



GOODYEAR

Third Quarter 2009 Conference Call

October 28, 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



- **Third Quarter Overview**
- **Financial Results & Outlook**
- **Strategy Update**
- **Q&A**

Fuel Efficiency Technology Becoming Global Success



FUELSAVING
TECHNOLOGY

GOODYEAR EfficientGrip

Executive Overview



- **Strong third quarter results**
 - Success of 2009 Top Line, Cost and Cash actions
 - Improving market conditions
 - Lower raw material costs
- **Segment operating income of \$275 million**
 - Results in-line with operating plan
 - Improved vs. prior year despite economic environment and resulting lower volumes
- **Strong cash flow performance driven by working capital improvements**
- **Effective execution of plan to address global economic downturn**

Top Line – Third Quarter



- **Sequential improvement in sales and operating income in all business segments (vs. second quarter)**
 - Record profits in Asia Pacific
- **57 new products September YTD 2009**
 - Achieved target of > 50 in 2009
- **Fuel Max Technology in North America achieves 1 million units sold in record time for HVA tire**
- **Price/mix holding despite significantly lower raw material costs**
 - Net benefit of \$193 million



Top Line actions having desired impact on performance

Top Line – Third Quarter Building Brands



- Excellent results in European winter tire tests
- Walmart WOW Award for best new product launch in category - best among 5,700 suppliers
- Product recommendations:
 - Dunlop Direzza Sport Z1 } First in ultra high performance in *Sports Car* magazine
 - Eagle F1 Asymmetric } Best choice for high performance drivers *Car News* magazine
 - Goodyear Wrangler MTR } Highly recommend by *4x4 Action* magazine
 - Dunlop Grandtrek AT3 }
- Recognized as one of “Greenest big companies in America” by *Newsweek*



Cost Actions – Third Quarter



- **Innovative USW contract**
 - **Cost savings of \$555 million**
 - **Maintains pre-bargain agreements at five USW facilities**
 - **Maintains Union City unprotected status**
 - **Flexibility to improve productivity “within four walls” of facilities**
 - **Replaced defined benefit pension with defined contribution plan for recent hires**
 - **Extended to 4-year agreement**
- **4-Point cost savings plan progress continues**
- **Continue to address footprint actions**
 - **Closed Las Pinas, Philippines plant**

Goodyear taking actions to drive cost structure lower

Cash Initiatives – Third Quarter



- **Operating cash flow positive in Q3**
- **Advantaged Supply Chain improvements**
 - **Inventory down more than \$1 billion year-to-date**
 - **Restructuring NAT logistics network - exiting multiple warehouses in U.S. and Canada**
- **Capex on target with full year plan of \$700 - \$800 million**

**Cash initiatives drove positive cash flow during Q3;
liquidity position improved**

Economic and Industry Environment



- **Global environment continues to improve**
- **Asian markets leading recovery**
- **North America & Latin America continue to stabilize**
- **Europe lagging economically, positive signs emerging**
- **Commercial markets remain weak, except for China**

Market-Oriented Business Model Provides High Confidence in Future



Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

Lower Cost Structure

Cash is King

Recent Success

- Management team proven throughout the business cycle

- New product engine → unmatched speed to market
- 57 new products focused on growing mid-tier segment

- Focused intensely on building dealer's businesses
- Impressive 3rd party recognition supports leading brands
- Driving price/mix

- Strong customer service levels
- Reduces inventory requirements

- Delivering on 4-point cost savings plan
- 2009 USW contract
- Production cuts to reduce inventory
- \$1 billion bond offering



- **Third Quarter Overview**
- **Financial Results & Outlook**
- **Strategy Update**
- **Q&A**

Third Quarter Financial Summary



- **Q3 results reflect**
 - **Industry volumes recovering**
 - **Strong market share performance**
 - **Lower raw materials costs**
 - **Continued inventory reductions**
 - **Executing against operating plan**

Third Quarter 2009 Results

Income Statement



Total Company

(In millions, except Margin and EPS)

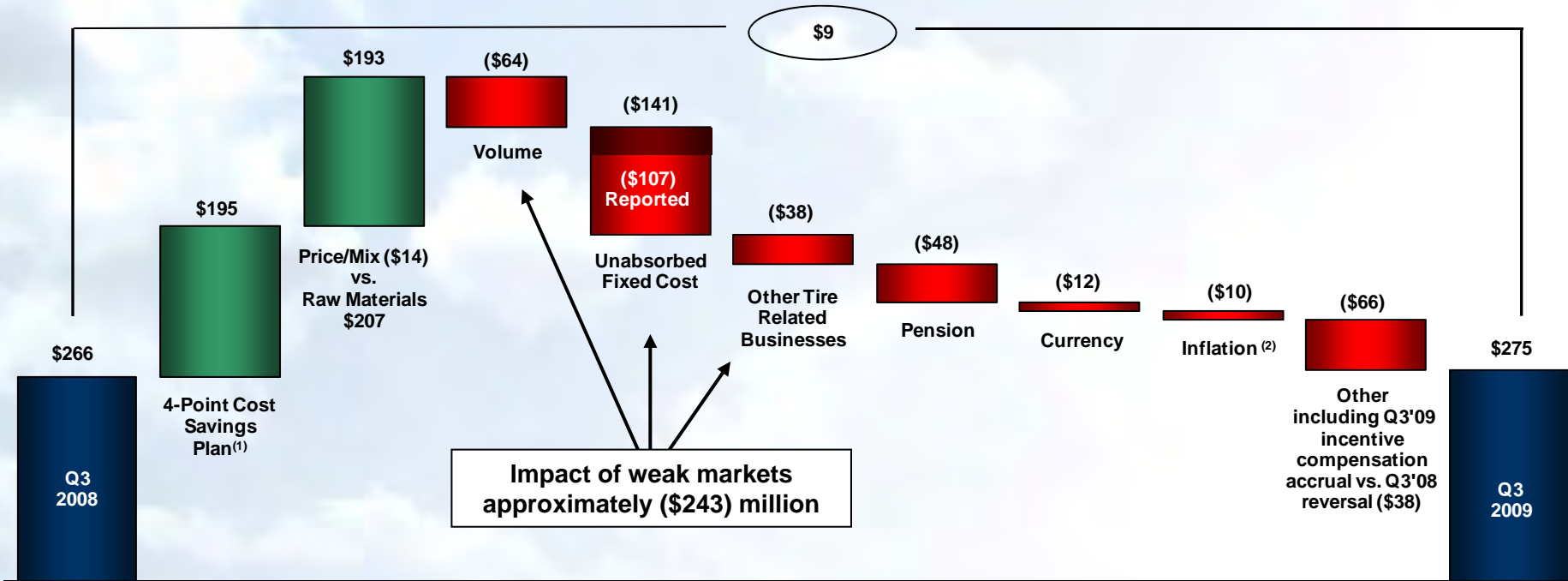
	Third Quarter		Change
	2009	2008	
Units	45.0	48.2	-6.8%
Net Sales	\$4,385	\$5,172	-15.2%
Gross Margin	19.7%	16.6%	3.1 pts
SAG	\$617	\$627	-1.6%
Segment Operating Income ^(a)	\$275	\$266	3.4%
Segment Operating Margin ^(a)	6.3%	5.1%	1.2 pts
Goodyear Net Income	\$72	\$31	
Goodyear Net Income per Share - Diluted	\$0.30	\$0.13	

a) Segment operating income and margin reconciliation in Appendix on page 35.

Third 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 \$1.6 billion

Reduce Footprint

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

Targeted savings by 2009: More than \$150 million
Progress to Date: Approx. \$155 million

Low-Cost Country Sourcing

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

Savings by 2009: \$200 – \$300 million
Progress to Date: Approx. \$230 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. \$345 million

**Third quarter 2009 savings of \$195 million;
on track to achieve target by year-end**

Third Quarter 2009 Balance Sheet

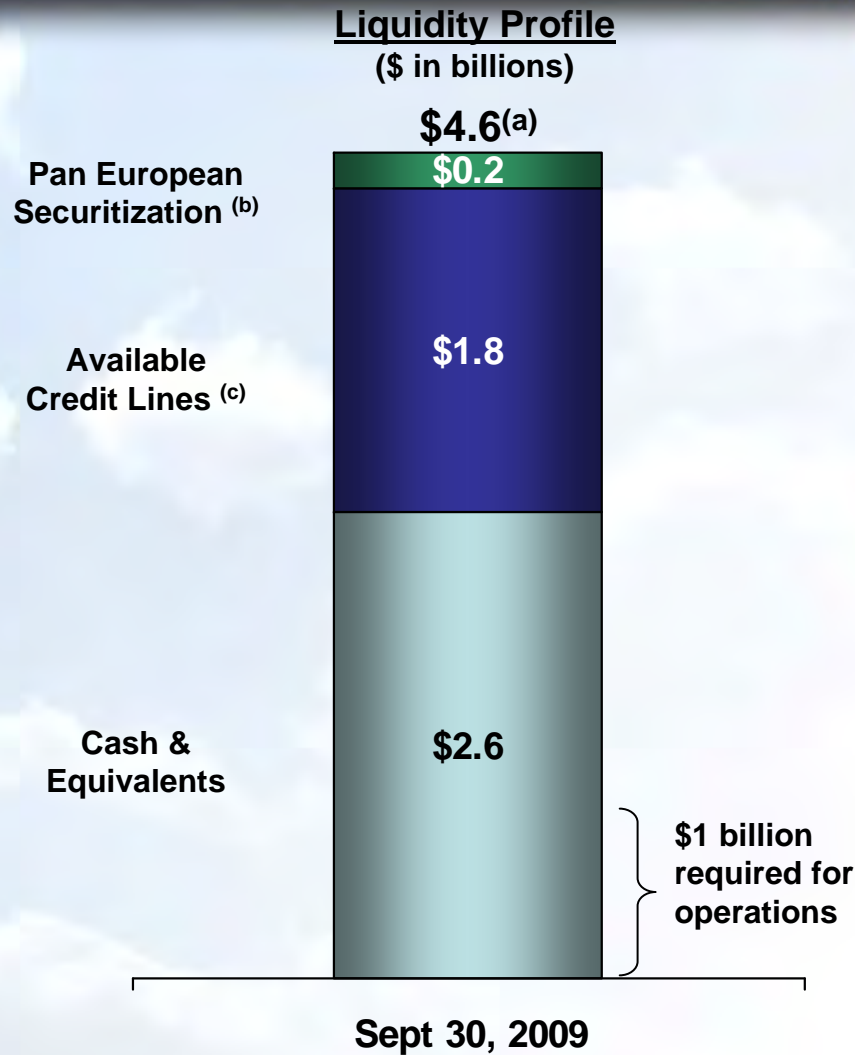


(\$ in millions)

	September 30, 2009	June 30, 2009	December 31, 2008	September 30, 2008
Cash and cash equivalents	\$ 2,590	\$ 2,366	\$ 1,894	\$ 1,606
Accounts receivable	3,065	2,549	2,517	3,681
Inventories	2,543	2,909	3,592	3,860
Accounts payable - trade	(2,042)	(1,928)	(2,529)	(2,634)
Working capital ^(a)	<u>\$ 3,566</u>	<u>\$ 3,530</u>	<u>\$ 3,580</u>	<u>\$ 4,907</u>
Total debt ^(b)	\$ 5,910	\$ 5,849	\$ 4,979	\$ 5,391
Net debt ^(b)	\$ 3,320	\$ 3,483	\$ 3,085	\$ 3,785

a) Working capital represents accounts receivable and inventories, less accounts payable - trade.
b) Total Debt and Net Debt reconciliation in Appendix on page 36.

Third Quarter 2009 Liquidity Profile



- (a) Total liquidity comprised of \$2,590 million cash and cash equivalents, \$1,760 million of unused availability under various credit agreements, and the additional \$179 million committed under the Pan-European securitization program.
- (b) Committed Pan-European securitization program of \$657 million (€450 million) subject to available receivables. As of September 30, 2009, \$478 million (€328 million) available and fully utilized.
- (c) Includes approximately \$530 million of financing related to relocation and expansion of manufacturing facility in Dalian, China.

Third Quarter 2009 Segment Results



North American Tire

(In millions)

	Third Quarter		Change
	2009	2008	
Units	17.1	18.1	-5.4%
Net Sales	\$1,862	\$2,185	-14.8%
Segment Operating Income (Loss)	\$2	(\$19)	
Margin	0.1%	-0.9%	

- **Replacement volumes equal to prior year**
 - Goodyear brand market share gains
- **Steady price/mix combined with lower raw material costs**
 - Some mix pressure (consumer vs. commercial, mid-tier)
- **USW Contract ratified – \$5 million charge in Q3**
- **Production cuts continue**
- **OE volumes remain weak despite “Cash for Clunkers” benefit**

Third Quarter 2009 Segment Results



Europe, Middle East and Africa Tire

(In millions)

	Third Quarter		Change
	2009	2008	
Units	17.8	19.7	-9.2%
Net Sales	\$1,581	\$1,936	-18.3%
Segment Operating Income	\$106	\$134	-20.9%
Margin	6.7%	6.9%	

- **Industry demand improved vs. Q2; remained down vs. prior year**
 - Winter tire market improved year-over-year
- **OE volume remains weak despite government stimulus**
- **Steady price/mix combined with lower raw material costs**
- **Some mix pressure (consumer vs. commercial, geographic)**
- **Production cuts continue**

Third Quarter 2009 Segment Results



Latin American Tire

(In millions)

	Third Quarter		Change
	2009	2008	
Units	5.0	5.3	-7.2%
Net Sales	\$486	\$581	-16.4%
Segment Operating Income	\$99	\$101	-2.0%
Margin	20.4%	17.4%	

- **Consumer OE demand strengthens**
- **Continued weak commercial demand**
- **Price/mix improvement along with lower raw material costs**
- **Production cuts continue**

Third Quarter 2009 Segment Results



Asia Pacific Tire

(In millions)

	Third Quarter		Change
	2009	2008	
Units	5.1	5.1	-2.2%
Net Sales	\$456	\$470	-3.0%
Segment Operating Income	\$68	\$50	36.0%
Margin	14.9%	10.6%	

- Record segment operating income
- Strong recovery in China
- Australia stabilizing
- Price/mix improvement along with lower raw material costs
- Las Pinas, Philippines facility closed (2 million units)



Q4'09

- **Expect recovery to continue - significant improvement versus prior year**
- **Compared with Q3'09**
 - **North America SOI lower than Q3**
 - **Seasonal volume declines**
 - **Sequential increase in raw materials**
 - **Timing of recognition of unabsorbed fixed cost**
 - **International operations SOI similar to Q3 (in aggregate)**

2009

- **Full year interest expense of \$310 - \$325 million**
- **Tax expense about 25% of international segment operating income**

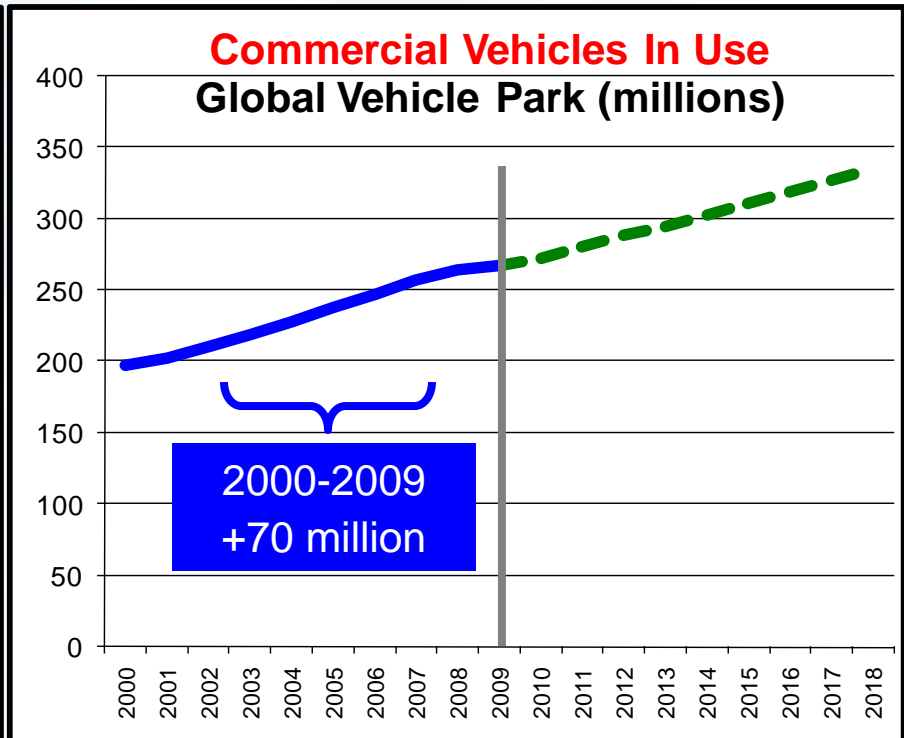
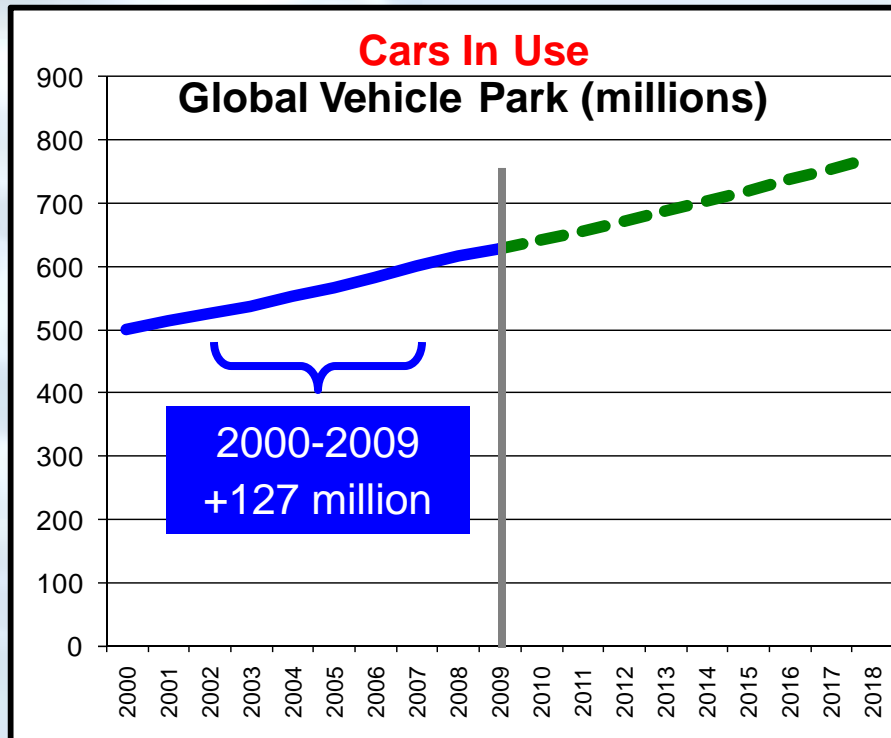


- **Third Quarter Overview**
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End Markets Continue To Grow Steadily



Global demographics will drive continued expansion in both global Consumer and Commercial tire industry

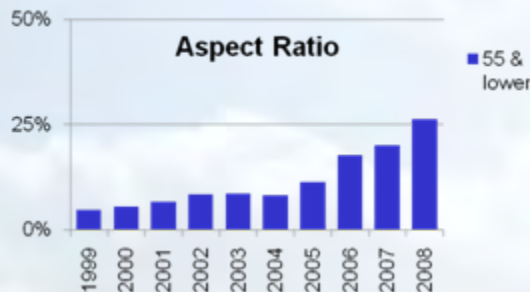
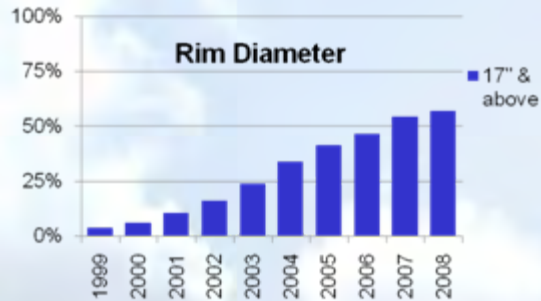


More vehicles = More tires needed = More tires sold (for global players)

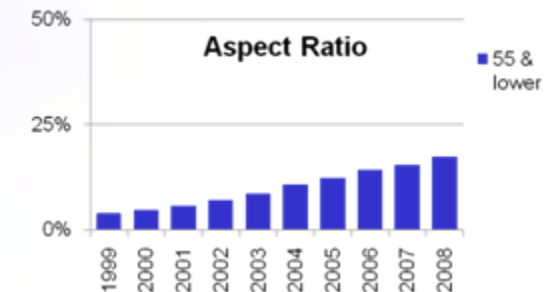
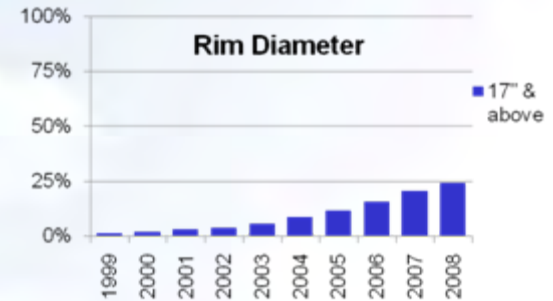
HVA Mix Trends (U.S. Market)



OE Market



Replacement Market



Consumer demand for HVA tires rising as car design/technology evolves

Pursuing Attractive Market & Business Opportunities Globally



Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

Lower Cost Structure

Cash is King

Drivers of Further Competitive Advantage

- Management team proven throughout the business cycle
- Continue to strengthen team with internal and external candidates
- New product engine → unmatched speed to market
- Migrating technology into new products/segments – enlarging the addressable market
- Entering 63” OTR market end of 2010
- Focused intensely on building dealer’s businesses
- Customer channel management – “Winning with the winners”
- Ability to leverage leading brands and market share
- Driving price/mix
- Improving service levels
- Reduced inventory requirements
- Improving supply chain competencies
- Implementing lean processes (Goodyear Operating System)
- Cost structure improvements will continue, including USW savings
- Additional 15 - 25 million units reduction in high cost capacity
- Leverage strong position in emerging markets as markets grow
- Commercial truck’s leading product and service portfolio leveraged as markets rebound



Appendix

Price/Mix Improvements



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

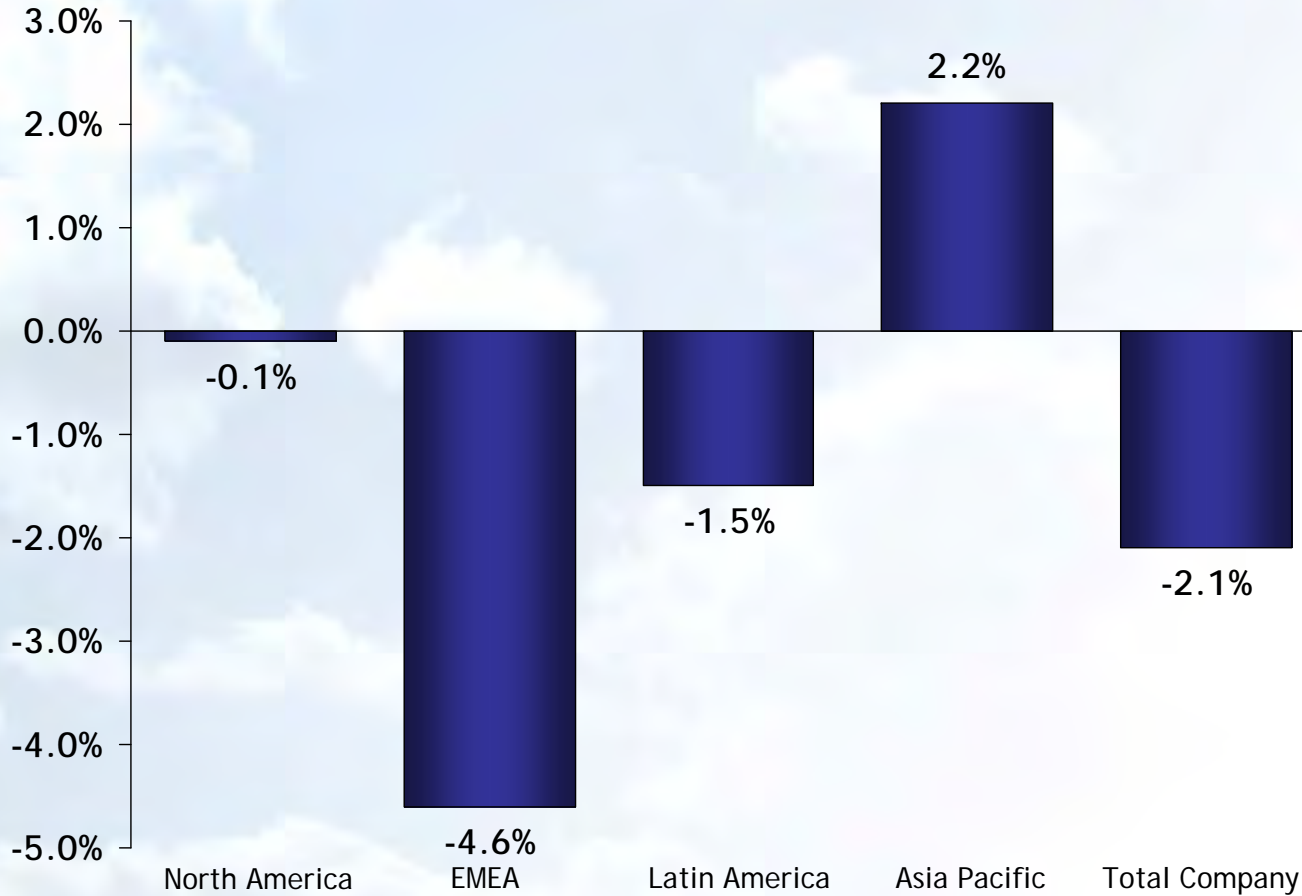


Note: Reflects impact on Segment Operating Income.

Third Quarter 2009 Revenue Per Tire



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



Mix due to weak commercial markets impacting revenue per tire

Year-to-Date 2009 Cash Flow



(\$ in millions)

	Nine Months Ended	
	September 30, 2009	September 30, 2008
Net (Loss) Income	(\$499)	\$318
Depreciation and amortization ^(a)	485	517
Working capital ^(b)	287	(1,167)
Pension contributions and direct payments	(304)	(297)
VEBA funding	-	(980)
Other (including compensation and benefits)	460	208
	<hr/>	<hr/>
Total Cash Flows from Operating Activities ^(c)	<u>\$429</u>	<u>(\$1,401)</u>
Memo:		
Capital Expenditures	\$502	\$771

a) Includes amortization and write-off of debt issuance costs.

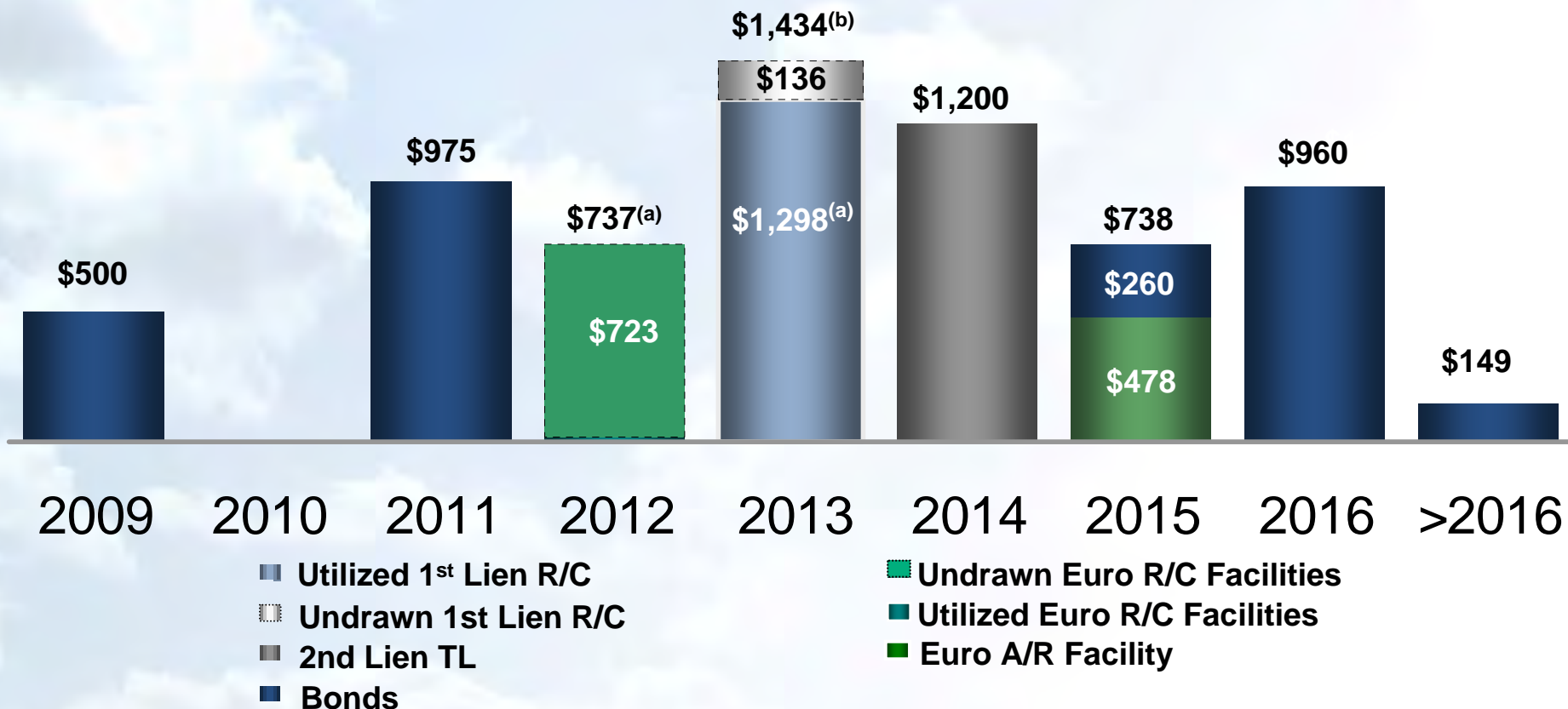
b) Working capital represents accounts receivable and inventories, less accounts payable – trade.

c) Cash flows from operations reconciliation on page 37.

Management for Cash Debt Maturities



(\$ in millions)



May 2009 bond issuance addresses December 2009 maturity

Note: Based on balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.
 (a) Includes \$498 million of letters of credit issued under the U.S. revolving credit facility and \$14 million under the European revolving facility.
 (b) Borrowing base reduced by \$66 million at September 30, 2009.

Legacy Costs and Interest Expense



Total Company - 3rd Quarter 2009

(\$ in millions)

	2005	2006	2007	2008	2009E
Global pension contributions and direct payments ^(a)	\$522	\$708	\$719	\$364	\$300 - \$325
.....					
Pension expense (global) ^(b)	\$358	\$388	\$276	\$181	\$375 - \$400
.....					
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	\$310 - \$325

(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.

Third Quarter Significant Items (after-taxes and minority interest)



2009

- Rationalizations, asset write-offs and accelerated depreciation, \$29 million (12 cents per share)
- Non-cash loss on liquidation of a subsidiary in Guatemala, \$18 million (8 cents per share)
- Charge to correct first-half earnings attributable to minority shareholders, \$9 million (4 cents per share)
- Expenses related to the company's new USW labor contract, \$5 million (2 cents per share)
- Net tax-related benefits, \$22 million (8 cents per share)
- Gain on asset sales, \$6 million (3 cents per share)

2008

- Net rationalization charges and accelerated depreciation, \$46 million (19 cents per share)
- Loss on settlement of postretirement healthcare obligations in connection with the establishment of a Voluntary Employees' Beneficiary Association (VEBA), \$13 million (5 cents per share)
- Expenses related to Hurricanes Gustav and Ike, \$7 million (3 cents per share)
- Discrete net tax charges related primarily to German operations, \$6 million (2 cents per share)
- Charges related to the exit of Moroccan business, \$5 million (2 cents per share)
- Gain on asset sales, \$2 million (1 cent per share)

Reconciliation for Segment Operating Income / Margin



(\$ in millions)

Three Months Ended
September 30,

	<u>2009</u>	<u>2008</u>
Total Segment Operating Income	\$275	\$266
Rationalizations	(16)	(34)
Interest expense	(85)	(73)
Other income and (expense)	(4)	(4)
Asset write-offs and accelerated depreciation	(18)	(13)
Corporate incentive compensation plans	(15)	7
Intercompany profit elimination	16	7
Curtailments/Settlements	-	(11)
Other	(13)	(27)
Income before Income Taxes	<u>\$140</u>	<u>\$118</u>
United States and Foreign Taxes Expense	38	66
Net Income	<u>\$102</u>	<u>\$52</u>
Less: Minority Shareholders Net Income	30	21
Goodyear Net Income	<u>\$72</u>	<u>\$31</u>
Goodyear Net Income	\$72	\$31
Sales	\$4,385	\$5,172
Return on Sales	1.6%	0.6%

Reconciliation for Net Debt



(\$ in millions)

	<u>September 30, 2009</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>
Long term debt and capital leases	\$5,020	\$4,940	\$4,132	\$5,035
Notes payable and overdrafts	243	275	265	276
Long term debt and capital leases due within one year	<u>647</u>	<u>634</u>	<u>582</u>	<u>80</u>
Total debt	\$5,910	\$5,849	\$4,979	\$5,391
Less: Cash and cash equivalents	<u>2,590</u>	<u>2,366</u>	<u>1,894</u>	<u>1,606</u>
Net debt	<u><u>\$3,320</u></u>	<u><u>\$3,483</u></u>	<u><u>\$3,085</u></u>	<u><u>\$3,785</u></u>
Change in Net Debt vs December 31, 2008	\$ 235			

Reconciliation for Cash Flow



(\$ in millions)

Cash Flows From Operating Activities:

Net (Loss) Income

**Nine Months Ended
September 30,
2009 2008**

\$ (499) \$ 318

Adjustments to reconcile Income from continuing operations
to cash flows from operating activities:

Depreciation and amortization	471	494
Amortization and write-off of debt issuance costs	14	23
Net rationalization charges	207	134
Net losses (gains) on asset sales	33	(41)
VEBA funding	-	(980)
Pension contributions and direct payments	(304)	(297)
Rationalization payments	(183)	(57)
Accounts receivable	(419)	(687)
Inventories	1,160	(818)
Accounts payable - trade	(454)	338
Compensation and benefits	312	83
Other current liabilities	82	(14)
Other long term liabilities	10	47
Prepaid and other current assets	1	(39)
Other assets and liabilities	(2)	95

Total Cash Flows From Operating Activities

\$ 429 \$ (1,401)



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