



2006 Fourth Quarter Conference Call

February 16, 2007



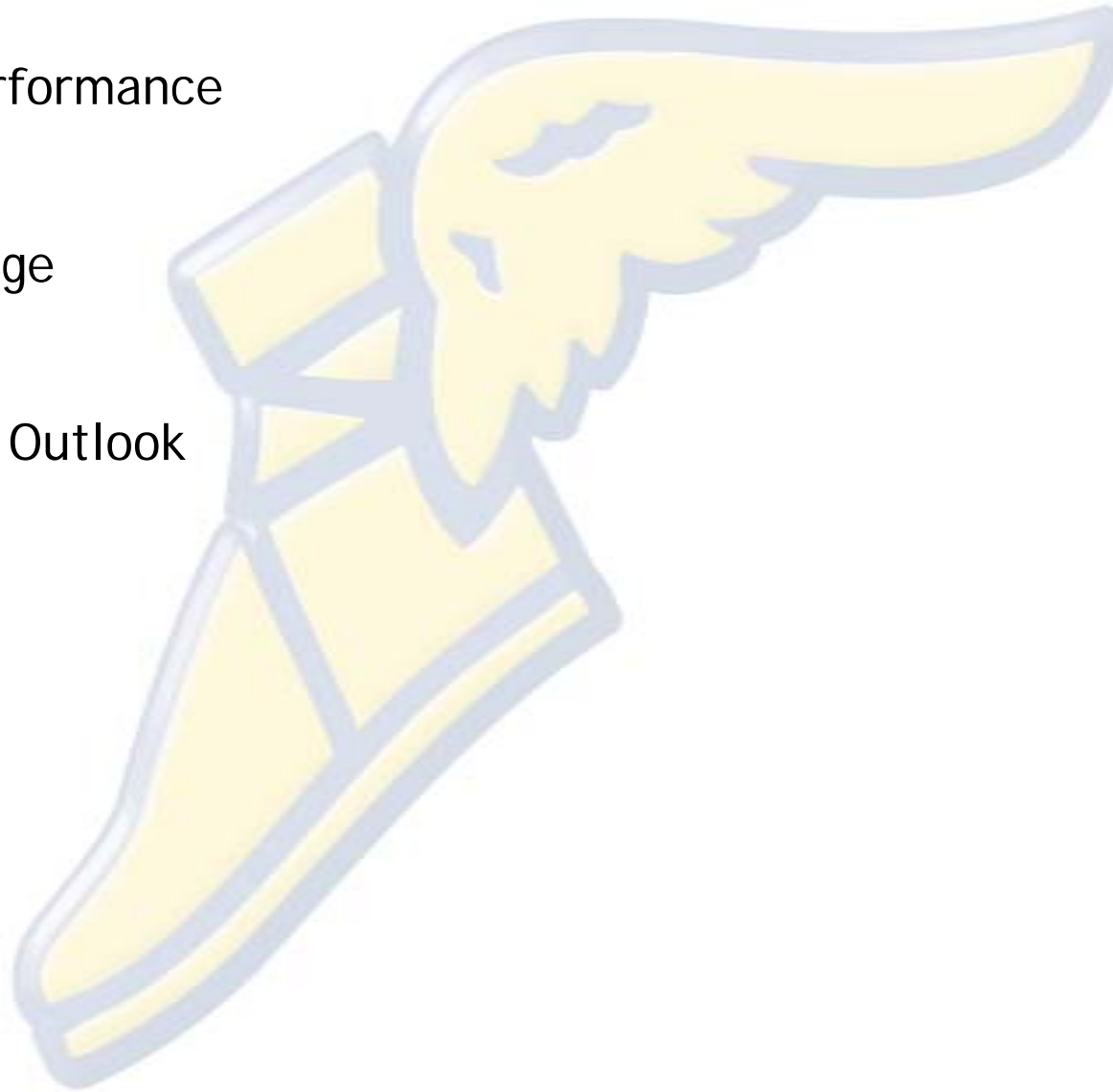
# Forward-Looking Statements

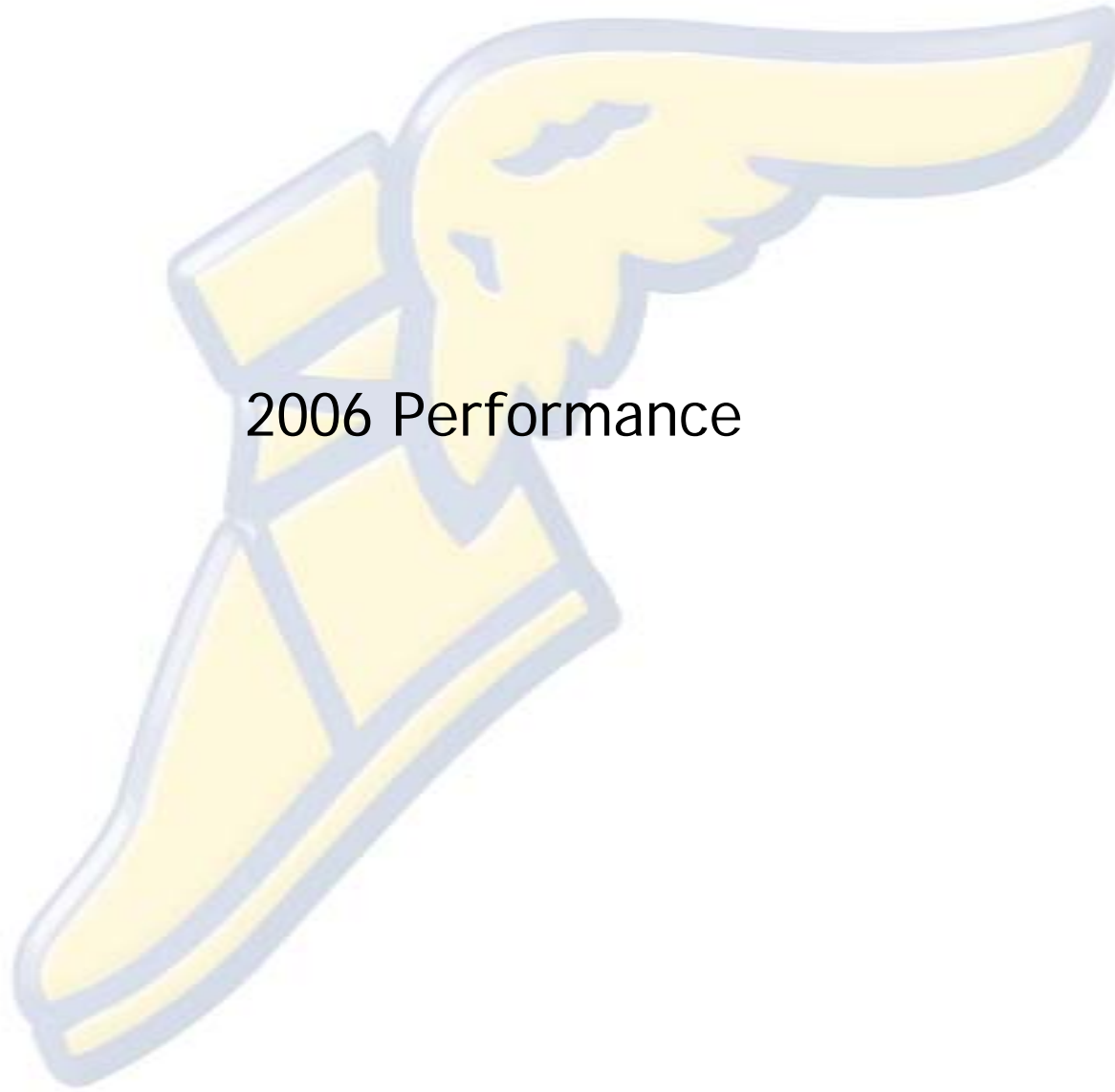
*Certain information contained in this presentation may constitute forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements. There are a variety of additional factors, many of which are beyond the company's control, which affect its operations, performance, business strategy and results and could cause its 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; the company's ability to realize anticipated savings and operational benefits from its cost reduction initiatives, including those expected to be achieved under the company's master labor contract with the United Steelworkers (USW) and those related to the closure of certain of the company's manufacturing facilities; whether or not the various contingencies and requirements are met for the establishment of the Voluntary Employee Beneficiary Association (VEBA) to be established 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 the company's filings with the Securities and Exchange Commission, including the company's annual reports 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



- 2006 Performance
- Next Stage
- Industry Outlook
- Q&A





2006 Performance

# Full Year 2006 Performance



## Total Company

(In millions, except Margin and EPS)

	<u>2005</u>	<u>2006</u> *	<u>Change</u>
Units	226.4	215.0	-5%
Net Sales	\$19,723	\$20,258	3%
Gross Margin	19.4%	16.1%	-3.3 pts
Segment Operating Income <sup>1</sup>	\$1,164	\$786	-32%
Segment Operating Margin <sup>1</sup>	5.9%	3.9%	-2.0 pts
Net Income (Loss)	\$228	(\$330)	
EPS - Diluted	\$1.16	(\$1.86)	

\* Includes the impact of 12-week strike affecting our North American Tire and EPD business units, as well as significant rationalization charges

1) Segment operating income and margin reconciliation on page 38

# Balance Sheet



*(\$ in millions)*

	December 31, 2005 <sup>3</sup>	December 31, 2006
Cash and cash equivalents	\$2,162	\$3,899
Accounts and notes receivable	3,158	2,973
Inventories	2,810	2,789
Accounts payable - trade	<u>(1,939)</u>	<u>(2,037)</u>
Working capital <sup>1</sup>	4,030	3,725
Total debt	5,407	7,223
Net Debt <sup>2</sup>	3,245	3,324

*1) Working capital represents accounts and notes receivable and inventories, less accounts payable - trade*

*2) Net Debt reconciliation on page 40*

*3) Certain balance sheet amounts have been revised in the prior period to conform to the current period presentation*

# Full Year 2006 Performance



## North American Tire

(In millions)

	<u>2005</u>	<u>2006</u> *	<u>Change</u>
Units	101.9	90.9	-11%
Net Sales	\$9,091	\$9,089	0%
Segment Operating Income (Loss)	\$167	(\$233)	-240%

\* Includes the impact of 12-week strike by USW

- Weak industry environment
- Strategic decision to exit certain segments of the private label business
- Strong price and mix of \$367 million offset nearly all raw material cost increases of \$373 million
- Branded market share growth
- Strike impact on segment operating income of \$313 million

# Full Year 2006 Performance



## European Union Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	64.3	63.5	-1%
Net Sales	\$4,676	\$4,990	7%
Segment Operating Income	\$317	\$286	-10%

- Record sales
- Second half better than first half due to strong winter tire sales
- Maintained discipline in competitive pricing environment
- Price and mix improvements of \$136 million offset by raw material cost increases of \$224 million
- Favorable foreign currency translation

# Full Year 2006 Performance



## Eastern Europe, Middle East and Africa Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	19.7	20.0	2%
Net Sales	\$1,437	\$1,562	9%
Segment Operating Income	\$198	\$229	16%

- Record sales and segment operating income
- Strong growth in Russia, Poland and Turkey
- Strong price and mix improvements of \$73 million more than offset raw material cost increases of \$61 million
- Favorable foreign currency translation

# Full Year 2006 Performance



## Latin American Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	20.4	21.2	4%
Net Sales	\$1,466	\$1,604	9%
Segment Operating Income	\$295	\$326	11%

- Record sales and segment operating income
- Competitive pricing environment
- Focus on cost reductions
- Favorable foreign currency translation

# Full Year 2006 Performance



## Asia Pacific Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	20.1	19.4	-3%
Net Sales	\$1,423	\$1,503	6%
Segment Operating Income	\$84	\$104	24%

- Record sales and segment operating income
- Strong growth in China and India
- Maintained discipline in competitive pricing environment
- Price and mix improvements of \$110 million more than offset raw material cost increases of \$75 million

# Full Year 2006 Performance



## Engineered Products

*(In millions)*

	<u>2005</u>	<u>2006</u> *	<u>Change</u>
Net Sales	\$1,630	\$1,510	-7%
Segment Operating Income	\$103	\$74	-28%

\* Includes the impact of 12-week strike by USW

- Core industrial products business remained strong
- Military products weaker
- Strong growth in international business
- Significant cost reduction initiatives
- Strike impact of \$48 million on segment operating income

# USW Strike Impact



## ■ Fourth Quarter 2006

- Segment operating income impact of \$361 million
- Lost sales
- Lower production

## ■ First Half 2007

- Back to pre-strike production in January
- Segment operating income impact:
  - NAT = \$200 - \$230 million
  - EPD = \$5 - \$10 million

## 7 Strategic Drivers



*Leadership*

*Lower Cost Structure*

*Cash is King*

*Leveraged Distribution*

*Build Brand Strength*

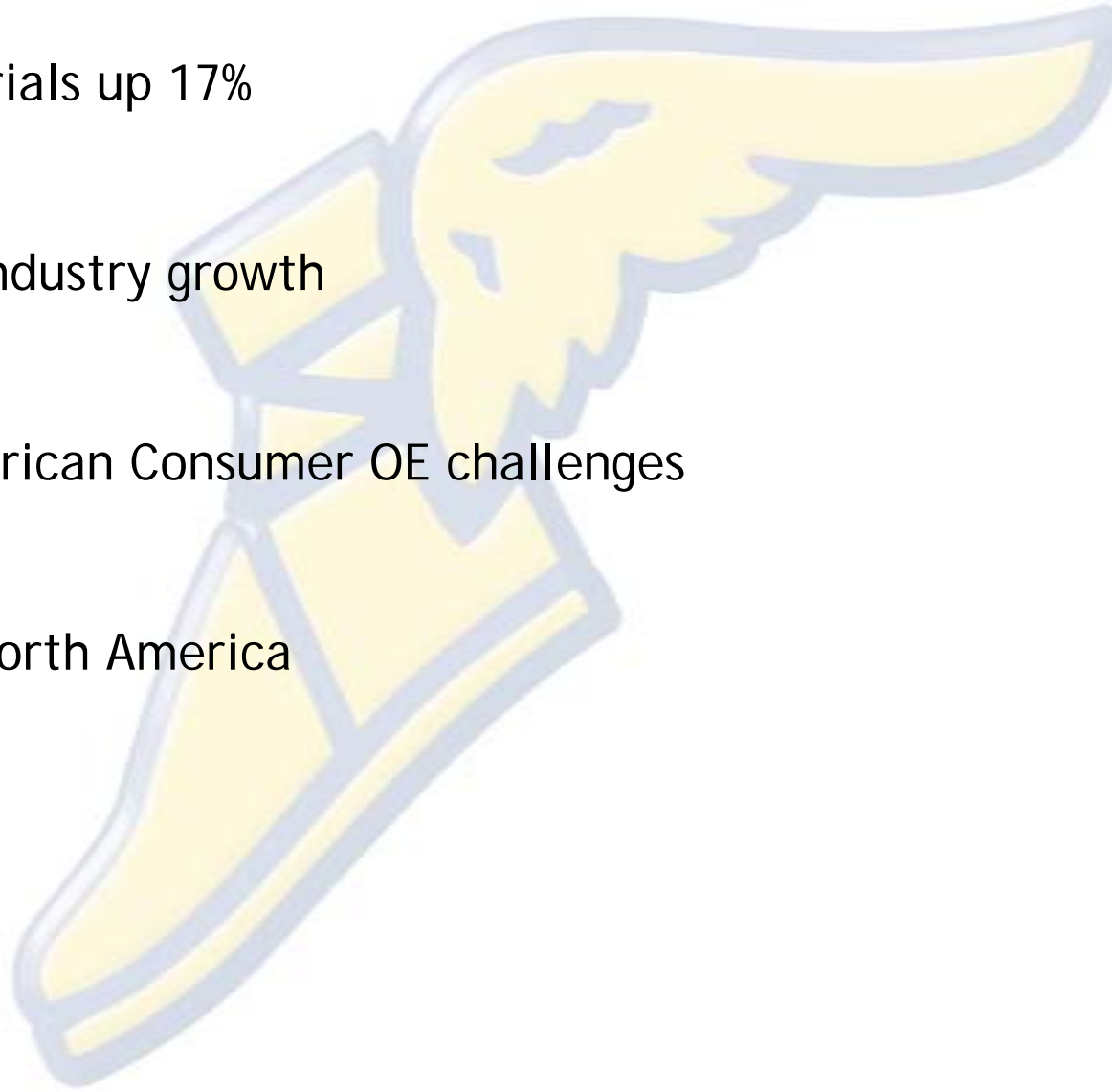
*Product Leadership*

*Advantaged Supply Chain*

# 2006 Challenges



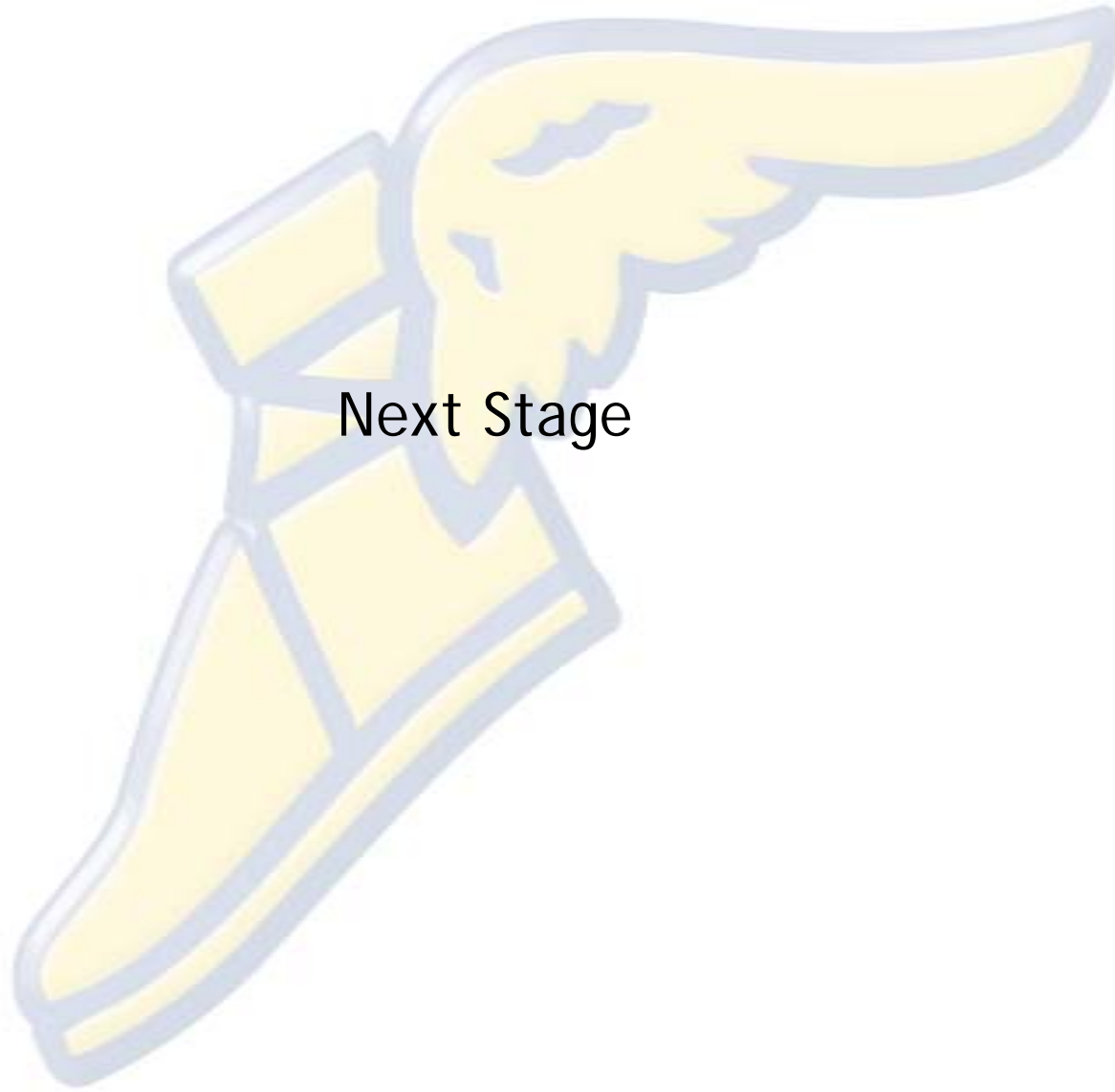
- Raw materials up 17%
- Reduced industry growth
- North American Consumer OE challenges
- Strike in North America



## 2006 Accomplishments



- Continued Leadership with Award Winning New Products
  - Leveraged successes globally
- Focused on Marketing using Traditional and Emerging Media
  - Driving strong price/mix performance
- Top Line Growth Delivers Record Revenue of \$20.3 billion
  - Revenue per tire grew 7%
- Delivered on Cost Savings Targets
  - Announced high cost capacity reductions total 21 million units
  - SAG reduced more than \$100 million



Next Stage

# Business Platform



- Strong top-line growth capability
- Step change improvement in cost structure
- Stronger balance sheet
- Focus on core businesses
- Focus on speed



# Top-Line Growth - New Products



## ■ North American Market

- Eagle F1 All-Season with Carbon Fiber and Kevlar Technology
- Wrangler SR-A with WetTrac Technology
- Dunlop SP Sport Signature with Hydro Paddle Technology

## ■ European Market

- Goodyear UltraGrip Extreme
- Goodyear Eagle F1 Asymmetric
- Dunlop SP Sport FastResponse
- Dunlop SP Sport Maxx GT

Top-Line Growth -  
New "Get There" Advertising



# Top-Line Growth - Supportive Dealers

## North American Dealer Perspective



- A steady stream of outstanding new products
- A significantly lower cost structure
- A healthy, growing truck tire business
- A leadership team that delivers on its commitments
- Goodyear interested in helping them grow their business

# 4 Point Cost Savings Plan



## Continuous Improvement

- Safety
- Business Process Improvements (Productivity, Six Sigma, Lean)
- Product Reformulation

Savings by 2008: \$350 - \$450M+  
Progress in 2006: Nearly \$300M

## Reduce Footprint

- Global high cost footprint focus
  - Target 3 year 8%-12% footprint reduction
  - \$150 - \$250M cash cost
- Ongoing effort beyond 2008

Savings by 2008: \$100 - \$150M+  
Announced to date: \$135M

## Asian Sourcing

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

Savings by 2008: \$150 - \$200M  
Progress in 2006: Nearly \$35M

## Selling, Administrative & General

- Back-office Consolidation
- Legal Entity Reduction
- Headcount Rationalization
- Warehouse Consolidation

Savings by 2008: \$150 - \$200M+  
Progress in 2006: More than \$100M

Target more than \$1 billion gross cost savings by 2008  
to drive 8% Segment Operating Margin metric

# 2006 USW Contract: Savings



<i>\$, millions</i>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u>
Increased Productivity	\$30	\$115	\$155	\$300
Reduced Capacity	-	\$25	\$50	\$75
Reduced Legacy Costs	\$55	\$110	\$110	\$275
Other Terms (Primarily Pension Service)	<u>(\$15)</u>	<u>(\$10)</u>	<u>(\$15)</u>	<u>(\$40)</u>
<b>Total</b>	<b>\$70</b>	<b>\$240</b>	<b>\$300</b>	<b>\$610</b>

Ongoing annual savings of \$300 million by 2009

*Total Savings = NAT + EPD*

# Capital Structure Improvement Plan



## Status

### Stage 1: Improve Near Term Liquidity and Bank Maturity

Completed

- April 2003 restructuring
- \$1.3 billion asset-based facility

### Stage 2: Improve Liquidity

Completed

- \$650 million senior secured notes
- \$650 million new ABL Term Loan Tranche

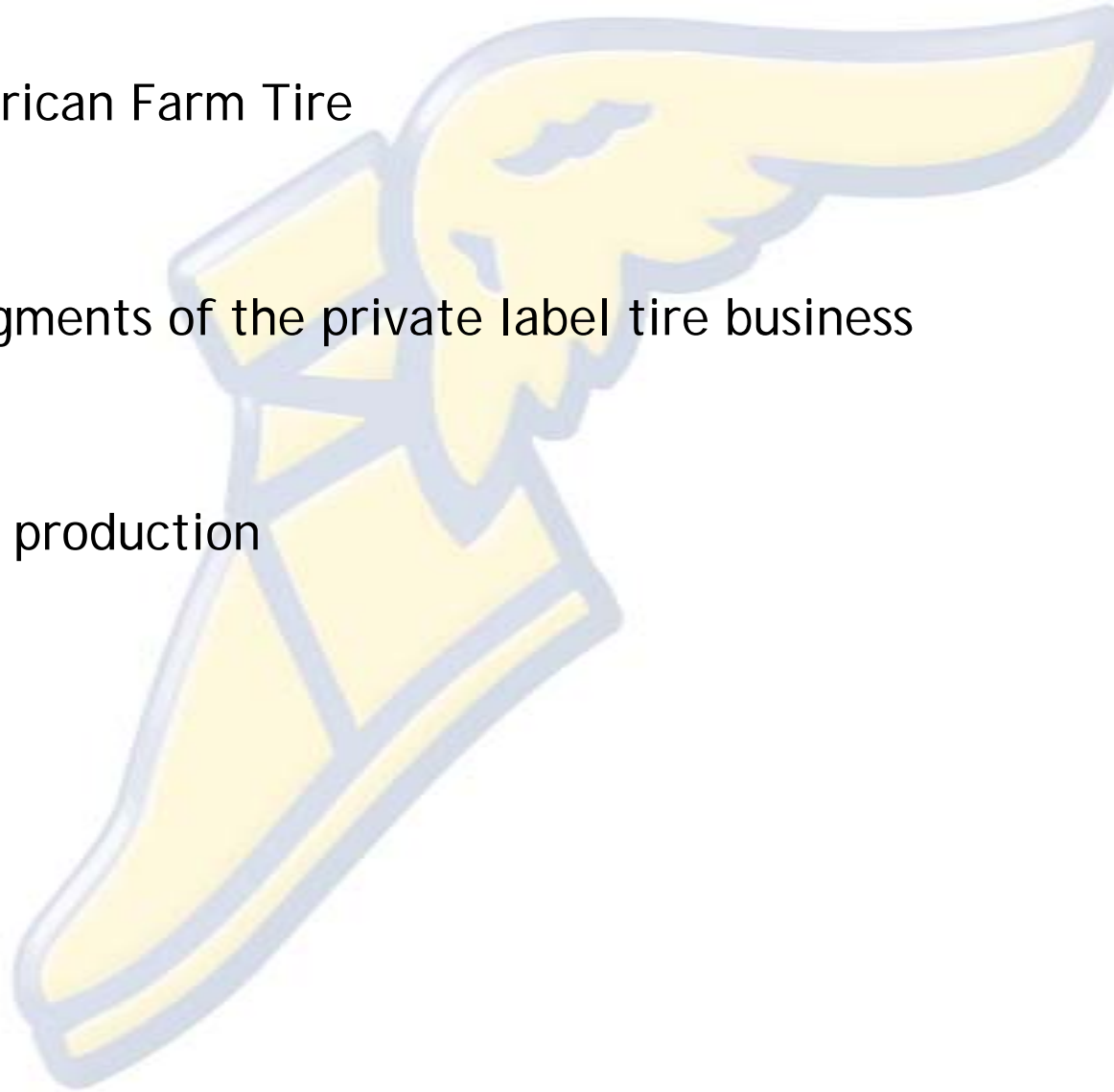
### Stage 3: Continue to Extend Intermediate Term Maturities and Reduce Overall Leverage

- \$350 million 4% Convertible Senior Notes due 2034 Completed
- Debt
  - €275 million Pan-European Account Receivable Facility Completed
  - \$3.65 billion to refinance U.S. and European credit facilities Completed
  - \$400 million 9% senior unsecured note due 2015 Completed
  - \$1 billion of senior notes Completed
- Asset sales In process
- Equity Future

# Exited Non-Core Businesses



- North American Farm Tire
- Certain segments of the private label tire business
- Tire fabric production



# Accelerating Speed/Pace of Change



- Elimination of tire production in Valleyfield
- Closed unprofitable operations in Morocco
- Signed new 5-year agreement with NASCAR
- Launched impactful and innovative new products
- New "Get There" advertising campaign
- North American factories back to full pre-strike production
- Repaid borrowings under revolving credit lines

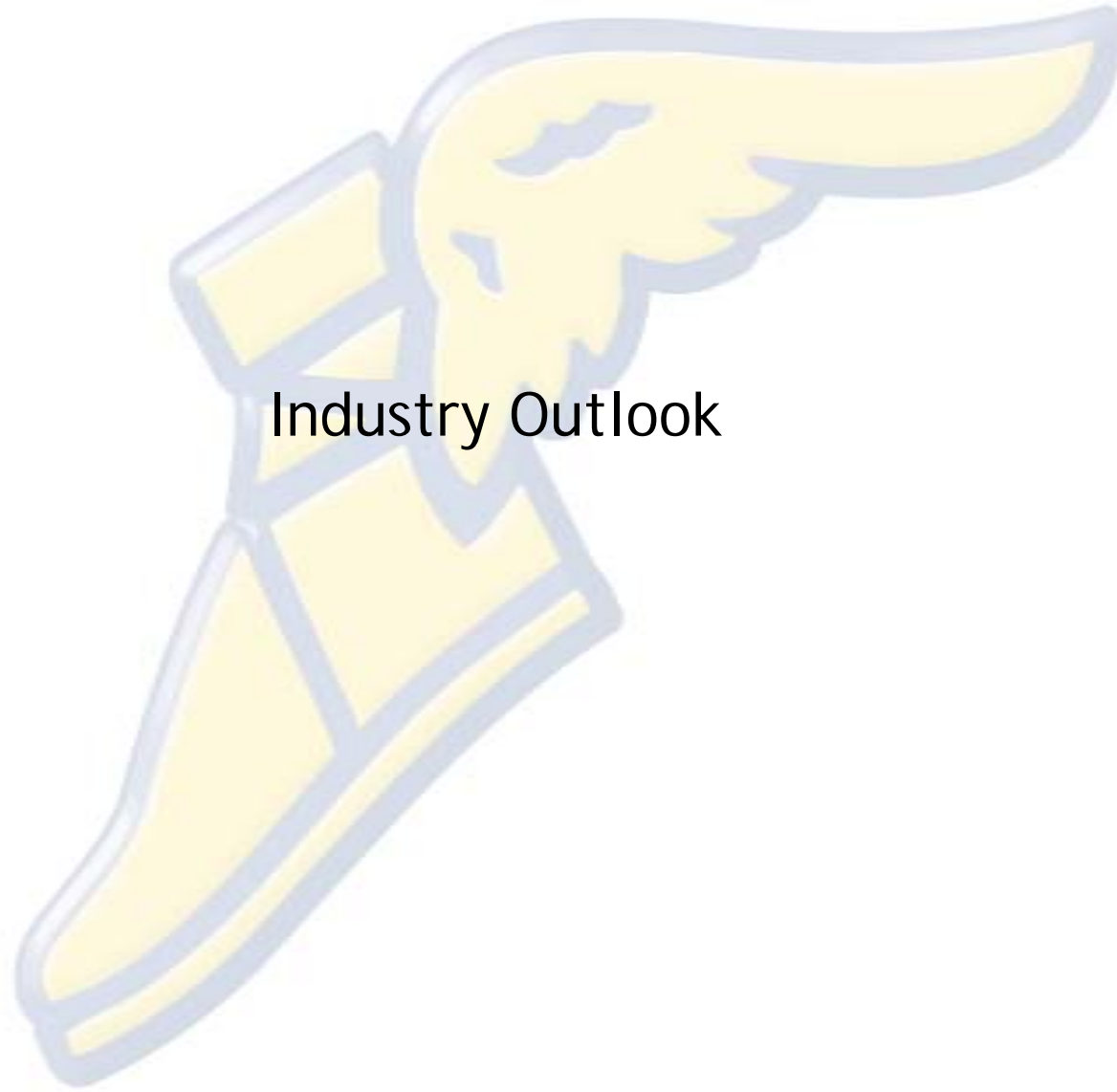
# Next Stage Metrics



	2005	Next Stage Metrics
North American Segment Operating Margin	1.8%	5%
Total Segment Operating Margin <sup>1</sup>	5.9%	8%
Debt <sup>2</sup>	3.2x EBITDA	2.5x EBITDA

1) SOM reconciliation on page 38

2) Debt/EBITDA reconciliation on page 39



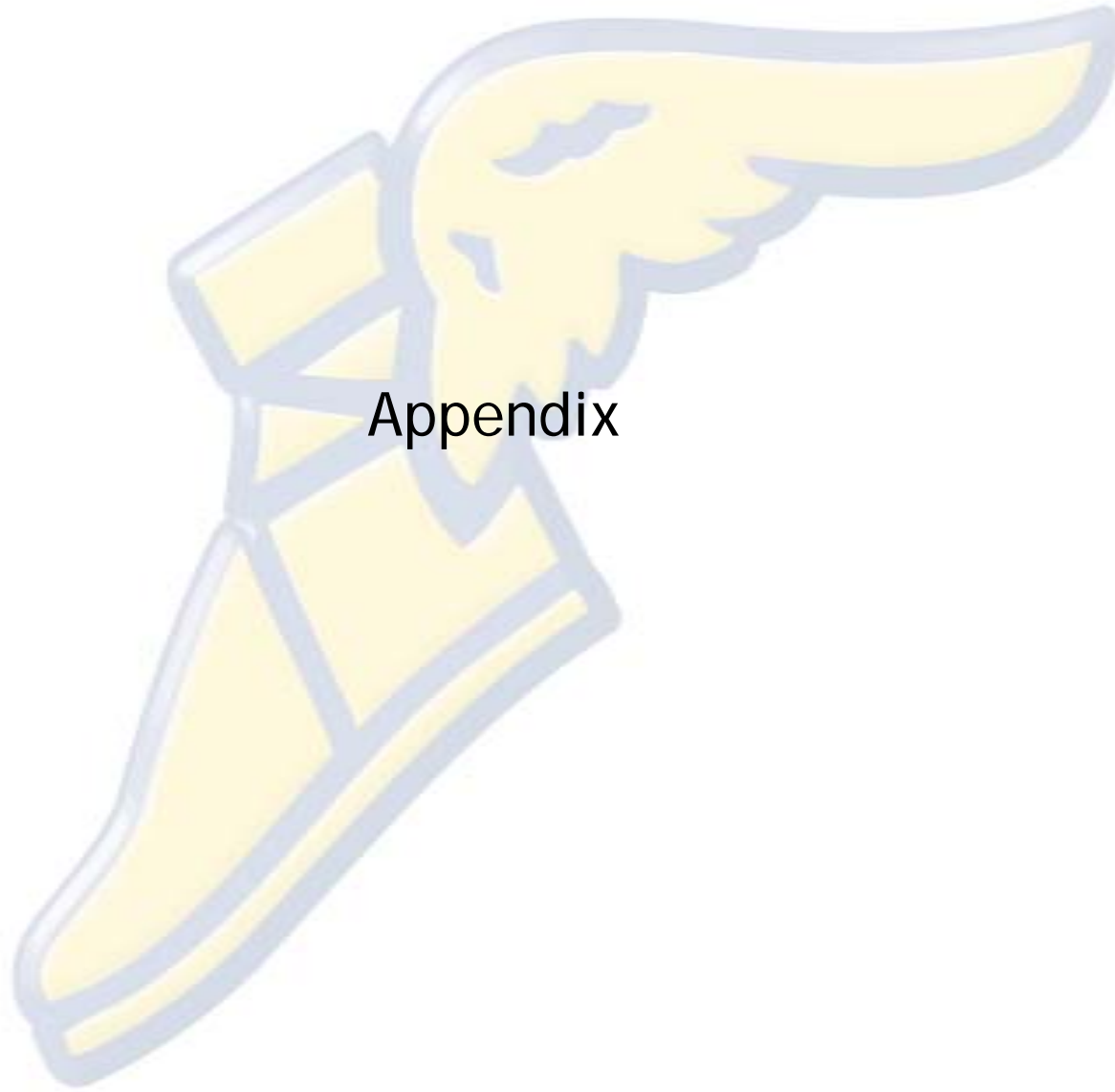
Industry Outlook

# Industry Outlook



2007 Industry Outlook	Original Equipment		Replacement	
	<i>Consumer</i>	<i>Commercial</i>	<i>Consumer</i>	<i>Commercial</i>
North America: Full Year	1%	-20%	1 - 2%	0%
European Union: Full Year	-1 - 0%	4 - 5%	-3 - 0%	1 - 2%

- Raw material costs expected to remain flat in 2007
- Interest expense of \$520 - \$540 million
- Capital expenditures of \$750 - \$800 million
- Tax expense about 30% of International Segment Operating Income

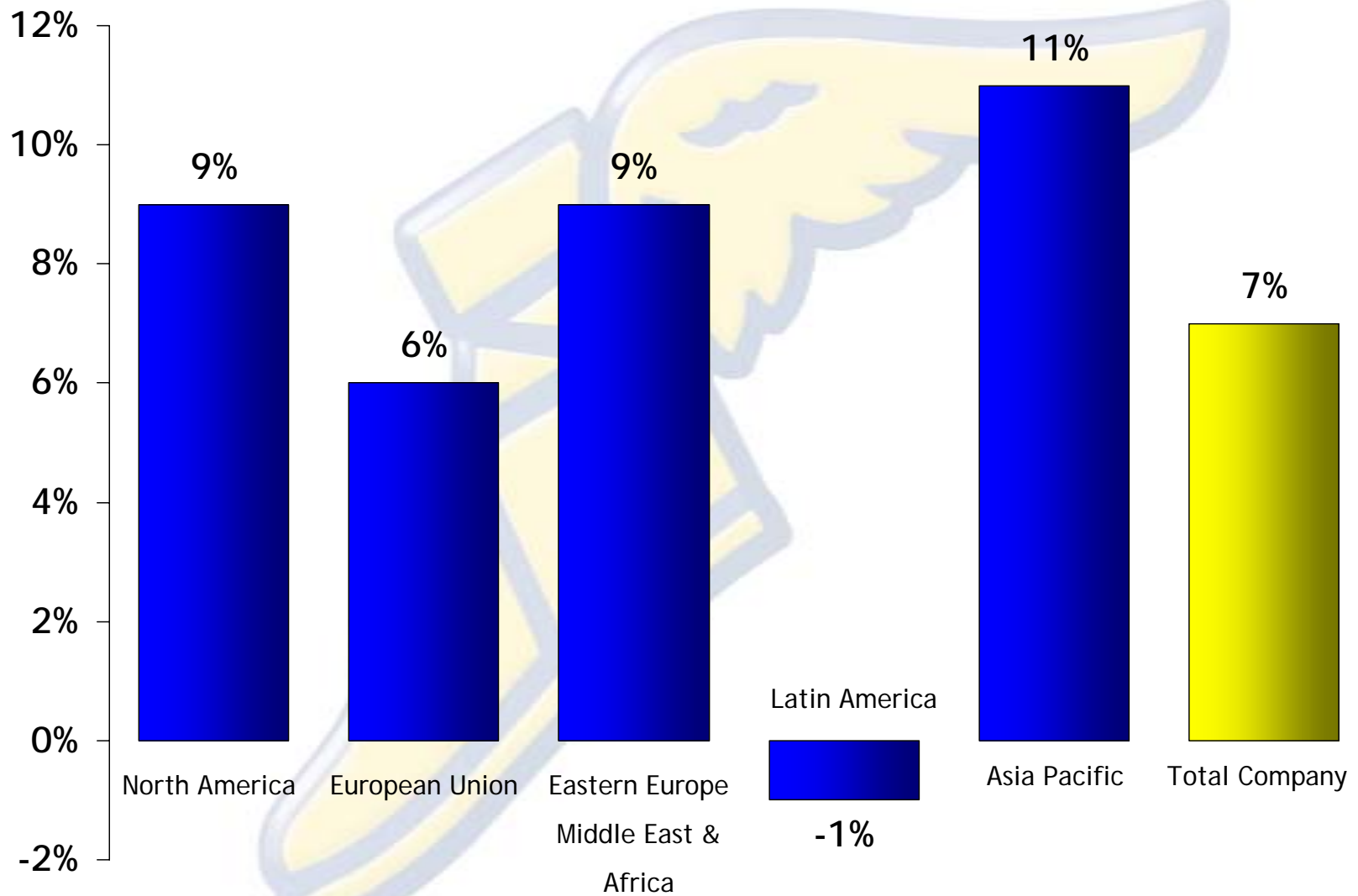


Appendix

# Full Year 2006 Revenue Per Tire Increase



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

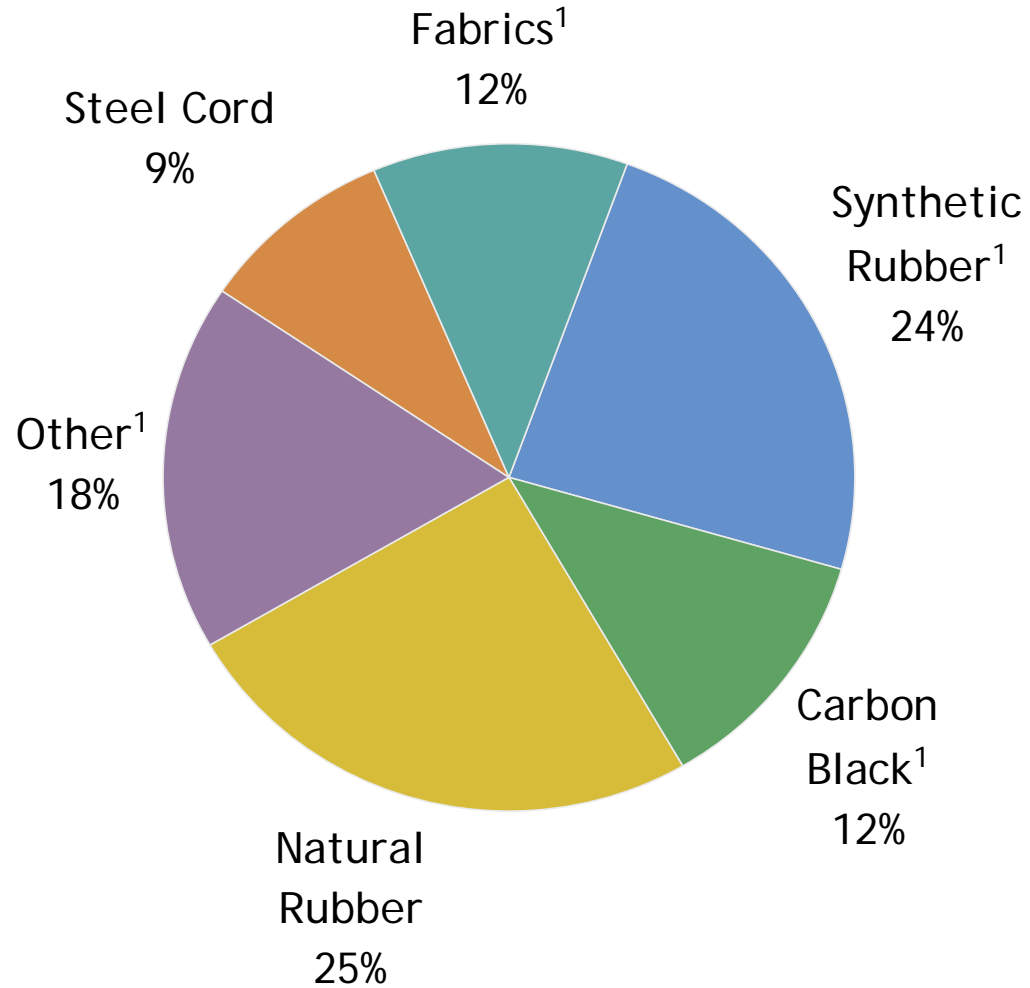


Driven by price/mix improvement

# Raw Material Cost



## Raw material cost breakdown



**Raw materials make up about 35% of COGS**

1) Dependent upon oil

# Legacy Cost Update



Legacy Costs					
	(\$ in millions) (excluding curtailment and termination costs)			2007	2008
	2004	2005	2006	Guidance	Guidance
Post-retirement benefit expense	\$293	\$225	\$210	Pro-rated portion of \$110M annual benefit	\$110 lower
Pension expense	\$351	\$366	\$404	About \$350	
Unfunded pension obligations	\$3,122	\$3,011	\$2,444	About \$1.8 billion	
Unfunded OPEB obligations	\$3,218	\$2,629	\$2,474	Less than \$1.3 billion Pro-Forma for VEBA	
U.S. pension contributions	\$157	\$407	\$556	\$550 - \$575	\$200 - \$225
Post-retirement benefit payments	\$258	\$260	\$255	Pro-rated portion of \$145M annual benefit	\$145 lower

# Full-Year Significant Items (after tax)



## 2006

- Rationalization charges including accelerated depreciation and asset write-offs, \$411 million (\$2.32 per share)
- 12-week USW strike in North America, \$367 million (\$2.07 per share)
- Gain from favorable resolution of a tax contingency, \$163 million (92 cents per share)
- Favorable settlements with certain suppliers, \$42 million (24 cents per share)
- Net gain on asset sales, \$31 million (17 cents per share)
- Gain on change in estimated useful lives of tire mold equipment, \$23 million (13 cents per share)
- Gain from a pension plan change in Latin America, \$13 million (7 cents per share)
- Gain from a resolution of a legal matter in Latin America, \$10 million (6 cents per share)

## 2005

- Net loss on asset sales, \$39 million (19 cents per share)
- Write-off of deferred financing fees, \$47 million (22 cents per share)
- Impact of hurricanes in U.S. gulf coast, 31 million (15 cents per share)
- Charge for implementation of FIN 47 accounting change, \$11 million (5 cents per share)
- Rationalization charges including accelerated depreciation and asset write-offs, \$10 million (5 cents per share)
- Net insurance settlement gains, \$33 million (16 cents per share)
- Favorable tax adjustments primarily related to valuation allowance release in Asia, \$27 million (13 cents per share)
- Favorable settlement with certain suppliers, \$12 million (6 cents per share)

# Fourth Quarter 2006 Performance



## Total Company

(In millions, except Margin and EPS)

	<u>2005</u>	<u>2006</u> *	<u>Change</u>
Units	55.7	51.2	-8%
Net Sales	\$4,934	\$4,976	1%
Gross Margin	18.4%	10.7%	-7.7 pts
Segment Operating Income <sup>1</sup>	\$226	(\$105)	-146%
Segment Operating Margin <sup>1</sup>	4.6%	-2.1%	-6.7 pts
Net Income (Loss)	(\$51)	(\$358)	
EPS - Diluted	(\$0.29)	(\$2.02)	

\* Includes the impact of 12-week strike affecting our North American Tire and EPD business units, as well as significant rationalization charges

1) Segment operating income and margin reconciliation on page 38

# Fourth Quarter 2006 Performance



## North American Tire

*(In millions)*

	<u>2005</u>	<u>2006*</u>	<u>Change</u>
Units	24.7	20.4	-17%
Net Sales	\$2,287	\$2,078	-9%
Segment Operating Income	\$43	(\$301)	-800%

\* Includes the impact of 12-week strike by USW

## European Union Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	16.2	15.7	-3%
Net Sales	\$1,169	\$1,343	15%
Segment Operating Income	\$45	\$75	67%

# Fourth Quarter 2006 Performance



## Eastern Europe, Middle East and Africa Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	4.8	4.7	-2%
Net Sales	\$361	\$409	13%
Segment Operating Income	\$38	\$50	32%

## Latin American Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	5.0	5.5	10%
Net Sales	\$365	\$414	13%
Segment Operating Income	\$54	\$64	19%

# Fourth Quarter 2006 Performance



## Asia Pacific Tire

*(In millions)*

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Units	5.0	4.8	-4%
Net Sales	\$358	\$393	10%
Segment Operating Income	\$21	\$26	24%

## Engineered Products

*(In millions)*

	<u>2005</u>	<u>2006</u> *	<u>Change</u>
Net Sales	\$394	\$339	-14%
Segment Operating Income	\$25	(\$19)	-176%

\* Includes the impact of 12-week strike by USW

# Reconciliation for Segment Operating Income/Margin



(\$ in millions)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
<b>Total Segment Operating Income</b>	\$ 226	\$ (105)	\$ 1,164	\$ 786
Rationalizations and asset sales	(92)	(68)	(47)	(279)
Accelerated depreciation, asset impairment and asset write-offs	(3)	(36)	(5)	(90)
Interest expense	(105)	(137)	(411)	(451)
Foreign currency exchange	(3)	3	(22)	1
Minority interest in net income of subsidiaries	(16)	(69)	(95)	(111)
Financing fees	(10)	(10)	(109)	(40)
General and product liability - discontinued products	(5)	(16)	(9)	(26)
Professional fees	(9)	(4)	(25)	(20)
Corporate incentive and stock based compensation plans	(6)	(13)	(11)	(39)
Net insurance settlement gains	-	-	43	1
Intercompany profit elimination	13	12	13	(11)
Interest income	19	36	59	87
Other	(22)	(40)	(56)	(32)
<b>Income (Loss) Before Income Taxes and Cumulative Effect of Accounting Change</b>	\$ (13)	\$ (447)	\$ 489	\$ (224)
U.S. and foreign taxes on income (loss)	27	(89)	250	106
<b>Net Income (Loss) Before Cumulative Effect of Accounting Change</b>	(40)	(358)	239	(330)
Cumulative effect of accounting change, net of income taxes and minority interest	(11)	-	(11)	-
<b>Net Income (Loss)</b>	<u>\$ (51)</u>	<u>\$ (358)</u>	<u>\$ 228</u>	<u>\$ (330)</u>
<b>Net Income (Loss)</b>	\$ (51)	\$ (358)	\$ 228	\$ (330)
Sales	\$ 4,934	\$ 4,976	\$ 19,723	\$ 20,258
Return on Sales	-1.0%	-7.2%	1.2%	-1.6%
<b>Total Segment Operating Margin</b>	<b>4.6%</b>	<b>-2.1%</b>	<b>5.9%</b>	<b>3.9%</b>

# Reconciliation for Debt/EBITDA

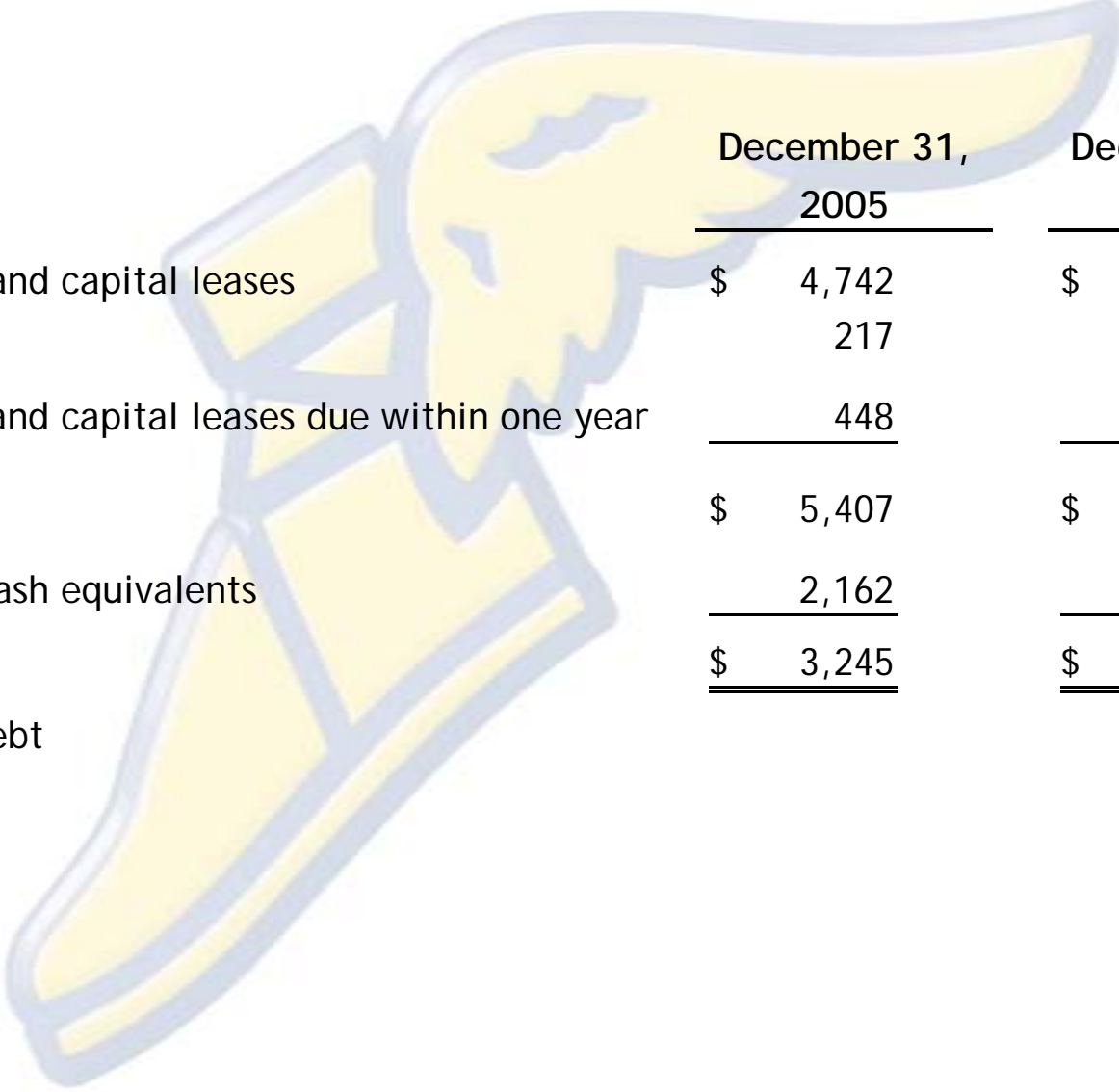


<i>(\$ in millions)</i>	Year-ended December 31,
	<u>2005</u>
Net Income (Loss)	\$ 228
Consolidated Interest Expense	411
U.S. and Foreign Taxes on Income	250
Depreciation and Amortization Expense	630
Cumulative Effect of Accounting Change	<u>11</u>
<b>EBITDA</b>	<b>\$ 1,530</b>
 <b>Credit Agreement Adjustments:</b>	
Other (Income) and Expense	70
Minority Interest in Net Income of Subsidiaries	95
Consolidated Interest Expense Adjustment	5
Rationalizations	<u>11</u>
<b>Consolidated EBITDA</b>	<b><u>\$ 1,711</u></b>
 <b>Total Debt</b>	
	<u>2005</u>
Long-term Debt and Capital Leases	\$ 4,742
Long-term Debt and Capital Leases due within one year	448
Notes Payable and Overdrafts	<u>217</u>
<b>Total Debt</b>	<b><u>\$ 5,407</u></b>
	\$5,407/\$1,711=
<b>Total Debt/EBITDA</b>	<b>3.2X</b>



## Reconciliation for Net Debt

*(\$ in millions)*

A large, stylized yellow winged foot graphic is positioned in the background of the table, pointing towards the right. It has a blue outline and is semi-transparent.

	December 31, 2005	December 31, 2006
Long term debt and capital leases	\$ 4,742	\$ 6,563
Notes payable	217	255
Long term debt and capital leases due within one year	<u>448</u>	<u>405</u>
Total debt	\$ 5,407	\$ 7,223
Less: Cash and cash equivalents	<u>2,162</u>	<u>3,899</u>
Net Debt	<u>\$ 3,245</u>	<u>\$ 3,324</u>
Change in Net Debt		\$79