



**GOODYEAR**

**2009 JP Morgan High Yield Conference**

**February 3, 2009**

# 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; work stoppages, financial difficulties or supply disruptions at our suppliers or customers; potential adverse consequences of litigation involving the company; pension plan funding obligations; deteriorating economic conditions or an inability to access capital markets; 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.**

# Executive Summary



- **Economic slowdown continues to significantly impact global tire market**
- **Business model changes and product / brand leadership key to success in this environment**
- **Goodyear continues to take necessary actions to address market challenges**



- **Broad impact from global economic slowdown continues to evolve/worsen:**
  - Consumer credit availability (e.g. car loans, credit cards, mortgages)
  - Miles driven and gas consumption
  - Rising unemployment
  - Consumer confidence
- **Although impact to consumers varies by region/country, no economy immune**
- **Positive indicators to consider:**
  - Moderation in U.S. gas prices
  - Declining raw material costs
  - Government economic stimulus actions globally
- **Combination of these factors driving high level of uncertainty in marketplace**

# Market Update

## Industry Volumes



### 2008 Full Year Industry Volumes

( % Change )	Third Quarter Conference <u>Call</u>	<u>Results*</u>
<b><u>Consumer Replacement</u></b>		
North America	(3)	(3.5)
Europe	(5) to (4)	(6)
<b><u>Consumer OE</u></b>		
North America	(20) to (18)	(22)
Europe	(4) to (2)	(4.5)
<b><u>Commercial Replacement</u></b>		
North America	(7) to (6)	(11)
Europe	(9) to (7)	(13)
<b><u>Commercial OE</u></b>		
North America	(16) to (14)	(18.5)
Europe	4 to 6	(2)

\* Estimated

- Industry volumes in Q4 well below expected levels
- Q4 production cuts increased to 17 million units from 11 million units:
  - 6 million unit increase primarily in international businesses
  - Higher unabsorbed fixed costs expected in all regions
- Continue to adjust production in 2009 to reduce inventory levels and keep pace with lower demand



- **Raw material prices highly volatile in 2008**
- **Cost pressures from raw materials continue to impact results:**
  - Full year 2008 raw material impact approximately 13% (Q4 > 25%)
  - Impact to Goodyear expected to peak in Q1'09
- **Raw material impact will begin to moderate in Q2'09**

# Goodyear Response



- **Taking aggressive actions to manage through difficult environment:**
  - **Managing business for cash**
  - **Maintaining flexibility in approach**
  - **Leveraging past business model changes**
  - **Driving industry-leading new product engine**
  - **Plan to announce new actions on February 18**
- **Actions being taken to address near-term environment can be leveraged further once industry conditions improve**



**Why Goodyear?**

# Leveraging Business Model Changes



## Old Model (Mfg)

## New Model (Marketing)

### Leadership

- Insulated

- Blend of talent from inside / outside
- Proven performance

### Product Leadership

- Engineering focused
- OE-driven

- Consumer-relevant innovations
- Launch first in replacement market
- Outstanding new product engine

### Leveraged Distribution

- Take orders
- Push product based on availability

- Build our dealers' businesses
- "Pull" product orders based on consumer demand

### Build Brand Strength

- Volume focus
- Fill the factories
- Absorb raw material costs

- Intense focus on targeted segments
- Targeted OE fitments with high replacement pull-through
- Profitable growth focus
- Price / mix to offset raw materials
- Invest in emerging markets

### Advantaged Supply Chain

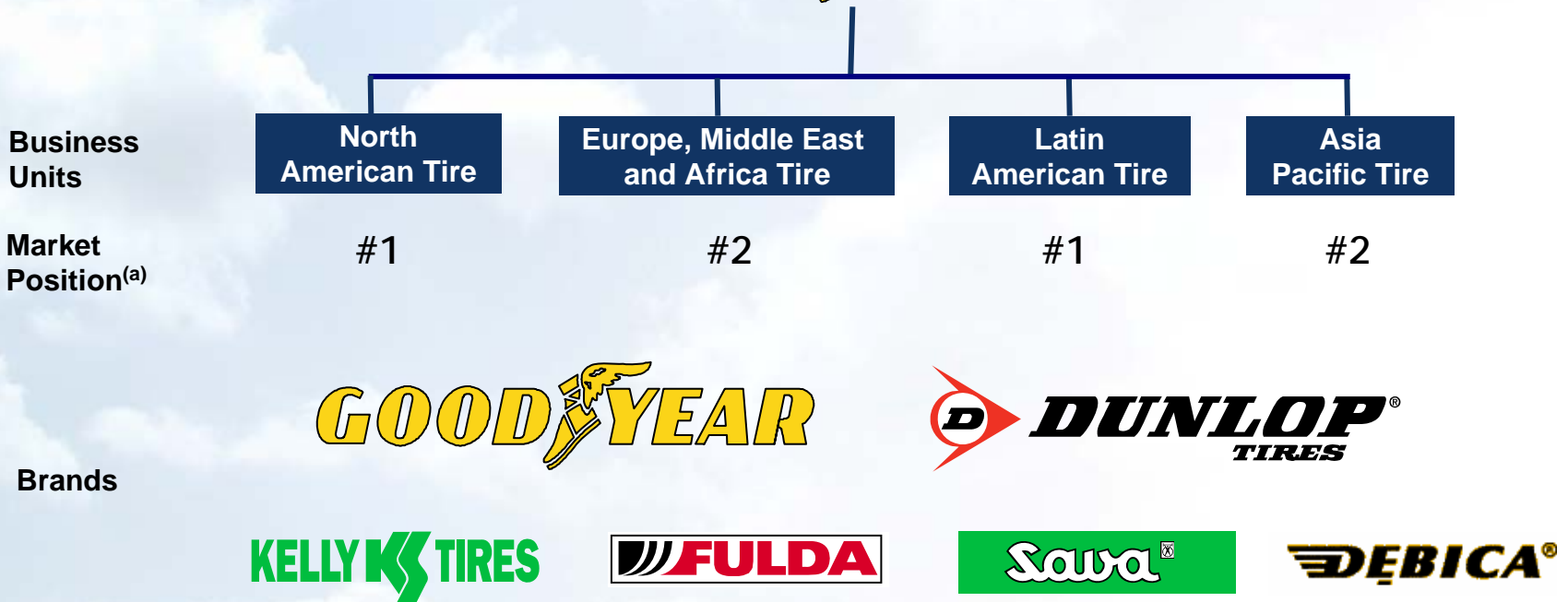
### Lower Cost Structure

- New manufacturing facilities
- Acquisition of manufacturing assets
- Fill high-cost plants

- Drive efficiency in all parts of the business
- Upgrade existing facilities to HVA
- Target / investment for high-growth markets
- Exit non-strategic businesses
- Reduce high-cost footprint / expand low-cost
- Low-cost sourcing / procurement
- VEBA / USW contract

### Cash is King

# Brands Drive Global Market Leadership



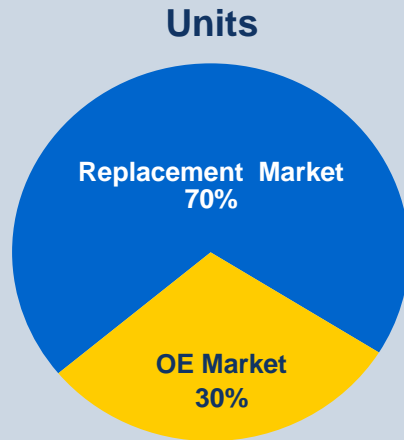
Leading market positions and brands across the globe

(a) Market positions by volume.

# Sales Reflect Marketing Orientation

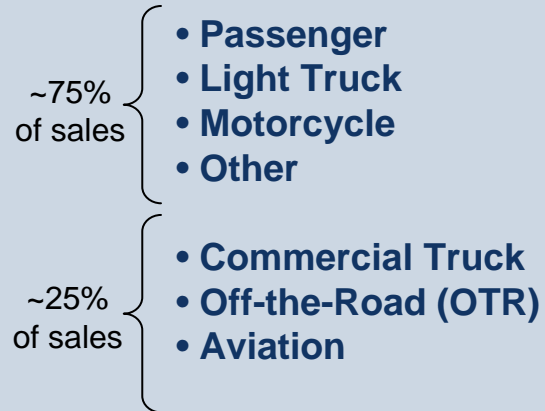


Goodyear tires are sold in two distinct tire markets...

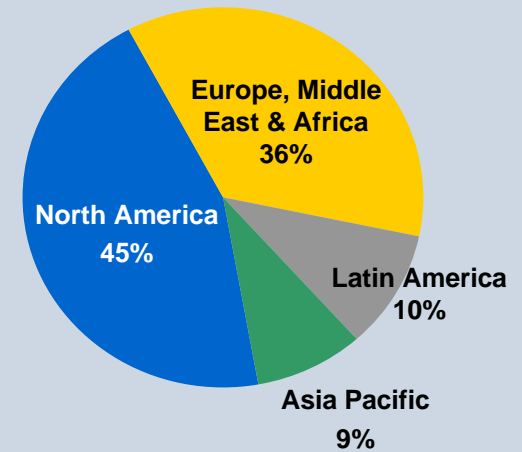


OE < 20% of Revenue

...available in a diverse selection of products...



...and stretch around the world



# High-Value-Added (HVA) Defined



**LVA Tire**  
(Low-Value-Added)

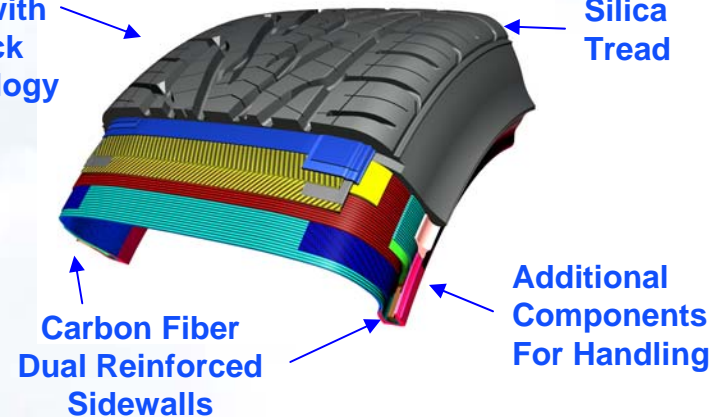


**Extra  
Margin  
\$10 - \$20  
per tire**

**HVA Tire**  
(High-Value-Added)

Dual Tread  
Zones with  
TredLock  
Technology

Silica  
Tread



- **Consumer tires incorporating one or more of the following features:**

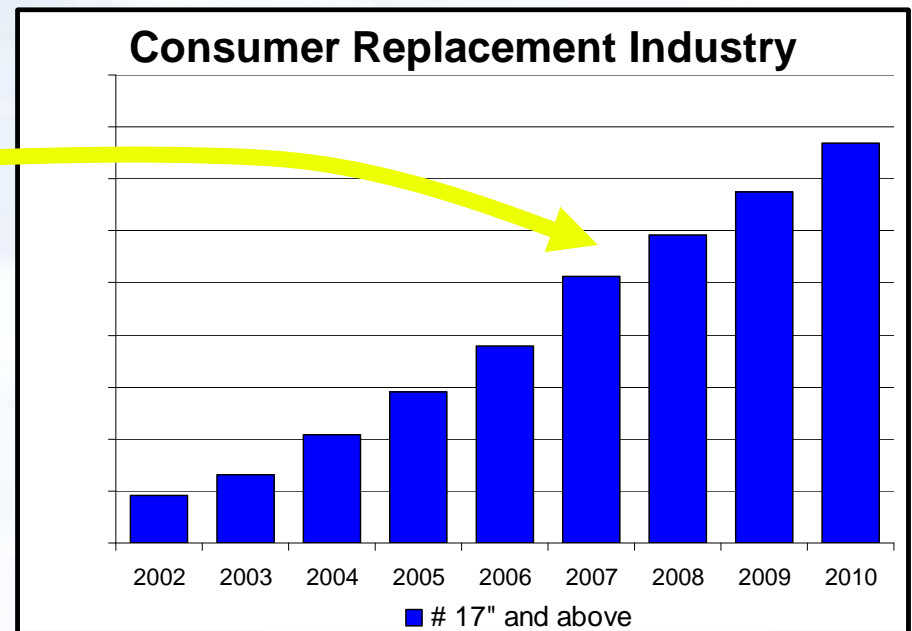
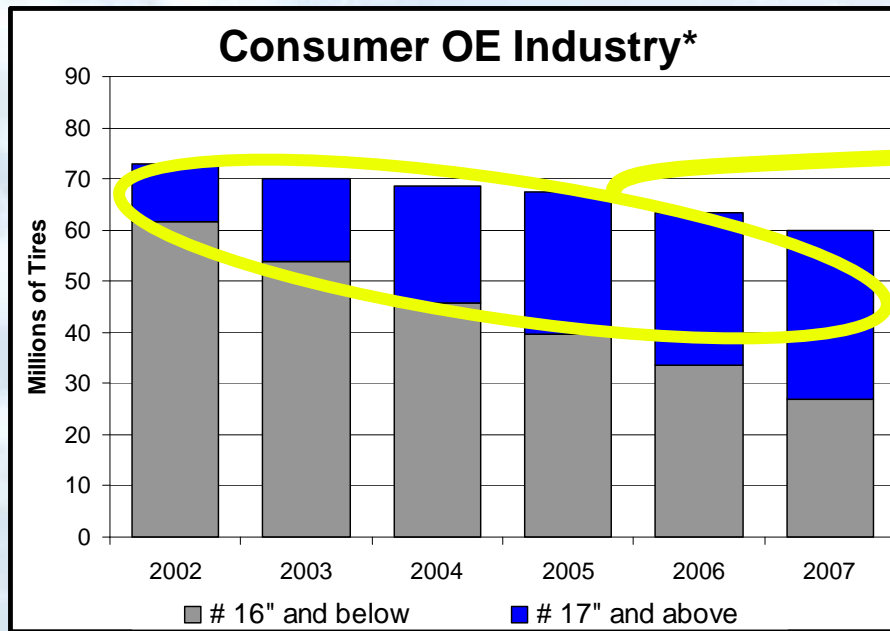
- Rim diameter 17” or greater
- Side wall depth
- Speed-rated H or higher
- Segmented mold
- Advanced tread compounds

- **Commercial tires with specific performance characteristics (e.g., Fuel Max, DuraSeal) and retreadability**

# North America HVA industry trends...



- Rim size is one of the most obvious attributes of HVA
- Consumer OE shift to HVA tires began several years ago



**Yesterday's OE is tomorrow's replacement**

# Brand and Product Leadership



- **Unprecedented level of launches in 2009:**
  - Continue to emphasize consumer relevant technology
  - High level of launches in all regions
  - Moving forward with product pace despite economy
- **Hosted 2009 Dealer Conference in Washington, D.C.**
  - Excellent customer attendance
  - More than 15 products launched
  - Great opportunity to build dealer relations

**Pace of product introductions helps Goodyear demonstrate industry leadership**

# Goodyear Assurance Fuel Max



## A breakthrough in fuel economy:

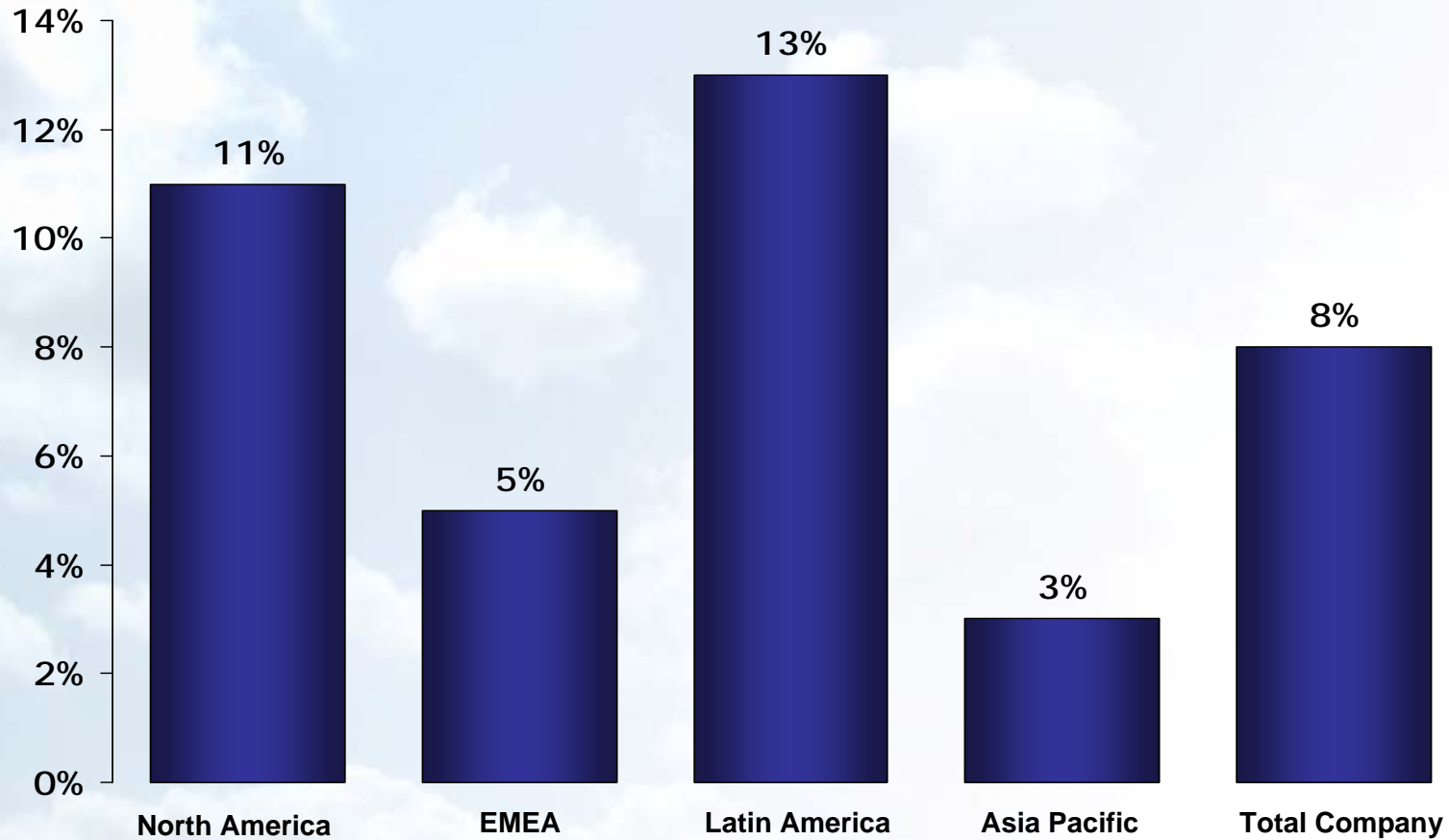
- New technology provides improved rolling resistance with great traction and treadwear
- 27% improved rolling resistance versus current Assurance means a 4% increase in fuel economy
- Save 2,600 miles worth of gas over life of tires



# September YTD 2008 Revenue Per Tire Increase



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

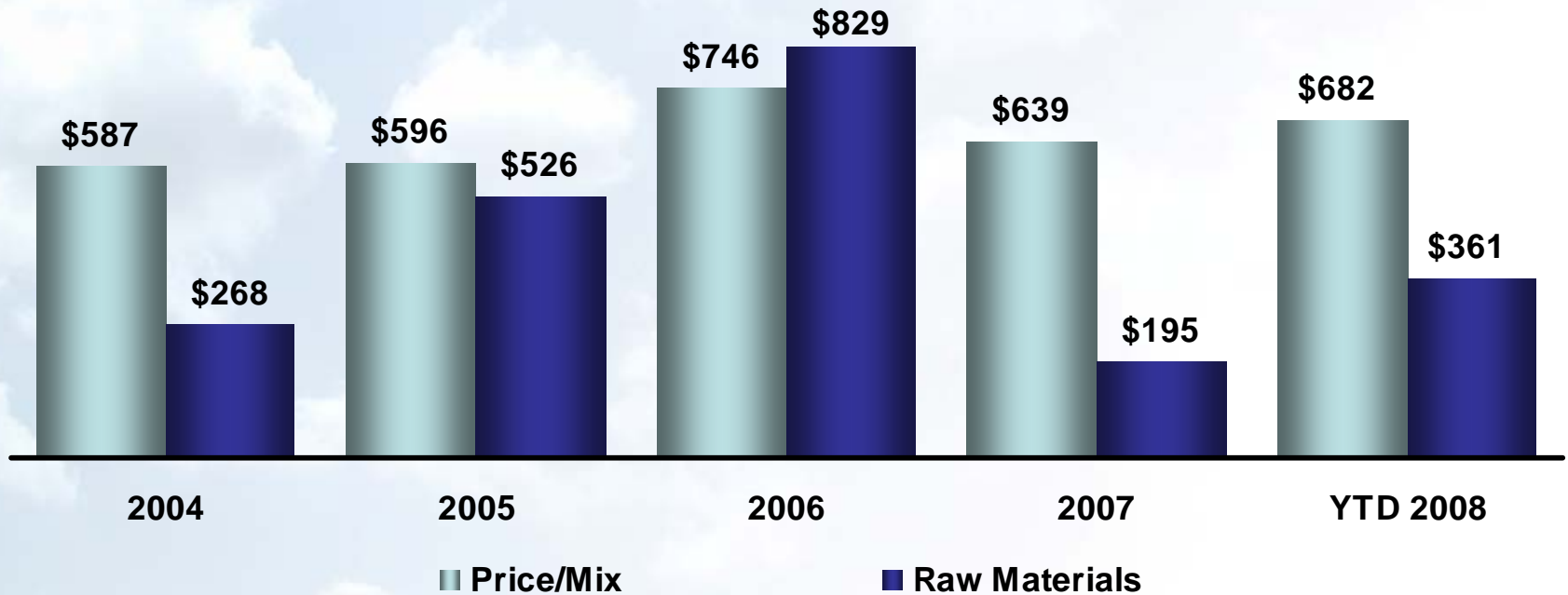


**Driven by price/mix improvement**

# Price/Mix Improvements



Price/Mix vs. Raw Materials – Third Quarter YTD  
(*\$ in millions*)



# 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: Approx. \$1.1 billion<sup>(a)</sup>

## 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  
Progress to Date: Approx. \$110 million<sup>(a)</sup>

## Low-Cost Country Sourcing

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

Savings by 2009: \$200 – \$300 million  
Progress to Date: Approx. \$140 million<sup>(a)</sup>  
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: Approx. \$210 million<sup>(a)</sup>

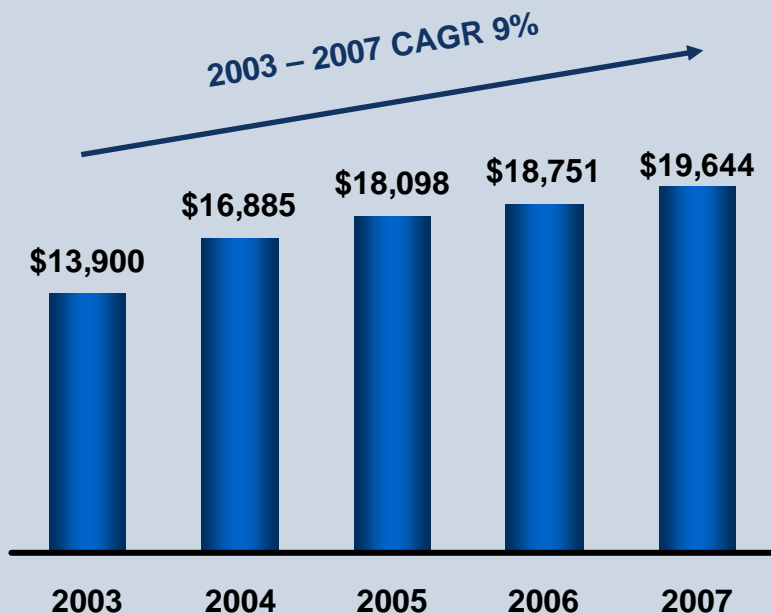
**Target raised to more than \$2.0 billion in gross cost savings over 4 years;  
Savings of approximately \$1.6 billion realized to date<sup>(a)</sup>**

# Significant Improvement in Results



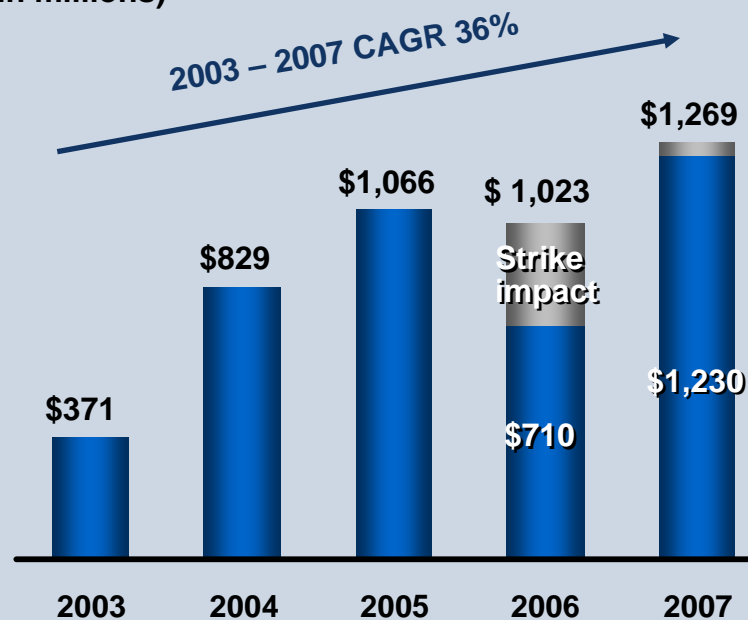
## Revenue

(\$ in millions)



## Total Segment Operating Income<sup>(a)</sup>

(\$ in millions)



Notes: FY 2003 total segment operating income, as presented, is derived by adding the segment operating income of Goodyear's four tire businesses, as reported. Estimated strike impact of \$313 million in 2006, and \$39 million in 2007. Segment Operating Income reconciliation on slides 30 and 31.

# September YTD 2008 Results



## Total Company

(In millions, except Margin and EPS)

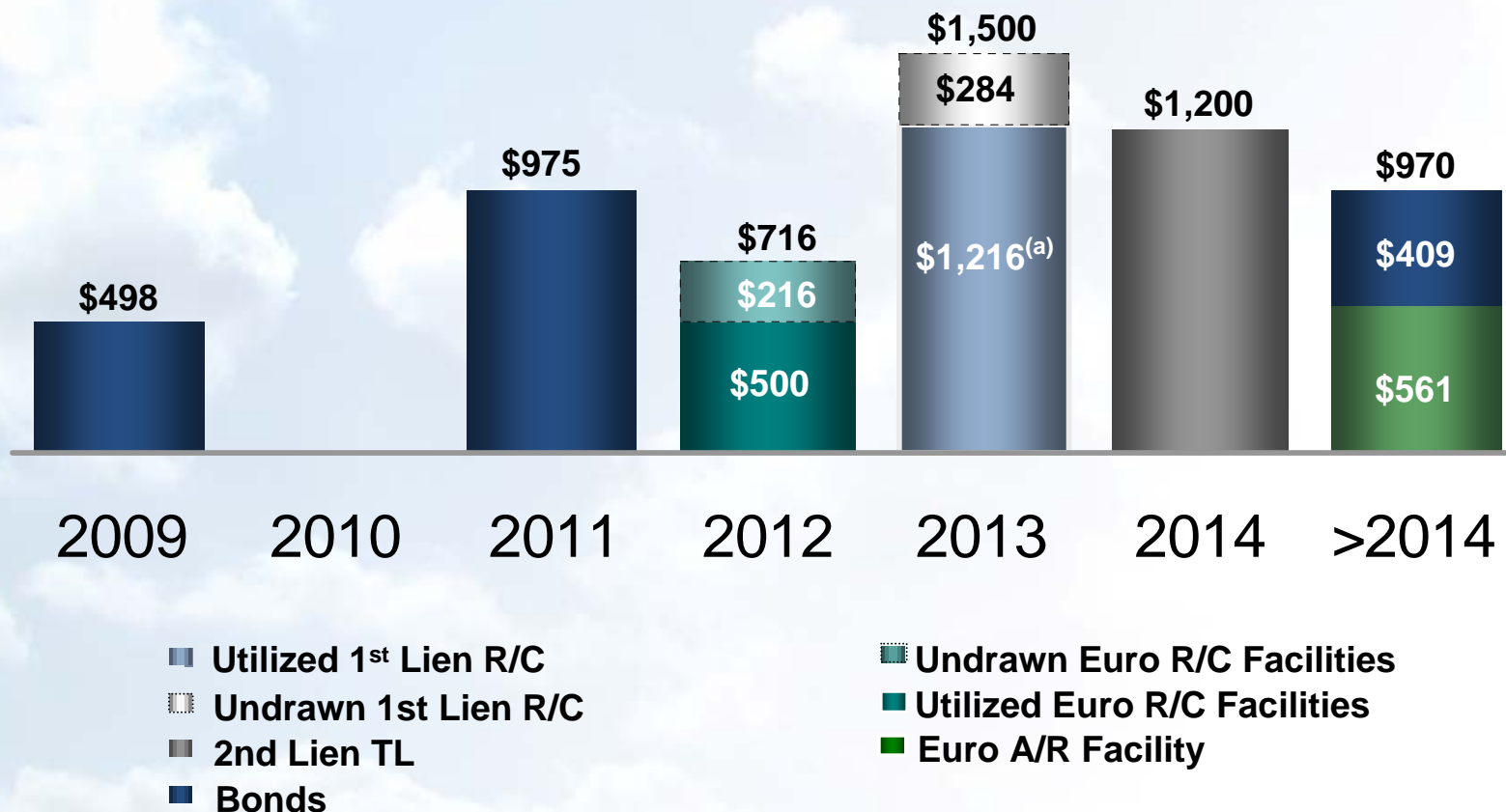
	Nine Months Ended September 30,		Change
	2008	2007	
Units	144.0	151.7	-5.1%
Net Sales	\$15,353	\$14,484	6.0%*
Gross Margin	18.8%	18.8%	0 pts
SAG	\$1,997	\$2,025	-1.4%
Segment Operating Income <sup>(a)</sup>	\$963	\$918	4.9%
Segment Operating Margin <sup>(a)</sup>	6.3%	6.3%	0 pts
Income from Continuing Operations	\$253	\$78	
Income per Share from Continuing Operations - Diluted	\$1.04	\$0.39	

\* Net sales grew 10% excluding the impact of T&WA divestiture, which contributed revenue of \$481 million in 3Q07 YTD

# Debt Maturities



(\$ in millions)



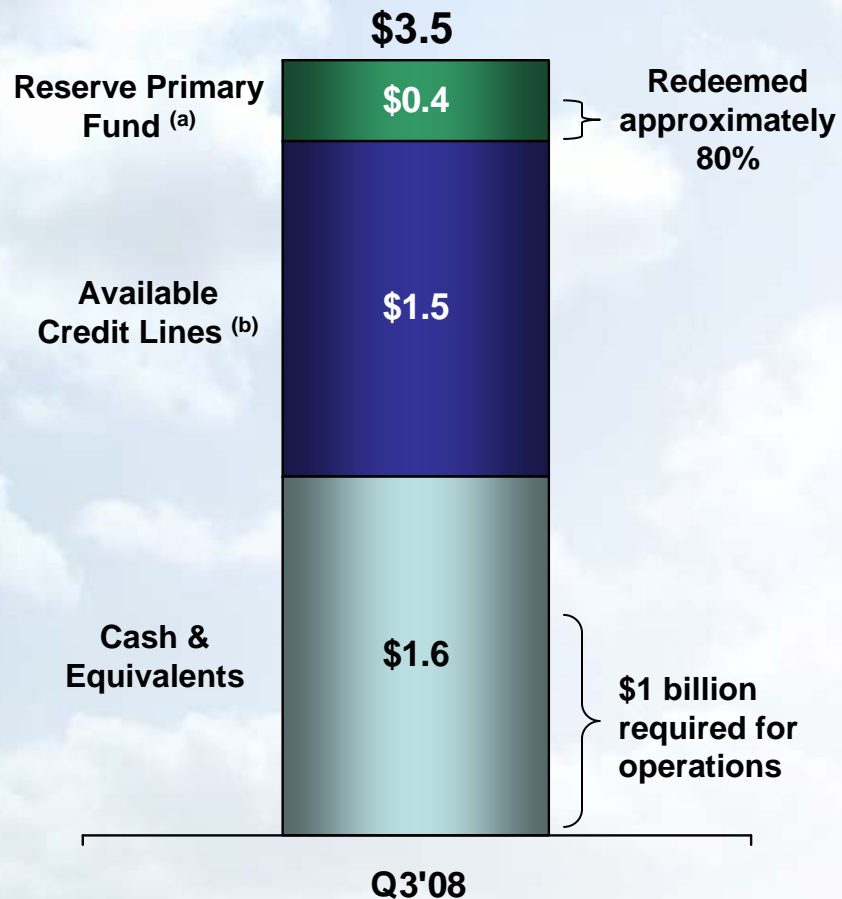
**Over 90% of maturities in 2011 and beyond**

Note: Excludes notes payable, capital leases and other domestic and foreign debt.  
 (a) Includes \$516 million of letters of credit issued under the revolving credit facility.

# Q3 2008 Liquidity Profile



**Liquidity Profile**  
(\$ in billions)



- **Liquidity provides flexibility and supports intra-quarter needs:**
  - Working capital
  - Q4 2009 debt maturity
- **Seasonal factors influence quarterly working capital:**
  - Q3 typically represents peak working capital needs
  - Q4 inflows reduce year-end working capital

(a) Represents investment in the reserve primary fund classified as other current assets.  
(b) Includes approximately \$535 million of financing related to relocation and expansion of manufacturing facility in Dalian, China.

# Closing Remarks



- **Impact of global economic slowdown continues:**
  - **Industry environment expected to remain challenging**
- **Business model changes drive long-term success**
- **“Doing the things you would expect us to do”**
  - **Cash is King**
  - **High level of flexibility**
  - **Announcing incremental actions on February 18**

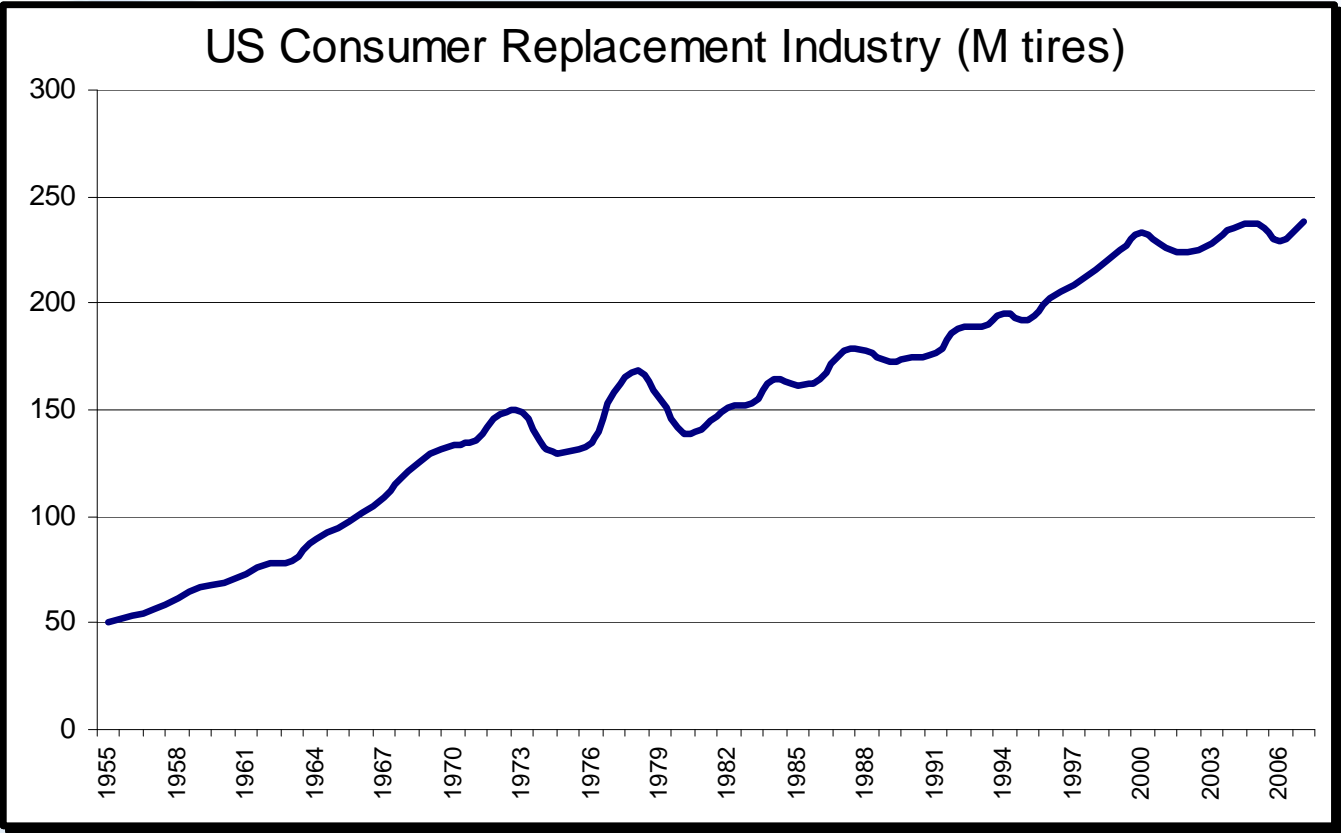


**GOODYEAR**  
Get there™



# Appendix

# Historical U.S. Consumer Replacement Volumes

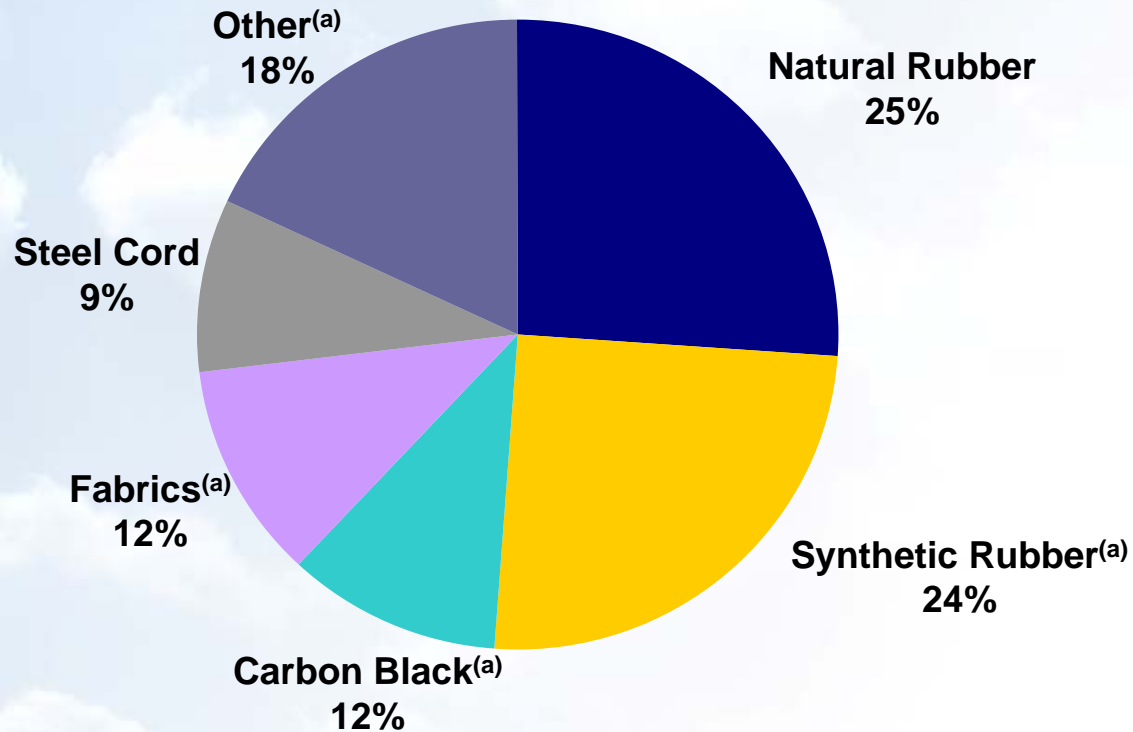


Source: RMA and company data.

# Raw Material Cost



Raw material cost breakdown



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

Raw Materials make up nearly 40% of COGS

# September YTD 2008 Balance Sheet



(\$ in millions)

	<b>September 30, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 1,606	\$ 3,463	\$ 2,933
Accounts receivable	3,681	3,103	3,804
Inventories	3,860	3,164	3,096
Accounts payable - trade	(2,602)	(2,422)	(2,252)
Working capital <sup>(a)</sup>	<u>\$ 4,939</u>	<u>\$ 3,845</u>	<u>\$ 4,648</u>
Total debt <sup>(b)</sup>	\$ 5,391	\$ 4,725	\$ 5,057
Net debt <sup>(b)</sup>	\$ 3,785	\$ 1,262	\$ 2,124

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 32.



# Reconciliations

# Reconciliation for Segment Operating Income / Margin (2004 – 2007)



(\$ in millions)

	Twelve Months Ended December 31,			
	2004	2005	2006	2007
Total Segment Operating Income	\$829	\$1,066	\$710	\$1,230
Rationalizations	(33)	(7)	(311)	(49)
Accelerated depreciation	(7)	(4)	(88)	(37)
Interest expense	(368)	(408)	(447)	(450)
Corporate incentive and stock based compensation plans	(20)	(28)	(66)	(77)
Intercompany profit elimination	(4)	7	(9)	(11)
Curtailment	-	-	-	(64)
Retained net expenses of discontinued operations	(67)	(52)	(48)	(17)
Other Income and (expense)	(22)	(73)	77	(8)
Other	(74)	(49)	(20)	(53)
Income (Loss) from continuing operations before income taxes and minority interest	\$234	\$452	(\$202)	\$464
United States and foreign taxes	(162)	(233)	(60)	(255)
Minority interest	(58)	(95)	(111)	(70)
Net Income (Loss) from continuing operations	14	124	(373)	139
Discontinued operations	101	115	43	463
Cumulative effect of accounting change	-	(11)	-	-
Net Income (Loss)	\$115	\$228	(\$330)	\$602
Net Income (Loss) from continuing operations	\$14	\$124	(\$373)	\$139
Sales	\$16,885	\$18,098	\$18,751	\$19,644
Return on Sales	0.1%	0.7%	-2.0%	0.7%
Total Segment Operating Margin	4.9%	5.9%	3.8%	6.3%

# Reconciliation for Segment Operating Income / Margin (Q3 Year to Date)



(\$ in millions)

	Nine Months Ended	
	2008	2007
Total Segment Operating Income	\$ 963	\$ 918
Rationalizations	(134)	(24)
Accelerated depreciation	(17)	(31)
Interest expense	(238)	(351)
Interest income	60	92
Corporate incentive and stock based compensation plans	(8)	(64)
Intercompany profit elimination	(6)	(13)
Curtailments/Settlements	(11)	(64)
Financing fees & financial instruments	(72)	(78)
Asset sales	41	29
Hurricane losses - insurance deductible	(7)	-
Retained net expenses of discontinued operations	-	(17)
Other	(36)	(58)
Income from continuing operations before income taxes and minority interest	\$ 535	\$ 339
United States and foreign taxes	(217)	(209)
Minority Interest	(65)	(52)
Income from continuing operations	\$ 253	\$ 78
Discontinued operations	-	472
Net Income	\$ 253	\$ 550
Net Income from continuing operations	\$ 253	\$ 78
Sales	\$ 15,353	\$ 14,484
Return on Sales	1.6%	0.5%
Total Segment Operating Margin	6.3%	6.3%

# Reconciliation for Total Debt and Net Debt



(\$ in millions)

	<u>September 30, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>
Long term debt and capital leases	\$ 5,035	\$ 4,329	\$ 4,675
Notes payable and overdrafts	276	225	219
Long term debt and capital leases due within one year	<u>80</u>	<u>171</u>	<u>163</u>
Total debt	\$ 5,391	\$ 4,725	\$ 5,057
Less: Cash and cash equivalents	<u>1,606</u>	<u>3,463</u>	<u>2,933</u>
Net debt	<u><u>\$ 3,785</u></u>	<u><u>\$ 1,262</u></u>	<u><u>\$ 2,124</u></u>
Change in Net Debt vs December 31, 2007	\$ 2,523		

Note: Reflects continuing operations only.