



GOODYEAR

Second Quarter 2008 Conference Call

July 31, 2008

Forward-Looking Statements



Certain information contained in this presentation may constitute forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause our actual results and experience to differ materially from the assumptions, expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to: actions and initiatives taken by both current and potential competitors; increases in the prices paid for raw materials and energy; our ability to realize anticipated savings and operational benefits from cost reduction initiatives or to implement successfully other strategic initiatives; whether or not the various contingencies and requirements are met for the establishment of the Voluntary Employees' Beneficiary Association (VEBA) to provide healthcare benefits for current and future USW retirees; potential adverse consequences of litigation involving the company; pension plan funding obligations; as well as the effects of more general factors such as changes in general market or economic conditions or in legislation, regulation or public policy. Additional factors are discussed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In addition, any forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.

Agenda



- **Executive Overview**
- **Second Quarter Highlights / Overview**
- **Financial Summary & Segment Results**
- **Industry Outlook**
- **Q&A**

Executive Overview



- **Strong second quarter results:**
 - Demonstrates successful execution of strategies despite significant economic challenges
 - Robust growth in international operations offsetting weakness in North American market
 - Performance contributes to solid first half
- **Managing through significant near-term challenges and driving long-term strategies to capitalize on attractive market opportunities**
- **Business model improvements over the past five years have significantly improved Goodyear's competitive capabilities:**
 - Accelerated pace of delivering innovative products that differentiate Goodyear in the marketplace
 - Reduced exposure to economically-sensitive consumer market segments
 - Strengthened emerging market focus
 - Lowered structural costs
 - Strengthened balance sheet and liquidity position

Second Quarter 2008 Highlights



- Revenue grew 6.5% to a record \$5.2 billion
- Income from continuing operations increased 159% to \$75 million
- Segment operating income increased to \$330 million, driven by profit growth in Europe, Latin America and Asia
- Maintained positive trend of price/mix improvement
- Revenue per tire excluding translation increased 9% year-over-year
- Raised 4-point cost savings target to more than \$2 billion
- Announced – closure of Somerton, Australia tire manufacturing plant; Tyler, Texas mix facility; China plant relocation and expansion
- Announced plan to refinance European securitization program (completed July 23)
- Recognized as one of America's most respected companies by *Forbes* Magazine
- Provided growth strategies at Investor Meeting on June 26

June 26 Investor Meeting Overview

Driving Profitable Growth



7 Strategic Drivers

Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

Lower Cost Structure

Cash is King

Five key areas to take our business platforms to the next level:

- 1. Maximize our presence in high-value-added tire segments**
- 2. Build on strength in emerging markets**
- 3. Drive improvement in supply chain efficiency**
- 4. Raised cost savings targets to more than \$2 billion**
- 5. Increase capital investments to take advantage of high - return opportunities**

June 26 Investor Meeting Overview

Investment Plan Recap



- **Capital investments of \$1.0 to \$1.3 billion per year 2008-2010:**
 - \$450 to \$700 million → Sustain the business
 - \$500 to \$600 million → High-return investment (>25% IRR)
- **Investments add approximately 8 million units per year of HVA capacity:**
 - \$10-\$20 per unit incremental margin
 - Drives increased price/mix
 - Improves manufacturing flexibility, efficiency and uniformity
- **Pace of investments can be adjusted to reflect changes in economic outlook → focused on maintaining positive cash flow**

Incremental Investments Provide High-Return Opportunities for Growth – Focused on Maintaining Positive Cash Flow

Economic and Industry Environment



- **Macro-environment presenting challenges:**
 - Experiencing varying symptoms of economic weakness around the globe
 - Status of U.S. economy impacting consumer behavior
 - Expect challenging business conditions to continue into the second half
- **Intense focus on mitigating challenging market conditions:**
 - Offsetting raw material costs with favorable price/mix
 - Raised 4-point cost savings plan target
 - Managing production output
 - Driving product innovation
 - Aggressive purchasing actions

Confident in Our Ability to Execute and Believe Goodyear has the Right Strategies in Place to Succeed

Summary Comments



- **Strong second quarter results:**
 - Strength in international markets key to performance
 - Continue to grow company profitably
 - North American market proving difficult – expected to continue
- **Significant business model changes have enhanced ability to face weakened economic conditions**
- **Strategies for growth will take our business platforms to the next level**
- **Maintaining high level of flexibility as we evaluate capital investments and cost structure initiatives**

Second Quarter 2008 Performance

Income Statement



Total Company

(In millions, except Margin and EPS)

	Second Quarter		Change
	2008	2007	
Units	47.9	50.8	-5.8%
Net Sales	\$5,239	\$4,921	6.5%
Gross Margin	19.9%	19.4%	0.5 pts
Segment Operating Income ^(a)	\$330	\$310	6.5%
Segment Operating Margin ^(a)	6.3%	6.3%	—
Income from Continuing Operations	\$75	\$29	
Income per Share from Continuing Operations - Diluted	\$0.31	\$0.14	

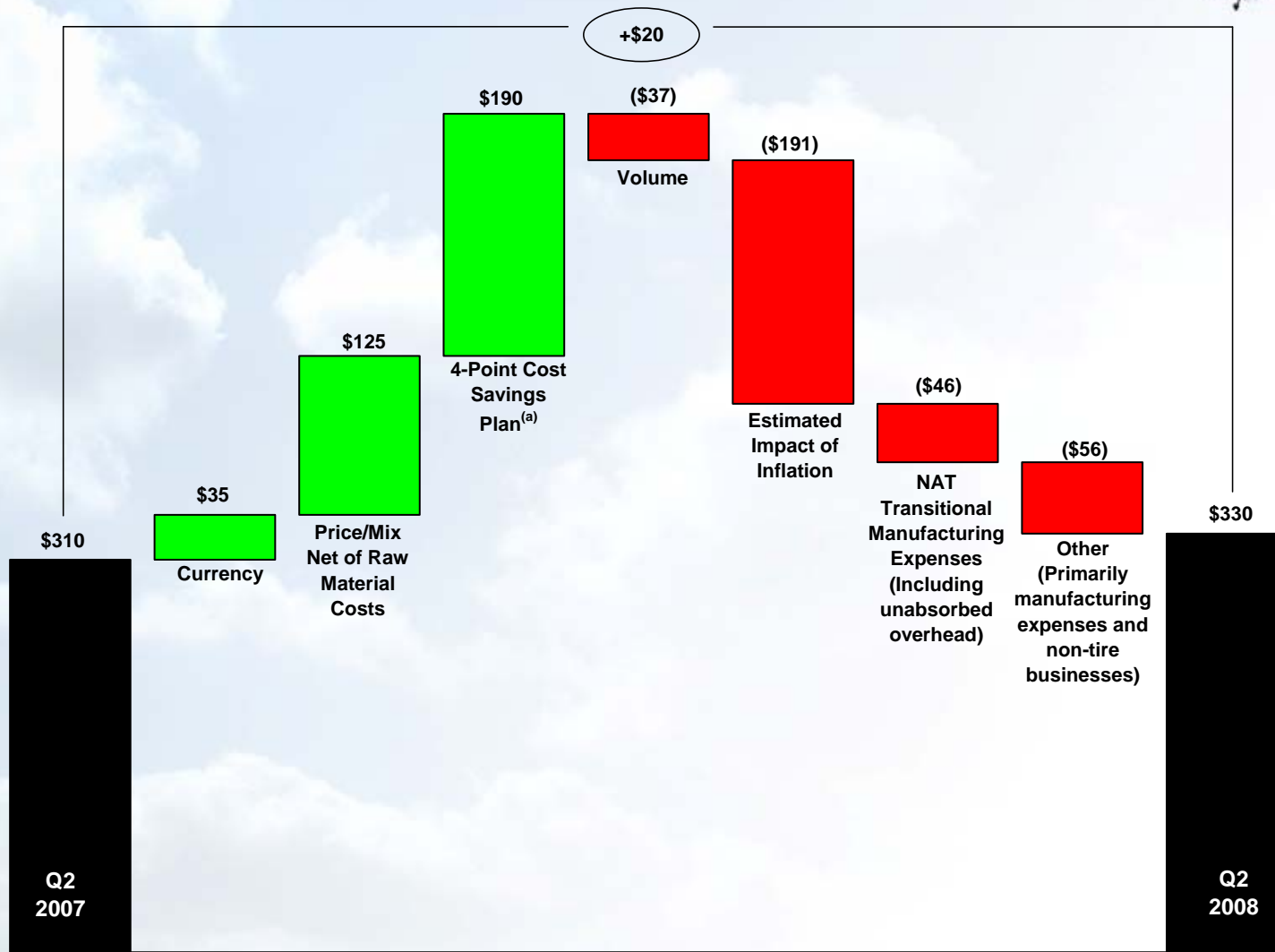
a) Segment operating income and margin reconciliation in Appendix on page 29

Second Quarter 2008 Performance

Segment Operating Income



(\$ in millions)



(a) Excludes raw material savings reflected in price/mix net of raw material costs

4 Point Cost Savings Plan



4-Point Cost Savings Plan

Continuous Improvement / USW savings

- USW Contract Savings (\$250 million by 2009)
- Business Process Improvements (Productivity, Six Sigma, Lean Manufacturing)
- Leverage Manufacturing Upgrades
- Product Reformulation
- Safety

Savings by 2009: More than \$1.4 billion
Progress to Date: More than \$950 million

Reduce Footprint

- Global high cost footprint strategy ✓
 - Target more than 25 million unit footprint reduction
 - \$150 – \$250 million cash cost

Savings by 2009: More than \$150 million
Announced to Date: \$170 million, 25M+ units
Progress to Date: \$100 million

Low-Cost Country Sourcing

- Raw Materials
- Low Cost Tires
- Capital Equipment
- Indirect Purchases

Savings by 2009: \$200 – \$300 million
Progress to Date: Approx. \$125 million
Note: Excludes cash savings related to capital expenditures

Selling, Administrative & General

- Back-office Consolidation
- Legal Entity Reduction
- Headcount Rationalization
- Warehouse Consolidation / Supply Chain Improvements

Savings by 2009: \$200 – \$250 million
Progress to Date: More than \$200 million

Targeting **more than \$2.0 billion** in gross cost savings over 4 years;
Savings of more than \$1.4 billion realized to date

Next Stage Metrics



Next Stage Metrics

**North American Segment
Operating Margin**

5%

**Total Segment
Operating Margin**

8%

Debt^(a)

2.5x EBITDA



Remain confident in ability to achieve Next Stage Metrics

Second Quarter 2008 Performance



North American Tire

(In millions)

	Second Quarter		Change
	2008	2007	
Units	18.3	20.8	-12.1%
Net Sales	\$2,130	\$2,276	-6.4%
Segment Operating Income	\$24	\$53	-54.7%

- Demand environment weakened significantly during the quarter
- Price/mix improvements more than offset raw material cost increases
- Steady progress driving structural cost improvements
- Grew share in Goodyear-branded consumer replacement
- Mix of HVA products improved
- Strong revenue per tire growth
- Manufacturing input costs (transportation, energy, CPI) significantly higher
- Transitional manufacturing costs continued

Second Quarter 2008 Performance



Europe, Middle East and Africa Tire

(In millions)

	Second Quarter		Change
	2008	2007	
Units	18.8	19.8	-4.4%
Net Sales	\$2,024	\$1,759	15.1%
Segment Operating Income	\$151	\$126	19.8%

- **Strong net sales growth despite lower unit volume**
- **Favorable currency translation**
- **Price/mix improvements more than offset raw material cost increases**
- **Gaining share in strategic segments and premium brands**
- **Strong revenue per tire growth**

Second Quarter 2008 Performance



Latin American Tire

(In millions)

	Second Quarter		Change
	2008	2007	
Units	5.4	5.4	-2.1%
Net Sales	\$572	\$458	24.9%
Segment Operating Income	\$103	\$90	14.4%

- **Strong net sales and profit growth**
- **Volume balanced between growth in Brazil/Venezuela and weakness in Mexico**
- **Price/mix more than offset raw materials**
- **High non-raw material cost inflation**
- **Strong revenue per tire growth**
- **Favorable currency translation**

Second Quarter 2008 Performance



Asia Pacific Tire

(In millions)

	Second Quarter		Change
	2008	2007	
Units	5.4	4.8	11.3%
Net Sales	\$513	\$428	19.9%
Segment Operating Income	\$52	\$41	26.8%

- Outstanding growth in sales and segment operating income
- Strong growth in China as mix continues to improve, dampened by economic weakness in Australia and New Zealand
- Price/mix improvements more than offset raw material cost increases
- Expanding manufacturing capabilities in China

First Half 2008 Performance

Balance Sheet



(\$ in millions)

	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>
Cash and cash equivalents	\$2,069	\$3,463	\$2,328
Accounts receivable	3,630	3,103	3,372
Inventories	3,933	3,164	2,937
Accounts payable - trade	(2,787)	(2,422)	(2,131)
Working capital ^(a)	<u>\$4,776</u>	<u>\$3,845</u>	<u>\$4,178</u>
Total debt ^(b)	\$4,069	\$4,725	\$5,453
Net debt ^(b)	\$2,000	\$1,262	\$3,125

Note: Reflects continuing operations only

a) Working capital represents accounts receivable and inventories, less accounts payable - trade

b) Total Debt and Net Debt reconciliation in Appendix on page 30

First Half 2008 Performance

Cash Flow



(\$ in millions)

	Six Months Ended	
	June 30, 2008	June 30, 2007
Income (Loss) from Continuing Operations	\$222	(\$81)
Depreciation and amortization ^(a)	337	333
Working capital ^(b)	(721)	(642)
Pension contributions and direct payments	(162)	(265)
Other	109	142
	<u> </u>	<u> </u>
Cash Flows from Continuing Operations ^(c)	<u><u>(\$215)</u></u>	<u><u>(\$513)</u></u>
Memo:		
Capital Expenditures	\$476	\$227

- a) Includes amortization and write-off of debt issuance costs
 b) Working capital represents accounts receivable and inventories, less accounts payable - trade
 c) Cash flows from operations reconciliation in Appendix on page 31

Industry Outlook



2008 Industry Outlook		Original Equipment		Replacement	
		Consumer	Commercial	Consumer	Commercial
North America:	Full Year	> (15)%	(10)% - (5)%	(3)% - (2)%	(4)% - (2)%
Europe:	Full Year	1% - 3%	8% - 10%	(3)% - (1)%	(6)% - (4)%

• Full Year 2008

- Raw material costs expected to increase 10% – 12%
- Interest expense \$320 – \$340 million
- Tax expense about 25% of international segment operating income



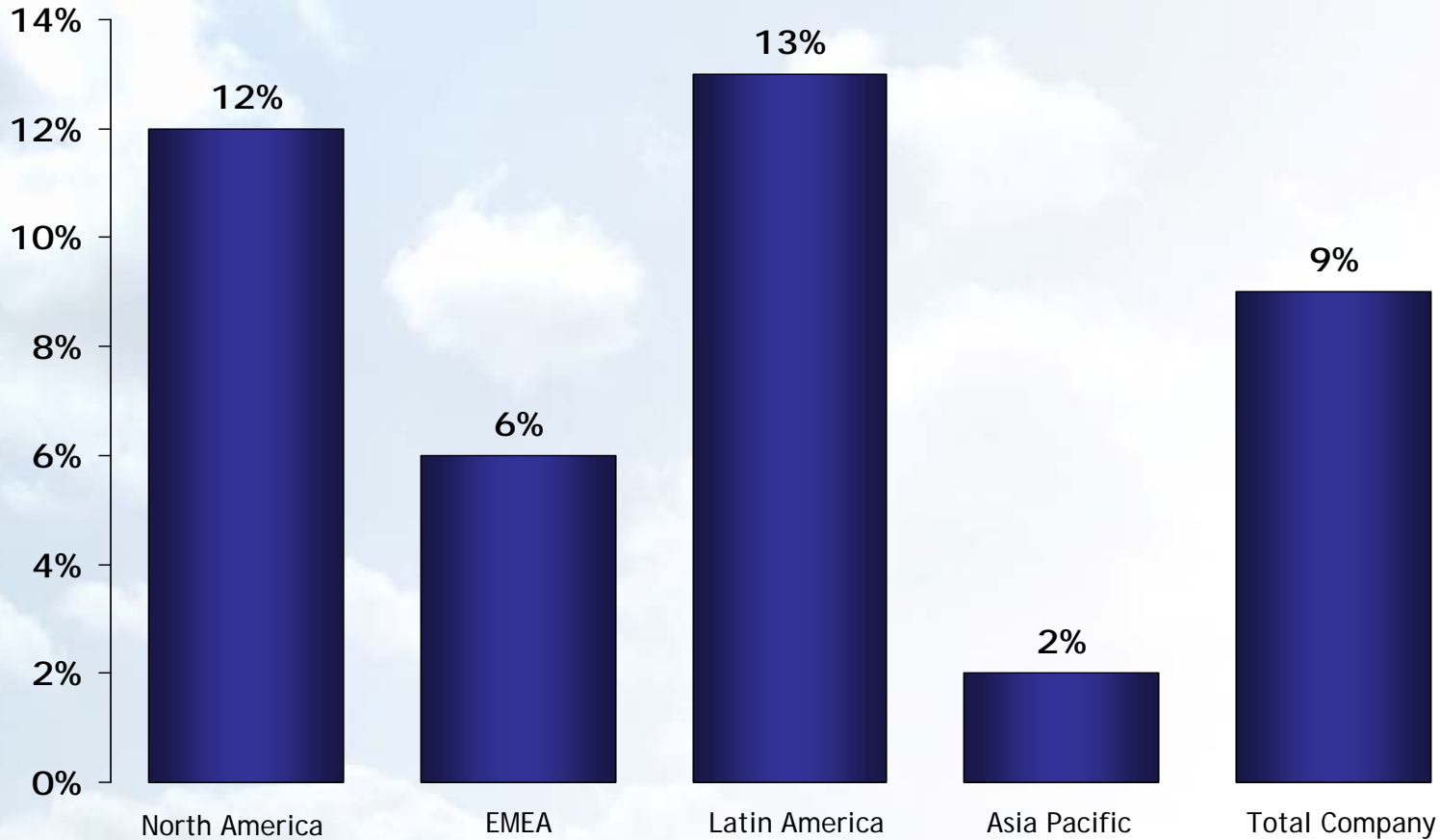
Appendix

Second Quarter 2008

Revenue Per Tire Increase



(Y-o-Y, excluding impact of exchange)

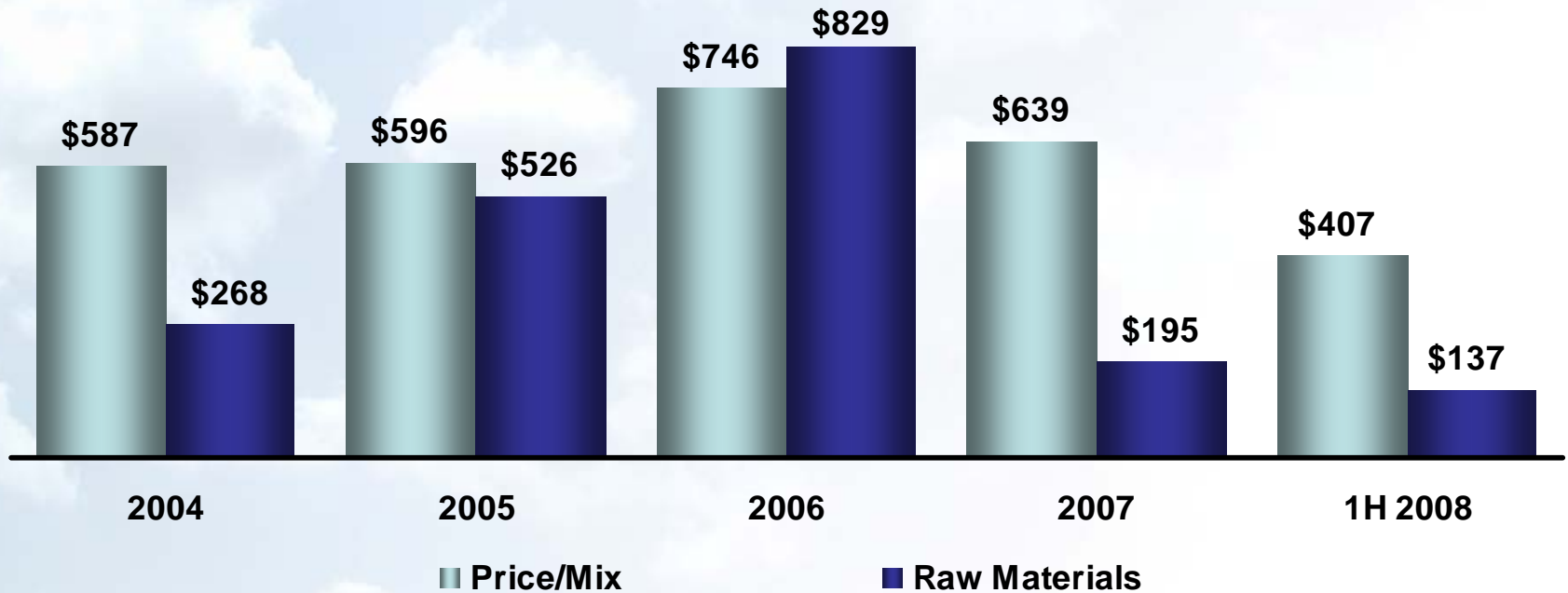


Driven by price/mix improvement

Price/Mix Improvements



Price/Mix vs. Raw Materials
(\$ in millions)

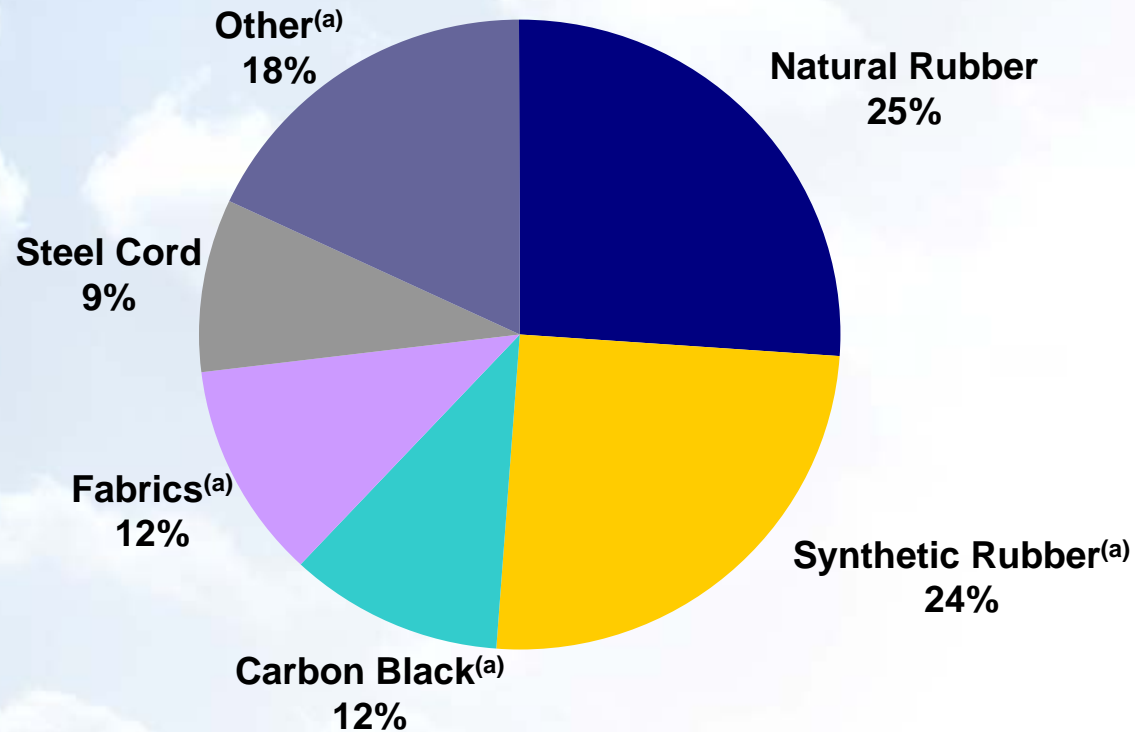


Note: Reflects impact on Segment Operating Income

Raw Material Cost



Raw material cost breakdown



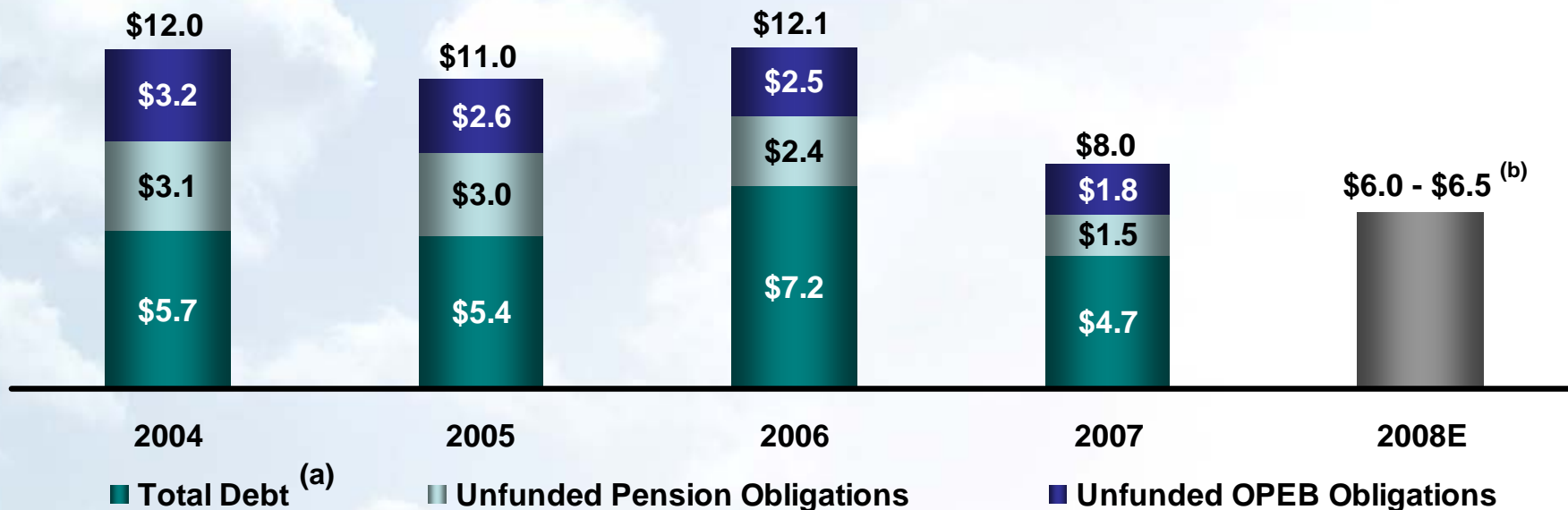
Note: As of FY 2007
(a) Dependent upon oil

Raw materials make up nearly 40% of COGS

Debt and Legacy Obligations Addressed



(\$ in billions)



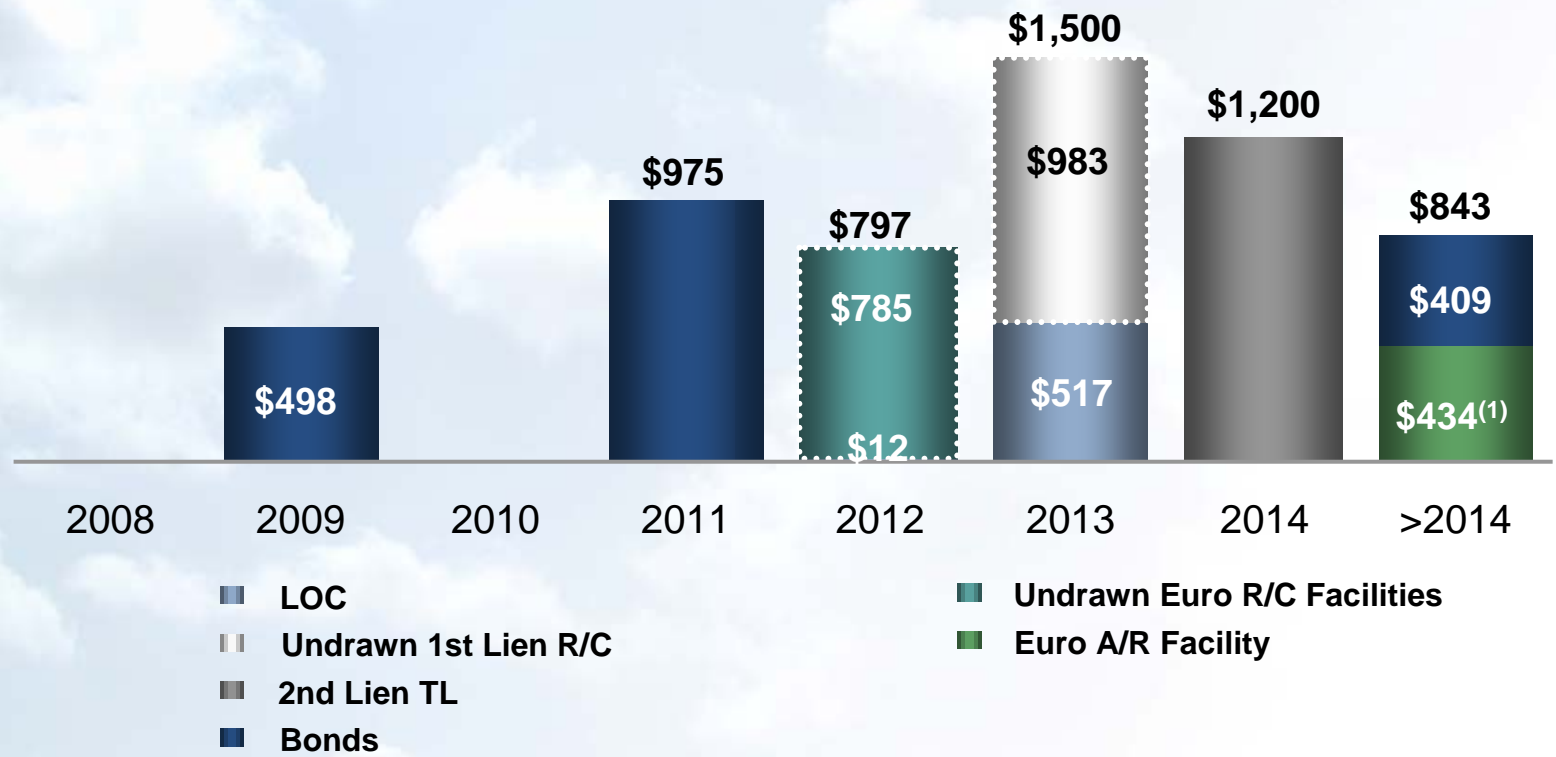
(a) Historical Total Debt reconciliation in Appendix on page 30
 (b) Assumes VEBA approval process is completed and all appeals are exhausted

Pro Forma Debt Maturities

for July 23rd European Securitization Refinancing



(\$ in millions)



Over 90% of maturities in 2011 and beyond

Note: Excludes notes payable, capital leases and other domestic and foreign debt.
 (1) Pan-European securitization maturity is pro forma from June 30, 2008 to reflect the July 23, 2008 amendment and restatement that extended the maturity date from 2009 to 2015.

Legacy Costs and Interest Expense



(\$ in millions)

	2004	2005	2006	2007	2008E (Excludes VEBA Savings)
Global pension contributions and direct payments ^(a)	\$265	\$522	\$708	\$719	\$300 – \$350
.....					
Pension expense (global) ^(b)	\$344	\$358	\$388	\$276	< \$225
.....					
Postretirement benefit payments	\$257	\$259	\$254	\$266	< \$200 ^(c)
.....					
Postretirement benefit expense ^(b)	\$288	\$220	\$205	\$126	< \$125 ^(c)
.....					
Interest Expense	\$368	\$408	\$447	\$450	\$320 - \$340

(a) 2008E reflects contributions to global pension plans

(b) Excluding one-time charges

(c) Postretirement benefit payments and expense will be further reduced once VEBA is funded

Second Quarter Significant Items Impacting Continuing Operations (after tax and minority interest)



- **2008**
 - Rationalization and accelerated depreciation charges, \$87 million (36 cents per share)
 - Gain on asset sales, \$2 million (1 cent per share)
- **2007**
 - Debt retirement expenses, \$45 million (20 cents per share)
 - Rationalization and accelerated depreciation charges, \$15 million (6 cents per share)
 - Costs related to fire at factory in Thailand, \$4 million (2 cents per share)
 - Impact of USW strike due to lost sales, \$5 million (2 cents per share)
 - Out of period tax benefit to correct deferred taxes in Colombia, \$11 million (5 cents per share)
 - Gain on asset sales, \$9 million (4 cents per share)

Reconciliation for Segment Operating Income / Margin



(\$ in millions)

	Second Quarter	
	2008	2007
Total Segment Operating Income	\$ 330	\$ 310
Rationalizations	(87)	(7)
Accelerated depreciation	(4)	(8)
Interest expense	(76)	(120)
Corporate incentive and stock based compensation plans	(11)	(26)
Intercompany profit elimination	(4)	4
Retained net expenses of discontinued operations	-	(9)
Other income and (expense)	22	(39)
Other	(3)	(9)
Income from continuing operations before income taxes and minority interest	<u>\$ 167</u>	<u>\$ 96</u>
United States and foreign taxes	(74)	(51)
Minority Interest	(18)	(16)
Income from continuing operations	<u>\$ 75</u>	<u>\$ 29</u>
Discontinued operations	-	27
Net Income	<u><u>\$ 75</u></u>	<u><u>\$ 56</u></u>
Net Income from continuing operations	\$ 75	\$ 29
Sales	\$ 5,239	\$ 4,921
Return on Sales	1.4%	0.6%
Total Segment Operating Margin	6.3%	6.3%

Reconciliation for Net Debt



(\$ in millions)

	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Long term debt and capital leases	\$ 3,668	\$ 4,329	\$ 5,038	\$ 6,562	\$ 4,741	\$ 4,442
Notes payable and overdrafts	300	225	233	243	207	205
Long term debt and capital leases due within one year	<u>101</u>	<u>171</u>	<u>182</u>	<u>405</u>	<u>448</u>	<u>1,010</u>
Total debt	\$ 4,069	\$ 4,725	\$ 5,453	\$ 7,210	\$ 5,396	\$ 5,657
Less: Cash and cash equivalents	<u>2,069</u>	<u>3,463</u>	<u>2,328</u>	<u>3,862</u>	<u>2,138</u>	<u>1,935</u>
Net debt	<u>\$ 2,000</u>	<u>\$ 1,262</u>	<u>\$ 3,125</u>	<u>\$ 3,348</u>	<u>\$ 3,258</u>	<u>\$ 3,722</u>
Change in Net Debt vs December 31, 2007	\$ 738					

Note: Reflects continuing operations only.

Reconciliation for Cash Flow



(\$ in millions)

	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ 222	\$ (118)
Less: Discontinued operations	-	(37)
Income (Loss) from Continuing Operations	\$ 222	\$ (81)
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities:		
Depreciation and amortization	318	300
Amortization and write-off of debt issuance costs	19	33
Deferred tax provision	13	(4)
Net rationalization charges	100	22
Net (gains) on asset sales	(37)	(19)
Fire loss expense	2	12
Minority interest and equity earnings	45	38
Pension contributions and direct payments	(162)	(265)
Rationalization payments	(28)	(44)
Insurance recoveries	9	-
Changes in operating assets and liabilities net of asset acquisitions and dispositions:		
Accounts and notes receivable	(398)	(505)
Inventories	(684)	(271)
Accounts payable - trade	361	134
Compensation and benefits	58	220
Other assets and liabilities	(53)	(83)
Total Operating Cash Flows From Continuing Operations	\$ (215)	\$ (513)
Discontinued operations	-	5
Total Cash Flows From Operating Activities	\$ (215)	\$ (508)



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