



GOODYEAR

First Quarter 2009 Conference Call

April 29, 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: deteriorating economic conditions or an inability to access capital markets; our ability to realize anticipated savings and operational benefits from our cost reduction initiatives or to implement successfully other strategic initiatives; actions and initiatives taken by both current and potential competitors; pension plan funding obligations; increases in the prices paid for raw materials and energy; work stoppages, financial difficulties or supply disruptions at our suppliers or customers; a labor strike, work stoppage or other similar event; our failure to comply with a material covenant in our debt obligations; the adequacy of our capital expenditures; potential adverse consequences of litigation involving the company; as well as the effects of more general factors such as changes in general market, economic or political 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



- **Strategic Update and Market Overview**
- **Financial Results**
- **Industry Outlook**
- **Q&A**

Executive Overview



- **First quarter results reflect continuation of extremely challenging market conditions**
- **Weak industry demand and peak raw material costs drove year-over-year decline in results**
- **Taking aggressive actions to mitigate challenges and position Goodyear for success when markets recover**

2009 Actions Aligned with Proven Strategies



7 Strategic Drivers

Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

Lower Cost Structure

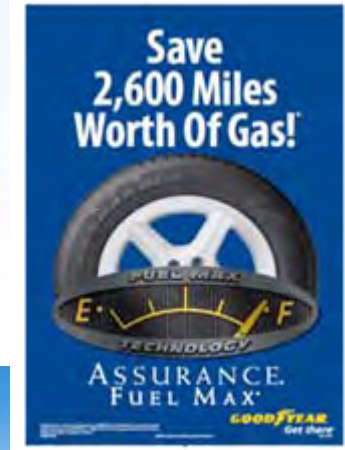
Cash is King

- **Top Line**
- **Cost Actions**
- **Cash Initiatives**

Top Line – First Quarter



- **Product development engine has become “The Public Face of the New Goodyear”**
 - Launching more than 50 new products in 2009
 - Majority of products positioned in the mid-tier
 - Product features address key consumer needs
- **Assurance FuelMax (North America)**
 - Improved fuel efficiency without compromising performance at a mid-tier price
- **EfficientGrip (Europe)**
 - Tuned to improve fuel efficiency while delivering reduced wet/dry braking distance



EfficientGrip
(Europe)



Top Line – First Quarter



- **Launched 23 new products globally**
- **Feedback from North American Dealer Conference indicates unprecedented support of strategies**
- **Goodyear brand market share gains**
- **Revenue per tire increased by 3.4% (impacted by weak commercial markets)**
- **Price/Mix improvements of \$161 million**
- **Hosted “Supplier Innovation Day” marking fresh approach to collaboration**

Markets Continue to Reward Innovation

Cost Actions – First Quarter



- **4-Point cost savings of \$145 million**
- **USW agreements in Danville, Topeka and Buffalo**
- **Global headcount reductions of 3,800**
- **SAG reductions**
- **Implemented global salary freeze**
- **Progressing on efforts to reduce capacity by additional 15 - 25 million units over next two years**

Goodyear Taking Actions to Drive Cost Structure Lower

Cash Initiatives – First Quarter



- **Progress toward \$500 million inventory reduction target**
 - More than \$300 million reduction since year-end
- **On target with reduced capex plan of \$700 to \$800 million full year**
- **Pursuing sale of non-core assets**

Intensified Efforts to Manage for Cash

Industry Perspective Today vs. February Conference Call



Minus:

- Weaker than expected commercial truck markets
- Heightened North American OE customer financial concerns
- General credit availability remains constrained

Plus:

- + Consumers continue to reward innovation
- + Government stimulus programs in multiple countries
- + Reduced inventory in the distribution channels
- + February 2009 average daily miles driven increased 2.7% YOY
- + Equity market recovery

Signs of Stability Encouraging in an Uncertain Economy

Summary Comments



- **Although markets remain challenging, positive factors provide encouragement**
- **Strategic actions position Goodyear for success when markets recover**
- **Taking proven path to drive long-term competitiveness**

Goodyear Positioned for Fast Start when Markets Recover

First Quarter Financial Summary



- **Key Considerations:**
 - **Continued impact of weak industry demand**
 - **Peak raw material costs**
 - **Price/mix benefits continued**
 - **Cost reductions on track**
 - **Liquidity remains solid**

First Quarter 2009 Results

Income Statement



Total Company

(In millions, except Margin and EPS)

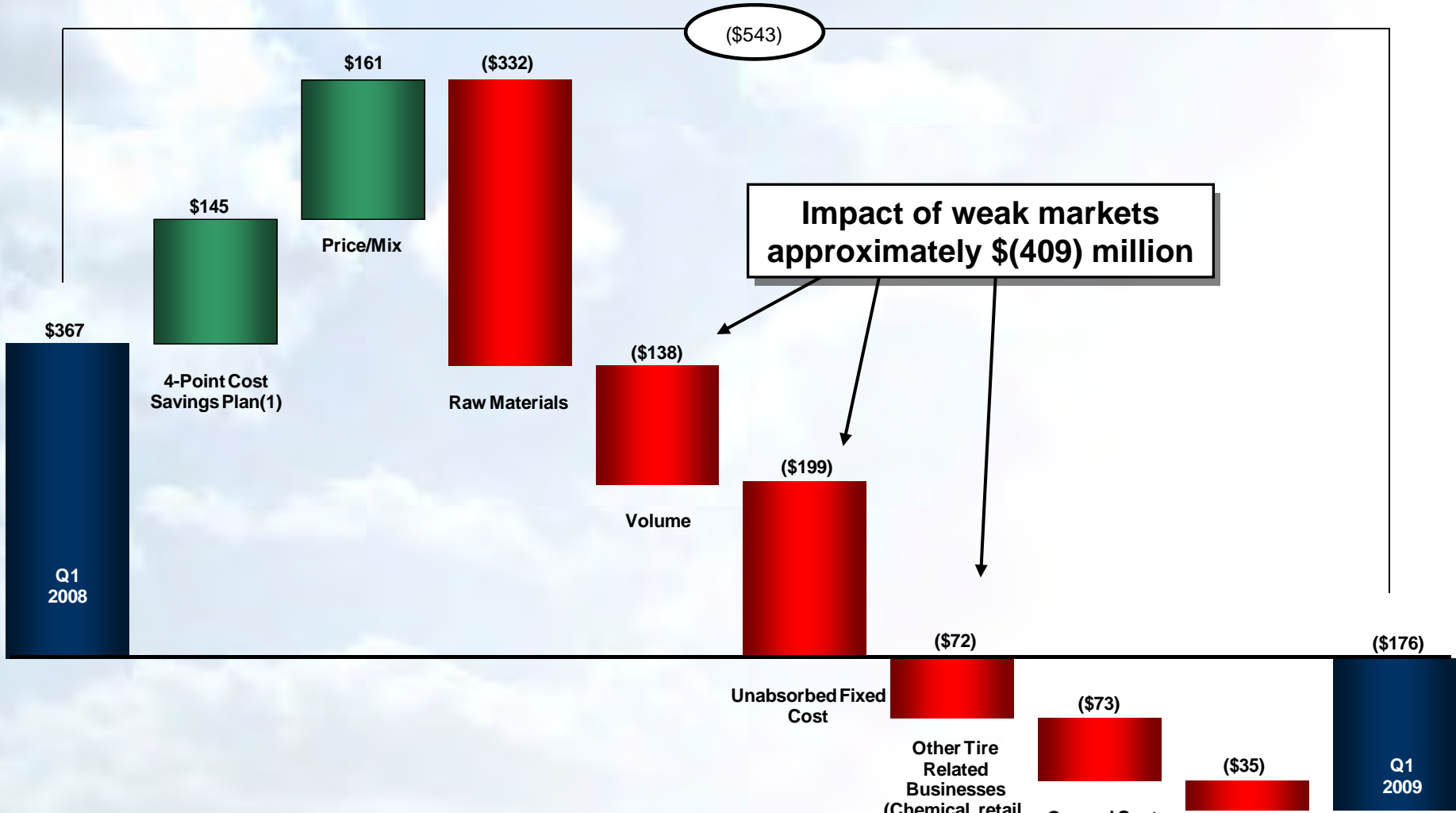
	First Quarter		Change
	2009	2008	
Units	38.4	47.9	-19.8%
Net Sales	\$3,536	\$4,942	-28.5%
Gross Margin	9.0%	19.9%	-10.9 pts
SAG	\$533	\$635	-16.1%
Segment Operating (Loss) Income ^(a)	(\$176)	\$367	-148.0%
Segment Operating Margin ^(a)	-5.0%	7.4%	-12.4 pts
Goodyear Net (Loss) Income	(\$333)	\$147	
Goodyear Net (Loss) Income per Share - Diluted	(\$1.38)	\$0.60	

a) Segment operating income and margin reconciliation in Appendix on page 33.

First Quarter 2009 Segment Operating Results



(\$ in millions)



1. Excludes raw material savings reflected in price/mix net of raw material costs.
 2. Estimated impact of inflation (wages, utilities, energy, transportation, and other).

4-Point Cost Savings Plan Progress



Continuous Improvement / USW savings

- USW Contract Savings
- Business Process Improvements (Productivity, Six Sigma, Lean Manufacturing)
- Manufacturing efficiencies (Staff and shift reductions)
- Leverage Manufacturing Upgrades
- Product Reformulation

Savings by 2009: Approximately \$1.7 billion
Progress to Date: More than \$1.3 billion

Reduce Footprint

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

Plan to reduce additional 15 to 25 million units of capacity over the next 2 years (savings not reflected in 4-point plan)

Savings by 2009: More than \$150 million
Progress to Date: Approx. \$140 million

Low-Cost Country Sourcing

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

Savings by 2009: \$200 – \$300 million
Progress to Date: Approx. \$170 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: More than \$350 million
Progress to Date: Approx. \$250 million

**First Quarter 2009 Savings of \$145 Million and
Approximately \$1.9 Billion Achieved Over Life of Plan**

First Quarter 2009 Balance Sheet



(\$ in millions)

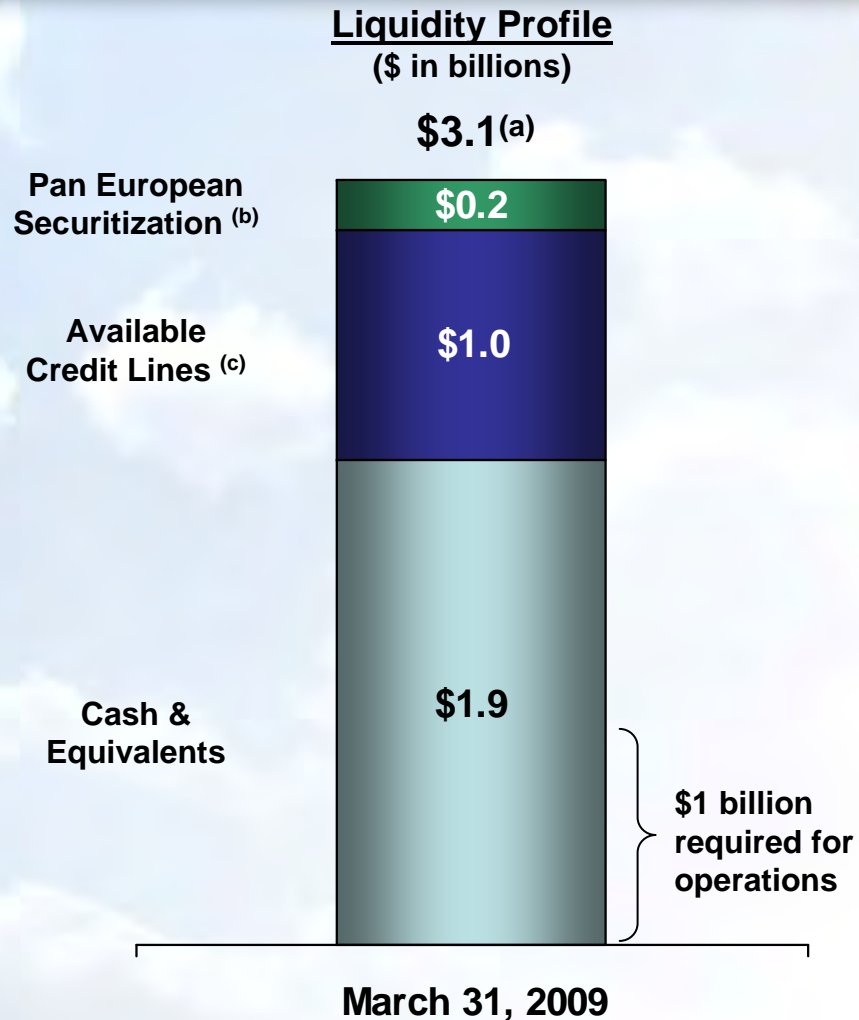
	March 31, 2009	December 31, 2008
Cash and cash equivalents	\$ 1,896	\$ 1,894
Accounts receivable	2,489	2,547
Inventories	3,262	3,592
Accounts payable - trade	(1,989)	(2,509)
Working capital ^(a)	<u>\$ 3,762</u>	<u>\$ 3,630</u>
Total debt ^(b)	\$ 5,526	\$ 4,979
Net debt ^(b)	\$ 3,630	\$ 3,085

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 34.

First Quarter 2009 Liquidity Profile

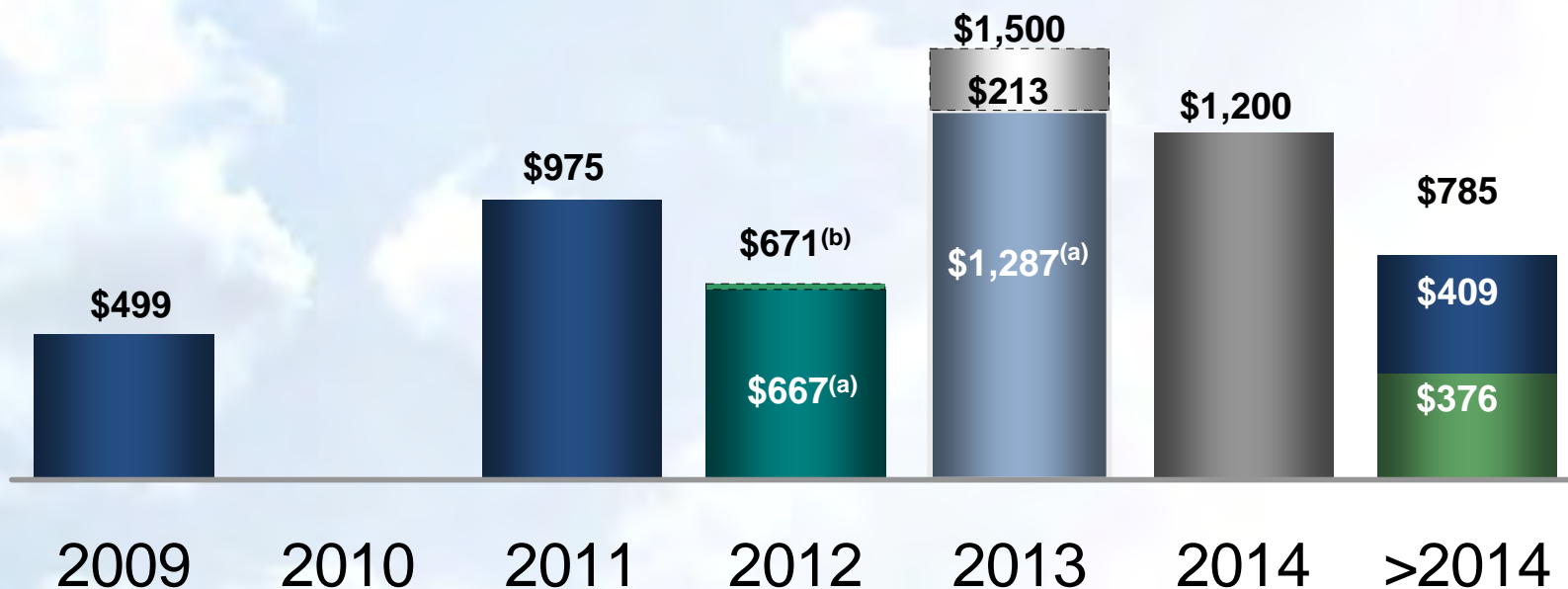


- (a) Total liquidity comprised of \$1,896 million cash and cash equivalents and \$1,001 million of unused availability under various credit agreements.
- (b) Committed Pan-European securitization program of \$598 million (€450 million) subject to available receivables. As of March 31, 2009, \$376 million (€283 million) available and fully utilized.
- (c) Includes approximately \$530 million of financing related to relocation and expansion of manufacturing facility in Dalian, China.

Management for Cash Debt Maturities



(\$ in millions)



- Utilized 1st Lien R/C
- ▨ Undrawn 1st Lien R/C
- 2nd Lien TL
- Bonds
- ▨ Undrawn Euro R/C Facilities
- Utilized Euro R/C Facilities
- Euro A/R Facility

Over 90% of maturities in 2011 and beyond

Note: Based on balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

(a) Includes \$487 million of letters of credit issued under the U.S. revolving credit facility and \$16 million under the European revolving facility.

(b) Includes \$4 million of Undrawn Euro R/C facility

First Quarter 2009 Segment Results



North American Tire

(In millions)

	First Quarter		Change
	2009	2008	
Units	13.9	17.8	-21.9%
Net Sales	\$1,544	\$1,997	-22.7%
Segment Operating Income (Loss)	(\$189)	\$32	
Margin	-12.2%	1.6%	

- **Results reflect weak industry demand**
- **Revenue per tire increased 6%**
- **Raw material increases more than offset price/mix benefits**
- **Goodyear brand continues to gain share**
- **Production cuts of approximately 5 million units**

First Quarter 2009 Segment Results



Europe, Middle East and Africa Tire

(In millions)

	First Quarter		Change
	2009	2008	
Units	16.2	20.0	-18.8%
Net Sales	\$1,268	\$1,950	-35.0%
Segment Operating Income (Loss)	(\$50)	\$172	
Margin	-3.9%	8.8%	

- **Results reflect weak industry demand**
- **Steep decline in commercial markets drove 2% decline in revenue per tire**
- **Maintained branded share performance in difficult consumer markets**
- **Raw material increases more than offset price/mix benefits**
- **Production cuts of approximately 5 million units**

First Quarter 2009 Segment Results



Latin American Tire

(In millions)

	First Quarter		Change
	2009	2008	
Units	4.2	5.2	-19.2%
Net Sales	\$383	\$530	-27.7%
Segment Operating Income	\$48	\$114	-57.9%
Margin	12.5%	21.5%	

- Results reflect weak industry demand
- Revenue per tire increased 10%
- Raw material increases more than offset strong price/mix benefits

First Quarter 2009 Segment Results



Asia Pacific Tire

(In millions)

	First Quarter		Change
	2009	2008	
Units	4.1	4.9	-17.0%
Net Sales	\$341	\$465	-26.7%
Segment Operating Income	\$15	\$49	-69.4%
Margin	4.4%	10.5%	

- **Weak industry demand, especially Australia and New Zealand**
- **Revenue per tire increased 9%**
- **Price/mix benefits offset raw material costs increases**
- **Signs of market recovery in China and India**

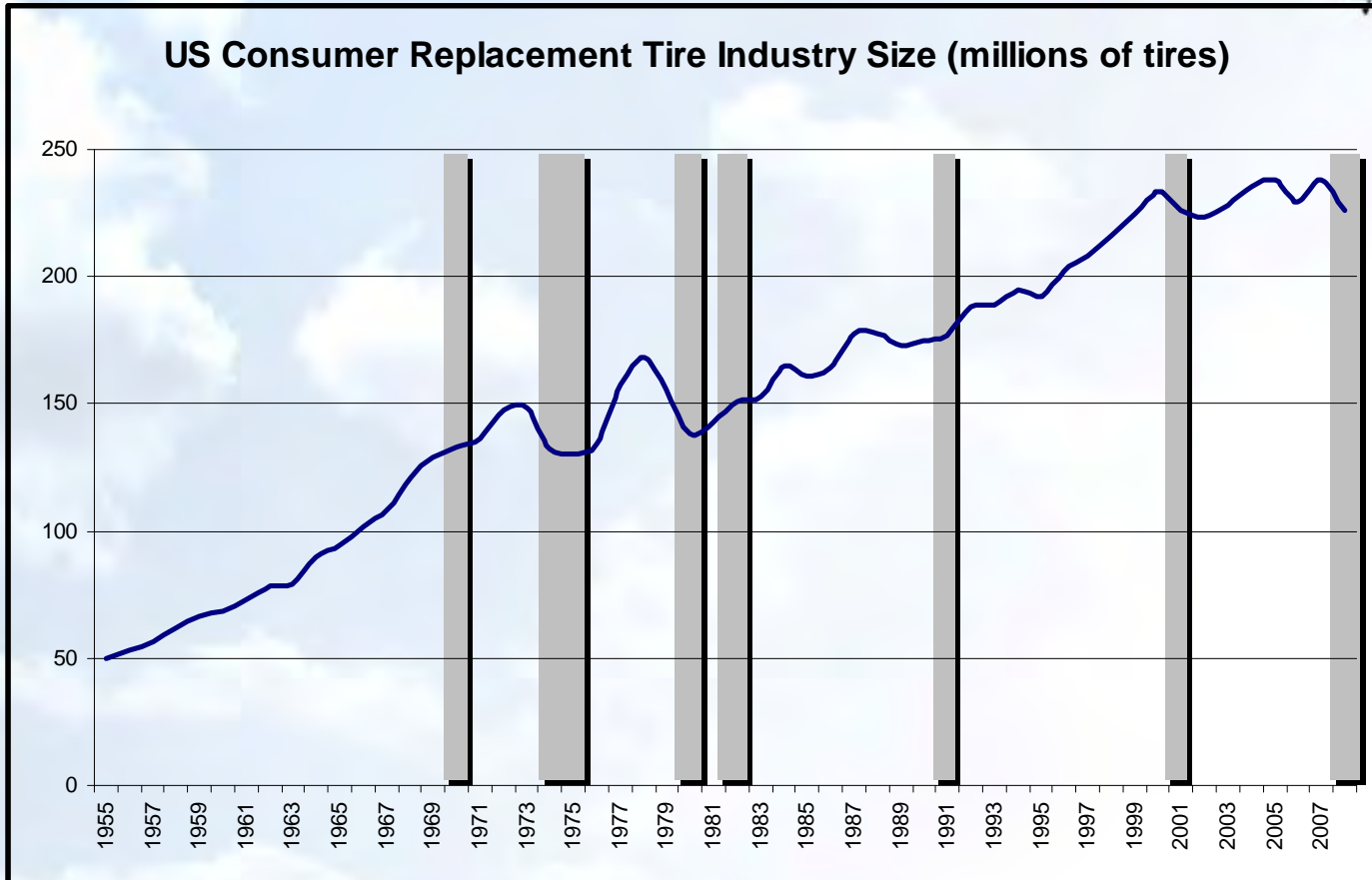


- **Industry environment remains challenging in Q2:**
 - **Additional production cuts of approximately 11 million units**
 - **First half raw material costs expected to increase about 18%**
- **Full year interest expense of \$315 to \$335 million**
- **Tax expense about 25% of international segment operating income**



Appendix

Historical U.S. Consumer Replacement Volumes



*Note: Recessionary periods highlighted in grey.
Source: RMA and company data.*

Demand Patterns Similar in Prior Recessions

First Quarter 2009 Industry Summary



Industry Volumes

(% change versus 2008)

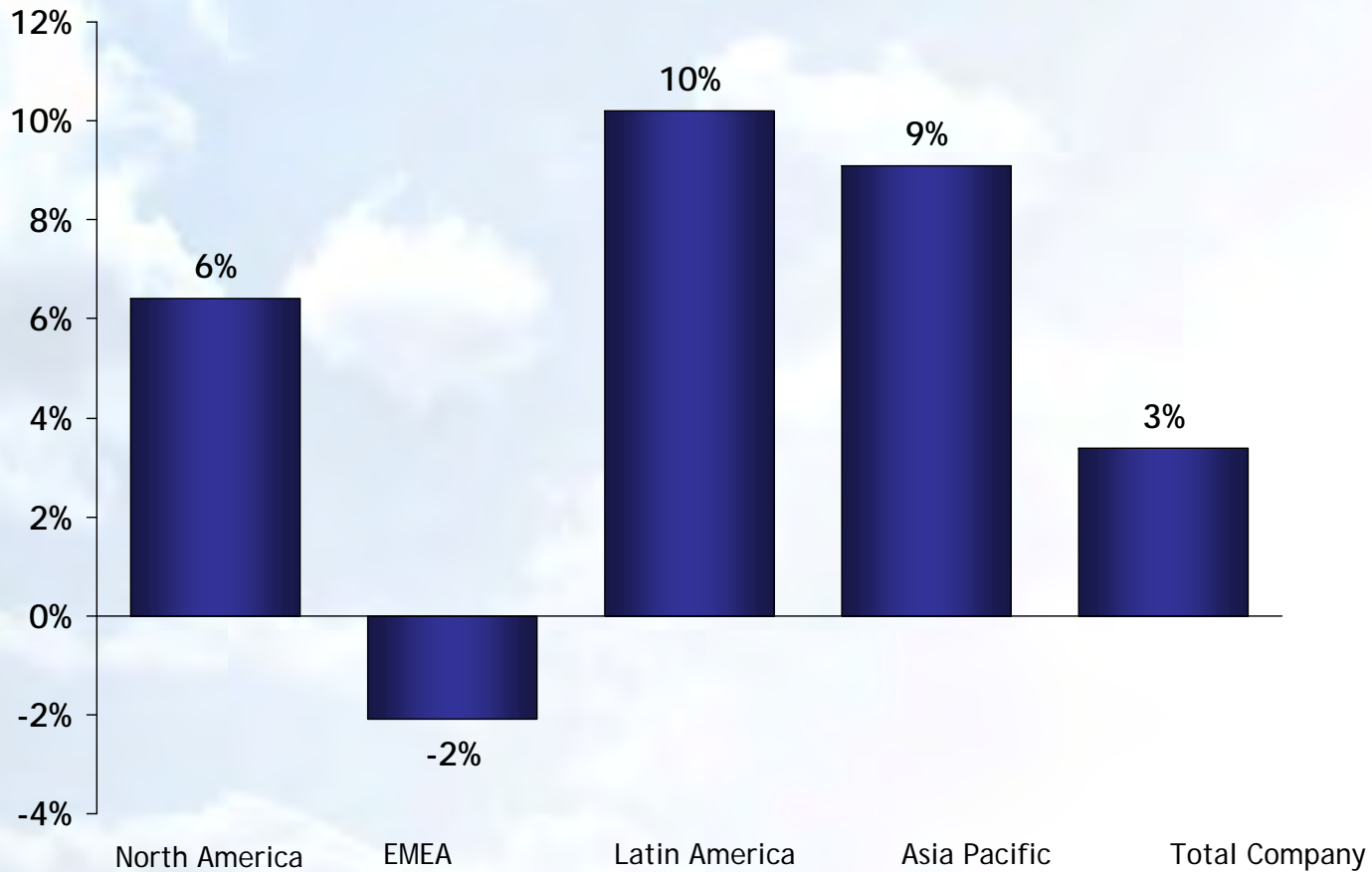
Consumer	Replacement	North America	(12)
		Europe	(4)
	OE	North America	(51)
		Europe	(34)
<hr/>			
Commercial	Replacement	North America	(25)
		Europe	(33)
	OE	North America	(44)
		Europe	(65)

Industry Volumes Declined Significantly in the Quarter

First Quarter 2009 Revenue Per Tire



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

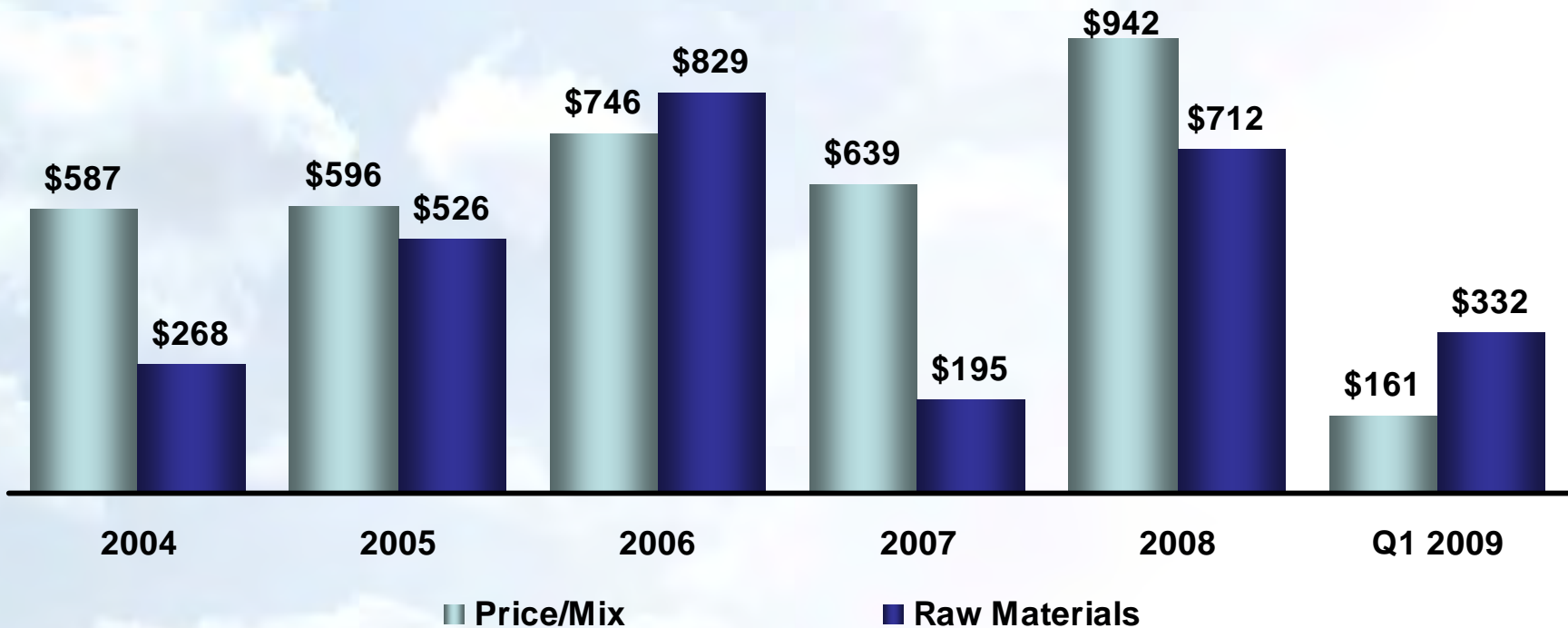


Driven by price/mix improvement

Price/Mix Improvements



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

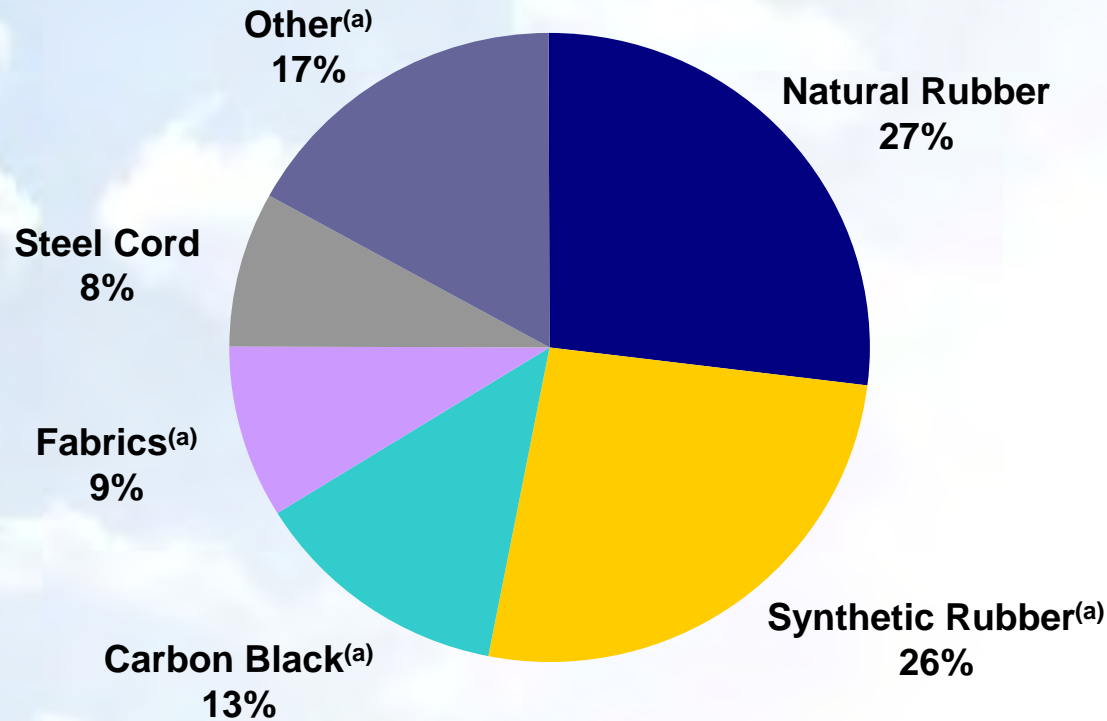


Note: Reflects impact on Segment Operating Income.

Raw Material Cost



Raw material cost breakdown



Note: As of FY 2008.
(a) Dependent upon oil.

Raw materials make up approx. 40% of COGS

First Quarter 2009 Cash Flow



(\$ in millions)

	Three Months Ended	
	March 31, 2009	March 31, 2008
Net (Loss) Income	(\$348)	\$173
Depreciation and amortization ^(a)	155	171
Working capital ^(b)	(100)	(646)
Pension contributions and direct payments	(106)	(53)
Other	74	8
	<hr/>	<hr/>
Total Cash Flows from Operating Activities ^(c)	<u>(\$325)</u>	<u>(\$347)</u>
Memo:		
Capital Expenditures	\$221	\$226

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 on page 35.

Legacy Costs and Interest Expense



(\$ in millions)

	2005	2006	2007	2008	2009E
Global pension contributions and direct payments ^(a)	\$522	\$708	\$719	\$364	\$325 - \$375
.....					
Pension expense (global) ^(b)	\$358	\$388	\$276	\$181	\$375 - \$425
.....					
Postretirement benefit payments	\$259	\$254	\$266	\$216 ^(c)	< \$70
.....					
Postretirement benefit expense ^(b)	\$220	\$205	\$126	\$78 ^(c)	< \$10
.....					
Interest Expense	\$408	\$447	\$450	\$320	\$315 - \$335

(a) 2009E reflects contributions to global pension plans.

(b) Excluding one-time charges.

(c) Reflects settlement of liability related to VEBA funding. Benefit payments do not include \$1 billion contribution to VEBA.

First Quarter Significant Items (after tax and minority interest)



2009

- Rationalizations, asset write-offs and accelerated depreciation, \$57 million (23 cents per share)
- Gain primarily due to tax law changes, \$9 million (4 cents per share)

2008

- Financing fees related to debt repayment, \$43 million (18 cents per share)
- Rationalization charges, \$13 million (5 cents per share)
- Gain on asset sales, \$33 million (13 cents per share)
- Gain on excise tax settlement in Latin America, \$8 million (3 cents per share)

Reconciliation for Segment Operating Income / Margin



Three Months Ended
March 31,

(\$ in millions)

	<u>2009</u>	<u>2008</u>
Total Segment Operating (Loss) Income	(\$176)	\$367
Rationalizations	(55)	(13)
Interest expense	(64)	(89)
Other income and (expense)	(30)	6
Asset write-offs and accelerated depreciation	(10)	-
Corporate incentive compensation plans	6	(4)
Intercompany profit elimination	(26)	(9)
Other	(10)	(8)
(Loss) Income before Income Taxes	<u>(\$365)</u>	<u>\$250</u>
United States and Foreign Taxes	(17)	77
Net (Loss) Income	<u>(\$348)</u>	<u>\$173</u>
Less: Minority Shareholders Net (Loss) Income	(15)	26
Goodyear Net (Loss) Income	<u>(\$333)</u>	<u>\$147</u>
Goodyear Net (Loss) Income	(\$333)	\$147
Sales	\$3,536	\$4,942
Return on Sales	-9.4%	3.0%
Total Segment Operating Margin	-5.0%	7.4%

Reconciliation for Net Debt



(\$ in millions)

	March 31, 2009	December 31, 2008
Long term debt and capital leases	\$ 4,645	\$ 4,132
Notes payable and overdrafts	317	265
Long term debt and capital leases due within one year	<u>564</u>	<u>582</u>
Total debt	\$ 5,526	\$ 4,979
Less: Cash and cash equivalents	<u>1,896</u>	<u>1,894</u>
Net debt	<u><u>\$ 3,630</u></u>	<u><u>\$ 3,085</u></u>
Change in Net Debt vs December 31, 2008	\$ 545	

Reconciliation for Cash Flow



(\$ in millions)

Three Months Ended
March 31,

2009 2008

Cash Flows From Operating Activities:

Net (Loss) Income

\$ (348) \$ 173

Adjustments to reconcile Net (Loss) Income to
cash flows from operating activities:

Depreciation and amortization

152 155

Amortization and write-off of debt issuance costs

3 16

Net rationalization charges

55 13

Net (gains) on asset sales

(1) (33)

Pension contributions and direct payments

(106) (53)

Rationalization payments

(70) (16)

Changes in operating assets and liabilities,
net of asset acquisitions and dispositions:

Accounts receivable

(19) (415)

Inventories

250 (296)

Accounts payable - trade

(331) 65

U.S. and foreign taxes

43 50

Compensation and benefits

96 -

Other current liabilities

(57) (5)

Other assets and liabilities

8 (1)

Total Cash Flows From Operating Activities

\$ (325) \$ (347)



GOODYEAR
Get there™