



GOODYEAR

Third Quarter 2008 Conference Call

November 3, 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; 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.

Agenda



- **Executive Overview / Highlights**
- **Business Discussion**
- **Financial Results**
- **Industry Outlook**
- **Q&A**

Executive Overview



- **Solid third quarter results:**
 - Performance contributes to strong year-to-date results
 - Demonstrates execution of business strategies, including success of contingency actions
- **Economic and industry pressures have intensified:**
 - Segment results reflect economic reality of weakened industry demand
- **Goodyear taking proactive measures to optimize performance:**
 - New product initiatives
 - Aggressive cost and productivity actions
 - Manufacturing plan changes
 - Modification of near-term investment plans
 - Leveraging off-highway growth

Actions being taken to address near-term environment can be leveraged further once industry conditions improve

Third Quarter 2008 Highlights



- **Record third quarter revenue at \$5.2 billion**
- **Revenue per tire increased 8% year-over-year**
- **Maintained positive trend of price/mix improvement – offset raw materials increases of 16%**
- **Strong emerging market sales growth of 16%**
- **4-Point cost savings plan progress**
- **VEBA funding removes significant OPEB liability**
- **Goodyear/Dunlop dominate European winter test results**

European Winter Test Results



Magazine “Test Winner” Comments

ADAC Motorwelt (October 2008)

- Goodyear UltraGrip 7+: *“Very well-balanced tire. Best results on wet, good also on dry roads, low wear.”*

AutoBild (September 2008)

- Dunlop SP Winter Sport 3D: *“Well-balanced all-round talent with superior winter capabilities and a good performance on wet and dry roads.”*
- Goodyear UltraGrip Performance 2: *“All-round talent with excellent winter capabilities and a good performance on wet and dry roads.”*

Powercar (October 2008)

- Dunlop SP Winter Sport 3D: *“The Dunlop is the test winner because of its well-balanced performance. The Winter Sport 3D shows brilliant results on rain-soaked roads.”*

AutoZeitung (October 2008)

- Dunlop SP Winter Response: *“Shows very good performance under all conditions. Logical consequence: The Dunlop is the test winner.”*



Market Challenges



- **Economic environment impacting consumer demand trends:**
 - Miles driven
 - Spending
 - Purchase deferrals
 - Preferences
- **Impact of economic factors and consumer trends on third quarter industry demand varied by region, highlighted by:**

North America:	<ul style="list-style-type: none">▪ Industry volumes continued at very weak levels▪ Goodyear brand share improved
EMEA:	<ul style="list-style-type: none">▪ Industry demand softened▪ Share improvement in key segments and in Goodyear/Dunlop brands
Latin America:	<ul style="list-style-type: none">▪ Profitable growth impacted by reduced demand in Brazil and continued weakness in Mexico▪ New wave of product introductions
Asia Pacific:	<ul style="list-style-type: none">▪ Higher unit sales of 7.1% drove record third quarter profit▪ Australia and New Zealand industry demand remained weak

- **Cost pressures related to lower industry demand (unabsorbed fixed costs), higher raw material costs and general inflation continue to negatively impact results**

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

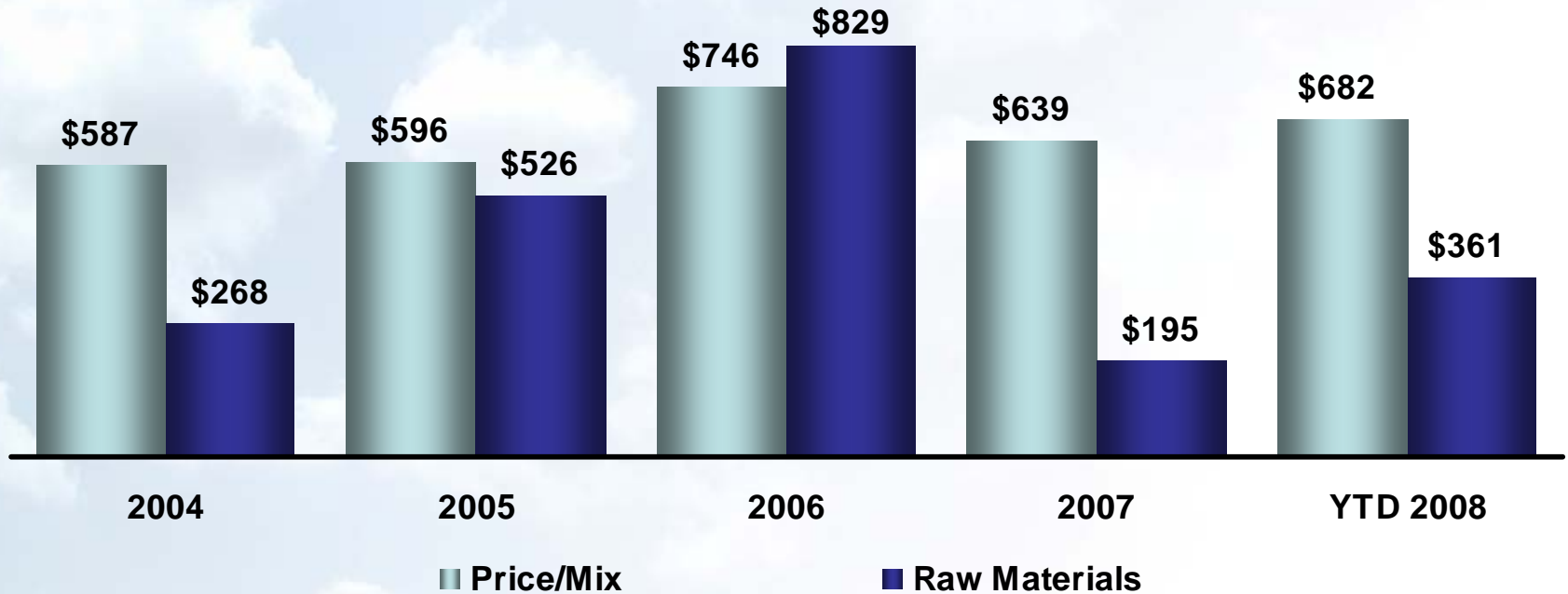
- Drive efficiency in all parts of the business
- Upgrade existing facilities to HVA
- Target / investment for high-growth markets
- Exit non-strategic businesses
- Reduce high-cost footprint / expand low-cost
- Low-cost sourcing / procurement
- VEBA / USW contract

Cash is King

Price/Mix Improvements



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



Note: Reflects impact on Segment Operating Income.

Revving the Product Engine



OptiGripTM



- Capitalize on HVA market opportunities
- Increase pace of new product offerings
- Introduce new technologies:
 - SmartWear Technology for Europe’s OptiGrip tire
 - Leverage commercial fuel-efficient applications

“a revolutionary new technology set to change the face of tire wear for years to come” (a)

New Products in '09 will take Goodyear’s capabilities to the next level

4-Point Plan Continues to Deliver



- **Industry's most comprehensive restructuring program**
- **Recent actions announced:**
 - **VEBA funding**
 - **Australian plant closure**
 - **Closure of 92 retail stores**
- **Expect savings significantly over the plan's targeted cost savings of \$2 billion**

“Cash is King” Strategy



- **Production cutbacks with aggressive inventory targets**
- **Adjusting pace of capital investments**
- **Maintaining tight control of receivables**
- **Severely limiting spending**

Summary Comments



- **Confident in Goodyear's ability to drive performance in this environment:**
 - Proven track record
 - Strength of business model
 - Continue to drive toward Next Stage Metrics
 - Taking actions to optimize performance
- **Moving forward with business strategies**
- **Continue to develop contingency actions and remain highly flexible in approach**

Third Quarter Financial Summary



- **Key Takeaways:**
 - **Weak industry demand impacting both sales and costs**
 - **Price/mix offset higher raw material costs**
 - **Earnings growth in Latin America and Asia Pacific**
 - **Liquidity position remains strong**
 - **Taking actions to drive performance (earnings, cash flow)**

Third Quarter 2008 Performance

Income Statement



Total Company

(In millions, except Margin and EPS)

	Third Quarter		Change
	2008	2007	
Units	48.2	51.7	-6.7%
Net Sales	\$5,172	\$5,064	2.1%
Gross Margin	16.6%	20.0%	-3.4 pts
SAG	\$627	\$670	-6.4%
Segment Operating Income ^(a)	\$266	\$382	-30.4%
Segment Operating Margin ^(a)	5.1%	7.5%	-2.4 pts
Income from Continuing Operations	\$31	\$159	
Income per Share from Continuing Operations - Diluted	\$0.13	\$0.67	

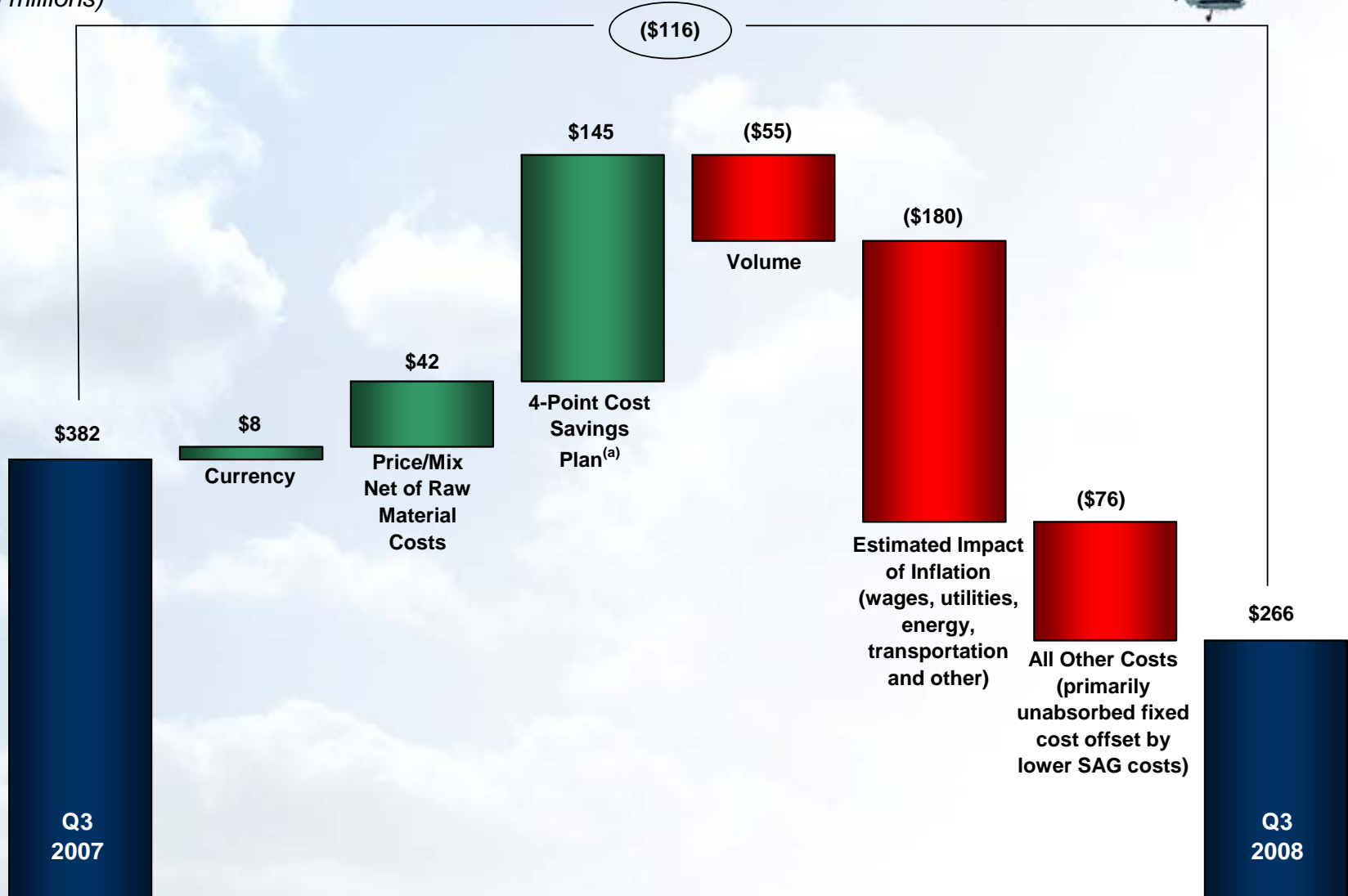
a) Segment operating income and margin reconciliation in Appendix on page 36.

Third 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: Approx. \$1.1 billion

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

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
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

**Target raised to more than \$2.0 billion in gross cost savings over 4 years;
Savings of approximately \$1.6 billion realized to date**

Third Quarter 2008 Performance



North American Tire

(In millions)

	Third Quarter		Change
	2008	2007	
Units	18.1	20.7	-12.4%
Net Sales	\$2,185	\$2,285	-4.4%
Segment Operating Income	(\$19)	\$66	

- Revenue per tire increased 11%
- Weak industry demand continues to impact sales and cost (unabsorbed fixed costs)
- Goodyear brand continues to gain share
- Significant price/mix improvements offset raw materials
- Manufacturing input costs (transportation, energy, wages) significantly higher

Third Quarter 2008 Performance



Europe, Middle East and Africa Tire

(In millions)

	Third Quarter		Change
	2008	2007	
Units	19.7	20.7	-5.1%
Net Sales	\$1,936	\$1,864	3.9%
Segment Operating Income	\$134	\$176	-23.9%

- **Solid revenue per tire growth**
- **Weak industry demand continues to impact sales and cost (unabsorbed fixed costs)**
- **Price/mix improvement more than offset raw materials**
- **Gaining share in targeted segments and in premium brands**

Third Quarter 2008 Performance



Latin American Tire

(In millions)

	Third Quarter		Change
	2008	2007	
Units	5.3	5.5	-3.4%
Net Sales	\$581	\$491	18.3%
Segment Operating Income	\$101	\$99	2.0%

- **Strong net sales and profit growth despite lower volumes**
- **Price/mix more than offset raw materials**
- **High general cost inflation**
- **Strong revenue per tire growth**

Third Quarter 2008 Performance



Asia Pacific Tire

(In millions)

	Third Quarter		Change
	2008	2007	
Units	5.1	4.8	7.1%
Net Sales	\$470	\$424	10.8%
Segment Operating Income	\$50	\$41	22.0%

- **Strong growth in sales and segment operating income**
- **Higher unit volumes despite industry weakness in Australia and New Zealand and slower growth in China**
- **Price/mix improvements more than offset raw material cost increases**

Investment Plan Changes



- **Strength of HVA and emerging market growth continue to drive investment strategies → High-return investment (IRR >25%)**
- **Adjusting pace of investments to reflect current market conditions**
- **Investment plan changes include:**
 - **Slowing new equipment installations**
 - **Delaying expansions to match market timing**
 - **Lowering near-term capital expenditures**

Raw Material Impact



- **Raw material prices remain highly volatile:**
 - Changing demand environment
 - Impact of currency fluctuations
- **Goodyear experiences a 3 to 6 month lag between purchases and income statement impact**
- **Impact to Goodyear will be significant for next two quarters (peaking in Q1'09)**
- **Raw material impact should begin to improve mid-2009**

Year-to-Date 2008 Balance Sheet



(\$ in millions)

	September 30, 2008	December 31, 2007	September 30, 2007
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 ^(a)	<u>\$ 4,939</u>	<u>\$ 3,845</u>	<u>\$ 4,648</u>
Total debt ^(b)	\$ 5,391	\$ 4,725	\$ 5,057
Net debt ^(b)	\$ 3,785	\$ 1,262	\$ 2,124

Note: Reflects continuing operations only.

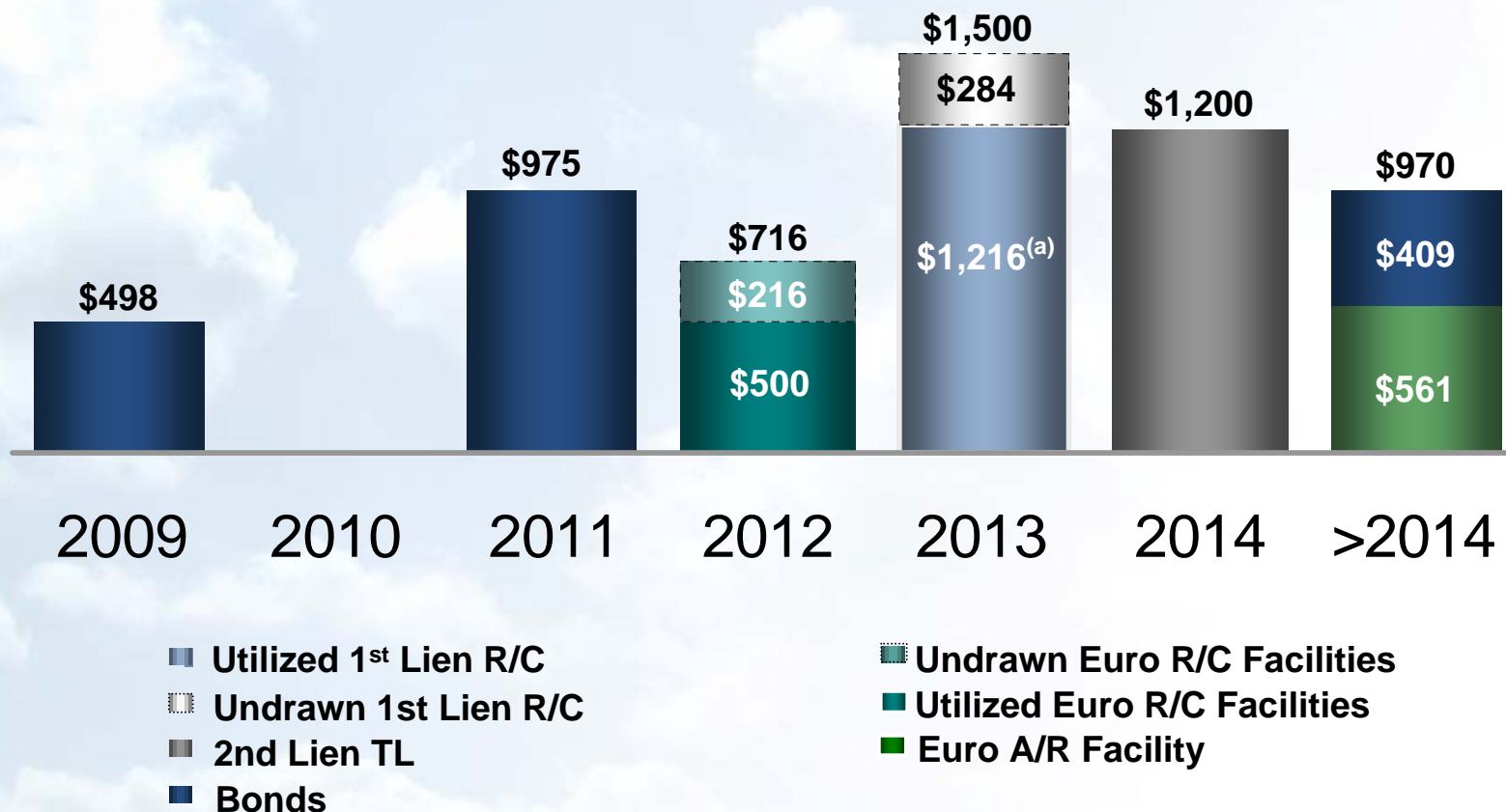
a) Working capital represents accounts receivable and inventories, less accounts payable - trade.

b) Total Debt and Net Debt reconciliation in Appendix on page 37.

Debt Maturities



(\$ in millions)



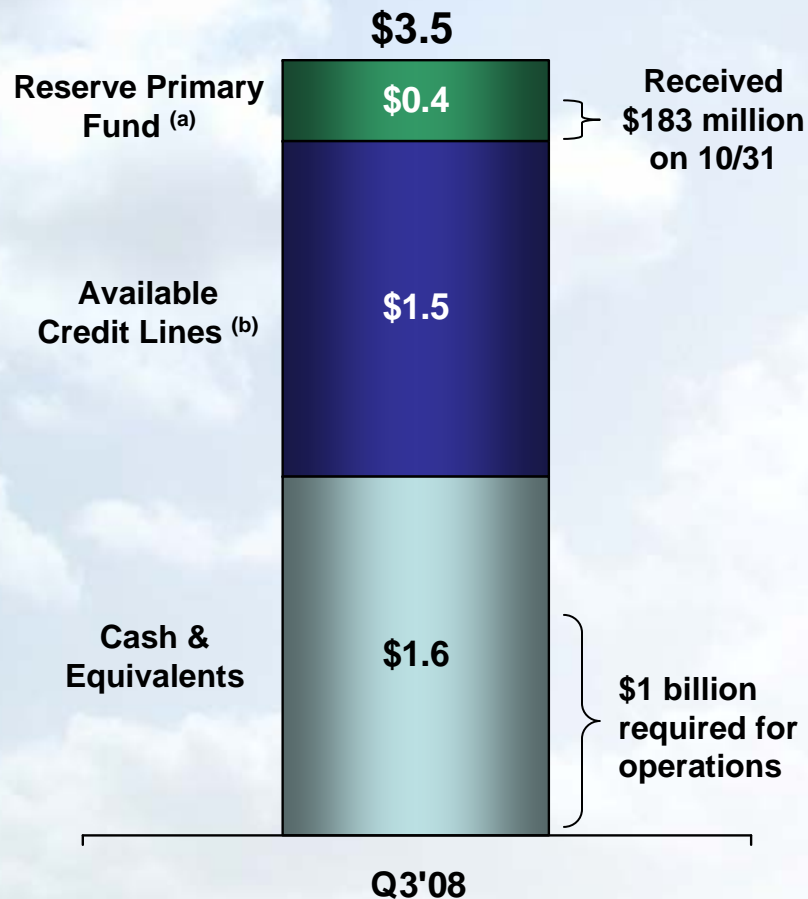
Over 90% of maturities in 2011 and beyond

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.

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
 - Expect significant inflow in Q4, similar to previous years
 - Announced production cuts will further improve working capital

(a)
(b)

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

2008 Industry Outlook



2008 Industry Outlook	Original Equipment		Replacement	
	Consumer	Commercial	Consumer	Commercial
North America:	(20)% - (18)%	(16)% - (14)%	(3)%	(7)% - (6)%
Europe:	(4)% - (2)%	4% - 6%	(5)% - (4)%	(9)% - (7)%

- **Full Year 2008**

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

Looking Beyond 2008

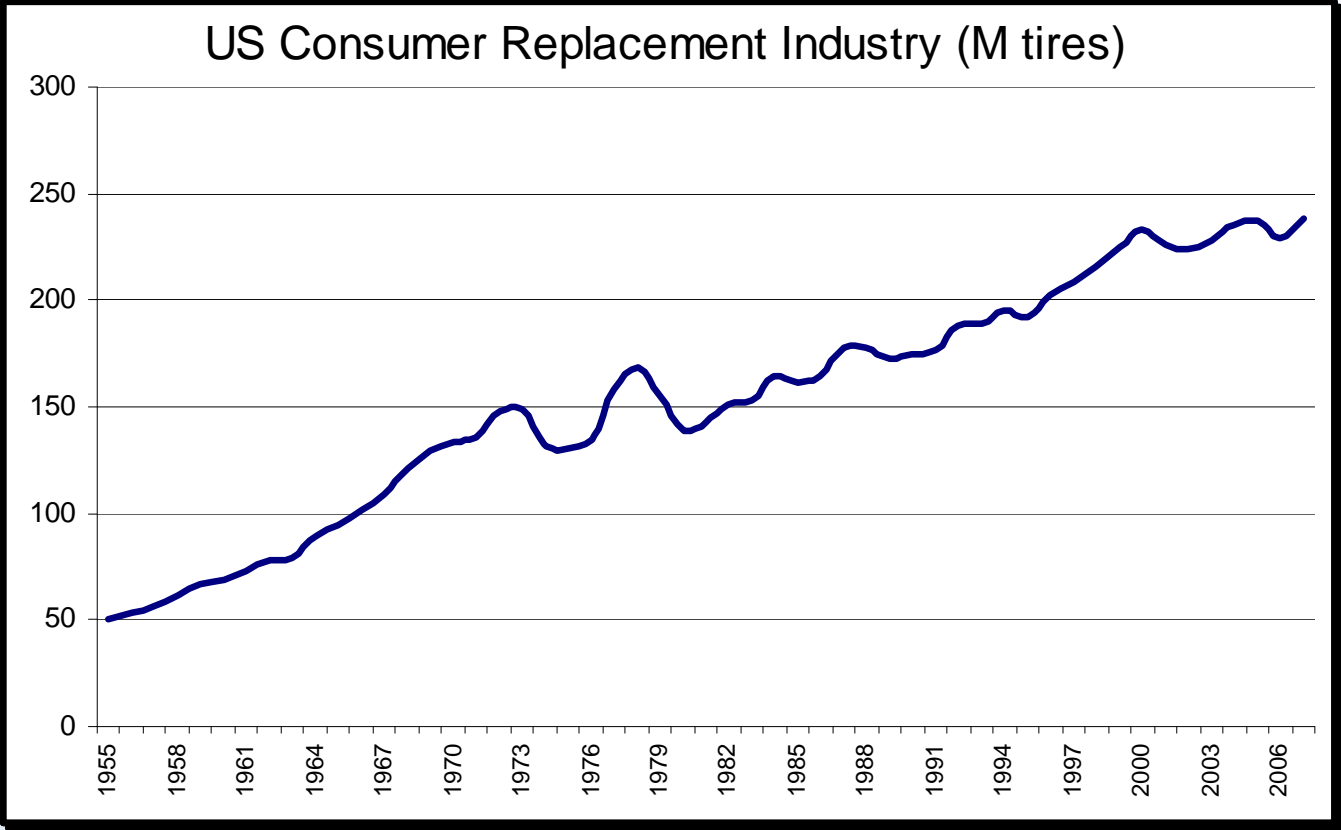


- **High level of uncertainty given impact of global economic slow-down:**
 - Demand signals indicate challenging environment
 - Building contingency plans to address multiple demand scenarios
 - Plan to manage production output and costs aggressively for the foreseeable future
- **Taking actions to reduce capital investments**
- **Managing the business to maximize cash flow performance**



Appendix

Historical U.S. Consumer Replacement Volumes

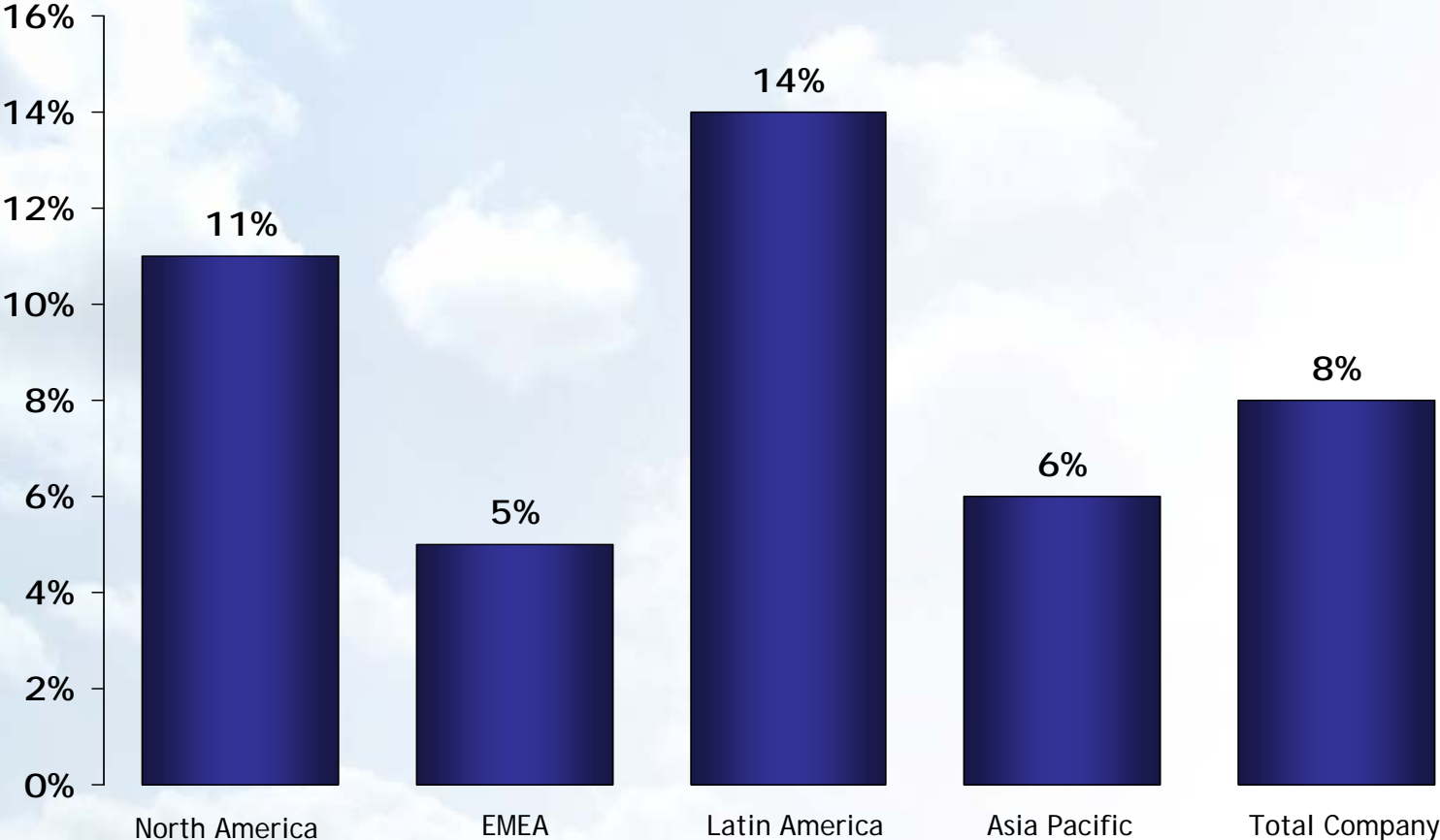


Source: RMA and company data.

Third Quarter 2008 Revenue Per Tire Increase



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

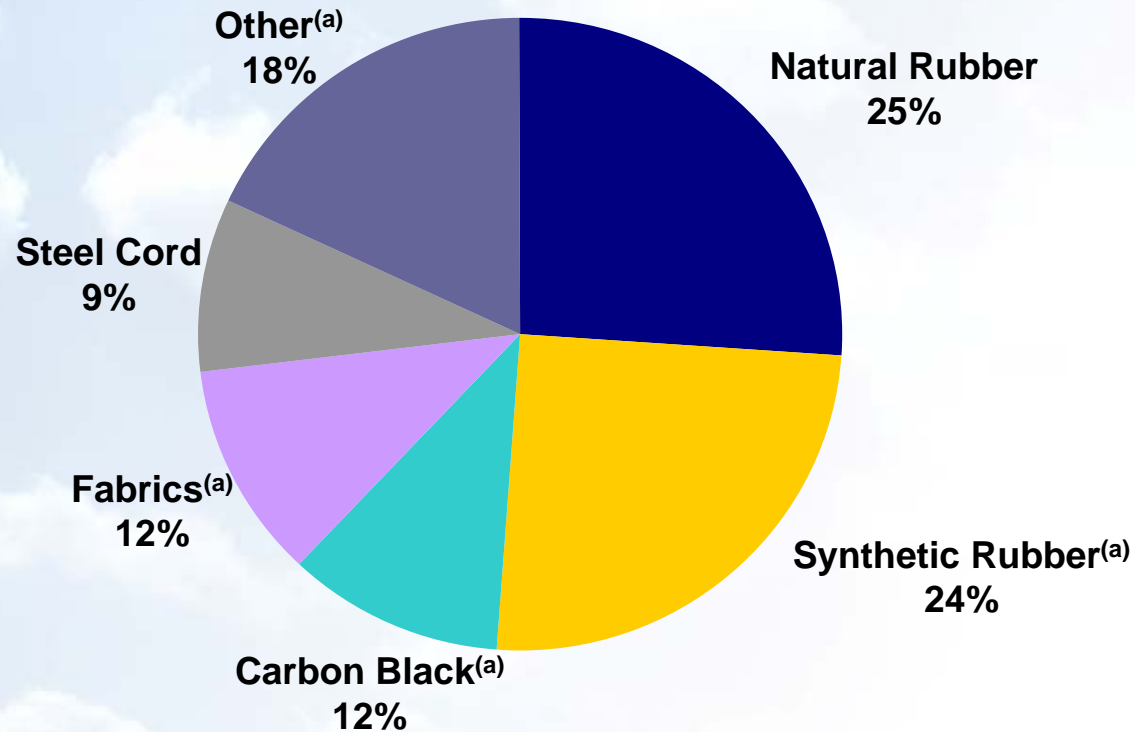


Driven by price/mix improvement

Raw Material Cost



Raw material cost breakdown



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

Raw materials make up approx. 40% of COGS

Year-to-Date 2008 Cash Flow



(\$ in millions)

	Nine Months Ended	
	September 30, 2008	September 30, 2007
Income from Continuing Operations	\$253	\$78
Depreciation and amortization ^(a)	517	492
Working capital ^(b)	(1,171)	(952)
Pension contributions and direct payments	(297)	(538)
VEBA funding	(980)	-
Other	277	227
	<hr/>	<hr/>
Cash Flows from Continuing Operations ^(c)	<u>(\$1,401)</u>	<u>(\$693)</u>
Memo:		
Capital Expenditures	(\$771)	(\$450)

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 38.

Legacy Costs and Interest Expense



(\$ in millions)

	2004	2005	2006	2007	2008E
Global pension contributions and direct payments ^(a)	\$265	\$522	\$708	\$719	\$300 – \$350
.....					
Pension expense (global) ^(b)	\$344	\$358	\$388	\$276	< \$195
.....					
Postretirement benefit payments	\$257	\$259	\$254	\$266	< \$180 ^(c)
.....					
Postretirement benefit expense ^(b)	\$288	\$220	\$205	\$126	< \$80 ^(c)
.....					
Interest Expense	\$368	\$408	\$447	\$450	\$320 - \$340

(a) 2008E 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 Impacting Continuing Operations (after tax and minority interest)



- **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)

- **2007**

- Net rationalization charges and accelerated depreciation, \$6 million (2 cents per share)
- Reduced value of deferred tax assets primarily due to tax rate reduction in Germany, \$12 million (5 cents per share)
- Gain on asset sales, \$10 million (4 cents per share)

Reconciliation for Segment Operating Income / Margin



(\$ in millions)

	Third Quarter	
	2008	2007
Total Segment Operating Income	\$266	\$382
Rationalizations	(34)	(2)
Accelerated depreciation	(13)	(6)
Interest expense	(73)	(106)
Interest income	13	36
Corporate incentive and stock based compensation plans	7	(22)
Intercompany profit elimination	7	-
Curtailments/Settlements	(11)	-
Financing fees & financial instruments	(10)	(11)
Asset sales	4	10
Hurricane losses - insurance deductible	(7)	-
Retained net expenses of discontinued operations	-	(1)
Other	(31)	(12)
Income from continuing operations before income taxes and minority interest	\$118	\$268
United States and foreign taxes	(66)	(95)
Minority Interest	(21)	(14)
Income from continuing operations	\$31	\$159
Discontinued operations	-	509
Net Income	\$31	\$668
Net Income from continuing operations	\$31	\$159
Sales	\$5,172	\$5,064
Return on Sales	0.6%	3.1%
Total Segment Operating Margin	5.1%	7.5%

Reconciliation for Net Debt



(\$ in millions)

	September 30, 2008	December 31, 2007	September 30, 2007
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.

Reconciliation for Cash Flow



(\$ in millions)

Cash Flows From Operating Activities:

Net Income

Less: Discontinued operations

Income from Continuing Operations

Nine Months Ended
September 30,

2008

2007

\$ 253	\$ 550
-	472
\$ 253	\$ 78

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

Depreciation and amortization

Amortization and write-off of debt issuance costs

Deferred tax provision

Net rationalization charges

Net (gains) on asset sales

Casualty loss

Minority interest and equity earnings

VEBA funding

Pension contributions and direct payments

Rationalization payments

Insurance recoveries

Changes in operating assets and liabilities

net of asset acquisitions and dispositions:

Accounts receivable

Inventories

Accounts payable - trade

Compensation and benefits

Other current liabilities

US and foreign taxes

Other long term liabilities

Other assets and liabilities

Total Operating Cash Flows From Continuing Operations

Discontinued operations

Total Cash Flows From Operating Activities

494	453
23	39
3	26
134	24
(41)	(29)
10	11
64	51
(980)	-
(297)	(538)
(57)	(62)
16	7
(687)	(827)
(818)	(360)
334	235
83	319
(65)	(60)
55	23
47	(25)
28	(58)
\$ (1,401)	\$ (693)
-	13
\$ (1,401)	\$ (680)



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