GOODYEAR TIRE & RUBBER CO /OH/
Form 10-K
February 13, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013
Commission File Number: 1-1927
THE GOODYEAR TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Without Par Value	The NASDAQ Stock Market LLC
5.875% Mandatory Convertible Preferred Stock	The NASDAQ Stock Market LLC

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

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No þ

The aggregate market value of the common stock held by nonaffiliates of the registrant, computed by reference to the last sales price of such common stock as of the closing of trading on June 28, 2013, was approximately $3.8 billion.

Shares of Common Stock, Without Par Value, outstanding at January 31, 2014:

248,062,944

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on April 14, 2014 are incorporated by reference in Part III.

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THE GOODYEAR TIRE & RUBBER COMPANY
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For the Fiscal Year Ended December 31, 2013
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PART I.

ITEM 1. BUSINESS.

BUSINESS OF GOODYEAR

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

We are one of the world’s leading manufacturers of tires, engaging in operations in most regions of the world. In 2013, our net sales were $19.5 billion, Goodyear’s net income was $629 million, and Goodyear's net income available to common shareholders was $600 million. Together with our U.S. and international subsidiaries and joint ventures, we develop, manufacture, market and distribute tires for most applications. We also manufacture and market rubber-related chemicals for various applications. We are one of the world’s largest operators of commercial truck service and tire retreading centers. In addition, we operate approximately 1,240 tire and auto service center outlets where we offer our products for retail sale and provide automotive repair and other services. We manufacture our products in 52 manufacturing facilities in 22 countries, including the United States, and we have marketing operations in almost every country around the world. We employ approximately 69,000 full-time and temporary associates worldwide.

AVAILABLE INFORMATION

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

RECENT DEVELOPMENTS

Pension Funding. In early 2014, we made contributions of approximately $1,150 million, including discretionary contributions of approximately $900 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 (“USW Contract”), the hourly U.S. pension plans will be frozen to future accruals effective April 30, 2014. Following these contributions, the Company changed its target asset allocation for these plans to a portfolio of substantially all fixed income securities designed to offset the future impact of discount rate movements on the plans' funded status. These actions will provide stability to our funded status, improve our earnings and operating cash flow and provide greater transparency to our underlying tire business. For further information, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Pension and Benefit Plans” and Notes to the Consolidated Financial Statements No. 16, Pension and Other Postretirement Benefits.

Closure of Amiens, France Manufacturing Facility. In January 2014, we reached an agreement with union associates at one of our Amiens, France manufacturing facilities. We have ceased production at that facility, and will close the facility in the first quarter of 2014. We expect to finalize decisions regarding the timing of our exit from the remainder of the farm tire business in EMEA during 2014. We expect EMEA operating income to improve by approximately $75 million annually following these actions, including by approximately $40 million in 2014. For further information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview" and Notes to the Consolidated Financial Statements No. 2, Costs Associated with Rationalization Plans.

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DESCRIPTION OF GOODYEAR'S BUSINESS

GENERAL INFORMATION REGARDING OUR SEGMENTS

For the year ended December 31, 2013, we operated our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa ("EMEA"); Latin America; and Asia Pacific. Financial information related to our operating segments for the three year period ended December 31, 2013 appears in the Note to the Consolidated Financial Statements No. 7, Business Segments.

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

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

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

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

Our principal products are new tires for most applications. Approximately 86% of our sales in 2013 were for new tires, compared to 84% and 83% in 2012 and 2011, respectively. Sales of chemical products and natural rubber to unaffiliated customers were 4% in 2013, 6% in 2012 and 7% in 2011 of our consolidated sales (9%, 13% and 17% of North America's total sales in 2013, 2012 and 2011, 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	2013	2012	2011
North America	78 %	76 %	72 %
Europe, Middle East and Africa	94	94	95
Latin America	92	92	89
Asia Pacific	87	86	84

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

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

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

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
North America	61.7	62.6	66.0
Europe, Middle East and Africa	60.8	62.7	74.3
Latin America	17.9	18.1	19.8
Asia Pacific	21.9	20.6	20.5
Goodyear worldwide tire units	162.3	164.0	180.6

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

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
Replacement tire units	111.9	114.4	132.2
OE tire units	50.4	49.6	48.4
Goodyear worldwide tire units	162.3	164.0	180.6

New tires are sold under highly competitive conditions throughout the world. On a worldwide basis, we have two major competitors: Bridgestone (based in Japan) and Michelin (based in France). Other significant competitors include Continental, Cooper, Hankook, Kumho, Pirelli, Toyo, Yokohama and various regional tire manufacturers. We compete with other tire manufacturers on the basis of product design, performance, price and terms, reputation, warranty terms, customer service and consumer convenience. Goodyear and Dunlop brand tires enjoy a high recognition factor and have a reputation for performance and product design. The Kelly, Debica, Sava and Fulda brands and various house brand tire lines offered by us, and tires manufactured and sold by us to private brand customers, compete primarily on the basis of value and price.

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

GLOBAL ALLIANCE

We currently have a global alliance with Sumitomo Rubber Industries, Ltd. ("SRI"). We have learned that SRI has engaged in anticompetitive conduct that we concluded warrants the dissolution of the global alliance. On January 10, 2014, we commenced arbitration proceedings seeking the dissolution of the global alliance, damages and other appropriate relief. Although we believe that our claims are meritorious and will vigorously prosecute those claims, it is difficult to predict the timing and outcome of the proceedings.

Under the global alliance, we own 75% and SRI owns 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 our tire businesses in Western Europe. GDTNA owns the Dunlop brand and operates certain related businesses in North America. In Japan, we own 25%, and SRI owns 75%, of two companies, one for the sale of Goodyear brand passenger and truck tires for replacement in Japan and the other for the sale of Goodyear brand and Dunlop brand tires to vehicle manufacturers in Japan. We also own 51%, and SRI owns 49%, of a company that coordinates and disseminates both commercialized tire technology and non-commercialized technology among Goodyear and SRI, the joint ventures and their respective affiliates, and we own 80%, and SRI owns 20%, of a global purchasing company. The global alliance also provided for the investment by Goodyear and SRI in the common stock of the other.

Subject to the arbitration proceedings described above, under the existing global alliance agreements, SRI would have the right to require us to purchase its ownership interests in GDTE and GDTNA, which we refer to as "exit rights," if there is a change in control of Goodyear, a bankruptcy of Goodyear or a breach, subject to notice and the opportunity to cure, of the global alliance agreements by Goodyear that has a material adverse effect on the rights of SRI or its affiliates under the global alliance agreements,

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taken as a whole. Subject to the arbitration proceedings described above, SRI would also have exit rights upon the occurrence of the following events:

- the adoption or material revision of a business plan for GDTE or GDTNA if SRI disagrees with the adoption or revision;
- certain acquisitions, investments or dispositions exceeding 10% but less than 20% of the fair market value of GDTE or GDTNA or the acquisition by GDTE or GDTNA of all or a material portion of another tire manufacturer or tire distributor;
- if SRI decides not to subscribe to its pro rata share of any permitted new issue of non-voting equity capital authorized pursuant to the provisions of the shareholders agreements relating to GDTE or GDTNA;
- if GDTE, GDTNA or Goodyear takes an action which, in the reasonable opinion of SRI, has, or is likely to have, a continuing material adverse effect on the tire business relating to the Dunlop brand; or
- if at any time SRI's ownership of the shares of GDTE or GDTNA is less than 10% of the equity capital of that joint venture company.

SRI must give written notice to Goodyear of its intention to exercise its exit rights no later than three months from the date such exit rights become exercisable, except that notice of SRI's intention to exercise its exit rights upon the occurrence of the event described in the last bullet point above may be given as long as SRI's share ownership is less than 10%. If SRI were to exercise any of its exit rights, the global alliance agreements provide that the purchase price would be based on the fair value of SRI's minority shareholder's interest in GDTE and GDTNA. The purchase price would be determined through a negotiation process where, if no mutually agreed purchase price was determined, a binding arbitration process would determine the purchase price. Goodyear would retain the rights to the Dunlop brand in Europe and North America following any such purchase. As of the date of this filing, SRI has not provided us notice of any exit rights that have become exercisable.

NORTH AMERICA

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

Goodyear brand radial passenger tire lines sold in the United States and Canada include the Assurance family of product lines — Assurance TripleTred All-Season, Assurance ComforTred Touring and Assurance Fuel Max — for the premium passenger and cross-over utility vehicle segments. The Eagle family of product lines, available for the high-performance segment, includes the Eagle F1 tire lines and the Eagle Sport All-Season tire line. The Wrangler family of product lines — including Wrangler DuraTrac, Wrangler SR-A, Wrangler MT/R with Kevlar and the Wrangler All-Terrain Adventure — targets the sport utility vehicle and light truck segments. The Goodyear brand also offers the Ultra Grip family of winter tires, including Ultra Grip Ice WRT and Ultra Grip Winter. Additionally, we offer Dunlop brand radial tire lines, including Signature II and SP Sport for the passenger and performance segments, Rover and Grandtrek tire lines for the cross-over, sport utility vehicle and light truck segment, and SP Winter, Graspic and Grandtrek tire lines for the winter tire segment. North America also manufactures and sells several lines of Kelly brand radial tires for passenger cars and light trucks in the United States and Canada.

North America manufactures and sells all-steel, radial medium truck tires under the Goodyear, Dunlop and Kelly brands for use on commercial trucks and trailers.

North America also:

- retreads truck, aviation and OTR tires, primarily as a service to its commercial customers,
- manufactures tread rubber and other tire retreading materials for trucks, heavy equipment and aviation,
- provides automotive maintenance and repair services at approximately 670 retail outlets primarily under the Goodyear or Just Tires names,
- provides trucking fleets with new tires, retreads, mechanical service, preventative maintenance and roadside assistance from approximately 175 commercial tire centers,
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- sells automotive repair and maintenance items, automotive equipment and accessories and other items to dealers and consumers,
- sells chemical products and natural rubber to Goodyear’s other business segments and to unaffiliated customers, and
- provides miscellaneous other products and services.

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Markets and Other Information

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

NORTH AMERICA UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
Replacement tire units	42.9	44.5	50.0
OE tire units	18.8	18.1	16.0
Total tire units	61.7	62.6	66.0

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

North America's primary competitors are Bridgestone and Michelin. Other significant competitors include Continental, Cooper, Pirelli, and several Asian manufacturers.

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

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

EUROPE, MIDDLE EAST AND AFRICA

Europe, Middle East and Africa, our second largest segment in terms of revenue, develops, manufactures, distributes and sells tires for automobiles, trucks, buses, aircraft, motorcycles, farm, earthmoving and mining equipment, and industrial equipment throughout Europe, the Middle East and Africa, and sells tires to various export markets, primarily through intersegment sales. EMEA manufactures tires in 16 plants in England, France, Germany, Luxembourg, Poland, Slovenia, South Africa and Turkey. EMEA:

- manufactures and sells passenger car, truck, bus, motorcycle, farm and OTR tires under the Goodyear, Dunlop, Debica, Sava and Fulda brands and other house brands,
- sells aviation tires, and manufactures and sells retreaded aviation tires,
- provides various retreading and related services for truck and OTR tires, primarily for its commercial truck tire customers,
- offers automotive repair services at retail outlets, and
- provides miscellaneous other products and services.

In 2013, we announced our intention to exit the farm tire business in EMEA and to close one of our tire manufacturing facilities in Amiens, France. We have completed the required consultation process, have ceased production at the Amiens facility, and will close the facility in the first quarter of 2014. We expect to finalize decisions regarding the timing of our exit from the remainder of the farm tire business in EMEA during 2014.

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Markets and Other Information

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

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

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
Replacement tire units	44.2	46.4	56.8
OE tire units	16.6	16.3	17.5
Total tire units	60.8	62.7	74.3

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

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

Goodyear and Dunlop brand tires are sold for replacement in EMEA through various channels of distribution, principally independent multi-brand tire dealers. In some areas, Goodyear brand tires, as well as Dunlop, Debica, Sava and Fulda brand tires, are distributed through independent dealers, regional distributors and retail outlets, of which approximately 130 are owned by Goodyear.

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

LATIN AMERICA

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

Latin America manufactures and sells several lines of passenger and light and medium truck tires. Latin America also:

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

Markets and Other Information

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

LATIN AMERICA UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
Replacement tire units	12.4	11.8	13.0
OE tire units	5.5	6.3	6.8
Total tire units	17.9	18.1	19.8

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

In 2012, Brazil adopted a tire labeling regulation, which takes effect in 2015 and sets requirements for tire certification and labeling for rolling resistance, wet grip braking and noise for all radial passenger car, light truck and commercial truck tires sold in that

country. The adoption of labeling regulations will be in two phases, with labeling of certain new products required by the second quarter of 2015 and labeling of all tires required by the end of 2016.

ASIA PACIFIC

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

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

Markets and Other Information

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

ASIA PACIFIC UNIT SALES — REPLACEMENT AND OE

	Year Ended December 31,		
(In millions of tires)	2013	2012	2011
Replacement tire units	12.4	11.7	12.4
OE tire units	9.5	8.9	8.1
Total tire units	21.9	20.6	20.5

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

Asia Pacific sells primarily Goodyear brand tires throughout the region and also sells the Dunlop brand in Australia and New Zealand. Other brands of tires, such as Kelly, Blue Streak and Diamondback, are sold in smaller quantities. Tires are sold through a network of licensed and franchised retail stores and multi-brand retailers through a network of wholesale dealers. In Australia, we also operate a network of approximately 260 retail stores under the Beaurepaires brand.

GENERAL BUSINESS INFORMATION

Sources and Availability of Raw Materials

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

Other important raw materials and components we use are carbon black, steel cord, fabrics and petrochemical-based commodities. Substantially all of these raw materials and components are purchased from independent suppliers, except for certain chemicals we manufacture. We purchase most raw materials and components in significant quantities from several suppliers, except in those instances where only one or a few qualified sources are available. We anticipate the continued availability of all raw materials and components we will require during 2014, subject to spot shortages and unexpected disruptions caused by natural disasters such as hurricanes and other similar events.

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

In 2013, raw material costs decreased by approximately 13% in our tire businesses compared to 2012, primarily driven by a decrease in the cost of synthetic and natural rubber. For the full year of 2014, we expect our raw material costs will be lower than 2013. 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.

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Patents and Trademarks

We own approximately 2,100 product, process and equipment patents issued by the United States Patent Office and approximately 3,400 patents issued or granted in other countries around the world. We have approximately 500 applications for United States patents pending and approximately 2,300 patent applications on file in other countries around the world. While such patents and patent applications as a group are important, we do not consider any patent or patent application to be of such importance that the loss or expiration thereof would materially affect Goodyear or any business segment.

We own, control or use approximately 1,600 different trademarks, including several using the word "Goodyear" or the word "Dunlop." Approximately 12,700 registrations and 600 pending applications worldwide protect these trademarks. While such trademarks as a group are important, the only trademarks we consider material to our business, or to the business of any of our segments, are those using the word "Goodyear," and with respect to certain of our international business segments, those using the word "Dunlop." We believe our trademarks are valid and most are of unlimited duration as long as they are adequately protected and appropriately used.

Backlog

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

Research and Development

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

	Year Ended December 31,		
(In millions)	2013	2012	2011
Research and development expenditures	$390	$370	$369

Employees

At December 31, 2013, we employed approximately 69,000 full-time and temporary people throughout the world, including approximately 36,000 people covered under collective bargaining agreements. Approximately 7,500 of our employees in the United States are covered by a master collective bargaining agreement with the United Steelworkers, which expires in July 2017. Approximately 22,000 of our employees outside of the United States are covered by union contracts which currently have expired or that will expire in 2014, primarily in Germany, Brazil, France, Poland, China and Venezuela. In addition, approximately 1,000 of our employees in the United States are covered by other contracts with the USW and various other unions. Unions represent the major portion of our employees in Europe, Latin America and Asia.

Compliance with Environmental Regulations

We are subject to extensive regulation under environmental and occupational health and safety laws and regulations. These laws and regulations relate to, among other things, air emissions, discharges to surface and underground waters and the generation, handling, storage, transportation and disposal of waste materials and hazardous substances. We have several continuing programs designed to ensure compliance with Federal, state and local environmental and occupational safety and health laws and regulations. We expect capital expenditures for pollution control facilities and occupational safety and health projects to be approximately $42 million and $74 million during 2014 and 2015, respectively.

We expended approximately $49 million during 2013, and expect to expend approximately $51 million during both 2014 and 2015, to maintain and operate our pollution control facilities and conduct our other environmental activities, including the control and disposal of hazardous substances. These expenditures are expected to be sufficient to comply with existing environmental laws and regulations and are not expected to have a material adverse effect on our competitive position.

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

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INFORMATION ABOUT INTERNATIONAL OPERATIONS

We engage in manufacturing and/or sales operations in most countries in the world, often through subsidiary companies. We have manufacturing operations in 22 countries, including the United States. Most of our international manufacturing operations are engaged in the production of tires. Certain other products are also manufactured in plants located outside the United States. Financial information related to our geographic areas for the three year period ended December 31, 2013 appears in the Note to the Consolidated Financial Statements No. 7, Business Segments, and is incorporated herein by reference.

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

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EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are: (1) the names and ages of all executive officers of the Company at February 13, 2014, (2) all positions with the Company presently held by each such person and (3) the positions held by, and principal areas of responsibility of, each such person during the last five years.

Name	Position(s) Held	Age
Richard J. Kramer	Chairman of the Board, Chief Executive Officer and President	50

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

Laura K. Thompson	Executive Vice President and Chief Financial Officer	49

Ms. Thompson was named Executive Vice President and Chief Financial Officer effective December 1, 2013. She is Goodyear's principal financial officer. Ms. Thompson joined Goodyear in 1983 and has served as Vice President, Business Development (June 2005 to February 2011) and Vice President, Finance, North America (March 2011 to November 2013).

Stephen R. McClellan	President, North America	48

Mr. McClellan was named President, North America in August 2011. He is the executive officer responsible for Goodyear's operations in North America. Mr. McClellan joined Goodyear in 1988 and has served as Vice President, Goodyear Commercial Tire Systems, North America (September 2003 to August 2008) and President, Consumer Tires, North America (August 2008 to August 2011).

Darren R. Wells	President, Europe, Middle East and Africa	48

Mr. Wells was named President, Europe, Middle East and Africa effective December 1, 2013. He is the executive officer responsible for Goodyear's operations in Europe, Middle East and Africa. Mr. Wells joined Goodyear in August 2002 and has served as Senior Vice President, Business Development and Treasurer (May 2005 to March 2007), Senior Vice President, Finance and Strategy (March 2007 to October 2008), and Executive Vice President and Chief Financial Officer (October 2008 to November 2013).

Jaime Cohen Szulc	President, Latin America	51

Mr. Szulc joined Goodyear as President, Latin America in September 2010. He is the executive officer responsible for Goodyear's operations in Mexico, Central America and South America. Prior to joining Goodyear, Mr. Szulc was Senior Vice President and Chief Marketing Officer of Levi Strauss & Co., a global apparel company, from August 2009 until August 2010. He was also previously employed by Eastman Kodak Company, a global manufacturer of imaging technology products, from 1998 until March 2009, including most recently as Managing Director, Global Customer Operations and Chief Operating Officer for the Consumer Digital Group and Corporate Vice President.

Daniel L. Smytka	President, Asia Pacific	51

Mr. Smytka was named President, Asia Pacific in November 2011. He is the executive officer responsible for Goodyear's operations in Asia, Australia and the Western Pacific. Mr. Smytka joined Goodyear in October 2008 and has served as Vice President, Consumer Tires, Asia Pacific (October 2008 to October 2010) and Vice President and Program Manager, Asia Pacific (October 2010 to November 2011).

David L. Bialosky	Senior Vice President, General Counsel and Secretary	56

Mr. Bialosky joined Goodyear as Senior Vice President, General Counsel and Secretary in September 2009. He is Goodyear's chief legal officer. Prior to joining Goodyear, Mr. Bialosky served in legal positions of increasing responsibility at TRW Inc., TRW Automotive Inc. and TRW Automotive Holdings Corp. for 20 years, including most recently as Executive Vice President, General Counsel and Secretary of TRW Automotive Holdings Corp., a global supplier of automotive parts, from April 2004 until September 2009.

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Name	Position(s) Held	Age
Arthur de Bok	Senior Vice President, Sales and Marketing Excellence	51

Mr. de Bok was named Senior Vice President, Sales & Marketing Excellence effective December 1, 2013. He is the executive officer responsible for Goodyear's global sales and marketing activities. Mr. de Bok joined Goodyear in January 2002 and has served as President, European Union Tire (September 2005 to January 2008) and President, Europe, Middle East and Africa (February 2008 to November 2013).

Paul Fitzhenry	Senior Vice President, Global Communications	54

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

Jean-Claude Kihn	Senior Vice President and Managing Director, Goodyear Brazil	54

Mr. Kihn was named Senior Vice President and Managing Director, Goodyear Brazil in December 2012. He is the executive officer responsible for Goodyear's operations in Brazil. Mr. Kihn joined Goodyear in 1988 and has served as Senior Vice President and Chief Technical Officer (January 2008 to December 2012).

Joseph B. Ruocco	Senior Vice President, Global Human Resources	54

Mr. Ruocco joined Goodyear as Senior Vice President, Human Resources in August 2008. He is the executive officer responsible for Goodyear's human resources activities worldwide.

Gregory L. Smith	Senior Vice President, Global Operations	50

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

Richard J. Noechel	Vice President and Controller	45

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

No family relationship exists between any of the above executive officers or between the executive officers and any director of the Company.

Each executive officer is elected by the Board of Directors of the Company at its annual meeting to a term of one year or until his or her successor is duly elected. In those instances where the person is elected at other than an annual meeting, such person’s term will expire at the next annual meeting.

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ITEM 1A. RISK FACTORS.

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

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

We experienced weak, but stabilizing, industry conditions in developed markets in 2013 as the economic recovery in Europe and the United States remained tentative, and our business continues to be impacted by trends that have negatively affected the tire industry in general. These negative trends include continued economic weakness in Europe, economic and political volatility in Latin America, rising energy costs, wage inflation in emerging markets, and volatile raw material costs. In addition, global tire industry demand continues to be difficult to predict. If these overall trends continue or worsen, then our operational and financial condition could be adversely affected.

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

Our operational excellence initiatives are aimed at improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service. If we fail to execute these initiatives successfully, we may fail to achieve our financial goals.

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

Our performance is also dependent on our ability to improve the volume and mix of higher margin tires we sell in our targeted market segments. In order to do so, we must be successful in developing, marketing and selling products that consumers desire and that offer higher margins to us. Shifts in consumer demand away from higher margin tires could materially adversely affect our business.

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

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

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

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

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

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

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

We are a party to collective bargaining contracts with our labor unions, which represent a significant number of our employees. Our master collective bargaining agreement with the USW covers approximately 7,500 employees in the United States at December 31, 2013, and expires July 29, 2017. In addition, approximately 22,000 of our employees outside of the United States are covered by union contracts that have expired or are expiring in 2014, primarily in Germany, Brazil, France, Poland, China and Venezuela. Although we believe that our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage or interruption, we could experience a significant disruption of, or inefficiencies in, our operations or incur higher labor costs, which could have a material adverse effect on our business, results of operations, financial position and liquidity.

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

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

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

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

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

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

We continued to experience weak, but stabilizing, industry conditions in developed markets in 2013 as the economic recovery in Europe and the United States remained tentative. As a result of these economic conditions and increased competition, our tire unit shipments in 2013 were down 1.1% compared to 2012, and automotive vehicle production and global tire industry demand continues to be difficult to predict.

Although sales to our OE customers account for approximately 20% of our net sales, demand for our products by OE customers and production levels at our facilities are impacted by automotive vehicle production. We may experience future declines in sales volume due to declines in new vehicle sales, the discontinuation or sale of certain OE brands, platforms or programs, or weakness in the demand for replacement tires, which could result in us incurring under-absorbed fixed costs at our production facilities or slowing the rate at which we are able to recover those costs. Automotive production can also be affected by labor relation issues, financial difficulties or supply disruptions. Our OE customers could experience production disruptions resulting from their own or supplier labor, financial or supply difficulties. Such events may cause an OE customer to reduce or suspend vehicle production. As a result, an OE customer could halt or significantly reduce purchases of our products, which would harm our results of operations, financial condition and liquidity.

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

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

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

Productivity improvements through process re-engineering, design efficiency and manufacturing cost improvements may be required to offset potential increases in labor and raw material costs and competitive price pressures. In addition, as part of our strategy to increase the percentage of tires that are produced at our lower-cost production facilities and to increase our capacity to produce higher margin tires, we may need to modernize or expand our facilities. We are currently undertaking significant expansion and modernization projects at certain of our manufacturing facilities in Brazil, Germany and Japan.

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

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

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

We have a substantial amount of debt. As of December 31, 2013, our debt (including capital leases) on a consolidated basis was approximately $6.2 billion. Our substantial amount of debt and other obligations could have important consequences. For example, it could:

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

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

Our ability to make scheduled payments on, or to refinance, our debt and other obligations will depend on our financial and operating performance, which, in turn, is subject to our ability to implement our strategic initiatives, prevailing economic conditions and certain financial, business and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service and other obligations, we may be forced to reduce or delay expansion plans and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. We cannot assure you that our operating performance, cash flow and capital resources will be sufficient to pay our debt obligations when they become due. We cannot assure you that we would be able to dispose of material assets or operations or restructure our debt or other obligations if necessary or, even if we were able to take such actions, that we could do so on terms that are acceptable to us.

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

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

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

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

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

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

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

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

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

- exposure to local economic conditions;
- adverse changes in the diplomatic relations of foreign countries with the United States;
- hostility from local populations and insurrections;
- adverse foreign currency fluctuations;
- adverse currency exchange controls;
- government price controls;
- withholding taxes and restrictions on the withdrawal of foreign investment and earnings;

- labor regulations;
- expropriations of property;
- the potential instability of foreign governments;
- risks of renegotiation or modification of existing agreements with governmental authorities;
- export and import restrictions; and
- other changes in laws or government policies.

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

For example, since 2003, Venezuela has imposed currency exchange controls that fix the exchange rate between the Venezuelan bolivar fuerte and the U.S. dollar and restrict the ability to exchange bolivares fuertes for dollars. These restrictions have delayed and limited our ability to pay third-party and affiliated suppliers and to otherwise repatriate funds from Venezuela, and may continue to do so, which could materially adversely affect our financial condition and liquidity. In addition, if we are unable to pay these suppliers in a timely manner, they may cease supplying us. Venezuela has also imposed restrictions on the importation of certain raw materials. If these suppliers cease supplying us or we are unable to import necessary raw materials, we may need to reduce or halt production in Venezuela, which could materially adversely affect our results of operations.

We have material bolivar fuerte-denominated net monetary assets and liabilities in Venezuela, the value of which will be correspondingly reduced in the event of further devaluations of the bolivar fuerte by the Venezuelan government. The future results of our Venezuelan operations will be affected by many factors, including actions by the Venezuelan government such as further currency devaluations, profit margin or price controls or changes in import controls, economic conditions in Venezuela such as inflation and consumer spending, labor relations, and the availability of raw materials, utilities and energy. Goodyear Venezuela contributes a significant portion of the sales and operating income of our Latin America segment. As a result, any disruption of Goodyear Venezuela’s operations or of our ability to pay suppliers or repatriate funds from Venezuela could have a material adverse impact on the future performance of our Latin America segment and could materially adversely affect our results of operations, financial condition and liquidity.

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

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

The financial position and results of operations of many of our international subsidiaries are initially recorded in various foreign currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in our financial statements. The strengthening of the U.S. dollar against these foreign currencies ordinarily has a negative impact on our reported sales and operating margin (and conversely, the weakening of the U.S. dollar against these foreign currencies has a positive impact). For the year ended December 31, 2013, foreign currency translation unfavorably affected sales by $354 million and unfavorably affected segment operating income by $63 million compared to the year ended December 31, 2012. The volatility of currency exchange rates may materially adversely affect our operating results.

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

Certain of our borrowings are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, which would require us to use more of our available cash to service our indebtedness. There can be no assurance that we will be able to enter into swap agreements or other hedging arrangements in the future, or that existing or future hedging arrangements will offset increases in interest rates. As of December 31, 2013, we had approximately $2.1 billion of variable rate debt outstanding.

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

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

We may incur significant costs in connection with our contingent liabilities and tax matters.

We have significant reserves for contingent liabilities and tax matters. The major categories of our contingent liabilities include workers' compensation and other employment-related claims, product liability and other tort claims, including asbestos claims, and environmental matters.

Our recorded liabilities and estimates of reasonably possible losses for our contingent liabilities are based on our assessment of potential liability using the information available to us at the time and, where applicable, any past experience and recent and current trends with respect to similar matters. Our contingent liabilities are subject to inherent uncertainties, and unfavorable judicial or administrative decisions could occur 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.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations, including with respect to transfer pricing. While we apply consistent transfer pricing policies and practices globally, support transfer prices through economic studies, seek advance pricing agreements and joint audits to the extent possible and believe our transfer prices to be appropriate, such transfer prices, and related interpretations of tax laws, are occasionally challenged by various taxing authorities globally. We have received various tax assessments challenging our interpretations of applicable tax laws in various jurisdictions. Although we believe we have complied with applicable tax laws, have strong positions and defenses and have historically been successful in defending such claims, our results of operations could be materially adversely affected in the case we are unsuccessful in the defense of existing or future claims.

If we wish to appeal any future adverse judgment in any of these proceedings, we may be required to post an appeal bond with the relevant court. If we were subject to a significant adverse judgment or experienced an interruption or reduction in the availability of bonding capacity, we may be required to provide letters of credit or post cash collateral, which may have a material adverse effect on our liquidity.

For further information regarding our contingent liabilities and tax matters, refer to the Note to the Consolidated Financial Statements, No. 18, Commitments and Contingent Liabilities. For further information regarding our accounting policies with respect to certain of our contingent liabilities and uncertain income tax positions, refer to “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies.”

We are subject to extensive government regulations that may materially adversely affect our operating results.

We are subject to regulation by the Department of Transportation through the National Highway Traffic Safety Administration, or NHTSA, which has established various standards and regulations applicable to tires sold in the United States and tires sold in a foreign country that are identical or substantially similar to tires sold in the United States. NHTSA has the authority to order the recall of automotive products, including tires, having safety-related defects.

The Transportation Recall Enhancement, Accountability, and Documentation Act, or TREAD Act, imposes numerous requirements with respect to the early warning reporting of warranty claims, property damage claims, and bodily injury and fatality claims and also requires tire manufacturers, among other things, to comply with revised and more rigorous tire testing standards. Compliance with the TREAD Act regulations has increased the cost of producing and distributing tires in the United States. In addition, while we believe that our tires are free from design and manufacturing defects, it is possible that a recall of our tires, under the TREAD Act or otherwise, could occur in the future. A substantial recall could have a material adverse effect on our reputation, operating results and financial position.

In addition, as required by the Energy Independence and Security Act of 2007, NHTSA will establish a national tire fuel efficiency consumer information program. When the related rule-making process is completed, certain tires sold in the United States will be required to be rated for rolling resistance, traction and tread wear. While the Federal law will preempt state tire fuel efficiency laws adopted after January 1, 2006, we may become subject to additional tire fuel efficiency legislation, either in the United States or other countries.

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

Tires produced or sold in Europe also have to comply with various other standards, including environmental laws such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances), which regulates the use of chemicals in the European Union. For example, REACH prohibits the use of highly aromatic oils in tires, which were used as compounding components to improve certain performance characteristics.

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

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

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

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

The arbitration proceedings we have brought to dissolve our global alliance with SRI and the terms and conditions of the existing global alliance agreements with SRI could require us to make a substantial payment to acquire SRI’s interest in our European and North American joint ventures.

We have commenced arbitration proceedings seeking the dissolution of our global alliance with SRI, damages and other appropriate relief. Subject to those arbitration proceedings, under the existing global alliance agreements between us and SRI, SRI would have the right to require us to purchase its ownership interests in GDTE and GDTNA if certain triggering events have occurred, including certain bankruptcy events, changes in control of Goodyear or breaches of the global alliance agreements. Any payment required to be made to SRI in respect of the dissolution of the global alliance, which could be offset by payments to us for damages, or pursuant to an exit under the terms of the global alliance agreements could be substantial. If the amount of such a payment exceeds our current expectations, we cannot assure you that our operating performance, cash flow and capital resources would be sufficient to make such a payment or, if we were able to make the payment, that there would be sufficient funds remaining to satisfy our other obligations. For further information regarding our global alliance with SRI, including the events that could trigger SRI’s exit rights, see “Item 1. Business. Description of Goodyear’s Business - Global Alliance.”

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

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

Any system failure, accident or security breach involving our IT systems could result in disruptions to our operations. A material breach in the security of our IT systems could include the theft of our intellectual property or trade secrets, negatively impact our manufacturing or retail operations, or result in the compromise of personal information of our employees, customers or suppliers.

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To the extent that any system failure, accident or security breach results in disruptions to our operations or the theft, loss or disclosure of, or damage to, our data or confidential information, our reputation, business, results of operations and financial condition could be materially adversely affected.

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We manufacture our products in 52 manufacturing facilities located around the world including 15 plants in the United States.

NORTH AMERICA MANUFACTURING FACILITIES. North America owns or leases and operates 18 manufacturing facilities in the United States and Canada.

- 9 tire plants (7 in the United States and 2 in Canada),
- 4 chemical plants,
- 1 tire mold plant,
- 1 tire retread plant,
- 2 aviation retread plants, and
- 1 mix plant in Canada.

These facilities have floor space aggregating approximately 21 million square feet.

EUROPE, MIDDLE EAST AND AFRICA MANUFACTURING FACILITIES. EMEA owns or leases and operates 19 manufacturing facilities in 9 countries, including:

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

These facilities have floor space aggregating approximately 20 million square feet.

LATIN AMERICA MANUFACTURING FACILITIES. Latin America owns and operates 6 manufacturing facilities in 5 countries, including 5 tire plants and 1 tire retread plant, and operates 1 aviation plant. These facilities have floor space aggregating approximately 5 million square feet.

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

PLANT UTILIZATION. Our worldwide tire capacity utilization rate was approximately 80% during 2013 compared to approximately 77% in 2012 and 88% in 2011. The improvement in our 2013 utilization is due primarily to higher production levels. The reported capacity utilization is an overall average for the Company. Our utilization rate can vary significantly between product lines, such as high-value-added and low-value-added tires or consumer and commercial tires, and can also vary between business segments.

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OTHER FACILITIES. We also own and operate two research and development facilities and technical centers, and seven tire proving grounds. We lease our Corporate and North America headquarters, research and development facility and technical center in Akron, Ohio. We operate approximately 1,240 retail outlets for the sale of our tires to consumer and commercial customers, approximately 60 tire retreading facilities and approximately 170 warehouse distribution facilities. Substantially all of these facilities are leased. We do not consider any one of these leased properties to be material to our operations. For additional information regarding leased properties, refer to the Notes to the Consolidated Financial Statements No. 12, Property, Plant and Equipment and No. 13, Leased Assets.

ITEM 3. LEGAL PROCEEDINGS.

Asbestos Litigation

We are currently one of numerous defendants in legal proceedings in certain state and Federal courts involving approximately 74,000 claimants at December 31, 2013 relating to their alleged exposure to materials containing asbestos in products allegedly manufactured by us or asbestos materials present at our facilities. We manufactured, among other things, rubber coated asbestos sheet gasket materials from 1914 through 1973 and aircraft brake assemblies containing asbestos materials prior to 1987. Some of the claimants are independent contractors or their employees who allege exposure to asbestos while working at certain of our facilities. It is expected that in a substantial portion of these cases there will be no evidence of exposure to a Goodyear manufactured product containing asbestos or asbestos in our facilities. The amount expended by us and our insurers on defense and claim resolution was approximately $19 million during 2013. The plaintiffs in the pending cases allege that they were exposed to asbestos and, as a result of such exposure, suffer from various respiratory diseases, including in some cases mesothelioma and lung cancer. The plaintiffs are seeking unspecified actual and punitive damages and other relief. For additional information on asbestos litigation, refer to the Note to the Consolidated Financial Statements No. 18, Commitments and Contingent Liabilities.

Marine Hose Investigation

In May 2007, the United States Department of Justice, Antitrust Division, announced that it had executed search and arrest warrants against a number of companies and their executives in connection with an investigation into allegations of price fixing in the marine hose industry. We received a grand jury document subpoena in May 2007 relating to that investigation. We have also received a similar request for information from European antitrust authorities in connection with a similar investigation of the marine hose industry in Europe. In addition, in November 2007, the Brazilian antitrust authority notified Goodyear's Brazilian subsidiary that it was a party to a civil investigation into alleged anti-competitive practices in the marine hose industry in Brazil. Based on our review, we continue to believe Goodyear and its subsidiaries did not engage in unlawful conduct which is the subject of the investigations described above. None of Goodyear's executives has been named in any criminal complaint; and no arrest or search warrants have been executed against any of our executives or at any of our facilities in connection with these investigations. We are cooperating with U.S., European and Brazilian authorities.

South African Competition Tribunal Proceedings

In August 2010, the South African Competition Commission referred a complaint to the South African Competition Tribunal alleging that Goodyear South Africa (Pty) Ltd., Apollo Tyres South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Bridgestone South Africa (Pty) Ltd., and the South African Tyre Manufacturers Conference (Pty) Ltd. engaged in anti-competitive conduct in the tire market in South Africa in violation of the South African Competition Act. The Competition Commission is seeking a penalty of approximately 217 million South African rand (approximately $20 million), which is based on a percentage of Goodyear South Africa's annual revenues in 2008. Goodyear South Africa has conducted an internal investigation regarding these allegations and intends to defend itself before the Competition Tribunal.

Brazilian Tax Assessments

In September 2011, the State of Sao Paulo, Brazil issued an assessment to us for allegedly improperly taking tax credits for value-added taxes paid to a supplier of natural rubber during the period from January 2006 to August 2008. The assessment, including interest and penalties, totals 92 million Brazilian real (approximately $39 million). We have filed a response contesting the assessment and are defending this matter.

African Investigations

In June 2011, an anonymous source reported, through our confidential ethics hotline, that our majority-owned joint venture in Kenya may have made certain improper payments. In July 2011, an employee of our subsidiary in Angola reported that similar improper payments may have been made in Angola. Outside counsel and forensic accountants were retained to investigate the alleged improper payments in Kenya and Angola, including our compliance in those countries with the U.S. Foreign Corrupt

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Practices Act. We do not believe that the amount of the payments in question in Kenya and Angola, or any revenue or operating income related to those payments, are material to our business, results of operations, financial condition or liquidity.

As a result of our review of these matters, we have implemented, and are continuing to implement, appropriate remedial measures and have voluntarily disclosed the results of our initial investigation to the U.S. Department of Justice (“DOJ”) and the Securities and Exchange Commission (“SEC”), and are cooperating with those agencies in their review of these matters. We are unable to predict the outcome of the review by the DOJ and SEC.

Greek Labor Cases

In a series of cases, approximately 320 former employees of a factory in Thessaloniki, Greece that was closed in 1996 sued Goodyear Dunlop Tires Hellas S.A.I.C. (“Goodyear Dunlop Greece”) seeking compensation in arrears alleging the absence of consultation prior to the closure under applicable European law. Following extensive litigation at all levels of the Greek courts and the European Court of Justice over the past 17 years, the Greek Court of Appeals issued judgments in September and October 2012 affirming Goodyear Dunlop Greece's liability to pay salaries in arrears with respect to the 5-1/2 year period following the plant closure and permitting a reduction in the amount of that liability to the extent of severance payments previously paid to the former employees. Goodyear Dunlop Greece appealed those judgments to the Greek Supreme Court. In May 2013, the Greek Supreme Court ruled that incomes earned in other capacities should have been deducted from the award of salaries in arrears and remanded the case to the Court of Appeals for further proceedings consistent with its ruling. In July 2013, Goodyear Dunlop Greece settled the claims for salaries in arrears, interest and related payroll and other taxes with respect to the seven month period immediately following the plant closure for approximately €2 million ($2 million).

Goodyear Dunlop Greece's liability with respect to these judgments is currently estimated to be up to approximately €37 million ($51 million), which includes salaries in arrears, interest and related payroll taxes. In addition, Goodyear Dunlop Greece may be required to pay social security contributions up to €26 million ($36 million) related to any salaries in arrears it must ultimately pay. The Greek Social Security Organization, or IKA, has issued payment notifications in respect of certain of its claims for social security contributions. In March 2013, the former employees filed a separate claim for severance payments totaling approximately €12 million ($17 million). Goodyear Dunlop Greece is vigorously defending these cases, the ultimate outcome of which cannot be predicted at this time.

SRI Arbitration Proceedings

We have learned that our joint venture partner, SRI, has engaged in anticompetitive conduct that we concluded warrants the dissolution of the global alliance with SRI. On January 10, 2014, we commenced arbitration proceedings in the International Court of Arbitration of the International Chamber of Commerce seeking the dissolution of the global alliance, damages and other appropriate relief. We believe that our claims are meritorious and will vigorously prosecute those claims; however, arbitration is subject to uncertainties which make it difficult to predict the timing and outcome of the proceedings. We do not anticipate that the resolution of the arbitration proceedings will have a material adverse impact on our customers, results of operations or liquidity.

Other Matters

In addition to the legal proceedings described above, various other legal actions, claims and governmental investigations and proceedings covering a wide range of matters are pending against us, including claims and proceedings relating to several waste disposal sites that have been identified by the United States Environmental Protection Agency and similar agencies of various states for remedial investigation and cleanup, which sites were allegedly used by us in the past for the disposal of industrial waste materials. Based on available information, we do not consider any such action, claim, investigation or proceeding to be material, within the meaning of that term as used in Item 103 of Regulation S-K and the instructions thereto. For additional information regarding our legal proceedings, refer to the Note to the Consolidated Financial Statements No. 18, Commitments and Contingent Liabilities.

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PART II.

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

The principal market for our common stock is the NASDAQ Global Select Market (Stock Exchange Symbol: GT). Information relating to the high and low sale prices of shares of our common stock and dividends declared on our common stock appears under the caption "Quarterly Data and Market Price Information" in Item 8 of this Annual Report at page 115, and is incorporated herein by reference. Under our primary credit facilities we are permitted to pay dividends on our common stock as long as no default will have occurred and be continuing, additional indebtedness can be incurred under the credit facilities following the payment, and certain financial tests are satisfied. So long as any of our mandatory convertible preferred stock is outstanding, no dividend, except a dividend payable in shares of our common stock, or other shares ranking junior to the mandatory convertible preferred stock, may be paid or declared or any distribution be made on shares of our common stock unless all accrued and unpaid dividends on the then outstanding mandatory convertible preferred stock payable on all dividend payment dates occurring on or prior to the date of such action have been declared and paid or sufficient funds have been set aside for that payment. On September 20, 2013, we announced the reinstatement of a $0.05 per share quarterly cash dividend on our common stock. The first dividend was paid on December 1, 2013. At December 31, 2013, there were 17,905 record holders of the 247,753,029 shares of our common stock then outstanding.

The following table presents information with respect to repurchases of common stock made by us during the three months ended December 31, 2013.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
10/1/13-10/31/13	11,359	$23.01	—	$100,000,000
11/1/13-11/30/13	450,241	20.82	—	100,000,000
12/1/13-12/31/13	1,265	23.50	—	100,000,000
Total	462,865	$20.89	—	

(1) These shares were delivered to us by employees as payment for the exercise price of stock options as well as the withholding taxes due upon the exercise of the stock options or the vesting or payment of stock awards.

(2) On September 18, 2013, the Board of Directors authorized $100 million for use in the Company's common stock repurchase program. That authorization expires on September 20, 2016. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs.

Set forth in the table below is certain information regarding the number of shares of our common stock that were subject to outstanding stock options or other compensation plan awards at December 31, 2013.

EQUITY COMPENSATION PLAN INFORMATION

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

			Column (a))	
	(a)	(b)	(c)	
Equity compensation plans approved by shareholders	12,787,545	$ 15.45	11,126,549	(1)
Equity compensation plans not approved by shareholders	—	—	—	
Total	12,787,545	$ 15.45	11,126,549	

(1) Under our equity-based compensation plans, up to a maximum of 939,136 performance shares in respect of performance periods ending subsequent to December 31, 2013, 136,043 shares of time-vested restricted stock, and 439,952 restricted stock units have been awarded. In addition, up to 33,391 shares of common stock may be issued in respect of the deferred payout of awards made under our equity compensation plans. The number of performance shares indicated assumes the maximum possible payout that may be earned during the relevant performance periods.

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ITEM 6. SELECTED FINANCIAL DATA.

	Year Ended December 31,(1)				
(In millions, except per share amounts)	2013(2)	2012(3)	2011(4)	2010(5)	2009(6)
Net Sales	$19,540	$20,992	$22,767	$18,832	$16,301
Net Income (Loss)	675	237	417	(164)	(364)
Less: Minority Shareholders' Net Income	46	25	74	52	11
Goodyear Net Income (Loss)	$629	$212	$343	$(216)	$(375)
Less: Preferred Stock Dividends	29	29	22	—	—
Goodyear Net Income (Loss) available to Common Shareholders	$600	$183	$321	$(216)	$(375)
Goodyear Net Income (Loss) available to Common Shareholders — Per Share of Common Stock:					
Basic	$2.44	$0.75	$1.32	$(0.89)	$(1.55)
Diluted	$2.28	$0.74	$1.26	$(0.89)	$(1.55)
Cash Dividends Declared per Common Share	$0.05	$—	$—	$—	$—
Total Assets	$17,527	$16,973	$17,629	$15,630	$14,410
Long Term Debt and Capital Leases Due Within One Year	73	96	156	188	114
Long Term Debt and Capital Leases	6,162	4,888	4,789	4,319	4,182
Goodyear Shareholders' Equity	1,606	370	749	644	735
Total Shareholders' Equity	1,868	625	1,017	921	986

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(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 2013 included net after-tax charges 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. Goodyear net income in 2013 also included net after-tax gains 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.

(3) Goodyear net income in 2012 included net after-tax charges 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; 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 after-tax gains of $35 million related to insurance recoveries for a flood in Thailand and gains on asset sales.

(4) Goodyear net income in 2011 included net after-tax charges 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 after-tax benefits of $51 million from the benefit of certain tax adjustments and gains on asset sales.

(5) Goodyear net loss in 2010 included net after-tax charges of $445 million due to rationalization charges, including accelerated depreciation and asset write-offs; the devaluation of the Venezuelan bolivar fuerte against the U.S.

dollar; charges related to the early redemption of debt and a debt exchange offer; charges related to the disposal of a building in the Philippines; a one-time importation cost adjustment; supplier disruption costs; a charge related to a claim regarding the use of value-added tax credits in prior periods; and charges related to a strike in South Africa. Goodyear net loss in 2010 also included net after-tax benefits of $104 million from gains on asset sales; favorable settlements with suppliers; an insurance recovery; and the benefit of certain tax adjustments.

(6) Goodyear net loss in 2009 included net after-tax charges of $277 million due to rationalization charges, including accelerated depreciation and asset write-offs; asset sales; the liquidation of our subsidiary in Guatemala; a legal reserve

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for a closed facility; and our USW Contract. Goodyear net loss in 2009 also included net after-tax benefits of $156 million due to non-cash tax benefits related to losses from our U.S. operations; benefits primarily resulting from certain income tax items including the release of the valuation allowance on our Australian operations and the settlement of our 1997 through 2003 Competent Authority claim between the United States and Canada; and the recognition of insurance proceeds related to the settlement of a claim as a result of a fire at our manufacturing facility in Thailand.

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

OVERVIEW

The Goodyear Tire & Rubber Company is one of the world's leading manufacturers of tires, with one of the most recognizable brand names in the world and operations in most regions of the world. We have a broad global footprint with 52 manufacturing facilities in 22 countries, including the United States. We operate our business through four operating segments representing our regional tire businesses: North America; Europe, Middle East and Africa; Latin America; and Asia Pacific.

We continued to experience weak, but stabilizing, industry conditions in developed markets in 2013 as the economic recovery in Europe and the United States remained tentative.

We produced record segment operating income of $1.6 billion in 2013, including record segment operating income of $691 million in North America. These 2013 results were delivered on tire unit shipments that decreased 1.1% compared to 2012, primarily as a result of economic weakness and increased competition in Europe in early 2013 and decreased sales of non-Goodyear brand products in North America. In 2013, we realized approximately $388 million of cost savings, including raw materials cost saving measures of approximately $228 million, which exceeded the impact of general inflation. Our raw material costs decreased by approximately 13% in 2013 compared to 2012. We also realized continued improvements in working capital efficiency, measured as a percent of sales.

Net sales were $19.5 billion in 2013, compared to $21.0 billion in 2012. Net sales decreased due to lower sales in other tire-related businesses, primarily third-party sales of chemical products in North America, unfavorable foreign currency translation, primarily in Latin America and Asia Pacific, and a decline in price and product mix, primarily in North America and EMEA as a result of the impact of lower raw material costs on pricing.

For the year ended December 31, 2013, Goodyear net income was $629 million, compared to Goodyear net income of $212 million in 2012, and Goodyear net income available to common shareholders was $600 million, compared to Goodyear net income available to common shareholders of $183 million in 2012. Our total segment operating income for 2013 was $1,580 million, compared to $1,248 million in 2012. The increase in segment operating income was due primarily to a decline in raw material costs of $985 million, which more than offset the effect of lower price and product mix of $321 million, higher conversion costs of $167 million, unfavorable foreign currency translation of $63 million and increased SAG expenses of $37 million, primarily due to higher incentive compensation costs driven by improved operating performance. See "Results of Operations — Segment Information" for additional information.

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

- Continue to focus on consumer-driven product development;
- Take a selective approach to the market, targeting profitable segments where we have competitive advantages;
- Improve our manufacturing efficiency and create an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service;
- Focus on cash flow to provide funding for our capital allocation plan described below; and
- Build top talent and teams.

In order to address our significant unfunded pension obligations, we have fully funded substantially all of our U.S. pension plans. The successful execution of our pension strategy will improve our earnings and operating cash flow and provide greater transparency to our underlying tire business. See "Pension and Benefit Plans" for additional information.

In August 2013, members of the United Steelworkers (“USW”) ratified a new four-year master labor contract with us. In addition to providing us the ability to transition remaining active defined benefit plan participants to defined contribution plans, the agreement reduces the percentage of North American earnings paid out under our profit-sharing plan and reduces the maximum annual payouts. The contract also provides flexibility to reduce staffing and continues medical benefit cost sharing, while keeping overall wages and benefits in line with the prior agreement.

In September 2013, we announced a shareholder return program as part of our capital allocation plan that includes the reinstatement of a $0.05 per share quarterly cash dividend on our common stock. The first such dividend was paid on December 1, 2013. Our

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shareholder return program also includes a $100 million common stock repurchase program. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs. Our capital allocation plan also provides for capital expenditures, pension funding and debt repayments, and restructuring payments.

We have ceased production at one of our manufacturing facilities in Amiens, France and will close that facility in the first quarter of 2014. As a result of idle plant costs from the beginning of 2014 until the final termination dates, additional legal costs and approximately $20 million of additional severance costs, we now expect total net charges of approximately $290 million (approximately $220 million after taxes and minority interest), of which $220 million has been recorded through December 31, 2013. The remaining charges are expected to be recognized in 2014. Substantially all of these charges relate to future cash payments, primarily for employee wages and benefits. We continue to expect annualized cost savings of approximately $75 million following closure of the Amiens facility and exit of the farm tire business, with savings of approximately $40 million in 2014. We expect to finalize decisions regarding the timing of our exit from the remainder of the farm tire business in EMEA during 2014.

To further address continued economic weakness in Europe and the significant challenges that we face in EMEA, we have also implemented a profit improvement plan aimed at restoring the margins in EMEA to historical levels. The profit improvement plan aims to:

- Target profitable segments where we have competitive advantages;
- Accelerate our growth in emerging markets in the region; and
- Achieve $75 million to $100 million of productivity improvements through back-office consolidation, improved manufacturing efficiency and supply chain improvements.

Pension and Benefit Plans

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

At December 31, 2013, our unfunded U.S. pension liability was approximately $1.2 billion, which was principally attributable to our hourly plans. At December 31, 2012, our unfunded U.S. pension liability was approximately $2.7 billion, with $1.0 billion attributable to plans already frozen and $1.7 billion for all other plans, principally our hourly plans.

During the first quarter of 2013, substantially all of our U.S. pension plans entered into zero cost interest rate option strategies designed to significantly reduce the volatility of our U.S. pension funded status while we implement our pension strategy. At the same time, we entered into short term zero cost equity collars that cap the upside and limit the downside on 75% of the U.S. pension plans' equity portfolio. We subsequently made contributions of $868 million during the first quarter to fully fund our frozen U.S. pension plans. We then transitioned those plans' asset allocation to a portfolio of substantially all fixed income securities designed to offset any subsequent changes in discount rates, and unwound the interest rate options and equity collars attributed to those plans by the end of the second quarter of 2013. The net actuarial losses in Accumulated Other Comprehensive Loss ("AOCL") for these plans decreased $135 million, primarily from increases in discount rates during the year. The frozen U.S. pension plans remain fully funded at December 31, 2013.

The funded status of our hourly U.S. plans improved by approximately $500 million during the year. This $500 million improvement in funded status was primarily driven by higher discount rates and asset returns that, while positive, were lower than our long term expected rate of return for these plans. Asset returns for these plans were impacted by the interest rate option and equity collar strategies described above. As a result, net actuarial losses included in AOCL for these plans decreased by $239 million in 2013. At December 31, 2013, we held interest rate option instruments covering approximately 55% of the hourly U.S. pension liability as well as equity collars on approximately 75% of the hourly U.S. plans' equity allocation.

During the third quarter of 2013, we reached an agreement with the USW that allows the company to freeze the pension plans for hourly associates covered by the USW Contract when we fully fund those plans. Subsequent to December 31, 2013, we contributed approximately $1,150 million in cash to fully fund the hourly U.S. pension plans.

As a result, pension benefits for hourly associates covered by the USW Contract who participate in the hourly U.S. pension plans will be frozen effective April 30, 2014 and these associates will begin to receive Company contributions to a defined contribution plan effective May 1, 2014. These actions will reduce 2014 U.S. net periodic pension cost to approximately $75 million to $100 million from $175 million in 2013, and will increase the expense for defined contribution savings plans in 2014 by approximately $20 million. In addition, as a result of the future accrual freeze, we recognized a curtailment charge of $32 million in January 2014. Globally, we expect our 2014 net periodic pension cost to be approximately $150 million to $200 million.

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With the full implementation of the U.S. pension strategy, we have significantly improved the funded status of our U.S. pension plans. Going forward, we expect that the implementation of our pension strategy will provide stability to our funded status, improve our earnings and operating cash flow, and provide greater transparency to our underlying tire business.

Liquidity

At December 31, 2013, we had $2,996 million in Cash and Cash Equivalents as well as $2,726 million of unused availability under our various credit agreements, compared to $2,281 million and $2,949 million, respectively, at December 31, 2012. The increase in cash and cash equivalents was driven by net borrowings of $1,143 million, net income of $675 million, which included non-cash depreciation and amortization of $722 million, and cash provided by working capital of $415 million. These increases were partially offset by pension contributions and direct payments of $1,162 million and capital expenditures of $1,168 million, including expenditures for the expansion of our Japan, Brazil and Chile manufacturing capacity.

We believe that our liquidity position is adequate to fund our operating and investing needs in 2014 and to provide us with flexibility to respond to further changes in the business environment.

New Products

In 2013, we launched our new Goodyear Wrangler All-Terrain Adventure, Goodyear Eagle Sport All-Season, Dunlop Sport MaxxRT, Dunlop Sport Maxx Race and Dunlop Direzza ZII tire lines in North America. Our commercial truck tire business also launched five new tire and three retread product lines in the premier tier to serve our long haul and regional customers. At our North America dealer conference in early 2014, we introduced several key products, most notably the Goodyear Assurance All-Season, Goodyear Wrangler Fortitude HT, Goodyear DuraTrac, Goodyear Ultra Grip 8 Performance and the Dunlop Direzza DZ 102 tire lines.

In EMEA, we launched the new Goodyear EfficientGrip Performance and the new Dunlop Sport BluResponse, both high performance summer tires. We also launched Goodyear EfficientGrip Compact, a summer tire aimed at smaller and city cars, and the Dunlop WinterResponse 2 winter tire. We introduced two new commercial tire lines: KMAX developed for improved mileage performance while still delivering fuel efficiency and traction and FuelMax developed for superior fuel efficiency combined with good mileage. These two new tire lines offer additional versatility and improved winter performance capabilities.

In Latin America, we launched the Goodyear Eagle Sport, Goodyear Assurance and the Goodyear Wrangler SUV tire lines. For commercial, we launched new Mixed Service Plus tires, delivering better casing resistance, retreadability and mileage on the total tire life cycle.

In Asia Pacific, we launched the Goodyear Assurance TripleMax, featuring HYDROGRIP Technology which delivers excellent grip on wet roads, and the Wrangler HP/AW Optimized. Additionally, in Australia and New Zealand, we introduced the Goodyear Wrangler All-Terrain Adventurer and Dunlop Touring T1, and in China, the Wrangler IP. For commercial customers, we unveiled nine new commercial tire products in China and Australia. The commercial tires launched in China were developed specifically for this market in order to deliver high performance on Chinese roads.

Outlook

We expect that our full-year tire unit volume for 2014 will be up between 2% and 3% compared to 2013. We also expect a favorable impact from changes in unabsorbed fixed costs of $75 million to $100 million in 2014 and we expect cost savings to offset general inflation and additional expenditures for advertising, marketing and research and development.

Based on current raw material spot prices, for the full year of 2014, we expect our raw material costs will be lower than 2013; however, we expect raw material costs and price and product mix to offset one another. 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. In order to mitigate some of the impact of raw material costs, 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.

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

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RESULTS OF OPERATIONS — CONSOLIDATED

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

2013 Compared to 2012

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

Net Sales

Net sales in 2013 of $19.5 billion decreased $1.5 billion, or 6.9%, compared to 2012 due primarily to lower sales in other tire-related businesses of $665 million, primarily in North America due to a decrease in the price and volume of third-party sales of chemical products, unfavorable foreign currency translation of $354 million, primarily in Latin America and Asia Pacific, lower price and product mix of $206 million, primarily in North America and EMEA, and lower tire volume of $166 million, primarily in EMEA. Consumer and commercial net sales in 2013 were $10.9 billion and $4.1 billion, respectively. Consumer and commercial net sales in 2012 were $11.4 billion and $4.2 billion, respectively.

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

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

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

Cost of Goods Sold

Cost of goods sold (“CGS”) was $15.4 billion in 2013, decreasing $1.7 billion, or 10.1%, compared to 2012. CGS was 78.9% of sales in 2013 compared to 81.8% of sales in 2012. CGS in 2013 decreased due to lower raw material costs of $985 million, lower costs in other tire-related businesses of $641 million, primarily due to lower third-party sales of chemical products in North America, favorable foreign currency translation of $245 million, primarily in Latin America, and lower tire volume of $159 million. These decreases were partially offset by increased conversion costs of $167 million and product mix-related manufacturing cost increases of $115 million. Conversion costs were negatively impacted by higher under-absorbed fixed overhead costs of approximately $52 million due to lower production volume and inflationary cost increases. CGS in 2013 included pension expense of $222 million, compared to $245 million in 2012, primarily related to North America.

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

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Selling, Administrative and General Expense

Selling, administrative and general expense ("SAG") was $2.8 billion in 2013, increasing $40 million, or 1.5%, compared to 2012. SAG was 14.1% of sales in 2013, compared to 12.9% in 2012. The increase in SAG was due to higher incentive compensation costs of $82 million, primarily driven by improved operating performance, and higher overall inflation, including wages and benefits, primarily in EMEA and Latin America, partially offset by favorable foreign currency translation of $46 million. SAG in 2013 and 2012 included pension expense of $63 million and $62 million, respectively, primarily related to North America. SAG in 2013 also included savings from rationalization plans of $38 million.

Rationalizations

To maintain global competitiveness, we have implemented rationalization actions over the past several years to reduce excess and high-cost manufacturing capacity and to reduce selling, administrative and general expenses through associate headcount reductions. We recorded net rationalization charges of $58 million in 2013 ($41 million after-tax). Rationalization actions initiated in 2013 consisted primarily of manufacturing headcount reductions related to EMEA's plans to improve efficiency and reduce manufacturing capacity in certain Western European countries. In addition, Asia Pacific also initiated plans primarily relating to SAG headcount reductions and the closure of retail facilities in Australia and New Zealand.

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

Upon completion of the 2013 plans, we estimate that annual segment operating income will improve by approximately $35 million ($19 million CGS and $16 million SAG).

The savings realized in 2013 for the 2012 and prior plans totaled $70 million ($32 million CGS and $38 million SAG). In addition, we expect annualized savings of approximately $75 million following closure of one of our Amiens, France manufacturing facilities and exiting the EMEA farm tire business.

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

Interest Expense

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

Other Expense

Other Expense in 2013 was $97 million, decreasing $42 million from $139 million in 2012. Net foreign currency exchange losses in 2013 included a net loss of $115 million ($92 million after-tax) resulting from the devaluation of the Venezuelan bolivar fuerte against the U.S. dollar. Effective February 13, 2013, Venezuela's official exchange rate changed from 4.3 to 6.3 bolivares fuertes to the U.S. dollar for substantially all goods. For further discussion on Venezuela, refer to "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." Financing fees were $56 million in 2013 compared to $156 million in 2012. Financing fees for 2012 included $86 million ($86 million after-tax) in financing fees related to the redemption of $650 million in aggregate principal amount of our outstanding 10.5% senior notes due 2016. Also included in 2012 was a charge of $24 million ($24 million after-tax) for debt issuance costs, primarily related to the amendment and restatement of our U.S. second lien term loan facility.

Royalty income in 2013 was $51 million, compared to royalty income of $38 million in 2012. Royalty income in 2013 included one-time royalties of $11 million related to our chemical operations.

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

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

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

Income Taxes

Tax expense in 2013 was $138 million on income before income taxes of $813 million. For 2012, tax expense was $203 million on income before income taxes of $440 million. The difference between our effective tax rate and the U.S. statutory rate was primarily due to continuing to maintain a full valuation allowance against our Federal and state and certain foreign deferred tax assets and the adjustments discussed below.

Income tax expense in 2013 included discrete net tax benefits of $43 million ($37 million after minority) due primarily to a $33 million benefit from special enterprise zone tax incentives in Poland and a $13 million benefit related to changes in enacted tax laws. Income tax expense in 2012 included discrete net tax charges of $19 million ($17 million after minority) due primarily to increased tax reserves for prior years.

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

Since 2002, Goodyear has maintained a full valuation allowance on its U.S. net deferred tax asset position. Each reporting period we assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence that we evaluate is the cumulative losses incurred in recent periods. Through 2012 our history of U.S. operating losses limited the weight we apply to other subjective evidence such as our projections for future profitability. Before we would change our judgment on the need for a full valuation allowance a sustained period of operating profitability is required. Considering the duration and magnitude of our U.S. operating losses it is our judgment that we have not yet achieved profitability of a duration and magnitude sufficient to release our valuation allowance against our deferred tax assets.

Our conclusion to maintain a full valuation allowance on our U.S. deferred tax assets is made despite recent positive evidence. For 2013, we delivered a full year of U.S. earnings driven by North America's operating results. Also, our recent four-year master labor contract with the USW gives us the ability to freeze our hourly U.S. pension plans and replace them with a defined contribution plan at any time during the contract term once those plans are fully funded. Our recent actions to fully fund our U.S. pension plans will reduce future earnings volatility thus enabling us to more accurately forecast and deliver sustained profitable U.S. operating results. Our profitable 2013 results provide us the opportunity to apply greater significance to our forecasts in our assessment of the need to retain a valuation allowance. If we achieve another full year of significant U.S. earnings in 2014 and forecasts for 2015 and beyond show continued profitability, we may have sufficient evidence to release all or a significant portion of our valuation allowance on our U.S. deferred tax assets during 2014. We believe it is reasonably possible that this positive evidence will be available.

We measure deferred tax assets and liabilities using the enacted tax laws that apply in the years that we anticipate our deferred tax assets and liabilities will be recovered or paid. New U.S. corporate income tax laws enacted prior to a release of our valuation allowance could materially impact the value of our deferred tax assets and would be considered in our assessment of the need for a valuation allowance.

Our losses in various foreign taxing jurisdictions in recent periods represented sufficient negative evidence to require us to maintain a full valuation allowance against certain of our net deferred tax assets. However, it is reasonably possible that sufficient positive evidence required to release all, or a portion, of certain valuation allowances will exist during 2014. This may result in a reduction of the valuation allowance and one time tax benefit of up to $60 million ($45 million net of minority interest).

For further information, refer to the Note to the Consolidated Financial Statements No. 5, Income Taxes.

Minority Shareholders' Net Income

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

2012 Compared to 2011

For the year ended December 31, 2012, Goodyear net income was $212 million, compared to net income of $343 million in 2011. For the year ended December 31, 2012, Goodyear net income available to common shareholders was $183 million, or $0.74 per share, reflecting $29 million of preferred stock dividends, compared to Goodyear net income available to common shareholders of $321 million, or $1.26 per share, reflecting $22 million of preferred stock dividends, in 2011.

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Net Sales

Net sales in 2012 of $21.0 billion decreased $1.8 billion, or 7.8%, compared to 2011 due primarily to lower tire volume of $1,639 million, unfavorable foreign currency translation of $766 million, primarily in EMEA, and $489 million in lower sales in other tire-related businesses, primarily due to lower sales of chemical products in North America. These decreases were partially offset by improved price and product mix of $1,223 million. Consumer and commercial net sales in 2012 were $11.4 billion and $4.2 billion, respectively. Consumer and commercial net sales in 2011 were $12.1 billion and $4.6 billion, respectively.

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

	Year Ended December 31,			
(In millions of tires)	2012	2011	% Change	
Replacement Units				
North America (U.S. and Canada)	44.5	50.0	(11.0	)%
International	69.9	82.2	(15.0	)%
Total	114.4	132.2	(13.5	)%
OE Units				
North America (U.S. and Canada)	18.1	16.0	12.8	%
International	31.5	32.4	(2.8	)%
Total	49.6	48.4	2.4	%
Goodyear worldwide tire units	164.0	180.6	(9.2	)%

The decrease in worldwide tire unit sales of 16.6 million units, or 9.2%, compared to 2011, included a decrease of 17.8 million replacement units, or 13.5%, due primarily to a decrease in the consumer replacement business in EMEA as a result of economic weakness and uncertainty in the region and increased competition, and in North America, primarily due to lower industry demand and decreased sales of lower end consumer products, partially offset by an increase of 1.2 million OE units, or 2.4%, primarily in North America. North America OE tire volume increased 2.1 million units, or 12.8%, primarily in our consumer business. Consumer and commercial unit sales in 2012 were 149.2 million and 12.8 million, respectively. Consumer and commercial unit sales in 2011 were 163.6 million and 14.8 million, respectively.

Cost of Goods Sold

CGS was $17.2 billion in 2012, decreasing $1.7 billion, or 8.8%, compared to 2011. CGS was 81.8% of sales in 2012 compared to 82.7% of sales in 2011. CGS in 2012 decreased due to lower tire volume of $1,344 million, favorable foreign currency translation of $620 million, and lower costs in other tire-related businesses of $488 million, primarily due to lower sales of chemical products in North America, partially offset by increased conversion costs of $437 million, higher raw material costs of $327 million, and product mix-related manufacturing cost increases of $206 million. The higher conversion costs were caused primarily by higher under-absorbed fixed overhead costs of approximately $232 million due to lower production volume, primarily in EMEA, net of cost savings of approximately $80 million from the closure of our Union City, Tennessee manufacturing facility (“Union City”); higher pension expense of $31 million; incremental start-up expenses for our new manufacturing facility in Pulandian, China of $21 million; and inflationary cost increases. CGS in 2012 included pension expense of $245 million, compared to $214 million in 2011, primarily related to North America.

CGS in 2012 included charges for accelerated depreciation and asset write-offs of $21 million ($16 million after-tax) related to the closure of our Dalian, China manufacturing facility. CGS in 2012 also included $9 million ($6 million after-tax) in settlement charges related to a United Kingdom pension plan, the impact of a strike in South Africa of $6 million ($6 million after-tax), and $4 million ($4 million after-tax) in charges related to repairs for 2011 tornado damage at our manufacturing facility in Fayetteville, North Carolina. CGS in 2012 benefited from savings from rationalization plans of $105 million.

CGS was $18.8 billion in 2011. CGS in 2011 included charges for accelerated depreciation and asset write-offs of $50 million ($48 million after-tax) related to the closure of Union City and $4 million ($4 million after-tax) in charges related to tornado damage at our manufacturing facility in Fayetteville, North Carolina.

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Selling, Administrative and General Expense

SAG was $2.7 billion in 2012, decreasing $104 million, or 3.7%, compared to 2011. SAG in 2012 was 12.9% of sales, compared to 12.4% in 2011. The decrease in SAG was primarily driven by favorable foreign currency translation of $112 million and lower advertising expenses of $36 million, which were partially offset by increased wages and benefits of $17 million, increased warehousing costs of $12 million and inflationary cost increases. SAG in 2012 and 2011 included pension expense of $62 million and $52 million, respectively, primarily related to North America. SAG in 2012 benefited from savings from rationalization plans of $13 million.

Rationalizations

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

We recorded net rationalization charges of $103 million in 2011 ($95 million after-tax). Rationalization actions initiated in 2011 primarily related to headcount reductions in EMEA and Asia Pacific and actions in connection with the relocation of our manufacturing facility in Dalian, China to Pulandian, China.

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

Interest Expense

Interest expense was $357 million in 2012, increasing $27 million from $330 million in 2011. The increase relates primarily to higher average debt balances of $5,606 million in 2012 compared to $5,411 million in 2011 and an increase in average interest rates to 6.14% in 2012 from 6.10% in 2011. In addition, we recorded $13 million of expense in 2012 to correct capitalized interest recorded in prior periods.

Other Expense

Other Expense in 2012 was $139 million, increasing $66 million from $73 million in 2011. Financing fees in 2012 of $156 million included a charge of $86 million ($86 million after-tax) related to the redemption of $650 million in aggregate principal amount of our outstanding 10.5% senior notes due 2016, of which $59 million related to a cash premium paid on the redemption and $27 million related to the write-off of deferred financing fees and unamortized discount. Also included was a charge of $24 million ($24 million after-tax), primarily related to the amendment and restatement of our U.S. second lien term loan facility. Financing fees in 2011 of $89 million included $53 million ($53 million after-tax) related to the redemption of $350 million aggregate principal amount of our outstanding 10.5% senior notes due 2016, of which $37 million related to a cash premium paid on the redemption and $16 million related to the write-off of deferred financing fees and unamortized discount.

Net gains on asset sales were $25 million ($20 million after-tax) in 2012 compared to net gains on asset sales of $16 million ($8 million after-tax) in 2011. Net gains in 2012 related primarily to the sale of property in North America, the sale of a minority interest in a retail business in EMEA and the sale of certain assets related to our bias truck tire business in Latin America. Net gains in 2011 related primarily to the sale of land in Malaysia and the sale of the farm tire business in Latin America.

The 2012 period also included a charge of $25 million ($25 million after-tax) related to certain labor claims related to a previously closed facility in EMEA. The 2011 period included charges of $13 million for an asbestos accrual adjustment related to prior periods and $9 million for an insurance deductible related to flood damage to our manufacturing facility in Thailand.

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

Income Taxes

Tax expense in 2012 was $203 million on income before income taxes of $440 million. For 2011, tax expense was $201 million on income before income taxes of $618 million. The difference between our effective tax rate and the U.S. statutory rate was primarily due to our continuing to maintain a full valuation allowance against our Federal and state and certain foreign deferred tax assets and the adjustments discussed below.

Income tax expense in 2012 included discrete net tax charges of $19 million ($17 million after minority) due primarily to increased tax reserves for prior years. Income tax expense in 2011 included net tax benefits of $36 million ($42 million after minority). The 2011 net tax benefit included a $64 million benefit from the release of a valuation allowance on our Canadian operations, which was released as a result of cumulatively profitable operations in the prior three years and projected future income sufficient to

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fully realize the deferred tax assets, and a $24 million charge related to the settlement of prior tax years and to increased tax reserves as a result of negative tax court rulings in a foreign jurisdiction.

For further information, refer to the Note to the Consolidated Financial Statements No. 5, Income Taxes.

Minority Shareholders’ Net Income

Minority shareholders’ net income was $25 million in 2012, compared to $74 million in 2011. The decrease was due primarily to lower 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 $1,580 million in 2013, $1,248 million in 2012 and $1,368 million in 2011. Total segment operating margin (segment operating income divided by segment sales) in 2013 was 8.1%, compared to 5.9% in 2012 and 6.0% in 2011.

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. 7, Business Segments, for further information and for a reconciliation of total segment operating income to Income before Income Taxes.

North America

	Year Ended December 31,		
(In millions)	2013	2012	2011
Tire Units	61.7	62.6	66.0
Net Sales	$8,684	$9,666	$9,859
Operating Income	691	514	276
Operating Margin	8.0 %	5.3 %	2.8 %

2013 Compared to 2012

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

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

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

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

2012 Compared to 2011

North America unit sales in 2012 decreased 3.4 million units, or 5.2%, to 62.6 million units. The decrease was primarily related to a reduction in replacement tire volume of 5.5 million units, or 11.0%, primarily in our consumer business, reflecting lower industry demand and decreased sales of lower-end consumer products. Increased OE tire volume, primarily in our consumer business, of 2.1 million units, or 12.8%, primarily related to improved industry conditions, partially offset this decrease.

Net sales in 2012 were $9,666 million, decreasing $193 million, or 2.0%, compared to $9,859 million in 2011. Price and product mix improvement of $500 million was more than offset by decreased sales in other tire-related businesses of $354 million, primarily related to a decrease in the price and volume of third party sales of chemical products, and lower sales volume of $329 million.

Operating income in 2012 was $514 million, improving $238 million from $276 million in 2011. Price and product mix improved $498 million, which exceeded raw material cost increases of $127 million. This improvement was partially offset by increased conversion costs of $67 million, lower volume of $38 million, increased SAG expense of $7 million and unfavorable foreign currency translation of $2 million. Decreased profits in our other tire-related businesses of $5 million, driven by a decrease in the price and volume of third party sales of chemical products, also negatively impacted operating income. Higher conversion costs were driven by $105 million of increased under-absorbed overhead costs resulting from lower production volumes as well as increased pension expense and inflationary cost increases, partially offset by $80 million in rationalization savings, primarily due to the closure of Union City in July 2011. SAG expenses included savings from rationalization plans of $3 million.

Operating income in 2012 excluded net rationalization charges of $43 million and charges for accelerated depreciation and asset write-offs of $1 million, primarily related to the closure of Union City, and net gains on asset sales of $9 million. Operating income in 2011 excluded net rationalization charges of $72 million and charges for accelerated depreciation and asset write-offs of $43 million, primarily related to the closure of Union City, and net losses on asset sales of $2 million.

Europe, Middle East and Africa

	Year Ended December 31,		
(In millions)	2013	2012	2011
Tire Units	60.8	62.7	74.3
Net Sales	$6,567	$6,884	$8,040
Operating Income	298	252	627
Operating Margin	4.5 %	3.7 %	7.8 %

2013 Compared to 2012

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

Net sales in 2013 were $6,567 million, decreasing $317 million, or 4.6%, compared to $6,884 million in 2012. Net sales decreased due primarily to lower tire volume of $185 million, unfavorable price and product mix of $122 million, driven by the impact of lower raw material costs on pricing, and lower sales in our other tire-related

businesses of $43 million, primarily in our retail operations. These decreases were partially offset by favorable foreign currency translation of $33 million.
Operating income in 2013 was $298 million, increasing $46 million, or 18.3%, compared to $252 million in 2012. Operating income increased due primarily to a decline in raw material costs of $322 million, which more than offset the effect of lower price and product mix of $213 million. Operating income also benefited from lower SAG expenses of $18 million, driven by lower advertising and marketing costs, partially offset by higher incentive compensation costs driven by improved operating performance. These increases were partially offset by lower tire volume of $35 million, higher conversion costs of $25 million, primarily due

to wage inflation, and lower income from our other tire-related businesses of $21 million, primarily in our retail operations. Conversion costs and SAG expenses included net savings from rationalization plans of $6 million and $8 million, respectively. Raw material costs in 2012 included a $29 million charge for a contractual obligation under an offtake agreement.

Operating income in 2013 excluded net rationalization charges of $26 million and charges for accelerated depreciation and asset write-offs of $23 million, primarily related to the closure of one of our Amiens, France manufacturing facilities, charges of $6 million related to labor claims with respect to a previously closed facility, and a net gain on asset sales of $1 million. Operating income in 2012 excluded net rationalization charges of $100 million, primarily related to the exit of our farm tire business in EMEA and closure of one of our Amiens, France manufacturing facilities, a charge of $25 million related to labor claims with respect to a previously closed facility, and net gains on asset sales of $9 million.

The exit of our farm tire business in EMEA and closure of one of our Amiens, France manufacturing facilities are expected to improve EMEA operating income by approximately $75 million annually following the closure, with savings of approximately $40 million in 2014. We have completed the consultation process, ceased tire production and will close the facility in the first quarter of 2014. We expect to finalize decisions regarding the timing of our exit from the remainder of the farm tire business in EMEA during 2014.

EMEA’s results are highly dependent upon Germany, which accounted for approximately 36% and 37% of EMEA’s net sales in 2013 and 2012, respectively. Accordingly, results of operations in Germany are expected to continue to have a significant impact on EMEA’s future performance.

2012 Compared to 2011

Europe, Middle East and Africa unit sales in 2012 decreased 11.6 million units, or 15.6%, to 62.7 million units. Replacement tire volume decreased 10.4 million units, or 18.3%, primarily in the consumer business, due to economic weakness and uncertainty in the region, which slowed retail demand, aggressive competition and high trade inventory levels following weak dealer seasonal tire sales. OE tire volume decreased 1.2 million units, or 6.7%, due primarily to economic weakness and uncertainty in the region which led to decreased industry demand in both our consumer and commercial businesses.

Net sales in 2012 were $6,884 million, decreasing $1,156 million, or 14.4%, compared to $8,040 million in 2011. Net sales decreased due primarily to lower tire volume of $1,155 million and unfavorable foreign currency translation of $507 million. These decreases were partially offset by improved price and product mix of $499 million.

Operating income in 2012 was $252 million, decreasing $375 million, or 59.8%, compared to $627 million in 2011. Operating income decreased due primarily to higher conversion costs of $267 million, lower tire volume of $225 million and unfavorable foreign currency translation of $15 million. The overall decrease was partially offset by improved price and product mix of $303 million, which exceeded higher raw material costs of $168 million. Conversion costs increased due primarily to higher under-absorbed fixed overhead costs of $194 million due to lower production volume, production inefficiencies and other inflationary cost increases. Conversion costs and SAG expenses included savings from rationalization plans of $3 million and $9 million, respectively. Operating income in 2012 also included a $29 million charge for a contractual obligation under an offtake agreement for tires.

Operating income in 2012 excluded net rationalization charges of $100 million, primarily related to the exit of our farm tire business in EMEA and closure of one of our Amiens, France manufacturing facilities, charges of $25 million related to certain labor claims with respect to a previously closed facility, and net gains on asset sales of $9 million. Operating income in 2011 excluded net rationalization charges of $15 million and net gains on asset sales of $1 million.

Latin America

	Year Ended December 31,		
(In millions)	2013	2012	2011
Tire Units	17.9	18.1	19.8
Net Sales	$2,063	$2,085	$2,472
Operating Income	283	223	231

Operating Margin	13.7	%	10.7	%	9.3	%

2013 Compared to 2012

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

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

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

In 2013, on a consolidated basis, we recorded a net benefit of $15 million ($10 million after-tax), which included $5 million in Latin America's segment operating income, earned on favorable tax judgments that will be utilized against future indirect tax liabilities.

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

Operating income in 2012 excluded net rationalization charges of $6 million and net gains on asset sales of $4 million.

Latin America’s results are highly dependent upon Brazil, which accounted for 53% and 51% of Latin America’s net sales in 2013 and 2012, respectively. Goodyear Venezuela also contributed a significant portion of Latin America’s sales and operating income in 2013 and 2012. Latin America's results in the first quarter of 2013 were negatively impacted by the February 2013 devaluation of the Venezuelan bolivar fuerte against the U.S. dollar. The continuing economic uncertainty and current labor negotiations in Venezuela may adversely impact Latin America's segment operating income in future periods. For further information see “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Overview.”

In 2014, costs associated with the expansion of one of our Brazilian manufacturing facilities are expected to negatively impact Latin America's segment operating income by $20 million to $25 million as compared to 2013.

2012 Compared to 2011

Latin America unit sales in 2012 decreased 1.7 million units, or 8.4%, to 18.1 million units. Replacement tire volume decreased 1.2 million units, or 8.9%, and OE tire volume decreased 0.5 million units, or 7.4%, driven primarily by increased competition and lower industry volume. Approximately 0.4 million and 0.1 million of the total unit decline was attributable to the May 2012 sale of our bias truck tire business in certain countries and the April 2011 divestiture of our farm tire business, respectively.

Net sales in 2012 were $2,085 million, decreasing $387 million, or 15.7%, from $2,472 million in 2011. Net sales decreased due primarily to unfavorable foreign currency translation of $194 million, mainly in Brazil, lower tire volume of $174 million, lower sales by other tire-related businesses of $101 million, the sale of the bias truck tire business of $70 million, and the divestiture of the farm tire business of $33 million. These decreases were partially offset by improved price and product mix of $185 million.

Operating income in 2012 was $223 million, decreasing $8 million, or 3.5%, from $231 million in 2011. Operating income decreased due primarily to higher conversion costs of $59 million, lower tire volume of $38 million, higher SAG expenses of $16 million, lower operating income from other tire-related businesses of $9 million, unfavorable foreign currency translation of $6 million and the divestiture of the farm tire business of $3 million. These decreases were partially offset by improved price and product mix of $171 million, which more than offset increased raw material costs of $54 million, and higher operating income from intersegment sales of $5 million. The higher conversion costs were primarily driven by increased wages and benefit costs and higher under-absorbed fixed overhead costs of $12 million on lower production volume. Conversion costs included savings from rationalization plans of $8 million. The increase in SAG expenses was primarily driven by increased wages and benefits of $12 million and higher warehousing expense.

Operating income in 2012 excluded net rationalization charges of $6 million and net gains on asset sales of $4 million. Operating income in 2011 excluded net gains on asset sales of $4 million.

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Asia Pacific

	Year Ended December 31,		
(In millions)	2013	2012	2011
Tire Units	21.9	20.6	20.5
Net Sales	$2,226	$2,357	$2,396
Operating Income	308	259	234
Operating Margin	13.8 %	11.0 %	9.8 %

2013 Compared to 2012

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

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

Operating income in 2013 was $308 million, increasing $49 million, or 18.9%, from $259 million in 2012. Operating income increased due primarily to lower raw material costs of $144 million, which more than offset the effect of lower price and product mix of $82 million, lower start-up expenses related to our new manufacturing facility in China of $39 million and higher volume of $26 million. These increases were partially offset by unfavorable foreign currency translation of $27 million, higher conversion costs of $15 million, higher SAG expenses of $10 million, due primarily to increased incentive compensation costs, primarily driven by improved operating performance, costs to support sales growth in China, lower income from other tire-related businesses of $8 million, primarily in our retail operations, and higher indirect tax surcharges of $6 million. SAG expenses included savings from rationalization plans of $4 million.

In 2013, on a consolidated basis, we recorded a $9 million net benefit ($6 million after-tax), which included $7 million in Asia Pacific, due to insurance recoveries for the fourth quarter 2011 flood in Thailand. In 2012, on a consolidated basis, we recorded an $18 million net benefit ($15 million after-tax), which included $9 million in Asia Pacific, due to insurance recoveries exceeding incurred expenses and lost profits on sales.

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

Asia Pacific’s results are highly dependent upon Australia, which accounted for approximately 40% and 44% of Asia Pacific’s net sales in 2013 and 2012, respectively. Accordingly, results of operations in Australia are expected to continue to have a significant impact on Asia Pacific's future performance.

In 2014, decreases in start-up expenses at our new manufacturing facility in Pulandian, China are anticipated to improve Asia Pacific's operating income by $15 million to $20 million compared to 2013.

2012 Compared to 2011

Asia Pacific unit sales in 2012 increased 0.1 million units, or 0.3%, to 20.6 million units. OE tire volume increased by 0.8 million units, or 9.8%, primarily in the consumer business while replacement tire volume decreased by 0.7 million units, or 5.9%. Increases in OE tire volume were primarily driven by growth in the consumer business in China and India, which more than offset declines in replacement tire volume driven primarily by a weakening environment in Australia and slowing economic conditions, primarily in India.

Net sales in 2012 were $2,357 million, decreasing $39 million, or 1.6%, from $2,396 million in 2011, due primarily to unfavorable foreign currency translation of $55 million driven by depreciation of the Indian rupee and lower sales in other-tire related businesses of $39 million. Improved price and product mix of $39 million and higher volume of $19 million partially offset the decreases.

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Operating income in 2012 was $259 million, increasing $25 million, or 10.7%, from $234 million in 2011, due primarily to improved price and product mix of $45 million, lower raw material costs of $22 million, the timing of recognition of flood related losses in 2011 and net recoveries from insurance in 2012 of $21 million, higher equity income from a Japanese joint venture of $15 million and higher volume of $6 million. These increases were partially offset by higher conversion costs of $23 million, an increase in start-up expenses for our new manufacturing facility in Pulandian, China of approximately $21 million, higher SAG costs of $19 million, primarily to support sales growth in China, unfavorable foreign currency translation of $11 million and lower income from other-tire related businesses of $10 million, primarily related to retail tire operations.

Restoration of our facility in Thailand, which was closed following severe flooding in the fourth quarter of 2011, was substantially completed in the third quarter of 2012. In 2012, insurance recoveries exceeded costs and losses incurred, which increased Asia Pacific's operating income by $9 million. Asia Pacific's operating income in 2011 was negatively impacted by $12 million due to reduced volume and increased conversion costs. As a result of the timing of the recognition of costs and losses and related insurance recoveries, segment operating income improved by $21 million in 2012 as compared to 2011. In 2012, on a consolidated basis, we recognized a net benefit of $18 million ($15 million after-tax) due to insurance recoveries exceeding costs and losses incurred. In 2011, our consolidated results of operations were negatively affected by approximately $21 million ($16 million after-tax). As a result of the timing of the recognition of costs and losses and related insurance recoveries, consolidated pre-tax income improved by $39 million in 2012 as compared to 2011.

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

Operating income in 2011 excluded net rationalization charges of $16 million and charges for accelerated depreciation and asset write-offs of $7 million, primarily related to the closure of our Dalian, China manufacturing facility, and net gains on asset sales of $9 million, due primarily to the sale of land in Malaysia.

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 $305 million, including related legal fees expected to be incurred, for potential product liability and other tort claims, including asbestos claims, at December 31, 2013. General and product liability and other litigation liabilities are recorded based on management’s assessment that a loss arising from these matters is probable. If the loss can be reasonably estimated, we record the amount of the estimated loss. If the loss is estimated within a range and no point within the range is more probable than another, we record the minimum amount in the range. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Loss ranges are based upon the specific facts of each claim or class of claims and are determined after review by counsel. Court rulings on our cases or similar cases may impact our assessment of the probability and our estimate of the loss, which may have an impact on our reported results of operations, financial position and liquidity. We record receivables for insurance recoveries related to our litigation claims when it is probable that we will receive reimbursement from the insurer.

Specifically, we are a defendant in numerous lawsuits alleging various asbestos-related personal injuries purported to result from alleged exposure to asbestos in certain products manufactured by us or present in certain of our facilities.

Typically, these lawsuits have been brought against multiple defendants in Federal and state courts.
A significant assumption in our estimated asbestos liability is the period over which the liability can be reasonably estimated. Due to the difficulties in making these estimates, analysis based on new data and/or changed circumstances arising in the future may result in an increase in the recorded obligation in an amount that cannot be reasonably estimated, and that increase may be significant. We had recorded gross liabilities for both asserted and unasserted asbestos claims, inclusive of defense costs, totaling

$145 million at December 31, 2013. The portion of the liability associated with unasserted asbestos claims and related defense costs was $78 million.

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

As of December 31, 2013, we recorded a receivable related to asbestos claims of $75 million, and we expect that approximately 50% of asbestos claim related losses would be recoverable through insurance through the period covered by the estimated liability. Of this amount, $11 million was included in Current Assets as part of Accounts receivable at December 31, 2013. The recorded receivable consists of an amount we expect to collect under coverage-in-place agreements with certain primary carriers as well as an amount we believe is probable of recovery from certain of our excess coverage insurance carriers. 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 $310 million for anticipated costs related to U.S. workers' compensation claims at December 31, 2013. 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. 18, Commitments and Contingent Liabilities.

Recoverability of Goodwill. Goodwill is tested for impairment annually or more frequently if an indicator of impairment is present. Goodwill totaled $668 million at December 31, 2013.

We have determined our reporting units to be consistent with our operating segments comprised of four strategic business units: North America, Europe, Middle East and Africa, Latin America and Asia Pacific. Goodwill is allocated to these reporting units based on the original purchase price allocation for acquisitions within the various reporting units. No goodwill has been allocated to our Latin America reporting unit. There have been no changes to our reporting units or in the manner in which goodwill was allocated in 2013.

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.

After considering changes to assumptions used in our most recent quantitative annual testing, including the capital markets environment, economic conditions, tire industry competition and trends, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative annual testing, and other factors, we concluded in conjunction with our July 31, 2013 goodwill impairment assessment that it was more likely than not that the fair value of our North America and Asia Pacific reporting units is not less than its respective carrying value and, therefore, did not perform a quantitative analysis.

Given the current economic conditions in Europe and the segment operating results of our EMEA reporting unit, we concluded that it was necessary to perform a quantitative analysis in connection with our July 31, 2013 goodwill impairment assessment for that reporting unit. We determined the estimated fair value of our EMEA reporting unit using a discounted cash flow approach consistent with the methodology used in our most recent quantitative annual testing. The key assumptions incorporated in the discounted cash flow approach include a growth rate, projected segment operating income, cost savings from announced rationalizations plans and our performance improvement plan, changes in our plan for capital expenditures, anticipated funding for pensions, and a discount rate equal to our assumed long-term cost of capital. This impairment test involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. To address this uncertainty we prepared sensitivity analyses on key estimates and assumptions. Our July 31, 2013 impairment test indicated there was no impairment of goodwill in our EMEA reporting unit since the fair value exceeded the carrying value. Fair value would have to decline over 60% for fair value to fall below carrying value, and a 500 basis point increase in the discount rate would not indicate impairment. However, a further significant decline

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in the growth rate in Europe or a reduced growth rate in emerging markets and failure to achieve projected savings from our profit improvement plan and/or anticipated savings related to the closure of our Amiens, France manufacturing facility may have a negative effect on the fair value of our EMEA reporting unit.

During the fourth quarter of 2013, we changed the date of our annual impairment test from July 31 to October 31. The change was made to more closely align the impairment testing date with our strategic and annual operating planning and forecasting process. The change in accounting principle is preferable as it will align the impairment testing to utilize the most current information available from the annual operating plan, allow the completion of the annual impairment testing closer to the end of our annual reporting period and reduce the likelihood of a material change in the supporting data prior to the year-end. We believe the change in our annual impairment testing date did not delay, accelerate, or avoid an impairment charge.

At October 31, 2013, after considering changes to assumptions used in our most recent quantitative annual testing for each reporting unit, including the capital markets environment, economic conditions, tire industry competition and trends, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative annual testing, and other factors, we concluded that it was more likely than not that the fair value of our North America, EMEA and Asia Pacific reporting units was not less than its respective carrying value and, therefore, did not perform a quantitative analysis.

Deferred Tax Asset Valuation Allowances and Uncertain Income Tax Positions. At December 31, 2013, we had valuation allowances aggregating to $3.0 billion against all of our net Federal and state and certain of our foreign net deferred tax assets.

We assess both negative and positive evidence when measuring the need for a valuation allowance. Evidence, such as operating results during the most recent three-year period, is given more weight than our expectations of future profitability, which are inherently uncertain and are typically only considered when there are positive operating results in these periods. 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. We intend to maintain valuation allowances against our net deferred tax assets until sufficient positive evidence exists to support the realization of such assets. Given the uncertain nature of such evidence, material financial statement charges may be incurred in periods of release or recording of valuation allowances.

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. 5, Income Taxes.

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Pensions and Other Postretirement Benefits. We have recorded liabilities for pension and other postretirement benefits of approximately $1.9 billion and $0.4 billion, respectively, at December 31, 2013. 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 long term rate of return on U.S. plan assets for plans that are not fully funded is based on the compound annualized return of our U.S. pension fund over a period of 15 years or more. For U.S. plans that are fully funded, the long term rate of return 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, mortality 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 4.51% and 4.06%, respectively, at December 31, 2013, compared to 3.71% and 3.30%, respectively, at December 31, 2012. The increase in the discount rate at December 31, 2013 was due primarily to higher yields on highly rated corporate bonds. Interest cost included in our U.S. net periodic pension cost was $243 million in 2013, compared to $261 million in 2012 and $283 million in 2011. Interest cost included in our worldwide net periodic other postretirement benefits cost was $19 million in 2013, compared to $24 million in 2012 and $30 million in 2011.

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, 2013	
(Dollars in millions)	Change	PBO/ABO	Annual Expense
Pensions:			
Assumption:			
Discount rate	+/- 0.5%	$330	$3
Other Postretirement Benefits:			
Assumption:			
Discount rate	+/- 0.5%	$8	$—
Health care cost trends — total cost	+/- 1.0%	2	—

Changes in general interest rates and corporate (AA or better) credit spreads impact our discount rate and thereby our U.S. pension benefit obligation. Our frozen and fully funded 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. In addition, subsequent to December 31, 2013, we fully funded our hourly U.S. pension plans and changed their target asset allocation to 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 actions described above would mitigate a substantial portion of the expected change in our U.S. pension benefit obligation. For example, if corporate (AA or better) interest rates increased or decreased by 0.50%, the actions described above would mitigate approximately 90% of the expected change in our U.S. pension benefit obligation.

A significant portion of the net actuarial loss included in AOCL of $2,806 million in our U.S. pension plans as of December 31, 2013 is a result of the overall decline in U.S. discount rates over time and plan asset losses. For purposes of determining our 2013 U.S. net periodic pension cost, our funded status was such that we recognized $205 million of the net actuarial loss in 2013. We will recognize approximately $115 million of net actuarial losses in 2014, decreasing from 2013, due primarily to the use of an extended amortization period subsequent to the freeze of the hourly pension plans. If our future experience is consistent with our assumptions as of December 31, 2013, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2014 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 2.6%, 14.2% and 0.7% in 2013, 2012 and 2011, respectively, as compared to the expected rate of 7.16%, 8.50% and 8.50% in 2013, 2012 and 2011, respectively. We use the fair value of our pension assets in the calculation of pension expense for all of our U.S. pension plans.

Although we experienced an increase in our U.S. discount rate at the end of 2013, a large portion of the net actuarial loss included in AOCL of $106 million in our worldwide other postretirement benefit plans as of December 31, 2013 is a result of the overall decline in U.S. discount rates over time. For purposes of determining 2013 worldwide net periodic other postretirement benefits cost, we recognized $12 million of the net actuarial losses in 2013. We will recognize approximately $9 million of net actuarial losses in 2014. If our future experience is consistent with our assumptions as of December 31, 2013, actuarial loss recognition over the next few years will remain at an amount near that to be recognized in 2014 before it begins to gradually decline.

The weighted average amortization period for our U.S. pension plans is approximately 21 years.

Net periodic pension costs are recorded in CGS, as part of the cost of inventory sold during the period, or SAG in our Consolidated Statements of Operations, based on the specific roles (i.e., manufacturing vs. non-manufacturing) of employee groups covered by each of our pension plans. In 2013, approximately 78% and 22% of net periodic pension costs are included in CGS and SAG, respectively, compared to 80% and 20%, respectively, in 2012 and 2011.

For further information on pensions and other postretirement benefits, refer to the Note to the Consolidated Financial Statements No. 16, Pension, Other Postretirement Benefits and Savings Plans.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

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

We continued to experience weak, but stabilizing, industry conditions in developed markets in 2013 as the economic recovery in Europe and the United States remained tentative. At December 31, 2013, we had strong liquidity, with approximately $5.7 billion of cash and cash equivalents and unused availability under our credit facilities. Subsequent to December 31, 2013, we used approximately $1,150 million of cash in order to fully fund our hourly U.S. pension plans.

In the first quarter of 2013, we completed the sale of our $900 million 6.5% senior notes due 2021, generating net proceeds of approximately $885 million after underwriting discounts, commissions and offering costs. We used substantially all of the net proceeds from the sale of those notes to fund contributions to our frozen U.S. pension plans.

In September 2013, we announced a shareholder return program as part of our capital allocation plan that includes the reinstatement of a $0.05 per share quarterly cash dividend on our common stock. The first dividend was paid on December 1, 2013. Our shareholder return program also includes a $100 million common stock repurchase program. We intend to repurchase shares of common stock in open market transactions in order to offset new shares issued under equity compensation programs. Our capital allocation plan also provides for capital expenditures, pension funding and debt repayments, and restructuring payments.

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

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For further information on the other strategic initiatives we pursued in 2013, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview.”

At December 31, 2013, we had $2,996 million in Cash and Cash Equivalents, compared to $2,281 million at December 31, 2012. In January 2014, we made contributions to our hourly U.S. pension plans of approximately $1,150 million, including discretionary contributions of approximately $900 million. For the year ended December 31, 2013, net cash provided by operating activities was $938 million, primarily driven by net income of $675 million, which includes non-cash depreciation and amortization of $722 million, and an improvement in working capital of $415 million, partially offset by pension contributions and direct payments of $1,162 million. Net cash used by investing activities was $1,136 million in 2013 and $1,123 million in 2012, primarily driven by capital expenditures of $1,168 million in 2013 and $1,127 million in 2012. Net cash provided by financing activities was $1,082 million in 2013, compared to net cash used of $426 million in 2012. Financing activities in 2013 included net proceeds of $885 million from the issuance of $900 million in aggregate principal amount of 6.5% senior notes due 2021. Financing activities in 2012 included net debt repayments of $265 million.

At December 31, 2013 and 2012, we had $2,726 million and $2,949 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)	2013	2012
First lien revolving credit facility	$1,155	$1,239
European revolving credit facility	546	519
Chinese credit facilities	—	57
Pan-European accounts receivable facility due 2015	179	156
Other domestic and international debt	373	530
Notes payable and overdrafts	473	448
	$2,726	$2,949

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 position or results of operations in the period in which it occurs.

We expect our 2014 cash flow needs to include capital expenditures of approximately $900 million to $1.0 billion. We also expect interest expense to range between $430 million and $455 million and, when and if future dividends are declared, dividends on our mandatory convertible preferred stock to be $15 million and dividends on our common stock to be $54 million. We expect to contribute approximately $1.3 billion to our funded U.S. and non-U.S. pension plans in 2014, inclusive of our first quarter 2014 U.S. pension contribution of approximately $1,150 million, which included discretionary contributions of approximately $900 million. 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 have commenced arbitration proceedings seeking the dissolution of our global alliance with SRI, damages and other appropriate relief. The dissolution of the global alliance could require us to make a payment to acquire SRI’s interests in GDTE and GDTNA, which could be offset by payments to us in respect of the dissolution or for damages.

We do not anticipate that the resolution of the arbitration proceedings will have a material adverse impact on our customers, results of operations or liquidity. We expect that any net payment by us to SRI could be made from our cash generated from operations, existing cash or available credit. Subject to those arbitration proceedings, SRI also has certain minority exit rights under the global alliance agreements that, if triggered and exercised, could require us to make a payment to acquire SRI's interests in GDTE and GDTNA following the determination of the fair value of SRI's interests. For further information regarding our global alliance with SRI, including the events that could trigger SRI's exit rights, see "Item 1. Business. Description of Goodyear's Business - Global Alliance." As of the date of this filing, SRI has not provided us notice of any exit rights that have become exercisable.

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Our ability to service debt and operational requirements is also dependent, in part, on the ability of our subsidiaries to make distributions of cash to various other entities in our consolidated group, whether in the form of dividends, loans or otherwise. In certain countries where we operate, such as China, Venezuela, Argentina and South Africa, transfers of funds into or out of such countries by way of dividends, loans, advances or payments to third-party or affiliated suppliers are generally or periodically subject to certain requirements, such as obtaining approval from the foreign government and/or currency exchange board before net assets can be transferred out of the country. In addition, certain of our credit agreements and other debt instruments limit the ability of foreign subsidiaries to make distributions of cash. Thus, we would have to repay and/or amend these credit agreements and other debt instruments in order to use this cash to service our consolidated debt. Because of the inherent uncertainty of satisfactorily meeting these requirements or limitations, we do not consider the net assets of our subsidiaries, including our Chinese, Venezuelan, Argentinian and South African 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, 2013, approximately $768 million of net assets, including $577 million of cash and cash equivalents, were subject to such requirements, including $443 million of cash in Venezuela. The requirements we must comply with to transfer funds out of China, Argentina and South Africa have not adversely impacted our ability to make transfers out of those countries.

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 determined using official exchange rates and are reported in Other Expense. Effective February 13, 2013, Venezuela's official exchange rate changed from 4.3 bolivares fuertes to each U.S. dollar to 6.3 bolivares fuertes to each U.S. dollar. As a result of the devaluation, we recorded a $115 million remeasurement loss on bolivar-denominated net monetary assets and liabilities including deferred taxes, primarily related to cash deposits in Venezuela. We also recorded a one-time subsidy receivable of $13 million related to certain U.S. dollar-denominated payables that are expected to be settled at the official subsidy exchange rate of 4.3 bolivares fuertes per U.S. dollar applicable to certain import purchases prior to the devaluation date. A portion of the subsidy reduced cost of goods sold in periods when the related inventory was sold. We have received $2 million of the subsidy to date and will continue to periodically update our assessment of our ability to realize the benefit of the subsidy receivable.

Beginning February 13, 2013, we have used the official exchange rate of 6.3 bolivares fuertes to the U.S. dollar to settle substantially all foreign currency transactions in Venezuela. If in the future we convert bolivares fuertes at a rate other than the official exchange rate or the official exchange rate is revised, we may realize additional losses that would be recorded in the Statement of Operations. At December 31, 2013, we had bolivar fuerte-denominated monetary assets of $496 million, which consisted primarily of $443 million of cash, $18 million of deferred tax assets and $17 million of accounts receivable, and bolivar fuerte-denominated monetary liabilities of $180 million, which consisted primarily of $96 million of intercompany payables, including $41 million of dividends, $25 million of accounts payable — trade, $24 million of long term benefits and $20 million of short term compensation and benefits. At December 31, 2012, we had bolivar fuerte-denominated monetary assets of $446 million, which consisted primarily of $398 million of cash, $22 million of deferred tax assets and $10 million of accounts receivable, and bolivar fuerte-denominated monetary liabilities of $202 million which consisted primarily of $112 million of intercompany payables, including $59 million of dividends, $37 million of accounts payable — trade, $24 million of long term benefits, $10 million of short term compensation and benefits and $4 million of income taxes payable. All monetary assets and liabilities were remeasured at 6.3 and 4.3 bolivares fuertes to the U.S. dollar at December 31, 2013 and 2012, respectively.

Goodyear Venezuela's sales were 2.2% and 1.9% of our net sales for the twelve months ended December 31, 2013 and 2012, respectively. Goodyear Venezuela's cost of goods sold was 2.0% and 1.6% of our cost of goods sold for the twelve months ended December 31, 2013 and 2012, respectively. Goodyear Venezuela's sales are bolivar fuerte-denominated and cost of goods sold are approximately 65% bolivar fuerte-denominated and approximately 35% U.S. dollar-denominated. A further 10% decrease in the 6.3 bolivar fuerte to U.S. dollar exchange rate would decrease Goodyear Venezuela's sales and cost of goods sold by approximately $39 million and approximately $16 million, respectively, on an annual basis, before any potential offsetting actions.

During the twelve months ended December 31, 2013, Goodyear Venezuela settled $66 million and $2 million of U.S. dollar-denominated intercompany payables and accounts payable — trade, respectively, through the Venezuelan currency exchange board, known as CADIVI. For the twelve months ended December 31, 2013, approximately 28% and 72% of those payables were settled at the official exchange rate of 4.3 and 6.3 bolivares fuertes to the U.S. dollar, respectively.

Through December 31, 2013, substantially all of our transactions were subject to the approval of CADIVI. In January 2014, the Venezuelan government announced the formation of the National Center of Foreign Trade (CENCOEX) to replace CADIVI. In addition, the government changed the auction-based exchange rate program, known as SICAD, to include certain types of transactions, including dividends and royalties. Transactions executed through SICAD auctions in December 2013 were at 11.36 bolivares fuertes to the U.S. dollar. We do not expect the change in the exchange rate for such intercompany transactions to have a material impact on our financial position, results of operations or liquidity. We expect to continue to use the official rate of 6.3 bolivares fuertes to the U.S. dollar for all transactions except dividends and royalties. We will continue to assess the information available relative to Venezuelan exchange rates and the impact on our financial position, results of operations and liquidity.

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At December 31, 2013 settlements pending before the currency exchange board were approximately $177 million, of which approximately $33 million are expected to be settled at 4.3 bolivares fuertes to the U.S. dollar and approximately $81 million are expected to be settled at 6.3 bolivares fuertes to the U.S. dollar. In addition, at December 31, 2013, we had approximately $63 million of intercompany payables that we are currently uncertain of the rate at which they will be settled and may be settled through the SICAD auctions. At December 31, 2013, $36 million of our requested settlements were pending up to 180 days, $13 million were pending from 180 to 360 days and $128 million were pending over one year. Amounts pending up to 180 days include imported tires and raw materials of $35 million, amounts pending from 180 to 360 days include imported tires and raw materials of $10 million, and amounts pending over one year include imported tires and raw materials of $65 million, dividends payable of $41 million, and intercompany charges for royalties of $22 million. Currency exchange controls in Venezuela continue to limit our ability to remit funds from Venezuela.

Goodyear Venezuela contributed a significant portion of Latin America's sales and operating income in 2013 and 2012. We continue to face operational challenges in Venezuela, including inflationary cost pressures, labor relations issues, difficulties importing raw materials and finished goods, and government price and profit margin controls. In response to conditions in Venezuela, we continuously evaluate the need to adjust prices for our products while remaining competitive and have taken steps to address our operational challenges, including securing necessary approvals for import licenses and increasing the local production of certain tires. Our pricing policies take into account factors such as fluctuations in raw material and other production costs, market demand and adherence to government price and profit margin controls.

We believe that our liquidity position is adequate to fund our operating and investing needs and debt maturities in 2014 and to provide us with flexibility to respond to further changes in the business environment.

Cash Position

At December 31, 2013, significant concentrations of cash and cash equivalents held by our international subsidiaries included the following amounts:

- $696 million or 23% in Europe, Middle East and Africa, primarily Belgium ($418 million or 18% at December 31, 2012),
- $334 million or 11% in Asia, primarily China, Australia and India ($370 million or 16%), and
- $603 million or 20% in Latin America, primarily Venezuela and Brazil ($622 million or 27%).

Operating Activities

Net cash provided by operating activities was $938 million in 2013, compared to $1,038 million in 2012 and $773 million in 2011. Operating cash flows in 2013 were favorably impacted by increased earnings of $438 million, despite a charge of $115 million for the devaluation of the Venezuelan bolivar fuerte. This increase in operating cash flows was partially offset by higher pension contributions of $478 million. The increase in pension contributions was due primarily to first quarter 2013 discretionary contributions of $834 million to fully fund our frozen U.S. pension plans. Operating cash flows in 2012 improved over 2011 due to the favorable impact of improvements in working capital. Net cash provided by working capital was $457 million in 2012 compared to net cash used of $650 million in 2011. The improvement in working capital in 2012 was due primarily to reduced sales and production volumes and lower raw materials costs. Operating cash flows in 2012 were unfavorably impacted by increased pension contributions of $390 million and decreased earnings compared to 2011.

Investing Activities

Net cash used in investing activities was $1,136 million in 2013, compared to $1,123 million in 2012 and $902 million in 2011. Capital expenditures were $1,168 million in 2013, compared to $1,127 million in 2012 and $1,043 million in 2011. Beyond expenditures required to sustain our facilities, capital expenditures in 2013 primarily related to expansion of manufacturing capacity in Japan, Brazil and Chile. Capital expenditures in 2012 primarily related to the expansion of manufacturing capacity in China and Chile. Investing cash flows in 2012 declined from the 2011 period, as the 2011 period included cash inflows of $95 million from government grants related to the relocation and expansion of our manufacturing facility in China. Proceeds from asset sales were $25 million in 2013, compared to $16 million in 2012 and $76 million in 2011. Asset sales in 2011 primarily related to the sale of the farm tire business in Latin America.

Financing Activities

Net cash provided by financing activities was $1,082 million in 2013, compared to net cash used of $426 million in 2012 and net cash provided of $994 million in 2011. Financing activities in 2013 included net borrowings of $1,143 million used to fully fund our frozen U.S. pension plans and to fund working capital needs and capital expenditures. Net borrowings in 2013 included net proceeds of $885 million from the first quarter issuance of $900 million in aggregate principal amount of 6.5% senior notes due

2021 and net borrowings of $258 million under various other credit facilities. Financing activities in 2012 included net debt repayments of $265 million. Financing activities in 2011 included $484 million in net proceeds from the issuance of our mandatory convertible preferred stock and net borrowings of $562 million to fund working capital needs and capital expenditures.

Credit Sources

In aggregate, we had total credit arrangements of $9,293 million available at December 31, 2013, of which $2,726 million were unused, compared to $8,387 million available at December 31, 2012, of which $2,949 million were unused. At December 31, 2013, we had long term credit arrangements totaling $8,806 million, of which $2,253 million were unused, compared to $7,837 million and $2,501 million, respectively, at December 31, 2012. At December 31, 2013, we had short term committed and uncommitted credit arrangements totaling $487 million, of which $473 million were unused, compared to $550 million and $448 million, respectively, at December 31, 2012. 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, 2013, we had $3,356 million of outstanding notes, compared to $2,440 million at December 31, 2012. For additional information on our outstanding notes, including the issuance of our $900 million 6.5% senior notes due 2021, refer to the Note to Consolidated Financial Statements, No. 14, Financing Arrangements and Derivative Financial Instruments.

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

Our amended and restated $2 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. 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. Our obligations under the facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries. Our obligations under this facility and our subsidiaries' obligations under the related guarantees are secured by first priority security interests in a variety of collateral. 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, 2013, our borrowing base, and therefore our availability, under the facility was $470 million below the facility's stated amount of $2.0 billion.

At December 31, 2013 and December 31, 2012, we had no borrowings outstanding under the first lien revolving credit facility. Letters of credit issued totaled $375 million at December 31, 2013 and $400 million at December 31, 2012.

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

Our amended and restated second lien term loan facility may be increased by up to $300 million at our request, subject to the consent of the lenders making such additional term loans. The term loan bears interest at LIBOR plus 375 basis points, subject to a minimum LIBOR rate of 100 basis points. Our obligations under this facility are guaranteed by most of our wholly-owned U.S. and Canadian subsidiaries and are secured by second priority security interests in the same collateral securing the $2.0 billion first lien revolving credit facility. At December 31, 2013 and 2012, this facility was fully drawn.

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

Our amended and restated €400 million revolving credit facility consists of a €100 million German tranche that is available only to Goodyear Dunlop Tires Germany GmbH (the "German borrower") and a €300 million all-borrower tranche that is available to GDTE, the German borrower and certain of GDTE's other subsidiaries. Up to €50 million in letters of credit are available for issuance under the all-borrower tranche. Amounts drawn under the facility will bear interest at LIBOR plus 250 basis points for loans denominated in U.S. dollars or pounds sterling and EURIBOR plus 250 basis points for loans denominated in euros, and undrawn amounts under the facility will be subject to an annual commitment fee of 50 basis points. GDTE and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany provide guarantees to support the facility. GDTE's obligations under the facility and the obligations of its subsidiaries under the related guarantees are secured by security interests in a variety of collateral. Goodyear and its U.S. subsidiaries and primary Canadian subsidiary that guarantee our U.S. senior secured credit facilities also provide unsecured guarantees to support the facility.

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At December 31, 2013 and 2012, there were no borrowings under the European revolving credit facility. Letters of credit issued under the all-borrower tranche totaled $5 million (€3 million) as of December 31, 2013 and $10 million (€7 million) as of December 31, 2012.

Each of our first lien revolving credit facility and our European revolving credit facility have customary representations and warranties including, as a condition to borrowing, that all such representations and warranties are true and correct, in all material respects, on the date of the borrowing, including representations as to no material adverse change in our financial condition since December 31, 2011 under the first lien facility and December 31, 2010 under the European facility. Each of the facilities described above have customary defaults, including cross-defaults to material indebtedness of Goodyear and our subsidiaries. For a description of the collateral securing the above facilities as well as the covenants applicable to them, please refer to “Covenant Compliance” below and the Note to the Consolidated Financial Statements No. 14, Financing Arrangements and Derivative Financial Instruments.

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 up to €450 million of funding and expires in 2015. Utilization under this facility is based on eligible receivable balances. The facility is subject to the customary renewal of its back-up liquidity commitments, which expire on October 17, 2014.

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. It is an event of default under the facility if the ratio of GDTE's consolidated net indebtedness to its consolidated EBITDA is greater than 3.0 to 1.0. This financial covenant is substantially similar to the covenant included in the European revolving credit facility.

At December 31, 2013, the amounts available and utilized under this program totaled $386 million (€280 million) and $207 million (€150 million), respectively. At December 31, 2012, the amounts available and utilized under this program totaled $348 million (€264 million) and $192 million (€145 million), respectively. The program did not qualify for sale accounting, and accordingly, these amounts are included in Long Term Debt and Capital Leases.

In addition to the pan-European accounts receivable securitization facility discussed above, subsidiaries in Australia have an accounts receivable securitization program that provides up to $76 million ($85 million Australian dollars) of funding. At December 31, 2013, the amounts available and utilized under this program were $76 million and $18 million, respectively. At December 31, 2012, the amounts available and utilized under this program were $99 million and $40 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 2013 and 2012. 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, 2013 and 2012, the gross amount of receivables sold was $301 million and $243 million, respectively.

Other Foreign Credit Facilities

Our Chinese subsidiary has several financing arrangements in China. At December 31, 2013, these non-revolving credit facilities were fully drawn and can only be used to finance the relocation and expansion of our manufacturing facility in China. There were $537 million and $471 million of borrowings outstanding under these facilities at December 31, 2013 and 2012, respectively. The facilities ultimately mature in 2020 and principal amortization begins in 2015. The facilities contain covenants relating to our Chinese subsidiary and have customary representations and warranties and defaults relating to our Chinese subsidiary’s ability to perform its obligations under the facilities. At December 31, 2013, restricted cash of $11 million was related to funds obtained under these credit facilities. At December 31, 2012, there was no restricted cash related to funds obtained under these credit facilities.

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 notified when our suppliers sell receivables under this program. 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. At both December 31, 2013 and 2012, agreements for such supplier financing programs totaled approximately $400 million.

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Covenant Compliance

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

We have additional financial covenants in our first lien revolving 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, 2013, our availability under this facility of $1,155 million, plus our Available Cash of $1,363 million, totaled $2.5 billion, 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 amended and restated 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, 2013, we were in compliance with this financial covenant.

Our amended and restated 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, 2013, we were in compliance with the currently applicable material covenants imposed by our principal credit facilities and indentures.

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

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Potential Future Financings

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

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

Dividends

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

So long as any of our mandatory convertible preferred stock is outstanding, no dividend, except a dividend payable in shares of our common stock, or other shares ranking junior to the mandatory convertible preferred stock, may be paid or declared or any distribution be made on shares of our common stock unless all accrued and unpaid dividends on the then outstanding mandatory convertible preferred stock payable on all dividend payment dates occurring on or prior to the date of such action have been declared and paid or sufficient funds have been set aside for that payment.

The restrictions imposed by our credit facilities and indentures and our mandatory convertible preferred stock have not affected our ability to declare and pay dividends on our common stock, and are not expected to affect our ability to declare and pay similar dividends 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, 2013:

	Payment Due by Period as of December 31, 2013						
(In millions)	Total	2014	2015	2016	2017	2018	Beyond 2018
Debt Obligations(1)	$6,187	$75	$334	$281	$345	$369	$4,783
Capital Lease Obligations(2)	62	12	10	8	6	4	22
Interest Payments(3)	2,745	420	409	384	364	329	839
Operating Leases(4)	1,360	326	259	201	144	104	326
Pension Benefits(5)	1,713	1,313	100	100	100	100	NA
Other Postretirement Benefits(6)	294	34	32	31	30	29	138
Workers' Compensation(7)	398	79	48	36	27	22	186
Binding Commitments(8)	6,783	2,208	1,253	867	759	737	959
Uncertain Income Tax Positions(9)	48	25	22	—	—	—	1
	$19,590	$4,492	$2,467	$1,908	$1,775	$1,694	$7,254

(1) Debt obligations include Notes Payable and Overdrafts.

(2) The minimum lease payments for capital lease obligations are $96 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 $45 million, $35 million, $25 million, $14 million, $6 million and $9 million in each of the periods above, respectively, for a total of $134 million. Payments,

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net of minimum sublease rentals, total $1,226 million. The present value of the net operating lease payments is $952 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, 2013. 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. Subsequent to December 31, 2013, we made contributions of approximately $1,150 million, including discretionary contributions of approximately $900 million to fully fund our hourly U.S. pension plans, and will freeze these plans to future accruals effective April 30, 2014. Following the full funding of the hourly U.S. pension plans, the USW Contract requires us to maintain an annual ERISA funded status for the hourly U.S. pension plans of at least 97%.

Subsequent to the 2014 contributions which fully funded our hourly U.S. pension plans, we have no minimum funding requirements for our funded U.S. pension plans under current ERISA law and the provisions of the USW Contract. 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. For further information on the U.S. pension investment strategy, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Pension and Benefits" and Notes to the Consolidated Financial Statements No. 16, Pension and Other Postretirement Benefits.

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

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

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

(7) The payments for workers' compensation obligations are based upon recent historical payment patterns on claims. The present value of anticipated claims payments for workers' compensation is $310 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, 2013.

(9) These amounts primarily represent expected payments with interest for uncertain tax positions as of December 31, 2013. We have reflected them in the period in which we believe they will be ultimately settled based upon our experience with these matters.

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

In addition, the following contingent contractual obligations, the amounts of which cannot be estimated, are not included in the table above:

- We have commenced arbitration proceedings seeking the dissolution of our global alliance with SRI, damages and other appropriate relief. The arbitration is subject to uncertainties which make it difficult to predict the timing and outcome of the proceedings, or the amount of any net payment from us to SRI. Subject to those arbitration proceedings, SRI also has certain minority exit rights under the global alliance agreements that, if triggered and exercised, could require us to make a payment to acquire SRI's interests in GDTE and GDTNA following the determination of the fair value of SRI's interests. For further information regarding our global alliance with SRI, including the events that could trigger SRI's exit rights, see "Item 1. Business. Description of Goodyear's Business —

Global Alliance."

- 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.

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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 $14 million at December 31, 2013 and expire at various times through 2023. For further information about our guarantees, refer to the Note to the Consolidated Financial Statements No. 18, Commitments and Contingent Liabilities.

FORWARD-LOOKING INFORMATION — SAFE HARBOR STATEMENT

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

- if we do not successfully implement our strategic initiatives, our operating results, financial condition and liquidity may be materially adversely affected;
- we face significant global competition, increasingly from lower cost manufacturers, 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;
- raw material and energy costs may materially adversely affect our operating results and financial condition;
- if we experience a labor strike, work stoppage or other similar event our business, results of operations, financial position and liquidity could be materially adversely affected;
- our long term ability to meet our obligations, to repay maturing indebtedness or to implement strategic initiatives may be dependent on our ability to access capital markets in the future and to improve our operating results;
- financial difficulties, work stoppages, supply disruptions or economic conditions affecting our major OE customers, dealers or suppliers could harm our business;
- our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner;
- we have a substantial amount of debt, which could restrict our growth, place us at a competitive disadvantage or otherwise materially adversely affect our financial health;
- any failure to be in compliance with any material provision or covenant of our secured credit facilities could have a material adverse effect on our liquidity and operations;
- our 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;

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

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- we have substantial fixed costs and, as a result, our operating income fluctuates disproportionately with changes in our net sales;
- we may incur significant costs in connection with our contingent liabilities and tax matters;
- our reserves for contingent liabilities and our recorded insurance assets are subject to various uncertainties, the outcome of which may result in our actual costs being significantly higher than the amounts recorded;
- we are subject to extensive government regulations that may materially adversely affect our operating results;
- the arbitration proceedings we have brought to dissolve our global alliance with SRI and the terms and conditions of the existing global alliance agreements with SRI could require us to make a substantial payment to acquire SRI's minority interests in GDTE and GDTNA;
- we may be adversely affected by any disruption in, or failure of, our information technology systems;
- if we are unable to attract and retain key personnel, our business could be materially adversely affected; and
- we may be impacted by economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, public health concerns, labor disputes or natural disasters.

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

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

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

Commodity Price Risk

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

Interest Rate Risk

We continuously monitor our fixed and floating rate debt mix. Within defined limitations, we manage the mix using refinancing. At December 31, 2013, 34% of our debt was at variable interest rates averaging 6.00% compared to 38% at an average rate of 5.50% at December 31, 2012.

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

(In millions)	2013	2012
Carrying amount — liability	$4,090	$3,128
Fair value — liability	4,414	3,378
Pro forma fair value — liability	4,517	3,475

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

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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)	2013	2012
Fair value — asset (liability)	$(14)	$(27)
Pro forma decrease in fair value	(121)	(125)
Contract maturities	1/14 - 12/14	1/13 - 12/13

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)	2013	2012
Asset (liability):		
Accounts Receivable	$6	$2
Other Current Liabilities	(20)	(29)

For further information on foreign currency contracts, refer to the Note to the Consolidated Financial Statements No. 14, Financing Arrangements and Derivative Financial Instruments.
See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for a discussion of our management of counterparty risk.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Management's Report on Internal Control over Financial Reporting	54
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Consolidated Financial Statements of The Goodyear Tire & Rubber Company:	
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Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2013	57
Consolidated Balance Sheets at December 31, 2013 and December 31, 2012	58
Consolidated Statements of Shareholders' Equity for each of the three years ended December 31, 2013	59
Consolidated Statements of Cash Flows for each of the three years ended December 31, 2013	63
Notes to Consolidated Financial Statements	64
Supplementary Data (unaudited)	115
Financial Statement Schedules:	
The following consolidated financial statement schedules of The Goodyear Tire & Rubber Company are filed as part of this Annual Report on Form 10-K and should be read in conjunction with the Consolidated Financial Statements of The Goodyear Tire & Rubber Company:	
Schedule I — Condensed Financial Information of Registrant	FS-2
Schedule II — Valuation and Qualifying Accounts	FS-9

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

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2013 using the framework specified in Internal Control — Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is presented in this Annual Report on Form 10-K.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Goodyear Tire & Rubber Company and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992. The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Cleveland, Ohio
February 13, 2014

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

	Year Ended December 31,		
(In millions, except per share amounts)	2013	2012	2011
Net Sales	$19,540	$20,992	$22,767
Cost of Goods Sold	15,422	17,163	18,821
Selling, Administrative and General Expense	2,758	2,718	2,822
Rationalizations (Note 2)	58	175	103
Interest Expense (Note 3)	392	357	330
Other Expense (Note 4)	97	139	73
Income before Income Taxes	813	440	618
United States and Foreign Taxes (Note 5)	138	203	201
Net Income	675	237	417
Less: Minority Shareholders' Net Income	46	25	74
Goodyear Net Income	629	212	343
Less: Preferred Stock Dividends	29	29	22
Goodyear Net Income available to Common Shareholders	$600	$183	$321
Goodyear Net Income available to Common Shareholders — Per Share of Common Stock			
Basic	$2.44	$0.75	$1.32
Weighted Average Shares Outstanding (Note 6)	246	245	244
Diluted	$2.28	$0.74	$1.26
Weighted Average Shares Outstanding (Note 6)	277	247	271
Cash Dividends Declared Per Common Share	$0.05	$—	$—

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

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

	Year Ended December 31,		
(In millions)	2013	2012	2011
Net Income	$ 675	$ 237	$ 417
Other Comprehensive Income (Loss):			