regulations could result in civil and criminal fines, penalties and sanctions against us, our officers or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our reputation, business and results of operations. In certain foreign jurisdictions, there is a higher risk of fraud or corruption and greater difficulty in maintaining effective internal controls and compliance programs. Although we have implemented policies and procedures designed to promote compliance with applicable laws and regulations, there can be no assurance that our employees, contractors or agents will not violate our policies or applicable laws and regulations.

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We have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity.

The financial position and results of operations of many of our international subsidiaries are initially recorded in various foreign currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. The strengthening of the U.S. dollar against these foreign currencies ordinarily has a negative impact on our reported sales and operating margin (and conversely, the weakening of the U.S. dollar against these foreign currencies has a positive impact). For the year ended December 31, 2015, foreign currency translation unfavorably affected sales by $1,563 million and unfavorably affected segment operating income by $145 million compared to the year ended December 31, 2014. The volatility of currency exchange rates may materially adversely affect our operating results.

If we fail to extend or renegotiate our primary collective bargaining contracts with our labor unions as they expire from time to time, or if our unionized employees were to engage in a strike or other work stoppage or interruption, our business, results of operations, financial condition and liquidity could be materially adversely affected.

We are a party to collective bargaining contracts with our labor unions, which represent a significant number of our employees. Our master collective bargaining agreement with the USW covers approximately 6,700 employees in the United States at December 31, 2015, and expires July 29, 2017. In addition, approximately 21,000 of our employees outside of the United States are covered by union contracts that have expired or are expiring in 2016, primarily in Germany, Brazil and South Africa. Although we believe that our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage or interruption, we could experience a significant disruption of, or inefficiencies in, our operations or incur higher labor costs, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results.

The adequacy of our liquidity depends on our ability to achieve an appropriate combination of operating improvements, financing from third parties and access to capital markets. We may need to undertake additional financing actions in the capital markets in order to ensure that our future liquidity requirements are addressed or to implement strategic initiatives. These actions may include the issuance of additional debt or equity, or the factoring of our accounts receivable.

Our access to the capital markets cannot be assured and is dependent on, among other things, the ability and willingness of financial institutions to extend credit on terms that are acceptable to us or our suppliers, or to honor future draws on our existing lines of credit, and the degree of success we have in implementing our strategic initiatives. Over the past several years, we have increased our use of supplier financing programs and the factoring of our accounts receivable in order to improve our working capital efficiency and reduce our costs. If these programs become unavailable or less attractive to us or our suppliers, our liquidity could be adversely affected.

Future liquidity requirements, or our inability to access cash deposits or make draws on our lines of credit, also may make it necessary for us to incur additional debt. A substantial portion of our assets is subject to liens securing our indebtedness. As a result, we are limited in our ability to pledge our remaining assets as security for additional secured indebtedness.

Our inability to access the capital markets or incur additional debt in the future could have a material adverse effect on our liquidity and operations, and could require us to consider further measures, including deferring planned capital expenditures, reducing discretionary spending, selling additional assets and restructuring existing debt.

Financial difficulties, work stoppages, supply disruptions or economic conditions affecting our major OE customers, dealers or suppliers could harm our business.

Volatile global industry conditions continued in 2015, particularly in EMEA and Latin America. As a result of these industry conditions, automotive vehicle production and global tire industry demand continues to be difficult to predict. Although sales to our OE customers account for approximately 20% of our net sales, demand for our products by OE customers and production levels at our facilities are impacted by automotive vehicle production. We may experience future declines in sales volume due to declines in new vehicle sales, the discontinuation or sale of certain OE brands, platforms or programs, increased competition, or weakness in the demand for replacement tires, which could result in us incurring under-absorbed fixed costs at our production facilities or slowing the rate at which we are able to recover those costs.

Automotive production can also be affected by labor relation issues, financial difficulties or supply disruptions. Our OE customers could experience production disruptions resulting from their own or supplier labor, financial or supply difficulties. Such events may cause an OE customer to reduce or suspend vehicle production. As a result, an OE customer could halt or significantly reduce purchases of our products, which would harm our results of operations, financial condition and liquidity.

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In addition, the bankruptcy, restructuring or consolidation of one or more of our major OE customers, dealers or suppliers could result in the write-off of accounts receivable, a reduction in purchases of our products or a supply disruption to our facilities, which could negatively affect our results of operations, financial condition and liquidity.

Our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner.

Our capital expenditures are limited by our liquidity and capital resources and the amount we have available for capital spending is limited by the need to pay our other expenses and to maintain adequate cash reserves and borrowing capacity to meet unexpected demands that may arise. We believe that our ratio of capital expenditures to sales is lower than the comparable ratio for our principal competitors.

Productivity improvements and manufacturing cost improvements may be required to offset potential increases in labor and raw material costs and competitive price pressures. In addition, as part of our strategy to increase the percentage of tires that are produced at our lower-cost production facilities and to increase our capacity to produce higher margin tires, we may need to modernize or expand our facilities. We are currently building a new manufacturing facility in San Luis Potosi, Mexico and are undertaking significant expansion and modernization projects at certain of our manufacturing facilities in the United States, Brazil, Germany and China.

We may not have sufficient resources to implement planned capital expenditures with minimal disruption to our existing manufacturing operations, or within desired time frames and budgets. Any disruption to our operations, delay in implementing capital improvements or unexpected costs may materially adversely affect our business and results of operations.

If we are unable to make sufficient capital expenditures, or to maximize the efficiency of the capital expenditures we do make, we may be unable to achieve productivity improvements, which may harm our competitive position, or to manufacture the products necessary to compete successfully in our targeted market segments. In addition, plant construction and modernization may temporarily disrupt our manufacturing operations and lead to temporary increases in our costs.

Raw material and energy costs may materially adversely affect our operating results and financial condition.

Raw material costs have historically been volatile, and we may experience increases in the prices of natural and synthetic rubber, carbon black and petrochemical-based commodities. Market conditions or contractual obligations may prevent us from passing any such increased costs on to our customers through timely price increases. Additionally, higher raw material and energy costs around the world may offset our efforts to reduce our cost structure. As a result, higher raw material and energy costs could result in declining margins and operating results and adversely affect our financial condition. The volatility of raw material costs may cause our margins, operating results and liquidity to fluctuate. In addition, lower raw material costs may put downward pressure on the price of tires, which could ultimately reduce our margins and adversely affect our results of operations.

We have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health.

We have a substantial amount of debt. As of December 31, 2015, our debt (including capital leases) on a consolidated basis was approximately $5.8 billion. Our substantial amount of debt and other obligations could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations;
- impair our ability to obtain financing in the future for working capital, capital expenditures, research and development, acquisitions or general corporate requirements;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to use cash flows from operating activities in other areas of our business or to return cash to shareholders because we would need to dedicate a substantial portion of these funds for payments on our indebtedness;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors.

The agreements governing our debt, including our credit agreements, limit, but do not prohibit, us from incurring additional debt and we may incur a significant amount of additional debt in the future, including additional secured debt. If new debt is added to our current debt levels, our ability to satisfy our debt obligations may become more limited.

Our ability to make scheduled payments on, or to refinance, our debt and other obligations will depend on our financial and operating performance, which, in turn, is subject to our ability to implement our strategic initiatives, prevailing economic conditions and certain financial, business and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service and other obligations, we may be forced to reduce or eliminate our share repurchase program and the dividend on our common stock, reduce or delay expansion plans and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. We cannot assure you that our operating performance, cash flow and capital resources will be

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sufficient to pay our debt obligations when they become due. We cannot assure you that we would be able to dispose of material assets or operations or restructure our debt or other obligations if necessary or, even if we were able to take such actions, that we could do so on terms that are acceptable to us.

Any failure to be in compliance with any material provision or covenant of our debt instruments, or a material reduction in the borrowing base under our revolving credit facility, could have a material adverse effect on our liquidity and operations.

The indentures and other agreements governing our secured credit facilities, senior unsecured notes and our other outstanding indebtedness impose significant operating and financial restrictions on us. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These restrictions limit our ability to, among other things:

- incur additional debt or issue redeemable preferred stock;
- pay dividends, repurchase shares or make certain other restricted payments or investments;
- incur liens;
- sell assets;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- enter into affiliate transactions;
- engage in sale/leaseback transactions; and
- engage in certain mergers or consolidations or transfers of substantially all of our assets.

Availability under our first lien revolving credit facility is subject to a borrowing base, which is based on eligible accounts receivable and inventory. To the extent that our eligible accounts receivable and inventory decline, our borrowing base will decrease and the availability under that facility may decrease below its stated amount. In addition, if at any time the amount of outstanding borrowings and letters of credit under that facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess.

Our ability to comply with these covenants or to maintain our borrowing base may be affected by events beyond our control, including deteriorating economic conditions, and these events could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We cannot assure you that such waivers, amendments or alternative financing could be obtained, or if obtained, would be on terms acceptable to us.

A breach of any of the covenants or restrictions contained in any of our existing or future financing agreements, including the financial covenants in our secured credit facilities, could result in an event of default under those agreements. Such a default could allow the lenders under our financing agreements, if the agreements so provide, to discontinue lending, to accelerate the related debt as well as any other debt to which a cross-acceleration or cross-default provision applies, and/or to declare all borrowings outstanding thereunder to be due and payable. In addition, the lenders could terminate any commitments they have to provide us with further funds. If any of these events occur, we cannot assure you that we will have sufficient funds available to pay in full the total amount of obligations that become due as a result of any such acceleration, or that we will be able to find additional or alternative financing to refinance any such accelerated obligations. Even if we obtain additional or alternative financing, we cannot assure you that it would be on terms that would be acceptable to us.

We cannot assure you that we will be able to remain in compliance with the covenants to which we are subject in the future and, if we fail to do so, that we will be able to obtain waivers from our lenders or amend the covenants.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Certain of our borrowings are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, which would require us to use more of our available cash to service our indebtedness. There can be no assurance that we will be able to enter into swap agreements or other hedging arrangements in the future, or that existing or future hedging arrangements will offset increases in interest rates. As of December 31, 2015, we had $1,769 million of variable rate debt outstanding.

We have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales.

We operate with significant operating and financial leverage. Significant portions of our manufacturing, selling, administrative and general expenses are fixed costs that neither increase nor decrease proportionately with sales. In addition, a significant portion of our interest expense is fixed. There can be no assurance that we would be able to reduce our fixed costs proportionately in response to a decline in our net sales and therefore our competitiveness could be significantly impacted. As a result, a decline in our net sales could result in a higher percentage decline in our income from operations and net income.

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We may incur significant costs in connection with our contingent liabilities and tax matters.
We have significant reserves for contingent liabilities and tax matters. The major categories of our contingent liabilities include workers' compensation and other employment-related claims, product liability and other tort claims, including asbestos claims, and environmental matters. Our recorded liabilities and estimates of reasonably possible losses for our contingent liabilities are based on our assessment of potential liability using the information available to us at the time and, where applicable, any past experience and recent and current trends with respect to similar matters. Our contingent liabilities are subject to inherent uncertainties, and unfavorable judicial or administrative decisions could occur that we did not anticipate. Such an unfavorable decision could include monetary damages, fines or other penalties or an injunction prohibiting us from taking certain actions or selling certain products. If such an unfavorable decision were to occur, it could result in a material adverse impact on our financial position and results of operations in the period in which the decision occurs, or in future periods.
The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including with respect to transfer pricing. While we apply consistent transfer pricing policies and practices globally, support transfer prices through economic studies, seek advance pricing agreements and joint audits to the extent possible and believe our transfer prices to be appropriate, such transfer prices, and related interpretations of tax laws, are occasionally challenged by various taxing authorities globally. We have received various tax assessments challenging our interpretations of applicable tax laws in various jurisdictions. Although we believe we have complied with applicable tax laws, have strong positions and defenses and have historically been successful in defending such claims, our results of operations could be materially adversely affected in the case we are unsuccessful in the defense of existing or future claims.
If we wish to appeal any future adverse judgment in any of these proceedings, we may be required to post an appeal bond with the relevant court. If we were subject to a significant adverse judgment or experienced an interruption or reduction in the availability of bonding capacity, we may be required to provide letters of credit or post cash collateral, which may have a material adverse effect on our liquidity.
For further information regarding our contingent liabilities and tax matters, refer to the Note to the Consolidated Financial Statements, No. 19, Commitments and Contingent Liabilities. For further information regarding our accounting policies with respect to certain of our contingent liabilities and uncertain income tax positions, refer to “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies.”
We are subject to extensive government regulations that may materially adversely affect our operating results.
We are subject to regulation by the Department of Transportation through the National Highway Traffic Safety Administration, or NHTSA, which has established various standards and regulations applicable to tires sold in the United States and tires sold in a foreign country that are identical or substantially similar to tires sold in the United States. NHTSA has the authority to order the recall of automotive products, including tires, having safety-related defects.
The Transportation Recall Enhancement, Accountability, and Documentation Act, or TREAD Act, imposes numerous requirements with respect to the early warning reporting of warranty claims, property damage claims, and bodily injury and fatality claims and also requires tire manufacturers, among other things, to comply with revised and more rigorous tire testing standards. Compliance with the TREAD Act regulations has increased the cost of producing and distributing tires in the United States. In addition, while we believe that our tires are free from design and manufacturing defects, it is possible that a recall of our tires, under the TREAD Act or otherwise, could occur in the future. A substantial recall could have a material adverse effect on our reputation, operating results and financial condition.
In addition, as required by the Energy Independence and Security Act of 2007, NHTSA will establish a national tire fuel efficiency consumer information program. When the related rule-making process is completed, certain tires sold in the United States will be required to be rated for rolling resistance, traction and tread wear. While the Federal law will preempt state tire fuel efficiency laws adopted after January 1, 2006, we may become subject to additional tire fuel efficiency legislation, either in the United States or other countries.

Our European operations are subject to regulation by the European Union. In 2009, two regulations, the Tire Safety Regulation and the Tire Labeling Regulation, applicable to tires sold in the European Union were adopted. The Tire Safety Regulation sets performance standards that tires for cars and light and commercial trucks need to meet for rolling resistance, wet grip braking (passenger car tires only) and noise in order to be sold in the European Union, and became effective beginning in 2012, with continuing phases that will become effective through 2020. The Tire Labeling Regulation applies to all passenger car, light truck and commercial truck tires and requires that consumers be informed about the tire's fuel efficiency, wet grip and noise characteristics. Other countries, such as Brazil, have also adopted tire labeling regulations, and additional countries may also introduce similar regulations in the future.

Tires produced or sold in Europe also have to comply with various other standards, including environmental laws such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances), which regulates the use of chemicals in the

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European Union. For example, REACH prohibits the use of highly aromatic oils in tires, which were used as compounding components to improve certain performance characteristics.

These U.S. and European regulations, rules adopted to implement these regulations, or other similar regulations that may be adopted in the United States, Europe or elsewhere in the future may require us to alter or increase our capital spending and research and development plans or cease the production of certain tires, which could have a material adverse effect on our operating results.

Laws and regulations governing environmental and occupational safety and health are complicated, change frequently and have tended to become stricter over time. As a manufacturing company, we are subject to these laws and regulations both inside and outside the United States. We may not be in complete compliance with such laws and regulations at all times. Our costs or liabilities relating to them may be more than the amount we have reserved, and that difference may be material.

In addition, our manufacturing facilities may become subject to further limitations on the emission of "greenhouse gases" due to public policy concerns regarding climate change issues or other environmental or health and safety concerns. While the form of any additional regulations cannot be predicted, a "cap-and-trade" system similar to the one adopted in the European Union could be adopted in the United States. Any such "cap-and-trade" system (including the system currently in place in the European Union) or other limitations imposed on the emission of "greenhouse gases" could require us to increase our capital expenditures, use our cash to acquire emission credits or restructure our manufacturing operations, which could have a material adverse effect on our operating results, financial condition and liquidity.

Compliance with the laws and regulations described above or any of the myriad of applicable foreign, Federal, state and local laws and regulations currently in effect or that may be adopted in the future could materially adversely affect our competitive position, operating results, financial condition and liquidity.

We may be adversely affected by any disruption in, or failure of, our information technology systems.

We rely upon the capacity, reliability and security of our information technology, or IT, systems across all of our major business functions, including our research and development, manufacturing, retail, financial and administrative functions. We also face the challenge of supporting our older systems and implementing upgrades when necessary. Our security measures are focused on the prevention, detection and remediation of damage from computer viruses, unauthorized access, cyber attack, natural disasters and other similar disruptions. We may incur significant costs in order to implement the security measures that we feel are necessary to protect our IT systems. However, our IT systems may remain vulnerable to damage despite our implementation of security measures that we deem to be appropriate.

Any system failure, accident or security breach involving our IT systems could result in disruptions to our operations. A breach in the security of our IT systems could include the theft of our intellectual property or trade secrets, negatively impact our manufacturing or retail operations, or result in the compromise of personal information of our employees, customers or suppliers. While we have, from time to time, experienced system failures, accidents and security breaches involving our IT systems, these incidents have not had a material impact on our operations, and we are not aware of any resulting theft, loss or disclosure of, or damage to, material data or confidential information. To the extent that any system failure, accident or security breach results in material disruptions to our operations or the theft, loss or disclosure of, or damage to, material data or confidential information, our reputation, business, results of operations and financial condition could be materially adversely affected.

If we are unable to attract and retain key personnel our business could be materially adversely affected.

Our business substantially depends on the continued service of key members of our management. The loss of the services of a significant number of members of our management could have a material adverse effect on our business. Our future success will also depend on our ability to attract and retain highly skilled personnel, such as engineering, marketing and senior management professionals. Competition for these employees is intense, and we could experience difficulty from time to time in hiring and retaining the personnel necessary to support our business. If we do not succeed in retaining our current employees and attracting new high quality employees, our business could be materially adversely affected.

We may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

We manage businesses and facilities worldwide. Our facilities and operations, and the facilities and operations of our suppliers and customers, could be disrupted by events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters. Any such disruption could cause delays in the production and distribution of our products and the loss of sales and customers. We may not be insured against all such potential losses and, if insured, the insurance proceeds that we receive may not adequately compensate us for all of our losses.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTIES.

We manufacture our products in 49 manufacturing facilities located around the world including 14 plants in the United States.

NORTH AMERICA MANUFACTURING FACILITIES. North America owns or leases and operates 17 manufacturing facilities in the United States and Canada.

- 8 tire plants (6 in the United States and 2 in Canada),
- 4 chemical plants,
- 1 tire mold plant,
- 1 tire retread plant,
- 2 aviation retread plants, and
- 1 mix plant in Canada.

These facilities have floor space aggregating approximately 19 million square feet.

EUROPE, MIDDLE EAST AND AFRICA MANUFACTURING FACILITIES. EMEA owns or leases and operates 17 manufacturing facilities in 9 countries, including:

- 14 tire plants,
- 1 tire mold and tire manufacturing machine facility,
- 1 aviation retread plant, and
- 1 mix plant.

These facilities have floor space aggregating approximately 19 million square feet.

ASIA PACIFIC MANUFACTURING FACILITIES. Asia Pacific owns and operates 8 manufacturing facilities in 6 countries, including 7 tire plants and 1 aviation retread plant. These facilities have floor space aggregating approximately 7 million square feet.

LATIN AMERICA MANUFACTURING FACILITIES. Latin America owns or leases and operates 7 manufacturing facilities in 5 countries, including 5 tire plants and 2 tire retread plants. These facilities have floor space aggregating approximately 5 million square feet.

PLANT UTILIZATION. Our worldwide tire capacity utilization rate was approximately 86% during 2015 compared to approximately 85% in 2014 and 80% in 2013. The reported capacity utilization is an overall average for the Company. Our utilization rate can vary significantly between product lines, such as high-value-added and low-value-added tires or consumer and commercial tires, and can also vary between business segments.

OTHER FACILITIES. We also own and operate two research and development facilities and technical centers, and seven tire proving grounds. We lease our Corporate and North America headquarters, research and development facility and technical center in Akron, Ohio. We operate approximately 1,100 retail outlets for the sale of our tires to consumer and commercial customers, approximately 50 tire retreading facilities and approximately 160 warehouse distribution facilities. Substantially all of these facilities are leased. We do not consider any one of these leased properties to be material to our operations. For additional information regarding leased properties, refer to the Notes to the Consolidated Financial Statements No. 13, Property, Plant and Equipment and No. 14, Leased Assets.

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ITEM 3. LEGAL PROCEEDINGS.

Asbestos Litigation

We are currently one of numerous defendants in legal proceedings in certain state and Federal courts involving approximately 67,400 claimants at December 31, 2015 relating to their alleged exposure to materials containing asbestos in products allegedly manufactured by us or asbestos materials present at our facilities. We manufactured, among other things, rubber coated asbestos sheet gasket materials from 1914 through 1973 and aircraft brake assemblies containing asbestos materials prior to 1987. Some of the claimants are independent contractors or their employees who allege exposure to asbestos while working at certain of our facilities. It is expected that in a substantial portion of these cases there will be no evidence of exposure to a Goodyear manufactured product containing asbestos or asbestos in our facilities. The amount expended by us and our insurers on defense and claim resolution was approximately $19 million during 2015. The plaintiffs in the pending cases allege that they were exposed to asbestos and, as a result of such exposure, suffer from various respiratory diseases, including in some cases mesothelioma and lung cancer. The plaintiffs are seeking unspecified actual and punitive damages and other relief. For additional information on asbestos litigation, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

Amiens Labor Claims

Approximately 800 former employees of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims totaling €111 million ($121 million) against Goodyear Dunlop Tires France. We intend to vigorously defend ourselves against these claims, and any additional claims that may be asserted against us, and cannot estimate the amounts, if any, that we may ultimately pay in respect of such claims.

Other Matters

In addition to the legal proceedings described above, various other legal actions, indirect tax assessments, claims and governmental investigations and proceedings covering a wide range of matters are pending against us, including claims and proceedings relating to several waste disposal sites that have been identified by the United States Environmental Protection Agency and similar agencies of various states for remedial investigation and cleanup, which sites were allegedly used by us in the past for the disposal of industrial waste materials. Based on available information, we do not consider any such action, assessment, claim, investigation or proceeding to be material, within the meaning of that term as used in Item 103 of Regulation S-K and the instructions thereto. For additional information regarding our legal proceedings, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

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PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The principal market for our common stock is the NASDAQ Global Select Market (Stock Exchange Symbol: GT). Information relating to the high and low sale prices of shares of our common stock and dividends declared on our common stock appears under the caption "Quarterly Data and Market Price Information" in Item 8 of this Annual Report at page 117, and is incorporated herein by reference. Under our primary credit facilities we are permitted to pay dividends on our common stock as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities following the payment, and certain financial tests are satisfied. On October 6, 2015, we announced an increase in the quarterly cash dividend on our common stock to $0.07 per share from $0.06 per share, beginning on December 1, 2015. At December 31, 2015, there were 15,733 record holders of the 267,017,982 shares of our common stock then outstanding.

The following table presents information with respect to repurchases of common stock made by us during the three months ended December 31, 2015.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
10/1/15-10/31/15	—	$—	—	$136,702,685
11/1/15-11/30/15	1,268,983	33.20	1,268,983	94,572,552
12/1/15-12/31/15	1,701,488	34.04	1,701,488	36,645,866
Total	2,970,471	$33.68	2,970,471	

(1) Total number of shares purchased as part of our common stock repurchase program and delivered to us by employees as payment for the exercise price of stock options and the withholding taxes due upon the exercise of stock options or the vesting or payment of stock awards.

(2) On September 18, 2013, the Board of Directors authorized $100 million for use in our common stock repurchase program. On May 27, 2014, the Board of Directors approved an increase in that authorization to $450 million. On February 4, 2016, the Board of Directors approved a further increase in that authorization to $1.1 billion. This program expires on December 31, 2018. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs and to provide for additional shareholder returns. During the three month period ended December 31, 2015, we repurchased 2,970,471 shares at an average price of $33.68 per share, or $100 million in the aggregate.

Set forth in the table below is certain information regarding the number of shares of our common stock that were subject to outstanding stock options or other compensation plan awards at December 31, 2015.

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Shares Reflected in

			Column (a))	
	(a)			
Equity compensation plans approved by shareholders	7,782,696	$17.15	8,645,222	(1)
Equity compensation plans not approved by shareholders	—	—	—	
Total	7,782,696	$17.15	8,645,222	

(1) Under our equity-based compensation plans, up to a maximum of 969,530 performance shares in respect of performance periods ending on or subsequent to December 31, 2015, 103,492 shares of time-vested restricted stock and 673,093 restricted stock units have been awarded. In addition, up to 36,854 shares of common stock may be issued in respect of the deferred payout of awards made under our equity compensation plans. The number of performance shares indicated assumes the maximum possible payout that may be earned during the relevant performance periods.

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ITEM 6. SELECTED FINANCIAL DATA.

	Year Ended December 31,(1)				
(In millions, except per share amounts)	2015(2)	2014(3)	2013(4)	2012(5)	2011(6)
Net Sales	$16,443	$18,138	$19,540	$20,992	$22,767
Net Income (Loss)	376	2,521	675	237	417
Less: Minority Shareholders' Net Income	69	69	46	25	74
Goodyear Net Income (Loss)	$307	$2,452	$629	$212	$343
Less: Preferred Stock Dividends	—	7	29	29	22
Goodyear Net Income (Loss) available to Common Shareholders	$307	$2,445	$600	$183	$321
Goodyear Net Income (Loss) available to Common Shareholders — Per Share of Common Stock:					
Basic	$1.14	$9.13	$2.44	$0.75	$1.32
Diluted	$1.12	$8.78	$2.28	$0.74	$1.26
Cash Dividends Declared per Common Share	$0.25	$0.22	$0.05	$—	$—
Total Assets	$16,439	$18,044	$17,437	$16,844	$17,556
Long Term Debt and Capital Leases Due Within One Year	587	148	73	96	156
Long Term Debt and Capital Leases	5,120	6,216	6,162	4,888	4,789
Goodyear Shareholders' Equity	3,920	3,610	1,606	370	749
Total Shareholders' Equity	4,142	3,845	1,868	625	1,017

(1) Refer to "Basis of Presentation" and "Principles of Consolidation" in the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

(2) Goodyear net income in 2015 included net charges after-tax and minority of $794 million due to the loss on the deconsolidation of our Venezuelan subsidiary; rationalization charges, including accelerated depreciation and asset write-offs; settlement charges related to pension plans in North America; charges related to the early repayment of debt; and charges related to labor claims with respect to a previously closed facility in Greece. Goodyear net income in 2015 also included net gains after-tax and minority of $195 million resulting from royalty income related to the termination of a licensing agreement; the gain on the dissolution of the global alliance with SRI; discrete income tax items; insurance recoveries for claims related to discontinued products; and the settlement of certain indirect tax claims in Latin America.

(3) Goodyear net income in 2014 included net charges after-tax and minority of $323 million due to changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar; rationalization charges, including accelerated depreciation and asset write-offs; curtailment and settlement losses related to pension plans in North America and the UK; charges related to labor claims with respect to a previously closed facility in Greece; charges related to a government investigation in Africa; and the settlement of certain indirect tax claims in Latin America. Goodyear net income in 2014 also included net gains after-tax and minority of $1,985 million resulting from discrete income tax items, including the release of substantially all of the valuation allowance on our net deferred U.S. tax assets; and net gains on assets sales.

(4) Goodyear net income in 2013 included net charges after-tax and minority of $156 million due to the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar; rationalization charges, including accelerated depreciation and asset write-offs; and charges related to labor claims with respect to a previously closed facility in Greece. Goodyear net income in 2013 also included net gains after-tax and minority of $59 million resulting from certain foreign government tax incentives, tax law changes and interest earned on favorable tax judgments; insurance

recoveries for a flood in Thailand; and gains on asset sales.

(5) Goodyear net income in 2012 included net charges after-tax and minority of $325 million due to rationalization charges, including accelerated depreciation and asset write-offs; charges related to the early redemption of debt and a credit facility amendment and restatement; charges related to labor claims with respect to a previously closed facility in Greece; charges related to a tornado in the United States; settlement charges related to a pension plan; discrete charges related to income taxes; and charges related to a strike in South Africa. Goodyear net income in 2012 also included net gains after-tax and minority of $35 million related to insurance recoveries for a flood in Thailand and gains on asset sales.

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(6) Goodyear net income in 2011 included net charges after-tax and minority of $217 million due to rationalization charges, including accelerated depreciation and asset write-offs; charges related to the early redemption of debt; charges related to a flood in Thailand; and charges related to a tornado in the United States. Goodyear net income in 2011 also included net gains after-tax and minority of $51 million from the benefit of certain tax adjustments and gains on asset sales.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, with one of the most recognizable brand names in the world and operations in most regions of the world. We have a broad global footprint with 49 manufacturing facilities in 22 countries, including the United States. Through December 31, 2015, we operated our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa; Asia Pacific; and Latin America.

Effective January 1, 2016, we combined our North America and Latin America strategic business units into one Americas strategic business unit. We have combined the North America and Latin America reportable segments effective on this date to align with the new organizational structure and the basis used for reporting to our Chief Executive Officer beginning in 2016. Our first quarter 2016 Form 10-Q will reflect the new segment structure with prior periods recast for comparable disclosure.

Volatile global industry conditions continued in 2015, including economic weakness in Europe, recessionary economic conditions and political volatility in Latin America, particularly in Brazil and Venezuela, and slowing growth in Asia Pacific. In addition, we were impacted by the continued strengthening of the U.S. dollar against most foreign currencies.

Despite these challenging industry and economic conditions, we produced record segment operating income of $2,022 million in 2015, including record segment operating income of $1,108 million in North America and $319 million in Asia Pacific. Our 2015 results reflect a 2.6% increase in tire unit shipments compared to 2014. In 2015, excluding Venezuela, we realized approximately $369 million of cost savings, including raw material cost saving measures of approximately $228 million, which exceeded the impact of general inflation. Our raw material costs, including cost saving measures, decreased by approximately 11% in 2015 compared to 2014.

In the second quarter of 2015, we announced that we selected San Luis Potosi, Mexico as the site for our new consumer tire factory to serve customers in the Americas. The new factory, combined with investments in our existing factories, will help us meet the demand for our products in the Americas. We expect the new factory to begin production in 2017.

On October 1, 2015, we completed the dissolution of our global alliance with SRI in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between us and SRI. For further information, refer to "Item 1. Business — Business of Goodyear — Dissolution of Global Alliance with Sumitomo Rubber Industries."

We also took several steps throughout 2015 to proactively manage our balance sheet, liquidity needs and interest expense, including the amendment and restatement of our European revolving credit facility, the repricing of and $600 million of repayments on our second lien term loan, and the refinancing of $1.0 billion of senior notes and €250 million of GDTE senior notes. These actions will result in aggregate annualized interest savings of approximately $65 million, including $55 million in 2016. For further information, refer to "Liquidity and Capital Resources."

Net sales were $16,443 million in 2015, compared to $18,138 million in 2014. Net sales decreased in 2015 due to unfavorable foreign currency translation, primarily in EMEA, and lower sales in other tire-related businesses, primarily third-party chemical sales in North America. These declines were partially offset by higher tire unit volume, primarily in Asia Pacific.

Goodyear net income in 2015 was $307 million, compared to Goodyear net income of $2,452 million in 2014, and Goodyear net income available to common shareholders was $307 million, or $1.12 per diluted share, compared to

Goodyear net income available to common shareholders of $2,445 million, or $8.78 per diluted share, in 2014. The decrease in Goodyear net income in 2015 compared to 2014 was primarily driven by an increase in income tax expense in 2015 as a result of the reversal of the valuation allowance on our U.S. deferred tax assets in the fourth quarter of 2014 and the loss on the deconsolidation of our Venezuelan subsidiary, partially offset by the improvement in segment operating income and Other (Income) Expense. Other (Income) Expense in 2015 included increased royalty income due to the termination of a licensing agreement associated with the sale of our former Engineered Products business, the gain on the dissolution of the global alliance with SRI and a benefit in general and product liability — discontinued products from the recovery of past costs from an asbestos insurer and changes in assumptions for probable insurance recoveries for asbestos claims.

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Our total segment operating income for 2015 was $2,022 million, compared to $1,712 million in 2014. The $310 million, or 18.1%, increase in segment operating income was due primarily to a decline in raw material costs of $594 million, which more than offset the impact of higher conversion costs of $149 million, unfavorable foreign currency translation of $145 million and higher selling, administrative and general expense ("SAG") of $70 million. Segment operating income also benefited by an improvement in volume of $74 million. Refer to "Results of Operations — Segment Information" for additional information.

In order to drive future growth and address the volatile economic environment, we remain focused on our key strategies:

- Continuing to focus on market-back product development;
- Taking a selective approach to the market, targeting profitable segments where we have competitive advantages;
- Improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service;
- Focusing on cash flow to provide funding for our capital allocation plan described below; and
- Building top talent and teams.

On February 9, 2016, we announced a $650 million increase in our share repurchase program, bringing the total authorized amount under that program to $1.1 billion. Additionally, effective December 1, 2015, we increased the quarterly cash dividend on our common stock from $0.06 per share to $0.07 per share. Our capital allocation plan also provides for capital expenditures, debt repayments and pension funding, and restructuring payments. Refer to “Liquidity and Capital Resources — Overview” for additional information.

Pension and Benefit Plans

At December 31, 2015, our unfunded global pension liability was $642 million, compared to $714 million at December 31, 2014. As a result of the deconsolidation of our Venezuelan subsidiary, the December 31, 2015 unfunded global pension liability excludes $80 million of pension liabilities related to our Venezuela pension plan. The unfunded global pension liability of $714 million at December 31, 2014 included $43 million related to Venezuela.

Our U.S. pension strategy includes the accelerated funding of pension plans in conjunction with significantly reducing exposure in the investment portfolio of those plans to future equity market movements. The fixed income investments held for these plans are designed to offset the subsequent impact of discount rate movements on the plans’ benefit obligations so that the funded status remains stable. The strategy also provides for the opportunistic settling of pension obligations when conditions warrant.

During 2013 and 2014, we contributed $2,035 million to fully fund our U.S. pension plans. Consistent with our pension strategy, we transitioned those plans’ asset allocations to a portfolio of substantially all fixed income securities designed to offset subsequent changes in discount rates. As a result of the full funding of our hourly U.S. pension plans in 2014, the pension benefits for hourly associates were frozen in 2014, and these associates now receive Company contributions to a defined contribution plan. Our salaried U.S. pension plans were previously frozen.

During 2015, we completed programs to offer lump sums over a limited time to certain former employees in our U.S. pension plans. Payments of $190 million related to this offer were made from existing plan assets to approximately 7,000 former employees who elected to receive a lump sum. As a result, total lump sum payments from these plans exceeded annual service and interest cost in 2015; therefore, we recognized a pre-tax corporate pension settlement charge of $137 million in the fourth quarter of 2015.

These actions continue to provide stability to our funded status, improve our earnings and operating cash flow, and provide greater transparency to our underlying tire business.

Net actuarial losses in Accumulated Other Comprehensive Loss (“AOCL”) related to the U.S. pension plans decreased by $342 million during 2015. The net decrease was due to the immediate recognition of $386 million in AOCL from the sale of GDTNA and pension settlement charges as well as the amortization of $106 million in net periodic cost, partially offset by an increase of $150 million due to actuarial losses experienced during 2015, primarily related to 2015 actual returns on plan assets below our assumed long-term rate of return, reflecting the impact of increases in interest rates on our portfolio of fixed income securities.

Globally we expect our 2016 net periodic pension cost to be approximately $65 million to $85 million, compared to $135 million in 2015. The decrease is primarily due to a change in our method of measuring service and interest costs for pension plans that utilize a yield curve approach and the deconsolidation of our Venezuelan subsidiary. For 2015, we measured service and interest costs for plans that utilize a yield curve by using a single weighted average discount rate derived from the yield curve to measure the plan obligations. For 2016, we elected to measure service and interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We believe this new approach provides a more precise measurement of service and interest costs by aligning the timing of projected benefit cash flows to the corresponding rates on the yield curve. This change is expected to reduce our 2016 net periodic pension cost by approximately

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$50 million to $75 million compared to the previous method and does not affect the measurement of plan benefit obligations. Net periodic pension cost in 2015 included $27 million related to Venezuela.

Liquidity

At December 31, 2015, we had $1,476 million in Cash and Cash Equivalents as well as $2,676 million of unused availability under our various credit agreements, compared to $2,161 million and $2,317 million, respectively, at December 31, 2014. The decrease in cash and cash equivalents of $685 million resulted primarily from 2015 capital expenditures of $983 million, net debt repayments of $477 million, the impact on our cash balance of the deconsolidation of our Venezuelan subsidiary of $320 million, the net payment related to the dissolution of the global alliance with SRI of $271 million, common stock repurchases of $180 million and common stock dividends of $68 million. These decreases were partially offset by cash flows from operating activities of $1,687 million.

New Products

Globally, we launched 13 new consumer tires and 14 new commercial tires in 2015. Refer to "Item 1. Business" for a discussion of new tires launched in each of our business units.

Outlook

As of December 31, 2015, we deconsolidated the operations of our Venezuelan subsidiary. Our Venezuelan subsidiary contributed $119 million in segment operating income in 2015. The various outlook items summarized below exclude the impact of our Venezuelan operations in 2015 in order to provide greater clarity regarding our expectations with respect to the performance of our remaining businesses in 2016.

We expect that our full-year tire unit volume for 2016 will be up approximately 3% from 164.8 million tire units (excluding our Venezuelan subsidiary) in 2015, and for unabsorbed fixed overhead costs to be a benefit of approximately $50 million in 2016 compared to 2015. We also expect cost savings to more than offset general inflation in 2016. Based on current spot rates, we expect foreign currency translation to negatively affect segment operating income by approximately $45 million in 2016 compared to 2015.

Based on current raw material spot prices, for the full year of 2016, we expect our raw material costs will be approximately 9% lower than 2015, including raw material cost saving measures, and we expect the benefit of lower raw material costs to more than offset declines in price and product mix. However, natural and synthetic rubber prices and other commodity prices have experienced significant volatility, and this estimate could change significantly based on fluctuations in the cost of these and other key raw materials. We are continuing to focus on price and product mix, to substitute lower cost materials where possible and to work to identify additional substitution opportunities, to reduce the amount of material required in each tire, and to pursue alternative raw materials.

Refer to "Item 1A. Risk Factors" for a discussion of the factors that may impact our business, results of operations, financial condition or liquidity and "Forward-Looking Information — Safe Harbor Statement" for a discussion of our use of forward-looking statements.

RESULTS OF OPERATIONS — CONSOLIDATED

All per share amounts are diluted and refer to Goodyear net income available to common shareholders.

2015 Compared to 2014

Goodyear net income in 2015 was $307 million, compared to Goodyear net income of $2,452 million in 2014. Goodyear net income available to common shareholders in 2015 was $307 million, or $1.12 per share, compared to Goodyear net income available to common shareholders of $2,445 million, or $8.78 per share, in 2014. The decrease in Goodyear net income and Goodyear net income available to common shareholders in 2015 was primarily driven by an increase in income tax expense in 2015 following a tax benefit of $1,834 million in 2014, primarily due to the reversal of the valuation allowance on our U.S. deferred tax assets in the fourth quarter of 2014. The $577 million after-tax loss on the deconsolidation of our Venezuelan subsidiary also negatively affected 2015 results. Partially offsetting these declines were improvements in segment operating income and Other (Income) Expense discussed below.

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Net Sales

Net sales in 2015 of $16,443 million decreased $1,695 million, or 9%, compared to $18,138 million in 2014 due primarily to unfavorable foreign currency translation of $1,563 million, primarily in EMEA, lower sales in other tire-related businesses of $283 million, primarily related to a decrease in the price of third-party chemical sales in North America, and a decline in price and product mix of $83 million, primarily in Asia Pacific, as a result of the impact of lower raw material costs on pricing. Net sales were also negatively impacted by $73 million due to our exit from the farm tire business in EMEA in the fourth quarter of 2014. These declines were partially offset by higher tire unit volume of $308 million, primarily in Asia Pacific and EMEA. Consumer and commercial net sales in 2015 were $9,907 million and $3,342 million, respectively. Consumer and commercial net sales in 2014 were $10,510 million and $3,849 million, respectively.

The following table presents our tire unit sales for the periods indicated:

	Year Ended December 31,			
(In millions of tires)	2015	2014	% Change	
Replacement Units				
North America (U.S. and Canada)	43.1	43.0	0.2	%
International	72.4	69.9	3.6	%
Total	115.5	112.9	2.3	%
OE Units				
North America (U.S. and Canada)	18.5	18.1	2.2	%
International	32.2	31.0	3.9	%
Total	50.7	49.1	3.3	%
Goodyear worldwide tire units	166.2	162.0	2.6	%

The increase in worldwide tire unit sales of 4.2 million units, or 2.6%, compared to 2014, included an increase of 2.6 million replacement tire units, or 2.3%, primarily in Asia Pacific. OE units increased 1.6 million units, or 3.3%, primarily in Asia Pacific. The volume increases in Asia Pacific were primarily related to growth in China and India, and for replacement due to the fourth quarter acquisition of NGY in Japan in conjunction with the dissolution of the global alliance with SRI. Consumer and commercial unit sales in 2015 were 152.4 million and 12.4 million, respectively. Consumer and commercial unit sales in 2014 were 147.4 million and 12.6 million, respectively.

Cost of Goods Sold

Cost of goods sold (“CGS”) was $12,164 million in 2015, decreasing $1,742 million, or 12.5%, from $13,906 million in 2014. CGS was 74.0% of sales in 2015 compared to 76.7% of sales in 2014. CGS in 2015 decreased due to foreign currency translation of $1,160 million, primarily in EMEA, lower raw material costs of $594 million, primarily in North America and EMEA, lower costs in other tire-related businesses of $284 million, primarily related to lower raw material costs for third-party chemical sales in North America, and a benefit of $2 million ($2 million after-tax and minority) related to an indirect tax assessment in Latin America. These decreases were partially offset by higher tire volume of $234 million and higher conversion costs of $149 million due to inflation on wages and benefits and other costs. CGS in 2015 included pension expense of $85 million, excluding the pension settlement charges described below, which decreased from $123 million in 2014 due primarily to a full year benefit from the freezing of our hourly U.S. pension plans.

During 2015, we offered lump sum payments over a limited time to certain former employees in our U.S. pension plans. Payments of $190 million related to this offer were made from existing plan assets in the fourth quarter of 2015. As a result, total lump sum payments from these plans exceeded annual service and interest cost in 2015 and we recognized a pre-tax corporate pension settlement charge of $137 million ($86 million after-tax and minority) in the fourth quarter of 2015, including $88 million which was charged to CGS.

CGS in 2015 included accelerated depreciation of $8 million ($7 million after-tax and minority), primarily related to our plan to close our Wolverhampton, U.K. mixing and retreading facility and to transfer the production to other manufacturing facilities in EMEA. Accelerated depreciation was $7 million ($5 million after-tax and minority) in 2014, which was primarily related to the closure of one of our manufacturing facilities in Amiens, France and our exit of the farm tire business in EMEA.

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Selling, Administrative and General Expense

SAG was $2,614 million in 2015, decreasing $106 million, or 3.9%, from $2,720 million in 2014. SAG was 15.9% of sales in 2015, compared to 15.0% in 2014. The decrease in SAG was due to foreign currency translation of $258 million, primarily in EMEA, and favorable adjustments of $35 million in general and product liability reserves in North America due to claims experience, which was partially offset by the impact of inflation on wages and benefits and other costs. SAG in 2015 included transaction costs of $6 million ($4 million after-tax and minority) related to announced asset sales. SAG in 2015 included pension expense of $50 million, excluding pension settlement charges, compared to $52 million in 2014, primarily related to North America. SAG also included $49 million of the corporate pension settlement charge of $137 million recorded in the fourth quarter of 2015.

Rationalizations

We recorded net rationalization charges of $114 million in 2015 ($85 million after-tax and minority). Net rationalization charges include charges of $38 million related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and a plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. We also initiated plans in 2015 for manufacturing and SAG headcount reductions in EMEA, North America and Latin America.

We recorded net rationalization charges of $95 million in 2014 ($66 million after-tax and minority). Net rationalization charges included charges of $74 million for associate severance and idle plant costs, partially offset by pension curtailment gains of $22 million, related to the closure of one of our manufacturing facilities in Amiens, France. Rationalization actions initiated in 2014 primarily consisted of manufacturing headcount reductions related to EMEA's plans to improve operating efficiency. In addition, EMEA, Latin America and Asia Pacific also initiated plans to reduce SAG headcount.

Upon completion of the 2015 plans, we estimate that annual segment operating income will improve by approximately $66 million ($32 million CGS and $34 million SAG). The savings realized in 2015 from rationalization plans totaled $31 million ($14 million CGS and $17 million SAG) including $20 million primarily related to the closure of one of our manufacturing facilities in Amiens, France and our exit of the farm tire business in EMEA.

For further information, refer to the Note to the Consolidated Financial Statements No. 2, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was $412 million in 2015, decreasing $16 million from $428 million in 2014. The decrease was due primarily to lower average debt balances of $6,101 million in 2015 compared to $6,765 million in 2014, partially offset by an increase in average interest rates to 6.75% in 2015 compared to 6.42% in 2014. Interest expense in 2014 was favorably impacted by $6 million related to interest recovered on the settlement of indirect tax claims in Latin America.

Loss on Deconsolidation of Venezuelan Subsidiary

Our wholly-owned subsidiary, C.A. Goodyear de Venezuela, manufactures, markets and distributes consumer and commercial tires throughout Venezuela. Evolving conditions in Venezuela, including currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms, have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar fuerte and the U.S. dollar, and have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. This lack of currency exchangeability, combined with other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. As a result of these conditions, we concluded that effective as of December 31, 2015, we do not meet the accounting criteria for control over our Venezuelan subsidiary and began reporting the results of our Venezuelan subsidiary using the cost method of accounting. This change resulted in a pre-tax charge of $646 million ($577 after-tax) in the fourth quarter of 2015. Refer to the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

Other (Income) Expense

Other Income in 2015 was $115 million, improving $417 million from Other Expense of $302 million in 2014. The improvement in Other (Income) Expense was due, in part, to 2015 royalty income of $192 million, increasing $157 million from $35 million of income in 2014. Royalty income in 2015 included a one-time pre-tax gain of $155 million

($99 million after-tax and minority) on the recognition of deferred royalty income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business ("Veyance"). The licensing agreement was terminated following the acquisition of Veyance by Continental AG in January 2015. No further royalty income will be recognized under this agreement.

Other (Income) Expense also included net foreign currency exchange losses of $77 million in 2015, decreasing $162 million from $239 million in 2014. Net foreign currency exchange losses in 2014 included net losses of $200 million ($175 million after-tax and minority) resulting from the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar. Foreign currency exchange also reflects net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions

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worldwide, including $34 million of losses in 2015 related to changes in the SICAD exchange rate in Venezuela. For further discussion on Venezuela, refer to "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Other (Income) Expense included a net benefit of $25 million from general and product liability — discontinued products in 2015, an improvement of $50 million from expense of $25 million in 2014. General and product liability — discontinued products in 2015 included a benefit of $25 million ($16 million after-tax and minority) for the recovery of past costs from one of our asbestos insurers and a benefit of $21 million for changes in assumptions related to probable insurance recoveries for asbestos claims in future periods.

Other (Income) Expense also included financing fees and financial instruments expense of $111 million in 2015, increasing $34 million from $77 million in 2014. Financing fees and financial instruments expense consists of the amortization of deferred financing fees, commitment fees and charges incurred in connection with financing transactions. Financing fees in 2015 included a charge of $57 million ($35 million after-tax and minority) primarily related to a $41 million redemption premium and $14 million of expense for the write-off of deferred financing fees and unamortized discount related to the redemption of the $1.0 billion 8.25% senior notes due 2020.

Other (Income) Expense in 2015 also included net gains on asset sales of $71 million ($60 million after-tax and minority) compared to net gains on asset sales of $3 million ($4 million after-tax and minority) in 2014. Net gains on asset sales in 2015 included a net gain of $48 million ($38 million after-tax and minority) related to the dissolution of the global alliance with SRI and a gain of $30 million ($32 million after-tax and minority) on the sale of our investment in shares of SRI. Refer to the Note to the Consolidated Financial Statements No. 5, Dissolution of Global Alliance with Sumitomo Rubber Industries. Net gains on asset sales in 2015 also included losses of $14 million in EMEA, primarily related to the sales of certain sub-Saharan Africa retail businesses.

Other (Income) Expense in 2015 and 2014 included charges of $4 million ($4 million after-tax and minority) and $22 million ($22 million after-tax and minority), respectively, for labor claims related to a previously closed facility in Greece. Other (Income) Expense in 2014 also included charges of $16 million ($16 million after-tax and minority) related to a government investigation involving our compliance with the U.S. Foreign Corrupt Practices Act in certain countries in Africa.

For further information, refer to the Note to the Consolidated Financial Statements No. 4, Other (Income) Expense.

Income Taxes

Income tax expense in 2015 was $232 million on income before income taxes of $608 million. For 2014, income tax benefit was $1,834 million on income before income taxes of $687 million. The increase in income taxes for 2015 compared to 2014 was primarily due to the reversal of the tax valuation allowance on our net U.S. deferred tax assets in the fourth quarter of 2014. Income tax expense for 2015 included discrete net tax benefits of $18 million ($18 million after minority interest), due primarily to a $9 million benefit from the conclusion of non-U.S. tax claims and an $8 million benefit from the release of a valuation allowance related to U.S. state deferred tax assets.

Income tax benefit in 2014 was favorably impacted by $1,980 million ($1,981 million after minority interest) of discrete tax adjustments, including a benefit of $2,179 million from the December 31, 2014 release of substantially all of the valuation allowance on our net U.S. deferred tax assets as discussed further below, partially offset by charges of $131 million to record deferred taxes on certain undistributed earnings of certain foreign subsidiaries. The 2014 income tax benefit also included charges of $37 million to establish valuation allowances on the net deferred tax assets of our Venezuelan and Brazilian subsidiaries, due to continuing operating losses and currency devaluations in Venezuela, a charge of $9 million to establish a valuation allowance on the net deferred tax assets of a Luxembourg subsidiary, and a charge of $11 million due to an enacted law change in Chile.

In 2015, in addition to the items noted above, the difference between our effective tax rate and the U.S. statutory rate was primarily due to certain of our foreign subsidiaries continuing to maintain a full valuation allowance against their net deferred tax assets, the realization of $55 million of U.S. tax credits as a result of certain subsidiary dividend payments and legislation enacted in the fourth quarter of 2015 and $69 million of tax benefits related to the deconsolidation of our Venezuelan subsidiary.

At December 31, 2015, our valuation allowance on certain of our U.S. Federal, state and local deferred tax assets was $98 million and our valuation allowance on our foreign deferred tax assets was $523 million.

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Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of our net deferred tax assets. Each reporting period we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize these existing deferred tax assets. If recent positive evidence provided by the profitability in certain EMEA subsidiaries continues, it will provide us the opportunity to apply greater significance to our forecasts in assessing the need for a valuation allowance. We believe it is reasonably possible that sufficient positive evidence required to release all, or a portion, of these valuation allowances will exist within the next twelve months. This may result in a reduction of the valuation allowance and one-time tax benefit of up to $275 million ($275 million after minority interest).

For further information, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

Minority Shareholders' Net Income

Minority shareholders' net income was $69 million in 2015 and 2014. Minority shareholders' net income no longer includes the minority interests of GDTNA and GDTE following the dissolution of our global alliance with SRI on October 1, 2015.

2014 Compared to 2013

For the year ended December 31, 2014, Goodyear net income was $2,452 million, compared to net income of $629 million in 2013. For the year ended December 31, 2014, Goodyear net income available to common shareholders was $2,445 million, or $8.78 per share, compared to Goodyear net income available to common shareholders of $600 million, or $2.28 per share, in 2013. The increase in Goodyear net income and Goodyear net income available to common shareholders in 2014 was driven by net income tax benefits of $1,834 million, due primarily to the release of substantially all of the valuation allowance on our net U.S. deferred tax assets and to higher segment operating income.

Net Sales

Net sales in 2014 of $18,138 million decreased $1,402 million, or 7%, compared to $19,540 million in 2013 due primarily to unfavorable foreign currency translation of $571 million, primarily in Latin America, lower sales in other tire-related businesses of $407 million, primarily in North America, due to a decrease in the volume of third-party chemical sales, a decline in price and product mix of $374 million, primarily in EMEA, as a result of the impact of lower raw material costs on pricing, and lower tire volume of $57 million. Product mix was also negatively impacted by lower OTR tire sales. Consumer and commercial net sales in 2014 were $10,510 million and $3,849 million, respectively. Consumer and commercial net sales in 2013 were $10,946 million and $4,113 million, respectively.

The following table presents our tire unit sales for the periods indicated:

	Year Ended December 31,			
(In millions of tires)	2014	2013	% Change	
Replacement Units				
North America (U.S. and Canada)	43.0	42.9	0.2	%
International	69.9	69.0	1.3	%
Total	112.9	111.9	0.9	%
OE Units				
North America (U.S. and Canada)	18.1	18.8	(3.7	)%
International	31.0	31.6	(1.9	)%
Total	49.1	50.4	(2.6	)%
Goodyear worldwide tire units	162.0	162.3	(0.2	)%

The decrease in worldwide tire unit sales of 0.3 million units, or 0.2%, compared to 2013, included a decrease of 1.3 million OE units, or 2.6%, primarily in the Latin America consumer business, driven primarily by weaker consumer OE vehicle production in Brazil and our selective fitment strategy. Replacement tire volume increased 1.0 million units, or 0.9%, primarily in the Latin America consumer business, driven by overall industry growth. Consumer and commercial unit sales in 2014 were 147.4 million and 12.6 million, respectively. Consumer and commercial unit sales in 2013 were 147.5 million and 12.7 million, respectively.

Cost of Goods Sold

CGS was $13,906 million in 2014, decreasing $1,516 million, or 9.8%, compared to $15,422 million in 2013. CGS was 76.7% of sales in 2014 compared to 78.9% of sales in 2013. CGS in 2014 decreased due to lower raw material costs of $553 million, primarily in EMEA and North America, lower costs in other tire-related businesses of $439 million, primarily in North America due to a decrease in the volume of third-party chemical sales, the effect of foreign currency translation which reduced costs by $420 million, primarily in Latin America, and lower conversion costs of $101 million. Conversion costs were favorably impacted by lower pension costs and lower under-absorbed fixed overhead costs of approximately $58 million. CGS in 2014 included pension expense of $123 million, excluding the pension curtailment and settlement charges described below, which decreased from $222 million in 2013, due primarily to lower amortization of actuarial losses resulting from 2013 actuarial gains related to our North American plans and the freeze of our hourly U.S. pension plans.

CGS in 2014 included a pension curtailment loss of $33 million ($32 million after-tax and minority) as a result of the accrual freeze to pension plans in North America and a pension settlement loss of $5 million ($4 million after-tax and minority) related to lump sum payments to settle certain liabilities for our U.K. pension plans. CGS in 2014 also included charges for accelerated depreciation of $7 million ($5 million after-tax and minority) compared to $23 million ($17 million after-tax and minority) in 2013, primarily related to the closure of one of our manufacturing facilities in Amiens, France. CGS in 2014 also included savings from rationalization plans of $66 million, of which $48 million related to the closure of one of our manufacturing facilities in Amiens, France and our exit of the farm tire business in EMEA.

Selling, Administrative and General Expense

SAG was $2,720 million in 2014, decreasing $38 million, or 1.4%, compared to $2,758 million in 2013. SAG was 15.0% of sales in 2014, compared to 14.1% in 2013. The decrease in SAG was due to the effect of foreign currency translation that reduced costs by $74 million and lower incentive compensation costs of $35 million, partially offset by higher advertising and marketing costs of $28 million, primarily in EMEA, and inflationary cost increases in wages and benefits and other costs. SAG in 2014 included pension expense of $52 million, compared to $63 million in 2013, primarily related to North America. SAG in 2014 also included savings from rationalization plans of $18 million, of which $7 million related to the closure of one of our manufacturing facilities in Amiens, France and our exit of the farm tire business in EMEA.

Rationalizations

We recorded net rationalization charges of $95 million in 2014 ($66 million after-tax and minority). Net rationalization charges include charges of $74 million for associate severance and idle plant costs, partially offset by pension curtailment gains of $22 million, related to the closure of one of our manufacturing facilities in Amiens, France. Rationalization actions initiated in 2014 primarily consisted of manufacturing headcount reductions related to EMEA's plans to improve operating efficiency. In addition, EMEA, Latin America and Asia Pacific also initiated plans to reduce SAG headcount.

We recorded net rationalization charges of $58 million in 2013 ($41 million after-tax and minority). Rationalization actions initiated in 2013 consisted primarily of manufacturing headcount reductions related to EMEA's plans to improve efficiency and reduce manufacturing capacity in certain Western European countries. In addition, Asia Pacific also initiated plans primarily relating to SAG headcount reductions and the closure of retail facilities in Australia and New Zealand.

For further information, refer to the Note to the Consolidated Financial Statements No. 2, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was $428 million in 2014, increasing $36 million compared to $392 million in 2013. The increase relates primarily to higher average debt balances of $6,765 million in 2014 compared to $6,330 million in 2013 and an increase in average interest rates to 6.42% in 2014 compared to 6.19% in 2013. Interest expense in 2014 was favorably impacted by $6 million related to interest recovered on the settlement of indirect tax claims in Latin America.

Other Expense

Other Expense in 2014 was $302 million, increasing $205 million from $97 million in 2013. The increase in Other Expense reflects higher net foreign currency exchange losses, which were $239 million in 2014 compared to $118 million in 2013. The increase was due primarily to losses resulting from changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar of $200 million ($175 million after-tax and minority) in 2014 compared to $115 million ($92 million after-tax and minority) in 2013. For further discussion on Venezuela, refer to "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

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Other Expense reflected interest income of $28 million for 2014, compared to interest income of $41 million in 2013. Interest income consists primarily of amounts earned on cash deposits. Interest income in 2014 also included $10 million earned on the settlement of indirect tax claims and in 2013 also included $11 million earned on favorable tax judgments, both in Latin America.
Other Expense reflected charges of $25 million in 2014 related to general and product liability — discontinued products, which includes charges for claims against us related primarily to asbestos personal injury claims, net of probable insurance recoveries, compared to $15 million in 2013. The increase in charges in 2014 was due to unfavorable changes in assumptions related to claim trends and probable insurance recoveries for asbestos claims.
Other Expense included an increase in net miscellaneous expense of $27 million in 2014 compared to 2013. Miscellaneous expense in 2014 and 2013 included charges of $22 million ($22 million after-tax and minority) and $6 million ($6 million after-tax and minority), respectively, for labor claims with respect to a previously closed facility in Greece. Miscellaneous expense in 2014 also included charges of $16 million ($16 million after-tax and minority) related to a government investigation involving our compliance with the U.S. Foreign Corrupt Practices Act in certain countries in Africa.
Other Expense reflected a decrease in royalty income in 2014 to $35 million from $51 million in 2013, due primarily to a one-time royalty of $11 million related to chemical operations included in 2013.
Other Expense in 2014 also included net gains on asset sales of $3 million ($4 million after-tax and minority) compared to net gains of $8 million ($7 million after-tax and minority) in 2013.
For further information, refer to the Note to the Consolidated Financial Statements No. 4, Other (Income) Expense.
Income Taxes
Income tax benefit in 2014 was $1,834 million on income before income taxes of $687 million. For 2013, income tax expense was $138 million on income before income taxes of $813 million. In 2014, the difference between our effective tax rate and the U.S. statutory rate was primarily due to the release of substantially all of the valuation allowance on our net U.S. deferred tax assets, as discussed further below. In 2013, the difference between our effective tax rate and the U.S. statutory rate was primarily due to continuing to maintain a full valuation allowance against our net U.S. deferred tax assets and certain foreign deferred tax assets.
Income tax benefit in 2014 was favorably impacted by $1,980 million ($1,981 million after minority interest) of discrete tax adjustments, including a benefit of $2,179 million from the December 31, 2014 release of substantially all of the valuation allowance on our net U.S. deferred tax assets as discussed further below, partially offset by charges of $131 million to record deferred taxes on certain undistributed earnings of certain foreign subsidiaries. The 2014 income tax benefit also included charges of $37 million to establish valuation allowances on the net deferred tax assets of our Venezuelan and Brazilian subsidiaries, due to continuing operating losses and currency devaluations in Venezuela, a charge of $9 million to establish a valuation allowance on the net deferred tax assets of a Luxembourg subsidiary, and a charge of $11 million due to an enacted law change in Chile. Income tax expense in 2013 included discrete net tax benefits of $43 million ($37 million after minority) due primarily to a $33 million benefit from special enterprise zone tax incentives in Poland and a $13 million benefit related to changes in enacted tax laws.
At January 1, 2014, our valuation allowance on our U.S. deferred tax assets was approximately $2,400 million. Since 2002, Goodyear had maintained a full valuation allowance on its U.S. net deferred tax asset position. In each reporting period we assessed the available positive and negative evidence to estimate if sufficient future taxable income would be generated to utilize the existing deferred tax assets. Through 2012, our history of U.S. operating losses limited the weight we applied to other subjective evidence such as our projections for future profitability. Before we changed our judgment on the need for a full valuation allowance, a sustained period of operating profitability was required.
At December 31, 2014, our U.S. operations were in a position of cumulative profits for the most recent three-year period. We concluded that as a consequence of our three-year cumulative profits, achieving full year profitability in 2013 and 2014, our successful completion of labor negotiations with the United Steelworkers in 2013, our full funding of our U.S. pension plans during 2013 and 2014, and our business plan for 2015 and beyond showing continued profitability, that it was more likely than not that a significant portion of our U.S. deferred tax assets would be realized. Accordingly, in the fourth quarter of 2014, we released substantially all of our valuation allowance on our net U.S. deferred tax assets, resulting in a $2,179 million benefit in our provision for income taxes.

At December 31, 2014, our valuation allowance on certain of our U.S federal, state and local deferred tax assets was $14 million and our valuation allowance on our foreign deferred tax assets was $618 million.
For further information, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

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Minority Shareholders' Net Income
Minority shareholders' net income was $69 million in 2014, compared to $46 million in 2013. The increase was due to higher earnings in our joint venture in Europe.

RESULTS OF OPERATIONS — SEGMENT INFORMATION
Segment information reflects our strategic business units ("SBUs"), which are organized to meet customer requirements and global competition and are segmented on a regional basis.
Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions. Segment operating income is computed as follows: Net Sales less CGS (excluding asset write-off and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges (credits), asset sales and certain other items.
Total segment operating income was $2,022 million in 2015, $1,712 million in 2014 and $1,580 million in 2013. Total segment operating margin (segment operating income divided by segment sales) in 2015 was 12.3%, compared to 9.4% in 2014 and 8.1% in 2013.
Management believes that total segment operating income is useful because it represents the aggregate value of income created by our SBUs and excludes items not directly related to the SBUs for performance evaluation purposes. Total segment operating income is the sum of the individual SBUs' segment operating income. Refer to the Note to the Consolidated Financial Statements No. 8, Business Segments, for further information and for a reconciliation of total segment operating income to Income before Income Taxes.
North America

	Year Ended December 31,					
(In millions)	2015		2014		2013	
Tire Units	61.6		61.1		61.7	
Net Sales	$7,774		$8,085		$8,684	
Operating Income	1,108		803		691	
Operating Margin	14.3	%	9.9	%	8.0	%

2015 Compared to 2014
North America unit sales in 2015 increased 0.5 million units, or 0.9%, to 61.6 million units. OE tire volume increased approximately 0.4 million units, or 2.5%, primarily in consumer, driven by new fitments. Replacement tire volume increased approximately 0.1 million units, or 0.3%, primarily in consumer.
Net sales in 2015 were $7,774 million, decreasing $311 million, or 3.8%, compared to $8,085 million in 2014. The decrease was due primarily to lower sales in our other tire-related businesses of $209 million, driven by a decrease in the price of third-party chemical sales. In addition, net sales decreased due to lower price and product mix of $104 million, driven by the impact of lower raw material costs on pricing and unfavorable foreign currency translation of $53 million. These decreases were partially offset by higher volume of $56 million.
Operating income in 2015 was $1,108 million, increasing $305 million, or 38.0%, from $803 million in 2014. The increase in operating income was due primarily to a decline in raw material costs of $328 million, which more than offset the effect of lower price and product mix of $38 million. Operating income was also positively impacted by lower conversion costs of $27 million driven by a decrease in pension expense, lower transportation costs of $17 million, and higher volume of $11 million. These increases were partially offset by higher SAG of $26 million due to increased advertising, incentive compensation and other costs, which more than offset lower general and product liability expenses, including favorable adjustments of $35 million due to claims experience, and unfavorable foreign currency translation of $22 million.
Operating income in 2015 excluded net pension settlement charges of $137 million, rationalization charges of $9 million, and net gains on asset sales of $1 million. Operating income in 2014 excluded net pension curtailment

charges of $33 million, net gains on asset sales of $8 million and a net reversal of rationalization charges of $6 million.

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2014 Compared to 2013

North America unit sales in 2014 decreased 0.6 million units, or 1.0%, to 61.1 million units. OE tire volume decreased approximately 0.6 million units, or 3.3%, primarily in consumer OE, due to our OE selectivity strategy. Replacement tire volume remained flat.

Net sales in 2014 were $8,085 million, decreasing $599 million, or 6.9%, compared to $8,684 million in 2013. The decrease was due primarily to lower sales in our other tire-related businesses of $384 million, driven by a decline in the volume of third-party sales of chemical products. In addition, net sales decreased due to lower price and product mix of $90 million, driven by the impact of lower raw material costs on pricing, unfavorable foreign currency translation of $65 million and lower tire volume of $60 million.

Operating income in 2014 was $803 million, increasing $112 million, or 16.2%, from $691 million in 2013. The increase in operating income was due primarily to lower conversion costs of $93 million. The decrease in conversion costs included lower pension costs of $63 million, lower labor costs due primarily to prior year one-time charges of $27 million related to our USW agreement and lower workers' compensation costs of $13 million, partially offset by increased profit sharing costs of $18 million. Operating income also benefited from a decline in raw material costs of $191 million, which more than offset the effect of lower price and product mix of $136 million, and higher income from our other tire-related businesses of $19 million, primarily in our retail business. These improvements were partially offset by higher transportation costs of $27 million and lower volume of $11 million. Conversion costs included net savings from rationalization plans of $8 million.

Operating income in 2014 excluded net pension curtailment charges of $33 million, a net reversal of rationalization charges of $6 million and net gains on asset sales of $8 million. Operating income in 2013 excluded net rationalization charges of $12 million and net gains on asset sales of $4 million.

Europe, Middle East and Africa

	Year Ended December 31,		
(In millions)	2015	2014	2013
Tire Units	61.1	60.5	60.8
Net Sales	$5,115	$6,180	$6,567
Operating Income	435	438	298
Operating Margin	8.5 %	7.1 %	4.5 %

2015 Compared to 2014

Europe, Middle East and Africa unit sales in 2015 increased 0.6 million units, or 1.0%, to 61.1 million units. OE tire volume increased 0.4 million units, or 2.5%, primarily related to increased industry demand. Replacement tire volume increased 0.2 million units, or 0.4%, primarily due to higher demand in Western Europe, which was partially offset by increased competition in lower-end consumer products in Eastern Europe and our decision to exit the farm tire business at the end of 2014.

Net sales in 2015 were $5,115 million, decreasing $1,065 million, or 17.2%, compared to $6,180 million in 2014. Net sales decreased due primarily to unfavorable foreign currency translation of $957 million, unfavorable price and product mix of $108 million, driven by the impact of lower raw material costs on pricing, and our exit from the farm tire business in the fourth quarter of 2014, which negatively impacted net sales by $73 million. These unfavorable items were partially offset by higher tire volume of $85 million.

Operating income in 2015 was $435 million, decreasing $3 million, or 0.7%, compared to $438 million in 2014. Operating income decreased primarily due to unfavorable foreign currency translation of $96 million and higher conversion costs of $2 million. The decrease in operating income was partially offset by a decline in raw material costs of $197 million, which more than offset the effect of lower price and product mix of $175 million, lower pension costs of $25 million and a decrease in SAG of $22 million, primarily driven by lower advertising expense. Operating income also benefited from higher volume of $21 million. Conversion costs and SAG included savings from rationalization plans of $14 million and $6 million, respectively, primarily related to the closure of one of our manufacturing facilities in Amiens, France and our exit from the farm tire business.

Operating income in 2015 excluded net rationalization charges of $95 million, primarily related to the closure of our Wolverhampton, U.K. mixing and retreading facility and one of our Amiens, France manufacturing facilities, and charges for accelerated depreciation and asset write-offs of $8 million. Operating income in 2015 also excluded charges of $4 million related to labor claims with respect to a previously closed facility in Greece and net losses on asset sales of $14 million, primarily related to the sales of certain sub-Saharan Africa retail businesses. Operating income in 2014 excluded net rationalization charges of $89 million, primarily related to the closure of one of our Amiens, France manufacturing facilities, charges of $22 million related to labor claims with respect to a previously closed facility in Greece, net losses on asset sales of $7 million, and charges for accelerated depreciation and asset write-offs of $7 million.

EMEA's results are highly dependent upon Germany, which accounted for approximately 37% of EMEA's net sales in 2015 and 2014. Accordingly, results of operations in Germany are expected to continue to have a significant impact on EMEA's future performance.

2014 Compared to 2013

Europe, Middle East and Africa unit sales in 2014 decreased 0.3 million units, or 0.5%, to 60.5 million units. Replacement tire volume decreased 0.5 million units, or 1.2%, while OE tire volume increased 0.2 million units, or 1.1%. These changes were primarily related to the consumer business. Decreased unit volumes in the consumer replacement business primarily reflect the negative impact of unusually warm weather on seasonal winter tire sales, challenging economic conditions and increased competition.

Net sales in 2014 were $6,180 million, decreasing $387 million, or 5.9%, compared to $6,567 million in 2013. Net sales decreased due primarily to unfavorable price and product mix of $240 million, driven by the impact of lower raw material costs on pricing. Net sales were also negatively impacted by unfavorable foreign currency translation of $113 million and lower tire volume of $39 million.

Operating income in 2014 was $438 million, increasing $140 million, or 47.0%, compared to $298 million in 2013. Operating income increased due primarily to a decline in raw material costs of $250 million, which more than offset the effect of lower price and product mix of $194 million. Operating income was also positively impacted by lower conversion costs of $81 million, net savings of $55 million from the closure of one of our Amiens, France manufacturing facilities and our exit from the farm tire business in 2014, and higher income from our other tire-related businesses of $11 million, primarily in our motorcycle business. Decreased conversion costs included lower under-absorbed overhead of $86 million resulting from higher production volumes. Operating income was negatively impacted by higher SAG of $37 million, driven primarily by higher advertising and marketing costs, lower tire volume of $21 million and a charge related to a commercial tire customer satisfaction program of $12 million. Conversion costs and SAG included net savings from rationalization plans of $8 million and $7 million, respectively.

Operating income in 2014 excluded net rationalization charges of $89 million, primarily related to the closure of one of our Amiens, France manufacturing facilities, charges of $22 million related to labor claims with respect to a previously closed facility in Greece, net losses on asset sales of $7 million, and charges for accelerated depreciation and asset write-offs of $7 million. Operating income in 2013 excluded net rationalization charges of $26 million and charges for accelerated depreciation and asset write-offs of $23 million, primarily related to the closure of one of our Amiens, France manufacturing facilities, charges of $6 million related to labor claims with respect to a previously closed facility in Greece, and net gains on asset sales of $1 million.

Asia Pacific

	Year Ended December 31,		
(In millions)	2015	2014	2013
Tire Units	26.0	23.0	21.9
Net Sales	$1,958	$2,077	$2,226
Operating Income	319	301	308
Operating Margin	16.3 %	14.5 %	13.8 %

2015 Compared to 2014

Asia Pacific unit sales in 2015 increased 3.0 million units, or 13.3%, to 26.0 million units. Replacement tire volume increased 1.6 million units, or 13.0%, primarily in the consumer business, due to the fourth quarter acquisition of NGY in Japan in conjunction with the dissolution of the global alliance with SRI. OE tire volume increased 1.4 million units, or 13.7%, primarily in the consumer business, which reflected growth in China and India, partially offset by a decline in Australia.

Net sales in 2015 were $1,958 million, decreasing $119 million, or 5.7%, from $2,077 million in 2014. Net sales decreased due to unfavorable foreign currency translation of $164 million, primarily related to the strong U.S. dollar against all Asian currencies, and lower price and product mix of $139 million, driven primarily by the impact of lower

raw material costs on pricing. These decreases were partially offset by higher tire volume of $183 million.
Operating income in 2015 was $319 million, increasing $18 million, or 6.0%, from $301 million in 2014. The increase in operating income was due primarily to lower raw material costs of $114 million, which more than offset the effect of lower price and product mix of $102 million, higher volume of $45 million, lower conversion costs of $9 million, and higher income from other tire-related

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businesses of $2 million. These increases were partially offset by higher SAG of $32 million, driven by increased wages and benefits and advertising expenses, and unfavorable foreign currency translation of $21 million.
Operating income in 2015 excluded net gains on asset sales of $5 million and net rationalization charges of $4 million. Operating income in 2014 excluded net rationalization charges of $9 million, primarily in Australia.
Asia Pacific’s results are highly dependent upon Australia and China. Australia accounted for approximately 31% and 36% of Asia Pacific’s net sales in 2015 and 2014, respectively. China accounted for approximately 30% and 27% of Asia Pacific's net sales in 2015 and 2014, respectively. Accordingly, results of operations in Australia and China are expected to continue to have a significant impact on Asia Pacific's future performance.
2014 Compared to 2013
Asia Pacific unit sales in 2014 increased 1.1 million units, or 5.0%, to 23.0 million units. OE tire volume increased 0.8 million units, or 8.0%, and replacement tire volume increased 0.3 million units, or 2.8%. The increase in unit volume was primarily due to growth in China and India, partially offset by a decline in Australia as a result of a continued weak economic environment.
Net sales in 2014 were $2,077 million, decreasing $149 million, or 6.7%, from $2,226 million in 2013. Net sales decreased due to lower price and product mix of $157 million, driven primarily by the impact of lower raw material costs on pricing and unfavorable product mix due to lower OTR sales, unfavorable foreign currency translation of $73 million, primarily driven by the depreciation of the Australian dollar and Indian rupee, and lower sales in other tire-related businesses of $13 million, primarily in our retail operations. These decreases were partially offset by higher volumes of $95 million.
Operating income in 2014 was $301 million, decreasing $7 million, or 2.3%, from $308 million in 2013. Operating income decreased due primarily to lower price and product mix of $107 million, driven primarily by the impact of lower raw material costs on pricing and unfavorable product mix due to lower OTR sales. Lower price and product mix was partially offset by the effect of lower raw material costs of $90 million. Operating income was also negatively impacted by unfavorable foreign currency translation of $17 million, lower insurance recoveries of $7 million related to the fourth quarter 2011 Thailand flood and higher conversion costs of $7 million. The decreases were partially offset by lower start-up expenses for our manufacturing facility in Pulandian, China of $23 million and higher volume of $23 million. CGS included savings from rationalization plans of $1 million.
In 2013, on a consolidated basis, we recorded a $9 million net benefit ($6 million after-tax), which included $7 million in Asia Pacific, due to insurance recoveries for the fourth quarter 2011 flood in Thailand.
Operating income in 2014 and 2013 excluded net rationalization charges of $9 million and $16 million, respectively, primarily in Australia. Operating income in 2013 also excluded net gains on asset sales of $2 million.
Latin America

	Year Ended December 31,					
(In millions)	2015		2014		2013	
Tire Units	17.5		17.4		17.9	
Net Sales	$1,596		$1,796		$2,063	
Operating Income	160		170		283	
Operating Margin	10.0	%	9.5	%	13.7	%

2015 Compared to 2014
Latin America unit sales in 2015 increased 0.1 million units, or 0.1%, to 17.5 million units. Replacement tire volume increased 0.8 million units, or 5.6%, driven by our consumer business, as our volume improvement exceeded increased industry volumes. OE tire volume decreased 0.7 million units, or 18.4%, driven primarily by weaker OE vehicle production in Brazil.
Net sales in 2015 were $1,596 million, decreasing $200 million, or 11.1%, from $1,796 million in 2014. Net sales decreased due to unfavorable foreign currency translation of $389 million in all markets, and lower sales in other tire-related businesses of $62 million, primarily due to ceasing tire component sales to certain customers. These decreases were partially offset by improved price and product mix of $268 million, including a favorable shift from OE to replacement products.

Operating income in 2015 was $160 million, decreasing $10 million, or 5.9%, from $170 million in 2014. Operating income decreased due primarily to higher conversion costs of $183 million, driven by significant inflation on wages and benefits and other costs, primarily in Venezuela and Brazil, partially offset by lower under-absorbed fixed overhead costs of $8 million. Operating income was also negatively impacted by increased SAG of $34 million, driven by inflation including wages and benefits, increased transportation expenses of $12 million, higher research and development expenditures of $11 million, higher pension expenses of $7 million, unfavorable foreign currency translation of $6 million, net charges of $5 million for labor-related and indirect tax matters in Brazil and decreased profits in other-tire-related businesses of $2 million. These decreases were partially offset by improved price and product mix of $305 million, which more than offset the impact of higher raw material costs of $45 million, primarily related to Venezuela.

Operating income in 2015 excluded a net gain on asset sales of $1 million. Operating income in 2015 and 2014 excluded net rationalization charges of $6 million and $3 million, respectively. In addition, foreign currency exchange losses in 2014 of $200 million related to changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar were excluded from Latin America and total company segment operating income.

In 2014, on a consolidated basis, we recorded a net benefit of $5 million (net charge of $3 million after-tax), which included the recovery of interest of $16 million, of which $10 million is included in interest income in Other (Income) Expense and $6 million is included in Interest Expense, offset by a charge of $11 million in Latin America segment operating income related to indirect tax claims.

Latin America’s results are highly dependent upon Brazil, which accounted for 39% and 55% of Latin America’s net sales in 2015 and 2014, respectively. Venezuela also contributed a significant portion of Latin America’s sales and operating income in 2015 and 2014. Venezuela’s sales accounted for 33% and 16% of Latin America's net sales in 2015 and 2014, respectively. Venezuela contributed operating income of $119 million in 2015, increasing $59 million compared to 2014, due to improved price and product mix exceeding the effect of cost inflation. Excluding the favorable impact of results from our Venezuelan operations, Latin America’s operating income declined by $69 million in 2015, due primarily to the recessionary environment in Brazil driving lower OE volumes, which unfavorably impacted conversion costs, and to increased SAG.

Effective December 31, 2015, we concluded that we do not meet the accounting criteria for control over our Venezuelan subsidiary. We deconsolidated the operations of our Venezuelan subsidiary and began reporting their results using the cost method of accounting. In future reporting periods, our financial results will not include the operating results of our Venezuelan subsidiary. We will record income from sales of inventory or raw materials or from dividends or royalties to the extent cash is received from our Venezuelan subsidiary.

For further information regarding Venezuela refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Overview” and the Note to the Consolidated Financial Statements No. 1, Accounting Policies.

2014 Compared to 2013

Latin America unit sales in 2014 decreased 0.5 million units, or 2.8%, to 17.4 million units. OE tire volume decreased 1.6 million units, or 28.8%, driven primarily by weaker consumer OE vehicle production in Brazil and our selective fitment strategy in the consumer OE business. Replacement tire volume increased 1.1 million units, or 8.9%, primarily in our consumer business driven by volume growth of 1.4 million units, or 13.7%, across Latin America, partially offset by a decline of 0.3 million units in Venezuela.

Net sales in 2014 were $1,796 million, decreasing $267 million, or 12.9%, from $2,063 million in 2013. Net sales decreased due primarily to unfavorable foreign currency translation of $320 million, mainly in Venezuela and Brazil, and lower tire volume of $53 million. These decreases were partially offset by improved price and product mix of $113 million, including a favorable shift from OE to replacement products.

Operating income in 2014 was $170 million, decreasing $113 million, or 39.9%, from $283 million in 2013. Operating income decreased primarily due to higher conversion costs of $66 million, unfavorable foreign currency translation of $51 million, increased SAG of $26 million, increased costs of $18 million associated with the expansion of one of our Brazilian manufacturing facilities, lower tire volume of $14 million and charges of $11 million related to indirect tax claims. These decreases were partially offset by improved price and product mix of $61 million and lower raw material costs of $22 million. Conversion costs were negatively impacted by higher under-absorbed fixed overhead costs of $27 million due primarily to lower production volume in Venezuela and Brazil and overall inflation, including wages and benefits. The increase in SAG was due primarily to overall inflation, including wages and benefits, and higher system implementation costs. SAG included savings from rationalization plans of $5 million.

In 2014, on a consolidated basis, we recorded a net benefit of $5 million (net charge of $3 million after-tax), which included the recovery of interest of $16 million, of which $10 million is included in interest income in Other Expense and $6 million is included in Interest Expense, offset by a charge of $11 million in Latin America segment operating income related to indirect tax claims. In 2013, on a consolidated basis, we recorded a net benefit of $15 million ($10 million after-tax), which included $5 million in Latin America's segment operating income, earned on favorable tax judgments.

Operating income in 2014 and 2013 excluded net rationalization charges of $3 million and $4 million, respectively. In addition, foreign currency exchange losses in 2014 and 2013 of $200 million and $115 million, respectively, related to changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar and were excluded from Latin America and total company segment operating income.

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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. On an ongoing basis, management reviews its estimates, based on currently available information. Changes in facts and circumstances may alter such estimates and affect our results of operations and financial position in future periods. Our critical accounting policies relate to:

- general and product liability and other litigation,
- workers' compensation,
- recoverability of goodwill,
- deferred tax asset valuation allowances and uncertain income tax positions, and
- pensions and other postretirement benefits.

General and Product Liability and Other Litigation. We have recorded liabilities totaling $315 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2015. General and product liability and other litigation liabilities are recorded based on management's assessment that a loss arising from these matters is probable. If the loss can be reasonably estimated, we record the amount of the estimated loss. If the loss is estimated within a range and no point within the range is more probable than another, we record the minimum amount in the range. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Loss ranges are based upon the specific facts of each claim or class of claims and are determined after review by counsel. Court rulings on our cases or similar cases may impact our assessment of the probability and our estimate of the loss, which may have an impact on our reported results of operations, financial position and liquidity. We record receivables for insurance recoveries related to our litigation claims when it is probable that we will receive reimbursement from the insurer.
Specifically, we are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products manufactured by us or present in certain of our facilities. Typically, these lawsuits have been brought against multiple defendants in Federal and state courts.

A significant assumption in our estimated asbestos liability is the period over which the liability can be reasonably estimated, which we have determined to be the next ten year period. Due to the difficulties in making these estimates, analysis based on new data and/or changed circumstances arising in the future may result in an increase in the recorded obligation in an amount that cannot be reasonably estimated, and that increase may be significant. We had recorded gross liabilities for both asserted and unasserted asbestos claims, inclusive of defense costs, totaling $171 million at December 31, 2015.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. We record a receivable with respect to such policies when we determine that recovery is probable and we can reasonably estimate the amount of a particular recovery. This determination is based on consultation with our outside legal counsel and taking into consideration agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers and other relevant factors.

As of December 31, 2015, we recorded a receivable related to asbestos claims of $117 million, and we expect that approximately 70% of asbestos claim related losses would be recoverable through insurance through the period covered by the estimated liability. Of this amount, $12 million was included in Current Assets as part of Accounts Receivable at December 31, 2015. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers. The expected recovery percentage and related receivable from insurance carriers increased during 2015 due to current year activity leading to changes in assumptions for probable insurance recoveries in future periods. Although we believe these amounts are collectible under primary and certain excess policies today, future disputes with insurers could result in significant charges to operations.

Workers' Compensation. We had recorded liabilities, on a discounted basis, of $264 million for anticipated costs related to U.S. workers' compensation claims at December 31, 2015. The costs include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on our assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and current cost trends. The amount of our ultimate liability in respect of these matters may differ from these estimates. We periodically, and at least annually, update our loss development factors based on actuarial analyses. The liability is discounted using the risk-free rate of return.

For further information on general and product liability and other litigation, and workers' compensation, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

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Recoverability of Goodwill. Goodwill is tested for impairment annually or more frequently if an indicator of impairment is present. Goodwill totaled $555 million at December 31, 2015.

We have determined our reporting units to be consistent with our operating segments comprised of four strategic business units: North America, Europe, Middle East and Africa, Asia Pacific and Latin America. Goodwill is allocated to these reporting units based on the original purchase price allocation for acquisitions within the various reporting units. No goodwill has been allocated to our Latin America reporting unit. There have been no changes to our reporting units or in the manner in which goodwill was allocated in 2015.

We test goodwill for impairment on at least an annual basis, with the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured.

As a result of the length of time since the last quantitative assessment was performed for all reporting units, management elected to perform a quantitative assessment as of October 31, 2015, the date of our annual goodwill impairment testing. Based upon the results of our analysis, there were no reporting units with goodwill that were at risk of failing the impairment test as the fair value of each reporting unit was determined to significantly exceed its respective carrying amount.

Deferred Tax Asset Valuation Allowances and Uncertain Income Tax Positions. At December 31, 2015, we had valuation allowances aggregating $621 million against certain of our U.S. Federal, state and local and foreign net deferred tax assets.

U.S. GAAP standards of accounting for income taxes require a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined as a likelihood of more than 50%) such assets will not be realized. The valuation of deferred tax assets requires judgment in assessing future profitability and the tax consequences of events that have been recognized in either our financial statements or tax returns.

We consider both positive and negative evidence when measuring the need for a valuation allowance. The weight given to the evidence is commensurate with the extent to which it may be objectively verified. Current and cumulative financial reporting results are a source of objectively verifiable evidence. We give operating results during the most recent three-year period a significant weight in our analysis. We typically only consider forecasts of future profitability when positive cumulative operating results exist in the most recent three-year period. We perform scheduling exercises to determine if sufficient taxable income of the appropriate character exists in the periods required in order to realize our deferred tax assets with limited lives (tax loss carryforwards and tax credits) prior to their expiration. We consider tax planning strategies available to accelerate taxable amounts if required to utilize expiring deferred tax assets. A valuation allowance is not required to the extent that in our judgment positive evidence exists with a magnitude and duration sufficient to result in a conclusion that it is more likely than not that our deferred tax assets will be realized.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including those for transfer pricing. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize income tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. We derecognize income tax benefits when, based on new information, we determine that it is no longer more likely than not that our position will be sustained. To the extent we prevail in matters for which liabilities have been established, or determine we need to derecognize tax benefits recorded in prior periods, our results of operations and effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash, and lead to recognition of expense to the extent the settlement amount exceeds recorded liabilities, resulting in an increase in our effective tax rate in the period of resolution. To reduce our risk of an unfavorable transfer price settlement, the Company applies consistent transfer pricing policies and practices globally, supports pricing with economic studies and seeks advance pricing agreements and joint audits to the extent possible. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and, in the case of an income tax settlement, would result in a reduction in our effective tax rate in the period of resolution. We report interest and penalties related to uncertain income tax positions as income taxes.

For additional information regarding uncertain income tax positions and valuation allowances, refer to the Note to the Consolidated Financial Statements No. 6, Income Taxes.

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Pensions and Other Postretirement Benefits. We have recorded liabilities for pension and other postretirement benefits of $642 million and $288 million, respectively, at December 31, 2015. Our recorded liabilities and net periodic costs for pensions and other postretirement benefits are based on a number of assumptions, including:

- life expectancies,
- retirement rates,
- discount rates,
- long term rates of return on plan assets,
- inflation rates,
- future compensation levels,
- future health care costs, and
- maximum company-covered benefit costs.

Certain of these assumptions are determined with the assistance of independent actuaries. Assumptions about life expectancies, retirement rates, future compensation levels and future health care costs are based on past experience and anticipated future trends. The discount rate for our U.S. plans is based on a yield curve derived from a portfolio of corporate bonds from issuers rated AA or higher as of December 31 and is reviewed annually. Our expected benefit payment cash flows are discounted based on spot rates developed from the yield curve. The mortality assumption for our U.S. plans is based on actual historical experience and an assumed long term rate of future improvement, based on published actuarial tables. The long term rate of return on U.S. plan assets is based on estimates of future long term rates of return similar to the target allocation of substantially all fixed income securities. Actual U.S. pension fund asset allocations are reviewed on a monthly basis and the pension fund is rebalanced to target ranges on an as-needed basis. These assumptions are reviewed regularly and revised when appropriate. Changes in one or more of them may affect the amount of our recorded liabilities and net periodic costs for these benefits. Other assumptions involving demographic factors such as retirement age and turnover are evaluated periodically and are updated to reflect our experience and expectations for the future. If the actual experience differs from expectations, our financial position, results of operations and liquidity in future periods may be affected.

The weighted average discount rate used in estimating the total liability for our U.S. pension and other postretirement benefit plans was 4.20% and 3.86%, respectively, at December 31, 2015, compared to 3.89% and 3.59%, respectively, at December 31, 2014. The increase in the discount rate at December 31, 2015 was due primarily to higher yields on highly rated corporate bonds. Interest cost included in our U.S. net periodic pension cost was $238 million in 2015, compared to $256 million in 2014 and $243 million in 2013. Interest cost included in our worldwide net periodic other postretirement benefits cost was $15 million in 2015, compared to $19 million in 2014 and 2013.

Effective January 1, 2016, we changed the method we will use to determine the service and interest cost components of pension and other postretirement benefits' periodic cost for plans that utilize a yield curve approach. For 2015, we measured service and interest costs for plans that utilize a yield curve approach by using a single weighted average discount rate derived from the yield curve to measure the plan obligations. For 2016, we elected to measure service and interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We believe this new approach provides a more precise measurement of service and interest costs by aligning the timing of projected benefit cash flows to the corresponding rates on the yield curve. This change is expected to reduce our 2016 net periodic pension cost by approximately $50 million to $75 million compared to the previous method and does not affect the measurement of plan benefit obligations.

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The following table presents the sensitivity of our U.S. projected pension benefit obligation, accumulated other postretirement benefits obligation, and annual expense to the indicated increase/decrease in key assumptions:

		+ / – Change at December 31, 2015	
(Dollars in millions)	Change	PBO/ABO	Annual Expense
Pensions:			
Assumption:			
Discount rate	+/- 0.5%	$297	$6
Other Postretirement Benefits:			
Assumption:			
Discount rate	+/- 0.5%	$6	$—
Health care cost trends — total cost	+/- 1.0%	2	—

Changes in general interest rates and corporate (AA or better) credit spreads impact our discount rate and thereby our U.S. pension benefit obligation. Our U.S. pension plans are invested in a portfolio of substantially all fixed income securities designed to offset the impact of future discount rate movements on liabilities for these plans. If corporate (AA or better) interest rates increase or decrease in parallel (i.e., across all maturities), the investment portfolio described above is designed to mitigate a substantial portion of the expected change in our U.S. pension benefit obligation. For example, if corporate (AA or better) interest rates increased or decreased by 0.50%, the actions described above would be expected to mitigate more than 85% of the expected change in our U.S. pension benefit obligation.

A significant portion of the net actuarial loss included in AOCL of $2,643 million in our U.S. pension plans as of December 31, 2015 is a result of declines in U.S. discount rates and plan asset losses that occurred prior to 2015, plus the impact of prior increases in estimated life expectancies. For purposes of determining our 2015 U.S. net periodic pension cost, we recognized $106 million of the net actuarial losses in 2015. We will recognize approximately $108 million of net actuarial losses in 2016. If our future experience is consistent with our assumptions as of December 31, 2015, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2016 before it begins to gradually decline. In addition, if annual lump sum payments from a pension plan exceed annual service and interest cost for that plan, accelerated recognition of net actuarial losses will be required through a settlement in total benefits cost.

The actual rate of return on our U.S. pension fund was (2.1%), 12.8% and 2.6% in 2015, 2014 and 2013, respectively, as compared to the expected rate of 5.00%, 5.47% and 7.16% in 2015, 2014 and 2013, respectively. We use the fair value of our pension assets in the calculation of pension expense for all of our U.S. pension plans.

The weighted average amortization period for our U.S. pension plans is approximately 20 years.

Net periodic pension costs are recorded in CGS, as part of the cost of inventory sold during the period, or SAG in our Consolidated Statements of Operations, based on the specific roles (i.e., manufacturing vs. non-manufacturing) of employee groups covered by each of our pension plans. In 2015, approximately 60% and 40% of net periodic pension costs are included in CGS and SAG, respectively, compared to approximately 70% and 30% in 2014 and 80% and 20% in 2013. The decrease in the net periodic pension costs in CGS is the result of overall lower net periodic pension costs in conjunction with the freezing of our hourly U.S. pension plans.

Although we experienced an increase in our U.S. discount rate at the end of 2015, a large portion of the net actuarial loss included in AOCL of $74 million in our worldwide other postretirement benefit plans as of December 31, 2015 is a result of the overall decline in U.S. discount rates over time. For purposes of determining 2015 worldwide net periodic other postretirement benefits cost, we recognized $7 million of net actuarial losses in 2015. We will recognize approximately $6 million of net actuarial losses in 2016. If our future experience is consistent with our assumptions as of December 31, 2015, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2016 before it begins to gradually decline.

For further information on pensions and other postretirement benefits, refer to the Note to the Consolidated Financial Statements No. 17, Pension, Other Postretirement Benefits and Savings Plans.

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LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Our primary sources of liquidity are cash generated from our operating and financing activities. Our cash flows from operating activities are driven primarily by our operating results and changes in our working capital requirements and our cash flows from financing activities are dependent upon our ability to access credit or other capital.

Our 2014-2016 capital allocation plan, which we have periodically updated, is intended to increase shareholder value by investing in high-return growth capital projects, providing for returns to shareholders and strengthening our balance sheet. The updated capital allocation plan provides for:

- Growth capital expenditures of approximately $900 million, including our new plant in San Luis Potosi, Mexico to capture growth in the Americas.
- A quarterly cash dividend on our common stock of $0.07 per share beginning on December 1, 2015. The payout represents an annual rate of $0.25 per share for 2015 and $0.28 per share for 2016.
- A share repurchase program that allows us to acquire up to $1.1 billion of our common stock.
- Approximately $900 million of debt repayments and pension funding, further strengthening our leverage metrics and advancing our objective of achieving an investment grade credit rating.
- Approximately $700 million of restructuring payments.

In May 2015, we amended and restated our European revolving credit facility. Significant changes to the facility included extending the maturity to May 12, 2020, increasing the available commitments thereunder from €400 million to €550 million, and decreasing the interest rate by 75 basis points and the annual commitment fee by 20 basis points. Amounts drawn under the facility now bear interest at LIBOR plus 175 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 175 basis points for loans denominated in euros, and undrawn amounts under the facility are subject to an annual commitment fee of 30 basis points.

In June 2015, we amended our U.S. second lien term loan facility to reduce the current interest rate by 100 basis points. As a result of the amendment, the term loan now bears interest at LIBOR plus 300 basis points, subject to a minimum LIBOR rate of 75 basis points. On February 3, 2015, we repaid $200 million and on December 30, 2015 we repaid $400 million of the borrowings under this facility. Repayments are not able to be redrawn.

In November 2015, we issued $1.0 billion in aggregate principal amount of 5.125% senior notes due 2023. In December 2015, we used the proceeds of this offering, together with current cash and cash equivalents, to redeem in full our $1.0 billion 8.25% senior notes due 2020.

In December 2015, GDTE issued €250 million in aggregate principal amount of 3.75% senior notes due 2023. In January 2016, we used the proceeds of this offering, together with current cash and cash equivalents, to redeem in full GDTE's €250 million 6.75% senior notes due 2019.

On October 1, 2015, we completed the previously announced dissolution of the global alliance with SRI in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between us and SRI. As a result of the completion of certain of the transactions contemplated by the Framework Agreement, we paid to SRI a net amount of $271 million and delivered a promissory note to GDTNA in the initial principal amount of $56 million at an interest rate of LIBOR plus 0.1% and with a maturity date three years following the date of dissolution. Refer to "Item 1. Business - Dissolution of Global Alliance with Sumitomo Rubber Industries" for further information.

For further information on the other strategic initiatives we pursued in 2015, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview.”

At December 31, 2015, we had $1,476 million in Cash and Cash Equivalents, compared to $2,161 million at December 31, 2014. The decrease in cash and cash equivalents of $685 million was primarily due to cash used for investing activities of $1,262 million, primarily related to capital expenditures of $983 million and the derecognition of $320 million of cash related to the deconsolidation of our Venezuelan subsidiary; cash used for financing activities of $985 million, primarily related to net debt repayments of $477 million, payments related to the dissolution of the global alliance with SRI of $271 million, common stock repurchases of $180 million and common stock dividends of $68 million; partially offset by cash flows from operating activities of $1,687 million, comprised of net income of $376 million, non-cash depreciation and amortization of $698 million and a non-cash charge of $646 million due to the deconsolidation of our Venezuelan subsidiary.

At December 31, 2015 and 2014 we had $2,676 million and $2,317 million, respectively, of unused availability under our various credit agreements. The table below provides unused availability by our significant credit facilities as of December 31:

(In millions)	2015	2014
First lien revolving credit facility	$1,149	$1,138
European revolving credit facility	598	485
Chinese credit facilities	66	—
Pan-European accounts receivable facility	151	—
Other domestic and international debt	294	277
Notes payable and overdrafts	418	417
	$2,676	$2,317

We have deposited our cash and cash equivalents and entered into various credit agreements and derivative contracts with financial institutions that we considered to be substantial and creditworthy at the time of such transactions. We seek to control our exposure to these financial institutions by diversifying our deposits, credit agreements and derivative contracts across multiple financial institutions, by setting deposit and counterparty credit limits based on long term credit ratings and other indicators of credit risk such as credit default swap spreads, and by monitoring the financial strength of these financial institutions on a regular basis. We also enter into master netting agreements with counterparties when possible. By controlling and monitoring exposure to financial institutions in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a financial institution. However, we cannot provide assurance that we will not experience losses or delays in accessing our deposits or lines of credit due to the nonperformance of a financial institution. Our inability to access our cash deposits or make draws on our lines of credit, or the inability of a counterparty to fulfill its contractual obligations to us, could have a material adverse effect on our liquidity, financial condition or results of operations in the period in which it occurs.

We expect our 2016 cash flow needs to include capital expenditures of approximately $1.0 billion to $1.1 billion. We also expect interest expense to range between $350 million and $375 million, dividends on our common stock to be $75 million, and contributions to our funded non-U.S. pension plans to be approximately $50 million to $75 million. We expect working capital to be a use of cash of approximately $50 million in 2016. We intend to operate the business in a way that allows us to address these needs with our existing cash and available credit if they cannot be funded by cash generated from operations.

We believe that our liquidity position is adequate to fund our operating and investing needs and debt maturities in 2016 and to provide us with flexibility to respond to further changes in the business environment.

Our ability to service debt and operational requirements is also dependent, in part, on the ability of our subsidiaries to make distributions of cash to various other entities in our consolidated group, whether in the form of dividends, loans or otherwise. In certain countries where we operate, such as China, South Africa and Argentina, transfers of funds into or out of such countries by way of dividends, loans, advances or payments to third-party or affiliated suppliers are generally or periodically subject to certain requirements, such as obtaining approval from the foreign government and/or currency exchange board before net assets can be transferred out of the country. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make distributions of cash. Thus, we would have to repay and/or amend these credit agreements and other debt instruments in order to use this cash to service our consolidated debt. Because of the inherent uncertainty of satisfactorily meeting these requirements or limitations, we do not consider the net assets of our subsidiaries, including our Chinese, South African and Argentinian subsidiaries, that are subject to such requirements or limitations to be integral to our liquidity or our ability to service our debt and operational requirements. At December 31, 2015, approximately $551 million of net assets, including $175 million of cash and cash equivalents, were subject to such requirements. The requirements we must comply with to transfer funds out of China, South Africa and Argentina have not adversely impacted our ability to make transfers out of those countries.

Our wholly-owned subsidiary, C.A. Goodyear de Venezuela, manufactures, markets and distributes consumer and commercial tires throughout Venezuela. A substantial portion of the raw materials used in the production of the tires it manufactures, including natural and synthetic rubber, are imported from other Goodyear facilities and from third parties. Certain finished tires are also imported from other Goodyear manufacturing facilities. In addition, our Venezuelan subsidiary is a party to various service and licensing agreements with other Goodyear companies.

Since Venezuela's economy is considered to be highly inflationary under U.S. generally accepted accounting principles, the U.S. dollar is the functional currency of our Venezuelan subsidiary. All gains and losses resulting from the remeasurement of its financial statements are reported in Other (Income) Expense. Effective February 13, 2013, Venezuela's official exchange rate changed from 4.3 to 6.3 bolivares fuertes to the U.S. dollar for substantially all goods. As a result of the devaluation, we recorded a $115 million remeasurement loss on bolivar fuerte-denominated net monetary assets and liabilities, including deferred taxes, primarily related to cash deposits in Venezuela, in the first quarter of 2013.

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Through December 31, 2013, substantially all of our transactions in Venezuela were subject to the approval of the Commission for the Administration of Currency Exchange ("CADIVI"). In January 2014, the Venezuelan government announced the formation of the National Center of Foreign Trade ("CENCOEX") to replace CADIVI. In addition, effective January 24, 2014, Venezuela’s exchange rate applicable to the settlement of certain transactions, including payments of dividends and royalties, changed to an auction-based floating rate, the Complementary System of Foreign Currency Administration (“SICAD”) rate, which was 12.0 and 13.5 bolivares fuertes to the U.S. dollar at December 31, 2014 and December 31, 2015, respectively.

We were required to remeasure our bolivar-denominated monetary assets and liabilities at the rate expected to be available for future dividend remittances by our Venezuelan subsidiary. Therefore, we recorded net remeasurement losses of $200 million in 2014 on bolivar fuerte-denominated net monetary assets and liabilities, including deferred taxes, primarily related to cash deposits in Venezuela, using the then-applicable SICAD rate.

During 2015, the official exchange rate for settling certain transactions, including imports of essential goods, remained at 6.3 bolivares fuertes to the U.S. dollar. Our Venezuelan subsidiary settled $21 million of U.S. dollar-denominated intercompany payables, primarily at the SICAD rate of 12.8 bolivares fuertes to the U.S. dollar in effect at the date of those settlements.

Evolving conditions in Venezuela, including currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms, have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar fuerte and the U.S. dollar, and have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. This lack of currency exchangeability, combined with other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. We expect these conditions to continue for the foreseeable future. As a result of these conditions, we concluded that effective as of December 31, 2015, we do not meet the accounting criteria for control over our Venezuelan subsidiary and began reporting the results of our Venezuelan subsidiary using the cost method of accounting. This change resulted in a pre-tax charge of $646 million in the fourth quarter of 2015. The pre-tax charge includes the derecognition of the carrying amounts of our Venezuelan subsidiary's assets and liabilities, including $320 million of Cash and Cash Equivalents, that are no longer reported in the Consolidated Balance Sheet as of December 31, 2015. The pre-tax charge also includes $248 million of foreign currency translation losses and pension losses previously included in AOCL in the Company’s Consolidated Balance Sheet. Following the deconsolidation, the remaining value of our investment in our Venezuelan subsidiary included in the Consolidated Balance Sheet is not significant.

In future reporting periods, our financial results will not include the operating results of our Venezuelan subsidiary. We will record income from sales of inventory or raw materials or from dividends or royalties to the extent cash is received from our Venezuelan subsidiary.

Cash Position

At December 31, 2015, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $513 million or 35% in Europe, Middle East and Africa, primarily Belgium ($517 million or 24% at December 31, 2014),
- $415 million or 28% in Asia, primarily China, India and Australia ($462 million or 21% at December 31, 2014), and
- $114 million or 8% in Latin America, primarily Brazil ($409 million or 19% at December 31, 2014, which primarily related to Venezuela and Brazil).

Operating Activities

Net cash provided by operating activities was $1,687 million in 2015, compared to $340 million in 2014 and $938 million in 2013. The increase in cash provided by operating activities in 2015 versus 2014 was primarily due to decreased pension contributions and direct payments of $1,235 million. In 2014, we made discretionary contributions of $907 million to fully fund our hourly U.S. pension plans.

The decrease in cash provided by operating activities in 2014 versus 2013 was primarily due to working capital being neither a source nor use of cash in 2014, versus a source of cash of $415 million in 2013, and higher pension contributions of $176 million. Pension contributions in both 2014 and 2013 were primarily due to discretionary contributions of $907 million and $834 million, respectively, to fully fund our U.S. pension plans.

Investing Activities

Net cash used in investing activities was $1,262 million in 2015, compared to $851 million in 2014 and $1,136 million in 2013. Capital expenditures were $983 million in 2015, compared to $923 million in 2014 and $1,168 million in 2013. Beyond expenditures required to sustain our facilities, capital expenditures in 2015 primarily related to the modernization and expansion of manufacturing capacity in the United States, Brazil, Germany and China and to the construction of a new manufacturing facility in Mexico. Capital expenditures in 2014 primarily related to the expansion of manufacturing capacity in the United States, Brazil, Germany and China and in 2013 primarily related to the expansion of manufacturing capacity in Japan, Brazil and Chile. Proceeds from asset sales were $62 million in 2015, primarily related to the sale of our investment in shares of SRI, compared to $18 million in 2014 and $25 million in 2013. In addition to the increase in capital expenditures noted above, the increase in cash used in investing activities in 2015 was primarily driven by a $320 million reduction in cash due to the deconsolidation of our Venezuelan subsidiary.

Financing Activities

Net cash used in financing activities was $985 million in 2015, compared to net cash used of $11 million in 2014 and net cash provided of $1,082 million in 2013. Financing activities in 2015 included net debt repayments of $477 million and a payment related to the dissolution of the global alliance with SRI of $271 million. Financing activities in 2014 included net borrowings of $309 million used to fund working capital needs and capital expenditures. Financing activities in 2013 included net borrowings of $1,143 million used to fully fund our frozen U.S. pension plans and for capital expenditures. In 2015, we paid dividends on our common stock of $68 million and repurchased $180 million of our common stock, as compared to dividend payments of $60 million and common stock share repurchases of $234 million in 2014.

Credit Sources

In aggregate, we had total credit arrangements of $8,699 million available at December 31, 2015, of which $2,676 million were unused, compared to $9,029 million available at December 31, 2014, of which $2,317 million were unused. At December 31, 2015, we had long term credit arrangements totaling $8,232 million, of which $2,258 million were unused, compared to $8,582 million and $1,900 million, respectively, at December 31, 2014. At December 31, 2015, we had short term committed and uncommitted credit arrangements totaling $467 million, of which $418 million were unused, compared to $447 million and $417 million, respectively, at December 31, 2014. The continued availability of the short term uncommitted arrangements is at the discretion of the relevant lender and may be terminated at any time.

Outstanding Notes

At December 31, 2015, we had $3,565 million of outstanding notes, compared to $3,318 million at December 31, 2014.

$2.0 Billion Amended and Restated First Lien Revolving Credit Facility due 2017

Our amended and restated $2.0 billion first lien revolving credit facility is available in the form of loans or letters of credit, with letter of credit availability limited to $800 million. Loans under this facility bear interest at LIBOR plus 150 basis points, based on our current liquidity. Availability under the facility is subject to a borrowing base, which is based on eligible accounts receivable and inventory of The Goodyear Tire & Rubber Company and certain of its U.S. and Canadian subsidiaries. To the extent that our eligible accounts receivable and inventory decline, our borrowing base will decrease and the availability under the facility may decrease below $2.0 billion. In addition, if the amount of outstanding borrowings and letters of credit under the facility exceeds the borrowing base, we are required to prepay borrowings and/or cash collateralize letters of credit sufficient to eliminate the excess. As of December 31, 2015, our borrowing base, and therefore our availability, under the facility was $536 million below the facility's stated amount of $2.0 billion.

At December 31, 2015, we had no borrowings and $315 million of letters of credit issued under the revolving credit facility. At December 31, 2014, we had no borrowings and $377 million of letters of credit issued under the revolving credit facility.

$1.2 Billion Amended and Restated Second Lien Term Loan Facility due 2019

The term loan bears interest at LIBOR plus 300 basis points, subject to a minimum LIBOR rate of 75 basis points. At December 31, 2015 and 2014, the amounts outstanding under this facility were $598 million and $1,196 million, respectively. On February 3, 2015, we repaid $200 million and on December 30, 2015 we repaid $400 million of the borrowings under this facility. Repayments are not able to be redrawn.

€550 Million Amended and Restated Senior Secured European Revolving Credit Facility due 2020

Our amended and restated €550 million European revolving credit facility consists of (i) a €125 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH ("GDTG") and (ii) a €425 million all-borrower tranche that is available to GDTE, GDTG and Goodyear Dunlop Tires Operations S.A. Up to €150 million of swingline loans and €50 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under the facility will bear interest at LIBOR plus 175 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 175 basis points for loans denominated in euros.

At December 31, 2015 and 2014, we had no borrowings and no letters of credit issued under the European revolving credit facility.

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Each of our first lien revolving credit facility and our European revolving credit facility have customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our financial condition since December 31, 2011 under the first lien facility and December 31, 2014 under the European facility.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

GDTE and certain of its subsidiaries are parties to a pan-European accounts receivable securitization facility that provides the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €45 million and not more than €450 million. For the period beginning October 16, 2014 to October 15, 2015, the designated maximum amount of the facility was €380 million. For the period beginning October 16, 2015 to October 15, 2016, the designated maximum amount of the facility is €340 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GDTE subsidiaries. Utilization under the facility is based on eligible receivable balances.

The funding commitments under the facility will expire upon the earliest to occur of: (a) September 25, 2019, (b) the non-renewal and expiration (without substitution) of all of the back-up liquidity commitments, (c) the early termination of the facility according to its terms (generally upon an Early Amortisation Event (as defined in the facility), which includes, among other things, events similar to the events of default under our senior secured credit facilities; certain tax law changes; or certain changes to law, regulation or accounting standards), or (d) our request for early termination of the facility. The facility's current back-up liquidity commitments will expire on October 15, 2016.

At December 31, 2015, the amounts available and utilized under this program totaled $276 million (€254 million) and $125 million (€115 million), respectively. At December 31, 2014, the amounts available and utilized under this program totaled $343 million (€283 million). The program does not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Capital Leases.

In addition to the pan-European accounts receivable securitization facility discussed above, subsidiaries in Australia have an accounts receivable securitization program that provides up to $62 million (85 million Australian dollars) of funding. The terms of the facility provide the flexibility to designate semi-annually the maximum amount of funding available under the facility in an amount of not less than 60 million Australian dollars and not more than 85 million Australian dollars. At December 31, 2015, the amounts available and utilized under this program were $34 million and $19 million, respectively. At December 31, 2014, the amounts available and utilized under this program were $43 million and $23 million, respectively. The receivables sold under this program also serve as collateral for the related facility. We retain the risk of loss related to these receivables in the event of non-payment. These amounts are included in Long Term Debt and Capital Leases.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

Various subsidiaries sold certain of their trade receivables under off-balance sheet programs during 2015 and 2014. For these programs, we have concluded that there is generally no risk of loss to us from non-payment of the sold receivables. At December 31, 2015 and 2014, the gross amount of receivables sold was $299 million and $365 million, respectively.

Supplier Financing

We have entered into payment processing agreements with several financial institutions. Under these agreements, the financial institution acts as our paying agent with respect to accounts payable due to our suppliers. These agreements also allow our suppliers to sell their receivables to the financial institutions at the sole discretion of both the supplier and the financial institution on terms that are negotiated between them. We are not always notified when our suppliers sell receivables under these programs. Our obligations to our suppliers, including the amounts due and scheduled payment dates, are not impacted by our suppliers' decisions to sell their receivables under the program. Agreements for such supplier financing programs totaled up to $500 million at December 31, 2015 and 2014.

Further Information

For a further description of the terms of our outstanding notes, first lien revolving credit facility, second lien term loan facility, European revolving credit facility and pan-European accounts receivable securitization facility, refer to the Note to the Consolidated Financial Statements No. 15, Financing Arrangements and Derivative Financial Instruments.

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Covenant Compliance

Our first and second lien credit facilities and some of the indentures governing our notes contain certain covenants that, among other things, limit our ability to incur additional debt or issue redeemable preferred stock, pay dividends, repurchase shares or make certain other restricted payments or investments, incur liens, sell assets, incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us, enter into affiliate transactions, engage in sale and leaseback transactions, and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. Our first and second lien credit facilities and the indentures governing our notes also have customary defaults, including cross-defaults to material indebtedness of Goodyear and its subsidiaries.

We have additional financial covenants in our first and second lien credit facilities that are currently not applicable. We only become subject to these financial covenants when certain events occur. These financial covenants and related events are as follows:

- We become subject to the financial covenant contained in our first lien revolving credit facility when the aggregate amount of our Parent Company (The Goodyear Tire & Rubber Company) and guarantor subsidiaries cash and cash equivalents (“Available Cash”) plus our availability under our first lien revolving credit facility is less than $200 million. If this were to occur, our ratio of EBITDA to Consolidated Interest Expense may not be less than 2.0 to 1.0 for any period of four consecutive fiscal quarters. As of December 31, 2015, our availability under this facility of $1,149 million, plus our Available Cash of $424 million, totaled $1,573 million, which is in excess of $200 million.
- We become subject to a covenant contained in our second lien credit facility upon certain asset sales. The covenant provides that, before we use cash proceeds from certain asset sales to repay any junior lien, senior unsecured or subordinated indebtedness, we must first offer to use such cash proceeds to prepay borrowings under the second lien credit facility unless our ratio of Consolidated Net Secured Indebtedness to EBITDA (Pro Forma Senior Secured Leverage Ratio) for any period of four consecutive fiscal quarters is equal to or less than 3.0 to 1.0.

In addition, our European revolving credit facility contains non-financial covenants similar to the non-financial covenants in our first and second lien credit facilities that are described above and a financial covenant applicable only to GDTE and its subsidiaries. This financial covenant provides that we are not permitted to allow GDTE’s ratio of Consolidated Net J.V. Indebtedness to Consolidated European J.V. EBITDA for a period of four consecutive fiscal quarters to be greater than 3.0 to 1.0 at the end of any fiscal quarter. Consolidated Net J.V. Indebtedness is determined net of the sum of cash and cash equivalents in excess of $100 million held by GDTE and its subsidiaries, cash and cash equivalents in excess of $150 million held by the Parent Company and its U.S. subsidiaries and availability under our first lien revolving credit facility if the ratio of EBITDA to Consolidated Interest Expense described above is not applicable and the conditions to borrowing under the first lien revolving credit facility are met. Consolidated Net J.V. Indebtedness also excludes loans from other consolidated Goodyear entities. This financial covenant is also included in our pan-European accounts receivable securitization facility. At December 31, 2015, we were in compliance with this financial covenant.

Our credit facilities also state that we may only incur additional debt or make restricted payments that are not otherwise expressly permitted if, after giving effect to the debt incurrence or the restricted payment, our ratio of EBITDA to Consolidated Interest Expense for the prior four fiscal quarters would exceed 2.0 to 1.0. Certain of our senior note indentures have substantially similar limitations on incurring debt and making restricted payments. Our credit facilities and indentures also permit the incurrence of additional debt through other provisions in those agreements without regard to our ability to satisfy the ratio-based incurrence test described above. We believe that these other provisions provide us with sufficient flexibility to incur additional debt necessary to meet our operating, investing and financing needs without regard to our ability to satisfy the ratio-based incurrence test.

There are no known future changes to, or new covenants in, any of our existing debt obligations other than as described above. Covenants could change based upon a refinancing or amendment of an existing facility, or additional covenants may be added in connection with the incurrence of new debt.

As of December 31, 2015, we were in compliance with the currently applicable material covenants imposed by our principal credit facilities and indentures.

The terms “Available Cash,” “EBITDA,” “Consolidated Interest Expense,” “Consolidated Net Secured Indebtedness,” “Pro Forma Senior Secured Leverage Ratio,” “Consolidated Net J.V. Indebtedness” and “Consolidated European J.V. EBITDA” have the meanings given them in the respective credit facilities.

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Potential Future Financings

In addition to our previous financing activities, we may seek to undertake additional financing actions that could include restructuring bank debt or capital markets transactions, possibly including the issuance of additional debt or equity. Given the challenges that we face and the uncertainties of the market conditions, access to the capital markets cannot be assured.

Our future liquidity requirements may make it necessary for us to incur additional debt. However, a substantial portion of our assets are already subject to liens securing our indebtedness. As a result, we are limited in our ability to pledge our remaining assets as security for additional secured indebtedness. In addition, no assurance can be given as to our ability to raise additional unsecured debt.

Dividends and Common Stock Repurchase Program

Under our primary credit facilities and some of our note indentures, we are permitted to pay dividends on and repurchase our capital stock (which constitute restricted payments) as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities or indentures following the payment, and certain financial tests are satisfied.

During 2014 and 2013, we paid cash dividends of $15 million and $29 million, respectively, on our mandatory convertible preferred stock. No further dividends will be paid on our preferred stock following the conversion of shares into common stock on April 1, 2014.

During 2015, 2014 and 2013 we paid cash dividends of $68 million, $60 million and $12 million, respectively, on our common stock. On January 15, 2016, the Company's Board of Directors (or a duly authorized committee thereof) declared cash dividends of $0.07 per share of our common stock, or approximately $19 million in the aggregate. The cash dividend will be paid on March 1, 2016 to stockholders of record as of the close of business of February 1, 2016. Future quarterly dividends are subject to Board approval.

On September 18, 2013, the Board of Directors authorized $100 million for use in our common stock repurchase program. On May 27, 2014, the Board of Directors approved an increase in that authorization to $450 million. On February 4, 2016, the Board of Directors approved a further increase in that authorization to $1.1 billion. This program expires on December 31, 2018. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs and to provide for additional shareholder returns. During 2015, we repurchased 5,571,909 shares at an average price, including commissions, of $32.32 per share, or $180 million in the aggregate. Since 2013, we repurchased 14,507,718 shares at an average price, including commissions, of $28.49 per share, or $413 million in the aggregate.

The restrictions imposed by our credit facilities and indentures did not affect our ability to pay the dividends on or repurchase our capital stock as described above, and are not expected to affect our ability to pay similar dividends or make similar repurchases in the future.

Asset Dispositions

The restrictions on asset sales imposed by our material indebtedness have not affected our strategy of divesting non-core businesses, and those divestitures have not affected our ability to comply with those restrictions.

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COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Obligations

The following table presents our contractual obligations and commitments to make future payments as of December 31, 2015:

(In millions)	Total	2016	2017	2018	2019	2020	Beyond 2020
Debt Obligations(1)	$5,708	$628	$422	$279	$867	$324	$3,188
Capital Lease Obligations(2)	48	8	8	5	2	1	24
Interest Payments(3)	1,986	341	305	275	248	230	587
Operating Leases(4)	1,163	279	215	158	118	94	299
Pension Benefits(5)	425	100	100	75	75	75	N/A
Other Postretirement Benefits(6)	212	24	24	23	22	21	98
Workers' Compensation(7)	338	54	38	28	22	18	178
Binding Commitments(8)	4,587	1,426	1,000	819	660	135	547
Uncertain Income Tax Positions(9)	13	4	3	5	—	—	1
	$14,480	$2,864	$2,115	$1,667	$2,014	$898	$4,922

(1) Debt obligations include Notes Payable and Overdrafts.

(2) The minimum lease payments for capital lease obligations are $80 million.

(3) These amounts represent future interest payments related to our existing debt obligations and capital leases based on fixed and variable interest rates specified in the associated debt and lease agreements. The amounts provided relate only to existing debt obligations and do not assume the refinancing or replacement of such debt.

(4) Operating lease obligations have not been reduced by minimum sublease rentals of $26 million, $17 million, $10 million, $6 million, $3 million and $7 million in each of the periods above, respectively, for a total of $69 million. Payments, net of minimum sublease rentals, total $1,094 million. The present value of the net operating lease payments is $886 million. The operating leases relate to, among other things, real estate, vehicles, data processing equipment and miscellaneous other assets. No asset is leased from any related party.

(5) The obligation related to pension benefits is actuarially determined and is reflective of obligations as of December 31, 2015. Although subject to change, the amounts set forth in the table represent the midpoint of the range of our expected contributions for funded U.S. and non-U.S. pension plans, plus expected cash funding of direct participant payments to our U.S. and non-U.S. pension plans.

We made significant contributions to fully fund our U.S. pension plans in 2013 and 2014. We have no minimum funding requirements for our funded U.S. pension plans under current ERISA law or the provisions of our USW collective bargaining agreement, which requires us to maintain an annual ERISA funded status for the hourly U.S. pension plan of at least 97%.

Future U.S. pension contributions will be affected by our ability to offset changes in future interest rates with asset returns from our fixed income portfolio, and any changes to ERISA law. For further information on the U.S. pension investment strategy, refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Pension and Benefits" and the Note to the Consolidated Financial Statements No. 17, Pension, Other Postretirement Benefits and Savings Plans.

Future non-U.S. contributions are affected by factors such as:

- future interest rate levels,
- the amount and timing of asset returns, and
- how contributions in excess of the minimum requirements could impact the amount and timing of future contributions.

(6) The payments presented above are expected payments for the next 10 years. The payments for other postretirement benefits reflect the estimated benefit payments of the plans using the provisions currently in effect. Under the relevant summary plan descriptions or plan documents we have the right to modify or terminate the plans. The

obligation related

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to other postretirement benefits is actuarially determined on an annual basis. The estimated payments have been reduced to reflect the provisions of the Medicare Prescription Drug Improvement and Modernization Act of 2003.

(7) The payments for workers' compensation obligations are based upon recent historical payment patterns on claims. The present value of anticipated claims payments for workers' compensation is $264 million.

(8) Binding commitments are for raw materials, capital expenditures, utilities, and various other types of contracts. The obligations to purchase raw materials include supply contracts at both fixed and variable prices. Those with variable prices are based on index rates for those commodities at December 31, 2015.

(9) These amounts primarily represent expected payments with interest for uncertain tax positions as of December 31, 2015. We have reflected them in the period in which we believe they will be ultimately settled based upon our experience with these matters.

Additional other long term liabilities include items such as general and product liabilities, environmental liabilities and miscellaneous other long term liabilities. These other liabilities are not contractual obligations by nature. We cannot, with any degree of reliability, determine the years in which these liabilities might ultimately be settled. Accordingly, these other long term liabilities are not included in the above table.

In addition, pursuant to certain long term agreements, we will purchase varying amounts of certain raw materials and finished goods at agreed upon base prices that may be subject to periodic adjustments for changes in raw material costs and market price adjustments, or in quantities that may be subject to periodic adjustments for changes in our or our suppliers' production levels. These contingent contractual obligations, the amounts of which cannot be estimated, are not included in the table above.

We do not engage in the trading of commodity contracts or any related derivative contracts. We generally purchase raw materials and energy through short term, intermediate and long term supply contracts at fixed prices or at formula prices related to market prices or negotiated prices. We may, however, from time to time, enter into contracts to hedge our energy costs.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has:

- made guarantees,
- retained or held a contingent interest in transferred assets,
- undertaken an obligation under certain derivative instruments, or
- undertaken any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company.

We have entered into certain arrangements under which we have provided guarantees that are off-balance sheet arrangements. Those guarantees totaled approximately $49 million at December 31, 2015. For further information about our guarantees, refer to the Note to the Consolidated Financial Statements No. 19, Commitments and Contingent Liabilities.

We concluded that effective as of December 31, 2015, we do not meet the accounting criteria for control of our Venezuelan subsidiary, and its assets and liabilities are no longer reported in the Consolidated Balance Sheet as of December 31, 2015. Subsequent to its deconsolidation, we maintained a variable interest in our Venezuelan subsidiary. Our exposure to future losses resulting from our Venezuelan subsidiary is limited to the extent that we decide to provide raw materials or finished goods to, or make future investments in, our Venezuelan subsidiary. For further information, refer to the Note the the Consolidated Financial Statements No. 1, Accounting Policies.

FORWARD-LOOKING INFORMATION — SAFE HARBOR STATEMENT

Certain information in this Annual Report on Form 10-K (other than historical data and information) may constitute forward-looking statements regarding events and trends that may affect our future operating results and financial position. The words “estimate,” “expect,” “intend” and “project,” as well as other words or expressions of similar meaning, are intended to identify forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Such statements are based on current expectations and assumptions, are inherently uncertain, are subject to risks and should be viewed with caution. Actual results and experience may differ materially from the forward-looking statements as a result of many factors, including:

- if we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected;
- we face significant global competition and our market share could decline;

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- deteriorating economic conditions in any of our major markets, or an inability to access capital markets or third-party financing when necessary, may materially adversely affect our operating results, financial condition and liquidity;
- our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity;
- we have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity;
- if we experience a labor strike, work stoppage or other similar event our business, results of operations, financial condition and liquidity could be materially adversely affected;
- our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results;
- financial difficulties, work stoppages, supply disruptions or economic conditions affecting our major OE customers, dealers or suppliers could harm our business;
- our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner;
- raw material and energy costs may materially adversely affect our operating results and financial condition;
- we have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health;
- any failure to be in compliance with any material provision or covenant of our debt instruments, or a material reduction in the borrowing base under our revolving credit facility, could have a material adverse effect on our liquidity and operations;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly;
- we have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales;
- we may incur significant costs in connection with our contingent liabilities and tax matters;
- our reserves for contingent liabilities and our recorded insurance assets are subject to various uncertainties, the outcome of which may result in our actual costs being significantly higher than the amounts recorded;
- we are subject to extensive government regulations that may materially adversely affect our operating results;
- we may be adversely affected by any disruption in, or failure of, our information technology systems due to computer viruses, unauthorized access, cyber attack, natural disasters or other similar disruptions;
- if we are unable to attract and retain key personnel, our business could be materially adversely affected; and
- we may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

It is not possible to foresee or identify all such factors. We will not revise or update any forward-looking statement or disclose any facts, events or circumstances that occur after the date hereof that may affect the accuracy of any forward-looking statement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We utilize derivative financial instrument contracts and nonderivative instruments to manage interest rate, foreign exchange and commodity price risks. We have established a control environment that includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. We do not hold or issue derivative financial instruments for trading purposes.

Commodity Price Risk

The raw materials costs to which our operations are principally exposed include the cost of natural rubber, synthetic rubber, carbon black, fabrics, steel cord and other petrochemical-based commodities. Approximately two-thirds of our raw materials are oil-based derivatives, the cost of which may be affected by fluctuations in the price of oil. We currently do not hedge commodity prices. We do, however, use various strategies to partially offset cost increases for raw materials, including centralizing purchases of raw materials through our global procurement organization in an effort to leverage our purchasing power, expanding our capabilities to substitute lower-cost raw materials and reducing the amount of material required in each tire.

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Interest Rate Risk

We carefully monitor our fixed and floating rate debt mix. Within defined limitations, we manage the mix using refinancing. At December 31, 2015, 31% of our debt was at variable interest rates averaging 6.55% compared to 42% at an average rate of 5.78% at December 31, 2014.

The following table presents information about long term fixed rate debt, excluding capital leases, at December 31:

(In millions)	2015	2014
Carrying amount — liability	$3,890	$3,680
Fair value — liability	4,065	3,773
Pro forma fair value — liability	4,170	3,889

The pro forma information assumes a 100 basis point decrease in market interest rates at December 31 of each year, and reflects the estimated fair value of fixed rate debt outstanding at that date under that assumption. The sensitivity of our fixed rate debt to changes in interest rates was determined using current market pricing models.

Foreign Currency Exchange Risk

We will enter into foreign currency contracts in order to manage the impact of changes in foreign exchange rates on our consolidated results of operations and future foreign currency-denominated cash flows. These contracts reduce exposure to currency movements affecting existing foreign currency-denominated assets, liabilities, firm commitments and forecasted transactions resulting primarily from trade purchases and sales, equipment acquisitions, intercompany loans and royalty agreements. Contracts hedging short term trade receivables and payables normally have no hedging designation.

The following table presents foreign currency derivative information at December 31:

(In millions)	2015	2014
Fair value — asset (liability)	$4	$26
Pro forma decrease in fair value	(108)	(83)
Contract maturities	1/16 - 12/16	1/15 - 12/15

The pro forma decrease in fair value assumes a 10% adverse change in underlying foreign exchange rates at December 31 of each year, and reflects the estimated change in the fair value of positions outstanding at that date under that assumption. The sensitivity of our foreign currency positions to changes in exchange rates was determined using current market pricing models.

Fair values are recognized on the Consolidated Balance Sheets at December 31 as follows:

(In millions)	2015	2014
Asset (liability):		
Accounts Receivable	$15	$30
Other Current Liabilities	(11)	(4)

For further information on foreign currency contracts, refer to the Note to the Consolidated Financial Statements No. 15, Financing Arrangements and Derivative Financial Instruments.

Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a discussion of our management of counterparty risk.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Schedules not listed above have been omitted since they are not applicable or are not required, or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2015 using the framework specified in Internal Control — Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders of The Goodyear Tire & Rubber Company

In our opinion, the accompanying consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Goodyear Tire & Rubber Company and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it presents deferred income taxes in 2015.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Cleveland, Ohio
February 9, 2016

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(In millions, except per share amounts)	2015	2014	2013
Net Sales	$16,443	$18,138	$19,540
Cost of Goods Sold	12,164	13,906	15,422
Selling, Administrative and General Expense	2,614	2,720	2,758
Rationalizations (Note 2)	114	95	58
Interest Expense (Note 3)	412	428	392
Loss on Deconsolidation of Venezuelan Subsidiary (Note 1)	646	—	—
Other (Income) Expense (Note 4)	(115)	302	97
Income before Income Taxes	608	687	813
United States and Foreign Tax (Benefit) Expense (Note 6)	232	(1,834)	138
Net Income	376	2,521	675
Less: Minority Shareholders' Net Income	69	69	46
Goodyear Net Income	307	2,452	629
Less: Preferred Stock Dividends	—	7	29
Goodyear Net Income available to Common Shareholders	$307	$2,445	$600
Goodyear Net Income available to Common Shareholders — Per Share of Common Stock			
Basic	$1.14	$9.13	$2.44
Weighted Average Shares Outstanding (Note 7)	269	268	246
Diluted	$1.12	$8.78	$2.28
Weighted Average Shares Outstanding (Note 7)	273	279	277
Cash Dividends Declared Per Common Share	$0.25	$0.22	$0.05

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
(In millions)	2015	2014	2013
Net Income	$ 376	$ 2,521	$ 675
Other Comprehensive Income (Loss):			
Foreign currency translation net of tax of $(52) in 2015 ($(46) in 2014, $0 in 2013)	(315)	(298)	(151)
Reclassification adjustment for amounts recognized in income net of tax of $0 in all periods	16	3	1
Defined benefit plans:			
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost net of tax of $34 in 2015 ($36 in 2014, $10 in 2013)	69	79	232
Decrease (Increase) in net actuarial losses net of tax of $(19) in 2015 ($(135) in 2014, $34 in 2013)	(68)	(82)	519
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $67 in 2015 ($13 in 2014, $1 in 2013)	259	35	2
Prior service credit (cost) from plan amendments net of tax of $0 in in all periods	—	—	31
Deferred derivative gains (losses) net of tax of $3 in 2015 ($1 in 2014, $1 in 2013)	17	16	1
Reclassification adjustment for amounts recognized in income net of tax $(3) in 2015 ($(1) in 2014, $0 in 2013)	(25)	1	2
Unrealized investment gains net of tax of $(2) in 2015 ($1 in 2014, $0 in 2013)	(4)	2	8
Reclassification adjustment for amounts recognized in income net of tax $2 in 2015 ($0 in 2014, $0 in 2013)	(32)	—	—
Deconsolidation of Venezuelan subsidiary net of tax of $0 (Notes 1 and 21)	248	—	—
Other Comprehensive Income (Loss)	165	(244)	645
Comprehensive Income (Loss)	541	2,277	1,320
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	6	20	78
Goodyear Comprehensive Income (Loss)	$ 535	$ 2,257	$ 1,242

The accompanying notes are an integral part of these consolidated financial statements.

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THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
(In millions, except share data)	2015	2014
Assets		