GOODYEAR TIRE & RUBBER CO /OH/
Form 8-K
April 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): April 8, 2005

The Goodyear Tire & Rubber Company

(Exact name of registrant as specified in its charter)

Ohio	1-1927	34-0253240
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1144 East Market Street, Akron, Ohio		44316-0001
(Address of principal executive offices)		(Zip Code)

Registrant s telephone number, including area code: 330-796-2121

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Top of the Form

Item 1.01. Entry into a Material Definitive Agreement.

On April 8, 2005 we completed a refinancing in which we replaced approximately $3.28 billion of credit facilities with new facilities aggregating $3.65 billion. The new facilities consist of:

* a $1.5 billion first lien credit facility due April 30, 2010 (consisting of a $1.0 billion revolving facility and a $500 million deposit-funded facility);

* a $1.2 billion second lien term loan facility due April 30, 2010;

* the Euro equivalent of approximately $650 million in credit facilities for Goodyear Dunlop Tires Europe B.V. ("GDTE") due April 30, 2010 (consisting of approximately $450 million in revolving facilities and approximately $200 million in term loan facilities); and

* a $300 million third lien term loan facility due March 1, 2011.

In connection with the refinancing, we paid down and retired the following facilities:

* our $1.3 billion asset-based credit facility, due March 2006 (the $800 million term loan portion of this facility was fully drawn prior to the refinancing);

* our $650 asset-based term loan facility, due March 2006 (this facility was fully drawn prior to the refinancing);

* our $680 million deposit-funded credit facility due September 2007 (there were $492 million of letters of credit outstanding under this facility prior to the refinancing); and

* our $650 million senior secured European facilities due April 2005 (the $400 million term loan portion of this facility was fully drawn prior to the refinancing).

The aggregate amount of fees paid by Goodyear in connection with the refinancing was approximately $50 million. In addition, Goodyear paid approximately $19.5 million in early termination fees pursuant to the terms of certain of the refinanced facilities.

On April 11, 2005, the Company issued a press release announcing the completion of the refinancing. A copy of the release is filed herewith as Exhibit 99 and is incorporated herein by reference.

$1.5 Billion First Lien Credit Facility

The new $1.5 billion first lien credit facility consists of a $1.0 billion revolving facility and a $500 million deposit-funded facility. Our obligations under these facilities are guaranteed by most of our wholly-owned U.S. subsidiaries and by our wholly-owned Canadian subsidiary, Goodyear Canada Inc. Our obligations under this facility and our subsidiaries' obligations under the related guarantees are secured by collateral that includes, subject to certain exceptions:

* first priority security interests in certain U.S. and Canadian accounts receivable and inventory;

* first-priority security interests in and mortgages on our U.S. corporate headquarters and certain of our U.S. manufacturing facilities;

* first-priority security interests in the equity interests in our U.S. subsidiaries and up to 65% of the equity interests in our foreign subsidiaries, excluding GDTE and its subsidiaries; and

* first-priority security interests in substantially all other tangible and intangible assets, including equipment, contract rights and intellectual property.

The facility, which matures on April 30, 2010, contains certain covenants that, among other things, limit our ability to incur additional unsecured and secured indebtedness (including a limit on accounts receivable transactions), and make investments and sell assets beyond specified limits. Under certain circumstances, borrowings under the facility are required to be prepaid with proceeds of asset sales greater than $15 million. The facility limits the amount of dividends we may pay on our common stock in any fiscal year to $10 million. This limit increases to $50 million in any fiscal year if Moody's public senior implied rating and Standard & Poor's (S&P) corporate credit rating improve to Ba2 or better and BB or better, respectively. The facility also limits the amount of capital expenditures we may make to $700 million in each year through 2010 (with increases with the proceeds of equity issuances). Any unused capital expenditures for a year may be carried over into succeeding years.

We are not permitted to allow the ratio of Consolidated EBITDA to Consolidated Interest Expense to fall below a ratio of 2.0 to 1 for any period of four consecutive fiscal quarters. In addition, our ratio of Consolidated Secured Indebtedness (net of cash in excess of $400 million) to

Consolidated EBITDA is not permitted to be greater than 3.5 to 1 at the end of any fiscal quarter.

Availability under the facility is subject to a borrowing base, which is based on eligible accounts receivable and inventory, with reserves which are subject to adjustment from time to time by the administrative agent and the majority lenders at their discretion (not to be exercised unreasonably). Adjustments are based on the results of periodic collateral and borrowing base evaluations and appraisals. If at any time 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.

Pricing on the facility is dependent on the amount of the facility that is available and undrawn.

* If the availability under the facility is greater than or equal to $400 million, then drawn amounts (including amounts outstanding under the deposit-funded facility) will bear interest at a rate of 175 basis points over LIBOR, and undrawn amounts under the facilities will be subject to an annual commitment fee of 50 basis points;

* If the availability under the facility is less than $400 million and greater than or equal to $250 million, then drawn amounts (including amounts outstanding under the deposit-funded facility) will bear interest at a rate of 200 basis points over LIBOR, and undrawn amounts under the facilities will be subject to an annual commitment fee of 40 basis points; and

* If the availability under the facility is less than $250 million, then drawn amounts (including amounts outstanding under the deposit-funded facility) will bear interest at a rate of 225 basis points over LIBOR, and undrawn amounts under the facilities will be subject to an annual commitment fee of 37.5 basis points.

With respect to the deposit-funded facility, the lenders deposited the entire $500 million of the facility in an account held by the administrative agent, and those funds are used to support letters of credit or borrowings on a revolving basis, in each case subject to customary conditions. The full amount of the deposit-funded facility is available for the issuance of letters of credit or for revolving loans. The $492 million of letters of credit that were outstanding under the refinanced $680 million deposited-funded credit facility as of April 8, 2005 were transferred to the deposit-funded portion of the new facility. The entire $1.0 billion revolving facility is currently undrawn.

JPMorgan Chase Bank, N.A. is the administrative agent and collateral agent and J.P. Morgan Securities Inc. and Citigroup Global Markets Inc. were the joint lead arrangers and joint bookrunners for the facility.

$1.2 Billion Second Lien Term Loan Facility

At closing, we used the entire availability under this facility to pay down and retire our prior credit facilities. Our obligations under this facility are guaranteed by most of our wholly-owned U.S. subsidiaries and by our wholly-owned Canadian subsidiary, Goodyear Canada Inc. and are secured by second priority security interests in the same collateral securing the $1.5 billion asset-based credit facility. The facility contains covenants similar to those in the $1.5 billion first lien credit facility. However, the facility contains additional flexibility for the incurrence of indebtedness, making of investments and asset dispositions, the payment of dividends and the making of capital expenditures and does not contain the two financial covenants that are in the first lien credit facility. Under certain circumstances, borrowings under the facility are required to be prepaid with proceeds of asset sales greater than $15 million. Loans under this facility bear interest at LIBOR plus 275 basis points.

JPMorgan Chase Bank, N.A. is the administrative agent, Deutsche Bank Trust Company Americas is the collateral agent and J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. were the joint lead arrangers and joint bookrunners for the facility.

$300 Million Third Lien Secured Term Loan Facility

At closing, we used the availability under this facility to pay down and retire our prior credit facilities and pay certain fees and expenses. Our obligations under this facility are guaranteed by most of our wholly-owned U.S. subsidiaries and by our wholly-owned Canadian subsidiary, Goodyear Canada Inc. and are secured by third priority security interests in the same collateral securing the $1.5 billion asset-based credit facility (however, the facility is not secured by any of the manufacturing facilities that secure the first and second lien facilities). The liens are pari-passu with the liens securing our $650 million secured notes due 2011. The facility contains covenants substantially identical to those in those notes, which limit our ability to incur additional indebtedness or liens, pay dividends, make distributions and stock repurchases, make investments and sell assets, among other limitations. Loans under this facility bear interest at LIBOR plus 350 basis points.

JPMorgan Chase Bank, N.A. is the administrative agent, Wilmington Trust Company is the collateral agent and J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. were the joint lead arrangers and joint bookrunners for the facility.

Euro Equivalent of $650 Million (€505 Million) Senior Secured European Credit Facilities

These facilities consist of (i) a €195 million European revolving credit facility, (ii) an additional €155 million German revolving credit facility, and (iii) €155 million of German term loan facilities. At closing, we used the entire availability under the €155 million term loan facilities and €155

million German revolving credit facility to pay down and retire our prior credit facilities. Goodyear and its domestic subsidiaries that secure the U.S. facilities described above provide unsecured guarantees to support these facilities. GDTE and certain of its subsidiaries in the United Kingdom, Luxembourg, France and Germany also provide guarantees. GDTE's obligations under the facility and the obligations of subsidiary guarantors under the related guarantees are secured by collateral that includes, subject to certain exceptions:

* first-priority security interests in the capital stock of the principal subsidiaries of GDTE; and

* first-priority security interests in and mortgages on substantially all the tangible and intangible assets of GDTE and its subsidiaries in the United Kingdom, Luxembourg, France and Germany, including certain accounts receivable, inventory, real property, equipment, contract rights and cash and cash accounts, but excluding certain accounts receivable and cash accounts in subsidiaries that are or may become parties to securitization programs.

The facilities contain covenants similar to those in the $1.5 billion first lien credit facility, with special limits on the ability of GDTE and its subsidiaries to incur additional unsecured and secured indebtedness, make investments and sell assets beyond specified limits. The facilities also limit the amount of capital expenditures that GDTE may make to $200 million in 2005, $250 million in 2006 and $300 million per year thereafter, with the unused amount in any year carried forward to the succeeding years. In addition, under the facilities we are not permitted to allow to ratio of Consolidated Indebtedness (net of cash in excess of $100 million) to Consolidated EBITDA of GDTE to be greater than 2.75 to 1 at the end of any fiscal quarter. Under certain circumstances, borrowings under the term facility are required to be prepaid with proceeds of asset sales by GDTE and its subsidiaries greater than $15 million. Loans under the term loan facility bear interest at LIBOR plus 237.5 basis points. With respect to the revolving credit facilities, we pay an annual commitment fee of 75 basis points on the undrawn portion of the commitments and loans bear interest at LIBOR plus 275 basis points.

J.P. Morgan Europe Limited is the administrative agent, JPMorgan Chase Bank, N.A. is the collateral agent and J.P. Morgan PLC and BNP Paribas were the joint bookrunners and mandated lead arrangers for the facilities.

Item 1.02. Termination of a Material Definitive Agreement.

Please refer to the discussion under Item 1.01 for a description of the credit facilities retired and paid down in connection with the April 8, 2005 refinancing.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Please refer to Item 1.01 for a description of the various credit facilities entered into in connection with the April 8, 2005 refinancing. The credit facilities contain customary events of default. The lenders may declare any outstanding obligations under the credit facilities immediately due and payable upon the occurrence, and during the continuance of, an event of default. In addition, the amount of any outstanding obligations under the credit facilities will be immediately due and payable in the event that the Company or certain of its subsidiaries become the subject of voluntary or involuntary proceedings under any bankruptcy, insolvency or similar law.

Top of the Form

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Goodyear Tire & Rubber Company

April 14, 2005

By: Richard J. Kramer

Name: Richard J. Kramer
Title: Executive Vice President and Chief Financial Officer

Top of the Form

Exhibit Index

Exhibit No.	Description
99	News Release dated April 11, 2005