GOODYEAR

2015 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, 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 1,100 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 49 facilities in 22 countries. It has marketing operations in almost every country around the world.

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

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

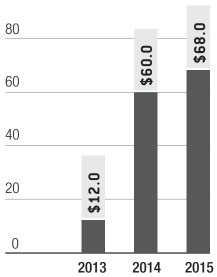
FINANCIAL OVERVIEW

(in millions, except per share and associates)	YEAR ENDED DEC. 31 2015	YEAR ENDED DEC. 31 2014
Net Sales	$ 16,443	$ 18,138
Gross Profit	$ 4,279	$ 4,232
Segment Operating Income	$ 2,022	$ 1,712
Goodyear Net Income	$ 307	$ 2,452
Goodyear Net Income Available to Common Shareholders	$ 307	$ 2,445
– Per Diluted Share	$ 1.12	$ 8.78
Weighted Average Shares Outstanding – Basic	269	268
– Diluted	273	279
Segment Operating Margin	12.3%	9.4%
Gross Margin	26.0%	23.3%
Return on Sales	1.9%	13.5%
Capital Expenditures	$ 983	$ 923
Research and Development Expenditures	$ 382	$ 399
Tire Units Sold	166.2	162.0
Total Assets	$ 16,439	$ 18,044
Total Debt*	$ 5,756	$ 6,394
Goodyear Shareholders' Equity	$ 3,920	$ 3,610
Total Shareholders' Equity	$ 4,142	$ 3,845
Debt to Debt and Equity	58.2%	62.4%
Preferred Stock Dividends Paid	$ —	$ 15
Common Stock Dividends Paid	$ 68	$ 60
Number of Associates	66,000	67,000
Price Range of Common Stock: – High	$ 35.30	$ 28.86
– Low	$ 23.74	$ 18.87

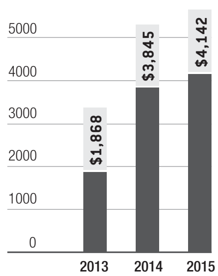
** Total debt includes Notes payable and overdrafts, Long term debt and capital leases due within one year, and Long term debt and capital leases.*

THREE-YEAR PERFORMANCE SUMMARY

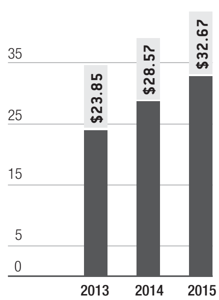
COMMON STOCK DIVIDENDS PAID (in millions)



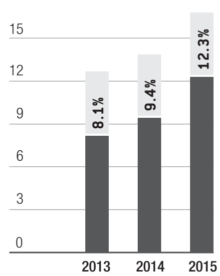
TOTAL SHAREHOLDERS' EQUITY (in millions)



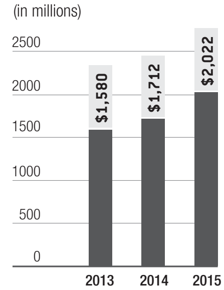
CLOSING STOCK PRICE



SEGMENT OPERATING MARGIN (percent)



TOTAL SEGMENT OPERATING INCOME (in millions)



TO OUR SHAREHOLDERS

I am very pleased to report that The Goodyear Tire & Rubber Company delivered record levels of performance in 2015 and I believe that our company is well positioned to grow profitably in the future.

In 2015, we delivered 18 percent growth in full-year segment operating income, exceeding $2 billion for the first time in our 117-year history. The consistent execution of our strategy has allowed us to generate both record earnings and strong cash flow. Excluding the impact of currency on our results, our segment operating income grew 27 percent, which is a clear indication of the strength of our underlying business.

This is our third consecutive year of record segment operating income. To underscore our success, our three-year total shareholder return for the period ended December 31, 2015 placed Goodyear in the 94th percentile of S&P 500 companies over that period. This outstanding achievement demonstrates our focus on creating shareholder value over the long term.

At the start of the decade, we committed to a strategy to build our global business for sustained success. We have not wavered from our strategy. We defined our "Destination" as creating sustainable economic value for the long term. We chose signposts on our strategic journey to provide constant direction, including being first with customers, winning in profitable market segments and remaining profitable through the economic cycle.

While the daily execution of our strategy is critical to our success, our commitment to the long term remains our roadmap for sustained value creation. I am very pleased to say that we are executing our strategy, hitting our growth targets and creating sustainable value. We are very proud of what we have accomplished but more importantly, we are proud of how we have delivered.

RICHARD J. KRAMER
Chairman, Chief Executive Officer & President

GLOBAL BUSINESS HIGHLIGHTS

A clear illustration of our commitment to building sustainable value is our North America business. Our full-year earnings in North America of $1.1 billion is a 38 percent increase over 2014's record mark. In addition, our segment operating margin in this business was 14.3 percent, as we ended the year with our seventh consecutive quarter of more than 10 percent segment operating margin.

North America's outstanding performance was a result of steady, disciplined execution of our strategy. Part of our strategy is winning in market segments where the value of our products and of the Goodyear brand differentiate us from the competition. As demand for our high-value-added tires increased, we responded with a richer mix of products in our portfolio than ever. In our consumer tire segment, we continued to grow profitably in original equipment, as our strategy of pursuing fitments on high-loyalty vehicles positions us to earn both the OE position and the first and second replacements. In 2015, our products were on four of the top five best-selling vehicles in the U.S. – including the top-selling Ford F-150.

In North America's commercial truck tire business, our "total solutions" model has helped our customers grow by supplying trucking fleets with more than just tires. From 24/7 roadside assistance to retreading to the industry's strongest service network, Goodyear offers a complete – and growing – package of products and services that adds value for our brand.

Our long-term focus on building value in our Asia Pacific business yielded record results in 2015. We achieved full-year segment operating income of $319 million, as we saw strong growth in our China and India consumer businesses.

Though economic growth in China has slowed from its pace of a few years ago, we remain confident in the country's long-term outlook, which will be fueled by the sustained growth of the middle class. New vehicle sales were especially strong, which helped our consumer OE business. We are well positioned to benefit from this growth given our award-winning product lines and strong OE position creating aftermarket pull.

We remain optimistic about the long-range growth opportunities within our business in Asia Pacific. We will continue our steady rollout of new high-value-added products and expand our retail network to support long-term growth.

As we have experienced over the past few years, economic conditions in both Europe and Latin America remained challenging in 2015. Still, we saw positive signs and pockets of success during the recent year.

Our Europe, Middle East and Africa business closed the year solidly with fourth-quarter segment operating income of $100 million that helped it draw nearly even to the previous year's 12-month earnings, despite currency headwinds

Our competitive advantage in this market is our ability to design and manufacture outstanding products that are recognized through tire labeling and magazine test scores. European consumers value the technology and performance of Goodyear tires. That remains a strong foundation to build upon.

Much of Latin America remained in recession during 2015, including traditionally strong markets for Goodyear such as Brazil. Even so, our full-year segment operating margin finished at 10 percent, reflecting the continuing shift toward branded, high-value-added products in the region. Our loyal and strong dealer network in Latin America provides a solid foundation to take full advantage of this shift when economic conditions stabilize.

CONSOLIDATION OF GOODYEAR AMERICAS

At the end of last year, we announced the consolidation of North America and Latin America into a new strategic business unit, the Americas, beginning in 2016. We believe that this combined business will serve our customers and consumers better and enable Goodyear to be a stronger partner and supplier in both regions over the long term.

This integration will benefit our product supply and customer service. All manufacturing plants in the combined region – including our new plant in San Luis Potosi, Mexico, which comes on line in 2017 – will be leveraged to serve all customers in Latin America and North America.

Though North America and Latin America approach their markets differently, there are increasing similarities, including growth of high-value-added tires. We also will use the key learnings from our North America turnaround and success to navigate the challenges in Latin America. We have strong teams in both regions and we are confident that they will work seamlessly to execute our strategy.

BUILDING FOR THE LONG TERM

The consolidation of these businesses is one example of our commitment to building our business for the long term. As I've said many times, we are not measuring success by the quarter or the year, but by continued progress toward our destination of creating sustainable economic value. Our investments continue to reflect this long-range approach.

We have invested in our manufacturing footprint to help us produce more of the products that are in highest demand. In addition to our forthcoming factory in Mexico, our facility in Pulandian, China has been upgraded and expanded to include a new development center. Driven by innovation and technology, this development center will enable Goodyear to work more closely with vehicle manufacturers in China and is already helping us win more business in the expanding OE market.

Also, our continuing evolution to a company that works from the market back achieved a major breakthrough in 2015. Responding to the changing needs and expectations of a new generation of consumers, Goodyear became the first major tire manufacturer to offer on-line sales directly to consumers, with installation provided by a network of now more than 4,000 aligned retailers in the U.S. and Canada.

Though our North America e-commerce program is still in its early stages, I am extremely pleased with our positive results. We're connecting on-line shoppers who come to us through goodyear.com to a preferred dealer who's part of our installer program. Further, our customers have made it clear to us that on-line sales are a huge opportunity for them to grow their businesses.

We firmly believe that to win with consumers in the future, we have to make the tire buying process as easy as possible. Our e-commerce platform is a significant step in creating a great consumer experience and making Goodyear easy to buy, to own and to recommend to others.

ONGOING CHALLENGES

As we keep our focus on creating sustainable value for the long term, we must remain prepared to respond to ongoing challenges around the globe, including:

- Weak international currencies,
- Economic, political and social instability, particularly in emerging markets and
- Moderate growth in some mature markets.

We believe there are several keys to meeting these headwinds. First, we must recognize the reality of the markets as they are, not as we wish they would be. Second, we must be agile and flexible to respond to rapidly changing circumstances. And third, we must continue to execute our strategy amidst challenging conditions. That means acting with urgency and purpose.

In most cases, such challenges are not new, and we have been running our businesses with flexibility to respond. We've taken actions when necessary to reduce costs and recalibrate our business to changing market realities.

CONTINUING CONFIDENCE

While I am very pleased with our performance in 2015, I believe it is best considered in the context of our long term vision. Across Goodyear, we are more confident than ever in:

- The soundness of our strategy,
- Our ability to execute against that strategy and
- Our teams across the globe – the best in the industry – who have consistently executed our strategy and met our goals.

Our future is bright – as bright as it has ever been. We have momentum, fantastic products and a trusted brand. Our financial position is the strongest it has been in recent memory. Our technology and industry know-how are increasingly valued. Our customers are proud of the Goodyear sign on their stores and vehicle manufacturers want to do business with us.

Though 2015 was a great year to be part of the Goodyear family, we believe that the best years are still ahead of us. Thank you for your continued trust, confidence and support.

Respectfully submitted,

Richard J. Kramer
Chairman, Chief Executive Officer & President

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

OVERVIEW

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

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

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

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

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

On October 1, 2015, we completed the dissolution of our global alliance with SRI in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between us and SRI.

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

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

Goodyear net income in 2015 was $307 million, compared to Goodyear net income of $2,452 million in 2014, and Goodyear net income available to common shareholders was $307 million, or $1.12 per diluted share, compared to Goodyear net income available to common shareholders of $2,445 million, or $8.78 per diluted share, in 2014. The decrease in Goodyear net income in 2015 compared to 2014 was primarily driven by an increase in income tax expense in 2015 as a result of the reversal of the valuation allowance on our U.S. deferred tax assets in the fourth quarter of 2014 and the loss on the deconsolidation of our Venezuelan subsidiary, partially offset by the improvement in segment operating income and Other (Income) Expense. Other (Income) Expense in 2015 included increased royalty income due to the termination of a licensing agreement associated with the sale of our former Engineered Products business, the gain on the dissolution of the global alliance with SRI and a benefit in general and product liability — discontinued products from the recovery of past costs from an asbestos insurer and changes in assumptions for probable insurance recoveries for asbestos claims.

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

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

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

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

Pension and Benefit Plans

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

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

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

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

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

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

Globally we expect our 2016 net periodic pension cost to be approximately $65 million to $85 million, compared to $135 million in 2015. The decrease is primarily due to a change in our method of measuring service and interest costs for pension plans that utilize a yield curve approach and the deconsolidation of our Venezuelan subsidiary. For 2015, we measured service and interest costs for plans that utilize a yield curve by using a single weighted average discount rate derived from the yield curve to measure the plan obligations. For 2016, we elected to measure service and interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We believe this new approach provides a more precise measurement of service and interest costs by aligning the timing of projected benefit cash flows to the corresponding rates on the yield curve. This change is expected to reduce our 2016 net periodic pension cost by approximately $50 million to $75 million compared to the previous method and does not affect the measurement of plan benefit obligations. Net periodic pension cost in 2015 included $27 million related to Venezuela.

Liquidity

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

New Products

Globally, we launched 13 new consumer tires and 14 new commercial tires in 2015.

Outlook

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

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

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

Refer to "Forward-Looking Information — Safe Harbor Statement" for a discussion of our use of forward-looking statements.

RESULTS OF OPERATIONS — CONSOLIDATED

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

2015 Compared to 2014

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

Net Sales

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

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

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

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

Cost of Goods Sold

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

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

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

Selling, Administrative and General Expense

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

Rationalizations

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

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

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

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

Interest Expense

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

Loss on Deconsolidation of Venezuelan Subsidiary

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

Other (Income) Expense

Other Income in 2015 was $115 million, improving $417 million from Other Expense of $302 million in 2014. The improvement in Other (Income) Expense was due, in part, to 2015 royalty income of $192 million, increasing $157 million from $35 million of income in 2014. Royalty income in 2015 included a one-time pre-tax gain of $155 million ($99 million after-tax and minority) on the recognition of deferred royalty income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business ("Veyance"). The licensing agreement was terminated following the acquisition of Veyance by Continental AG in January 2015. No further royalty income will be recognized under this agreement.

Other (Income) Expense also included net foreign currency exchange losses of $77 million in 2015, decreasing $162 million from $239 million in 2014. Net foreign currency exchange losses in 2014 included net losses of $200 million ($175 million after-tax and minority) resulting from the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar. Foreign currency exchange also reflects net gains and losses resulting from the effect of exchange rate changes on various foreign currency transactions worldwide, including $34 million of losses in 2015 related to changes in the SICAD exchange rate in Venezuela. For further discussion on Venezuela, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources."

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

Minority Shareholders' Net Income

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

2014 Compared to 2013

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

Net Sales

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

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

(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

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

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

Selling, Administrative and General Expense

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

Rationalizations

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

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

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

Interest Expense

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

Other Expense

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

Other Expense in 2014 also included net gains on asset sales of $3 million ($4 million after-tax and minority) compared to net gains of $8 million ($7 million after-tax and minority) in 2013.

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

Income Taxes

Income tax benefit in 2014 was $1,834 million on income before income taxes of $687 million. For 2013, income tax expense was $138 million on income before income taxes of $813 million. In 2014, the difference between our effective tax rate and the U.S. statutory rate was primarily due to the release of substantially all of the valuation allowance on our net U.S. deferred tax assets, as discussed further below. In 2013, the difference between our effective tax rate and the U.S. statutory rate was primarily due to continuing to maintain a full valuation allowance against our net U.S. deferred tax assets and certain foreign deferred tax assets.

Income tax benefit in 2014 was favorably impacted by $1,980 million ($1,981 million after minority interest) of discrete tax adjustments, including a benefit of $2,179 million from the December 31, 2014 release of substantially all of the valuation allowance on our net U.S. deferred tax assets as discussed further below, partially offset by charges of $131 million to record deferred taxes on certain undistributed earnings of certain foreign subsidiaries. The 2014 income tax benefit also included charges of $37 million to establish valuation allowances on the net deferred tax assets of our Venezuelan and Brazilian subsidiaries, due to continuing operating losses and currency devaluations in Venezuela, a charge of $9 million to establish a valuation allowance on the net deferred tax assets of a Luxembourg subsidiary, and a charge of $11 million due to an enacted law change in Chile. Income tax expense in 2013 included discrete net tax benefits of $43 million ($37 million after minority) due primarily to a $33 million benefit from special enterprise zone tax incentives in Poland and a $13 million benefit related to changes in enacted tax laws.

At January 1, 2014, our valuation allowance on our U.S. deferred tax assets was approximately $2,400 million. Since 2002, Goodyear had maintained a full valuation allowance on its U.S. net deferred tax asset position. In each reporting period we assessed the available positive and negative evidence to estimate if sufficient future taxable income would be generated to utilize the existing deferred tax assets. Through 2012, our history of U.S. operating losses limited the weight we applied to other subjective evidence such as our projections for future profitability. Before we changed our judgment on the need for a full valuation allowance, a sustained period of operating profitability was required.

At December 31, 2014, our U.S. operations were in a position of cumulative profits for the most recent three-year period. We concluded that as a consequence of our three-year cumulative profits, achieving full year profitability in 2013 and 2014, our successful completion of labor negotiations with the United Steelworkers in 2013, our full funding of our U.S. pension plans during 2013 and 2014, and our business plan for 2015 and beyond showing continued profitability, that it was more likely than not that a significant portion of our U.S. deferred tax assets would be realized. Accordingly, in the fourth quarter of 2014, we released substantially all of our valuation allowance on our net U.S. deferred tax assets, resulting in a $2,179 million benefit in our provision for income taxes.

At December 31, 2014, our valuation allowance on certain of our U.S federal, state and local deferred tax assets was $14 million and our valuation allowance on our foreign deferred tax assets was $618 million.

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

Minority Shareholders' Net Income

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

RESULTS OF OPERATIONS — SEGMENT INFORMATION

Segment information reflects our strategic business units ("SBUs"), which are organized to meet customer requirements and global competition and are segmented on a regional basis.

Results of operations are measured based on net sales to unaffiliated customers and segment operating income. Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions. Segment operating income is computed as follows: Net Sales less CGS (excluding asset write-off and accelerated depreciation charges) and SAG (including certain allocated corporate administrative expenses). Segment operating income also includes certain royalties and equity in earnings of most affiliates. Segment operating income does not include net rationalization charges (credits), asset sales and certain other items.

Total segment operating income was $2,022 million in 2015, $1,712 million in 2014 and $1,580 million in 2013. Total segment operating margin (segment operating income divided by segment sales) in 2015 was 12.3%, compared to 9.4% in 2014 and 8.1% in 2013.

Management believes that total segment operating income is useful because it represents the aggregate value of income created by our SBUs and excludes items not directly related to the SBUs for performance evaluation purposes. Total segment operating income is the sum of the individual SBUs' segment operating income. Refer to the Note to the Consolidated Financial Statements No. 8, Business Segments, for further information and for a reconciliation of total segment operating income to Income before Income Taxes.

North America

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

2015 Compared to 2014

North America unit sales in 2015 increased 0.5 million units, or 0.9%, to 61.6 million units. OE tire volume increased approximately 0.4 million units, or 2.5%, primarily in consumer, driven by new fitments. Replacement tire volume increased approximately 0.1 million units, or 0.3%, primarily in consumer.

Net sales in 2015 were $7,774 million, decreasing $311 million, or 3.8%, compared to $8,085 million in 2014. The decrease was due primarily to lower sales in our other tire-related businesses of $209 million, driven by a decrease in the price of third-party chemical sales. In addition, net sales decreased due to lower price and product mix of $104 million, driven by the impact of lower raw material costs on pricing and unfavorable foreign currency translation of $53 million. These decreases were partially offset by higher volume of $56 million.

Operating income in 2015 was $1,108 million, increasing $305 million, or 38.0%, from $803 million in 2014. The increase in operating income was due primarily to a decline in raw material costs of $328 million, which more than offset the effect of lower price and product mix of $38 million. Operating income was also positively impacted by lower conversion costs of $27 million driven by a decrease in pension expense, lower transportation costs of $17 million, and higher volume of $11 million. These increases were partially offset by higher SAG of $26 million due to increased advertising, incentive compensation and other costs, which more than offset lower general and product liability expenses, including favorable adjustments of $35 million due to claims experience, and unfavorable foreign currency translation of $22 million.

Operating income in 2015 excluded net pension settlement charges of $137 million, rationalization charges of $9 million, and net gains on asset sales of $1 million. Operating income in 2014 excluded net pension curtailment charges of $33 million, net gains on asset sales of $8 million and a net reversal of rationalization charges of $6 million.

2014 Compared to 2013

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

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

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

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

Europe, Middle East and Africa

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

2015 Compared to 2014

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

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

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

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

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

2014 Compared to 2013

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

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

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

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

Asia Pacific

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

2015 Compared to 2014

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

Net sales in 2015 were $1,958 million, decreasing $119 million, or 5.7%, from $2,077 million in 2014. Net sales decreased due to unfavorable foreign currency translation of $164 million, primarily related to the strong U.S. dollar against all Asian currencies, and lower price and product mix of $139 million, driven primarily by the impact of lower raw material costs on pricing. These decreases were partially offset by higher tire volume of $183 million.

Operating income in 2015 was $319 million, increasing $18 million, or 6.0%, from $301 million in 2014. The increase in operating income was due primarily to lower raw material costs of $114 million, which more than offset the effect of lower price and product mix of $102 million, higher volume of $45 million, lower conversion costs of $9 million, and higher income from other tire-related businesses of $2 million. These increases were partially offset by higher SAG of $32 million, driven by increased wages and benefits and advertising expenses, and unfavorable foreign currency translation of $21 million.

Operating income in 2015 excluded net gains on asset sales of $5 million and net rationalization charges of $4 million. Operating income in 2014 excluded net rationalization charges of $9 million, primarily in Australia.

Asia Pacific's results are highly dependent upon Australia and China. Australia accounted for approximately 31% and 36% of Asia Pacific's net sales in 2015 and 2014, respectively. China accounted for approximately 30% and 27% of Asia Pacific's net sales in 2015 and 2014, respectively. Accordingly, results of operations in Australia and China are expected to continue to have a significant impact on Asia Pacific's future performance.

2014 Compared to 2013

Asia Pacific unit sales in 2014 increased 1.1 million units, or 5.0%, to 23.0 million units. OE tire volume increased 0.8 million units, or 8.0%, and replacement tire volume increased 0.3 million units, or 2.8%. The increase in unit volume was primarily due to growth in China and India, partially offset by a decline in Australia as a result of a continued weak economic environment.

Net sales in 2014 were $2,077 million, decreasing $149 million, or 6.7%, from $2,226 million in 2013. Net sales decreased due to lower price and product mix of $157 million, driven primarily by the impact of lower raw material costs on pricing and unfavorable product mix due to lower OTR sales, unfavorable foreign currency translation of $73 million, primarily driven by the depreciation of the Australian dollar and Indian rupee, and lower sales in other tire-related businesses of $13 million, primarily in our retail operations. These decreases were partially offset by higher volumes of $95 million.

Operating income in 2014 was $301 million, decreasing $7 million, or 2.3%, from $308 million in 2013. Operating income decreased due primarily to lower price and product mix of $107 million, driven primarily by the impact of lower raw material costs on pricing and unfavorable product mix due to lower OTR sales. Lower price and product mix was partially offset by the effect of lower raw material costs of $90 million. Operating income was also negatively impacted by unfavorable foreign currency translation of $17 million, lower insurance recoveries of $7 million related to the fourth quarter 2011 Thailand flood and higher conversion costs of $7 million. The decreases were partially offset by lower start-up expenses for our manufacturing facility in Pulandian, China of $23 million and higher volume of $23 million. CGS included savings from rationalization plans of $1 million.

In 2013, on a consolidated basis, we recorded a $9 million net benefit ($6 million after-tax), which included $7 million in Asia Pacific, due to insurance recoveries for the fourth quarter 2011 flood in Thailand.

Operating income in 2014 and 2013 excluded net rationalization charges of $9 million and $16 million, respectively, primarily in Australia. Operating income in 2013 also excluded net gains on asset sales of $2 million.

Latin America

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

2015 Compared to 2014

Latin America unit sales in 2015 increased 0.1 million units, or 0.1%, to 17.5 million units. Replacement tire volume increased 0.8 million units, or 5.6%, driven by our consumer business, as our volume improvement exceeded increased industry volumes. OE tire volume decreased 0.7 million units, or 18.4%, driven primarily by weaker OE vehicle production in Brazil.

Net sales in 2015 were $1,596 million, decreasing $200 million, or 11.1%, from $1,796 million in 2014. Net sales decreased due to unfavorable foreign currency translation of $389 million in all markets, and lower sales in other tire-related businesses of $62 million, primarily due to ceasing tire component sales to certain customers. These decreases were partially offset by improved price and product mix of $268 million, including a favorable shift from OE to replacement products.

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

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

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

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

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

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

2014 Compared to 2013

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

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

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

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

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

CRITICAL ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Evolving conditions in Venezuela, including currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms, have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar fuerte and the U.S. dollar, and have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. This lack of currency exchangeability, combined with other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. We expect these conditions to continue for the foreseeable future.

As a result of these conditions, we concluded that effective as of December 31, 2015, we do not meet the accounting criteria for control over our Venezuelan subsidiary and began reporting the results of our Venezuelan subsidiary using the cost method of accounting. This change resulted in a pre-tax charge of $646 million in the fourth quarter of 2015. The pre-tax charge includes the derecognition of the carrying amounts of our Venezuelan subsidiary's assets and liabilities, including $320 million of Cash and Cash Equivalents, that are no longer reported in the Consolidated Balance Sheet as of December 31, 2015. The pre-tax charge also includes $248 million of foreign currency translation losses and pension losses previously included in AOCL in the Company's Consolidated Balance Sheet. Following the deconsolidation, the remaining value of our investment in our Venezuelan subsidiary included in the Consolidated Balance Sheet is not significant.

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

Cash Position

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

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

Operating Activities

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

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

Investing Activities

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

Financing Activities

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

Credit Sources

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

Outstanding Notes

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

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

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

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

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

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

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

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

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

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

Accounts Receivable Securitization Facilities (On-Balance Sheet)

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

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

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

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

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

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

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

Supplier Financing

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

Further Information

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

Covenant Compliance

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

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

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

borrowings under the second lien credit facility unless our ratio of Consolidated Net Secured Indebtedness to EBITDA (Pro Forma Senior Secured Leverage Ratio) for any period of four consecutive fiscal quarters is equal to or less than 3.0 to 1.0.

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

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

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

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

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

Potential Future Financings

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

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

Dividends and Common Stock Repurchase Program

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

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

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

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

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

Asset Dispositions

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

COMMITMENTS AND CONTINGENT LIABILITIES

Contractual Obligations

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

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

(1) Debt obligations include Notes Payable and Overdrafts.

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

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

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

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

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

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

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

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

(6) The payments presented above are expected payments for the next 10 years. The payments for other postretirement benefits reflect the estimated benefit payments of the plans using the provisions currently in effect. Under the relevant summary plan descriptions or plan documents we have the right to modify or terminate the plans. The obligation related to other postretirement benefits is actuarially determined on an annual basis. The estimated payments have been reduced to reflect the provisions of the Medicare Prescription Drug Improvement and Modernization Act of 2003.

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

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

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

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

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

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

Off-Balance Sheet Arrangements

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

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

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

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

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 and our market share could decline;
- deteriorating economic conditions in any of our major markets, or an inability to access capital markets or third-party financing when necessary, may materially adversely affect our operating results, financial condition and liquidity;
- our international operations have certain risks that may materially adversely affect our operating results, financial condition and liquidity;
- we have foreign currency translation and transaction risks that may materially adversely affect our operating results, financial condition and liquidity;

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

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Commodity Price Risk

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

Interest Rate Risk

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

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

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

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

Foreign Currency Exchange Risk

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

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

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

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

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

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

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

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

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

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except share data)	December 31, 2015	December 31, 2014
Assets		
Current Assets:		
Cash and Cash Equivalents (Note 1)	$ 1,476	$ 2,161
Accounts Receivable (Note 9)	2,033	2,126
Inventories (Note 10)	2,464	2,671
Prepaid Expenses and Other Current Assets	168	201
Total Current Assets	6,141	7,159
Goodwill (Note 11)	555	601
Intangible Assets (Note 11)	138	138
Deferred Income Taxes (Note 6)	2,141	2,253
Other Assets (Note 12)	687	740
Property, Plant and Equipment (Note 13)	6,777	7,153
Total Assets	$16,439	$18,044
Liabilities		
Current Liabilities:		
Accounts Payable-Trade	$ 2,769	$ 2,878
Compensation and Benefits (Notes 17 and 18)	666	724
Other Current Liabilities	886	950
Notes Payable and Overdrafts (Note 15)	49	30
Long Term Debt and Capital Leases due Within One Year (Note 15)	587	148
Total Current Liabilities	4,957	4,730
Long Term Debt and Capital Leases (Note 15)	5,120	6,216
Compensation and Benefits (Notes 17 and 18)	1,468	1,676
Deferred Income Taxes (Note 6)	91	90
Other Long Term Liabilities	661	905
Total Liabilities	12,297	13,617
Commitments and Contingent Liabilities (Note 19)		
Minority Shareholders' Equity (Note 1)	—	582
Shareholders' Equity		
Goodyear Shareholders' Equity		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares — 267 million (269 million in 2014)	267	269
Capital Surplus	3,093	3,141
Retained Earnings	4,570	4,331
Accumulated Other Comprehensive Loss (Note 21)	(4,010)	(4,131)
Goodyear Shareholders' Equity	3,920	3,610
Minority Shareholders' Equity — Nonredeemable	222	235
Total Shareholders' Equity	4,142	3,845
Total Liabilities and Shareholders' Equity	$16,439	$18,044

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, 2012 as reported										
(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
Adjustment to fair value method for Canadian pension assets (Note 1)						(12)	12			
Balance at December 31, 2012 as restated										
(after deducting 5,648,930 common treasury shares)	10,000,000	$500	245,240,762	$245	$2,815	$1,358	$(4,548)	$ 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 net periodic 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 20)						(41)		(41)		(41)
Common stock issued from treasury (Note 18)			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	$1,946	$(3,935)	$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	$1,946	$(3,935)	$1,606	$262	$1,868
Comprehensive income (loss):										
Net income						2,452		2,452	23	2,475
Foreign currency translation (net of tax 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 20)			(8,955,107)	(9)	(225)			(234)		(234)
Dividends declared (Note 20)						(67)		(67)		(67)
Common stock issued from treasury (Note 18)			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	$4,331	$(4,131)	$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)

(Dollars in millions)	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, 2014								
(after deducting 8,979,927 common treasury shares)	269,483,500	$269	$3,141	$4,331	$(4,131)	$3,610	$235	$3,845
Comprehensive income (loss):								
Net income				307		307	22	329
Foreign currency translation (net of tax of $(52))					(251)	(251)	(26)	(277)
Reclassification adjustment for amounts recognized in income (net of tax of $0)					16	16		16
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost (net of tax of $34)					66	66		66
Increase in net actuarial losses (net of tax of $(19))					(68)	(68)		(68)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $67)					259	259		259
Deferred derivative gains (net of tax of $3)					15	15		15
Reclassification adjustment for amounts recognized in income (net of tax of $(3))					(21)	(21)		(21)
Unrealized investment gains (losses) (net of tax of $(2))					(4)	(4)		(4)
Reclassification adjustment for amounts recognized in income (net of tax of $2)					(32)	(32)		(32)
Deconsolidation of Venezuelan subsidiary (net of tax of $0) (Notes 1 and 21)					248	248		248
Other comprehensive income (loss)						228	(26)	202
Total comprehensive income (loss)						535	(4)	531
Purchase of subsidiary shares from minority interest (Note 5)			60		(107)	(47)	—	(47)
Dividends declared to minority shareholders							(9)	(9)
Stock-based compensation plans			19			19		19
Repurchase of common stock (Note 20)	(5,647,429)	(5)	(175)			(180)		(180)
Dividends declared (Note 20)				(68)		(68)		(68)
Common stock issued from treasury (Note 18)	3,181,911	3	48			51		51
Balance at December 31, 2015								
(after deducting 11,445,445 common treasury shares)	267,017,982	$267	$3,093	$4,570	$(4,010)	$3,920	$222	$4,142

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)	2015	2014	2013
Balance at beginning of year	$ 582	$577	$534
Comprehensive income (loss):			
Net income (loss)	47	46	1
Foreign currency translation (net of tax of $0 in all periods)	(38)	(74)	23
Amortization of prior service cost and unrecognized gains and losses included in total benefit cost net of tax of $0 in 2015 ($0 in 2014, $1 in 2013)	3	5	8
Decrease (increase) in net actuarial losses net of tax of $0 in 2015 ($(6) in 2014, $1 in 2013)	—	30	21
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures (net of tax of $0 in all periods)	—	4	—
Prior service credit (cost) from defined benefit plan amendment (net of tax of $0 in all periods)	—	—	1
Deferred derivative gains (losses) (net of tax of $0 in all periods)	2	3	—
Reclassification adjustment for amounts recognized in income net of tax of $0 in 2015 ($(1) in 2014, $0 in 2013)	(4)	1	—
Other comprehensive income (loss)	(37)	(31)	53
Total comprehensive income (loss)	10	15	54
Dividends declared to minority shareholders	—	(10)	(11)
Dissolution of global alliance (Note 5)	(592)	—	—
Balance at end of year	$ —	$582	$577

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, 2015	2014	2013
Cash Flows from Operating Activities:			
Net Income	$ 376	$ 2,521	$ 675
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:			
Depreciation and Amortization	698	732	722
Amortization and Write-Off of Debt Issuance Costs	23	14	18
Provision for Deferred Income Taxes	79	(1,970)	(34)
Loss on Deconsolidation of Venezuelan Subsidiary (Note 1)	646	—	—
Net Pension Curtailments and Settlements (Note 17)	139	39	—
Net Rationalization Charges (Note 2)	114	95	58
Rationalization Payments	(144)	(226)	(72)
Net Gains on Asset Sales (Note 4)	(71)	(3)	(8)
Pension Contributions and Direct Payments	(103)	(1,338)	(1,162)
Net Venezuela Currency Loss (Note 4)	—	200	115
Gain on Recognition of Deferred Royalty Revenue (Note 4)	(155)	—	—
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:			
Accounts Receivable	(31)	75	79
Inventories	(89)	(35)	366
Accounts Payable — Trade	78	(41)	(30)
Compensation and Benefits	66	223	243
Other Current Liabilities	(28)	(40)	(28)
Other Assets and Liabilities	89	94	(4)
Total Cash Flows from Operating Activities	1,687	340	938
Cash Flows from Investing Activities:			
Capital Expenditures	(983)	(923)	(1,168)
Asset Dispositions (Note 4)	62	18	25
Decrease in Cash Due to Deconsolidation of Venezuelan Subsidiary (Note 1)	(320)	—	—
(Increase) Decrease in Restricted Cash	(6)	5	14
Short Term Securities Acquired	(77)	(72)	(105)
Short Term Securities Redeemed	69	95	89
Other Transactions (Note 12)	(7)	26	9
Total Cash Flows from Investing Activities	(1,262)	(851)	(1,136)
Cash Flows from Financing Activities:			
Short Term Debt and Overdrafts Incurred	103	46	31
Short Term Debt and Overdrafts Paid	(84)	(24)	(120)
Long Term Debt Incurred	2,819	1,842	1,913
Long Term Debt Paid	(3,315)	(1,555)	(681)
Common Stock Issued (Note 18)	53	39	26
Common Stock Repurchased (Note 20)	(180)	(234)	(4)
Common Stock Dividends Paid (Note 20)	(68)	(60)	(12)
Preferred Stock Dividends Paid (Note 20)	—	(15)	(29)
Transactions with Minority Interests in Subsidiaries	(9)	(49)	(26)
Debt Related Costs and Other Transactions	(33)	(1)	(16)
Dissolution of Global Alliance (Note 5)	(271)	—	—
Total Cash Flows from Financing Activities	(985)	(11)	1,082
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(125)	(313)	(169)
Net Change in Cash and Cash Equivalents	(685)	(835)	715
Cash and Cash Equivalents at Beginning of the Year	2,161	2,996	2,281
Cash and Cash Equivalents at End of the Year	$ 1,476	$ 2,161	$ 2,996

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 Adopted Accounting Standards

In November 2015, the Financial Accounting Standards Board ("FASB") issued an accounting standards update with new guidance on simplifying the presentation of deferred income taxes that requires deferred tax assets and liabilities to be classified as noncurrent on the balance sheet. We adopted the standards update effective October 1, 2015, electing to apply it retrospectively to all periods presented. The adoption of this standards update affects balance sheet presentation, and as of December 31, 2014 it resulted in an increase in noncurrent deferred income tax assets of $500 million, a reduction of current deferred income tax assets of $565 million, a reduction of noncurrent deferred income tax liabilities of $60 million and a reduction of current deferred income tax liabilities of $5 million.

Effective January 1, 2015, we adopted 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 adoption of this standards update did not impact our consolidated financial statements.

Recently Issued Accounting Standards

In September 2015, the FASB issued an accounting standards update with new guidance that eliminates the requirement in a business combination to restate prior period financial statements for measurement period adjustments. Instead, measurement period adjustments will be recognized in the reporting period in which the adjustment is identified. The standards update is effective for fiscal years and interim periods beginning after December 15, 2015. The amendments should be applied prospectively to measurement period adjustments that occur after the effective date of this update with early adoption permitted for financial statements that have not been issued. We will adopt this standards update as required and recognize any such future adjustments accordingly.

In July 2015, the FASB issued an accounting standards update with new guidance on simplifying the measurement of inventory. Inventory within the scope of this update is required to be measured at the lower of its cost or net realizable value, with net realizable value being the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The standards update is effective prospectively for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. We are currently assessing the impact of adopting this standards update on our consolidated financial statements.

In April 2015, the FASB issued an accounting standards update with new guidance on whether a cloud computing arrangement includes a software license and the accounting for such an arrangement. If a cloud computing arrangement includes a software license, then the software license element of the arrangement should be accounted for consistently with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the agreement should be accounted for as a service contract. The standards update is effective for fiscal years and interim periods beginning after December 15, 2015, with early adoption permitted. The adoption of this standards update will not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued an accounting standards update with new guidance on the presentation of debt issuance costs that requires all costs incurred to issue debt to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. In August 2015, the FASB issued an accounting standards update that allows debt issuance costs incurred in connection with line of credit arrangements to be presented as an asset. The standards updates are effective for fiscal years and interim periods beginning after December 15, 2015 on a retrospective basis, with early adoption permitted. The adoption of these standards updates affects presentation only and is not expected to have a material impact on our consolidated financial statements.

In August 2014, the 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 the first annual period ending 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. In August 2015, the FASB deferred the effective date of this standards update to fiscal years beginning after December 15, 2017, with early adoption permitted on the original effective date of fiscal years beginning after December 15, 2016. We are currently evaluating our significant contracts and assessing any impact of adopting this standards update on our consolidated financial statements.

Other

We were 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 had the right to require us to purchase their ownership interests in the respective subsidiaries if there was 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. On October 1, 2015, we completed the dissolution of our global alliance with Sumitomo Rubber Industries, Ltd. ("SRI"). Refer to Note 5.

During the fourth quarter of 2015, the value of pension assets used in the calculation of pension expense for our Canadian plans was changed from market-related value to fair value. This change is considered preferable because it better reflects recent gains or losses from pension assets in pension expense. As a result, all of our pension plans now use fair value in the calculation of pension expense. The change to the fair value method for these plans was retrospectively applied by restating all periods presented. The impact on the consolidated financial statements for the prior periods presented was insignificant.

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.

Deconsolidation of Venezuelan Subsidiary

Our wholly-owned subsidiary, C.A. Goodyear de Venezuela, manufactures, markets and distributes consumer and commercial tires throughout Venezuela. Evolving conditions in Venezuela, including currency exchange control regulations and continued reductions in access to U.S. dollars through official currency exchange mechanisms, have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar fuerte and the U.S. dollar, and have restricted the ability of our Venezuelan subsidiary to pay dividends and royalties and to settle liabilities. These currency exchange regulations, combined with other government regulations such as price and profit margin controls and strict labor laws, have increasingly limited our ability to make and execute operational decisions at our Venezuelan subsidiary. This lack of currency exchangeability, combined with these other operating restrictions, have significantly limited our Venezuelan subsidiary's ability to maintain normal production and control over its operations. We expect these conditions to continue for the foreseeable future.

As a result of these conditions, we concluded that effective as of December 31, 2015, we do not meet the accounting criteria for control over our Venezuelan subsidiary and began reporting the results of our Venezuelan subsidiary using the cost method of accounting. This change resulted in a pre-tax charge of $646 million in the fourth quarter of 2015. The pre-tax charge includes the derecognition of the carrying amounts of our Venezuelan subsidiary's assets and liabilities, including $320 million of Cash and Cash Equivalents, that are no longer reported in the Consolidated Balance Sheet as of December 31, 2015. The pre-tax charge also includes $248 million of foreign currency translation losses and pension losses previously included in Accumulated Other Comprehensive Loss ("AOCL") in the Company's Consolidated Balance Sheet. We have determined the fair value of our investment in, and receivables from, our Venezuelan subsidiary to be insignificant based on our expectations of dividend payments and settlements of such receivables in future periods.

In future reporting periods, our financial results will not include the operating results of our Venezuelan subsidiary. We will record income from sales of inventory and raw materials or from dividends or royalties to the extent cash is received from our Venezuelan subsidiary. Our exposure to future losses resulting from our Venezuelan subsidiary is limited to the extent that we decide to provide raw materials or finished goods to, or make future investments in, our Venezuelan subsidiary.

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 $382 million, $399 million and $390 million in 2015, 2014 and 2013, 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 19.

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 19.

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 19.

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 $385 million, $430 million and $408 million in 2015, 2014 and 2013, 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 carrying values of assets and liabilities for financial reporting purposes and such carrying values 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 6.

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, 2015, our cash investments with any single counterparty did not exceed $306 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 Statements of Cash Flows are presented net of capital leases of $3 million, $12 million and $19 million originating in the years ended December 31, 2015, 2014 and 2013, respectively, and net of capitalized costs related to the Global and North America Headquarters facility and parking deck of $18 million for the year ended December 31, 2013. Cash flows from investing activities in 2015 exclude $254 million of accrued capital expenditures remaining unpaid at December 31, 2015, and include payment for $212 million of capital expenditures that were accrued and unpaid at December 31, 2014.

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, 2015, approximately $551 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 10.

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 11.

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 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 12 and 21.

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 $697 million, $730 million and $719 million in 2015, 2014 and 2013, respectively. Refer to Notes 3 and 13.

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 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 (Income) 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 (Income) 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 (Income) 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 (Income) 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 (Income) 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 (Income) Expense. Refer to Note 15.

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 18.

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 7.

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 15 and 16.

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, 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
2015 charges (1)	86	30	116
Incurred, Net of Foreign Currency Translation of $(12) million and $0 million, respectively (2)	(106)	(25)	(131)
Reversed to the Statement of Operations	(1)	—	(1)
Balance at December 31, 2015	$ 96	$ 7	$ 103

(1) Charges in 2015 of $116 million exclude $1 million, and charges in 2014 of $128 million exclude $22 million, of pension curtailment gains recorded in Rationalizations in the Statement of Operations.

(2) Incurred in 2015 of $131 million excludes $25 million, and incurred in 2014 of $235 million excludes $20 million, of rationalization payments for labor claims relating to a previously closed facility in Greece.

Significant rationalization actions initiated in 2015 included a plan to close our Wolverhampton, U.K. mixing and retreading facility and to transfer the production to other manufacturing facilities in EMEA and a plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. We also initiated plans for SAG headcount reductions in EMEA, North America and Latin America.

The accrual balance of $103 million at December 31, 2015 is expected to be substantially utilized within the next 12 months and includes $36 million related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and the plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA, as well as $27 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)	2015	2014	2013
Current Year Plans			
Associate Severance and Other Related Costs	$ 66	$ 22	$42
Other Exit and Non-Cancelable Lease Costs	7	1	3
Current Year Plans — Net Charges	$ 73	$ 23	$45
Prior Year Plans			
Associate Severance and Other Related Costs	$ 19	$ 49	$ 3
Pension Curtailment Gain	(1)	(22)	—
Other Exit and Non-Cancelable Lease Costs	23	45	10
Prior Year Plans — Net Charges	41	72	13
Total Net Charges	$114	$ 95	$58
Asset Write-off and Accelerated Depreciation Charges	$ 8	$ 7	$23

Rationalization activities initiated in 2015 consisted primarily of charges of $38 million related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and a plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. Additional charges for the year ended December 31, 2015 primarily related to plans to reduce manufacturing and SAG headcount in EMEA, North America and Latin America. Substantially all of the new charges related to future cash outflows.

Net prior year plan charges recognized in the year ended December 31, 2015 include charges of $33 million for associate severance and idle plant costs related to the closure of one of our manufacturing facilities in Amiens, France and our exit from the farm tire business in EMEA.

Approximately 800 associates will be released under plans initiated in 2015, of which approximately 200 associates have been released as of December 31, 2015. In 2015, approximately 200 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 700 associates remain to be released under rationalization plans. At December 31, 2015, approximately 800 former associates of the closed Amiens, France manufacturing facility have asserted wrongful termination or other claims against us. Refer to Note 19.

Accelerated depreciation charges in 2015 primarily related to the plan to close our Wolverhampton, U.K. mixing and retreading facility. Asset write-off and accelerated depreciation charges for all periods were recorded in CGS.

Rationalization activities initiated in 2014 consisted primarily 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. 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.

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.

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 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.

Note 3. Interest Expense

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

(In millions)	2015	2014	2013
Interest expense before capitalization	$431	$452	$431
Capitalized interest	(19)	(24)	(39)
	$412	$428	$392

Cash payments for interest, net of amounts capitalized were $445 million, $419 million and $353 million in 2015, 2014 and 2013, 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.

Note 4. Other (Income) Expense

(In millions)	2015	2014	2013
Royalty income	$(192)	$ (35)	$ (51)
Financing fees and financial instruments	111	77	64
Net foreign currency exchange losses	77	239	118
Net gains on asset sales	(71)	(3)	(8)
General and product liability — discontinued products (gains) losses	(25)	25	15
Interest income	(22)	(28)	(41)
Miscellaneous	7	27	—
	$(115)	$302	$ 97

Royalty income in 2015 was $192 million, compared to income of $35 million and $51 million in 2014 and 2013, respectively. Royalty income in 2015 included a one-time pre-tax gain of $155 million on the recognition of deferred income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business ("Veyance"). The licensing agreement was terminated following the acquisition of Veyance by Continental AG in January 2015. 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.

Financing fees and financial instruments expense was $111 million in 2015, compared to $77 million in 2014 and $64 million in 2013. Financing fees and financial instruments expense consists of the amortization of deferred financing fees, commitment fees and charges incurred in connection with financing transactions. Financing fees in 2015 included a $41 million redemption premium and $14 million of expense for the write-off of deferred financing fees and unamortized discount related to the redemption of the $1.0 billion 8.25% senior notes due 2020.

Net foreign currency exchange losses in 2015 were $77 million, compared to losses of $239 million and $118 million in 2014 and 2013, respectively. Net foreign currency exchange losses in 2014 and 2013 included net charges of $200 million and $115 million, respectively, resulting from the devaluation 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, including $34 million of losses in 2015 related to changes in the SICAD exchange rate in Venezuela.

Prior to the deconsolidation of our Venezuelan subsidiary, we were required to remeasure our bolivar-denominated monetary assets and liabilities at the rate expected to be available for future dividend remittances by our Venezuelan subsidiary. 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.

Effective January 24, 2014, Venezuela's exchange rate applicable to the settlement of certain transactions, including payments of dividends and royalties, changed to an auction-based floating rate, the Complementary System of Foreign Currency Administration ("SICAD") rate, which was 11.4, 12.0 and 13.5 bolivares fuertes to the U.S. dollar at January 24, 2014, December 31, 2014 and December 31, 2015, respectively.

We expected that future remittances of dividends by our Venezuelan subsidiary would be transacted at the SICAD rate and, therefore, in 2014 we recorded net foreign currency exchange losses of $200 million related to the remeasurement of our bolivar-denominated monetary assets and liabilities using the SICAD rate.

Net gains on asset sales in 2015 were $71 million and included a gain of $48 million related to the dissolution of the global alliance with SRI and a gain of $30 million on the sale of our investment in shares of SRI. Refer to Note 5. Net gains on asset sales in 2015 also included losses of $14 million in EMEA, primarily related to the sales of certain sub-Saharan Africa retail businesses.

General and product liability — discontinued products includes charges for claims against us related primarily to asbestos personal injury claims, net of probable insurance recoveries. General and product liability — discontinued products for the year ended December 31, 2015 included a benefit of $25 million for the recovery of past costs from one of our asbestos insurers and a benefit of $21 million related to changes in assumptions for probable insurance recoveries for asbestos claims in future periods. The benefits were partially offset by an $8 million increase in the net asbestos liability based on updated assumptions for defense and indemnity costs in future periods based on historical cost data and trends.

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.

Miscellaneous expense in 2015, 2014 and 2013 includes $4 million, $22 million and $6 million, respectively, of charges for labor claims relating to a previously closed facility in Greece. These claims have been settled and we do not expect any additional charges. 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. Dissolution of Global Alliance with Sumitomo Rubber Industries

On October 1, 2015, the Company completed the previously announced dissolution of its global alliance with SRI in accordance with the terms and conditions set forth in the Framework Agreement, dated as of June 4, 2015, by and between the Company and SRI.

Prior to the dissolution, the Company owned 75% and SRI owned 25% of two companies, Goodyear Dunlop Tires Europe B.V. ("GDTE") and Goodyear Dunlop Tires North America, Ltd. ("GDTNA"). GDTE owns and operates substantially all of the Company's tire businesses in Western Europe. GDTNA had certain rights to the Dunlop brand and operated certain related businesses in North America. In Japan, the Company owned 25%, and SRI owned 75%, of two companies, one, Nippon Goodyear Ltd. ("NGY"), for the sale of Goodyear-brand tires for replacement in Japan and the other, Dunlop Goodyear Tires Ltd. ("DGT"), for the sale of Goodyear-brand and Dunlop-brand tires to vehicle manufacturers in Japan.

Pursuant to the Framework Agreement, the Company has sold to SRI its 75% interest in GDTNA, 25% interest in DGT and Huntsville, Alabama test track used by GDTNA. Accordingly, the Company no longer has any remaining ownership interests in GDTNA, DGT or the Huntsville, Alabama test track. With the sale of GDTNA, SRI obtained full ownership of the Dunlop motorcycle tire business in the United States, Canada and Mexico and the rights to sell Dunlop-brand tires to Japanese vehicle manufacturers in those countries. The Company retained exclusive rights to sell Dunlop-brand tires in both the consumer and commercial replacement markets of the United States, Canada and Mexico as well as to non-Japanese vehicle manufacturers in those countries.

The Company also has acquired from SRI its 75% interest in NGY and 25% interest in GDTE. Accordingly, the Company now has full ownership interests in NGY and GDTE. In addition, SRI obtained exclusive rights to sell Dunlop-brand tires in those countries that were previously shared with GDTE under the global alliance, including Russia, Turkey and certain countries in Africa.

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

The Framework Agreement also provides that we and SRI will conduct an orderly sale of the SRI common stock held by us and the Goodyear common stock held by SRI. As of December 31, 2015, the Company has sold all of its common stock in SRI resulting in total proceeds of $47 million and a pre-tax gain of $30 million recorded within Other (Income) Expense.

In addition to the gain recognized on the sale of SRI common stock, the Company recognized a pre-tax gain of $48 million on the transactions described above, recorded in Other (Income) Expense. The net gain on the transaction, after taxes, was $38 million. The net gain on the transaction primarily resulted from the sale of GDTNA and DGT as well as the fair value of the exclusive rights acquired by SRI from the Company to sell Dunlop-brand tires in those countries that were previously non-exclusive under the global alliance, net of transaction costs. Included in the net gain on the transaction is a pre-tax loss of $28 million for the difference between the general and product liabilities retained by the Company resulting from GDTNA's historical operations and the amount recorded for the indemnification of those liabilities provided by SRI to the Company under the Framework Agreement.

Prior to October 1, 2015, GDTE's assets and liabilities were included in our consolidated balance sheets and GDTE's results of operations were included in our consolidated statements of operations, which also reflected SRI's minority interest in GDTE. Subsequent to October 1, 2015, we continue to include GDTE in our consolidated balance sheets and consolidated statements of operations; however, there is no minority interest impact to our results of operations related to GDTE. Additionally, prior to October 1, 2015, we accounted for NGY under the equity method as we did not have a controlling financial interest in NGY. Subsequent to October 1, 2015, we have a controlling interest in NGY and, accordingly, NGY's assets and liabilities are included in our consolidated balance sheet as of December 31, 2015, and NGY's results of operations for the fourth quarter of 2015 are included in our consolidated statements of operations. The effects of the acquisition of NGY were not material to our consolidated balance sheet or results of operations as of and for the year ended December 31, 2015.

The assets and liabilities of GDTNA, the Huntsville, Alabama test track, and our investment in DGT were classified as held for sale as of September 30, 2015 and are no longer included in our consolidated balance sheet as of December 31, 2015.

The Company has classified the closing payment of $271 million as cash flows from financing activities as the acquisition of the minority shareholder's equity in GDTE represents the predominant use of these proceeds.

The Company and SRI entered into various supply agreements, licenses, transition services agreements, releases and other ancillary agreements in connection with the Framework Agreement to give effect to the dissolution and/or to set forth arrangements between the Company and SRI following the dissolution. The Company and SRI also each agreed to indemnify the other for certain losses arising out of breaches of representations and warranties, covenants and other specified matters, including product liability matters. The Company has recorded an indemnification asset within Accounts Receivable of $6 million and within Other Assets of $26 million for SRI's obligation to reimburse the Company for certain general and product liability claims related to periods prior to the dissolution, subject to certain caps and restrictions. The range of possible outcomes for the indemnification receivable is not material to the Company's financial statements.

As a result of the sale of GDTNA and the acquisition of the minority interest in GDTE, we recognized a net decrease in AOCL of $77 million, comprised of a reduction of $184 million for GDTNA accumulated pension-related losses that were recognized in the net gain on sale for the transaction, partially offset by an increase of $107 million primarily for GDTE pension-related losses that were reclassified from minority shareholders' equity into AOCL. We also recognized an increase in our capital surplus of $60 million related to our acquisition of the minority interest in GDTE.

Note 6. Income Taxes

The components of Income before Income Taxes follow:

(In millions)	2015	2014	2013
U.S.	$284	$400	$396
Foreign	324	287	417
	$608	$687	$813

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

(In millions)	2015	2014	2013
U.S. Federal income tax expense (benefit) at the statutory rate of 35%	$213	$ 240	$ 284
Deconsolidation of Venezuelan subsidiary	157	—	—
U.S. credits (R&D, foreign tax credits) and benefits offset to OCI	(72)	—	—
Adjustment for foreign income taxed at different rates	(39)	(37)	(2)
Net foreign losses (income) with no tax benefit due to valuation allowances	(19)	49	42
Net (resolution) establishment of uncertain tax positions	(13)	3	10
State income taxes, net of U.S. Federal benefit	10	12	—
Release of U.S. valuation allowance	(8)	(2,318)	—
Net establishment (release) of foreign valuation allowances	4	51	(8)
Deferred tax impact of enacted tax rate and law changes	(2)	33	(13)
Provision for undistributed foreign earnings	—	131	—
U.S. (income) with no tax due to valuation allowance	—	—	(136)
Poland special enterprise zone tax credit	—	—	(42)
Other	1	2	3
United States and Foreign Tax (Benefit) Expense	$232	$(1,834)	$ 138

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

(In millions)	2015	2014	2013
Current:			
Federal	$ —	$ —	$ (6)
Foreign	154	135	176
State	(1)	1	2
	153	136	172
Deferred:			
Federal	74	(2,103)	2
Foreign	5	84	(36)
State	—	49	—
	79	(1,970)	(34)
United States and Foreign Tax (Benefit) Expense	$232	$(1,834)	$138

In 2015, income tax expense included net discrete tax benefits of $18 million unrelated to current year income, due primarily to a $9 million benefit from the conclusion of non-U.S. tax claims and an $8 million benefit from the release of a valuation allowance related to certain state deferred tax assets. Our tax expense for 2015 also included a U.S. tax benefit of $69 million related to the pre-tax loss of $646 million on the deconsolidation of our Venezuelan subsidiary (Refer to Note 1), and a current year benefit of $10 million related to recently enacted U.S. legislation extending the research and development credit.

At December 31, 2014, our U.S. operations were in a position of cumulative profits for the most recent three-year period. We concluded that as a consequence of our three-year cumulative profits, achieving full year profitability in 2013 and 2014, our successful completion of labor negotiations with the United Steelworkers in 2013, our full funding of our U.S. pension plans during 2013 and 2014, and our business plan for 2015 and beyond showing continued profitability, that it was more likely than not that a significant portion of our U.S. deferred tax assets would be realized. 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 an enacted law change in Chile.

In 2013, income tax expense included net discrete 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.

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

(In millions)	2015	2014
Tax loss carryforwards and credits	$1,415	$1,550
Capitalized research and development expenditures	655	622
Accrued expenses deductible as paid	501	583
Postretirement benefits and pensions	288	388
Investment and receivables related to Venezuelan deconsolidation	157	—
Alternative minimum tax credit carryforwards (1)	78	85
Rationalizations and other provisions	22	49
Vacation and sick pay	37	36
Other	121	100
	3,274	3,413
Valuation allowance	(621)	(632)
Total deferred tax assets	2,653	2,781
Property basis differences	(459)	(448)
Tax on undistributed earnings of subsidiaries	(144)	(170)
Total net deferred tax assets	$2,050	$2,163

(1) Unlimited carryforward period.

At December 31, 2015, we had $519 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 $15 million of special enterprise zone tax credits subject to expiration in 2017. A valuation allowance totaling $523 million has been recorded against these and other deferred tax assets where recovery of the asset or carryforward is uncertain. In addition, we had $795 million of Federal and $101 million of state tax assets for net operating loss and tax credit carryforwards. The Federal carryforwards consist of $38 million of Federal tax assets for net operating losses that expire from 2029 to 2034, $686 million of foreign tax credits that are subject to expiration from 2016 to 2025 and $71 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 $57 million related to unrealized stock option deductions. The state carryforwards are subject to expiration from 2016 to 2034. A valuation allowance of $98 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 2016. This may result in a reduction of the valuation allowance by up to $275 million.

At December 31, 2015, we had unrecognized tax benefits of $54 million that if recognized, would have a favorable impact on our tax expense of $40 million. We had accrued interest of $5 million as of December 31, 2015. If not favorably settled, $9 million of the unrecognized tax benefits and all of the accrued interest would require the use of our cash. We do not expect changes during 2016 to our unrecognized tax benefits to have a significant impact on our financial position or results of operations.

Reconciliation of Unrecognized Tax Benefits

(In millions)	2015	2014	2013
Balance at January 1	$ 81	$ 88	$82
Increases related to prior year tax positions	10	15	27
Decreases related to prior year tax positions	(10)	(12)	(6)
Settlements	(14)	(6)	(9)
Foreign currency impact	(15)	(4)	(6)
Increases related to current year tax positions	2	—	1
Lapse of statute of limitations	—	—	(1)
Balance at December 31	$ 54	$ 81	$88

Generally, years from 2010 onward are still open to examination by foreign taxing authorities. We are open to examination in Germany from 2011 onward and in the United States for 2015.

We have undistributed earnings of foreign subsidiaries of approximately $1.4 billion for which deferred taxes have not been provided, 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. We have not recorded deferred tax assets for the excess of tax basis over book basis in our foreign subsidiaries as it is not expected to reverse in the foreseeable future.

Net cash payments for income taxes were $113 million, $127 million and $186 million in 2015, 2014 and 2013, respectively.

Note 7. 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)	2015	2014	2013
Earnings per share — basic:			
Goodyear net income	$ 307	$2,452	$ 629
Less: Preferred stock dividends	—	7	29
Goodyear net income available to common shareholders	$ 307	$2,445	$ 600
Weighted average shares outstanding	269	268	246
Earnings per common share — basic	$1.14	$ 9.13	$2.44
Earnings per share — diluted:			
Goodyear net income	$ 307	$2,452	$ 629
Less: Preferred stock dividends	—	—	—
Goodyear net income available to common shareholders	$ 307	$2,452	$ 629
Weighted average shares outstanding	269	268	246
Dilutive effect of mandatory convertible preferred stock	—	7	28
Dilutive effect of stock options and other dilutive securities	4	4	3
Weighted average shares outstanding — diluted	273	279	277
Earnings per common share — diluted	$1.12	$ 8.78	$2.28

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

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.

Note 8. Business Segments

Segment information reflects our strategic business units (“SBUs”), which are organized to meet customer requirements and global competition. Through December 31, 2015, we operated our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa; Asia Pacific; and Latin America. 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, 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, buses, aircraft, motorcycles, earthmoving and mining equipment and industrial equipment throughout Europe, the Middle East and Africa.

EMEA also sells retreaded aviation tires, retreading and related services for commercial truck and construction and mining equipment, and automotive maintenance and repair services.

Asia Pacific manufactures and sells tires for automobiles, trucks, aircraft, and farm, earthmoving and mining equipment 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.

Latin America manufactures and sells tires for automobiles, trucks, and earthmoving and mining equipment throughout Central and South America and in Mexico. Latin America also provides related products and services including retreaded tires and tread rubber for trucks. Latin America's 2015 segment sales and operating income include the results of our Venezuelan subsidiary, which was deconsolidated on December 31, 2015. Refer to Note 1. The deconsolidation of our Venezuelan subsidiary did not have an impact on segment sales or operating income for any of the periods presented.

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

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

(In millions)	2015	2014	2013
Sales			
North America	$ 7,774	$ 8,085	$ 8,684
Europe, Middle East and Africa	5,115	6,180	6,567
Asia Pacific	1,958	2,077	2,226
Latin America	1,596	1,796	2,063
Net Sales	$16,443	$18,138	$19,540
Segment Operating Income			
North America	$ 1,108	$ 803	$ 691
Europe, Middle East and Africa	435	438	298
Asia Pacific	319	301	308
Latin America	160	170	283
Total Segment Operating Income	2,022	1,712	1,580
Less:			
Rationalizations	114	95	58
Interest expense	412	428	392
Other (income) expense (1)	(115)	302	97
Asset write-offs and accelerated depreciation	8	7	23
Corporate incentive compensation plans	103	97	108
Corporate pension curtailments/settlements (2)	137	33	—
Intercompany profit elimination	3	(4)	(4)
Loss on deconsolidation of Venezuelan subsidiary	646	—	—
Retained expenses of divested operations	14	16	24
Other (3)	92	51	69
Income before Income Taxes	$ 608	$ 687	$ 813

(1) Refer to Note 4.

(2) Substantially all of the pension settlement charges of $137 million for the year ended December 31, 2015 and 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.

(3) Primarily represents unallocated corporate costs including, in 2015, certain costs for one-time strategic global initiatives. Also includes the elimination of $25 million, $24 million and $39 million for the years ended December 31, 2015, 2014 and 2013, respectively, of royalty income attributable to the strategic business units.

The following table presents segment assets at December 31:

(In millions)	**2015**	**2014**	**2013**
Assets			
North America	$ 4,808	$ 4,929	$ 4,977
Europe, Middle East and Africa	4,383	4,957	5,532
Asia Pacific	2,559	2,594	2,613
Latin America (1)	1,469	2,090	2,384
Total Segment Assets	13,219	14,570	15,506
Corporate (2)	3,220	3,474	1,931
	$16,439	$18,044	$17,437

(1) Decrease in Latin America segment assets at December 31, 2015 was due primarily to the deconsolidation of our Venezuelan subsidiary on December 31, 2015. Refer to Note 1.

(2) Corporate includes substantially all of our U.S. net deferred tax assets. Corporate assets increased in 2014 by $2,080 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)	2015	2014	2013
Net Sales			
United States	$ 7,338	$ 7,558	$ 7,820
Germany	1,905	2,288	2,372
Other international	7,200	8,292	9,348
	$16,443	$18,138	$19,540
Long-Lived Assets			
United States	$ 2,468	$ 2,464	$ 2,389
China	766	809	821
Germany	778	833	891
Other international	2,765	3,047	3,219
	$ 6,777	$ 7,153	$ 7,320

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

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

Rationalizations, as described in Note 2, Costs Associated with Rationalization Programs, Net (gains) losses on asset sales, as described in Note 4, Other (Income) 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)	2015	2014	2013
Rationalizations			
North America	$ 9	$ (6)	$12
Europe, Middle East and Africa	95	89	26
Asia Pacific	4	9	16
Latin America	6	3	4
Total Segment Rationalizations	$114	$95	$58

(In millions)	2015	2014	2013
Net (Gains) Losses on Asset Sales			
North America	$ (1)	$ (8)	$ (4)
Europe, Middle East and Africa	14	7	(1)
Asia Pacific	(5)	—	(2)
Latin America	(1)	—	(1)
Total Segment Asset Sales	7	(1)	(8)
Corporate (1)	(78)	(2)	—
	$(71)	$ (3)	$ (8)

(1) Corporate gain on asset sales in 2015 included a $48 million gain on the dissolution of our global alliance with SRI and a $30 million gain on the sale of our investment in shares of SRI. Refer to Note 5.

(In millions)	2015	2014	2013
Asset Write-offs and Accelerated Depreciation			
Europe, Middle East and Africa	$8	$7	$23
Total Segment Asset Write-offs and Accelerated Depreciation	$8	$7	$23

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

(In millions)	2015	2014	2013
Capital Expenditures			
North America	$353	$282	$ 262
Europe, Middle East and Africa	223	266	332
Asia Pacific	124	154	257
Latin America	125	152	243
Total Segment Capital Expenditures	825	854	1,094
Corporate (1)	158	69	74
	$983	$923	$1,168

(1) Corporate capital expenditures in 2015 include approximately $140 million related to the construction of our new manufacturing facility in San Luis Potosi, Mexico.

(In millions)	2015	2014	2013
Depreciation and Amortization			
North America	$270	$274	$275
Europe, Middle East and Africa	186	220	228
Asia Pacific	114	105	93
Latin America	94	102	84
Total Segment Depreciation and Amortization	664	701	680
Corporate	34	31	42
	$698	$732	$722

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

(In millions)	2015	2014	2013
Equity in (Income)			
North America	$ (3)	$ (5)	$ (8)
Europe, Middle East and Africa	(1)	—	—
Asia Pacific (1)	(12)	(23)	(23)
Total Segment Equity in (Income)	$(16)	$(28)	$(31)

(1) Substantially all of the Asia Pacific segment equity in income related to 25% interests in NGY and DGT which ceased to be recognized effective October 1, 2015 following the dissolution of the global alliance with SRI. Refer to Note 5.

Note 9. Accounts Receivable

(In millions)	2015	2014
Accounts receivable	$2,138	$2,215
Allowance for doubtful accounts	(105)	(89)
	$2,033	$2,126

Note 10. Inventories

(In millions)	2015	2014
Raw materials	$ 419	$ 535
Work in process	138	149
Finished goods	1,907	1,987
	$2,464	$2,671

Note 11. Goodwill and Intangible Assets

The following table presents the net carrying amount of goodwill allocated by reporting unit, and changes during 2015:

(In millions)	Balance at December 31, 2014	Acquisitions	Divestitures	Translation	Balance at December 31, 2015
North America	$ 93	$—	$ (2)	$ —	$ 91
Europe, Middle East and Africa	448	—	(2)	(45)	401
Asia Pacific	60	6	—	(3)	63
	$601	$ 6	$ (4)	$(48)	$555

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	Acquisitions	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 information about intangible assets:

	2015			2014		
(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	$128	$ (6)	$122	$127	$ (6)	$121
Trademarks and patents	12	(8)	4	15	(10)	5
Other intangible assets	21	(9)	12	21	(9)	12
	$161	$(23)	$138	$163	$(25)	$138

(1) Includes impact of foreign currency translation.

Intangible assets primarily comprise the rights to use the Dunlop brand name and related trademarks and certain other brand names and trademarks.

Amortization expense for intangible assets totaled $1 million, $2 million and $3 million in 2015, 2014 and 2013, respectively. We estimate that annual amortization expense related to intangible assets will be approximately $1 million in 2016 through 2020, and the weighted average remaining amortization period is approximately 29 years.

Our annual impairment analyses for 2015, 2014 and 2013 indicated no impairment of goodwill or intangible assets with indefinite lives. In addition, there were no events or circumstances that indicated the impairment tests should be re-performed for goodwill or for intangible assets with indefinite lives for any segment at December 31, 2015.

Note 12. Other Assets and Investments

We owned 3,421,306 shares of SRI at December 31, 2014 (the "Sumitomo Investment"). The fair value of the Sumitomo Investment was $51 million at December 31, 2014 and was included in Other Assets as we had 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). During the fourth quarter of 2015, we sold 100% of the Sumitomo Investment resulting in a gain of $30 million included in Other (Income) Expense. Refer to Note 5.

Dividends received from our consolidated subsidiaries were $46 million, $273 million and $88 million in 2015, 2014 and 2013, respectively. Dividends received from our affiliates accounted for using the equity method were $24 million, $24 million and $21 million in 2015, 2014 and 2013, respectively.

Note 13. Property, Plant and Equipment

	2015			2014		
(In millions)	Owned	Capital Leases	Total	Owned	Capital Leases	Total
Property, plant and equipment, at cost:						
Land	$ 387	$ —	$ 387	$ 413	$ —	$ 413
Buildings	2,230	32	2,262	2,375	36	2,411
Machinery and equipment	11,719	68	11,787	12,322	70	12,392
Construction in progress	783	—	783	733	—	733
	15,119	100	15,219	15,843	106	15,949
Accumulated depreciation	(8,605)	(32)	(8,637)	(9,002)	(27)	(9,029)
	6,514	68	6,582	6,841	79	6,920
Spare parts	195	—	195	233	—	233
	$ 6,709	$ 68	$ 6,777	$ 7,074	$ 79	$ 7,153

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

Note 14. Leased Assets

Net rental expense comprised the following:

(In millions)	2015	2014	2013
Gross rental expense	$324	$387	$400
Sublease rental income	(33)	(40)	(43)
	$291	$347	$357

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 2016, 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)	2016	2017	2018	2019	2020	2021 and Beyond	Total
Capital Leases							
Minimum lease payments	$ 12	$ 11	$ 8	$ 5	$ 3	$ 41	$ 80
Imputed interest	(4)	(3)	(3)	(3)	(2)	(17)	(32)
Present value	$ 8	$ 8	$ 5	$ 2	$ 1	$ 24	$ 48
Operating Leases							
Minimum lease payments	$279	$215	$158	$118	$94	$299	$1,163
Minimum sublease rentals	(26)	(17)	(10)	(6)	(3)	(7)	(69)
	$253	$198	$148	$112	$91	$292	$1,094
Imputed interest							(208)
Present value							$ 886

Note 15. Financing Arrangements and Derivative Financial Instruments

At December 31, 2015, we had total credit arrangements of $8,699 million, of which $2,676 million were unused. At that date, 31% of our debt was at variable interest rates averaging 6.55%.

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

At December 31, 2015, we had short term committed and uncommitted credit arrangements totaling $467 million, of which $418 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, 2015	December 31, 2014
Notes payable and overdrafts:	**$ 49**	**$ 30**
Weighted average interest rate	9.42%	10.63%
Long term debt and capital leases due within one year:		
Other domestic and foreign debt (including capital leases) (1)	**$ 587**	**$ 148**
Weighted average interest rate	6.68%	7.75%
Total obligations due within one year	**$ 636**	**$ 178**

(1) The increase in long term debt and capital leases due within one year was due primarily to the €250 million 6.75% senior notes due 2019 being classified as current at December 31, 2015 in connection with the irrevocable call for their redemption in January 2016.

Long Term Debt and Capital Leases and Financing Arrangements

At December 31, 2015, we had long term credit arrangements totaling $8,232 million, of which $2,258 million were unused.

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

(In millions)	December 31, 2015 Amount	December 31, 2015 Interest Rate	December 31, 2014 Amount	December 31, 2014 Interest Rate
Notes:				
6.75% Euro Notes due 2019	$ 272		$ 303	
8.25% due 2020	—		996	
8.75% due 2020	271		269	
6.5% due 2021	900		900	
7% due 2022	700		700	
5.125% due 2023	1,000		—	
3.75% Euro Notes due 2023	272		—	
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	598	3.75%	1,196	4.75%
€550 million revolving credit facility due 2020	—	—	—	—
Pan-European accounts receivable facility	125	1.35%	343	1.54%
Chinese credit facilities	465	5.22%	535	5.65%
Other foreign and domestic debt (1)	906	9.42%	913	8.70%
	5,659		6,305	
Capital lease obligations	48		59	
	5,707		6,364	
Less portion due within one year	(587)		(148)	
	$5,120		**$6,216**	

(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, 2015, €250 million aggregate principal amount of GDTE's 6.75% senior notes due 2019 were outstanding. On January 14, 2016, we redeemed all of the outstanding notes at a redemption price of 103.375% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date.

$1.0 billion 8.25% Senior Notes due 2020

On December 7, 2015, we redeemed all of our outstanding $1.0 billion aggregate principal amount of 8.25% senior notes due 2020 including a $41 million redemption premium plus accrued and unpaid interest to the redemption date. We also recorded $14 million of expense for the write-off of deferred financing fees and unamortized discount as a result of the redemption.

$282 million 8.75% Senior Notes due 2020

At December 31, 2015, $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, 2015, $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 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, repurchase shares 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 or to make other payments 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 and is continuing, certain covenants will be suspended and we may elect to suspend the subsidiary guarantees. The indenture has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

$700 million 7% Senior Notes due 2022

At December 31, 2015, $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.

The indenture for these notes includes covenants that are substantially similar to those contained in the indenture governing our 6.5% senior notes due 2021, described above.

$1.0 billion 5.125% Senior Notes due 2023

At December 31, 2015, $1.0 billion aggregate principal amount of 5.125% senior notes due 2023 were outstanding. These notes were sold at 100% of the principal amount and will mature on November 15, 2023. 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 November 15, 2018 at a redemption price of 102.563%, 101.281% and 100% during the 12-month periods commencing on November 15, 2018, 2019 and 2020 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to November 15, 2018, 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 November 15, 2018, 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 105.125% 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 6.5% senior notes due 2021, described above.

€250 million 3.75% Senior Notes due 2023 of GDTE

At December 31, 2015, €250 million aggregate principal amount of GDTE's 3.75% senior notes due 2023 were outstanding. These notes were sold at 100% of the principal amount and will mature on December 15, 2023. 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 December 15, 2018 at a redemption price of 101.875%, 100.938% and 100% during the 12-month periods commencing on December 15, 2018, 2019 and 2020 and thereafter, respectively, plus accrued and unpaid interest to the redemption date. Prior to December 15, 2018, 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 December 15, 2018, 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 103.75% 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 6.5% senior notes due 2021, described above.

$150 million 7% Senior Notes due 2028

At December 31, 2015, $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. Amounts drawn 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, 2015, our borrowing base, and therefore our availability, under this facility was $536 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, repurchase shares 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 or to make other payments 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 business or 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, 2015, we had no borrowings and $315 million of letters of credit issued under the revolving credit facility. At December 31, 2014, we had no borrowings and $377 million of letters of credit issued under the revolving credit facility.

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

In June 2015, we amended our second lien term loan facility. As a result of the amendment, the term loan now bears interest, at our option, at (i) 300 basis points over LIBOR (subject to a minimum LIBOR rate of 75 basis points) or (ii) 200 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). After June 16, 2015 and prior to June 16, 2016, (i) loans under the facility may not be prepaid or repaid with the proceeds of term loan indebtedness, or converted into or replaced by new term loans, bearing interest at an effective interest rate that is less than the effective interest rate then applicable to such loans and (ii) no amendment of the facility may be made that, directly or indirectly, reduces the effective interest rate applicable to the loans under the facility, in each case unless we pay a fee equal to 1.0% of the principal amount of the loans so affected.

Our obligations under our second lien term loan 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. This facility may be increased by up to $300 million at our request, subject to the consent of the lenders making such additional term loans.

At December 31, 2015 and 2014, the amounts outstanding under this facility were $598 million and $1,196 million, respectively. On February 3, 2015, we repaid $200 million and on December 30, 2015 we repaid $400 million of the borrowings under this facility. Repayments are not able to be redrawn.

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

In May 2015, we amended and restated our existing €400 million European revolving credit facility. Significant changes to the facility included extending the maturity to May 12, 2020, increasing the available commitments thereunder from €400 million to €550 million and decreasing the annual commitment fee by 20 basis points to 30 basis points. Loans will bear interest at LIBOR plus 175 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 175 basis points for loans denominated in euros.

Our amended and restated €550 million European revolving credit facility consists of (i) a €125 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH ("GDTG") and (ii) a €425 million all-borrower tranche that is available to GDTE, GDTG and Goodyear Dunlop Tires Operations S.A. Up to €150 million of swingline loans and €50 million in letters of credit are available for issuance under the all-borrower tranche.

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 certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany, including real property, equipment, inventory, contract rights, intercompany receivables and cash accounts, but excluding accounts receivable and certain cash accounts in subsidiaries that are or may become parties to securitization or factoring transactions.

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 generally 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 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" 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 business or financial condition since December 31, 2014. The facility also has customary defaults, including a cross-default to material indebtedness of Goodyear and our subsidiaries.

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

Accounts Receivable Securitization Facilities (On-Balance Sheet)

GDTE and certain other of our European subsidiaries are parties to a pan-European accounts receivable securitization facility that expires in 2019. The terms of the facility provide the flexibility to designate annually the maximum amount of funding available under the facility in an amount of not less than €45 million and not more than €450 million. For the period beginning October 16, 2014 to October 15, 2015, the designated maximum amount of the facility was €380 million. For the period beginning October 16, 2015 to October 15, 2016, the designated maximum amount of the facility is €340 million.

The facility involves an ongoing daily sale of substantially all of the trade accounts receivable of certain GDTE subsidiaries 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, 2016.

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

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

Accounts Receivable Factoring Facilities (Off-Balance Sheet)

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

Other Foreign Credit Facilities

A Chinese subsidiary has several financing arrangements in China. At December 31, 2015, these non-revolving credit facilities had total unused availability of $66 million and can only be used to finance the expansion of our manufacturing facility in China. At December 31, 2015 and 2014, the amounts outstanding under these facilities were $465 million and $535 million, respectively. The facilities ultimately mature in 2023 and principal amortization began in 2015. The facilities contain covenants relating to the Chinese subsidiary and have customary representations and warranties and defaults relating to the Chinese subsidiary's ability to perform its obligations under the facilities. At December 31, 2015 and 2014, restricted cash related to funds obtained under these credit facilities was $11 million and $4 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 $151 million, including capitalized interest, has been recorded in Long Term Debt and Capital Leases at December 31, 2015.

Debt Maturities

The annual aggregate maturities of our debt and capital leases for the five years subsequent to December 31, 2015 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)	2016	2017	2018	2019	2020
U.S.	$ 6	$ 5	$ 59	$599	$271
Foreign	630	425	225	270	54
	$636	**$430**	**$284**	**$869**	**$325**

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, 2015	December 31, 2014
Fair Values — asset (liability):		
Accounts receivable	$ 10	$20
Other current liabilities	(10)	(4)

At December 31, 2015 and 2014, these outstanding foreign currency derivatives had notional amounts of $1,094 million and $878 million, respectively, and were primarily related to intercompany loans. Other (Income) Expense included net transaction gains of $79 million and $54 million in 2015 and 2014, respectively, on foreign currency derivatives. These amounts were substantially offset in Other (Income) 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, 2015	December 31, 2014
Fair Values — asset (liability):		
Accounts receivable	$ 5	$10
Other current liabilities	(1)	—

At December 31, 2015 and 2014, these outstanding foreign currency derivatives had notional amounts of $168 million and $157 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	2015	2014
Amounts deferred to AOCL	$(20)	$(17)
Amount of deferred loss (gain) reclassified from AOCL into CGS	(28)	—
Amounts excluded from effectiveness testing	1	1

The estimated net amount of the deferred gains at December 31, 2015 that is expected to be reclassified to earnings within the next twelve months is $6 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 16. Fair Value Measurements

The following table presents information about assets and liabilities recorded at fair value on the Consolidated Balance Sheet at December 31, 2015 and December 31, 2014:

	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)	2015	2014	2015	2014	2015	2014	2015	2014
Assets:								
Investments	$ 7	$56	$ 7	$56	$—	$—	$—	$—
Foreign Exchange Contracts	15	30	—	—	15	30	—	—
Total Assets at Fair Value	$22	$86	$ 7	$56	$15	$30	$—	$—
Liabilities:								
Foreign Exchange Contracts	$11	$ 4	$—	$—	$11	$ 4	$—	$—
Total Liabilities at Fair Value	$11	$ 4	$—	$—	$11	$ 4	$—	$—

The following table presents supplemental fair value information about long term fixed rate and variable rate debt, excluding capital leases, at December 31, 2015 and December 31, 2014. Long term debt with a fair value of $4,337 million and $4,603 million at December 31, 2015 and December 31, 2014, respectively, was estimated using quoted Level 1 market prices. The carrying value of the remaining long term debt approximates fair value since the terms of the financing arrangements are similar to terms that could be obtained under current lending market conditions.

(In millions)	December 31, 2015	December 31, 2014
Fixed Rate Debt:		
Carrying amount — liability	$3,890	$3,680
Fair value — liability	4,065	3,773
Variable Rate Debt:		
Carrying amount — liability	$1,769	$2,625
Fair value — liability	1,767	2,622

In the third quarter of 2015, we corrected the presentation of both the carrying amount and fair value of certain variable rate debt that had previously been disclosed as fixed rate debt, resulting in a revision of $452 million between fixed rate debt and variable rate debt at December 31, 2014. This revision did not impact the Consolidated Balance Sheet. We do not consider the change in presentation to be material to any previously issued financial statements.

Note 17. 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. 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 2015, we offered lump sum payments over a limited time to certain former employees in our U.S. pension plans. Payments of $190 million related to this offer were made from existing plan assets in the fourth quarter of 2015. As a result, total lump sum payments from these plans exceeded annual service and interest cost in 2015, and we recognized a pre-tax corporate pension settlement charge of $137 million in the fourth quarter of 2015.

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. 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, we 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 contributions of $868 million, including discretionary contributions of $834 million, to fully fund our salaried U.S. pension plans.

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

	Pension Plans								
	U.S.			Non-U.S.			Other Postretirement Benefits		
(In millions)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Benefits cost:									
Service cost	$ 4	$ 15	$ 45	$ 43	$ 34	$ 39	$ 3	$ 4	$ 6
Interest cost	238	256	243	113	131	131	15	19	19
Expected return on plan assets	(295)	(311)	(335)	(107)	(118)	(111)	—	(1)	(1)
Amortization of prior service cost (credit)	—	1	17	1	1	1	(45)	(45)	(45)
Amortization of net losses	106	114	205	32	35	50	7	8	12
Net periodic cost	53	75	175	82	83	110	(20)	(15)	(9)
Curtailments/settlements	137	32	—	2	(13)	4	—	—	—
Total benefits cost	$ 190	$ 107	$ 175	$ 84	$ 70	$ 114	$(20)	$(15)	$ (9)
Recognized in other comprehensive (income) loss before tax and minority:									
Prior service (credit) cost from plan amendments	$ —	$ (1)	$ (30)	$ —	$ 1	$ (1)	$ —	$ —	$ —
Increase (decrease) in net actuarial losses	150	292	(374)	(45)	(78)	(128)	(19)	3	(51)
Amortization of prior service (cost) credit in net periodic cost	—	(1)	(17)	(1)	(1)	(1)	45	45	47
Amortization of net losses in net periodic cost	(106)	(114)	(205)	(34)	(36)	(53)	(7)	(8)	(13)
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements, and divestitures	(386)	(32)	—	(5)	(16)	(3)	4	—	—
Deconsolidation of Venezuelan subsidiary (Note 1)	—	—	—	(62)	—	—	—	—	—
Total recognized in other comprehensive loss (income) before tax and minority	(342)	144	(626)	(147)	(130)	(186)	23	40	(17)
Total recognized in total benefits cost and other comprehensive loss (income) before tax and minority	$(152)	$ 251	$(451)	$ (63)	$ (60)	$ (72)	$ 3	$ 25	$(26)

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

Total benefits (credit) cost for our other postretirement benefits was $(28) million, $(24) million and $(24) million for our U.S. plans in 2015, 2014 and 2013, respectively, and $8 million, $9 million and $15 million for our non-U.S. plans in 2015, 2014 and 2013, respectively.

The estimated net actuarial loss for the defined benefit pension plans that will be amortized from AOCL into benefits cost in 2016 is $108 million for our U.S. plans and $27 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 2016 are a benefit of $44 million and expense of $6 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 2015 and 2014 and the amounts recognized in our Consolidated Balance Sheet at December 31, 2015 and 2014 are as follows:

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2015	2014	2015	2014	2015	2014
Change in benefit obligation:						
Beginning balance	$(6,507)	$(5,981)	$(3,178)	$(3,129)	$(361)	$(388)
Newly adopted plans	—	—	(9)	(3)	—	—
Service cost — benefits earned	(4)	(15)	(43)	(34)	(3)	(4)
Interest cost	(238)	(256)	(113)	(131)	(15)	(19)
Plan amendments	—	1	—	(2)	—	—
Actuarial gain (loss)	262	(693)	(5)	(394)	22	—
Participant contributions	—	—	(2)	(2)	(15)	(16)
Curtailments/settlements	285	1	19	69	—	—
Divestitures	500	—	—	—	6	—
Deconsolidation of Venezuelan subsidiary (Note 1)	—	—	80	—	—	—
Foreign currency translation	—	—	303	284	35	17
Benefit payments	364	436	140	164	40	49
Ending balance	$(5,338)	$(6,507)	$(2,808)	$(3,178)	$(291)	$(361)
Change in plan assets:						
Beginning balance	$ 6,250	$ 4,800	$ 2,721	$ 2,455	$ 5	$ 5
Newly adopted plans	—	—	9	—	—	—
Actual return on plan assets	(117)	711	60	505	—	—
Company contributions to plan assets	—	1,167	60	118	2	2
Cash funding of direct participant payments	7	9	36	44	23	31
Participant contributions	—	—	2	2	15	16
Settlements	(285)	(1)	(18)	(39)	—	—
Divestitures	(480)	—	—	—	—	—
Foreign currency translation	—	—	(237)	(200)	(2)	—
Benefit payments	(364)	(436)	(140)	(164)	(40)	(49)
Ending balance	$ 5,011	$ 6,250	$ 2,493	$ 2,721	$ 3	$ 5
Funded status at end of year	$ (327)	$ (257)	$ (315)	$ (457)	$(288)	$(356)

Other postretirement benefits funded status was $(164) million and $(190) million for our U.S. plans at December 31, 2015 and 2014, respectively, and $(124) million and $(166) million for our non-U.S. plans at December 31, 2015 and 2014, respectively.

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

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2015	2014	2015	2014	2015	2014
Noncurrent assets	$ —	$ 9	$ 249	$ 274	$ —	$ —
Current liabilities	(12)	(10)	(19)	(24)	(23)	(28)
Noncurrent liabilities	(315)	(256)	(545)	(707)	(265)	(328)
Net amount recognized	$(327)	$(257)	$(315)	$(457)	$(288)	$(356)

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

	Pension Plans				Other Postretirement Benefits	
	U.S.		Non-U.S.			
(In millions)	2015	2014	2015	2014	2015	2014
Prior service (credit) cost	$ (4)	$ (4)	$ 2	$ 4	$(104)	$(152)
Net actuarial loss	2,643	2,985	693	838	74	99
Gross amount recognized	2,639	2,981	695	842	(30)	(53)
Deferred income taxes	(128)	(177)	(96)	(137)	(9)	(1)
Minority shareholders' equity	—	(62)	—	(109)	—	1
Net amount recognized	$2,511	$2,742	$599	$ 596	$ (39)	$ (53)

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

	Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
Discount rate:				
— U.S.	4.20%	3.89%	3.86%	3.59%
— Non-U.S.	3.47	3.31	5.30	4.89
Rate of compensation increase:				
— U.S.	N/A	N/A	N/A	N/A
— Non-U.S.	2.63	2.88	N/A	N/A

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

	Pension Plans			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Discount rate:						
— U.S.	3.89%	4.40%	3.77%	3.59%	4.06%	3.30%
— Non-U.S.	3.31	4.36	4.12	4.89	6.62	5.64
Expected long term return on plan assets:						
— U.S.	5.00	5.47	7.16	N/A	N/A	N/A
— Non-U.S.	4.12	5.12	5.01	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.	2.88	3.11	3.23	N/A	N/A	N/A

For 2015, a weighted average discount rate of 3.89% 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, 2014, 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 3.31% 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.

Effective January 1, 2016, we changed the method used to measure the service and interest components of net periodic cost for pension and other postretirement benefits for plans that utilize a yield curve approach. We elected to utilize a full yield curve approach in the measurement of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. We believe this new approach provides a more precise measurement of service and interest costs by aligning the timing of projected benefit cash flows to the corresponding spot rates on the yield curve. This change does not affect the measurement of our plan benefit obligations. We have accounted for this change as a change in accounting estimate.

For 2015, an assumed weighted average long term rate of return of 5.00% 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 4.12% 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 and expected future mortality improvements based on 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, 2015. 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
2016	$ 421	$134	$ 25	$1
2017	405	128	25	1
2018	394	131	24	1
2019	384	135	23	1
2020	376	138	22	1
2021-2025	1,767	742	103	5

The following table presents selected information on our pension plans:

	U.S.		Non-U.S.	
(In millions)	2015	2014	2015	2014
All plans:				
Accumulated benefit obligation	$5,329	$6,495	$2,722	$3,040
Plans not fully-funded:				
Projected benefit obligation	$5,336	$5,087	$ 876	$1,112
Accumulated benefit obligation	5,327	5,076	811	994
Fair value of plan assets	5,009	4,822	316	384

Certain non-U.S. subsidiaries maintain unfunded pension plans consistent with local practices and requirements. At December 31, 2015, these plans accounted for $233 million of our accumulated pension benefit obligation, $256 million of our projected pension benefit obligation, and $68 million of our AOCL adjustment. 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.

We expect to contribute approximately $50 million to $75 million to our funded non-U.S. pension plans in 2016.

Assumed health care cost trend rates at December 31 follow:

	2015	2014
Health care cost trend rate assumed for the next year	6.5%	7.0%
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, 2015 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	$15	$(13)
Aggregate service and interest cost	1	(1)

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

	U.S.		Non-U.S.	
	2015	2014	2015	2014
Cash and short term securities	5%	4%	1%	1%
Equity securities	6	6	12	15
Debt securities	89	90	74	73
Alternatives	—	—	13	11
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.

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, repurchase agreements, and short term interest bearing deposits. The weighted average target asset allocation of the non-U.S. pension funds is approximately 10% equities, 80% fixed income, and 10% alternative investments.

The fair values of our pension plan assets at December 31, 2015, 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	$ 240	$237	$ 3	$ —	$ 30	$ 28	$ 2	$ —
Equity Securities								
Common and Preferred Stock:								
Non-U.S. Companies	—	—	—	—	19	19	—	—
Commingled Funds	6	—	6	—	231	17	214	—
Mutual Funds	—	—	—	—	61	3	58	—
Partnership Interests	295	—	75	220	—	—	—	—
Debt Securities								
Corporate Bonds	2,413	—	2,413	—	151	14	137	—
Government Bonds	1,091	—	1,091	—	2,097	67	2,030	—
Repurchase Agreements	—	—	—	—	(719)	—	(719)	—
Asset Backed Securities	158	—	158	—	11	2	2	7
Commingled Funds	714	—	714	—	342	—	342	—
Mutual Funds	86	—	86	—	8	3	5	—
Alternatives								
Commingled Funds	—	—	—	—	125	—	6	119
Real Estate	—	—	—	—	143	—	2	141
Other Investments	—	—	(2)	2	68	1	6	61
Total Investments	5,003	$237	$4,544	$222	2,567	$154	$2,085	$328
Other	8				(74)			
Total Plan Assets	$5,011				$2,493			

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			

At December 31, 2015 and 2014, 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.
- *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. Repurchase

agreements are valued at the contract price plus accrued interest. These secured borrowings are collateralized by government bonds held by the non-U.S. plans and have maturities less than one year. 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.

- *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, 2015:

	U.S.		Non-U.S.			
(In millions)	Partnership Interests	Other	Commingled Funds	Real Estate	Asset Backed Securities	Other
Balance, beginning of year	$229	$ 2	$122	$134	$—	$21
Realized gains (losses)	21	—	—	—	—	—
Unrealized (losses) gains relating to instruments still held at the reporting date	(12)	—	2	12	—	—
Purchases, sales, issuances and settlements (net)	(18)	—	1	2	7	44
Foreign currency translation	—	—	(6)	(7)	—	(4)
Balance, end of year	$220	$ 2	$119	$141	$ 7	$61

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 (losses) gains 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

Other postretirement benefits plan assets at December 31, 2015 and 2014, 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 $125 million, $112 million and $106 million for 2015, 2014 and 2013, respectively.

Note 18. 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 2015:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1	10,350,633	$16.75		
Options granted	802,871	27.32		
Options exercised	(3,028,112)	18.35		$ 40
Options expired	(52,687)	17.15		
Options cancelled	(290,009)	18.67		
Outstanding at December 31	7,782,696	17.15	5.8	121
Vested and expected to vest at December 31	7,493,529	17.03	5.7	119
Exercisable at December 31	5,153,908	15.55	4.7	89
Available for grant at December 31	8,645,222			

In addition, the aggregate intrinsic value of options exercised in 2014 and 2013 was $37 million and $23 million, respectively.

Significant option groups outstanding at December 31, 2015 and related weighted average exercise price and remaining contractual term information follows:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Contractual Term (Years)
2/23/2015	719,164	—	$27.16	9.2
2/24/2014	502,513	111,397	26.44	8.2
2/28/2013	1,512,308	695,216	12.98	7.2
2/27/2012	1,139,048	805,963	12.94	6.2
2/22/2011	729,512	729,512	13.91	5.2
2/23/2010	547,334	547,334	12.74	4.2
2/26/2009	489,562	489,562	4.81	3.2
2/21/2008	486,390	486,390	26.74	2.2
2/27/2007	477,584	477,584	24.71	1.2
All other	1,179,281	810,950	(1)	(1)
	7,782,696	5,153,908		

(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 $18.65 and $16.63, respectively, while the remaining weighted average contractual term was 6.1 and 5.0, respectively.

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

	2015	2014	2013
Weighted average grant date fair value	$11.51	$11.48	$ 6.28
Black-Scholes model assumptions (1):			
Expected term (years)	7.30	7.40	6.25
Interest rate	1.83%	2.10%	1.11%
Volatility	42.00%	43.45%	46.66%
Dividend yield	0.88%	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 options 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 2015, 2014 and 2013, 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 2015:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	322,098	$20.47
Units granted	225,392	28.44
Units vested	(157,989)	12.29
Units forfeited	(71,231)	23.93
Unvested at December 31	318,270	28.64

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 2015:

	Units	Weighted Average Grant Date Fair Value
Unvested at January 1	482,177	$22.36
Units granted	330,388	28.43
Units vested and settled	(87,972)	13.60
Units forfeited	(51,500)	26.33
Unvested at December 31	673,093	26.16

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)	2015	2014	2013
Stock-based compensation expense recognized	$19	$20	$18
Tax benefit	(7)	(7)	—
After-tax stock-based compensation expense	$12	$13	$18
Cash payments to settle SARs	$ 2	$ 2	$ 1
Cash received from stock option exercises	$53	$39	$22

As of December 31, 2015, unearned compensation cost related to the unvested portion of all stock-based awards was approximately $32 million and is expected to be recognized over the remaining vesting period of the respective grants, through October 2020.

Note 19. Commitments and Contingent Liabilities

Environmental Matters

We have recorded liabilities totaling $50 million and $46 million at December 31, 2015 and December 31, 2014, 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, $12 million and $9 million were included in Other Current Liabilities at December 31, 2015 and December 31, 2014, 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 $264 million and $306 million for anticipated costs related to workers' compensation at December 31, 2015 and December 31, 2014, respectively. Of these amounts, $54 million and $71 million were included in Current Liabilities as part of Compensation and Benefits at December 31, 2015 and December 31, 2014, 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 decrease in liability from December 31, 2014 to December 31, 2015 reflects the dissolution of the global alliance with SRI and actuarial adjustments, which were partially offset by increased claim activity related to a previously closed facility. 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, 2015 and December 31, 2014, the liability was discounted using a risk-free rate of return. At December 31, 2015, we estimate that it is reasonably possible that the liability could exceed our recorded amounts by approximately $31 million.

General and Product Liability and Other Litigation

We have recorded liabilities totaling $315 million and $324 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2015 and December 31, 2014, respectively. Of these amounts, $45 million and $46 million were included in Other Current Liabilities at December 31, 2015 and December 31, 2014, 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, 2015, 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. We have recorded an indemnification asset within Accounts Receivable of $6 million and within Other Assets of $26 million for SRI's obligation to indemnify us for certain product liability claims related to products manufactured by GDTNA during the existence of the global alliance with SRI, subject to certain caps.

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 117,800 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 $497 million and $458 million through December 31, 2015 and December 31, 2014, respectively.

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)	2015	2014	2013
Pending claims, beginning of year	73,800	74,000	73,200
New claims filed during the year	1,900	1,900	2,600
Claims settled/dismissed during the year	(8,300)	(2,100)	(1,800)
Pending claims, end of year	67,400	73,800	74,000
Payments (1)	$ 19	$ 20	$ 19

(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 recorded gross liabilities for both asserted and unasserted claims, inclusive of defense costs, totaling $171 million and $151 million at December 31, 2015 and December 31, 2014, respectively. The increase in the liability during 2015 is based on updated assumptions for defense costs and indemnity costs in future periods based on historical cost data and trends. 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.

We maintain certain primary and excess insurance coverage under coverage-in-place agreements, and also have additional excess liability insurance with respect to asbestos liabilities. 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 $117 million at December 31, 2015 and $71 million at December 31, 2014. The increase in the receivable is related to changes in assumptions for probable insurance recoveries for asbestos claims in future periods which positively impacted the receivable by $21 million, as well as an increase in anticipated insurance recoveries corresponding to the increase in the gross liability. We expect that approximately 70% of asbestos claim related losses would be recoverable through insurance during the ten-year period covered by the estimated liability. Of these amounts, $12 million and $13 million were included in Current Assets as part of Accounts Receivable at December 31, 2015 and December 31, 2014, respectively. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary carriers and excess insurance carriers as well as an amount we believe is probable of recovery from certain of our other excess insurance carriers.

We believe that, at December 31, 2015, we had approximately $410 million in excess level policy limits applicable to indemnity and defense costs for asbestos products claims under coverage-in-place agreements, which increased as a result of recent changes in assumptions for insurance recoveries. We also had additional unsettled excess level policy limits potentially applicable to such costs. We also had coverage under certain primary policies for indemnity and defense costs for asbestos products claims under remaining aggregate limits pursuant to a coverage-in-place agreement, as well as coverage for indemnity and defense costs for asbestos premises claims pursuant to coverage-in-place agreements.

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.

Amiens Labor Claims

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

Other 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 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, in the case of an income tax settlement, 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, in the case of an income tax settlement, 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, 2015, we had binding commitments for raw materials, capital expenditures, utilities and various other types of contracts. Total commitments on contracts that extend beyond 2016 are expected to total approximately $4,000 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 and other commitments totaling approximately $49 million and $7 million at December 31, 2015 and December 31, 2014, respectively. We 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. In 2015, as a result of the dissolution of the global alliance with SRI, we issued a guarantee of approximately $46 million to an insurance company related to SRI's obligation to pay GDTNA's outstanding workers' compensation claims arising during the existence of the global alliance. We have concluded the probability of our performance to be remote and, therefore, have not recorded a liability for this guarantee. While there is no fixed duration of this guarantee, we expect the amount of this guarantee to decrease over time as GDTNA pays its outstanding claims. 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, customer, or SRI. Except for the workers' compensation guarantee described above, the guarantees expire at various times through 2020. We are unable to estimate the extent to which our affiliates', lessors', customers', or SRI's assets would be adequate to recover any payments made by us under the related guarantees.

Indemnifications

At December 31, 2015, 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 or dissolution 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 $22 million for potential claims under warranties offered by us at December 31, 2015 and 2014, respectively, the majority of which is recorded in Other Current Liabilities.

The following table presents changes in the warranty reserve during 2015 and 2014:

(in millions)	2015	2014
Balance at January 1	$ 22	$ 21
Payments made during the period	(37)	(39)
Expense recorded during the period	33	41
Translation adjustment	(1)	(1)
Balance at December 31	$ 17	$ 22

Note 20. 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 and 2013, we paid cash dividends of $15 million and $29 million, respectively, on our mandatory convertible preferred stock. No further dividends will be paid on our preferred stock following the conversion of shares into common stock on April 1, 2014.

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

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

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. During 2015, we repurchased 75,520 shares from employees.

Note 21. 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, 2015 and 2014:

(In millions)	Foreign Currency Translation Adjustment	Unrecognized Net Actuarial Losses and Prior Service Costs	Deferred Derivative Gains (Losses)	Unrealized Investment Gains	Total
Balance at December 31, 2013	$(690)	$(3,278)	$ (1)	$ 34	$(3,935)
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)	$(3,285)	$ 12	$ 36	$(4,131)
Other comprehensive income (loss) before reclassifications	(251)	(68)	15	(4)	(308)
Amounts reclassified from accumulated other comprehensive loss	16	325	(21)	(32)	288
Purchase of subsidiary shares from minority interest	(3)	(105)	1	—	(107)
Deconsolidation of Venezuelan subsidiary (Note 1)	186	62	—	—	248
Balance at December 31, 2015	$(946)	$(3,071)	$ 7	$ —	$(4,010)

The following table presents reclassifications out of AOCL for the year ended December 31, 2015 and 2014:

(In millions)	Year Ended December 31, 2015	2014	
Component of AOCL	Amount Reclassified from AOCL		Affected Line Item in the Consolidated Statements of Operations
Foreign Currency Translation Adjustment, before tax	$ 16	$ 3	Other (Income) Expense
Deconsolidation of Venezuelan subsidiary (Note 1)	186	—	Loss on Deconsolidation of Venezuelan Subsidiary
Tax effect	—	—	United States and Foreign Taxes
Minority interest	—	—	Minority Shareholders' Net Income
Net of tax	$ 202	$ 3	Goodyear Net Income
Amortization of prior service cost and unrecognized gains and losses	$ 103	$115	Total Benefit Cost
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments and settlements	142	48	Total Benefit Cost
Immediate recognition of prior service cost and unrecognized gains and losses due to divestitures	184	—	Other (Income) Expense
Deconsolidation of Venezuelan subsidiary (Note 1)	62	—	Loss on Deconsolidation of Venezuelan Subsidiary
Unrecognized Net Actuarial Losses and Prior Service Costs, before tax	$ 491	$163	
Tax effect	(101)	(49)	United States and Foreign Taxes
Minority interest	(3)	(9)	Minority Shareholders' Net Income
Net of tax	$ 387	$105	Goodyear Net Income
Deferred Derivative (Gains) Losses, before tax	$ (28)	$ —	Cost of Goods Sold
Tax effect	3	1	United States and Foreign Taxes
Minority interest	4	(1)	Minority Shareholders' Net Income
Net of tax	$ (21)	$ —	Goodyear Net Income
Unrealized Investment (Gains), before tax	$ (30)	$ —	Other (Income) Expense
Tax effect	(2)	—	United States and Foreign Taxes
Minority interest	—	—	Minority Shareholders' Net Income
Net of tax	$ (32)	$ —	Goodyear Net Income
Total reclassifications	$ 536	$108	Goodyear Net Income

Note 22. Consolidating Financial Information

Certain of our subsidiaries have guaranteed our obligations under 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, the $700 million outstanding principal amount of 7% senior notes due 2022 and the $1.0 billion outstanding principal amount of 5.125% senior notes due 2023 (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. In 2015, the Parent Company acquired the common shares of a non-guarantor subsidiary from another non-guarantor subsidiary at a cost of $145 million. The transaction was settled by the cancellation of intercompany balances between the Parent Company and the transferring non-guarantor subsidiary. In addition, in 2015 the Parent Company capitalized approximately $90 million of intercompany receivables from a non-guarantor subsidiary with a corresponding increase in equity of the subsidiary.

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.

Condensed Consolidating Balance Sheet

December 31, 2015

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets:					
Current Assets:					
Cash and Cash Equivalents	$ 354	$ 70	$1,052	$ —	$ 1,476
Accounts Receivable	814	136	1,083	—	2,033
Accounts Receivable From Affiliates	—	609	—	(609)	—
Inventories	1,199	157	1,152	(44)	2,464
Prepaid Expenses and Other Current Assets	51	3	111	3	168
Total Current Assets	2,418	975	3,398	(650)	6,141
Goodwill	—	24	407	124	555
Intangible Assets	118	—	20	—	138
Deferred Income Taxes	2,049	19	73	—	2,141
Other Assets	246	81	353	7	687
Investments in Subsidiaries	4,088	383	—	(4,471)	—
Property, Plant and Equipment	2,377	216	4,213	(29)	6,777
Total Assets	$11,296	$1,698	$8,464	$(5,019)	$16,439
Liabilities:					
Current Liabilities:					
Accounts Payable-Trade	$ 1,002	$ 189	$1,578	$ —	$ 2,769
Accounts Payable to Affiliates	540	—	69	(609)	—
Compensation and Benefits	411	29	226	—	666
Other Current Liabilities	328	16	547	(5)	886
Notes Payable and Overdrafts	—	—	49	—	49
Long Term Debt and Capital Leases Due Within One Year	6	—	581	—	587
Total Current Liabilities	2,287	234	3,050	(614)	4,957
Long Term Debt and Capital Leases	3,835	—	1,285	—	5,120
Compensation and Benefits	725	97	646	—	1,468
Deferred Income Taxes	—	1	92	(2)	91
Other Long Term Liabilities	529	15	119	(2)	661
Total Liabilities	7,376	347	5,192	(618)	12,297
Commitments and Contingent Liabilities					
Shareholders' Equity:					
Goodyear Shareholders' Equity:					
Common Stock	267	—	—	—	267
Other Equity	3,653	1,351	3,050	(4,401)	3,653
Goodyear Shareholders' Equity	3,920	1,351	3,050	(4,401)	3,920
Minority Shareholders' Equity — Nonredeemable	—	—	222	—	222
Total Shareholders' Equity	3,920	1,351	3,272	(4,401)	4,142
Total Liabilities and Shareholders' Equity	$11,296	$1,698	$8,464	$(5,019)	$16,439

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
Prepaid Expenses and Other Current Assets	39	2	160	—	201
Total Current Assets	2,697	1,028	4,095	(661)	7,159
Goodwill	—	24	462	115	601
Intangible Assets	114	—	24	—	138
Deferred Income Taxes	2,126	31	95	1	2,253
Other Assets	234	86	411	9	740
Investments in Subsidiaries	4,054	416	—	(4,470)	—
Property, Plant and Equipment	2,329	132	4,721	(29)	7,153
Total Assets	$11,554	$1,717	$9,808	$(5,035)	$18,044
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	581	(4)	950
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	2,897	(627)	4,730
Long Term Debt and Capital Leases	4,375	—	1,841	—	6,216
Compensation and Benefits	666	127	883	—	1,676
Deferred Income Taxes	—	1	91	(2)	90
Other Long Term Liabilities	688	35	188	(6)	905
Total Liabilities	7,944	408	5,900	(635)	13,617
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	$11,554	$1,717	$9,808	$(5,035)	$18,044

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES

Consolidating Statements of Operations

Year Ended December 31, 2015

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net Sales	$7,566	$2,129	$10,308	$(3,560)	$16,443
Cost of Goods Sold	5,804	1,915	8,090	(3,645)	12,164
Selling, Administrative and General Expense	1,053	172	1,392	(3)	2,614
Rationalizations	13	—	101	—	114
Interest Expense	317	22	131	(58)	412
Loss on Deconsolidation of Venezuelan Subsidiary	374	—	272	—	646
Other (Income) Expense	(433)	(13)	177	154	(115)
Income (Loss) before Income Taxes and Equity in Earnings of Subsidiaries	438	33	145	(8)	608
United States and Foreign Tax Expense	104	10	112	6	232
Equity in Earnings (Loss) of Subsidiaries	(27)	19	—	8	—
Net Income (Loss)	307	42	33	(6)	376
Less: Minority Shareholders' Net Income	—	—	69	—	69
Goodyear Net Income (Loss)	$ 307	$ 42	$ (36)	$ (6)	$ 307
Comprehensive Income (Loss)	$ 535	$ 54	$ 46	$ (94)	$ 541
Less: Comprehensive Income (Loss) Attributable to Minority Shareholders	—	—	32	(26)	6
Goodyear Comprehensive Income (Loss)	$ 535	$ 54	$ 14	$ (68)	$ 535

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) 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 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 Statements 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) 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

Condensed Consolidating Statement of Cash Flows
Year Ended December 31, 2015

(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	$ 979	$ 149	$ 612	$ (53)	$ 1,687
Cash Flows from Investing Activities:					
Capital Expenditures	(315)	(119)	(558)	9	(983)
Asset Dispositions	48	—	14	—	62
Decrease in Cash Due to Deconsolidation of Venezuelan Subsidiary	—	—	(320)	—	(320)
Decrease (Increase) in Restricted Cash	—	—	(6)	—	(6)
Short Term Securities Acquired	—	—	(77)	—	(77)
Short Term Securities Redeemed	—	—	69	—	69
Capital Contributions Received and Loans Incurred	(70)	—	(90)	160	—
Capital Redemptions and Loans Paid	122	—	125	(247)	—
Other Transactions	—	—	(7)	—	(7)
Total Cash Flows from Investing Activities	(215)	(119)	(850)	(78)	(1,262)
Cash Flows from Financing Activities:					
Short Term Debt and Overdrafts Incurred	55	—	118	(70)	103
Short Term Debt and Overdrafts Paid	(15)	(16)	(123)	70	(84)
Long Term Debt Incurred	1,736	—	1,083	—	2,819
Long Term Debt Paid	(2,341)	—	(974)	—	(3,315)
Common Stock Issued	53	—	—	—	53
Common Stock Repurchased	(180)	—	—	—	(180)
Common Stock Dividends Paid	(68)	—	—	—	(68)
Capital Contributions Received and Loans Incurred	90	12	58	(160)	—
Capital Redemptions and Loans Paid	(125)	(15)	(107)	247	—
Intercompany Dividends Paid	—	(17)	(27)	44	—
Transactions with Minority Interests in Subsidiaries	—	—	(9)	—	(9)
Debt Related Costs and Other Transactions	(18)	—	(15)	—	(33)
Dissolution of Global Alliance	(271)	—	—	—	(271)
Total Cash Flows from Financing Activities	(1,084)	(36)	4	131	(985)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(13)	(112)	—	(125)
Net Change in Cash and Cash Equivalents	(320)	(19)	(346)	—	(685)
Cash and Cash Equivalents at Beginning of the Year	674	89	1,398	—	2,161
Cash and Cash Equivalents at End of the Year	$ 354	$ 70	$1,052	$ —	$ 1,476

(In millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
	Condensed Consolidating Statement of Cash Flows				
	Year Ended December 31, 2014				
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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

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, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, 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.

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

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

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

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Cleveland, Ohio
February 9, 2016

Supplementary Data

(Unaudited)

Quarterly Data and Market Price Information

(In millions, except per share amounts)	Quarter First	Second	Third	Fourth	Year
2015					
Net Sales	$ 4,024	$ 4,172	$ 4,184	$ 4,063	$16,443
Gross Profit	958	1,145	1,184	992	4,279
Net Income (Loss)	236	208	305	(373)	376
Less: Minority Shareholders' Net Income (Loss)	12	16	34	7	69
Goodyear Net Income (Loss)	224	192	271	(380)	307
Goodyear Net Income (Loss) available to Common Shareholders	$ 224	$ 192	$ 271	$ (380)	$ 307
Goodyear Net Income (Loss) available to Common Shareholders — Per Share of Common Stock:					
— Basic	$ 0.83	$ 0.71	$ 1.01	$ (1.42)	$ 1.14
— Diluted *	$ 0.82	$ 0.70	$ 0.99	$ (1.42)	$ 1.12
Weighted Average Shares Outstanding — Basic	270	270	269	269	269
— Diluted	274	274	274	269	273
Dividends Declared per Share of Common Stock	$ 0.06	$ 0.06	$ 0.06	$ 0.07	$ 0.25
Price Range of Common Stock: High	$ 28.98	$ 32.74	$ 32.95	$ 35.30	$ 35.30
Low	23.74	26.38	25.50	28.61	23.74
Selected Balance Sheet Items at Quarter-End:					
Total Assets	$17,280	$17,456	$17,456	$16,439	
Total Debt and Capital Leases	6,226	6,103	6,000	5,756	
Goodyear Shareholders' Equity	3,792	3,970	4,143	3,920	
Total Shareholders' Equity	4,019	4,196	4,362	4,142	

* 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 2015 included the recognition of royalty income of $99 million resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business. Net charges included rationalization charges of $12 million primarily relating to the closure of one of our manufacturing facilities in Amiens, France, charges of $5 million primarily relating to a foreign tax audit, charges of $4 million related to a previously closed facility in Greece, accelerated depreciation and asset write-offs of $2 million, and net losses on asset sales of $1 million.

The second quarter of 2015 included rationalization charges of $32 million primarily related to the plan to close our Wolverhampton, U.K. mixing and retreading facility and to transfer the production to other manufacturing facilities in EMEA and the plan to transfer consumer tire production from our manufacturing facility in Wittlich, Germany to other manufacturing facilities in EMEA. The second quarter of 2015 also included charges of $2 million relating to asset sale transaction costs, charges of $2 million relating to discrete tax items, and net losses on asset sales of $1 million.

The third quarter of 2015 included a benefit of $16 million relating to the recovery of past costs from one of our asbestos insurers, discrete tax benefits of $8 million, and a benefit of $5 million primarily relating to indirect tax claims in Brazil. Net charges included rationalization charges of $14 million primarily related to plans to reduce manufacturing and SAG headcount in EMEA, net losses on asset sales of $11 million, charges of $2 million relating to asset sale transaction costs, and charges of $2 million relating to accelerated depreciation and asset write-offs.

The fourth quarter of 2015 included a loss on the deconsolidation of our Venezuelan subsidiary of $577 million, charges relating to pension settlements of $86 million, debt repayment charges of $35 million, rationalization charges of $26 million, and charges relating to accelerated depreciation and asset write-offs of $4 million. Net gains included gains on asset sales of $38 million related to the dissolution of the global alliance with SRI, a gain of $32 million on the sale of our investment in shares of SRI, a net income tax benefit of $18 million, a benefit of $2 million relating to indirect tax assessments in Latin America, and net gains on other asset sales of $1 million.

	Quarter				
(In millions, except per share amounts)	**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
Dividends Declared per Share of Common Stock	$ 0.05	$ 0.05	0.06	$ 0.06	$ 0.22
Weighted Average Shares Outstanding — Basic	248	276	275	272	268
— Diluted	248	281	279	277	279
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	$16,997	$16,851	$16,589	$18,044	
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.

SELECTED FINANCIAL DATA

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

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

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

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

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

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

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

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
- earthmoving and mining equipment
- farm implements
- industrial equipment, and
- various other applications.

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

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

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

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

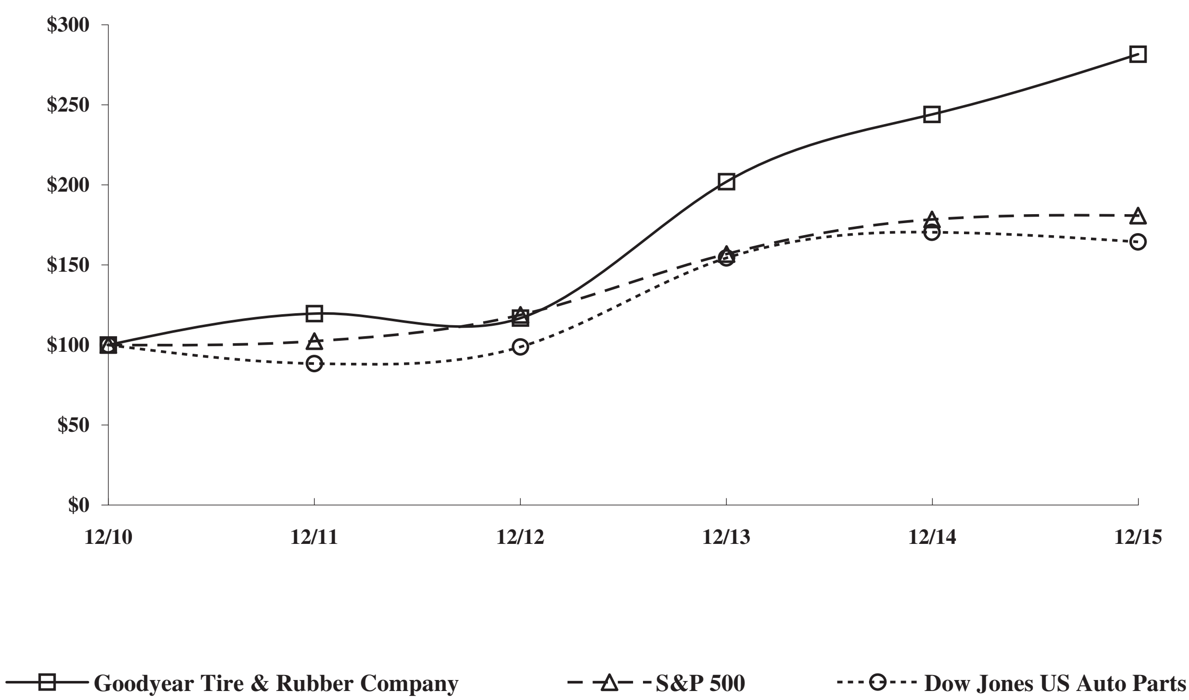
Each segment exports tires to other segments. The financial results of each segment exclude sales of tires exported to other segments, but include operating income derived from such transactions.

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

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, 2010 and ending December 31, 2015. The graph assumes the investment of $100 on December 31, 2010 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 12/31/10 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

William J. Conaty, 70
Retired Senior Vice President,
Human Resources
General Electric Company
Elected 2011 2, 5

James A. Firestone, 61
Executive Vice President and President,
Corporate Strategy and Asia Operations
Xerox Corporation
Elected 2007 1, 4

Werner Geissler, 62
Retired Vice Chairman, Global Operations
The Procter & Gamble Company
Elected 2011 1, 3

Peter S. Hellman, 66
Retired President
Nordson Corporation
Elected 2010 1, 4

Laurette T. Koellner, 61
Retired President
Boeing International
Elected 2015 1, 4

Richard J. Kramer, 52
Chairman of the Board,
Chief Executive Officer and President
The Goodyear Tire & Rubber Company
Elected 2010

W. Alan McCollough, 66
Retired Chairman and Chief Executive Officer
Circuit City Stores, Inc.
Elected 2007 2, 5

John E. McGlade, 62
Retired Chairman, President and
Chief Executive Officer
Air Products and Chemicals, Inc.
Elected 2012 2, 5

Michael J. Morell, 57
Retired Deputy Director
Central Intelligence Agency
Elected 2014 1, 3

Roderick A. Palmore, 64
Retired Executive Vice President,
General Counsel, Chief Compliance and
Risk Management Officer and Secretary
General Mills, Inc.
Elected 2012 4, 5

Stephanie A. Streeter, 58
Former Chief Executive Officer
Libbey Inc.
Elected 2008 2, 5

Thomas H. Weidemeyer, 68
Retired Senior Vice President and
Chief Operating Officer
United Parcel Service, and President,
UPS Airlines
Elected 2004 3, 4

Michael R. Wessel, 56
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, 52*
Chairman of the Board, Chief Executive
Officer and President
16 years of service, officer since 2000

Laura K. Thompson, 51
Executive Vice President and
Chief Financial Officer
32 years of service, officer since 2008

David L. Bialosky, 58
Senior Vice President,
General Counsel and Secretary
Six years of service, officer since 2009

Paul Fitzhenry, 56
Senior Vice President,
Global Communications
Three years of service, officer since 2012

Richard Kellam, 54
Senior Vice President,
Sales and Marketing Excellence
One year of service, officer since 2014

Scott H. King, 54
Senior Vice President,
Strategy and Business Development
10 months of service, officer since 2015

John T. Lucas, 56
Senior Vice President,
Global Human Resources
One year of service, officer since 2015

Gregory L. Smith, 52
Senior Vice President, Global Operations
Four years of service, officer since 2011

Joseph Zekoski, 65
Senior Vice President and
Chief Technical Officer
36 years of service, officer since 2015

Bertram Bell, 64
Assistant Secretary and
Associate General Counsel, North America
33 years of service, officer since 2000

Richard J. Noechel, 47
Vice President and Controller
11 years of service, officer since 2008

Mark W. Purtilar, 55
Vice President and
Chief Procurement Officer
Eight years of service, officer since 2007

Peter R. Rapin, 61
Vice President and Treasurer
Five months of service, officer since 2015

Daniel T. Young, 48
Assistant Secretary and Senior Legal Counsel
Eight years of service, officer since 2016

BUSINESS UNIT OFFICERS

Christopher R. Delaney, 54
President, Asia Pacific
Six months of service, officer since 2015

Jean-Claude Kihn, 56
President, Europe, Middle East and Africa
27 years of service, officer since 2008

Stephen R. McClellan, 50
President, Americas
28 years of service, officer since 2008

Scott A. Honnold, 51
Vice President, Finance, North America
Eight years of service, officer since 2010

Michel Rzonzef, 52
Vice President, Commercial PBU,
Europe, Middle East and Africa
27 years of service, officer since 2008

Daniel L. Smytka, 53
Chief Operating Officer,
Europe, Middle East and Africa
Seven years of service, officer since 2010

** Also a director*

FACILITIES

AMERICAS

United States
Akron, Ohio
Global Headquarters, Americas Headquarters, Innovation Center, Tire Proving Grounds, Airship Operations, Chemicals, Racing Tires
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*
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*
Topeka, Kansas *Commercial Tires, OTR Tires*

Brazil
Americana *Tire Proving Grounds, Consumer Tires, Commercial Tires, OTR Tires*
Santa Barbara *Retread Materials*
Sao Paulo *Aircraft Tire Retreading*

Canada
Medicine Hat, Alberta *Consumer Tires*
Napanee, Ontario *Consumer Tires*
Valleyfield, Quebec *Mixing Center*

Chile
Santiago *Consumer Tires*

Colombia
Cali *Commercial Tires, OTR Tires*

Peru
Lima *Consumer Tires, Commercial Tires*

Venezuela
Valencia *Consumer Tires, Commercial Tires*

EUROPE, MIDDLE EAST and AFRICA

Belgium
Brussels *Europe, Middle East and Africa 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 Calendering Center, OTR Tires, Tire Molds*

Netherlands
Tilburg *Aircraft Tire Retreading*

Poland
Debica *Consumer Tires, Commercial Tires*

Slovenia
Kranj *Consumer Tires, Commercial Tires*

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*

United Kingdom
Wolverhampton *Mixing Center, Retreading*

ASIA PACIFIC

China
Pulandian *Development Center, Consumer Tires, Commercial Tires*
Shanghai *Asia Pacific Headquarters*

India
Aurangabad *Consumer Tires*
Ballabgarh *Commercial 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 16, 2016, there were 15,681 shareholders of record of Goodyear common stock. The closing price of Goodyear common stock on the NASDAQ Global Select Market on February 16, 2016 was $30.35. 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 October 6, 2015, we announced an increase in the quarterly cash dividend on our common stock to $0.07 per share from $0.06 per share, beginning on December 1, 2015.

ANNUAL MEETING

4:30 p.m., Monday, April 11, 2016
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, 2015, 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 2015 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 responsibility initiatives can access the company's Corporate Responsibility 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