2014 Annual Report

The Goodyear Tire & Rubber Company

Goodyear is one of the world's leading tire companies, with one of the most recognizable brand names and operations in most regions of the world. Together with its U.S. and international subsidiaries and joint ventures, Goodyear develops, manufactures, markets and distributes tires for most applications. It also manufactures and markets rubber-related chemicals for various applications. Goodyear is one of the world's largest operators of commercial truck service and tire retreading centers. In addition, it operates approximately 1,200 tire and auto service center outlets where it offers its products for retail sale and provides automotive repair and other services. Goodyear manufactures its products in 50 facilities in 22 countries. It has marketing operations in almost every country around the world.

THE GOODYEAR TIRE & RUBBER COMPANY
200 Innovation Way
Akron, Ohio 44316-0001
www.goodyear.com

CONTENTS

To Our Shareholders	**2**
Management's Discussion and Analysis of Financial Condition and Results of Operations	**6**
Forward-Looking Information	**37**
Quantitative and Qualitative Disclosures about Market Risk	**39**
Consolidated Financial Statements	**41**
Notes to Consolidated Financial Statements	**49**
Management's Report on Internal Control Over Financial Reporting	**110**
Report of Independent Registered Public Accounting Firm	**111**
Supplementary Data (unaudited)	**112**
Selected Financial Data	**115**
Performance Graph	**118**
Directors and Officers	**119**
Facilities	**120**
Shareholder Information	**121**

This Annual Report contains a number of forward-looking statements. For more information, please see pages 37-38.

GOODYEAR

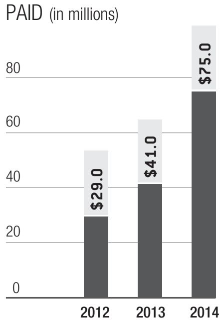
FINANCIAL OVERVIEW

(in millions, except per share and associates)	YEAR ENDED DEC. 31 2014	YEAR ENDED DEC. 31 2013
Net Sales	$ 18,138	$ 19,540
Total Segment Operating Income	$ 1,712	$ 1,580
Goodyear Net Income	$ 2,452	$ 629
Goodyear Net Income Available to Common Shareholders	$ 2,445	$ 600
– Per Diluted Share	$ 8.78	$ 2.28
Weighted Average Shares Outstanding – Basic	268	246
– Diluted	279	277
Segment Operating Margin	9.4%	8.1%
Gross Margin	23.3%	21.1%
Capital Expenditures	$ 923	$ 1,168
Research and Development Expenditures	$ 399	$ 390
Tire Units Sold	162.0	162.3
Total Assets	$ 18,109	$ 17,527
Total Debt*	$ 6,394	$ 6,249
Goodyear Shareholders' Equity	$ 3,610	$ 1,606
Total Shareholders' Equity	$ 3,845	$ 1,868
Debt to Debt and Equity	62.4%	77.0%
Preferred Stock Dividends Paid	$ 15	$ 29
Common Stock Dividends Paid	$ 60	$ 12
Number of Associates	67,000	69,000
Price Range of Common Stock: – High	$ 28.86	$ 24.00
– Low	$ 18.87	$ 11.83

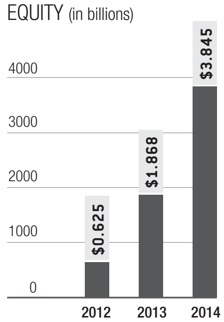
** Total debt includes Notes payable and overdrafts, Long term debt and capital leases due within one year, and Long term debt and capital leases.*

THREE-YEAR PERFORMANCE SUMMARY

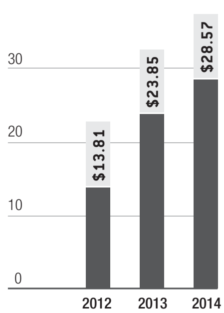
TOTAL DIVIDENDS PAID (in millions)



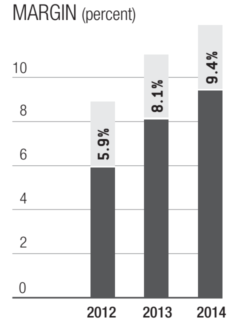
TOTAL SHAREHOLDERS' EQUITY (in billions)



CLOSING STOCK PRICE



SEGMENT OPERATING MARGIN (percent)



TO OUR SHAREHOLDERS

Over the past year, The Goodyear Tire & Rubber Company continued its drive toward creating sustainable value for the long term. In the midst of continued global economic volatility that affected the tire industry, we successfully executed our strategy and delivered another year of record segment operating income. These results were achieved through outstanding leadership and strategic execution by our teams across the globe. Our momentum is strong.

Our full-year performance was enabled by capturing the value of the Goodyear brand, and by becoming more efficient in our operations. By using a balanced approach of investing for growth and taking actions to reduce costs we withstood prevailing uncertainty in several of our key markets.

In 2014, Goodyear's segment operating income was $1.7 billion (see next page), the most in our company's history and an 8 percent improvement over last year's record. This marks the fourth consecutive year in which we have delivered more than $1 billion in segment operating income, an unprecedented run of success.

In 2014, the soundness of our strategy and its disciplined execution led to many highlights in our global businesses.

RICHARD J. KRAMER
Chairman & Chief Executive Officer

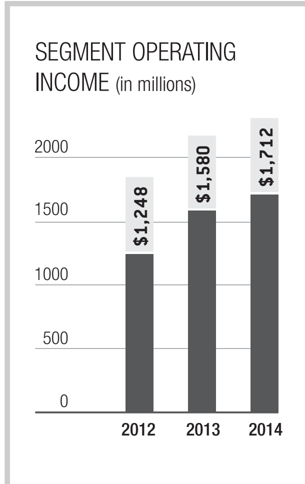
GLOBAL BUSINESS HIGHLIGHTS

Our North America business continued to grow profitably, as it delivered record earnings for the year, finishing the year with the highest quarterly segment operating income ever. With steady execution of our strategy, North America continued to win with consumers and is clearly on the path to sustainable growth.

Demand for our Goodyear-brand products remains high in the region. For example, our Assurance All-Season tire, launched in 2014, will reach 1 million sold faster than any previous product. Likewise, our commercial truck tire business had a strong year, as fleets continued to embrace our outstanding products and business solutions model.

In the Asia Pacific region, we had full-year volume growth, spurred by our performance in China and India. Our brand strength continues to grow, as several of our Goodyear-brand products – including Wrangler and Excellence RunOnFlat – earned "Tire of the Year" honors in China.

We're growing with the right mix of products in channels where the Goodyear brand has its greatest value. Our factory in Pulandian, China is producing industry-leading products and providing cost efficiencies to support our growth in the region. In addition, we earned key new original equipment fitments and increased our distribution to make the most of the opportunities in this expanding market.



Our steady introduction of new high-value-added Goodyear products in Latin America was a hit with customers. Though the original equipment business in Brazil declined through the year, our replacement tire sales in the country were very strong. In Brazil and Mexico, we grew share by delivering a double-digit increase in consumer replacement volume, as we completely revamped our portfolio to take advantage of the MegaTrend shift to high-value-added products.

Increased marketing efforts in the region helped grow demand for new products such as Goodyear EfficientGrip performance tires and Wrangler ArmorTrac for SUVs. Also, we continued to invest in the region and updated our Americana, Brazil factory to meet increasing demand for our high-value-added products. Even with the negative impact of foreign currency translation in the region and the unpredictability in the Venezuelan market, our replacement volume growth in Latin America has been gratifying.

Finally, our Europe, Middle East, and Africa business had year-over-year segment operating income growth, even as the economic climate remained volatile. Our product leadership in the region was confirmed by regular wins and "podium" finishes in the important magazine tests, in addition to setting the pace in European tire labelling. In the coming year, we will introduce our first tire to earn a coveted "AA" rating, with top grades for fuel efficiency and wet handling.

Over the course of the year, we also made strides to improve the competitiveness of our value proposition with key European customers.

Taken in total, our full-year performance is evidence that our underlying business is strong, our strategy is sound, and our brands are valued by our customers and consumers.

Our results in 2014 were extremely satisfying considering the ongoing challenges we faced around the world. For example:

- The increasing strength of the U.S. dollar created unfavorable foreign currency translation for many of our businesses around the world;
- Economic instability in several of our key markets, such as Brazil and much of Europe, had a negative effect on all elements of the automotive industry;
- Political unrest contributed to recessionary conditions in some emerging markets, such as Venezuela and Eastern Europe, and led to decreased volumes in those regions;
- Record warm temperatures in Europe at the end of 2014 reduced industry sales of winter tires;
- And anticipated U.S. tariffs on tires imported from China led to abnormally large advance purchases of these products, drastically increasing inventories in many sales channels.

Our response to these headwinds was consistent with our long-term focus, as we stuck to our strategy when it would have been tempting to pursue short-term gains. We did not overreact to distorted market conditions or chase unprofitable volume. And we did not waver from our commitment to capturing the full value of our brand and our products.

We know that the tire industry is cyclical and one of the objectives of our long-term approach is remaining profitable and creating value through the inevitable highs and lows of the economic cycle.

COMMITMENT TO OUR STRATEGY

We are committed to following our Strategy Roadmap (see below) and executing the Key How To's. During the year, we updated our Roadmap to reflect both the progress we have made to date and our focus on driving profitable volume growth. The Roadmap is built to take advantage of the MegaTrends that are shaping the direction of the global tire industry. These MegaTrends include increasing consumer demand for high-value-added tires with features that include fuel saving, wet traction or ride comfort.

We will continue to innovate to meet the changing needs of our customers and consumers. Investment in our business will be driven from the market back and geared toward providing the high-value-added products that differentiate Goodyear in the marketplace.

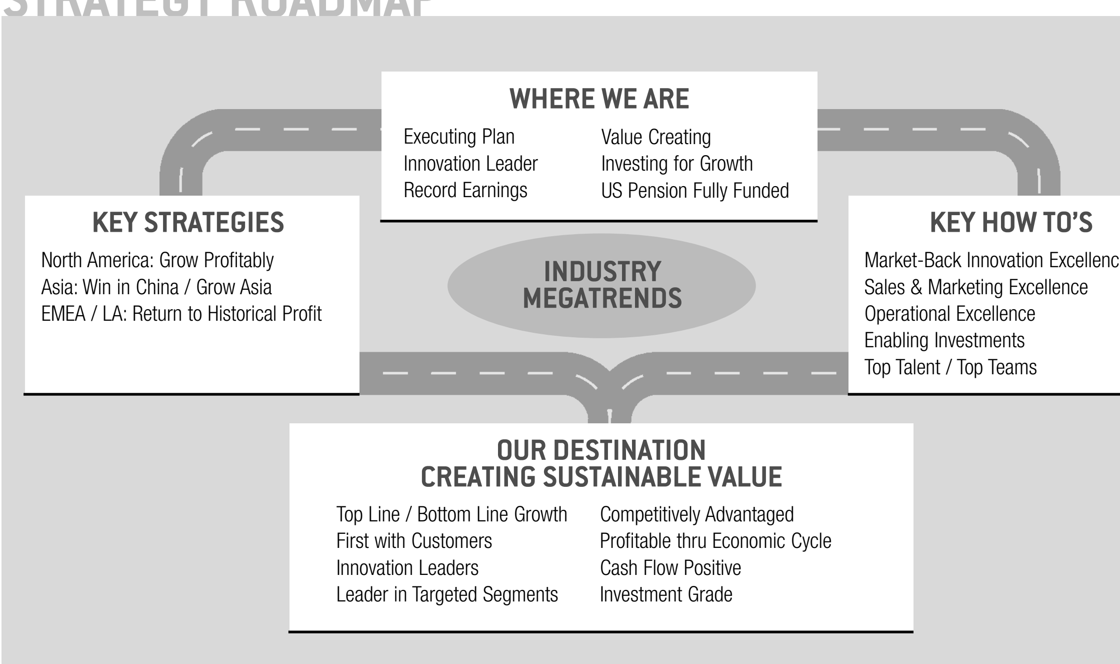
We have seen tangible results from our Operational Excellence initiatives and will continue our journey to become more efficient in our supply chain, reducing cost and building the capabilities necessary to serve our customers better. Our focus is still on delivering the right tire, at the right time, for the right cost.

As we have done with Operational Excellence, we are committed to building a global platform of Sales and Marketing Excellence to take full advantage of our brand and value proposition in order to drive profitable growth. The goal is to establish global programs and "One Goodyear Way" to leverage best practices in sales and marketing. This is something that we are going to continue to develop as we move forward.

As we move through the year ahead, we will remain focused on winning in profitable market segments and positioning ourselves for growth. Led by our momentum in North America, we remain committed to our target of 2015 segment operating income growth of 10 percent to 15 percent above last year's record.

Our earnings growth targets support our capital allocation plan which balances capital investments for future earnings growth, continued progress towards achieving an investment grade credit rating, and continued return of capital to shareholders. As always, we will take a thoughtful approach to investment, focusing on projects that have the highest potential for return.

STRATEGY ROADMAP



DRIVING GROWTH

Last May, we announced our plan to build a new state-of-the-art manufacturing plant to serve the Latin America and North America businesses. This plant will have the capacity to annually produce six million of the high-value-added tires that are in demand in the Americas. The location of the new facility will be finalized this year and is expected to begin production in 2017.

In the meantime, we will continue to invest in our existing factories to help us keep pace with increasing demand. We will continue to get faster and more efficient through Operational Excellence, enabling us to supply our customers with the Goodyear tires they want to sell and consumers want to buy.

Finally, we unveiled a new buying option for consumers in North America. During 2015, Goodyear will become the first tire manufacturer to offer consumer replacement tires for sale on line. Consumers will be able to purchase tires through Goodyear.com and have them installed at an authorized Goodyear retailer of their choice.

This is a major step for Goodyear and our aligned dealer network. Consumers are shopping for many goods and services on line already, and it's how we believe they will increasingly shop for tires. As consumer demographics continue to shift and 80 million millennials come into the marketplace, we have to meet their shopping expectations.

By taking the initiative and embracing this digital format to simplify the tire buying process, we believe we will be the industry leader in this space. It's another Goodyear innovation that goes beyond just tires and a tangible example of our focus on our customers and consumers from the market-back, rather than the factory-out.

CONFIDENCE IN OUR STRATEGY

As I reflect on 2014, I am extremely pleased with what our teams in all our regions accomplished over the past year. Our results are evidence that we have the right strategy in place and are delivering record profitability through a volatile period of the economic cycle.

I'm not only pleased with the results we are achieving, but with how we are achieving them. We know that the tire industry will not grow in a straight line, and we won't be distracted by short-term swings in our markets. We remain committed to our long-term targets and are confident in our ability to reach them.

The power of our brand and the execution of our strategy strengthens our belief that we will continue to increase our earnings and value for shareholders not only when times are good, but when they are challenging as well.

On behalf of the men and women of Goodyear, who deliver the highest quality products and services around the world, thank you for your continued trust, confidence, and support.

Respectfully submitted,

Richard J. Kramer
Chairman & Chief Executive Officer

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 50 manufacturing facilities in 22 countries, including the United States. We operate our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa; Latin America; and Asia Pacific.

We experienced volatile global industry conditions in 2014, including economic weakness in EMEA, particularly in the fourth quarter of 2014; economic and political volatility in Latin America, particularly in Brazil and Venezuela; and slowing growth in Asia Pacific. In addition, we were also impacted by the strengthening of the U.S. dollar against most foreign currencies.

Despite these challenging industry and economic conditions, we produced record segment operating income of $1,712 million in 2014, including record segment operating income of $803 million in North America. These 2014 results were delivered on tire unit shipments that were essentially flat compared to 2013. In 2014, we realized approximately $454 million of cost savings, including raw material cost saving measures of approximately $269 million, which exceeded the impact of general inflation. Our raw material costs decreased by approximately 9% in 2014 compared to 2013.

In the first quarter of 2014, we made contributions of $1,167 million to fully fund our hourly U.S. pension plans and, in accordance with our master collective bargaining agreement with the United Steelworkers, the hourly U.S. pension plans were frozen to future accruals effective April 30, 2014. We have now fully funded substantially all of our U.S. pension plans. The successful execution of our pension strategy will improve our earnings and cash flows from operating activities and provide greater transparency to our underlying tire business. Refer to “Pension and Benefit Plans” for additional information.

In the first quarter of 2014, we closed one of our manufacturing facilities in Amiens, France and, in the fourth quarter of 2014, we ceased our remaining farm tire production in EMEA. As a result of these actions, we expect annualized cost savings of approximately $75 million, with savings of $55 million realized in 2014. These savings realized in 2014 are in addition to the $454 million of costs savings referred to above.

Net sales were $18,138 million in 2014, compared to $19,540 million in 2013. Net sales decreased in 2014 due to unfavorable foreign currency translation, primarily in Latin America, lower sales in other tire-related businesses, primarily third-party chemical sales in North America, and a decline in price and product mix, primarily in EMEA, as a result of the impact of lower raw material costs on pricing. Product mix was also negatively impacted by lower OTR tire sales.

For the year ended December 31, 2014, Goodyear net income was $2,452 million, compared to Goodyear net income of $629 million in 2013, and Goodyear net income available to common shareholders was $2,445 million, or $8.78, compared to Goodyear net income available to common shareholders of $600 million, or $2.28, in 2013. The increase in Goodyear net income in 2014 compared to 2013 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.

Our total segment operating income for 2014 was $1,712 million, compared to $1,580 million in 2013. The $132 million, or 8.4%, increase in segment operating income was due primarily to a decline in raw material costs of $553 million, primarily in EMEA and North America, which more than offset the effect of lower price and product mix of $376 million, and lower conversion costs of $101 million. These improvements were partially offset by unfavorable foreign currency translation of $77 million, primarily in Latin America, and higher selling, administrative and general expense (“SAG”) of $59 million, primarily in EMEA and Latin America. 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.

In May 2014, we updated our shareholder return program that is part of our 2014-2016 capital allocation plan to increase the quarterly cash dividend on our common stock by 20% to $0.06 per share and to increase our share repurchase program by $350 million to allow us to acquire up to $450 million of our common stock through 2016. Our capital allocation plan also provides for capital expenditures, pension funding and debt repayments, and restructuring payments. Refer to "Liquidity and Capital Resources — Overview" for additional information.

Pension and Benefit Plans

At December 31, 2014, our unfunded global pension liability was $714 million, which was principally attributable to our non-U.S. pension plans. At December 31, 2013, our unfunded global pension liability was $1,855 million, including approximately $1,100 million attributable to our hourly U.S. pension plans.

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 obligation so that the funded status remains stable.

During the first quarter of 2014, we contributed $1,167 million in cash to fully fund the hourly U.S. pension plans. In addition, we made contributions of $868 million during the first quarter of 2013 to fully fund our frozen 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 any subsequent changes in discount rates.

As a result of fully funding these plans in the first quarter of 2014, pension benefits for hourly associates covered by the USW collective bargaining agreement who participate in the hourly U.S. pension plans were frozen effective April 30, 2014 and these associates now receive Company contributions to a defined contribution plan beginning on May 1, 2014. As a result of the accrual freeze, we recognized a curtailment charge of $33 million in 2014.

We expect these actions will provide stability to our funded status, improve our earnings and operating cash flow, and provide greater transparency to our underlying tire business.

The net actuarial losses in Accumulated Other Comprehensive Loss ("AOCL") related to the U.S. pension plans increased by $292 million, including $285 million from updated life expectancy assumptions reflecting future mortality improvements based on recently published actuarial tables.

Globally, we expect our 2015 net periodic pension cost to be approximately $125 million to $175 million.

Liquidity

At December 31, 2014, we had $2,161 million in Cash and Cash Equivalents as well as $2,317 million of unused availability under our various credit agreements, compared to $2,996 million and $2,726 million, respectively, at December 31, 2013. The decrease in cash and cash equivalents of $835 million was driven by pension contributions and direct payments of $1,338 million and capital expenditures of $923 million, including expenditures for the modernization and expansion of our United States, Brazil, Germany and China manufacturing capacity. These decreases were partially offset by net income of $2,521 million, which included a non-cash deferred tax benefit of $1,970 million and non-cash depreciation and amortization expense of $732 million, and net borrowings of $309 million. We believe that our liquidity position is adequate to fund our operating and investing needs in 2015 and to provide us with flexibility to respond to further changes in the business environment.

New Products

Globally, we launched 17 new consumer tires and 21 new commercial tires in 2014.

Outlook

We expect that our full-year tire unit volume for 2015 will be up 1% to 2% compared to 2014. We also expect cost savings to more than offset general inflation in 2015. Based on current spot rates, we expect foreign currency translation to negatively affect segment operating income by approximately $180 million in 2015 compared to 2014.

Based on current raw material spot prices, for the full year of 2015, we expect our raw material costs will be approximately 14% lower than 2014, 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 "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.

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:

(In millions of tires)	Year Ended December 31, 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

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 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

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 which 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 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

To maintain global competitiveness, we have implemented rationalization actions over the past several years to reduce excess and high-cost manufacturing capacity and to reduce selling, administrative and general expenses through associate headcount reductions. 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.

Upon completion of the 2014 plans, we estimate that annual segment operating income will improve by approximately $18 million ($4 million CGS and $14 million SAG). The savings realized in 2014 from rationalization plans totaled $84 million ($66 million CGS and $18 million SAG) including $55 million 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 Note 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

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. A substantial portion of royalty income results from the amortization of deferred revenue from prepaid trademark licensing royalties associated with the sale of our former Engineered Products business to The Carlyle Group in 2007. In 2014, The Carlyle Group announced that it had entered into an agreement to sell that business to Continental AG, and the transaction was completed in January 2015. We have terminated the licensing agreement and will recognize a one-time gain on the unamortized balance of the deferred revenue in 2015. A substantial portion of the deferred revenue will be recognized in the first quarter of 2015, with the remaining portion recognized over a six month transition period. Thereafter, royalty income will be reduced by approximately $12 million per year. The unamortized balance at December 31, 2014 was approximately $170 million.

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 Note 4, Other 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 a recently 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 has maintained a full valuation allowance on its U.S. net deferred tax asset position. In each reporting period we have 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 is more likely than not that a significant portion of our U.S. deferred tax assets will 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.

In the periods after which our U.S. valuation allowance is released, we expect an increase in our effective tax rate as a result of recording tax expense on our U.S. earnings. Over the next five years, we estimate utilizing the majority of our tax credits and tax loss carryforwards and paying no significant federal income tax.

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.

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. However, it is reasonably possible that sufficient positive evidence required to release all, or a portion, of certain valuation allowances will exist during 2015. This may result in a reduction of the valuation allowance and one time tax benefit of up to $80 million ($60 million net of minority interest).

For further information, refer to Note 5, Income Taxes.

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.

2013 Compared to 2012

For the year ended December 31, 2013, Goodyear net income was $629 million, compared to net income of $212 million in 2012. For the year ended December 31, 2013, Goodyear net income available to common shareholders was $600 million, or $2.28 per share, compared to Goodyear net income available to common shareholders of $183 million, or $0.74 per share.

Net Sales

Net sales in 2013 of $19,540 million decreased $1,452 million, or 6.9%, compared to $20,992 million in 2012 due primarily to lower sales in other tire-related businesses of $665 million, primarily in North America due to a decrease in the price and volume of third-party sales of chemical products, unfavorable foreign currency translation of $354 million, primarily in Latin America and Asia Pacific, lower price and product mix of $206 million, primarily in North America and EMEA, and lower tire volume of $166 million, primarily in EMEA. Consumer and commercial net sales in 2013 were $10,946 million and $4,113 million, respectively. Consumer and commercial net sales in 2012 were $11,429 million and $4,202 million, respectively.

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

	Year Ended December 31,		
(In millions of tires)	**2013**	**2012**	**% Change**
Replacement Units			
North America (U.S. and Canada)	42.9	44.5	(3.3)%
International	69.0	69.9	(1.3)%
Total	111.9	114.4	(2.1)%
OE Units			
North America (U.S. and Canada)	18.8	18.1	3.0%
International	31.6	31.5	0.3%
Total	50.4	49.6	1.4%
Goodyear worldwide tire units	162.3	164.0	(1.1)%

The decrease in worldwide tire unit sales of 1.7 million units, or 1.1%, compared to 2012, included a decrease of 2.5 million replacement units, or 2.1%, due primarily to a decrease in the consumer replacement business in EMEA as a result of economic weakness and increased competition in early 2013 and decreased sales of non-Goodyear brand products in North America. OE tire volume increased 0.8 million units, or 1.4%, on higher industry volumes. Consumer and commercial unit sales in 2013 were 147.5 million and 12.7 million, respectively. Consumer and commercial unit sales in 2012 were 149.2 million and 12.8 million, respectively.

Cost of Goods Sold

CGS was $15,422 million in 2013, decreasing $1,741 million, or 10.1%, compared to $17,163 million in 2012. CGS was 78.9% of sales in 2013 compared to 81.8% of sales in 2012. CGS in 2013 decreased due to lower raw material costs of $985 million, lower costs in other tire-related businesses of $641 million, primarily due to lower third-party sales of chemical products in North America, the effect of favorable foreign currency translation of $245 million, primarily in Latin America, and lower tire volume of $159 million. These decreases were partially offset by increased conversion costs of $167 million and product mix-related manufacturing cost increases of $115 million. Conversion costs were negatively impacted by higher under-absorbed fixed overhead costs of approximately $52 million due to lower production volume and inflationary cost increases. CGS in 2013 included pension expense of $222 million, compared to $245 million in 2012, primarily related to North America.

CGS in 2013 included charges for accelerated depreciation and asset write-offs of $23 million ($17 million after-tax) related to the plan to close one of our manufacturing facilities in Amiens, France, compared to $21 million ($16 million after-tax) in the 2012 period, primarily related to the closure of our Dalian, China manufacturing facility. CGS in 2012 also included $9 million ($6 million after-tax) in settlement charges related to a U.K. pension plan, the impact of a strike in South Africa of $6 million ($6 million after-tax), and $4 million ($4 million after-tax) in charges related to repairs for 2011 tornado damage at our manufacturing facility in Fayetteville, North Carolina. CGS in 2013 also included savings from rationalization plans of $32 million.

Selling, Administrative and General Expense

SAG was $2,758 million in 2013, increasing $40 million, or 1.5%, compared to $2,718 million in 2012. SAG was 14.1% of sales in 2013, compared to 12.9% in 2012. The increase in SAG was due to higher incentive compensation costs of $82 million, primarily driven by improved operating performance, and higher overall inflation, including wages and benefits, primarily in EMEA and Latin America, partially offset by the effect of favorable foreign currency translation of $46 million. SAG in 2013 and 2012 included pension expense of $63 million and $62 million, respectively, primarily related to North America. SAG in 2013 also included savings from rationalization plans of $38 million.

Rationalizations

We recorded net rationalization charges of $58 million in 2013 ($41 million after-tax). 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.

We recorded net rationalization charges of $175 million in 2012 ($141 million after-tax). Rationalization actions initiated in 2012 primarily related to headcount reductions in EMEA, primarily related to the closure of one of our Amiens, France manufacturing facilities, and in North America.

For further information, refer to Note 2, Costs Associated with Rationalization Programs.

Interest Expense

Interest expense was $392 million in 2013, increasing $35 million compared to $357 million in 2012. The increase relates primarily to higher average debt balances of $6,330 million in 2013 compared to $5,606 million in 2012 and an increase in average interest rates to 6.19% in 2013 compared to 6.14% in 2012. In addition, we recorded $13 million of expense in 2012 to correct capitalized interest recorded in prior periods.

Other Expense

Other Expense in 2013 was $97 million, decreasing $42 million compared to $139 million in 2012. Net foreign currency exchange losses in 2013 included a net loss of $115 million ($92 million after-tax) resulting from the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar. 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. For further discussion on Venezuela, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." Financing fees were $56 million in 2013 compared to $156 million in 2012. Financing fees for 2012 included $86 million ($86 million after-tax) in financing fees related to the redemption of $650 million in aggregate principal amount of our outstanding 10.5% senior notes due 2016. Also included in 2012 was a charge of $24 million ($24 million after-tax) for debt issuance costs, primarily related to the amendment and restatement of our U.S. second lien term loan facility.

Royalty income in 2013 was $51 million, compared to royalty income of $38 million in 2012. Royalty income in 2013 included one-time royalties of $11 million related to our chemical operations. Net gains on asset sales were $8 million ($7 million after-tax) in 2013 compared to net gains of $25 million ($20 million after-tax) in 2012. Net gains on asset sales in 2013 related primarily to the transfer of property in Dalian, China to the Chinese government and the sale of property in North America. Net gains on asset sales in 2012 included gains on the sale of property in North America, the sale of a minority interest in a retail business in EMEA and the sale of certain assets related to our bias tire business in Latin America.

Other Expense also included interest income of $11 million earned on favorable tax judgments in Latin America that will be utilized against future indirect tax liabilities, and charges relating to labor claims with respect to a previously closed facility in Greece of $6 million ($6 million after-tax) in 2013 compared to charges of $25 million ($25 million after-tax) in 2012.

For further information, refer to Note 4, Other Expense.

Income Taxes

Tax expense in 2013 was $138 million on income before income taxes of $813 million. For 2012, tax expense was $203 million on income before income taxes of $440 million. 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 Federal and state and certain foreign deferred tax assets and the adjustments discussed below.

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. Income tax expense in 2012 included discrete net tax charges of $19 million ($17 million after minority) due primarily to increased tax reserves for prior years.

At December 31, 2013, our valuation allowance on our U.S. and foreign deferred tax assets was $2,400 million and $568 million, respectively.

For further information, refer to Note 5, Income Taxes.

Minority Shareholders' Net Income

Minority shareholders' net income was $46 million in 2013, compared to $25 million in 2012. The increase was due to higher earnings in both our joint venture in Europe and in a less than wholly owned Polish subsidiary, driven by special enterprise zone tax incentives recognized in 2013.

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 $1,712 million in 2014, $1,580 million in 2013 and $1,248 million in 2012. Total segment operating margin (segment operating income divided by segment sales) in 2014 was 9.4%, compared to 8.1% in 2013 and 5.9% in 2012.

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 Note 7, 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)	**2014**	**2013**	**2012**
Tire Units	61.1	61.7	62.6
Net Sales	$8,085	$8,684	$9,666
Operating Income	803	691	514
Operating Margin	9.9%	8.0%	5.3%

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.

2013 Compared to 2012

North America unit sales in 2013 decreased 0.9 million units, or 1.5%, to 61.7 million units. The decrease was due to a reduction in replacement tire volume of 1.5 million units, or 3.3%, primarily in our consumer business, reflecting decreased sales of non-Goodyear brand products. Although replacement volumes declined in 2013, fourth quarter replacement tire volume increased by 1.0%. OE tire volume increased 0.6 million units, or 3.0%.

Net sales in 2013 were $8,684 million, decreasing $982 million, or 10.2%, compared to $9,666 million in 2012. The decrease was due primarily to lower sales in our other tire-related businesses of $609 million, driven by a decline in the price and volume of third-party sales of chemical products. In addition, net sales decreased due to lower price and product mix of $259 million, driven by the impact of lower raw material costs on pricing, lower tire volume of $98 million and unfavorable foreign currency translation of $15 million.

Operating income in 2013 was $691 million, increasing $177 million, or 34.4%, from $514 million in 2012. The increase in operating income was due primarily to a decline in raw material costs of $483 million, which more than offset the effect of lower price and product mix of $250 million. Improvements in operating income were partially offset by higher conversion costs of $23 million, increased transportation costs of $18 million and decreased tire volume of $13 million. Higher conversion costs were due primarily to $57 million of increased under-absorbed overhead resulting from changes in production volumes, one-time charges of $27 million associated with the new USW agreement and inflation, partially offset by lower profit sharing of $50 million and lower pension costs of $36 million. Conversion costs and SAG expenses included net savings from rationalization plans of $26 million and $13 million, respectively.

Operating income in 2013 excluded net rationalization charges of $12 million and net gains on asset sales of $4 million. Operating income in 2012 excluded net rationalization charges of $43 million and charges for accelerated depreciation and asset write-offs of $1 million, primarily related to the closure of our manufacturing facility in Union City, Tennessee, and net gains on asset sales of $9 million.

Europe, Middle East and Africa

	Year Ended December 31,		
(In millions)	2014	2013	2012
Tire Units	60.5	60.8	62.7
Net Sales	$6,180	$6,567	$6,884
Operating Income	438	298	252
Operating Margin	7.1%	4.5%	3.7%

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, 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 expenses 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 expenses included net savings from rationalization plans of $8 million and $7 million, respectively.

One of our Amiens, France manufacturing facilities closed in the first quarter of 2014 and our remaining farm tire production ceased in the fourth quarter of 2014. These actions are expected to improve EMEA operating income by approximately $75 million annually, with savings of $55 million realized in 2014.

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.

EMEA's results are highly dependent upon Germany, which accounted for approximately 37% and 36% of EMEA's net sales in 2014 and 2013 respectively. Accordingly, results of operations in Germany are expected to continue to have a significant impact on EMEA's future performance.

2013 Compared to 2012

Europe, Middle East and Africa unit sales in 2013 decreased 1.9 million units, or 3.1%, to 60.8 million units. Replacement tire volume decreased 2.2 million units, or 4.9%, primarily in the consumer business, due to economic weakness and uncertainty in the region, which slowed retail demand, aggressive competition and high trade inventory levels following weak dealer seasonal tire sales in 2012. The decline in replacement volumes relates to the first quarter of 2013, as unit volume has experienced modest growth in subsequent quarters. OE tire volume increased 0.3 million units, or 2.0%, due to continued stabilization of industry volumes, at a low level, across EMEA during 2013.

Net sales in 2013 were $6,567 million, decreasing $317 million, or 4.6%, compared to $6,884 million in 2012. Net sales decreased due primarily to lower tire volume of $185 million, unfavorable price and product mix of $122 million, driven by the impact of lower raw material costs on pricing, and lower sales in our other tire-related businesses of $43 million, primarily in our retail operations. These decreases were partially offset by favorable foreign currency translation of $33 million.

Operating income in 2013 was $298 million, increasing $46 million, or 18.3%, compared to $252 million in 2012. Operating income increased due primarily to a decline in raw material costs of $322 million, which more than offset the effect of lower price and product mix of $213 million. Operating income also benefited from lower SAG expenses of $18 million, driven by lower advertising and marketing costs, partially offset by higher incentive compensation costs driven by improved operating performance. These increases were partially offset by lower tire volume of $35 million, higher conversion costs of $25 million, primarily due to wage inflation, and lower income from our other tire-related businesses of $21 million, primarily in our retail operations. Conversion costs and SAG expenses included net savings from rationalization plans of $6 million and $8 million, respectively. Raw material costs in 2012 included a $29 million charge for a contractual obligation under an offtake agreement.

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 a net gain on asset sales of $1 million. Operating income in 2012 excluded net rationalization charges of $100 million, primarily related to the exit of our farm tire business in EMEA and closure of one of our Amiens, France manufacturing facilities, a charge of $25 million related to labor claims with respect to a previously closed facility in Greece, and net gains on asset sales of $9 million.

Latin America

(In millions)	Year Ended December 31, 2014	2013	2012
Tire Units	17.4	17.9	18.1
Net Sales	$1,796	$2,063	$2,085
Operating Income	170	283	223
Operating Margin	9.5%	13.7%	10.7%

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, 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 expenses 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 expenses was due primarily to overall inflation, including wages and benefits, and higher system implementation costs. SAG expenses 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 the 2014 write-off of a subsidy receivable in Venezuela, were excluded from Latin America and total company segment operating income.

Latin America's results are highly dependent upon Brazil, which accounted for 55% and 53% of Latin America's net sales in 2014 and 2013, respectively. Goodyear Venezuela also contributed a significant portion of Latin America's sales and operating income in 2014 and 2013. Latin America's results in 2014 were negatively impacted by lower operating income from our Venezuelan operations of $48 million compared to 2013. Venezuela's decline in operating income resulted from a reduction in production levels, changes in the exchange rate applicable to settle certain transactions, and government price and profit margin controls. The continuing economic uncertainty in Venezuela may adversely impact Latin America's segment operating income in future periods. Currency exchange controls implemented by the Venezuelan government in recent years have resulted in our inability to remit dividends or timely and consistently settle liabilities in currencies other than the bolivar fuerte. Price and profit margin regulations, as well as strict labor laws, have eroded our ability to make key decisions regarding our operations, including our ability to hire or terminate employees without the approval of the Venezuelan government. Future government controls and regulations may further erode our control over our operations in Venezuela and could lead us to deconsolidate our Venezuelan subsidiary from our consolidated financial statements. For further information refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Overview."

2013 Compared to 2012

Latin America unit sales in 2013 decreased 0.2 million units, or 0.9%, to 17.9 million units. Replacement tire volume increased 0.6 million units, or 4.9%, due primarily to increased industry volumes. Replacement tire volume in 2012 included 0.4 million units from our bias truck tire business in certain countries, which was sold in May 2012. OE tire volume decreased 0.8 million units, or 11.8%, reflecting our selective fitment strategy in the consumer OE business.

Net sales in 2013 were $2,063 million, decreasing $22 million, or 1.1%, from $2,085 million in 2012. Net sales decreased primarily due to unfavorable foreign currency translation of $270 million, mainly in Brazil and Venezuela, $60 million related to the sale of the bias truck tire business in certain countries in May 2012, and lower tire volume of $9 million. These decreases were partially offset by improved price and product mix of $284 million, including a favorable shift from OE to replacement products, and higher sales in other tire-related businesses of $33 million.

Operating income in 2013 was $283 million, increasing $60 million, or 26.9%, from $223 million in 2012. Operating income increased due primarily to improved price and product mix of $224 million and lower raw material costs of $36 million. These increases were partially offset by higher conversion costs of $104 million, higher SAG expenses of $48 million, unfavorable foreign currency translation of $42 million and lower tire volume of $2 million. Conversion costs were negatively impacted by overall inflation, including wages and benefits, partially offset by lower under-absorbed fixed overhead costs of $9 million due to higher production volume. The increase in SAG expenses is due primarily to overall inflation, including wages and benefits and warehousing costs. Additionally, we increased advertising and marketing activities to support new product introductions in 2013. SAG expenses included savings from rationalization plans of $13 million.

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 that are being utilized against ongoing indirect tax liabilities.

Operating income in 2013 excluded net rationalization charges of $4 million and net gains on asset sales of $1 million. In addition, a first quarter 2013 foreign currency exchange loss of $115 million related to the devaluation of the Venezuelan bolivar fuerte is excluded from Latin America and total company segment operating income in 2013. Operating income in 2012 excluded net rationalization charges of $6 million and net gains on asset sales of $4 million.

Asia Pacific

	Year Ended December 31,		
(In millions)	**2014**	**2013**	**2012**
Tire Units	23.0	21.9	20.6
Net Sales	$2,077	$2,226	$2,357
Operating Income	301	308	259
Operating Margin	14.5%	13.8%	11.0%

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.

Asia Pacific's results are highly dependent upon Australia, which accounted for approximately 36% and 40% of Asia Pacific's net sales in 2014 and 2013, respectively. Accordingly, results of operations in Australia are expected to continue to have a significant impact on Asia Pacific's future performance.

2013 Compared to 2012

Asia Pacific unit sales in 2013 increased 1.3 million units, or 6.3%, to 21.9 million units. Replacement tire volume increased 0.7 million units, or 6.2%, and OE tire volume increased 0.6 million units, or 6.4%. The increase in unit volume throughout much of the region, including recovery from the Thailand flooding which negatively impacted 2012 volume, was partially offset by declines in consumer volume in Australia as a result of a continued weak economic environment.

Net sales in 2013 were $2,226 million, decreasing $131 million, or 5.6%, from $2,357 million in 2012. Net sales decreased due to unfavorable price and product mix of $109 million, driven primarily by the impact of lower raw material costs on pricing, unfavorable foreign currency translation of $102 million, primarily driven by the depreciation of the Australian dollar and Indian rupee, and lower sales in other tire-related businesses of $46 million, primarily in our retail operations. These decreases were partially offset by higher volume of $126 million.

Operating income in 2013 was $308 million, increasing $49 million, or 18.9%, from $259 million in 2012. Operating income increased due primarily to lower raw material costs of $144 million, which more than offset the effect of lower price and product mix of $82 million, lower start-up expenses related to our new manufacturing facility in China of $39 million and higher volume of $26 million. These increases were partially offset by unfavorable foreign currency translation of $27 million, higher conversion costs of $15 million, higher SAG expenses of $10 million, due primarily to increased incentive compensation costs, primarily driven by improved operating performance, costs to support sales growth in China, lower income from other tire-related businesses of $8 million, primarily in our retail operations, and higher indirect tax surcharges of $6 million. SAG expenses included savings from rationalization plans of $4 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. In 2012, on a consolidated basis, we recorded an $18 million net benefit ($15 million after-tax), which included $9 million in Asia Pacific, due to insurance recoveries exceeding incurred expenses and lost profits on sales.

Operating income in 2013 excluded net rationalization charges of $16 million, primarily in Australia, and net gains on asset sales of $2 million. Operating income in 2012 excluded net rationalization charges of $26 million and charges for accelerated depreciation and asset write-offs of $19 million, which primarily related to the closure of our Dalian, China manufacturing facility, and net gains on asset sales of $1 million.

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 $324 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2014. 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. 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 $151 million at December 31, 2014. The portion of the liability associated with unasserted asbestos claims and related defense costs was $84 million.

We maintain primary insurance coverage under coverage-in-place agreements, and also have 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, 2014, we recorded a receivable related to asbestos claims of $71 million, and we expect that approximately 50% of asbestos claim related losses would be recoverable through insurance through the period covered by the estimated liability. Of this amount, $13 million was included in Current Assets as part of Accounts Receivable at December 31, 2014. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary carriers as well as an amount we believe is probable of recovery from certain of our excess coverage insurance carriers. 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 $306 million for anticipated costs related to U.S. workers' compensation claims at December 31, 2014. 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 Note 18, Commitments and Contingent Liabilities.

Recoverability of Goodwill. Goodwill is tested for impairment annually or more frequently if an indicator of impairment is present. Goodwill totaled $601 million at December 31, 2014.

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, Latin America and Asia Pacific. 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 2014.

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.

At October 31, 2014, after considering changes to assumptions used in our most recent quantitative annual testing for each reporting unit, including the capital markets environment, economic conditions, tire industry competition and trends, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative annual testing, and other factors, we concluded that it was more likely than not that the fair value of our North America, EMEA and Asia Pacific reporting units was not less than its respective carrying value and, therefore, did not perform a quantitative analysis.

Deferred Tax Asset Valuation Allowances and Uncertain Income Tax Positions. At December 31, 2014, we had valuation allowances aggregating to $632 million against certain of our U.S. 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 verified 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. With respect to our analysis of whether our U.S. deferred tax assets will be realized, we now consider our forecasts of profitable U.S. operations. 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.

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 sufficient taxable income of the appropriate character will exist in order to realize our deferred tax assets. This conclusion is supported by our full year profitability in 2013 and 2014, and our business plan for 2015 and beyond showing continued profitability. As of December 31, 2014, we have recorded a net tax benefit of $2,179 million from the release of substantially all of the valuation allowance on our net U.S. deferred tax assets. The tax benefit for 2014 also includes a charge of $131 million to establish a provision for potential U.S. Federal taxation of certain undistributed earnings of certain foreign subsidiaries that previously we did not intend to subject to U.S. taxation. This charge was made to account for strategies which may be implemented, if necessary, to utilize our otherwise expiring U.S. deferred tax assets.

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 Note 5, Income Taxes.

Pensions and Other Postretirement Benefits. We have recorded liabilities for pension and other postretirement benefits of $714 million and $356 million, respectively, at December 31, 2014. 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 3.89% and 3.59%, respectively, at December 31, 2014, compared to 4.51% and 4.06%, respectively, at December 31, 2013. The decrease in the discount rate at December 31, 2014 was due primarily to lower yields on highly rated corporate bonds. Interest cost included in our U.S. net periodic pension cost was $256 million in 2014, compared to $243 million in 2013 and $261 million in 2012. Interest cost included in our worldwide net periodic other postretirement benefits cost was $19 million in 2014, compared to $19 million in 2013 and $24 million in 2012.

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, 2014	
(Dollars in millions)	**Change**	**PBO/ABO**	**Annual Expense**
Pensions:			
Assumption:			
Discount rate	+/- 0.5%	$387	$ 4
Other Postretirement Benefits:			
Assumption:			
Discount rate	+/- 0.5%	$ 8	$—
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 would 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 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 $2,985 million in our U.S. pension plans as of December 31, 2014 is a result of declines in U.S. discount rates and plan asset losses that occurred prior to 2014, plus the continued impact of increases in estimated life expectancies. For purposes of determining our 2014 U.S. net periodic pension cost, we recognized $114 million of the net actuarial loss in 2014. We will recognize approximately $110 million of net actuarial losses in 2015. If our future experience is consistent with our assumptions as of December 31, 2014, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2015 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.

At December 31, 2014, our U.S. pension life expectancy assumptions, which are based on actual historical experience, were updated to reflect future mortality improvements based on recently published actuarial tables, resulting in an increase of $285 million to our U.S. pension obligations.

The actual rate of return on our U.S. pension fund was 12.8%, 2.6% and 14.2% in 2014, 2013 and 2012, respectively, as compared to the expected rate of 5.47%, 7.16% and 8.50% in 2014, 2013 and 2012, respectively. We use the fair value of our pension assets in the calculation of pension expense for all of our U.S. pension plans.

We experienced a decrease in our U.S. discount rate at the end of 2014 and a large portion of the net actuarial loss included in AOCL of $99 million in our worldwide other postretirement benefit plans as of December 31, 2014 is a result of the overall decline in U.S. discount rates over time. For purposes of determining 2014 worldwide net periodic other postretirement benefits cost, we recognized $8 million of net actuarial losses in 2014. We will recognize approximately $8 million of net actuarial losses in 2015. If our future experience is consistent with our assumptions as of December 31, 2014, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2015 before it begins to gradually decline.

The weighted average amortization period for our U.S. pension plans is approximately 21 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 2014, approximately 70% and 30% of net periodic pension costs are included in CGS and SAG, respectively, compared to approximately 80% and 20%, respectively, in 2013 and 2012. 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.

For further information on pensions and other postretirement benefits, refer to Note 16, Pension, Other Postretirement Benefits and Savings Plans.

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.

We have fully funded substantially all of our U.S. pension plans, thereby eliminating a significant legacy liability and effecting a significant improvement in our capital structure. The successful execution of our pension strategy will improve earnings and cash flows from operating activities and provide greater transparency to our underlying tire business.

In September 2013, we announced our 2014-2016 capital allocation plan, which we have periodically updated. Our capital allocation plan 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 $1.15 billion, including a new plant to capture growth in the Americas.

- A quarterly cash dividend on our common stock of $0.06 per share beginning on September 2, 2014. The payout represents an annual rate of $0.22 per share for 2014 and $0.24 per share for 2015 and 2016.
- A share repurchase program that allows us to acquire up to $450 million of our common stock through 2016.
- $800 million to $900 million of debt repayments and pension funding, further strengthening our leverage metrics and advancing our objective of achieving an investment grade credit rating.
- $600 million of restructuring payments.

On September 25, 2014, GDTE and certain other of our European subsidiaries amended and restated the definitive agreements for our pan-European accounts receivable securitization facility. The most significant changes to the facility are an extension of the term through 2019 and 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. Until October 17, 2014, the maximum amount of the facility was €450 million, and from October 17, 2014 to October 15, 2015, the designated maximum amount of the facility is €380 million. The flexibility to designate annually the amount of funding available under the facility will enable us to reduce fees for the unutilized portion of the facility.

For further information on the other strategic initiatives we pursued in 2014, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview."

At December 31, 2014, we had $2,161 million in Cash and Cash Equivalents, compared to $2,996 million at December 31, 2013. The decrease of $835 million was due primarily to contributions to our hourly U.S. pension plans of approximately $1,167 million, including discretionary contributions of approximately $907 million. For the year ended December 31, 2014, net cash provided by operating activities was $340 million, primarily driven by net income of $2,521 million, which includes a non-cash deferred income tax benefit of $1,970 million and non-cash depreciation and amortization expense of $732 million. Net cash used by investing activities was $851 million in 2014, primarily driven by capital expenditures of $923 million. Net cash used by financing activities was $11 million in 2014. Financing activities in 2014 included common stock repurchases of $234 million and common stock dividends of $60 million, partially offset by net proceeds from borrowings of $309 million.

At December 31, 2014 and 2013 we had $2,317 million and $2,726 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)	**2014**	**2013**
First lien revolving credit facility	$1,138	$1,155
European revolving credit facility	485	546
Pan-European accounts receivable facility	—	179
Other domestic and international debt	277	373
Notes payable and overdrafts	417	473
	$2,317	$2,726

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 2015 cash flow needs to include capital expenditures of approximately $1.1 billion. We also expect interest expense to range between $415 million and $440 million, dividends on our common stock to be $65 million, and contributions to our funded non-U.S. pension plans to be approximately $50 million to $75 million. We do not expect working capital to be a significant source or use of cash in 2015. 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.

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, Venezuela, 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, Venezuelan, 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, 2014, approximately $611 million of net assets, including $494 million of cash and cash equivalents, were subject to such requirements, including $289 million of cash in Venezuela. 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 Venezuelan subsidiary, C.A. Goodyear de Venezuela ("Goodyear 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, Goodyear Venezuela 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 Goodyear Venezuela. All gains and losses resulting from the remeasurement of its financial statements are reported in Other 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.

Through December 31, 2013, substantially all of our transactions 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 I") rate, which was 11.4 and 12.0 bolivares fuertes to the U.S. dollar at January 24, 2014 and December 31, 2014, respectively. Effective March 24, 2014, the Venezuelan government implemented a third currency exchange rate, SICAD II. The SICAD II rate is also an auction-based floating rate and was approximately 50 bolivares fuertes to the U.S. dollar at December 31, 2014. Effective September 9, 2014, the official exchange rate for settling purchases of certain finished goods changed from 6.3 bolivares fuertes to the U.S. dollar to the SICAD I rate.

During 2014, the official exchange rate for settling certain transactions, including imports of essential goods, such as certain raw materials needed for the production of tires, remained at 6.3 bolivares fuertes to the U.S. dollar, and in 2014 we continued to obtain approval for the import of raw materials at the official exchange rate of 6.3 bolivares fuertes to the U.S. dollar.

We are required to remeasure our bolivar-denominated monetary assets and liabilities at the rate expected to be available for future dividend remittances by Goodyear Venezuela. We expect that future remittances of dividends by Goodyear Venezuela would be transacted at the SICAD I rate and, therefore, we recorded a first quarter net remeasurement loss of $157 million on bolivar fuerte-denominated net monetary assets and liabilities, including deferred taxes, primarily related to cash deposits in Venezuela, using the SICAD I rate of 11.4 bolivares fuertes to the U.S. dollar as of January 24, 2014. In the third quarter of 2014, we reduced by $7 million previously recorded foreign currency exchange losses on our Venezuelan deferred tax assets in conjunction with establishing a valuation allowance on those deferred tax assets. We also recorded a subsidy receivable of $50 million at January 24, 2014 related to certain U.S. dollar-denominated payables for goods that were expected to be settled at the official exchange rate of 6.3 bolivares fuertes to the U.S. dollar, based on ongoing approvals for the importation of such goods. In the third quarter of 2014, we derecognized $5 million of the subsidy receivable due to the change in the official exchange rate for purchases of certain finished goods from 6.3 bolivares fuertes to the U.S. dollar to the SICAD I rate. In the fourth quarter of 2014, we entered into an agreement with the Venezuelan government to settle $85 million of U.S. dollar-denominated payables at the SICAD I rate that we previously had expected to be settled at the official exchange rate for imports of essential goods of 6.3 bolivares fuertes to the U.S. dollar, and, accordingly, derecognized the remaining subsidy receivable of $45 million. Going forward, subsidies expected to be received from the government related to certain U.S. dollar-denominated payables to be settled at the official exchange rate for imports of essential goods of 6.3 bolivares fuertes to the U.S. dollar will only be recognized in CGS upon receipt.

During 2014, Goodyear Venezuela settled $36 million of U.S. dollar-denominated intercompany payables through CADIVI/CENCOEX at the official exchange rate of 6.3 bolivares fuertes to the U.S. dollar. In 2014, we participated in the SICAD I auction and were approved for approximately $21 million of remittances and settled $10 million in transactions at the then-current SICAD I rate, primarily for finished goods. In 2014, we also entered into the agreement with the Venezuelan government described above, and have received payments of $7 million of the $85 million agreed upon under that agreement. If in the future we convert bolivares fuertes at a rate other than the December 31, 2014 SICAD I rate of 12.0 bolivares fuertes to the U.S. dollar, or the official exchange rate is revised, we may realize additional losses that would be recorded in the Statements of Operations.

At December 31, 2014, settlements pending before CADIVI/CENCOEX were approximately $146 million, of which approximately $124 million are expected to be settled at the SICAD I rate and approximately $22 million are expected to be settled at 6.3 bolivares fuertes to the U.S. dollar. At December 31, 2014, $10 million of our requested settlements were pending up to 180 days, $7 million were pending from 180 to 360 days and $129 million were pending over one year. Amounts pending up to 180 days include imported tires and raw materials of $10 million, amounts pending from 180 to 360 days include imported tires and raw materials of $7 million, and amounts pending over one year include imported tires and raw materials of $77 million, dividends payable of $21 million, and intercompany charges of $17 million, including royalties of $6 million. Currency exchange controls in Venezuela continue to limit our ability to remit funds from Venezuela, and this situation has deteriorated over time.

At December 31, 2014, we had bolivar fuerte-denominated monetary assets of $300 million, which consisted primarily of $289 million of cash and $5 million of accounts receivable, and bolivar fuerte-denominated monetary liabilities of $143 million, which consisted primarily of $60 million of intercompany payables, including $21 million of dividends, $40 million of long term benefits, $22 million of accounts payable — trade and $13 million of compensation and benefits. At December 31, 2013, we had bolivar fuerte-denominated monetary assets of $496 million, which consisted primarily of $443 million of cash, $18 million of deferred tax assets and $17 million of accounts receivable, and bolivar fuerte-denominated monetary liabilities of $180 million, which consisted primarily of $96 million of intercompany payables, including $41 million of dividends,

$25 million of accounts payable — trade, $24 million of long term benefits and $20 million of short term compensation and benefits. All monetary assets and liabilities were remeasured at 12.0 and 6.3 bolivares fuertes to the U.S. dollar at December 31, 2014 and December 31, 2013, respectively.

Goodyear Venezuela's sales were 1.6% and 2.2% of our net sales for the years ended December 31, 2014 and 2013, respectively. Goodyear Venezuela's CGS were 1.5% and 1.7% of our CGS for the years ended December 31, 2014 and 2013, respectively. Goodyear Venezuela's operating income for the year ended December 31, 2014 declined by $48 million compared to the year ended December 31, 2013. Goodyear Venezuela's sales are bolivar fuerte-denominated, its CGS and SAG are both approximately 70% bolivar fuerte-denominated and approximately 30% U.S. dollar-denominated. A further 10% decrease in the SICAD I rate to 13.2 bolivares fuertes to the U.S. dollar would decrease Goodyear Venezuela's operating income by approximately $10 million on an annual basis, before any potential offsetting actions. This sensitivity assumes the official rate for settling imports of essential goods, including certain raw materials needed for the production of tires, remains unchanged.

In early 2015, the Venezuelan government announced certain changes to its currency exchange system, including the merging of the SICAD I and SICAD II auction system. In addition, a new currency exchange system, for which the exchange rate has been indicated to be based on market rates, opened on February 12, 2015 at approximately 170 bolivares fuertes to the U.S. dollar. To-date, the government has published little information related to these changes and, accordingly, we are not able to determine the applicability to our business, including whether such changes will result in a remeasurement loss or have any effect on our future results of operations, financial position or liquidity. If we remeasured our bolivar fuerte-denominated monetary assets and liabilities at the rate of approximately 170 bolivares fuertes to the U.S. dollar at December 31, 2014, we would have recorded an additional remeasurement loss of approximately $200 million.

Goodyear Venezuela contributed a significant portion of Latin America's sales and operating income in 2014. The continuing economic and political uncertainty, which has recently increased due to a significant decline in the price of oil, which is the country's primary export and source of U.S. dollars; difficulties importing raw materials and finished goods; changing foreign currency exchange rates; and government price and profit margin controls in Venezuela may also adversely impact Latin America's operating income in future periods. In response to conditions in Venezuela, we continuously evaluate the prices for our products while remaining competitive and have taken steps to address our operational challenges, including securing necessary approvals for import licenses and increasing the local production of certain tires. Our pricing policies take into account factors such as fluctuations in raw material and other production costs, market demand and adherence to government price and profit margin controls. We will also manage our operations in Venezuela to limit our net investment and working capital exposure through adjustments to our production volumes, which could also result in further earnings volatility. Specifically, continued inability to exchange bolivares fuertes to U.S. dollars to pay third-party suppliers and Goodyear affiliates for importation of basic raw materials may result in curtailment or cessation of production. In such cases, our ability to mitigate the negative impact of lower production may be limited based on government controls over reductions in staffing. These and other restrictions could limit our ability to benefit from our investment and maintain a controlling interest in Goodyear Venezuela. To the extent we determine deconsolidation of Goodyear Venezuela to be appropriate due to a further degradation in our ability to make operating decisions in a future period, we would expect to recognize a one-time, pre-tax charge of over $500 million and derecognize cash and cash equivalents of $290 million from our consolidated financial statements (both reflecting December 31, 2014 balances and foreign currency exchange rates) and present our investment in Goodyear Venezuela under the cost method of accounting thereafter. We will continue to reassess the appropriateness of consolidating Goodyear Venezuela on a quarterly basis. We will also continue to assess the information relative to available Venezuelan exchange rates and the impact on our financial position, results of operations and liquidity.

We believe that our liquidity position is adequate to fund our operating and investing needs and debt maturities in 2015 and to provide us with flexibility to respond to further changes in the business environment.

Cash Position

At December 31, 2014, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $517 million or 24% in Europe, Middle East and Africa, primarily Belgium ($696 million or 23% at December 31, 2013),
- $462 million or 21% in Asia, primarily China, India and Australia ($334 million or 11%), and
- $409 million or 19% in Latin America, primarily Venezuela and Brazil ($603 million or 20%).

Operating Activities

Net cash provided by operating activities was $340 million in 2014, compared to $938 million in 2013 and $1,038 million in 2012. 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.

Operating cash flows in 2013 as compared to 2012 were favorably impacted by increased earnings of $438 million, despite a 2013 charge of $115 million for the devaluation of the Venezuelan bolivar fuerte. This increase in operating cash flows was partially offset by higher pension contributions of $478 million. Working capital provided a source of cash in 2013 and 2012 of $415 million and $457 million, respectively. The improvement in working capital in 2013 was due primarily to lower inventory levels and lower raw materials costs. The improvement in working capital in 2012 was due primarily to reduced sales and production volumes and lower raw materials costs.

Investing Activities

Net cash used in investing activities was $851 million in 2014, compared to $1,136 million in 2013 and $1,123 million in 2012. Capital expenditures were $923 million in 2014, compared to $1,168 million in 2013 and $1,127 million in 2012. Beyond expenditures required to sustain our facilities, capital expenditures in 2014 primarily related to the modernization and expansion of manufacturing capacity in the United States, Brazil, Germany and China. Capital expenditures in 2013 primarily related to expansion of manufacturing capacity in Japan, Brazil and Chile and in 2012 primarily related to the expansion of manufacturing capacity in China and Chile. Proceeds from asset sales were $18 million in 2014, compared to $25 million in 2013 and $16 million in 2012.

Financing Activities

Net cash used by financing activities was $11 million in 2014, compared to net cash provided of $1,082 million in 2013 and net cash used of $426 million in 2012. Financing activities in 2014 included net borrowings of $309 million used to fund working capital needs and capital expenditures. In 2014, we paid dividends on our common stock of $60 million and repurchased $234 million of our common stock, including $233 million of repurchases pursuant to our publicly announced share repurchase program. Financing activities in 2013 included net borrowings of $1,143 million used to fully fund our frozen U.S. pension plans and to fund working capital needs and capital expenditures. Financing activities in 2012 included net debt repayments of $265 million.

Credit Sources

In aggregate, we had total credit arrangements of $9,029 million available at December 31, 2014, of which $2,317 million were unused, compared to $9,293 million available at December 31, 2013, of which $2,726 million were unused. At December 31, 2014, we had long term credit arrangements totaling $8,582 million, of which $1,900 million were unused, compared to $8,806 million and $2,253 million, respectively, at December 31, 2013. At December 31, 2014, we had short term committed and uncommitted credit arrangements totaling $447 million, of which $417 million were unused, compared to $487 million and $473 million, respectively, at December 31, 2013. 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, 2014, we had $3,318 million of outstanding notes, compared to $3,356 million at December 31, 2013.

$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, 2014, our borrowing base, and therefore our availability, under the facility was $485 million below the facility's stated amount of $2.0 billion.

At December 31, 2014, we had no borrowings and $377 million of letters of credit issued under the revolving credit facility. At December 31, 2013, we had no borrowings and $375 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 375 basis points, subject to a minimum LIBOR rate of 100 basis points. At December 31, 2014 and December 31, 2013, this facility was fully drawn. On February 3, 2015, we repaid $200 million of the borrowings due under this facility.

€400 Million Amended and Restated Senior Secured European Revolving Credit Facility due 2016

Our amended and restated €400 million revolving credit facility consists of a €100 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH (the "German borrower") and a €300 million all-borrower tranche that is available to GDTE, the German borrower and certain of GDTE's other subsidiaries. Up to €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 250 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 250 basis points for loans denominated in euros.

At December 31, 2014 and 2013, there were no borrowings under the German and the all-borrower tranches. There were no letters of credit issued at December 31, 2014. Letters of credit issued under the all-borrower tranche totaled $5 million (€3 million) at December 31, 2013.

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, 2010 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. Until October 15, 2015, the designated maximum amount of the facility is €380 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, 2015.

At December 31, 2014, the amounts available and utilized under this program totaled $343 million (€283 million). At December 31, 2013, the amounts available and utilized under this program totaled $386 million (€280 million) and $207 million (€150 million), respectively. The program did 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 $70 million (85 million Australian dollars) of funding. At December 31, 2014, the amounts available and utilized under this program were $43 million and $23 million, respectively. At December 31, 2013, the amounts available and utilized under this program were $76 million and $18 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 due Within One Year.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

Various subsidiaries sold certain of their trade receivables under off-balance sheet programs during 2014 and 2013. 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, 2014 and 2013, the gross amount of receivables sold was $365 million and $301 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 approximately $420 million and $400 million at December 31, 2014 and December 31, 2013, respectively.

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, please refer to Note 14, Financing Arrangements and Derivative Financial Instruments.

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, make certain restricted payments or investments, incur liens, sell assets, incur restrictions on the ability of our subsidiaries to pay dividends 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, 2014, our availability under this facility of $1,138 million, plus our Available Cash of $763 million, totaled $1,901 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, 2014, 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, 2014, 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.

Potential Future Financings

In addition to our previous financing activities, we may seek to undertake additional financing actions which 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, 2013 and 2012, we paid cash dividends of $15 million, $29 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 2014 and 2013, we paid cash dividends of $60 million and $12 million, respectively, on our common stock. On January 14, 2015, the Company's Board of Directors (or a duly authorized committee thereof) declared cash dividends of $0.06 per share of our common stock, or approximately $16 million in the aggregate. The cash dividend will be paid on March 2, 2015 to stockholders of record as of the close of business of February 2, 2015. 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. This program expires on December 31, 2016. 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 2014, we repurchased 8,935,809 shares at an average price, including commissions, of $26.11 per share, or $233 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.

COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Obligations

The following table presents our contractual obligations and commitments to make future payments as of December 31, 2014:

	Payment Due by Period as of December 31, 2014						
(In millions)	Total	2015	2016	2017	2018	2019	Beyond 2019
Debt Obligations (1)	$ 6,335	$ 168	$ 446	$ 400	$ 183	$1,923	$3,215
Capital Lease Obligations (2)	59	10	8	7	5	2	27
Interest Payments (3)	2,429	406	390	362	338	280	653
Operating Leases (4)	1,266	307	233	178	128	98	322
Pension Benefits (5)	450	100	100	100	75	75	NA
Other Postretirement Benefits (6)	252	30	27	26	26	25	118
Workers' Compensation (7)	393	71	45	34	26	21	196
Binding Commitments (8)	4,669	1,740	846	696	692	622	73
Uncertain Income Tax Positions (9)	40	20	15	—	—	—	5
	$15,893	$2,852	$2,110	$1,803	$1,473	$3,046	$4,609

(1) Debt obligations include Notes Payable and Overdrafts.

(2) The minimum lease payments for capital lease obligations are $97 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 $32 million, $24 million, $14 million, $7 million, $3 million and $9 million in each of the periods above, respectively, for a total of $89 million. Payments, net of minimum sublease rentals, total $1,177 million. The present value of the net operating lease payments is $950 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, 2014. 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 plans 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Pension and Benefits" and Note 16, Pension and Other Postretirement Benefits.

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 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 $306 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, 2014.

(9) These amounts primarily represent expected payments with interest for uncertain tax positions as of December 31, 2014. 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, the following contingent contractual obligations, the amounts of which cannot be estimated, are not included in the table above:

- We have commenced arbitration proceedings seeking the dissolution of our global alliance with SRI, damages and other appropriate relief. The arbitration is subject to uncertainties which make it difficult to predict the timing and outcome of the proceedings, or the amount of any net payment from us to SRI. Subject to those arbitration proceedings, SRI also has certain minority exit rights under the global alliance agreements that, if triggered and exercised, could require us to make a payment to acquire SRI's interests in GDTE and GDTNA following the determination of the fair value of SRI's interests.

- 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.

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 $7 million at December 31, 2014 and expire at various times through 2023. For further information about our guarantees, refer to Note 18, Commitments and Contingent Liabilities.

FORWARD-LOOKING INFORMATION — SAFE HARBOR STATEMENT

Certain information in this Annual Report (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. 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, increasingly from lower cost manufacturers, and our market share could decline;
- we could be negatively impacted by the decision regarding whether to impose tariffs on certain tires imported from China;
- 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;
- raw material and energy costs may materially adversely affect our operating results and financial condition;
- 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;
- 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 secured credit facilities 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;
- the arbitration proceedings we have brought to dissolve our global alliance with SRI and the terms and conditions of the existing global alliance agreements with SRI could require us to make a substantial payment to acquire SRI's minority interests in GDTE and GDTNA;
- we may be adversely affected by any disruption in, or failure of, our information technology systems;
- 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.

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 natural rubber required in each tire.

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, 2014, 35% of our debt was at variable interest rates averaging 5.72% compared to 34% at an average rate of 6.00% at December 31, 2013.

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

(In millions)	2014	2013
Carrying amount — liability	$4,132	$4,090
Fair value — liability	4,225	4,414
Pro forma fair value — liability	4,341	4,517

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)	2014	2013
Fair value — asset (liability)	$26	$(14)
Pro forma decrease in fair value	(83)	(121)
Contract maturities	1/15 - 12/15	1/14 - 12/14

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)	**2014**	**2013**
Asset (liability):		
Accounts Receivable	$30	$ 6
Other Current Liabilities	(4)	(20)

For further information on foreign currency contracts, refer to Note 14, 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.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Year Ended December 31, 2014	2013	2012
Net Sales	$18,138	$19,540	$20,992
Cost of Goods Sold	13,906	15,422	17,163
Selling, Administrative and General Expense	2,720	2,758	2,718
Rationalizations (Note 2)	95	58	175
Interest Expense (Note 3)	428	392	357
Other Expense (Note 4)	302	97	139
Income before Income Taxes	687	813	440
United States and Foreign Tax (Benefit) Expense (Note 5)	(1,834)	138	203
Net Income	2,521	675	237
Less: Minority Shareholders' Net Income	69	46	25
Goodyear Net Income	2,452	629	212
Less: Preferred Stock Dividends	7	29	29
Goodyear Net Income available to Common Shareholders	$ 2,445	$ 600	$ 183
Goodyear Net Income available to Common Shareholders — Per Share of Common Stock			
Basic	$ 9.13	$ 2.44	$ 0.75
Weighted Average Shares Outstanding (Note 6)	268	246	245
Diluted	$ 8.78	$ 2.28	$ 0.74
Weighted Average Shares Outstanding (Note 6)	279	277	247
Cash Dividends Declared Per Common Share	$ 0.22	$ 0.05	$ —

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended December 31, 2014	2013	2012
Net Income	$2,521	$ 675	$ 237
Other Comprehensive Income (Loss):			
Foreign currency translation (net of tax benefit of $46 in 2014 and tax of $0 in 2013 and 2012)	(298)	(151)	83
Reclassification adjustment for amounts recognized in income (net of tax of $0 in all periods)	3	1	—
Defined benefit plans:			
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of $36 in 2014, $10 in 2013 and $9 in 2012)	79	232	209
Decrease (Increase) in net actuarial losses (net of tax benefit of $135 in 2014, tax of $34 in 2013 and tax benefit of $54 in 2012)	(82)	519	(979)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $13 in 2014, $1 in 2013 and $1 in 2012)	35	2	11
Prior service credit (cost) from plan amendments (net of tax of $0 in 2014, $0 in 2013 and $3 in 2012)	—	31	73
Deferred derivative gains (losses) (net of tax of $1 in 2014, $1 in 2013 and $0 in 2012)	16	1	(5)
Reclassification adjustment for amounts recognized in income (net of tax benefit of $1 in 2014, tax of $0 in 2013 and tax benefit of $3 in 2012)	1	2	(11)
Unrealized investment gains (net of tax of $1 in 2014 and $0 in 2013 and 2012)	2	8	—
Other Comprehensive Income (Loss)	(244)	645	(619)
Comprehensive Income (Loss)	2,277	1,320	(382)
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	20	78	(20)
Goodyear Comprehensive Income (Loss)	$2,257	$1,242	$(362)

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except share data)	December 31, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and Cash Equivalents (Note 1)	$ 2,161	$ 2,996
Accounts Receivable (Note 8)	2,126	2,435
Inventories (Note 9)	2,671	2,816
Deferred Income Taxes (Note 5)	570	143
Prepaid Expenses and Other Current Assets	196	254
Total Current Assets	7,724	8,644
Goodwill (Note 10)	601	668
Intangible Assets (Note 10)	138	138
Deferred Income Taxes (Note 5)	1,762	157
Other Assets (Note 11)	731	600
Property, Plant and Equipment (Note 12)	7,153	7,320
Total Assets	$ 18,109	$ 17,527
Liabilities		
Current Liabilities:		
Accounts Payable-Trade	$ 2,878	$ 3,097
Compensation and Benefits (Notes 16 and 17)	724	758
Other Current Liabilities	956	1,083
Notes Payable and Overdrafts (Note 14)	30	14
Long Term Debt and Capital Leases due Within One Year (Note 14)	148	73
Total Current Liabilities	4,736	5,025
Long Term Debt and Capital Leases (Note 14)	6,216	6,162
Compensation and Benefits (Notes 16 and 17)	1,676	2,673
Deferred and Other Noncurrent Income Taxes (Note 5)	181	256
Other Long Term Liabilities	873	966
Total Liabilities	13,682	15,082
Commitments and Contingent Liabilities (Note 18)		
Minority Shareholders' Equity (Note 1)	582	577
Shareholders' Equity		
Goodyear Shareholders' Equity		
Preferred Stock, no par value: (Note 19)		
Authorized, 50 million shares, Outstanding shares — none in 2014 (10 million in 2013), liquidation preference $50 per share	—	500
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares — 269 million (248 million in 2013)	269	248
Capital Surplus	3,141	2,847
Retained Earnings	4,343	1,958
Accumulated Other Comprehensive Loss (Note 20)	(4,143)	(3,947)
Goodyear Shareholders' Equity	3,610	1,606
Minority Shareholders' Equity — Nonredeemable	235	262
Total Shareholders' Equity	3,845	1,868
Total Liabilities and Shareholders' Equity	$18,109	$17,527

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in millions)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Goodyear Shareholders' Equity	Minority Shareholders' Equity — Non-Redeemable	Total Shareholders' Equity
Balance at December 31, 2011										
(after deducting 6,353,851 common treasury shares)	10,000,000	$500	244,535,841	$245	$2,808	$1,187	$(3,991)	$ 749	$268	$1,017
Comprehensive income (loss):										
Net income						212		212	35	247
Foreign currency translation (net of tax of $0)							51	51	14	65
Amortization of prior service cost and unrecognized gains and losses included in net periodic benefit cost (net of tax of $9)							203	203		203
Increase in net actuarial losses (net of tax benefit of $44)							(898)	(898)		(898)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $1)							9	9		9
Prior service credit from plan amendments (net of tax of $3)							72	72		72
Deferred derivative losses (net of tax of $0)							(4)	(4)		(4)
Reclassification adjustment for amounts recognized in income (net of tax benefit of $3)							(7)	(7)		(7)
Other comprehensive income (loss)								(574)	14	(560)
Total comprehensive income (loss)								(362)	49	(313)
Purchase of subsidiary shares from minority interest					(13)		5	(8)	(47)	(55)
Dividends declared to minority shareholders									(15)	(15)
Stock-based compensation plans					17			17		17
Preferred stock dividends declared (Note 19)						(29)		(29)		(29)
Common stock issued from treasury (Note 17)			704,921	—	3			3		3
Balance at December 31, 2012										
(after deducting 5,648,930 common treasury shares)	10,000,000	$500	245,240,762	$245	$2,815	$1,370	$(4,560)	$ 370	$255	$ 625

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

	Preferred Stock		Common Stock							
(Dollars in millions)	**Shares**	**Amount**	**Shares**	**Amount**	**Capital Surplus**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Goodyear Shareholders' Equity**	**Minority Shareholders' Equity — Non-Redeemable**	**Total Shareholders' Equity**
Balance at December 31, 2012 (after deducting 5,648,930 common treasury shares)	10,000,000	$500	245,240,762	$245	$2,815	$1,370	$(4,560)	$ 370	$255	$ 625
Comprehensive income (loss):										
Net income						629		629	45	674
Foreign currency translation (net of tax of $0)							(153)	(153)	(21)	(174)
Reclassification adjustment for amounts recognized in income (net of tax of $0)							1	1		1
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of $9)							224	224		224
Decrease in net actuarial losses (net of tax of $33)							498	498		498
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $1)							2	2		2
Prior service credit from plan amendments (net of tax of $0)							30	30		30
Deferred derivative gains (net of tax of $1)							1	1		1
Reclassification adjustment for amounts recognized in income (net of tax of $0)							2	2		2
Unrealized investment gains (net of tax of $0)							8	8		8
Other comprehensive income (loss)								613	(21)	592
Total comprehensive income (loss)								1,242	24	1,266
Purchase of subsidiary shares from minority interest					(2)			(2)	(2)	(4)
Dividends declared to minority shareholders									(11)	(11)
Stock-based compensation plans					15			15		15
Dividends declared (Note 19)						(41)		(41)		(41)
Common stock issued from treasury (Note 17)			2,512,267	3	19			22		22
Other									(4)	(4)
Balance at December 31, 2013 (after deducting 3,136,663 common treasury shares)	10,000,000	$500	247,753,029	$248	$2,847	$1,958	$(3,947)	$1,606	$262	$1,868

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

(Dollars in millions)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Goodyear Shareholders' Equity	Minority Shareholders' Equity— Non-Redeemable	Total Shareholders' Equity
Balance at December 31, 2013 (after deducting 3,136,663 common treasury shares)	10,000,000	$ 500	247,753,029	$248	$2,847	$1,958	$(3,947)	$1,606	$262	$1,868
Comprehensive income (loss):										
Net income						2,452		2,452	23	2,475
Foreign currency translation (net of tax benefit of $46)							(206)	(206)	(18)	(224)
Reclassification adjustment for amounts recognized in income (net of tax of $0)							3	3		3
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of $36)							74	74		74
Increase in net actuarial losses (net of tax of $129)							(112)	(112)		(112)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $13)							31	31		31
Deferred derivative gains (net of tax of $1)							13	13		13
Unrealized investment gains (net of tax of $1)							2	2		2
Other comprehensive income (loss)								(195)	(18)	(213)
Total comprehensive income (loss)								2,257	5	2,262
Purchase of subsidiary shares from minority interest					(4)		(1)	(5)	(16)	(21)
Dividends declared to minority shareholders									(16)	(16)
Stock-based compensation plans					20			20		20
Repurchase of common stock (Note 19)			(8,955,107)	(9)	(225)			(234)		(234)
Dividends declared (Note 19)						(67)		(67)		(67)
Common stock issued from treasury (Note 17)			3,111,843	2	31			33		33
Preferred stock conversion	(10,000,000)	(500)	27,573,735	28	472			—		—
Balance at December 31, 2014 (after deducting 8,979,927 common treasury shares)	—	$ —	269,483,500	$269	$3,141	$4,343	$(4,143)	$3,610	$235	$3,845

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY — (Continued)

The following table presents changes in Minority Equity presented outside of Shareholders' Equity:

(In millions)	2014	2013	2012
Balance at beginning of year	$577	$534	$607
Comprehensive income (loss):			
Net income (loss)	46	1	(10)
Foreign currency translation (net of tax of $0 in all periods)	(74)	23	18
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of $0 in 2014, $1 in 2013 and $0 in 2012)	5	8	6
Decrease (increase) in net actuarial losses (net of tax benefit of $6 in 2014, tax of $1 in 2013, and tax benefit of $10 in 2012)	30	21	(81)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments and settlements (net of tax of $0 in all periods)	4	—	2
Prior service credit (cost) from defined benefit plan amendment (net of tax of $0 in all periods)	—	1	1
Deferred derivative gains (losses) (net of tax of $0 in all periods)	3	—	(1)
Reclassification adjustment for amounts recognized in income (net of tax benefit of $1 in 2014 and tax of $0 in 2013 and 2012)	1	—	(4)
Other comprehensive income (loss)	(31)	53	(59)
Total comprehensive income (loss)	15	54	(69)
Dividends declared to minority shareholders	(10)	(11)	(4)
Balance at end of year	$582	$577	$534

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended December 31, 2014	2013	2012
Cash Flows from Operating Activities:			
Net Income	$ 2,521	$ 675	$ 237
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:			
Depreciation and Amortization	732	722	687
Amortization and Write-Off of Debt Issuance Costs	14	18	67
Provision for Deferred Income Taxes	(1,970)	(34)	16
Net Pension Curtailments and Settlements	39	—	—
Net Rationalization Charges (Note 2)	95	58	175
Rationalization Payments	(226)	(72)	(106)
Net Gains on Asset Sales (Note 4)	(3)	(8)	(25)
Pension Contributions and Direct Payments	(1,338)	(1,162)	(684)
Net Venezuela Currency Loss (Note 4)	200	115	—
Customer Prepayments and Government Grants	14	44	131
Insurance Proceeds	4	17	50
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:			
Accounts Receivable	75	79	291
Inventories	(35)	366	619
Accounts Payable — Trade	(41)	(30)	(453)
Compensation and Benefits	223	243	260
Other Current Liabilities	(40)	(28)	(24)
Other Assets and Liabilities	76	(65)	(203)
Total Cash Flows from Operating Activities	340	938	1,038
Cash Flows from Investing Activities:			
Capital Expenditures	(923)	(1,168)	(1,127)
Asset Dispositions (Note 4)	18	25	16
Decrease in Restricted Cash	5	14	11
Short Term Securities Acquired	(72)	(105)	(57)
Short Term Securities Redeemed	95	89	28
Other Transactions (Note 11)	26	9	6
Total Cash Flows from Investing Activities	(851)	(1,136)	(1,123)
Cash Flows from Financing Activities:			
Short Term Debt and Overdrafts Incurred	46	31	77
Short Term Debt and Overdrafts Paid	(24)	(120)	(156)
Long Term Debt Incurred	1,842	1,913	3,531
Long Term Debt Paid	(1,555)	(681)	(3,717)
Common Stock Issued (Note 17)	39	26	3
Common Stock Repurchased (Note 19)	(234)	(4)	—
Common Stock Dividends Paid (Note 19)	(60)	(12)	—
Preferred Stock Dividends Paid (Note 19)	(15)	(29)	(29)
Transactions with Minority Interests in Subsidiaries	(49)	(26)	(71)
Debt Related Costs and Other Transactions	(1)	(16)	(64)
Total Cash Flows from Financing Activities	(11)	1,082	(426)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(313)	(169)	20
Net Change in Cash and Cash Equivalents	(835)	715	(491)
Cash and Cash Equivalents at Beginning of the Year	2,996	2,281	2,772
Cash and Cash Equivalents at End of the Year	$ 2,161	$ 2,996	$ 2,281

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

Note 1. Accounting Policies

A summary of the significant accounting policies used in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

Recently Issued Accounting Standards

In August 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update with new guidance on management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management must evaluate whether it is probable that known conditions or events, considered in the aggregate, would raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. If such conditions or events are identified, the standard requires management's mitigation plans to alleviate the doubt or a statement of the substantial doubt about the entity's ability to continue as a going concern to be disclosed in the financial statements. The standards update is effective for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The adoption of this standards update is not expected to impact our consolidated financial statements.

In May 2014, the FASB issued an accounting standards update with new guidance on recognizing revenue from contracts with customers. The standards update outlines a single comprehensive model for entities to utilize to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that will be received in exchange for the goods and services. Additional disclosures will also be required to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standards update is effective for fiscal years beginning after December 15, 2016, and early adoption is not permitted. We are currently evaluating the impact of adopting this standards update on our consolidated financial statements.

In April 2014, the FASB issued an accounting standards update providing new guidance on the requirements for reporting a discontinued operation. The standards update allows only those disposals representing a strategic shift in operations with a major effect on the entity's operations and financial results to be reported as a discontinued operation. It also allows companies to have significant continuing involvement and continuing cash flows with the discontinued operations. Additional disclosures are also required for discontinued operations and individually material disposal transactions that do not meet the definition of a discontinued operation. The standards update is effective for fiscal years beginning after December 15, 2014. We will adopt this standards update, as required, beginning with the first quarter of 2015. The adoption of this standards update affects presentation only and is not expected to have a material impact on our consolidated financial statements.

Recently Adopted Accounting Standards

Effective November 2014, we adopted an accounting standards update providing guidance for determining whether and at what threshold an acquired entity can reflect the acquirer's accounting and reporting basis (pushdown accounting) in its separate financial statements. The standards update provides guidance for an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The adoption of this standards update did not impact our consolidated financial statements.

Effective January 1, 2014, we adopted an accounting standards update requiring the presentation of an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. This net presentation is required unless a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset to settle any additional income tax that would result from the disallowance of the unrecognized tax benefit. The adoption of this standards update did not have a material impact on our consolidated financial statements.

Effective January 1, 2014, we adopted an accounting standards update providing guidance with respect to the release of cumulative translation adjustments into net income when a parent sells either a part or all of its investment in a foreign entity. The standards update also requires the release of cumulative translation adjustments when a company no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity, and provides guidance for the acquisition in stages of a controlling interest in a foreign entity. The adoption of this standards update did not impact our consolidated financial statements.

Effective January 1, 2014, we adopted an accounting standards update requiring an entity to record obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The adoption of this standards update did not impact our consolidated financial statements.

Other

We are a party to shareholder agreements concerning certain of our less-than-wholly-owned consolidated subsidiaries. Under the terms of certain of these agreements, the minority shareholders have the right to require us to purchase their ownership interests in the respective subsidiaries if there is a change in control of the Company, a bankruptcy of the Company, or other circumstances. Accordingly, we have reported the minority equity in those subsidiaries outside of shareholders' equity.

Principles of Consolidation

The consolidated financial statements include the accounts of all legal entities in which we hold a controlling financial interest. A controlling financial interest generally arises from our ownership of a majority of the voting shares of our subsidiaries. We would also hold a controlling financial interest in variable interest entities if we are considered to be the primary beneficiary. Investments in companies in which we do not own a majority interest and we have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Investments in other companies are carried at cost. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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 consolidated financial statements. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, including those related to:

- recoverability of intangibles and other long-lived assets,
- deferred tax asset valuation allowances and uncertain income tax positions,
- workers' compensation,
- general and product liabilities and other litigation,
- pension and other postretirement benefits, and
- various other operating allowances and accruals, based on currently available information.

Changes in facts and circumstances may alter such estimates and affect results of operations and financial position in future periods.

Revenue Recognition and Accounts Receivable Valuation

Revenues are recognized when finished products are shipped to unaffiliated customers, both title and the risks and rewards of ownership are transferred or services have been rendered and accepted, and collectability is reasonably assured. A provision for sales returns, discounts and allowances is recorded at the time of sale. Appropriate provisions are made for uncollectible accounts based on historical loss experience, portfolio duration, economic conditions and credit risk. The adequacy of the allowances are assessed quarterly.

Shipping and Handling Costs

Costs incurred for transportation of products to customers are recorded as a component of Cost of Goods Sold ("CGS").

Research and Development Costs

Research and development costs include, among other things, materials, equipment, compensation and contract services. These costs are expensed as incurred and included as a component of CGS. Research and development expenditures were $399 million, $390 million, and $370 million in 2014, 2013, and 2012, respectively.

Warranty

Warranties are provided on the sale of certain of our products and services and an accrual for estimated future claims is recorded at the time revenue is recognized. Tire replacement under most of the warranties we offer is on a prorated basis. Warranty reserves are based on past claims experience, sales history and other considerations. Refer to Note 18.

Environmental Cleanup Matters

We expense environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. We determine our liability on a site by site basis and record a liability at the time when it is probable and can be reasonably estimated. Our estimated liability is reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of the relevant costs. Our estimated liability is not discounted or reduced for possible recoveries from insurance carriers. Refer to Note 18.

Legal Costs

We record a liability for estimated legal and defense costs related to pending general and product liability claims, environmental matters and workers' compensation claims. Refer to Note 18.

Advertising Costs

Costs incurred for producing and communicating advertising are generally expensed when incurred as a component of Selling, Administrative and General Expense ("SAG"). Costs incurred under our cooperative advertising programs with dealers and franchisees are generally recorded as reductions of sales as related revenues are recognized. Advertising costs, including costs for our cooperative advertising programs with dealers and franchisees, were $430 million, $408 million, and $435 million in 2014, 2013, and 2012, respectively.

Rationalizations

We record costs for rationalization actions implemented to reduce excess and high-cost manufacturing capacity and operating and administrative costs. Associate-related costs include severance, supplemental unemployment compensation and benefits, medical benefits, pension curtailments, postretirement benefits, and other termination benefits. For ongoing benefit arrangements, a liability is recognized when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. These conditions are generally met when the restructuring plan is approved by management. For one-time benefit arrangements, a liability is incurred and must be accrued at the date the plan is communicated to employees, unless they will be retained beyond a minimum retention period. In this case, the liability is calculated at the date the plan is communicated to employees and is accrued ratably over the future service period. Other costs generally include non-cancelable lease costs, contract terminations, and relocation costs. A liability for these costs is recognized in the period in which the liability is incurred. Rationalization charges related to accelerated depreciation and asset impairments are recorded in CGS or SAG. Refer to Note 2.

Income Taxes

Income taxes are recognized during the year in which transactions enter into the determination of financial statement income, with deferred taxes being provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured under applicable tax laws. The effect on deferred tax assets or liabilities of a change in the tax law or tax rate is recognized in the period the change is enacted. Valuation allowances are recorded to reduce net deferred tax assets to the amount that is more likely than not to be realized. The calculation of our tax liabilities also involves considering uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain income tax positions based on our estimate of whether it is more likely than not that additional taxes will be required and we report related interest and penalties as income taxes. Refer to Note 5.

Cash and Cash Equivalents / Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. Substantially all of our cash and short-term investment securities are held with investment grade-rated counterparties. At December 31, 2014, our cash investments with any single counterparty did not exceed $420 million.

Cash flows associated with derivative financial instruments designated as hedges of identifiable transactions or events are classified in the same category as the cash flows from the related hedged items. Cash flows associated with derivative financial instruments not designated as hedges are classified as operating activities. Bank overdrafts are recorded within Notes Payable and Overdrafts. Cash flows associated with bank overdrafts are classified as financing activities.

Customer prepayments for products and government grants received that are related to operations are reported as operating activities. Government grants received that are solely related to capital expenditures are reported as investing activities. The Consolidated Statement of Cash Flows is presented net of capital leases of $12 million, $19 million and $41 million, for the years ended December 31, 2014, 2013 and 2012, respectively, which originated in those years, and net of capitalized costs related to the Global and North America Headquarters facility and parking deck of $18 million and $126 million, for the years ended December 31, 2013 and 2012, respectively. Investing activities included an $11 million decrease in accrued capital expenditures in 2014 compared to 2013.

Restricted Net Assets

In certain countries where we operate, transfers of funds into or out of such countries by way of dividends, loans or advances are generally or periodically subject to various governmental regulations. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make cash distributions. At December 31, 2014, approximately $611 million of net assets were subject to such regulations or limitations.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out or the average cost method. Costs include direct material, direct labor and applicable manufacturing and engineering overhead. We allocate fixed manufacturing overheads based on normal production capacity and recognize abnormal manufacturing costs as period costs. We determine a provision for excess and obsolete inventory based on management's review of inventories on hand compared to estimated future usage and sales. Refer to Note 9.

Goodwill and Other Intangible Assets

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill and intangible assets with indefinite useful lives are not amortized but are assessed for impairment annually 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 the reporting unit or indefinite-lived intangible to its carrying amount. Under the qualitative assessment, an entity is not required to calculate the fair value unless the entity determines that it is more likely than not that the fair value is less than the carrying amount. If under the quantitative assessment the fair value is less than the carrying amount, then the amount of the impairment loss, if any, must be measured.

In addition to annual testing, impairment testing is conducted when events occur or circumstances change that would more likely than not reduce the fair value of the asset below its carrying amount. Goodwill and intangible assets with indefinite useful lives would be written down to fair value if considered impaired. Intangible assets with finite useful lives are amortized to their estimated residual values over such finite lives, and reviewed for impairment whenever events or circumstances warrant such a review. Refer to Note 10.

Investments

Investments in marketable securities are stated at fair value. Fair value is determined using quoted market prices at the end of the reporting period and, when appropriate, exchange rates at that date. Unrealized gains and losses on marketable securities classified as available-for-sale are recorded in Accumulated Other Comprehensive Loss ("AOCL"), net of tax. We regularly review our investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the Consolidated Statements of Operations. Refer to Notes 11 and 20.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method. Additions and improvements that substantially extend the useful life of property, plant and equipment, and interest costs incurred during the construction period of major projects are capitalized. Government grants to us that are solely related to capital expenditures are recorded as reductions of the cost of the associated assets. Repair and maintenance costs are expensed as incurred. Property, plant and equipment are depreciated to their estimated residual values over their estimated useful lives, and reviewed for impairment whenever events or circumstances warrant such a review. Depreciation expense for property, plant and equipment was $730 million, $719 million and $684 million in 2014, 2013 and 2012, respectively. Refer to Notes 3 and 12.

Foreign Currency Translation

The functional currency for most subsidiaries outside the United States is the local currency. Financial statements of these subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. The U.S. dollar is used as the functional currency in countries with a history of high inflation, including Venezuela, and in countries that predominantly sell into the U.S. dollar export market. For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in Other Expense. Translation adjustments are recorded in AOCL. Income taxes are generally not provided for foreign currency translation adjustments.

Derivative Financial Instruments and Hedging Activities

To qualify for hedge accounting, hedging instruments must be designated as hedges and meet defined correlation and effectiveness criteria. These criteria require that the anticipated cash flows and/or changes in fair value of the hedging instrument substantially offset those of the position being hedged.

Derivative contracts are reported at fair value on the Consolidated Balance Sheets as Accounts Receivable or Other Current Liabilities. Deferred gains and losses on contracts designated as cash flow hedges are recorded net of tax in AOCL. Ineffectiveness in hedging relationships is recorded in Other Expense in the current period.

Interest Rate Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income as Interest Expense in the same period that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges are recognized in income in the current period as Interest Expense. Gains and losses on contracts with no hedging designation are recorded in the current period in Other Expense.

Foreign Currency Contracts — Gains and losses on contracts designated as cash flow hedges are initially deferred and recorded in AOCL. Amounts are transferred from AOCL and recognized in income in the same period and on the same line that the hedged item is recognized in income. Gains and losses on contracts designated as fair value hedges, excluding premiums and discounts, are recorded in Other Expense in the current period. Gains and losses on contracts with no hedging designation are also recorded in Other Expense in the current period. We do not include premiums or discounts on forward currency contracts in our assessment of hedge effectiveness. Premiums and discounts on contracts designated as hedges are recognized in Other Expense over the life of the contract.

Net Investment Hedging — Nonderivative instruments denominated in foreign currencies are used from time to time to hedge net investments in foreign subsidiaries. Gains and losses on these instruments are deferred and recorded in AOCL as Foreign Currency Translation Adjustments. These gains and losses are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

Termination of Contracts — Gains and losses (including deferred gains and losses in AOCL) are recognized in Other Expense when contracts are terminated concurrently with the termination of the hedged position. To the extent that such position remains outstanding, gains and losses are amortized to Interest Expense or to Other Expense over the remaining life of that position. Gains and losses on contracts that we temporarily continue to hold after the early termination of a hedged position, or that otherwise no longer qualify for hedge accounting, are recognized in Other Expense. Refer to Note 14.

Stock-Based Compensation

We measure compensation cost arising from the grant of stock-based awards to employees at fair value and recognize such cost in income over the period during which the service is provided, usually the vesting period. We recognize compensation expense using the straight-line approach.

Stock-based awards to employees include grants of performance share units, restricted stock units and stock options. We measure the fair value of grants of performance share units and restricted stock units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

We estimate the fair value of stock options using the Black-Scholes valuation model. Assumptions used to estimate compensation expense are determined as follows:

- Expected term represents the period of time that options granted are expected to be outstanding based on our historical experience of option exercises;
- Expected volatility is measured using the weighted average of historical daily changes in the market price of our common stock over the expected term of the award and implied volatility calculated for our exchange traded options with an expiration date greater than one year;
- Risk-free interest rate is equivalent to the implied yield on zero-coupon U.S. Treasury bonds with a remaining maturity equal to the expected term of the awards; and
- Forfeitures are based substantially on the history of cancellations of similar awards granted in prior years.

Refer to Note 17.

Earnings Per Share of Common Stock

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share primarily reflects the dilutive impact of outstanding stock options, mandatory convertible preferred stock and related dividends. All earnings per share amounts in these notes to the consolidated financial statements are diluted, unless otherwise noted. Refer to Note 6.

Fair Value Measurements

Valuation Hierarchy

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date.

- Level 1 — Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Investments

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Derivative Financial Instruments

Exchange-traded derivative financial instruments that are valued using quoted prices would be classified within Level 1 of the valuation hierarchy. Derivative financial instruments valued using internally-developed models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Derivative financial instruments that are valued based upon models with significant unobservable market parameters, and that are normally traded less actively, would be classified within Level 3 of the valuation hierarchy. Refer to Notes 14 and 15.

Reclassifications

Certain items previously reported in specific financial statement captions have been reclassified to conform to the current presentation.

Note 2. Costs Associated with Rationalization Programs

In order to maintain our global competitiveness, we have implemented rationalization actions over the past several years to reduce excess and high-cost manufacturing capacity and to reduce associate headcount.

The following table presents the roll-forward of the liability balance between periods:

(In millions)	Associate-related Costs	Other Costs	Total
Balance at December 31, 2011	$ 166	$ 18	$ 184
2012 charges	142	36	178
Incurred, Net of Foreign Currency Translation of $3 million and $0 million, respectively	(77)	(30)	(107)
Reversed to the Statement of Operations	(2)	(1)	(3)
Balance at December 31, 2012	$ 229	$ 23	$ 252
2013 charges	58	17	75
Incurred, Net of Foreign Currency Translation of $7 million and $0 million, respectively	(42)	(31)	(73)
Reversed to the Statement of Operations	(13)	(4)	(17)
Balance at December 31, 2013	$ 232	$ 5	$ 237
2014 charges(1)	76	52	128
Incurred, Net of Foreign Currency Translation of $(18) million and $0 million, respectively(2)	(186)	(49)	(235)
Reversed to the Statement of Operations	(5)	(6)	(11)
Balance at December 31, 2014	$ 117	$ 2	$ 119

(1) Charges in 2014 of $128 million excludes $22 million of pension curtailment gains recorded in Rationalizations in the Statement of Operations.

(2) Incurred in 2014 of $235 million excludes $20 million of rationalization payments for labor claims relating to a previously closed facility in Greece. Refer to Note 4.

Significant rationalization actions initiated in 2014 consisted primarily of manufacturing headcount reductions related to Europe, Middle East and Africa's ("EMEA") plans to improve operating efficiency. In addition, EMEA, Latin America and Asia Pacific also initiated plans to reduce SAG.

The accrual balance of $119 million at December 31, 2014 is expected to be substantially utilized within the next 12 months and includes $84 million related to the plan to exit the farm tire business in EMEA and the closure of one of our manufacturing facilities in Amiens, France.

The net rationalization charges included in Income before Income Taxes are as follows:

(In millions)	2014	2013	2012
Current Year Plans			
Associate Severance and Other Related Costs	$ 22	$42	$125
Other Exit and Non-Cancelable Lease Costs	1	3	16
Current Year Plans — Net Charges	$ 23	$45	$141
Prior Year Plans			
Associate Severance and Other Related Costs	$ 49	$ 3	$ 15
Pension Curtailment Gain	(22)	—	—
Other Exit and Non-Cancelable Lease Costs	45	10	19
Prior Year Plans — Net Charges	72	13	34
Total Net Charges	$ 95	$58	$175
Asset Write-off and Accelerated Depreciation Charges	$ 7	$23	$ 20

Substantially all of the new charges for the year ended December 31, 2014 related to future cash outflows. Net prior year plan charges for the year ended December 31, 2014 of $72 million include charges of $74 million for associate severance and idle plant costs, partially offset by a pension curtailment gain of $22 million, related to the closure of one of our manufacturing facilities in Amiens, France.

Approximately 300 associates will be released under plans initiated in 2014, of which approximately 200 associates have been released as of December 31, 2014. In 2014, approximately 1,500 associates were released under plans initiated in prior years, primarily related to the plan to exit the farm tire business in EMEA and the closure of one of our manufacturing facilities in Amiens, France. In total, approximately 200 associates remain to be released under rationalization plans. At December 31, 2014, approximately 720 former associates of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims against us. Refer to Note 18.

Asset write-off and accelerated depreciation charges of $7 million in 2014 related to property and equipment in one of our manufacturing facilities in the U.K. and property and equipment in one of our manufacturing facilities in Amiens, France. Accelerated depreciation charges for all periods were recorded in CGS.

Rationalization activities 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. Other rationalization actions in 2013 related to plans to reduce manufacturing and SAG expenses through headcount reductions in all of our strategic business units.

Asset write-off and accelerated depreciation charges of $23 million in 2013 related to property and equipment in one of our manufacturing facilities in Amiens, France.

Rationalization activities initiated in 2012 consisted primarily of charges of $74 million related to EMEA's plan to exit the farm tire business and the closure of one of our manufacturing facilities in Amiens, France. In addition, Asia Pacific initiated plans relating to the closure of several retail facilities in Australia and New Zealand. Other rationalization actions in 2012 related to plans to reduce manufacturing and SAG expenses through headcount reductions in all of our strategic business units.

Asset write-off and accelerated depreciation charges of $20 million in 2012 related to property and equipment in our Dalian, China manufacturing facility, which ceased production in the third quarter of 2012.

Note 3. Interest Expense

Interest expense includes interest and amortization of debt discounts, less amounts capitalized, as follows:

(In millions)	2014	2013	2012
Interest expense before capitalization	$452	$431	$379
Capitalized interest	(24)	(39)	(22)
	$428	$392	$357

Cash payments for interest, net of amounts capitalized were $419 million, $353 million and $348 million in 2014, 2013 and 2012, respectively. In 2014, interest expense was favorably impacted by $6 million related to interest recovered on the settlement of certain indirect tax claims in Latin America. In 2012, we recorded an out of period adjustment of $13 million of additional interest expense to correct capitalized interest recorded in prior periods.

Note 4. Other Expense

(In millions) Expense(Income)	2014	2013	2012
Net foreign currency exchange losses	$239	$118	$ 26
Financing fees and financial instruments	77	64	162
Royalty income	(35)	(51)	(38)
Interest income	(28)	(41)	(17)
General and product liability — discontinued products	25	15	8
Net (gains) losses on asset sales	(3)	(8)	(25)
Miscellaneous	27	—	23
	$302	$ 97	$139

Net foreign currency exchange losses in 2014 were $239 million, compared to losses of $118 million and $26 million in 2013 and 2012, respectively. Net foreign currency exchange losses in 2014 and 2013 included net charges of $200 million and $115 million, respectively, resulting from changes in the exchange rate of the Venezuelan bolivar fuerte against the U.S. dollar. Foreign currency exchange in all periods reflected net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide.

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. In the first quarter of 2013, we recorded a $115 million remeasurement loss on bolivar-denominated net monetary assets and liabilities, including deferred taxes, primarily related to cash deposits in Venezuela. We also recorded a one-time subsidy receivable of $13 million related to certain U.S. dollar-denominated payables that were expected to be settled at the then-official subsidy exchange rate of 4.3 bolivares fuertes to the U.S. dollar applicable to certain import purchases prior to the devaluation date.

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 I") rate, which was 11.4 and 12.0 bolivares fuertes to the U.S. dollar at January 24, 2014 and December 31, 2014, respectively. The official exchange rate for imports of essential goods, such as certain raw materials needed for the production of tires, remained at 6.3 bolivares fuertes to the U.S. dollar; however, the previously existing subsidy exchange rate of 4.3 bolivares fuertes to the U.S. dollar was eliminated and, accordingly, we derecognized $11 million of previously recognized subsidy receivables as part of the $157 million first quarter 2014 remeasurement loss. In the third quarter of 2014, we recorded a net remeasurement loss of $5 million in Venezuela resulting from the derecognition of a portion of the subsidy receivable established on January 24, 2014, as discussed below, and a reduction of $7 million of foreign currency exchange losses previously recorded as part of the $157 million first quarter 2014 remeasurement loss. As described in Note 5, Income Taxes, in the third quarter of 2014, we established valuation allowances on the net deferred tax assets of our Venezuelan and Brazilian subsidiaries, and accordingly, reduced $7 million of previously recorded foreign currency exchange losses related to deferred tax assets of our Venezuelan subsidiary.

We are 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. We expect that future remittances of dividends by our Venezuelan subsidiary would be transacted at the SICAD I rate and, therefore, in 2014 we have recorded a net remeasurement loss of $155 million, using the SICAD I rate. All bolivar-denominated monetary assets and liabilities were remeasured at 12.0 and 6.3 bolivares fuertes to the U.S. dollar at December 31, 2014 and 2013, respectively.

We also recorded a subsidy receivable at January 24, 2014 of $50 million related to certain U.S. dollar-denominated payables that were expected to be settled at the official exchange rate of 6.3 bolivares fuertes to the U.S. dollar for essential goods, based on ongoing approvals for importation of such goods. Effective September 9, 2014, the official exchange rate for settling purchases of certain finished goods changed from 6.3 bolivares fuertes to the U.S. dollar to the SICAD I rate and, accordingly, in the third quarter of 2014, we derecognized $5 million of the subsidy receivable. In the fourth quarter of 2014, we entered into an agreement with the Venezuelan government to settle $85 million of U.S. dollar-denominated payables at the SICAD I rate that we previously had expected to be settled at the official exchange rate for imports of essential goods of 6.3 bolivares fuertes to the U.S. dollar and, accordingly, derecognized the remaining subsidy receivable of $45 million. As of December 31, 2014, we have received payments of $7 million under this agreement. Going forward, subsidies expected to be received from the government related to certain U.S. dollar-denominated payables expected to be settled at the official exchange rate for imports of essential goods of 6.3 bolivares fuertes to the U.S. dollar will only be recognized in CGS upon receipt.

Financing fees and financial instruments expense was $77 million in 2014, compared to $64 million in 2013 and $162 million in 2012. 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 2012 included $86 million related to the redemption of $650 million in aggregate principal amount of our outstanding 10.5% senior notes due 2016 and $24 million of charges related to the amendment and restatement of our U.S. second lien term loan facility.

Royalty income in 2014 was $35 million, compared to income of $51 million and $38 million in 2013 and 2012, respectively. Royalty income in 2013 included a one-time royalty of $11 million related to our chemical operations. Royalty income is derived primarily from licensing arrangements related to divested businesses.

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.

General and product liability — discontinued products includes charges for claims against us related primarily to asbestos personal injury claims, net of probable insurance recoveries. The increase in charges in 2014 was due to unfavorable changes in assumptions related to claim trends and probable insurance recoveries for asbestos claims.

Net gains on asset sales in 2012 included gains of $9 million in North America, primarily from the sale of property, gains of $9 million in EMEA, primarily from the sale of a minority interest in a retail business, and gains of $4 million in Latin America, primarily from the sale of certain assets related to our bias truck tire business.

Miscellaneous expense in 2014, 2013 and 2012 includes $22 million, $6 million and $25 million, respectively, of charges for labor claims relating to a previously closed facility in Greece. Miscellaneous expense in 2014 also includes a charge of $16 million related to a government investigation involving our compliance with the U.S. Foreign Corrupt Practices Act in certain countries in Africa.

Note 5. Income Taxes

The components of Income before Income Taxes follow:

(In millions)	2014	2013	2012
U.S.	$400	$396	$146
Foreign	287	417	294
	$687	$813	$440

A reconciliation of income taxes at the U.S. statutory rate to United States and Foreign Tax (Benefit) Expense follows:

(In millions)	2014	2013	2012
U.S. Federal income tax expense (benefit) at the statutory rate of 35%	$ 240	$ 284	$154
Release of U.S. valuation allowance	(2,318)	—	—
Provision for undistributed foreign earnings	131	—	—
Net establishment (release) of foreign valuation allowances	51	(8)	4
Deferred tax impact of enacted tax rate and law changes	33	(13)	2
Net foreign losses with no tax benefit due to valuation allowances	49	42	83
Adjustment for foreign income taxed at different rates	(37)	(2)	(6)
State income taxes, net of U.S. Federal benefit	12	—	—
Net (resolution) establishment of uncertain tax positions	3	10	10
U.S. (income) with no tax due to valuation allowance	—	(136)	(49)
Poland special enterprise zone tax credit	—	(42)	—
Other	2	3	5
United States and Foreign Tax (Benefit) Expense	$(1,834)	$ 138	$203

The components of United States and Foreign Tax (Benefit) Expense by taxing jurisdiction, follow:

(In millions)	2014	2013	2012
Current:			
Federal	$ —	$ (6)	$ —
Foreign	135	176	184
State	1	2	3
	136	172	187
Deferred:			
Federal	(2,103)	2	2
Foreign	84	(36)	13
State	49	—	1
	(1,970)	(34)	16
United States and Foreign Tax (Benefit) Expense	$(1,834)	$138	$203

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 is more likely than not that a significant portion of our U.S. deferred tax assets will be realized. In 2014, income tax benefit of $1,834 million was favorably impacted by net discrete tax adjustments of $1,980 million, due primarily to a net tax 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 and a charge of $131 million to establish a provision for potential U.S. Federal taxation of 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 a recently enacted law change in Chile.

In 2013, income tax expense included net tax benefits of $43 million unrelated to current year income, due primarily to a $33 million benefit from a Poland special enterprise zone tax credit and a $13 million benefit related to enacted law changes.

In 2012, income tax expense included net tax charges of $19 million unrelated to current year income, primarily consisting of $10 million of increased tax reserves for prior years. The additional $9 million relates to various other discrete items.

Temporary differences and carryforwards giving rise to deferred tax assets and liabilities at December 31 follow:

(In millions)	**2014**	**2013**
Tax loss carryforwards and credits	$1,550	$ 1,275
Capitalized research and development expenditures	622	606
Accrued expenses deductible as paid	583	603
Postretirement benefits and pensions	388	755
Alternative minimum tax credit carryforwards(1)	85	91
Rationalizations and other provisions	49	69
Vacation and sick pay	36	38
Other	100	80
	3,413	3,517
Valuation allowance	(632)	(2,968)
Total deferred tax assets	2,781	549
Property basis differences	(448)	(430)
Tax on undistributed earnings of subsidiaries	(170)	(51)
Total net deferred tax assets	$2,163	$ 68

(1) Primarily unlimited carryforward period.

At December 31, 2014, we had $508 million of tax assets for net operating loss, capital loss and tax credit carryforwards related to certain foreign subsidiaries. These carryforwards are primarily from countries with unlimited carryforward periods, but include $27 million of special enterprise zone tax credits subject to expiration in 2017. A valuation allowance totaling $618 million has been recorded against these and other deferred tax assets where recovery of the asset or carryforward is uncertain. In addition, we had $935 million of Federal and $107 million of state tax assets for net operating loss and tax credit carryforwards. The Federal carryforwards consist of $380 million of Federal tax assets for net operating losses that expire from 2029 to 2034, $499 million of foreign tax credits that are subject to expiration from 2016 to 2024 and $56 million of tax assets related to research and development credits that are subject to expiration from 2027 to 2034. The amount of deferred tax assets reflected in the table above has been reduced by $51 million related to unrealized stock option deductions. The state carryforwards are subject to expiration from 2015 to 2034. A valuation allowance of $14 million has been recorded against Federal and state deferred tax assets where recovery is uncertain.

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 foreign deferred tax assets. However, it is reasonably possible that sufficient positive evidence required to release all, or a portion, of certain valuation allowances will exist during 2015. This may result in a reduction of the valuation allowance by up to $80 million.

At December 31, 2014, we had unrecognized tax benefits of $81 million that if recognized, would have a favorable impact on our tax expense of $65 million. We had accrued interest of $15 million as of December 31, 2014, which included a current year charge of $2 million. If not favorably settled, $26 million of the unrecognized tax benefits and all of the accrued interest would require the use of our cash. It is reasonably possible that $15 million of our unrecognized tax benefits and $5 million of our accrued interest will be paid or favorably settled during 2015. We do not expect those changes will have a significant impact on our financial position or results of operations.

Reconciliation of Unrecognized Tax Benefits

(In millions)	2014	2013	2012
Balance at January 1	$ 88	$82	$90
Increases related to prior year tax positions	15	27	12
Decreases related to prior year tax positions	(12)	(6)	(7)
Settlements	(6)	(9)	(6)
Foreign currency impact	(4)	(6)	(4)
Increases related to current year tax positions	—	1	—
Lapse of statute of limitations	—	(1)	(3)
Balance at December 31	$ 81	$88	$82

Generally, years from 2009 onward are still open to examination by foreign taxing authorities. We are open to examination in Germany from 2006 onward and in the United States for 2014.

As of December 31, 2014, we changed our assertion regarding the potential U.S. Federal taxation of certain undistributed earnings of certain foreign subsidiaries that previously we did not intend to subject to U.S. taxation and, accordingly, recorded a provision of $131 million. This change is to account for potential strategies which may be implemented to utilize certain U.S. tax attributes.

We also have undistributed earnings of foreign subsidiaries of approximately $2.6 billion, including a portion of which has already been subject to U.S. Federal income taxation. No provision for Federal income or foreign withholding tax on any of these undistributed earnings is required because such earnings have been or will be reinvested in property, plant and equipment and working capital. Quantification of the deferred tax liability net of applicable foreign tax credits, if any, associated with these undistributed earnings is not practicable.

Net cash payments for income taxes were $127 million, $186 million and $204 million in 2014, 2013 and 2012, respectively.

Note 6. Earnings Per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share are calculated to reflect the potential dilution that could occur if securities or other contracts were exercised or converted into common stock.

Basic and diluted earnings per common share are calculated as follows:

(In millions, except per share amounts)	2014	2013	2012
Earnings per share — basic:			
Goodyear net income	$2,452	$ 629	$ 212
Less: Preferred stock dividends	7	29	29
Goodyear net income available to common shareholders	$2,445	$ 600	$ 183
Weighted average shares outstanding	268	246	245
Earnings per common share — basic	$ 9.13	$2.44	$0.75
Earnings per share — diluted:			
Goodyear net income	$2,452	$ 629	$ 212
Less: Preferred stock dividends	—	—	29
Goodyear net income available to common shareholders	$2,452	$ 629	$ 183
Weighted average shares outstanding	268	246	245
Dilutive effect of mandatory convertible preferred stock	7	28	—
Dilutive effect of stock options and other dilutive securities	4	3	2
Weighted average shares outstanding — diluted	279	277	247
Earnings per common share — diluted	$ 8.78	$2.28	$0.74

On April 1, 2014, all outstanding shares of mandatory convertible preferred stock automatically converted into 27,573,735 shares of common stock, net of fractional shares, at a conversion rate of 2.7574 shares of common stock per share of preferred stock.

Weighted average shares outstanding — diluted for the year ended December 31, 2012 excludes the effect of approximately 34 million equivalent shares related to the mandatory convertible preferred stock as their inclusion would have been anti-dilutive. In addition, Goodyear net income used to compute earnings per share — diluted for the year ended December 31, 2012 is reduced by $29 million of preferred stock dividends since the inclusion of the related shares of preferred stock would have been anti-dilutive.

Weighted average shares outstanding — diluted for 2014, 2013 and 2012 excludes approximately 2 million, 3 million and 11 million equivalent shares, respectively, related to options with exercise prices greater than the average market price of our common stock (i.e., “underwater” options).

Note 7. Business Segments

Segment information reflects our strategic business units (“SBUs”), which are organized to meet customer requirements and global competition. We operate our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa; Latin America; and Asia Pacific. Segment information is reported on the basis used for reporting to our Chief Executive Officer. Each of the four regional business segments is involved in the development, manufacture, distribution and sale of tires. Certain of the business segments also provide related products and services, which include retreads, automotive and commercial truck repair services and merchandise purchased for resale. Each segment also exports tires to other segments.

North America manufactures and sells tires for automobiles, trucks, motorcycles, buses, earthmoving and mining equipment, commercial and military aviation, and industrial equipment in the United States and Canada. North

America also provides related products and services including retread tires, tread rubber, automotive and commercial truck maintenance and repair services, as well as sells chemical and natural rubber products to our other business segments and to unaffiliated customers.

Europe, Middle East and Africa manufactures and sells tires for automobiles, trucks, motorcycles and construction equipment throughout Europe, the Middle East and Africa. EMEA also sells new and retreaded aviation tires, retreading and related services for commercial truck and construction and mining equipment, and automotive maintenance and repair services.

Latin America manufactures and sells tires for automobiles, truck and construction equipment throughout Central and South America and in Mexico. Latin America also provides related products and services including retreaded tires and tread rubber for truck tires.

Asia Pacific manufactures and sells tires for automobiles, trucks, farm, construction and mining equipment, and the aviation industry throughout the Asia Pacific region. Asia Pacific also provides related products and services including retreaded truck and aviation tires, tread rubber, and automotive maintenance and repair services.

The following table presents segment sales and operating income, and the reconciliation of segment operating income to Income before Income Taxes:

(In millions)	2014	2013	2012
Sales			
North America	$ 8,085	$ 8,684	$ 9,666
Europe, Middle East and Africa	6,180	6,567	6,884
Latin America	1,796	2,063	2,085
Asia Pacific	2,077	2,226	2,357
Net Sales	$18,138	$19,540	$20,992
Segment Operating Income			
North America	$ 803	$ 691	$ 514
Europe, Middle East and Africa	438	298	252
Latin America	170	283	223
Asia Pacific	301	308	259
Total Segment Operating Income	1,712	1,580	1,248
Less:			
Rationalizations	95	58	175
Interest expense	428	392	357
Other expense	302	97	139
Asset write-offs and accelerated depreciation	7	23	20
Corporate incentive compensation plans	97	108	69
Corporate pension curtailments/settlements	33	—	1
Intercompany profit elimination	(4)	(4)	(1)
Retained expenses of divested operations	16	24	14
Other(1)	51	69	34
Income before Income Taxes	$ 687	$ 813	$ 440

(1) For the years ended December 31, 2014, 2013, and 2012, Other includes the elimination of $24 million, $39 million, and $26 million, respectively, of royalty income attributable to the strategic business units. In 2012, we negotiated a waiver of certain performance obligations under an offtake agreement for tires and recognized a $24 million reduction in CGS. The benefit was recognized in Corporate, which is excluded from segment operating income, and included in Other above.

Substantially all of the pension curtailment charges of $33 million for the year ended December 31, 2014 noted above related to our North America SBU; however, such costs were not included in North America segment operating income for purposes of management's assessment of SBU operating performance.

The following table presents segment assets at December 31:

(In millions)	2014	2013	2012
Assets			
North America	$ 4,929	$ 4,979	$ 5,170
Europe, Middle East and Africa	4,996	5,559	5,415
Latin America	2,104	2,402	2,367
Asia Pacific	2,603	2,624	2,601
Total Segment Assets	14,632	15,564	15,553
Corporate(1)	3,477	1,963	1,420
	$18,109	$17,527	$16,973

(1) Corporate includes substantially all of our U.S. net deferred tax assets. Corporate assets have increased by $2,084 million due primarily to the release of substantially all of the valuation allowance on our net U.S. deferred tax assets.

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-offs 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, asset sales and certain other items.

The following table presents geographic information. Net sales by country were determined based on the location of the selling subsidiary. Long-lived assets consisted of property, plant and equipment. Besides Germany, management did not consider the net sales of any other individual countries outside the United States to be significant to the consolidated financial statements. For long-lived assets only China and Germany were considered to be significant.

(In millions)	2014	2013	2012
Net Sales			
United States	$ 7,558	$ 7,820	$ 8,416
Germany	2,288	2,372	2,541
Other international	8,292	9,348	10,035
	$18,138	$19,540	$20,992
Long-Lived Assets			
United States	$ 2,464	$ 2,389	$ 2,424
China	809	821	796
Germany	833	891	788
Other international	3,047	3,219	2,948
	$ 7,153	$ 7,320	$ 6,956

At December 31, 2014, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $517 million or 24% in Europe, Middle East and Africa, primarily Belgium ($696 million or 23% at December 31, 2013),
- $462 million or 21% in Asia, primarily China, India and Australia ($334 million or 11%), and
- $409 million or 19% in Latin America, primarily Venezuela and Brazil ($603 million or 20%).

Rationalizations, as described in Note 2, Costs Associated with Rationalization Programs, Net (gains) losses on asset sales, as described in Note 4, Other Expense, and Asset write-offs and accelerated depreciation were not charged (credited) to the SBUs for performance evaluation purposes but were attributable to the SBUs as follows:

(In millions)	2014	2013	2012
Rationalizations			
North America	$ (6)	$12	$ 43
Europe, Middle East and Africa	89	26	100
Latin America	3	4	6
Asia Pacific	9	16	26
Total Segment Rationalizations	$95	$58	$175

(In millions)	2014	2013	2012
Net (Gains) Losses on Asset Sales			
North America	$ (8)	$ (4)	$ (9)
Europe, Middle East and Africa	7	(1)	(9)
Latin America	—	(1)	(4)
Asia Pacific	—	(2)	(1)
Total Segment Asset Sales	(1)	(8)	(23)
Corporate	(2)	—	(2)
	$ (3)	$ (8)	$(25)

(In millions)	2014	2013	2012
Asset Write-offs and Accelerated Depreciation			
North America	$—	$—	$ 1
Europe, Middle East and Africa	7	23	—
Asia Pacific	—	—	19
Total Segment Asset Write-offs and Accelerated Depreciation	$ 7	$23	$20

The following tables present segment capital expenditures, depreciation and amortization:

(In millions)	2014	2013	2012
Capital Expenditures			
North America	$282	$ 262	$ 212
Europe, Middle East and Africa	266	332	344
Latin America	152	243	250
Asia Pacific	154	257	286
Total Segment Capital Expenditures	854	1,094	1,092
Corporate	69	74	35
	$923	$1,168	$1,127

(In millions)	2014	2013	2012
Depreciation and Amortization			
North America	$274	$275	$275
Europe, Middle East and Africa	220	228	215
Latin America	102	84	72
Asia Pacific	105	93	89
Total Segment Depreciation and Amortization	701	680	651
Corporate	31	42	36
	$732	$722	$687

The following table presents segment equity in the net income of investees accounted for by the equity method:

(In millions)	2014	2013	2012
Equity in (Income)			
North America	$ (5)	$ (8)	$ (6)
Asia Pacific	(23)	(23)	(28)
Total Segment Equity in (Income)	$(28)	$(31)	$(34)

Note 8. Accounts Receivable

(In millions)	2014	2013
Accounts receivable	$2,215	$2,534
Allowance for doubtful accounts	(89)	(99)
	$2,126	$2,435

Note 9. Inventories

(In millions)	2014	2013
Raw materials	$ 535	$ 592
Work in process	149	164
Finished goods	1,987	2,060
	$2,671	$2,816

Note 10. Goodwill and Intangible Assets

The following table presents the net carrying amount of goodwill allocated by reporting unit, and changes during 2014:

(In millions)	Balance at December 31, 2013	Divestitures	Translation	Balance at December 31, 2014
North America	$ 93	$—	$ —	$ 93
Europe, Middle East and Africa	511	—	(63)	448
Asia Pacific	64	—	(4)	60
	$668	$—	$(67)	$601

The following table presents the net carrying amount of goodwill allocated by reporting unit, and changes during 2013:

(In millions)	Balance at December 31, 2012	Divestitures	Translation	Balance at December 31, 2013
North America	$ 93	$—	$ —	$ 93
Europe, Middle East and Africa	497	(1)	15	511
Asia Pacific	74	—	(10)	64
	$664	$ (1)	$ 5	$668

The following table presents information about intangible assets:

	2014			2013		
(In millions)	Gross Carrying Amount(1)	Accumulated Amortization(1)	Net Carrying Amount	Gross Carrying Amount(1)	Accumulated Amortization(1)	Net Carrying Amount
Intangible assets with indefinite lives	$127	$ (6)	$121	$128	$ (6)	$122
Trademarks and patents	15	(10)	5	17	(10)	7
Other intangible assets	21	(9)	12	22	(13)	9
	$163	$(25)	$138	$167	$(29)	$138

(1) Includes impact of foreign currency translation.

Intangible assets primarily comprise the right to use certain brand names and trademarks on a non-competitive basis related to our global alliance with Sumitomo Rubber Industries, Ltd.

Amortization expense for intangible assets totaled $2 million, $3 million and $3 million in 2014, 2013 and 2012, respectively. We estimate that annual amortization expense related to intangible assets will be approximately $1 million in 2015 through 2019, and the weighted average remaining amortization period is approximately 30 years.

Our annual impairment analyses for 2014, 2013 and 2012 indicated no impairment of goodwill or intangible assets with indefinite lives. In addition, there were no events or circumstances that indicated the impairment test should be re-performed for goodwill or for intangible assets with indefinite lives for any segment at December 31, 2014.

Note 11. Other Assets and Investments

We owned 3,421,306 shares of Sumitomo Rubber Industries, Ltd. ("SRI") at December 31, 2014 and 2013 (the "Sumitomo Investment"). The fair value of the Sumitomo Investment was $51 million and $49 million at December 31, 2014 and 2013, and was included in Other Assets. We have classified the Sumitomo Investment as available-for-sale. At December 31, 2014, AOCL included gross unrealized holding gains on the Sumitomo Investment of $35 million ($36 million after-tax), compared to $33 million ($34 million after-tax) at 2013.

Dividends received from our consolidated subsidiaries were $273 million, $88 million and $129 million in 2014, 2013 and 2012, respectively. Dividends received from our affiliates accounted for using the equity method were $24 million, $21 million and $11 million in 2014, 2013 and 2012, respectively.

Note 12. Property, Plant and Equipment

	2014			2013		
(In millions)	Owned	Capital Leases	Total	Owned	Capital Leases	Total
Property, plant and equipment, at cost:						
Land	$ 413	$ —	$ 413	$ 433	$ 1	$ 434
Buildings	2,375	36	2,411	2,336	23	2,359
Machinery and equipment	12,322	70	12,392	12,445	72	12,517
Construction in progress	733	—	733	978	—	978
	15,843	106	15,949	16,192	96	16,288
Accumulated depreciation	(9,002)	(27)	(9,029)	(9,137)	(21)	(9,158)
	6,841	79	6,920	7,055	75	7,130
Spare parts	233	—	233	190	—	190
	$ 7,074	$ 79	$ 7,153	$ 7,245	$ 75	$ 7,320

The range of useful lives of property used in arriving at the annual amount of depreciation are as follows: buildings and improvements, 5 to 45 years; machinery and equipment, 3 to 40 years.

Note 13. Leased Assets

Net rental expense comprised the following:

(In millions)	2014	2013	2012
Gross rental expense	$387	$400	$417
Sublease rental income	(40)	(43)	(53)
	$347	$357	$364

We enter into leases primarily for our wholesale distribution facilities, administrative offices, retail stores, vehicles, and data processing equipment under varying terms and conditions. Many of the leases require us to pay taxes assessed against leased property and the cost of insurance and maintenance. A portion of our retail distribution network is sublet to independent dealers.

While substantially all subleases and some operating leases are cancelable for periods beyond 2015, management expects that in the normal course of its business nearly all of its independent dealer distribution network will be actively operated. As leases and subleases for existing locations expire, we would normally expect to evaluate such leases and either renew the leases or substitute another more favorable retail location.

The following table presents minimum future lease payments:

(In millions)	2015	2016	2017	2018	2019	2020 and Beyond	Total
Capital Leases							
Minimum lease payments	$ 14	$ 12	$ 10	$ 8	$ 5	$ 48	$ 97
Imputed interest	(4)	(4)	(3)	(3)	(3)	(21)	(38)
Present value	$ 10	$ 8	$ 7	$ 5	$ 2	$ 27	$ 59
Operating Leases							
Minimum lease payments	$307	$233	$178	$128	$98	$322	$1,266
Minimum sublease rentals	(32)	(24)	(14)	(7)	(3)	(9)	(89)
	$275	$209	$164	$121	$95	$313	$1,177
Imputed interest							(227)
Present value							$ 950

Note 14. Financing Arrangements and Derivative Financial Instruments

At December 31, 2014, we had total credit arrangements of $9,029 million, of which $2,317 million were unused. At that date, 35% of our debt was at variable interest rates averaging 5.72%.

Notes Payable and Overdrafts, Long Term Debt and Capital Leases due Within One Year and Short Term Financing Arrangements

At December 31, 2014, we had short term committed and uncommitted credit arrangements totaling $447 million, of which $417 million were unused. These arrangements are available primarily to certain of our foreign subsidiaries through various banks at quoted market interest rates.

The following table presents amounts due within one year:

(In millions)	December 31, 2014	December 31, 2013
Notes payable and overdrafts:	**$ 30**	**$ 14**
Weighted average interest rate	10.63%	3.40%
Long term debt and capital leases due within one year:		
Other domestic and foreign debt (including capital leases)	**$ 148**	**$ 73**
Weighted average interest rate	7.75%	6.91%
Total obligations due within one year	**$ 178**	**$ 87**

Long Term Debt and Capital Leases and Financing Arrangements

At December 31, 2014, we had long term credit arrangements totaling $8,582 million, of which $1,900 million were unused.

The following table presents long term debt and capital leases, net of unamortized discounts, and interest rates:

(In millions)	December 31, 2014 Amount	December 31, 2014 Interest Rate	December 31, 2013 Amount	December 31, 2013 Interest Rate
Notes:				
6.75% Euro Notes due 2019	$ 303		$ 344	
8.25% due 2020	996		995	
8.75% due 2020	269		267	
6.5% due 2021	900		900	
7% due 2022	700		700	
7% due 2028	150		150	
Credit Facilities:				
$2.0 billion first lien revolving credit facility due 2017	—	—	—	—
$1.2 billion second lien term loan facility due 2019	1,196	4.75%	1,195	4.75%
€400 million revolving credit facility due 2016	—	—	—	—
Pan-European accounts receivable facility	343	1.54%	207	3.19%
Chinese credit facilities	535	5.65%	537	5.86%
Other foreign and domestic debt (1)	913	8.70%	878	8.97%
	6,305		6,173	
Capital lease obligations	59		62	
	6,364		6,235	
Less portion due within one year	(148)		(73)	
	$6,216		**$6,162**	

(1) Interest rates are weighted average interest rates related to various foreign credit facilities with customary terms and conditions and domestic debt related to our Global and North America Headquarters.

NOTES

€250 million 6.75% Senior Notes due 2019 of Goodyear Dunlop Tires Europe B.V. ("GDTE")

At December 31, 2014, €250 million aggregate principal amount of GDTE's 6.75% senior notes due 2019 were outstanding. These notes were sold at 100% of the principal amount and will mature on April 15, 2019. These notes are unsecured senior obligations of GDTE and are guaranteed, on an unsecured senior basis, by the Company and our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after April 15, 2015 at a redemption price of 103.375%, 101.688% and 100% during the 12-month periods commencing on April 15, 2015, 2016 and 2017 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to April 15, 2015, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit the ability of the Company and certain of its subsidiaries, including GDTE, to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. For example, if these notes are assigned an investment grade rating by Moody's and Standard & Poor's and no default has occurred or is continuing, certain covenants will be suspended. The indenture has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

$1.0 billion 8.25% Senior Notes due 2020

At December 31, 2014, $1.0 billion aggregate principal amount of 8.25% senior notes due 2020 were outstanding. These notes had an effective yield of 8.349% at issuance. These notes are unsecured senior obligations, are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below, and will mature on August 15, 2020.

We have the option to redeem these notes, in whole or in part, at any time on or after August 15, 2015 at a redemption price of 104.125%, 102.75%, 101.375% and 100% during the 12-month periods commencing on August 15, 2015, 2016, 2017 and 2018 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to August 15, 2015, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 6.75% senior notes due 2019, described above.

$282 million 8.75% Senior Notes due 2020

At December 31, 2014, $282 million aggregate principal amount of 8.75% notes due 2020 were outstanding. These notes had an effective yield of 9.20% at issuance. These notes are unsecured senior obligations, are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below, and will mature on August 15, 2020.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price equal to the greater of 100% of the principal amount of these notes or the sum of the present values of the remaining scheduled payments on these notes, discounted using a defined treasury rate plus 50 basis points, plus in either case accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur secured debt, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

$900 million 6.5% Senior Notes due 2021

At December 31, 2014, $900 million aggregate principal amount of 6.5% senior notes due 2021 were outstanding. These notes were sold at 100% of the principal amount and will mature on March 1, 2021. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after March 1, 2016 at a redemption price of 104.875%, 103.25%, 101.625% and 100% during the 12-month periods commencing on March 1, 2016, 2017, 2018 and 2019 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to March 1, 2016, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to March 1, 2016, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 106.5% of the principal amount plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 6.75% senior notes due 2019, described above.

$700 million 7% Senior Notes due 2022

At December 31, 2014, $700 million aggregate principal amount of 7% senior notes due 2022 were outstanding. These notes were sold at 100% of the principal amount and will mature on May 15, 2022. These notes are unsecured senior obligations and are guaranteed by our U.S. and Canadian subsidiaries that also guarantee our obligations under our U.S. senior secured credit facilities described below.

We have the option to redeem these notes, in whole or in part, at any time on or after May 15, 2017 at a redemption price of 103.5%, 102.333%, 101.167% and 100% during the 12-month periods commencing on May 15, 2017, 2018, 2019 and 2020 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to May 15, 2017, we may redeem these notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, prior to May 15, 2015, we may redeem up to 35% of the original aggregate principal amount of these notes from the net cash proceeds of certain equity offerings at a redemption price equal to 107% of the principal amount plus accrued and unpaid interest to the redemption date.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 6.75% senior notes due 2019, described above.

$150 million 7% Senior Notes due 2028

At December 31, 2014, $150 million aggregate principal amount of our 7% notes due 2028 were outstanding. These notes are unsecured senior obligations and will mature on March 15, 2028.

We have the option to redeem these notes, in whole or in part, at any time at a redemption price equal to the greater of 100% of the principal amount thereof or the sum of the present values of the remaining scheduled payments thereon, discounted using a defined treasury rate plus 15 basis points, plus in either case accrued and unpaid interest to the redemption date.

The terms of the indenture for these notes, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur secured debt, (ii) engage in sale and leaseback transactions, and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications.

CREDIT FACILITIES

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

Our amended and restated 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. Subject to the consent of the lenders whose commitments are to be increased, we may request that the facility be increased by up to $250 million. Loans under this facility bear interest at LIBOR plus 150 basis points, based on our current liquidity as described below.

Our obligations under the facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries. Our obligations under the facility and our subsidiaries' obligations under the related guarantees are secured by first priority security interests in collateral that includes, subject to certain exceptions:

- U.S. and Canadian accounts receivable and inventory;
- certain of our U.S. manufacturing facilities;
- equity interests in our U.S. subsidiaries and up to 65% of the equity interests in our directly owned foreign subsidiaries, excluding GDTE and its subsidiaries; and

- substantially all other tangible and intangible assets, including equipment, contract rights and intellectual property.

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, after adjusting for customary factors that are subject to modification from time to time by the administrative agent or the majority lenders at their discretion (not to be exercised unreasonably). Modifications are based on the results of periodic collateral and borrowing base evaluations and appraisals. 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, 2014, our borrowing base, and therefore our availability, under this facility was $485 million below the facility's stated amount of $2.0 billion.

The facility, which matures on April 30, 2017, contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to (i) incur additional debt or issue redeemable preferred stock, (ii) pay dividends or make certain other restricted payments or investments, (iii) incur liens, (iv) sell assets, (v) incur restrictions on the ability of our subsidiaries to pay dividends to us, (vi) enter into affiliate transactions, (vii) engage in sale and leaseback transactions, and (viii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. These covenants are subject to significant exceptions and qualifications. In addition, in the event that the availability under the facility plus the aggregate amount of our Available Cash is less than $200 million, we will not be permitted to allow our ratio of EBITDA to Consolidated Interest Expense to be less than 2.0 to 1.0 for any period of four consecutive fiscal quarters. "Available Cash," "EBITDA" and "Consolidated Interest Expense" have the meanings given them in the facility.

The facility has 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. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

If Available Cash (as defined in the facility) plus the availability under the facility is greater than $1.0 billion, amounts drawn under the facility will bear interest, at our option, at (i) 150 basis points over LIBOR or (ii) 50 basis points over an alternative base rate (the higher of the prime rate, the federal funds rate plus 50 basis points or LIBOR plus 100 basis points), and undrawn amounts under the facility will be subject to an annual commitment fee of 37.5 basis points. If Available Cash plus the availability under the facility is equal to or less than $1.0 billion, then amounts drawn under the facility will bear interest, at our option, at (i) 175 basis points over LIBOR or (ii) 75 basis points over an alternative base rate, and undrawn amounts under the facility will be subject to an annual commitment fee of 25 basis points.

At December 31, 2014, we had no borrowings and $377 million of letters of credit issued under the revolving credit facility. At December 31, 2013, we had no borrowings and $375 million of letters of credit issued under the revolving credit facility.

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

Our amended and restated second lien term loan facility may be increased by up to $300 million at our request, subject to the consent of the lenders making such additional term loans. The term loan bears interest at LIBOR plus 375 basis points, subject to a minimum LIBOR rate of 100 basis points. Our obligations under this facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries and are secured by second priority security interests in the same collateral securing the $2.0 billion first lien revolving credit facility.

The facility, which matures on April 30, 2019, contains covenants, representations, warranties and defaults similar to those in the $2.0 billion first lien revolving credit facility. In addition, if our Pro Forma Senior Secured

Leverage Ratio (the ratio of Consolidated Net Secured Indebtedness to EBITDA) for any period of four consecutive fiscal quarters is greater than 3.0 to 1.0, before we may 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 term loan facility. "Pro Forma Senior Secured Leverage Ratio," "Consolidated Net Secured Indebtedness" and "EBITDA" have the meanings given them in the facility. Loans under this facility bear interest, at our option, at (i) 375 basis points over LIBOR (subject to a minimum LIBOR rate of 100 basis points) or (ii) 275 basis points over an alternative base rate (the higher of the prime rate, the federal funds rate plus 50 basis points or LIBOR plus 100 basis points).

At December 31, 2014 and December 31, 2013, this facility was fully drawn. On February 3, 2015, we repaid $200 million of the borrowings due under this facility.

€400 million Amended and Restated Senior Secured European Revolving Credit Facility due 2016

Our amended and restated €400 million European revolving credit facility consists of (i) a €100 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH (the "German borrower") and (ii) a €300 million all-borrower tranche that is available to GDTE, the German borrower and certain of GDTE's other subsidiaries. Up to €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 250 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 250 basis points for loans denominated in euros, and undrawn amounts under the facility will be subject to an annual commitment fee of 50 basis points.

GDTE and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany provide guarantees to support the facility. GDTE's obligations under the facility and the obligations of its subsidiaries under the related guarantees are secured by security interests in collateral that includes, subject to certain exceptions:

- the capital stock of the principal subsidiaries of GDTE; and
- a substantial portion of the tangible and intangible assets of GDTE and GDTE's subsidiaries in the United Kingdom, Luxembourg, France and Germany, including certain accounts receivable, inventory, real property, equipment, contract rights and cash accounts, but excluding certain accounts receivable and cash accounts in subsidiaries that are or may become parties to securitization programs.

The German guarantors secure the German tranche on a first-lien basis and the all-borrower tranche on a second-lien basis. GDTE and its other subsidiaries that provide guarantees secure the all-borrower tranche on a first-lien basis and do not provide collateral support for the German tranche. The Company and its U.S. subsidiaries and primary Canadian subsidiary that guarantee our U.S. senior secured credit facilities described above also provide unsecured guarantees in support of the facility.

The facility, which matures on April 20, 2016, contains covenants similar to those in our first lien revolving credit facility, with additional limitations applicable to GDTE and its subsidiaries. In addition, under the facility, GDTE's ratio of Consolidated Net J.V. Indebtedness to Consolidated European J.V. EBITDA for a period of four consecutive fiscal quarters is not permitted 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 (1) cash and cash equivalents in excess of $100 million held by GDTE and its subsidiaries, (2) cash and cash equivalents in excess of $150 million held by the Company and its U.S. subsidiaries and (3) availability under our first lien revolving credit facility if available borrowings under our first lien revolving credit facility plus Available Cash (as defined thereunder) is equal to or greater than $150 million and the conditions to borrowing thereunder are met. Consolidated Net J.V. Indebtedness also excludes loans from other consolidated Goodyear entities. "Consolidated Net J.V. Indebtedness" and "Consolidated European J.V. EBITDA" have the meanings given them in the facility.

The facility has 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, 2010. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

At December 31, 2014 and 2013 there were no borrowings outstanding under the German and the all-borrower tranches. There were no letters of credit issued at December 31, 2014. Letters of credit issued under the all-borrower tranche totaled $5 million (€3 million) at December 31, 2013.

Accounts Receivable Securitization Facilities (On-Balance Sheet)

On September 25, 2014, GDTE and certain other of our European subsidiaries amended and restated the definitive agreements for our pan-European accounts receivable securitization facility. The most significant changes to the facility were an extension of the term through 2019 and 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. Until October 17, 2014, the maximum amount of the facility was €450 million, and from October 17, 2014 to October 15, 2015, the designated maximum amount of the facility is €380 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GDTE subsidiaries to a bankruptcy-remote French company controlled by one of the liquidity banks in the facility. These subsidiaries retain servicing responsibilities. Utilization under this 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, 2015.

At December 31, 2014, the amounts available and utilized under this program totaled $343 million (€283 million). At December 31, 2013, the amounts available and utilized under this program totaled $386 million (€280 million) and $207 million (€150 million), respectively. The program did 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 $70 million (85 million Australian dollars) of funding. At December 31, 2014, the amounts available and utilized under this program were $43 million and $23 million, respectively. At December 31, 2013, the amounts available and utilized under this program were $76 million and $18 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 due Within One Year.

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

Various subsidiaries sold certain of their trade receivables under off-balance sheet programs during 2014 and 2013. 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, 2014 and 2013, the gross amount of receivables sold was $365 million and $301 million, respectively.

Other Foreign Credit Facilities

Our Chinese subsidiary has several financing arrangements in China. At December 31, 2014, these non-revolving credit facilities were fully drawn and can only be used to finance the expansion of our manufacturing facility in China. There were $535 million and $537 million of borrowings outstanding under these facilities at

December 31, 2014 and 2013, respectively. The facilities ultimately mature in 2020 and principal amortization begins in 2015. The facilities contain covenants relating to our Chinese subsidiary and have customary representations and warranties and defaults relating to our Chinese subsidiary's ability to perform its obligations under the facilities. At December 31, 2014 and December 31, 2013, restricted cash related to funds obtained under these credit facilities was $4 million and $11 million, respectively.

Other Domestic Debt

In 2011, we entered into agreements for the construction of our Global and North America Headquarters facility in Akron, Ohio. We concurrently entered into an agreement to occupy the facility under a 27-year lease, including the two-year construction period, with multiple renewal options available at our discretion. Additionally, we entered into similar agreements for the construction and lease of a new parking deck adjacent to the Headquarters facility. Due to our continuing involvement with the financing during construction of the Headquarters facility and the parking deck, we recorded a non-cash increase to fixed assets and financing liabilities on our Consolidated Balance Sheets as costs were incurred during the construction period. The total financing liability of approximately $150 million, including capitalized interest, has been recorded in Long Term Debt and Capital Leases at December 31, 2014.

Debt Maturities

The annual aggregate maturities of our debt and capital leases for the five years subsequent to December 31, 2014 are presented below. Maturities of debt credit agreements have been reported on the basis that the commitments to lend under these agreements will be terminated effective at the end of their current terms.

(In millions)	2015	2016	2017	2018	2019
U.S.	$ 6	$ 6	$ 5	$ 3	$1,196
Foreign	172	448	402	185	729
	$178	**$454**	**$407**	**$188**	**$1,925**

DERIVATIVE FINANCIAL INSTRUMENTS

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.

Foreign Currency Contracts

We 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 may be used to 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 fair values for foreign currency contracts not designated as hedging instruments:

(In millions)	December 31, 2014	December 31, 2013
Fair Values — asset (liability):		
Accounts receivable	$20	$ 3
Other current liabilities	(4)	(17)

At December 31, 2014 and 2013, these outstanding foreign currency derivatives had notional amounts of $878 million and $1,231 million, respectively, and were primarily related to intercompany loans. Other Expense included net transaction gains of $54 million and net transaction losses of $38 million in 2014 and 2013, respectively, on foreign currency derivatives. These amounts were substantially offset in Other Expense by the effect of changing exchange rates on the underlying currency exposures.

The following table presents fair values for foreign currency contracts designated as cash flow hedging instruments:

(In millions)	December 31, 2014	December 31, 2013
Fair Values — asset (liability):		
Accounts receivable	$10	$ 3
Other current liabilities	—	(3)

At December 31, 2014 and 2013, these outstanding foreign currency derivatives had notional amounts of $157 million and $171 million, respectively, and primarily related to U.S. dollar denominated intercompany transactions.

We enter into master netting agreements with counterparties. The amounts eligible for offset under the master netting agreements are not material and we have elected a gross presentation of foreign currency contracts in the Consolidated Balance Sheets.

The following table presents the classification of changes in fair values of foreign currency contracts designated as cash flow hedging instruments (before tax and minority):

	Year Ended December 31,	
(In millions) (Income) Expense	2014	2013
Amounts deferred to AOCL	$(17)	$ (2)
Amount of deferred loss (gain) reclassified from AOCL into CGS	—	2
Amounts excluded from effectiveness testing	1	—

The estimated net amount of the deferred gains at December 31, 2014 that is expected to be reclassified to earnings within the next twelve months is $12 million.

The counterparties to our foreign currency contracts were considered by us to be substantial and creditworthy financial institutions that are recognized market makers at the time we entered into those contracts. We seek to control our credit exposure to these counterparties by diversifying across multiple counterparties, by setting counterparty credit limits based on long term credit ratings and other indicators of counterparty credit risk such as credit default swap spreads, and by monitoring the financial strength of these counterparties on a regular basis. We also enter into master netting agreements with counterparties when possible. By controlling and monitoring exposure to counterparties in this manner, we believe that we effectively manage the risk of loss due to nonperformance by a counterparty. However, the inability of a counterparty to fulfill its contractual obligations to us could have a material adverse effect on our liquidity, financial position or results of operations in the period in which it occurs.

Note 15. Fair Value Measurements

The following table presents information about assets and liabilities recorded at fair value on the Consolidated Balance Sheet at December 31, 2014 and December 31, 2013:

	Total Carrying Value in the Consolidated Balance Sheet		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
(In millions)	2014	2013	2014	2013	2014	2013	2014	2013
Assets:								
Investments	$56	$53	$56	$53	$—	$—	$—	$—
Foreign Exchange Contracts	30	6	—	—	30	6	—	—
Total Assets at Fair Value	$86	$59	$56	$53	$30	$ 6	$—	$—
Liabilities:								
Foreign Exchange Contracts	$ 4	$20	$—	$—	$ 4	$20	$—	$—
Total Liabilities at Fair Value	$ 4	$20	$—	$—	$ 4	$20	$—	$—

The following table presents supplemental fair value information about long term fixed rate and variable rate debt, excluding capital leases, at December 31, 2014 and December 31, 2013. The fair value was estimated using quoted market prices.

(In millions)	December 31, 2014	December 31, 2013
Fixed Rate Debt:		
Carrying amount — liability	$4,132	$4,090
Fair value — liability	4,225	4,414
Variable Rate Debt:		
Carrying amount — liability	$2,173	$2,083
Fair value — liability	2,170	2,095

Note 16. Pension, Other Postretirement Benefits and Savings Plans

We provide employees with defined benefit pension or defined contribution savings plans. Our hourly U.S. pension plans are frozen and provide benefits based on length of service. The principal salaried U.S. pension plans are frozen and provide benefits based on final five-year average earnings formulas. Salaried employees who made voluntary contributions to these plans receive higher benefits.

During the first quarter of 2014, we made contributions of $1,167 million, including discretionary contributions of $907 million, to fully fund our hourly U.S. pension plans. As a result, and in accordance with our master collective bargaining agreement with the United Steelworkers, the hourly U.S. pension plans were frozen to future accruals effective April 30, 2014. Following these contributions, the Company changed its target asset allocation for these plans to a portfolio of substantially all fixed income securities designed to offset the future impact of discount rate movements on the plans' funded status. As a result of the accrual freezes to pension plans related to our North America SBU, we recognized curtailment charges of $33 million in the first quarter of 2014.

In the first quarter of 2014, our largest U.K. pension plans were merged and lump sum payments were made to settle certain obligations of those plans prior to the merger, which resulted in a settlement charge of $5 million. As a result of these transactions we were required to remeasure the benefit obligations and assets of these plans at January 31, 2014.

In the first quarter of 2014, we also ceased production at one of our manufacturing facilities in Amiens, France and recorded curtailment gains of $22 million during 2014, which is included in rationalization charges, related to the termination of employees at that facility who were participants in France's retirement indemnity plan.

During the first quarter of 2013, we made $34 million of required contributions and $834 million of discretionary contributions to fully fund our salaried U.S. pension plans. Following these contributions, the Company changed its target asset allocation for these plans to a portfolio of substantially all fixed income securities designed to offset the future impact of discount rate movements on the plans' funded status. As a result of the asset allocation change, we were required to remeasure the benefit obligations and assets of the affected plans at February 28, 2013.

During 2012, we recognized a settlement charge of $9 million related to the purchase of annuities from existing plan assets to settle obligations of one of our U.K. pension plans.

We also provide certain U.S. employees and employees at certain non-U.S. subsidiaries with health care benefits or life insurance benefits upon retirement. Substantial portions of the health care benefits for U.S. salaried retirees are not insured and are funded from operations.

During 2012, we announced certain changes to our U.S. and Canadian salaried other postretirement benefit plans, primarily the elimination of coverage in 2013 for participants who are or become at least age 65 and eligible for government subsidized programs.

Total benefits cost and amounts recognized in other comprehensive (income) loss follows:

	Pension Plans						Other Postretirement Benefits		
	U.S.			Non-U.S.					
(In millions)	2014	2013	2012	2014	2013	2012	2014	2013	2012
Benefits cost:									
Service cost	$ 15	$ 45	$ 39	$ 34	$ 39	$ 31	$ 4	$ 6	$ 6
Interest cost	256	243	261	131	131	143	19	19	24
Expected return on plan assets	(311)	(335)	(299)	(118)	(111)	(117)	(1)	(1)	(1)
Amortization of prior service cost (credit)	1	17	23	1	1	2	(45)	(45)	(40)
Amortization of net losses	114	205	179	35	50	45	8	12	11
Net periodic cost	75	175	203	83	110	104	(15)	(9)	—
Curtailments/settlements	32	—	1	(13)	4	11	—	—	—
Termination benefits	—	—	—	—	—	1	—	—	—
Total benefits cost	$ 107	$ 175	$ 204	$ 70	$ 114	$ 116	$(15)	$ (9)	$ —
Recognized in other comprehensive (income) loss before tax and minority:									
Prior service (credit) cost from plan amendments	$ (1)	$ (30)	$ —	$ 1	$ (1)	$ 6	$ —	$ —	$(82)
Increase (decrease) in net actuarial losses	292	(374)	665	(78)	(128)	372	3	(51)	(4)
Amortization of prior service (cost) credit in net periodic cost	(1)	(17)	(23)	(1)	(1)	(2)	45	47	40
Amortization of net losses in net periodic cost	(114)	(205)	(179)	(36)	(53)	(43)	(8)	(13)	(11)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures	(32)	—	(1)	(16)	(3)	(11)	—	—	—
Total recognized in other comprehensive loss (income) before tax and minority	144	(626)	462	(130)	(186)	322	40	(17)	(57)
Total recognized in total benefits cost and other comprehensive loss (income) before tax and minority	$ 251	$(451)	$ 666	$ (60)	$ (72)	$ 438	$ 25	$(26)	$(57)

Total benefits (credit) cost for our other postretirement benefits was $(24) million, $(24) million and $(17) million for our U.S. plans in 2014, 2013 and 2012, respectively, and $9 million, $15 million and $17 million for our non-U.S. plans in 2014, 2013 and 2012, respectively.

We use the fair value of our pension assets in the calculation of pension expense for substantially all of our pension plans.

The estimated net actuarial loss for the defined benefit pension plans that will be amortized from AOCL into benefits cost in 2015 is $110 million for our U.S. plans and $37 million for our non-U.S. plans.

The estimated prior service credit and net actuarial loss for the other postretirement benefit plans that will be amortized from AOCL into benefits cost in 2015 are a benefit of $45 million and expense of $8 million, respectively.

The Medicare Prescription Drug Improvement and Modernization Act provides plan sponsors a federal subsidy for certain qualifying prescription drug benefits covered under the sponsor's postretirement health care plans. Our other postretirement benefits cost is presented net of this subsidy.

The change in benefit obligation and plan assets for 2014 and 2013 and the amounts recognized in our Consolidated Balance Sheet at December 31, 2014 and 2013 are as follows:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2014	2013	2014	2013	2014	2013
Change in benefit obligation:						
Beginning balance	$(5,981)	$(6,756)	$(3,129)	$(3,220)	$(388)	$(474)
Newly adopted plans	—	—	(3)	(3)	—	—
Service cost — benefits earned	(15)	(45)	(34)	(39)	(4)	(6)
Interest cost	(256)	(243)	(131)	(131)	(19)	(19)
Plan amendments	1	30	(2)	1	—	—
Actuarial (loss) gain	(693)	605	(394)	89	—	50
Participant contributions	—	—	(2)	(2)	(16)	(16)
Curtailments/settlements	1	—	69	13	—	—
Foreign currency translation	—	—	284	18	17	21
Benefit payments	436	428	164	145	49	56
Ending balance	$(6,507)	$(5,981)	$(3,178)	$(3,129)	$(361)	$(388)
Change in plan assets:						
Beginning balance	$ 4,800	$ 4,100	$ 2,455	$ 2,354	$ 5	$ 6
Actual return on plan assets	711	104	505	140	—	—
Company contributions to plan assets	1,167	1,016	118	111	2	2
Cash funding of direct participant payments	9	8	44	27	31	38
Participant contributions	—	—	2	2	16	16
Settlements	(1)	—	(39)	(13)	—	—
Foreign currency translation	—	—	(200)	(21)	—	(1)
Benefit payments	(436)	(428)	(164)	(145)	(49)	(56)
Ending balance	$ 6,250	$ 4,800	$ 2,721	$ 2,455	$ 5	$ 5
Funded status at end of year	$ (257)	$(1,181)	$ (457)	$ (674)	$(356)	$(383)

Other postretirement benefits funded status was $(190) million and $(206) million for our U.S. plans at December 31, 2014 and 2013, respectively, and $(166) million and $(177) million for our non-U.S. plans at December 31, 2014 and 2013, respectively.

The funded status recognized in the Consolidated Balance Sheets consists of:

	Pension Plans				**Other Postretirement Benefits**	
	U.S.		**Non-U.S.**			
(In millions)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Noncurrent assets	$ 9	$ 51	$ 274	$ 59	$ —	$ —
Current liabilities	(10)	(12)	(24)	(25)	(28)	(33)
Noncurrent liabilities	(256)	(1,220)	(707)	(708)	(328)	(350)
Net amount recognized	$(257)	$(1,181)	$(457)	$(674)	$(356)	$(383)

The amounts recognized in AOCL, net of tax, consist of:

	Pension Plans				**Other Postretirement Benefits**	
	U.S.		**Non-U.S.**			
(In millions)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Prior service cost (credit)	$ (4)	$ 31	$ 4	$ 7	$(152)	$(199)
Net actuarial loss	2,985	2,806	854	981	99	106
Gross amount recognized	2,981	2,837	858	988	(53)	(93)
Deferred income taxes	(177)	(125)	(141)	(120)	(1)	12
Minority shareholders' equity	(62)	(57)	(109)	(153)	1	1
Net amount recognized	$2,742	$2,655	$ 608	$ 715	$ (53)	$ (80)

The following table presents significant weighted average assumptions used to determine benefit obligations at December 31:

	Pension Plans		**Other Postretirement Benefits**	
	2014	**2013**	**2014**	**2013**
Discount rate:				
— U.S.	3.89%	4.51%	3.59%	4.06%
— Non-U.S.	3.31	4.36	4.89	6.62
Rate of compensation increase:				
— U.S.	N/A	N/A	N/A	N/A
— Non-U.S.	2.88	3.11	N/A	4.32

The following table presents significant weighted average assumptions used to determine benefits cost for the years ended December 31:

	Pension Plans			Other Postretirement Benefits		
	2014	2013	2012	2014	2013	2012
Discount rate:						
— U.S.	4.40%	3.77%	4.52%	4.06%	3.30%	3.98%
— Non-U.S.	4.36	4.12	5.07	6.62	5.64	5.91
Expected long term return on plan assets:						
— U.S.	5.47	7.16	8.50	N/A	N/A	N/A
— Non-U.S.	5.12	5.01	5.56	N/A	N/A	N/A
Rate of compensation increase:						
— U.S.	N/A	N/A	N/A	N/A	N/A	N/A
— Non-U.S.	3.11	3.23	3.36	4.32	4.12	3.71

For 2014, a weighted average discount rate of 4.40% was used for the U.S. pension plans. This rate was developed from a portfolio of bonds from issuers rated AA or higher by established rating agencies as of December 31, 2013 and the applicable interim remeasurement date, with cash flows similar to the timing of our expected benefit payment cash flows. For our non-U.S. locations, a weighted average discount rate of 4.36% was used. This rate was developed based on the nature of the liabilities and local environments, using available bond indices, yield curves, and long term inflation.

For 2014, an assumed weighted average long term rate of return of 5.47% was used for the U.S. pension plans. In developing the long term rate of return, we evaluated input from our pension fund consultant on asset class return expectations, including determining the appropriate rate of return for our plans, which are primarily invested in fixed income securities. For our non-U.S. locations, an assumed weighted average long term rate of return of 5.12% was used. Input from local pension fund consultants concerning asset class return expectations and long term inflation form the basis of this assumption.

The U.S. pension plan mortality assumption is based on our actual historical experience. At December 31, 2014, this assumption was updated to reflect future mortality improvements based on recently published actuarial tables. For our non-U.S. locations, mortality assumptions are based on published actuarial tables which include projections of future mortality improvements.

The following table presents estimated future benefit payments from the plans as of December 31, 2014. Benefit payments for other postretirement benefits are presented net of retiree contributions:

	Pension Plans		Other Postretirement Benefits	
(In millions)	U.S.	Non-U.S.	Without Medicare Part D Subsidy	Medicare Part D Subsidy Receipts
2015	$ 458	$143	$ 31	$1
2016	447	144	28	1
2017	434	150	27	1
2018	431	157	27	1
2019	422	163	26	1
2020-2024	2,032	991	124	6

The following table presents selected information on our pension plans:

(In millions)	U.S. 2014	U.S. 2013	Non-U.S. 2014	Non-U.S. 2013
All plans:				
Accumulated benefit obligation	$6,495	$5,966	$3,040	$3,008
Plans not fully-funded:				
Projected benefit obligation	$5,087	$4,101	$1,112	$2,106
Accumulated benefit obligation	5,076	4,086	994	2,004
Fair value of plan assets	4,822	2,869	384	1,375

Certain non-U.S. subsidiaries maintain unfunded pension plans consistent with local practices and requirements. At December 31, 2014, these plans accounted for $288 million of our accumulated pension benefit obligation, $348 million of our projected pension benefit obligation, and $132 million of our AOCL adjustment. At December 31, 2013, these plans accounted for $303 million of our accumulated pension benefit obligation, $352 million of our projected pension benefit obligation, and $73 million of our AOCL adjustment.

We expect to contribute approximately $50 million to $75 million to our funded non-U.S. pension plans in 2015.

Assumed health care cost trend rates at December 31 follow:

	2014	2013
Health care cost trend rate assumed for the next year	7.0%	7.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.0
Year that the rate reaches the ultimate trend rate	2022	2022

A 1% change in the assumed health care cost trend would have increased (decreased) the accumulated other postretirement benefits obligation at December 31, 2014 and the aggregate service and interest cost for the year then ended as follows:

(In millions)	1% Increase	1% Decrease
Accumulated other postretirement benefits obligation	$22	$(18)
Aggregate service and interest cost	2	(2)

Our pension plan weighted average investment allocation at December 31, by asset category, follows:

	U.S. 2014	U.S. 2013	Non-U.S. 2014	Non-U.S. 2013
Cash and short term securities	4%	3%	1%	3%
Equity securities	6	41	15	23
Debt securities	90	55	73	59
Alternatives	—	1	11	15
Total	100%	100%	100%	100%

Our pension investment policy recognizes the long term nature of pension liabilities, the benefits of diversification across asset classes and the effects of inflation. The portfolio for plans that are fully funded is designed to offset the future impact of discount rate movements on the funded status for those plans. The diversified portfolio for plans that are not fully funded is designed to maximize returns consistent with levels of liquidity and investment risk that are prudent and reasonable. All assets are managed externally according to target asset allocation guidelines we have established. Manager guidelines prohibit the use of any type of investment derivative without our prior approval. Portfolio risk is controlled by having managers comply with guidelines, establishing the maximum size of any single holding in their portfolios and by using managers with different investment styles. We periodically undertake asset and liability modeling studies to determine the appropriateness of the investments.

The portfolio of our U.S. pension plan assets includes holdings of global high quality and high yield fixed income securities, short term interest bearing deposits, and private equities. The target asset allocation of our U.S. pension plans is 94% in duration-matched fixed income securities and 6% in equity securities. Actual U.S. pension fund asset allocations are reviewed on a periodic basis and the pension funds are rebalanced to target ranges on an as needed basis.

Prior to the funding and change in target asset allocation of our hourly U.S. pension plans in 2014, we utilized certain derivative instruments to reduce the short-term funded status volatility of those plans. Equity volatility was managed by entering into equity collars with a zero net cost at initiation. The equity collar strategy was designed to limit downside risk and cap upside benefits, resulting in lower equity volatility for the hourly U.S. pension plans. As of December 31, 2013, equity collars were in place on approximately 75% of the hourly U.S. pension plans' equity allocation of $1.8 billion and as of that date were in a liability position of $129 million. Interest rate volatility was managed by entering into short term zero cost interest rate swaptions. As of December 31, 2013, interest rate swaptions were in place on approximately 55% of the hourly U.S. pension plans' obligation of $4.0 billion and as of that date were in a liability position of $125 million.

The portfolios of our non-U.S. pension plans include holdings of U.S. and non-U.S. equities, global high quality and high yield fixed income securities, hedge funds, currency derivatives, insurance contracts, and short term interest bearing deposits. The weighted average target asset allocation of the non-U.S. pension funds is approximately 15% equities, 75% fixed income, and 10% alternative investments.

The fair values of our pension plan assets at December 31, 2014, by asset category are as follows:

	U.S.				Non-U.S.			
(In millions)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	$ 229	$218	$ 11	$ —	$ 32	$ 27	$ 5	$ —
Equity Securities								
Common and Preferred Stock:								
Non-U.S. Companies	—	—	—	—	19	19	—	—
Commingled Funds	12	—	12	—	328	19	309	—
Mutual Funds	—	—	—	—	70	7	63	—
Partnership Interests	362	—	133	229	—	—	—	—
Debt Securities								
Corporate Bonds	2,678	—	2,678	—	179	17	162	—
Government Bonds	1,401	—	1,401	—	616	57	559	—
Asset Backed Securities	123	—	123	—	4	2	2	—
Commingled Funds	960	—	960	—	1,204	—	1,204	—
Mutual Funds	468	—	468	—	28	23	5	—
Alternatives								
Commingled Funds	—	—	—	—	129	—	7	122
Real Estate	—	—	—	—	136	—	2	134
Other Investments	2	—	—	2	24	3	—	21
Total Investments	6,235	$218	$5,786	$231	2,769	$174	$2,318	$277
Other	15				(48)			
Total Plan Assets	$6,250				$2,721			

The fair values of our pension plan assets at December 31, 2013, by asset category are as follows:

	U.S.				Non-U.S.			
(In millions)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and Short Term Securities	$ 156	$139	$ 17	$ —	$ 63	$ 35	$ 28	$ —
Equity Securities								
Common and Preferred Stock:								
U.S. Companies	55	55	—	—	23	23	—	—
Non-U.S. Companies	534	531	3	—	79	79	—	—
Commingled Funds	1,161	—	1,161	—	428	23	405	—
Mutual Funds	—	—	—	—	54	7	47	—
Partnership Interests	328	—	119	209	—	—	—	—
Equity Collars	(129)	—	(129)	—				
Debt Securities								
Corporate Bonds	1,215	—	1,214	1	157	15	142	—
Government Bonds	737	—	735	2	533	56	477	—
Asset Backed Securities	46	—	45	1	5	3	2	—
Commingled Funds	624	—	624	—	751	1	750	—
Mutual Funds	150	—	150	—	34	27	7	—
Interest Rate Swaptions	(125)	—	(125)	—				
Alternatives								
Commingled Funds	—	—	—	—	171	—	8	163
Real Estate	37	37	—	—	173	—	3	170
Other Investments	3	—	1	2	24	3	2	19
Total Investments	4,792	$762	$3,815	$215	2,495	$272	$1,871	$352
Other	8				(40)			
Total Plan Assets	$4,800				$2,455			

At December 31, 2014 and 2013, the Plans did not directly hold any of our common stock.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- *Cash and Short Term Securities:* Cash and cash equivalents consist of U.S. and foreign currencies. Foreign currencies are reported in U.S. dollars based on currency exchange rates readily available in active markets. Short term securities are valued at the net asset value of units held at year end, as determined by the investment manager.
- *Equity Securities:* Common and preferred stock are valued at the closing price reported on the active market on which the individual securities are traded. Commingled funds are valued at the net asset value of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the net asset value of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available. Partnership interests are priced based on valuations using the partnership's available financial statements coinciding with our year end, adjusted for any cash transactions which

occurred between the date of those financial statements and our year end. Equity collars are valued at the average of the year end bid evaluation price and ask evaluation price reported on an over the counter exchange.

- *Debt Securities:* Corporate and government bonds, including asset backed securities, are valued at the closing price reported on the active market on which the individual securities are traded, or based on institutional bid evaluations using proprietary models if an active market is not available. Commingled funds are valued at the net asset value of units held at year end, as determined by a pricing vendor or the fund family. Mutual funds are valued at the net asset value of shares held at year end, as determined by the closing price reported on the active market on which the individual securities are traded, or a pricing vendor or the fund family if an active market is not available. Interest rate swaptions are valued at the average of the year end bid evaluation price and ask evaluation price as determined by a pricing vendor.

- *Alternatives:* Commingled funds are invested in hedge funds and currency derivatives, which are valued at the net asset value as determined by the fund manager based on the most recent financial information available, which typically represents significant unobservable data. Real estate held in real estate investment trusts are valued at the closing price reported on the active market on which the individual securities are traded. Participation in real estate funds are valued at the net asset value as determined by the fund manager based on the most recent financial information available, which typically represents significant unobservable data. Other investments include derivative financial instruments, which are primarily valued using independent pricing sources which utilize industry standard derivative valuation models and directed insurance contracts, which are valued as reported by the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in fair value of the pension plan investments classified as Level 3 for the year ended December 31, 2014:

	U.S.		Non-U.S.		
(In millions)	**Partnership Interests**	**Other**	**Commingled Funds**	**Real Estate**	**Other**
Balance, beginning of year	$209	$ 6	$163	$170	$19
Realized gains (losses)	31	—	1	1	—
Unrealized gains (losses) relating to instruments still held at the reporting date	(15)	—	7	18	—
Purchases, sales, issuances and settlements (net)	4	(4)	(42)	(47)	5
Foreign currency translation	—	—	(7)	(8)	(3)
Balance, end of year	$229	$ 2	$122	$134	$21

The following table sets forth a summary of changes in fair value of the pension plan investments classified as Level 3 for the year ended December 31, 2013:

	U.S.		Non-U.S.		
(In millions)	Partnership Interests	Other	Commingled Funds	Real Estate	Other
Balance, beginning of year	$191	$ 3	$143	$138	$19
Realized gains (losses)	6	—	—	—	—
Unrealized gains relating to instruments still held at the reporting date	12	—	16	9	—
Purchases, sales, issuances and settlements (net)	—	3	—	19	—
Foreign currency translation	—	—	4	4	—
Balance, end of year	$209	$ 6	$163	$170	$19

Other postretirement benefits plan assets at December 31, 2014 and 2013, which relate to a non-U.S. plan, are invested primarily in mutual funds and are considered a Level 1 investment.

Savings Plans

Substantially all employees in the U.S. and employees of certain non-U.S. locations are eligible to participate in a defined contribution savings plan. Expenses recognized for contributions to these plans were $112 million, $106 million and $97 million for 2014, 2013 and 2012, respectively.

Note 17. Stock Compensation Plans

Our stock compensation plans (collectively, the "Plans") permit the grant of stock options, stock appreciation rights ("SARs"), performance share units, restricted stock, restricted stock units and other stock-based awards to employees and directors. Our current stock compensation plan, the 2013 Performance Plan, was adopted on April 15, 2013 and expires on April 14, 2023. A total of 11,000,000 shares of our common stock may be issued in respect of grants made under the 2013 Performance Plan. Any shares of common stock that are subject to awards of stock options or SARs will be counted as one share for each share granted for purposes of the aggregate share limit and any shares of common stock that are subject to any other awards will be counted as 1.61 shares for each share granted for purposes of the aggregate share limit. In addition, shares of common stock that are subject to awards issued under the 2013 Performance Plan or certain prior stock compensation plans that expire according to their terms or are forfeited, terminated, canceled or surrendered or are settled, or can be paid, only in cash, or are surrendered in payment of taxes associated with such awards (other than stock options or SARs) will be available for issuance pursuant to a new award under the 2013 Performance Plan. Shares issued under our stock compensation plans are usually issued from shares of our common stock held in treasury.

Stock Options

Grants of stock options and SARs (collectively referred to as "options") under the Plans generally have a graded vesting period of four years whereby one-fourth of the awards vest on each of the first four anniversaries of the grant date, an exercise price equal to the fair market value of one share of our common stock on the date of grant (calculated as the average of the high and low price or the closing market price on that date depending on the terms of the related Plan) and a contractual term of ten years. The exercise of tandem SARs cancels an equivalent number of stock options and conversely, the exercise of stock options cancels an equivalent number of tandem SARs. Option grants are cancelled on, or 90 days following, termination of employment unless termination is due to retirement, death or disability under certain circumstances, in which case, all outstanding options vest fully and remain outstanding for a term set forth in the related grant agreement.

With respect to stock options granted prior to 2008, the exercise of those stock options through a share swap, whereby the employee exercising the stock options tenders shares of our common stock then owned by such employee towards the exercise price plus taxes, if any, due from such employee, results in an immediate grant of new options (hereinafter referred to as "reload" options) equal to the number of shares so tendered plus any shares tendered to satisfy the employee's income tax obligations on the transaction. Each such grant of reload options vests on the first anniversary of its respective grant date, has an exercise price equal to the fair market value of one share of our common stock on the date of grant (calculated as the average of the high and low price on that date) and a contractual term equal to the remaining contractual term of the original option. The subsequent exercise of such reload options through a share swap does not result in the grant of any additional reload options. The 2013 Performance Plan does not permit the grant of reload options.

The following table summarizes the activity related to options during 2014:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1	12,787,545	$15.45		
Options granted	816,713	26.22		
Options exercised	(2,941,178)	13.82		$ 37
Options expired	(107,909)	12.54		
Options cancelled	(204,538)	17.77		
Outstanding at December 31	10,350,633	16.75	5.7	123
Vested and expected to vest at December 31	9,954,431	16.77	5.6	119
Exercisable at December 31	6,748,799	16.95	4.4	79
Available for grant at December 31	9,954,317			

In addition, the aggregate intrinsic value of options exercised in 2013 and 2012 was $23 million and $2 million, respectively.

Significant option groups outstanding at December 31, 2014 and related weighted average exercise price and remaining contractual term information follows:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Contractual Term (Years)
2/24/2014	600,801	—	$26.44	9.2
2/28/2013	1,815,818	422,219	12.98	8.2
2/27/2012	1,433,627	666,348	12.94	7.2
2/22/2011	995,776	712,524	13.91	6.2
2/23/2010	771,769	771,769	12.74	5.2
2/26/2009	707,972	707,972	4.81	4.2
2/21/2008	976,043	976,043	26.74	3.2
2/27/2007	1,039,847	1,039,847	24.71	2.2
12/6/2005	405,944	405,944	17.15	0.9
All other	1,603,036	1,046,133	(1)	(1)
	10,350,633	6,748,799		

(1) Options in the "All other" category had exercise prices ranging from \$6.22 to \$36.25. The weighted average exercise price for options outstanding and exercisable in that category was \$18.43 and \$17.56, respectively, while the remaining weighted average contractual term was 6.0 and 4.6, respectively.

Weighted average grant date fair values of stock options and the assumptions used in estimating those fair values are as follows:

	2014	2013	2012
Weighted average grant date fair value	\$11.48	\$ 6.28	\$ 6.33
Black-Scholes model assumptions(1):			
Expected term (years)	7.40	6.25	6.25
Interest rate	2.10%	1.11%	1.09%
Volatility	43.45%	46.66%	50.83%
Dividend yield	0.81%	—	—

(1) We review the assumptions used in our Black-Scholes model in conjunction with estimating the grant date fair value of the annual grants of stock-based awards by our Board of Directors.

Performance Share Units

Performance share units granted under the Plans are earned over a three-year period beginning January 1 of the year of grant. Total units earned for grants made in 2014, 2013 and 2012, may vary between 0% and 200% of the units granted based on the attainment of performance targets during the related three-year period and continued service. The performance targets are established by the Board of Directors. All of the units earned will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to performance share units during 2014:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	341,049	\$13.61
Units granted	143,199	29.00
Units vested	(159,806)	13.57
Units forfeited	(2,344)	13.63
Unvested at December 31	322,098	20.47

We measure the fair value of grants of performance share units based primarily on the closing market price of a share of our common stock on the date of the grant, modified as appropriate to take into account the features of such grants.

Restricted Stock Units

Restricted stock units granted under the Plans typically vest over a three-year period beginning on the date of grant. Restricted stock units will be settled through the issuance of an equivalent number of shares of our common stock and are equity classified.

The following table summarizes the activity related to restricted stock units during 2014:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	439,952	$16.35
Units granted	259,869	25.49
Units vested and settled	(214,943)	13.71
Units forfeited	(2,701)	26.40
Unvested at December 31	482,177	22.36

We measure the fair value of grants of restricted stock units based on the closing market price of a share of our common stock on the date of the grant.

Other Information

Stock-based compensation expense, cash payments made to settle SARs and cash received from the exercise of stock options follows:

(In millions)	2014	2013	2012
Stock-based compensation expense recognized	$20	$18	$15
Tax benefit	(7)	—	—
After-tax stock-based compensation expense	$13	$18	$15
Cash payments to settle SARs	$ 2	$ 1	$—
Cash received from stock option exercises	$39	$22	$ 4

As of December 31, 2014, unearned compensation cost related to the unvested portion of all stock-based awards was approximately $29 million and is expected to be recognized over the remaining vesting period of the respective grants, through October 2020.

Note 18. Commitments and Contingent Liabilities

Environmental Matters

We have recorded liabilities totaling $46 million and $45 million at December 31, 2014 and December 31, 2013, respectively, for anticipated costs related to various environmental matters, primarily the remediation of numerous waste disposal sites and certain properties sold by us. Of these amounts, $9 million and $11 million were included in Other Current Liabilities at December 31, 2014 and December 31, 2013, respectively. The costs include legal and consulting fees, site studies, the design and implementation of remediation plans, post-remediation monitoring and related activities, and will be paid over several years. The amount of our ultimate liability in respect of these matters may be affected by several uncertainties, primarily the ultimate cost of required remediation and the extent to which other responsible parties contribute. We have limited potential insurance coverage for future environmental claims.

Since many of the remediation activities related to environmental matters vary substantially in duration and cost from site to site and the associated costs for each vary depending on the mix of unique site characteristics, in some cases we cannot reasonably estimate a range of possible losses. Although it is not possible to estimate with certainty the outcome of all of our environmental matters, management believes that potential losses in excess of current reserves for environmental matters, individually and in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

Workers' Compensation

We have recorded liabilities, on a discounted basis, totaling $306 million and $310 million for anticipated costs related to workers' compensation at December 31, 2014 and December 31, 2013, respectively. Of these amounts, $71 million and $79 million were included in Current Liabilities as part of Compensation and Benefits at December 31, 2014 and December 31, 2013, respectively. 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. At December 31, 2014 and December 31, 2013, the liability was discounted using a risk-free rate of return. At December 31, 2014, we estimate that it is reasonably possible that the liability could exceed our recorded amounts by approximately $30 million.

General and Product Liability and Other Litigation

We have recorded liabilities totaling $324 million and $305 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2014 and December 31, 2013, respectively. Of these amounts, $46 million and $45 million were included in Other Current Liabilities at December 31, 2014 and December 31, 2013, respectively. The amounts recorded were estimated based on an assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and, where available, recent and current trends. Based upon that assessment, at December 31, 2014, we do not believe that estimated reasonably possible losses associated with general and product liability claims in excess of the amounts recorded will have a material adverse effect on our financial position, cash flows or results of operations. However, the amount of our ultimate liability in respect of these matters may differ from these estimates.

Asbestos. 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 state and Federal courts. To date, we have disposed of approximately 109,500 claims by defending and obtaining the dismissal thereof or by entering into a settlement. The sum of our accrued asbestos-related liability and gross payments to date, including legal costs, by us and our insurers totaled approximately $458 million through December 31, 2014 and $432 million through December 31, 2013.

A summary of recent approximate asbestos claims activity follows. Because claims are often filed and disposed of by dismissal or settlement in large numbers, the amount and timing of settlements and the number of open claims during a particular period can fluctuate significantly.

(Dollars in millions)	2014	2013	2012
Pending claims, beginning of year	74,000	73,200	78,500
New claims filed during the year	1,900	2,600	2,200
Claims settled/dismissed during the year	(2,100)	(1,800)	(7,500)
Pending claims, end of year	73,800	74,000	73,200
Payments (1)	$ 20	$ 19	$ 18

(1) Represents amount spent by us and our insurers on asbestos litigation defense and claim resolution.

We periodically, and at least annually, review our existing reserves for pending claims, including a reasonable estimate of the liability associated with unasserted asbestos claims, and estimate our receivables from probable insurance recoveries. We had recorded gross liabilities for both asserted and unasserted claims, inclusive of defense costs, totaling $151 million and $145 million at December 31, 2014 and December 31, 2013, respectively. The recorded liability represents our estimated liability over the next ten years, which represents the period over which the liability can be reasonably estimated. Due to the difficulties in making these estimates, analysis based on new data and/or a change in circumstances arising in the future could result in an increase in the recorded obligation in an amount that cannot be reasonably estimated, and that increase could be significant. The portion of the liability associated with unasserted asbestos claims and related defense costs was $84 million at December 31, 2014 and $78 million at December 31, 2013. At both December 31, 2014 and 2013, our liability with respect to asserted claims and related defense costs was $67 million.

We maintain primary insurance coverage under coverage-in-place agreements, and also have excess liability insurance with respect to asbestos liabilities. After consultation with our outside legal counsel and giving consideration to agreements with certain of our insurance carriers, the financial viability and legal obligations of our insurance carriers and other relevant factors, we determine an amount we expect is probable of recovery from such carriers. 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.

We recorded a receivable related to asbestos claims of $71 million at December 31, 2014 and $75 million at December 31, 2013. We expect that approximately 50% of asbestos claim related losses would be recoverable through insurance during the ten-year period covered by the estimated liability. Of these amounts, $13 million was included in Current Assets as part of Accounts Receivable at December 31, 2014 and $11 million at December 31, 2013. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary carriers as well as an amount we believe is probable of recovery from certain of our excess coverage insurance carriers.

We believe that, at December 31, 2014, we had approximately $160 million in limits of excess level policies potentially applicable to indemnity and defense costs for asbestos products claims. We also had coverage under certain primary policies for indemnity and defense costs for asbestos products claims under remaining aggregate limits, as well as coverage for indemnity and defense costs for asbestos premises claims on a per occurrence basis, pursuant to coverage-in-place agreements at December 31, 2014.

We believe that our reserve for asbestos claims, and the receivable for recoveries from insurance carriers recorded in respect of these claims, reflects reasonable and probable estimates of these amounts, subject to the exclusion of claims for which it is not feasible to make reasonable estimates. The estimate of the assets and liabilities related to pending and expected future asbestos claims and insurance recoveries is subject to numerous uncertainties, including, but not limited to, changes in:

- the litigation environment,
- Federal and state law governing the compensation of asbestos claimants,
- recoverability of receivables due to potential insolvency of carriers,
- our approach to defending and resolving claims, and
- the level of payments made to claimants from other sources, including other defendants and 524(g) trusts.

As a result, with respect to both asserted and unasserted claims, it is reasonably possible that we may incur a material amount of cost in excess of the current reserve; however, such amounts cannot be reasonably estimated. Coverage under insurance policies is subject to varying characteristics of asbestos claims including, but not limited to, the type of claim (premise vs. product exposure), alleged date of first exposure to our products or premises and disease alleged. Depending upon the nature of these characteristics, as well as the resolution of certain legal issues, some portion of the insurance may not be accessible by us.

Brazilian Indirect Tax Assessments

In September 2011, the State of Sao Paulo, Brazil issued an assessment to us for allegedly improperly taking tax credits for value-added taxes paid to a supplier of natural rubber during the period from January 2006 to August

2008. The assessment, including interest and penalties, totals 92 million Brazilian real (approximately $35 million). We have filed a response contesting this assessment and are defending the matter. In the event we are unsuccessful in defending the assessment, our results of operations could be materially affected.

Greek Labor Cases

Approximately 320 former employees of a factory in Thessaloniki, Greece that was closed in 1996 sued Goodyear Dunlop Tires Hellas S.A.I.C. ("Goodyear Dunlop Greece") seeking compensation in arrears alleging the absence of consultation prior to the closure under applicable European law. In March 2013, the former employees also filed a separate claim for severance payments. During the fourth quarter of 2014, we entered into settlement agreements with the former employees with an aggregate value of approximately €27 million ($32 million), which includes salaries in arrears, related payroll taxes, severance and related expenses. In the fourth quarter of 2014, we made payments pursuant to the settlement agreements totaling €16 million ($20 million). The remaining scheduled payments are due in installments through 2016. In addition, Goodyear Dunlop Greece may be required to pay social security contributions of approximately €11 million ($13 million). We do not expect this matter to materially affect our future results of operations, financial position or cash flows.

Amiens Labor Claims

Approximately 720 former employees of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims totaling €98 million ($119 million) against Goodyear Dunlop Tires France. In January 2015, these claims were dismissed without prejudice. The former employees may re-file these claims within two years. In the event these claims are re-filed or additional claims are asserted against us, we intend to vigorously defend ourselves and cannot estimate the amounts, if any, that we may ultimately pay in respect of such claims.

Other Actions

We are currently a party to various claims, indirect tax assessments and legal proceedings in addition to those noted above. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on our financial position or overall trends in results of operations.

Our recorded liabilities and estimates of reasonably possible losses for the contingent liabilities described above 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 which 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.

Income Tax Matters

The calculation of our income tax liabilities involves dealing with uncertainties in the application of complex tax regulations. 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 and would result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement would be recognized as a reduction of expense to the extent the settlement amount is lower than recorded liabilities and would result in a reduction in our effective tax rate in the period of resolution.

While the Company applies consistent transfer pricing policies and practices globally, supports transfer prices through economic studies, seeks advance pricing agreements and joint audits to the extent possible and believes its 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.

Binding Commitments and Guarantees

At December 31, 2014, we had binding commitments for raw materials, capital expenditures, utilities, and various other types of contracts. Total commitments on contracts that extend beyond 2015 are expected to total approximately $3,900 million. In addition, we have other contractual commitments, the amounts of which cannot be estimated, pursuant to certain long term agreements under which 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.

We have off-balance sheet financial guarantees written and other commitments totaling approximately $7 million at December 31, 2014, compared to $14 million at December 31, 2013. In addition, we will from time to time issue guarantees to financial institutions or other entities on behalf of certain of our affiliates, lessors or customers. Normally there is no separate premium received by us as consideration for the issuance of guarantees. We also generally do not require collateral in connection with the issuance of these guarantees. If our performance under these guarantees is triggered by non-payment or another specified event, we would be obligated to make payment to the financial institution or the other entity, and would typically have recourse to the affiliate, lessor or customer. The guarantees expire at various times through 2023. We are unable to estimate the extent to which our affiliates', lessors' or customers' assets would be adequate to recover any payments made by us under the related guarantees.

Indemnifications

At December 31, 2014, we were a party to various agreements under which we had assumed obligations to indemnify the counterparties from certain potential claims and losses. These agreements typically involve standard commercial activities undertaken by us in the normal course of business; the sale of assets by us; the formation of joint venture businesses to which we had contributed assets in exchange for ownership interests; and other financial transactions. Indemnifications provided by us pursuant to these agreements relate to various matters including, among other things, environmental, tax and shareholder matters; intellectual property rights; government regulations and employment-related matters; and dealer, supplier and other commercial matters.

Certain indemnifications expire from time to time, and certain other indemnifications are not subject to an expiration date. In addition, our potential liability under certain indemnifications is subject to maximum caps, while other indemnifications are not subject to caps. Although we have been subject to indemnification claims in the past, we cannot reasonably estimate the number, type and size of indemnification claims that may arise in the future. Due to these and other uncertainties associated with the indemnifications, our maximum exposure to loss under these agreements cannot be estimated.

We have determined that there are no indemnifications or guarantees other than liabilities for which amounts are already recorded or reserved in our consolidated financial statements under which it is probable that we have incurred a liability.

Warranty

We recorded $17 million and $21 million for potential claims under warranties offered by us at December 31, 2014 and 2013, respectively, the majority of which is recorded in Other Current Liabilities.

The following table presents changes in the warranty reserve during 2014 and 2013:

(in millions)	2014	2013
Balance at January 1	$ 21	$ 24
Payments made during the period	(39)	(32)
Expense recorded during the period	36	29
Translation adjustment	(1)	—
Balance at December 31	$ 17	$ 21

Note 19. Capital Stock

Mandatory Convertible Preferred Stock

On April 1, 2014, all outstanding shares of mandatory convertible preferred stock automatically converted into 27,573,735 shares of common stock, net of fractional shares, at a conversion rate of 2.7574 shares of common stock per share of preferred stock.

Dividends

During 2014, 2013 and 2012, we paid cash dividends of $15 million, $29 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 2014 and 2013, we paid cash dividends of $60 million and $12 million, respectively, on our common stock. On January 14, 2015, the Company's Board of Directors (or a duly authorized committee thereof) declared cash dividends of $0.06 per share of our common stock, or approximately $16 million in the aggregate. The cash dividend will be paid on March 2, 2015 to stockholders of record as of the close of business of February 2, 2015. Future quarterly dividends are subject to Board approval.

Common Stock Repurchases

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. This program expires on December 31, 2016. 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 2014, we repurchased 8,935,809 shares at an average price, including commissions, of $26.11 per share, or $233 million in the aggregate.

In addition, we repurchase shares 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. In the fourth quarter of 2014, we reassessed transactions that we consider to be repurchases of shares under our stock compensation programs. During 2014, we repurchased 19,298 shares at an average price of $21.80 per share, or $0.4 million in the aggregate.

Note 20. Reclassifications out of Accumulated Other Comprehensive Loss

The following table presents changes in Accumulated Other Comprehensive Loss (AOCL) by component, for the year ended December 31, 2014 and 2013:

(In millions) Income (Loss)	Foreign Currency Translation Adjustment	Unrecognized Net Actuarial Losses and Prior Service Costs	Deferred Derivative Gains (Losses)	Unrealized Investment Gains	Total
Balance at December 31, 2012	$(538)	$(4,044)	$ (4)	$26	$(4,560)
Other comprehensive income (loss) before reclassifications	(153)	528	1	8	384
Amounts reclassified from accumulated other comprehensive loss	1	226	2	—	229
Balance at December 31, 2013	$(690)	$(3,290)	$ (1)	$34	$(3,947)
Other comprehensive income (loss) before reclassifications	(206)	(112)	13	2	(303)
Amounts reclassified from accumulated other comprehensive loss	3	105	—	—	108
Purchase of subsidiary shares from minority interest	(1)	—	—	—	(1)
Balance at December 31, 2014	$(894)	$(3,297)	$12	$36	$(4,143)

The following table presents reclassifications out of AOCL for the year ended December 31, 2014 and 2013:

(In millions) (Income) Expense	Year Ended December 31, 2014	Year Ended December 31, 2013	
Component of AOCL	**Amount Reclassified from AOCL**		**Affected Line Item in the Consolidated Statements of Operations**
Foreign Currency Translation Adjustment, before tax	$ 3	$ 1	Other Expense
Tax effect	—	—	United States and Foreign Taxes
Minority interest	—	—	Minority Shareholders' Net Income
Net of tax	$ 3	$ 1	Goodyear Net Income
Amortization of prior service cost and unrecognized gains and losses	$115	$242	Total Benefit Cost
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures	48	3	Total Benefit Cost
Unrecognized Net Actuarial Losses and Prior Service Costs, before tax	$163	$245	
Tax effect	(49)	(11)	United States and Foreign Taxes
Minority interest	(9)	(8)	Minority Shareholders' Net Income
Net of tax	$105	$226	Goodyear Net Income
Deferred Derivative (Gains) Losses, before tax	$ —	$ 2	Cost of Goods Sold
Tax effect	1	—	United States and Foreign Taxes
Minority interest	(1)	—	Minority Shareholders' Net Income
Net of tax	$ —	$ 2	Goodyear Net Income
Total reclassifications	$108	$229	Goodyear Net Income

Amortization of prior service cost and unrecognized gains and losses and immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures are included in the computation of total benefit cost. For further information, refer to Note 16, Pension, Other Postretirement Benefits and Savings Plans.

Note 21. Investments in Unconsolidated Affiliates

The following tables present summarized financial information for financial position and results of operations of our investments accounted for under the equity method:

(In millions)	**2014**	**2013**
Financial Position:		
Current assets	$534	$614
Noncurrent assets	78	84
Current liabilities	394	384
Noncurrent liabilities	16	16
Noncontrolling interests	46	48

	Year Ended December 31,		
	2014	2013	2012
Results of Operations:			
Net sales	$1,610	$1,797	$2,058
Gross profit	531	588	672
Income before income taxes	107	114	136
Net income	102	101	123

Our equity in the earnings of unconsolidated affiliates was $28 million, $31 million and $34 million in 2014, 2013 and 2012, respectively. Dividends received from our unconsolidated affiliates were $24 million, $21 million and $11 million in 2014, 2013 and 2012, respectively.

Note 22. Consolidating Financial Information

Certain of our subsidiaries have guaranteed our obligations under the $1.0 billion outstanding principal amount of 8.25% senior notes due 2020, the $282 million outstanding principal amount of 8.75% notes due 2020, the $900 million outstanding principal amount of 6.5% senior notes due 2021, and the $700 million outstanding principal amount of 7% senior notes due 2022 (collectively, the "notes"). The following presents the condensed consolidating financial information separately for:

(i) The Goodyear Tire & Rubber Company (the "Parent Company"), the issuer of the guaranteed obligations;

(ii) Guarantor subsidiaries, on a combined basis, as specified in the indentures related to Goodyear's obligations under the notes;

(iii) Non-guarantor subsidiaries, on a combined basis;

(iv) Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between or among the Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate the investments in our subsidiaries, and (c) record consolidating entries; and

(v) The Goodyear Tire & Rubber Company and Subsidiaries on a consolidated basis.

Each guarantor subsidiary is 100% owned by the Parent Company at the date of each balance sheet presented. The notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation. Changes in intercompany receivables and payables related to operations, such as intercompany sales or service charges, are included in cash flows from operating activities. Intercompany transactions reported as investing or financing activities include the sale of the capital stock of various subsidiaries, loans and other capital transactions between members of the consolidated group.

Certain non-guarantor subsidiaries of the Parent Company are limited in their ability to remit funds to it by means of dividends, advances or loans due to required foreign government and/or currency exchange board approvals or limitations in credit agreements or other debt instruments of those subsidiaries.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

Condensed Consolidating Balance Sheet
December 31, 2014

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets:					
Current Assets:					
Cash and Cash Equivalents	$ 674	$ 89	$1,398	$ —	$ 2,161
Accounts Receivable	833	166	1,127	—	2,126
Accounts Receivable From Affiliates	—	623	—	(623)	—
Inventories	1,151	148	1,410	(38)	2,671
Deferred Income Taxes	496	6	66	2	570
Prepaid Expenses and Other Current Assets	39	2	156	(1)	196
Total Current Assets	3,193	1,034	4,157	(660)	7,724
Goodwill	—	24	462	115	601
Intangible Assets	114	—	24	—	138
Deferred Income Taxes	1,633	24	96	9	1,762
Other Assets	234	86	411	—	731
Investments in Subsidiaries	4,054	416	—	(4,470)	—
Property, Plant and Equipment	2,329	132	4,721	(29)	7,153
Total Assets	$11,557	$1,716	$9,871	$(5,035)	$18,109
Liabilities:					
Current Liabilities:					
Accounts Payable-Trade	$ 910	$ 191	$1,777	$ —	$ 2,878
Accounts Payable to Affiliates	557	—	66	(623)	—
Compensation and Benefits	392	31	301	—	724
Other Current Liabilities	350	23	589	(6)	956
Notes Payable and Overdrafts	—	—	30	—	30
Long Term Debt and Capital Leases Due Within One Year	6	—	142	—	148
Total Current Liabilities	2,215	245	2,905	(629)	4,736
Long Term Debt and Capital Leases	4,375	—	1,841	—	6,216
Compensation and Benefits	666	127	883	—	1,676
Deferred and Other Noncurrent Income Taxes	3	5	179	(6)	181
Other Long Term Liabilities	688	30	155	—	873
Total Liabilities	7,947	407	5,963	(635)	13,682
Commitments and Contingent Liabilities					
Minority Shareholders' Equity	—	—	392	190	582
Shareholders' Equity:					
Goodyear Shareholders' Equity:					
Common Stock	269	—	—	—	269
Other Equity	3,341	1,309	3,281	(4,590)	3,341
Goodyear Shareholders' Equity	3,610	1,309	3,281	(4,590)	3,610
Minority Shareholders' Equity — Nonredeemable	—	—	235	—	235
Total Shareholders' Equity	3,610	1,309	3,516	(4,590)	3,845
Total Liabilities and Shareholders' Equity	$11,557	$1,716	$9,871	$(5,035)	$18,109

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

Condensed Consolidating Balance Sheet

December 31, 2013

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets:					
Current Assets:					
Cash and Cash Equivalents	$ 1,269	$ 94	$ 1,633	$ —	$ 2,996
Accounts Receivable	872	203	1,360	—	2,435
Accounts Receivable From Affiliates	—	765	—	(765)	—
Inventories	1,099	155	1,599	(37)	2,816
Deferred Income Taxes	33	7	98	5	143
Prepaid Expenses and Other Current Assets	35	3	217	(1)	254
Total Current Assets	3,308	1,227	4,907	(798)	8,644
Goodwill	—	24	517	127	668
Intangible Assets	111	—	27	—	138
Deferred Income Taxes	—	24	121	12	157
Other Assets	288	101	211	—	600
Investments in Subsidiaries	4,325	354	—	(4,679)	—
Property, Plant and Equipment	2,242	140	4,964	(26)	7,320
Total Assets	$10,274	$1,870	$10,747	$(5,364)	$17,527
Liabilities:					
Current Liabilities:					
Accounts Payable-Trade	$ 833	$ 210	$ 2,054	$ —	$ 3,097
Accounts Payable to Affiliates	275	—	490	(765)	—
Compensation and Benefits	373	33	352	—	758
Other Current Liabilities	347	34	713	(11)	1,083
Notes Payable and Overdrafts	—	—	14	—	14
Long Term Debt and Capital Leases Due Within One Year	8	—	65	—	73
Total Current Liabilities	1,836	277	3,688	(776)	5,025
Long Term Debt and Capital Leases	4,377	—	1,785	—	6,162
Compensation and Benefits	1,613	129	931	—	2,673
Deferred and Other Noncurrent Income Taxes	65	11	188	(8)	256
Other Long Term Liabilities	777	32	157	—	966
Total Liabilities	8,668	449	6,749	(784)	15,082
Commitments and Contingent Liabilities					
Minority Shareholders' Equity	—	—	361	216	577
Shareholders' Equity:					
Goodyear Shareholders' Equity:					
Preferred Stock	500	—	—	—	500
Common Stock	248	317	993	(1,310)	248
Other Equity	858	1,104	2,382	(3,486)	858
Goodyear Shareholders' Equity	1,606	1,421	3,375	(4,796)	1,606
Minority Shareholders' Equity — Nonredeemable	—	—	262	—	262
Total Shareholders' Equity	1,606	1,421	3,637	(4,796)	1,868
Total Liabilities and Shareholders' Equity	$10,274	$1,870	$10,747	$(5,364)	$17,527

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

	Consolidating Statements of Operations Year Ended December 31, 2014				
(In millions)	**Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating Entries and Eliminations**	**Consolidated**
Net Sales	**$ 7,915**	$2,487	$12,051	$(4,315)	$18,138
Cost of Goods Sold	6,457	2,237	9,622	(4,410)	13,906
Selling, Administrative and General Expense	916	166	1,645	(7)	2,720
Rationalizations	(6)	—	101	—	95
Interest Expense	332	26	133	(63)	428
Other (Income) and Expense	(91)	(11)	228	176	302
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	307	69	322	(11)	687
United States and Foreign Tax (Benefit) Expense	(2,026)	14	174	4	(1,834)
Equity in Earnings (Loss) of Subsidiaries	119	28	—	(147)	—
Net Income (Loss)	2,452	83	148	(162)	2,521
Less: Minority Shareholders' Net Income	—	—	69	—	69
Goodyear Net Income (Loss)	2,452	83	79	(162)	2,452
Less: Preferred Stock Dividends	7	—	—	—	7
Goodyear Net Income (Loss) available to Common Shareholders	$ 2,445	$ 83	$ 79	$ (162)	$ 2,445
Comprehensive Income (Loss)	$ 2,257	$ 89	$ (11)	$ (58)	$ 2,277
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	46	(26)	20
Goodyear Comprehensive Income (Loss)	$ 2,257	$ 89	$ (57)	$ (32)	$ 2,257

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

	Consolidating Statement of Operations Year Ended December 31, 2013				
(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	$8,324	$2,690	$12,721	$(4,195)	$19,540
Cost of Goods Sold	7,001	2,415	10,399	(4,393)	15,422
Selling, Administrative and General Expense	946	171	1,658	(17)	2,758
Rationalizations	6	3	49	—	58
Interest Expense	315	29	114	(66)	392
Other (Income) and Expense	(251)	5	83	260	97
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	307	67	418	21	813
United States and Foreign Tax (Benefit) Expense	22	43	88	(15)	138
Equity in Earnings of Subsidiaries	344	5	—	(349)	—
Net Income (Loss)	629	29	330	(313)	675
Less: Minority Shareholders' Net Income	—	—	46	—	46
Goodyear Net Income (Loss)	$ 629	$ 29	$ 284	$ (313)	$ 629
Less: Preferred Stock Dividends	29	—	—	—	29
Goodyear Net Income (Loss) available to Common Shareholders	$ 600	$ 29	$ 284	$ (313)	$ 600
Comprehensive Income (Loss)	$1,242	$ 107	$ 353	$ (382)	$ 1,320
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	69	9	78
Goodyear Comprehensive Income (Loss)	$1,242	$ 107	$ 284	$ (391)	$ 1,242

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

Consolidating Statements of Operations
Year Ended December 31, 2012

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	$8,898	$2,883	$13,665	$(4,454)	$20,992
Cost of Goods Sold	7,792	2,587	11,439	(4,655)	17,163
Selling, Administrative and General Expense	895	182	1,652	(11)	2,718
Rationalizations	38	7	130	—	175
Interest Expense	258	26	137	(64)	357
Other (Income) and Expense	(152)	(30)	30	291	139
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	67	111	277	(15)	440
United States and Foreign Tax (Benefit) Expense	23	29	152	(1)	203
Equity in Earnings of Subsidiaries	168	(14)	—	(154)	—
Net Income (Loss)	212	68	125	(168)	237
Less: Minority Shareholders' Net Income	—	—	25	—	25
Goodyear Net Income (Loss)	$ 212	$ 68	$ 100	$ (168)	$ 212
Less: Preferred Stock Dividends	29	—	—	—	29
Goodyear Net Income (Loss) available to Common Shareholders	$ 183	$ 68	$ 100	$ (168)	$ 183
Comprehensive Income (Loss)	$ (362)	$ 67	$ (144)	$ 57	$ (382)
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	(24)	4	(20)
Goodyear Comprehensive Income (Loss)	$ (362)	$ 67	$ (120)	$ 53	$ (362)

Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2014

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	$ (334)	$ 195	$ 758	$(279)	$ 340
Cash Flows from Investing Activities:					
Capital Expenditures	(303)	(19)	(607)	6	(923)
Asset Dispositions	9	2	7	—	18
Decrease (Increase) in Restricted Cash	(1)	—	6	—	5
Short Term Securities Acquired	—	—	(72)	—	(72)
Short Term Securities Redeemed	—	—	95	—	95
Capital Contributions Received and Loans Incurred	(382)	—	(457)	839	—
Capital Redemptions and Loans Paid	459	—	244	(703)	—
Other Transactions	13	—	13	—	26
Total Cash Flows from Investing Activities	(205)	(17)	(771)	142	(851)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	22	—	60	(36)	46
Short Term Debt and Overdrafts Paid	(14)	(22)	(24)	36	(24)
Long Term Debt Incurred	601	—	1,241	—	1,842
Long Term Debt Paid	(608)	—	(947)	—	(1,555)
Common Stock Issued	39	—	—	—	39
Common Stock Repurchased	(234)	—	—	—	(234)
Common Stock Dividends Paid	(60)	—	—	—	(60)
Preferred Stock Dividends Paid	(15)	—	—	—	(15)
Capital Contributions Received and Loans Incurred	457	47	335	(839)	—
Capital Redemptions and Loans Paid	(244)	—	(459)	703	—
Intercompany Dividends Paid	—	(203)	(70)	273	—
Transactions with Minority Interests in Subsidiaries	—	—	(49)	—	(49)
Debt Related Costs and Other Transactions	—	—	(1)	—	(1)
Total Cash Flows from Financing Activities	(56)	(178)	86	137	(11)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(5)	(308)	—	(313)
Net Change in Cash and Cash Equivalents	(595)	(5)	(235)	—	(835)
Cash and Cash Equivalents at Beginning of the Year	1,269	94	1,633	—	2,996
Cash and Cash Equivalents at End of the Year	$ 674	$ 89	$1,398	$ —	$ 2,161

	Condensed Consolidating Statement of Cash Flows Year Ended December 31, 2013				
(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	$ 17	$ 16	$1,009	$(104)	$ 938
Cash Flows from Investing Activities:					
Capital Expenditures	(220)	(19)	(940)	11	(1,168)
Asset Dispositions	2	—	23	—	25
Decrease (Increase) in Restricted Cash	—	—	14	—	14
Short Term Securities Acquired	—	—	(105)	—	(105)
Short Term Securities Redeemed	—	—	89	—	89
Capital Contributions Received and Loans Incurred	(91)	(11)	(170)	272	—
Capital Redemptions and Loans Paid	214	—	403	(617)	—
Other Transactions	—	—	9	—	9
Total Cash Flows from Investing Activities	$ (95)	$(30)	$ (677)	$(334)	$(1,136)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	14	—	121	(104)	31
Short Term Debt and Overdrafts Paid	(90)	(14)	(120)	104	(120)
Long Term Debt Incurred	900	—	1,013	—	1,913
Long Term Debt Paid	(11)	—	(670)	—	(681)
Common Stock Issued	26	—	—	—	26
Common Stock Repurchased	(4)	—	—	—	(4)
Common Stock Dividends Paid	(12)	—	—	—	(12)
Preferred Stock Dividends Paid	(29)	—	—	—	(29)
Capital Contributions Received and Loans Incurred	170	58	44	(272)	—
Capital Redemptions and Loans Paid	(403)	—	(214)	617	—
Intercompany Dividends Paid	—	—	(93)	93	—
Transactions with Minority Interests in Subsidiaries	—	—	(26)	—	(26)
Debt Related Costs and Other Transactions	(16)	—	—	—	(16)
Total Cash Flows from Financing Activities	545	44	55	438	1,082
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(4)	(165)	—	(169)
Net Change in Cash and Cash Equivalents	467	26	222	—	715
Cash and Cash Equivalents at Beginning of the Year	802	68	1,411	—	2,281
Cash and Cash Equivalents at End of the Year	$1,269	$ 94	$1,633	$ —	$ 2,996

Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2012

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Cash Flows from Operating Activities:					
Total Cash Flows from Operating Activities	$ 335	$ (3)	$ 841	$(135)	$ 1,038
Cash Flows from Investing Activities:					
Capital Expenditures	(231)	(10)	(892)	6	(1,127)
Asset Dispositions	5	—	11	—	16
Decrease (Increase) in Restricted Cash	1	—	10	—	11
Short Term Securities Acquired	—	—	(57)	—	(57)
Short Term Securities Redeemed	—	—	28	—	28
Capital Contributions Received and Loans Incurred	(191)	(27)	(150)	368	—
Capital Redemptions and Loans Paid	81	—	200	(281)	—
Other Transactions	4	—	2	—	6
Total Cash Flows from Investing Activities	(331)	(37)	(848)	93	(1,123)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	—	—	77	—	77
Short Term Debt and Overdrafts Paid	—	—	(156)	—	(156)
Long Term Debt Incurred	800	—	2,731	—	3,531
Long Term Debt Paid	(762)	—	(2,955)	—	(3,717)
Common Stock Issued	3	—	—	—	3
Preferred Stock Dividends Paid	(29)	—	—	—	(29)
Capital Contributions Received and Loans Incurred	150	—	218	(368)	—
Capital Redemptions and Loans Paid	(200)	—	(81)	281	—
Intercompany Dividends Paid	—	(6)	(123)	129	—
Transactions with Minority Interests in Subsidiaries	(17)	—	(54)	—	(71)
Debt Related Costs and Other Transactions	(63)	—	(1)	—	(64)
Total Cash Flows from Financing Activities	(118)	(6)	(344)	42	(426)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	2	18	—	20
Net Change in Cash and Cash Equivalents	(114)	(44)	(333)	—	(491)
Cash and Cash Equivalents at Beginning of the Year	916	112	1,744	—	2,772
Cash and Cash Equivalents at End of the Year	$ 802	$ 68	$ 1,411	$ —	$ 2,281

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, 2014 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, 2014.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report.

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 balance sheets and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows present fairly, in all material respects, the financial position of The Goodyear Tire & Rubber Company and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, 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, 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 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.

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.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Cleveland, Ohio
February 17, 2015

Supplementary Data

(Unaudited)

Quarterly Data and Market Price Information

(In millions, except per share amounts)	Quarter First	Second	Third	Fourth	Year
2014					
Net Sales	$ 4,469	$ 4,656	$ 4,657	$ 4,356	$18,138
Gross Profit	951	1,124	1,141	1,016	4,232
Net Income (Loss)	(38)	232	199	2,128	2,521
Less: Minority Shareholders' Net Income (Loss)	13	19	38	(1)	69
Goodyear Net Income (Loss)	(51)	213	161	2,129	2,452
Less: Preferred Stock Dividends	7	—	—	—	7
Goodyear Net Income (Loss) available to Common Shareholders	$ (58)	$ 213	$ 161	$ 2,129	$ 2,445
Goodyear Net Income (Loss) available to Common Shareholders — Per Share of Common Stock:					
— Basic	$ (0.23)	$ 0.77	$ 0.58	$ 7.82	$ 9.13
— Diluted *	$ (0.23)	$ 0.76	$ 0.58	$ 7.68	$ 8.78
Weighted Average Shares Outstanding — Basic	248	276	275	272	268
— Diluted	248	281	279	277	279
Dividends Declared per Share of Common Stock	$ 0.05	$ 0.05	$ 0.06	$ 0.06	$ 0.22
Price Range of Common Stock: High	$ 28.32	$ 28.48	$ 28.70	$ 28.86	$ 28.86
Low	22.33	23.79	22.32	18.87	18.87
Selected Balance Sheet Items at Quarter-End:					
Total Assets	$17,092	$16,942	$16,656	$18,109	
Total Debt and Capital Leases	7,120	6,762	6,855	6,394	
Goodyear Shareholders' Equity	1,593	1,825	1,862	3,610	
Total Shareholders' Equity	1,837	2,069	2,103	3,845	

* Due to the anti-dilutive impact of potentially dilutive securities, the quarterly earnings per share amounts do not add to the full year.

All numbers presented below are after-tax and minority.

The first quarter of 2014 included net charges of $132 million related to a foreign currency remeasurement loss resulting from the devaluation of the Venezuelan bolivar fuerte, a pension curtailment loss of $32 million as a result of the future accrual freezes to pension plans in North America, net rationalization charges of $29 million primarily due to the closure of one of our manufacturing facilities in Amiens, France, charges of $7 million related to a previously closed facility in Greece, a settlement loss of $4 million related to lump sum payments to settle certain liabilities for our U.K. pension plans, net losses on asset sales of $2 million and asset write-offs and accelerated depreciation related to the closure of one of our Amiens, France manufacturing facilities of $1 million.

The second quarter of 2014 included net rationalization charges of $17 million primarily due to the closure of one of our manufacturing facilities in Amiens, France, charges of $10 million related to a previously closed facility in Greece, and asset write-offs and accelerated depreciation related to property and equipment in one of our manufacturing facilities in the United Kingdom of $2 million. Net gains resulting from the settlement of indirect tax claims were $13 million and net gains from asset sales were $4 million.

The third quarter of 2014 included net tax charges of $47 million related to discrete tax items, including the establishment of valuation allowances on the net deferred tax assets of our Venezuelan and Brazilian subsidiaries, charges of $16 million related to a government investigation involving our compliance with the U.S. Foreign Corrupt Practices Act in certain countries in Africa, net rationalization charges of $9 million primarily due to manufacturing headcount reductions related to EMEA's plans to improve operating efficiency and SAG headcount reductions in EMEA, Latin America and Asia Pacific, net losses from asset sales of $6 million, and charges of $3 million related to a previously closed facility in Greece.

The fourth quarter of 2014 included net charges of $45 million related to the write-off of the subsidy receivable in Venezuela, $16 million related to indirect tax charges in Latin America, and net rationalization charges of $9 million and asset write-offs and accelerated depreciation of $3 million, primarily due to the closure of one of our manufacturing facilities in Amiens, France. Net gains from discrete tax items, including the release of substantially all of the valuation allowance on our net deferred U.S. tax assets, were $2,029 million and net gains on assets sales were $7 million.

	Quarter				
(In millions, except per share amounts)	**First**	**Second**	**Third**	**Fourth**	**Year**
2013					
Net Sales	$ 4,853	$ 4,894	$ 5,002	$ 4,791	$19,540
Gross Profit	913	1,048	1,056	1,101	4,118
Net Income	31	193	195	256	675
Less: Minority Shareholders' Net Income (Loss)	(2)	5	22	21	46
Goodyear Net Income	33	188	173	235	629
Less: Preferred Stock Dividends	7	7	7	7	29
Goodyear Net Income available to Common Shareholders	$ 26	$ 181	$ 166	$ 228	$ 600
Goodyear Net Income available to Common Shareholder — Per Share of Common Stock:					
— Basic	$ 0.10	$ 0.74	$ 0.67	$ 0.92	$ 2.44
— Diluted*	$ 0.10	$ 0.67	$ 0.62	$ 0.84	$ 2.28
Dividends Declared per Share of Common Stock	$ —	$ —	$ 0.05	$ —	$ 0.05
Weighted Average Shares Outstanding — Basic	245	246	246	247	246
— Diluted	248	282	278	280	277
Price Range of Common Stock: High	$ 14.65	$ 16.06	$ 23.24	$ 24.00	$ 24.00
Low	12.46	11.83	15.16	19.84	11.83
Selected Balance Sheet Items at Quarter-End:					
Total Assets	$17,458	$17,384	$17,672	$17,527	
Total Debt and Capital Leases	6,581	6,529	6,542	6,249	
Goodyear Shareholders' Equity	536	715	952	1,606	
Total Shareholders' Equity	787	958	1,203	1,868	

* Due to the anti-dilutive impact of potentially dilutive securities, the quarterly earnings per share amounts do not add to the full year.

All numbers presented below are after-tax and minority.

The first quarter of 2013 included net charges of $92 million related to a foreign currency remeasurement loss resulting from the devaluation of the Venezuelan bolivar fuerte, net rationalization charges of $6 million related to prior year plans, asset write-offs and accelerated depreciation charges of $4 million primarily related to the plan to close one of our Amiens, France manufacturing facilities, and net losses on asset sales of $2 million. Net gains resulting from tax law changes were $12 million and net insurance recoveries resulting from the impact of the 2011 Thailand flood were $6 million.

The second quarter of 2013 included net rationalization charges of $9 million related to manufacturing headcount reductions in EMEA and Latin America and SAG headcount reductions in Asia Pacific and EMEA, net tax charges of $7 million related to discrete tax items, charges of $5 million related to labor claims with respect to a previously closed facility in Greece, and net losses of $4 million related to asset write-offs and accelerated depreciation primarily related to the plan to close one of our Amiens, France manufacturing facilities. Net gains from asset sales of $4 million were primarily related to the transfer of property in Dalian, China to the Chinese government.

The third quarter of 2013 included net rationalization charges of $15 million primarily related to manufacturing headcount reductions in EMEA and SAG headcount reductions in Asia Pacific and EMEA and asset write offs and accelerated depreciation charges of $5 million primarily related to the plan to close one of our Amiens, France manufacturing facilities. Net gains from asset sales of $2 million were primarily related to the sale of properties in North America.

The fourth quarter of 2013 included net rationalization charges of $11 million primarily related to manufacturing headcount reductions in EMEA and asset write-offs and accelerated depreciation of $6 million primarily related to the plan to close one of our Amiens, France manufacturing facilities. Net tax benefits of $31 million primarily related to a Polish enterprise zone tax credit, interest of $10 million earned on favorable tax judgments in Latin America, and net gains on assets sales of $2 million.

SELECTED FINANCIAL DATA.

(In millions, except per share amounts)	Year Ended December 31,(1) 2014(2)	2013(3)	2012(4)	2011(5)	2010(6)
Net Sales	$18,138	$19,540	$20,992	$22,767	$18,832
Net Income (Loss)	2,521	675	237	417	(164)
Less: Minority Shareholders' Net Income	69	46	25	74	52
Goodyear Net Income (Loss)	$ 2,452	$ 629	$ 212	$ 343	$ (216)
Less: Preferred Stock Dividends	7	29	29	22	—
Goodyear Net Income (Loss) available to Common Shareholders	$ 2,445	$ 600	$ 183	$ 321	$ (216)
Goodyear Net Income (Loss) available to Common Shareholders — Per Share of Common Stock:					
Basic	$ 9.13	$ 2.44	$ 0.75	$ 1.32	$ (0.89)
Diluted	$ 8.78	$ 2.28	$ 0.74	$ 1.26	$ (0.89)
Cash Dividends Declared per Common Share	$ 0.22	$ 0.05	$ —	$ —	$ —
Total Assets	$18,109	$17,527	$16,973	$17,629	$15,630
Long Term Debt and Capital Leases Due Within One Year	148	73	96	156	188
Long Term Debt and Capital Leases	6,216	6,162	4,888	4,789	4,319
Goodyear Shareholders' Equity	3,610	1,606	370	749	644
Total Shareholders' Equity	3,845	1,868	625	1,017	921

(1) Refer to "Basis of Presentation" and "Principles of Consolidation" in Note 1, Accounting Policies.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) Goodyear net loss in 2010 included net charges after-tax and minority of $445 million due to rationalization charges, including accelerated depreciation and asset write-offs; the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar; charges related to the early redemption of debt and a debt exchange offer; charges related to the disposal of a building in the Philippines; a one-time importation cost adjustment; supplier disruption costs; a charge related to a claim regarding the use of value-added tax credits in prior periods; and charges related to a strike in South Africa. Goodyear net loss in 2010 also included net gains after-tax and minority of $104 million from gains on asset sales; favorable settlements with suppliers; an insurance recovery; and the benefit of certain tax adjustments.

GENERAL INFORMATION REGARDING OUR SEGMENTS

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
- farm implements
- earthmoving and mining equipment
- 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 2014 were for new tires, compared to 86% and 84% in 2013 and 2012, respectively. Sales of chemical products and natural rubber to unaffiliated customers were 3% in 2014, 4% in 2013 and 6% in 2012 of our consolidated sales (7%, 9% and 13% of North America's total sales in 2014, 2013 and 2012, respectively). The percentages of each segment's sales attributable to new tires during the periods indicated were:

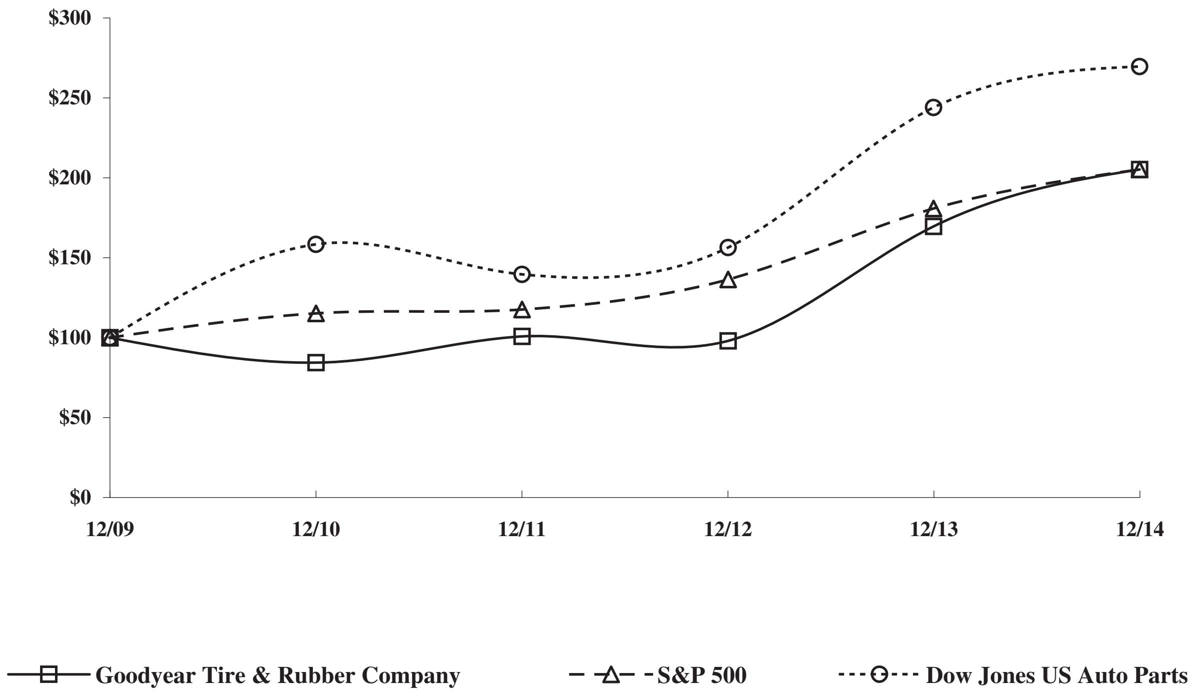
	Year Ended December 31,		
Sales of New Tires By	**2014**	**2013**	**2012**
North America	80%	78%	76%
Europe, Middle East and Africa	94	94	94
Latin America	92	92	92
Asia Pacific	88	87	86

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.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder returns of Goodyear Common Stock, the Standard & Poor's 500 Composite Stock Index (the "S&P 500") and the Dow Jones US Auto Parts Index (the "Dow Auto Parts") at each December 31 during the period beginning December 31, 2009 and ending December 31, 2014. The graph assumes the investment of $100 on December 31, 2009 in Goodyear Common Stock, in the S&P 500 and in the Dow Auto Parts. Total shareholder return was calculated on the basis that in each case all dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among The Goodyear Tire & Rubber Company, the S&P 500 Index
and the Dow Jones US Auto Parts Index



* $100 invested on 12/31/09 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

William J. Conaty, 69
Retired Senior Vice President,
Human Resources
General Electric Company
Elected 2011 2, 5

James A. Firestone, 60
Executive Vice President and President,
Corporate Strategy and Asia Operations
Xerox Corporation
Elected 2007 1, 4

Werner Geissler, 61
Retired Vice Chairman,
Global Operations
The Procter & Gamble Company
Elected 2011 1, 3

Peter S. Hellman, 65
Retired President
Nordson Corporation
Elected 2010 1, 4

Laurette T. Koellner, 60
Retired President
Boeing International
Elected 2015

Richard J. Kramer, 51
Chairman of the Board,
Chief Executive Officer and President
The Goodyear Tire & Rubber Company
Elected 2010

W. Alan McCollough, 65
Retired Chairman and Chief Executive Officer
Circuit City Stores, Inc.
Elected 2007 1, 2

John E. McGlade, 61
Retired Chairman, President and
Chief Executive Officer
Air Products and Chemicals, Inc.
Elected 2012 2, 5

Michael J. Morell, 56
Retired Deputy Director
Central Intelligence Agency
Elected 2014 1, 3

Roderick A. Palmore, 63
Retired Executive Vice President,
General Counsel, Chief Compliance and
Risk Management Officer and Secretary
General Mills, Inc.
Elected 2012 4, 5

Stephanie A. Streeter, 57
Chief Executive Officer
Libbey Inc.
Elected 2008 2, 5

Thomas H. Weidemeyer, 67
Retired Senior Vice President and
Chief Operating Officer
United Parcel Service, and
President, UPS Airlines
Elected 2004 3, 4

Michael R. Wessel, 55
President
The Wessel Group Inc.
Elected 2005 3

1 Audit Committee 2 Compensation Committee
3 Committee on Corporate Responsibility and Compliance
4 Finance Committee 5 Governance Committee

CORPORATE OFFICERS

Richard J. Kramer, 51*
Chairman of the Board, Chief Executive
Officer and President
15 years of service, officer since 2000

Laura K. Thompson, 50
Executive Vice President and
Chief Financial Officer
31 years of service, officer since 2008

David L. Bialosky, 57
Senior Vice President,
General Counsel and Secretary
Five years of service, officer since 2009

Paul Fitzhenry, 55
Senior Vice President,
Global Communications
Two years of service, officer since 2012

Richard Kellam, 53
Senior Vice President,
Sales and Marketing Excellence
Six months of service, officer since 2014

John T. Lucas, 55
Senior Vice President,
Global Human Resources
One month of service, officer since 2015

Gregory L. Smith, 51
Senior Vice President, Global Operations
Three years of service, officer since 2011

Jaime C. Szulc, 52
Senior Vice President, Strategic Initiatives
Four years of service, officer since 2010

Joseph Zekoski, 64
Senior Vice President and
Chief Technical Officer
35 years of service, officer since 2015

Bertram Bell, 63
Assistant Secretary and
Associate General Counsel
32 years of service, officer since 2000

Scott A. Honnold, 50
Vice President, Business Development
Seven years of service, officer since 2010

Thomas Kaczynski, 53
Vice President and Treasurer
One year of service, officer since 2014

Anthony E. Miller, 64
Assistant Secretary and
Associate General Counsel
29 years of service, officer since 2000

Richard J. Noechel, 46
Vice President and Controller
10 years of service, officer since 2008

Mark W. Purtilar, 54
Vice President and Chief Procurement Officer
Seven years of service, officer since 2007

BUSINESS UNIT OFFICERS

Jean-Claude Kihn, 55
President, Latin America
26 years of service, officer since 2008

Stephen R. McClellan, 49
President, North America
27 years of service, officer since 2008

Daniel L. Smytka, 52
President, Asia Pacific
Six years of service, officer since 2010

Darren R. Wells, 49
President, Europe, Middle East and Africa
12 years of service, officer since 2002

Damon J. Audia, 44
Senior Vice President, Finance,
North America
10 years of service, officer since 2005

Michel Rzonzef, 51
Vice President, Commercial,
Europe, Middle East & Africa
26 years of service, officer since 2008

** Also a director*

FACILITIES

NORTH AMERICA

United States
Akron, Ohio
Global headquarters, Latin America headquarters, North America headquarters, Goodyear Dunlop Tires North America headquarters, innovation center, tire proving grounds, airship operations, racing tires, chemicals
Bayport, Texas *Chemicals*
Beaumont, Texas *Synthetic rubber*
Carson, California *Airship operations*
Danville, Virginia *Aircraft tires, commercial tires*
Fayetteville, North Carolina *Consumer tires*
Gadsden, Alabama *Consumer tires*
Hebron, Ohio *Development center*
Houston, Texas *Synthetic rubber*
Huntsville, Alabama *Tire proving grounds*
Kingman, Arizona *Aircraft tire retreading*
Lawton, Oklahoma *Consumer tires*
Niagara Falls, New York *Chemicals*
Pompano Beach, Florida *Airship operations*
San Angelo, Texas *Tire proving grounds*
Social Circle, Georgia *Tread rubber*
Statesville, North Carolina *Tire molds*
Stockbridge, Georgia *Aircraft tire retreading*
Tonawanda, New York *Consumer tires, commercial tires, motorcycle tires*
Topeka, Kansas *Commercial tires, OTR tires*

Canada
Medicine Hat, Alberta *Consumer tires*
Napanee, Ontario *Consumer tires*
Valleyfield, Quebec *Mixing center*

EUROPE

Belgium
Brussels *Europe, Middle East & Africa Headquarters; Goodyear Dunlop Tires Europe headquarters*

Finland
Ivalo *Tire proving grounds*

France
Amiens *Consumer tires*
Mireval *Tire proving grounds*
Montlucon *Consumer tires, motorcycle tires, racing tires*
Riom *Retreading*

Germany
Furstenwalde *Consumer tires*
Fulda *Consumer tires*
Hanau *Development center, consumer tires*
Philippsburg *Consumer tires*
Riesa *Consumer tires*
Wittlich *Tire proving grounds, consumer tires, commercial tires, retreading*

Luxembourg
Colmar-Berg *Innovation center, tire proving grounds, commercial tires, regional calendaring center, OTR tires, tire molds*

Netherlands
Tilburg *Aircraft tire retreading*

Poland
Debica *Consumer tires, commercial tires*

Slovenia
Kranj *Consumer tires, commercial tires*

United Kingdom
Wolverhampton *Mixing center, retreading*

LATIN AMERICA

Brazil
Americana *Tire proving grounds, consumer tires, commercial tires, OTR tires*
Santa Barbara *Retread materials*
Sao Paulo *Aircraft tire retreading*

Chile
Santiago *Consumer tires*

Colombia
Cali *Commercial tires, OTR tires*

Peru
Lima *Consumer tires, commercial tires*

Venezuela
Valencia *Consumer tires, commercial tires*

MIDDLE EAST & AFRICA

South Africa
Uitenhage *Consumer tires, commercial tires, OTR tires*

Turkey
Adapazari *Consumer tires*
Izmit *Commercial tires*

United Arab Emirates
Dubai *Regional tire sales and distribution*

ASIA

China
Pulandian *Consumer tires, commercial tires*
Shanghai *Asia Pacific headquarters*

India
Aurangabad *Consumer tires, OTR tires*
Ballabgarh *Consumer tires, agricultural tires*

Indonesia
Bogor *Consumer tires, commercial tires, agricultural tires, OTR tires*

Japan
Tatsuno *OTR tires*

Malaysia
Kuala Lumpur *Consumer tires, commercial tires, agricultural tires, OTR tires*

Singapore
Singapore *Natural rubber purchasing*

Thailand
Bangkok *Consumer tires, aircraft tires, aircraft tire retreading*

SHAREHOLDER INFORMATION

CORPORATE OFFICES

The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-2121
www.goodyear.com

GOODYEAR COMMON STOCK

The principal market for Goodyear common stock is the NASDAQ Global Select Market (symbol GT).

On February 18, 2015, there were 16,543 shareholders of record of Goodyear common stock. The closing price of Goodyear common stock on the NASDAQ Global Select Market on February 18, 2015, was $27.39. Under Goodyear's primary credit facilities, we are permitted to pay dividends on Goodyear 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 May 29, 2014, we announced an increase in the quarterly cash dividend on our common stock to $0.06 per share from $0.05 per share, beginning on September 2, 2014.

ANNUAL MEETING

4:30 p.m., Monday, April 13, 2015
Hilton Akron-Fairlawn
3180 W. Market Street
Akron, Ohio 44333
Please direct meeting inquiries to:
Office of the Secretary, Dept. 822
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001

SHAREHOLDER INQUIRIES

Transfer Agent and Registrar:
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078
(800) 317-4445
www.computershare.com

Inquiries concerning the issuance or transfer of stock certificates or share account information should be directed to Computershare. Provide Social Security number, account number and Goodyear's ID, GTR. Hearing-impaired shareholders can communicate directly with Computershare via a TDD by calling (800) 952-9245. Other shareholder inquiries should be directed to:
Investor Relations, Dept. 635
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-3751
E-mail: goodyear.investor.relations@goodyear.com

FORM 10-K AND OTHER REPORTS

Paper copies of Goodyear's Annual Report on Form 10-K are available upon request. Quarterly reports on Form 10-Q are also available on request. Copies of any of the above or Goodyear's Proxy Statement may be obtained without charge from:
Investor Relations, Dept. 635
The Goodyear Tire & Rubber Company
200 Innovation Way
Akron, Ohio 44316-0001
(330) 796-3751

Copies of these reports may also be obtained from the company's Investor Web site http://investor.goodyear.com.

Goodyear has included as Exhibits 31.1, 31.2 and 32.1 to its Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission, certificates of Goodyear's Chief Executive Officer and Chief Financial Officer with respect to the Form 10-K.

CD COPY

A CD copy of the 2014 Annual Report is available for visually impaired shareholders by contacting Goodyear Investor Relations at (330) 796-3751.

COMPUTERSHARE INVESTMENT PLAN

Computershare sponsors and administers a direct stock purchase and dividend reinvestment plan for current shareholders and new investors in Goodyear common stock. A brochure explaining the program may be obtained by contacting:
Computershare
P.O. Box 30170
College Station, TX 77842-3170
(800) 317-4445
www.computershare.com/investor

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
200 Public Square, 18th Floor
Cleveland, Ohio 44114-2301

OTHER INFORMATION

Persons seeking information about Goodyear's corporate sustainability initiatives can access the company's Sustainability Web site at: www.goodyear.com/responsibility.

Persons seeking general information about Goodyear or its products can access the company's Corporate Web site at: www.goodyear.com/corporate.

Media representatives seeking information about Goodyear or contact information for spokespersons can access the company's Media Web site at: www.goodyearnewsroom.com.

www.goodyear.com