



GOODYEAR

USW Contract Conference Call

September 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.



- **Introduction**

- **2009 Agreements – Overview & Savings Summary**

- **Q&A**

Purpose of Conference Call



- **Exclusively focused on 4-year master contract and pre-bargain agreements with the United Steelworkers (USW)**
 - **Alignment to strategy**
 - **Objectives and goals**
 - **Financial details**
- **Out of scope**
 - **Third quarter results**
 - **Other business updates**

2006 Agreement Provided Solid Foundation



- **2006 contract milestones**
 - **Groundbreaking \$1 billion VEBA for retiree healthcare**
 - **Two-tier wage and benefit structure**
 - **Addressed excess capacity**
 - **Enabled complete sale of Engineered Products business**
- **Significantly improved ability to address changes in global economic environment**
- **Paved way for collaboration with USW as demonstrated by 2009 pre-bargain agreements**
 - **Union City unprotected status**
 - **Staff reductions at Akron, Buffalo, Danville, Topeka and Union City**

2009 Agreements Aligned to Strategy



7 Strategic Drivers

Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

Lower Cost Structure

Cash is King

- **Win-win outcome for Goodyear and USW**
- **Logical evolution from 2003 and 2006 contracts**
- **Exemplifies partnership in sustained productivity**
- **Establishes platform to further leverage investments in U.S. plants**

2009 Agreements Aligned to Strategy



Top Line

Cost Actions

Cash Initiatives

- **Benefit from the flexibility that enhances ability to improve customer fill rates despite demand shifts and added product complexity**
- **Significant savings over contract term**
 - **Productivity improvements through revised output standards, individual performance and efficiency drivers**
 - **Reduces wage/benefit cost to Goodyear**
 - **Increases production flexibility (e.g., minimum staffing requirements)**
- **Addresses future pension obligation by placing post-2006 hires in defined contribution plan**



2009 Agreements – Overview & Savings Summary

2009 Agreements



- **Industry conditions created unique set of challenges and opportunities**
 - **Impacted strategy and goals for both parties**
 - **Recognition of new business realities**
 - **Focused on shared goals and common ground**
- **Outcome a win/win for Goodyear and USW**
- **Thanks to all involved**

Building on Past Agreements



Continue to Drive Efficiency in USW Facilities

2009

2006

2003

- Addressed excess capacity (Huntsville plant)
- Supported financial turnaround

- Addressed legacy obligations through VEBA
- Addressed excess capacity (Tyler and Valleyfield plants) and EPD sale
- Encouraged U.S. employment through new-hire wage/benefit and tiered wage rate (with grandfathering)
- Reduced job classifications
- Commitment to invest to upgrade U.S. manufacturing
- Total profit sharing 6% of EBITDA (capped)

- 2009 Master Agreement**
- Eliminated grandfathering for voluntary job classification changes to move to lower market-based wages
 - Improved performance standards to drive higher levels of productivity
 - Increased flexibility to reduce staffing levels
 - Continued to address legacy obligations by shifting toward defined contribution plan
 - Continued commitment to upgrade U.S. manufacturing
 - Total profit sharing 12% of EBITDA (capped)

- Pre-Bargain Agreements Confirmed**
- Staffing flexibility at Akron, Buffalo, Danville, Topeka and Union City
 - Union City unprotected status

2009 Agreements Savings Summary



(\$ in millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>5-Year Total</u>
<u>Pre-Bargain Agreements Confirmed</u>						
Plant Shift Reductions ^(a) (Akron, Buffalo, Danville, Topeka and Union City)	\$ 40	\$ 75	\$ 75	\$ 75	\$ 75	\$ 340
<u>2009 Master Agreement</u>						
Increased Productivity	\$ -	\$ 20	\$ 30	\$ 35	\$ 35	\$ 120
Wage & Benefit Savings	-	5	20	30	40	95
Flexibility	-	-	10	15	15	40
Pension/Defined Contribution Plan	(5)	(5)	(10)	(10)	(10)	(40)
	\$ (5)	\$ 20	\$ 50	\$ 70	\$ 80	\$ 215
Total Savings	\$ 35	\$ 95	\$ 125	\$ 145	\$ 155	\$ 555

USW Profit Sharing (not included)

Cumulative cap of \$175 million (12% of EBITDA) over 5 years

2009 Agreements Drive Significant Savings Over Five Years

(a) 2009 savings of \$40 million included in 4-point savings plan.

2009 Agreements



- **USW benefits**
 - **Commitment to invest \$600 million in manufacturing facilities over life of contract**
 - **Protected status for six USW plants**
 - **Modest wage increases for post-2006 new hires**
 - **Increased profit sharing level**
 - **Pension changes**

2009 Agreements Address Competitive Drivers



7 Strategic Drivers

Leadership

Product Leadership

Leveraged Distribution

Build Brand Strength

Advantaged Supply Chain

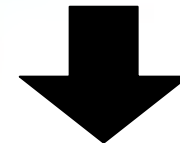
Lower Cost Structure

Cash is King

Top Line

Cost Actions

Cash Initiatives



- Increased Productivity
- Wage & Benefit Savings
- Flexibility

2009 Agreements



Increased Productivity



Standards

- Updating and maintaining competitive output standards
- Ability to hold all employees accountable to revised standard
- Applies to entire process (e.g. tire building, components)

Individual Performance

- Establishes performance expectations:
 - Attendance
 - Workmanship
 - Fit testing
- Consistent application across footprint

Efficiency Drivers

- Vacation scheduling
 - Schedule up to 80 hours of vacation shutdowns
 - Associates can be required to use vacation time
- Cross-craft skills
- Minor maintenance

<u>Saving Summary</u>	(\$ in millions)					<u>5-Year Total</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Increased Productivity	\$ -	\$ 20	\$ 30	\$ 35	\$ 35	\$ 120



Wage & Benefit Savings

- Elimination of grandfathering for voluntary moves
- Increased healthcare cost sharing to offset medical inflation
- Standardize and minimize job posting across plants
- No wage increases, except for new hires (modest)

Saving Summary	(\$ in millions)					5-Year Total
	2009	2010	2011	2012	2013	
Wage & Benefit Savings	\$ -	\$ 5	\$ 20	\$ 30	\$ 40	\$ 95

Wage & Benefit – Grandfathering



- **Background: Grandfathering permits associates to keep wage rate even if moved to lower-paying job classification**
- **Contract eliminates grandfathering for voluntary moves to new job classification**
 - **Supports transition to market-based wages at USW plants**
 - **Providing one-time incentive payments to associates and transitional payments to USW to facilitate moves**
 - **Associate relinquishes grandfathered status on acceptance of incentive payment**
 - **Associate earns wage rate commensurate with new job classification**

2009 Agreements

Wage & Benefit – Other Items



- **Medical plan changes**
 - Increased cost sharing for all associates from 6.5% up to 12.5%
 - Modified plan designs (e.g., increased deductibles and office visit fees)
 - Reduced dental benefits
- **Standardized job posting procedures**
 - Limit number of job postings after original job move to one → previously six moves
- **Post 2006 new hire wage adjustment**
 - Increase of \$0.50 at one-year and two-year anniversaries

2009 Agreements Wage & Benefit – Pension / Defined Contribution Plan



- Pension plan frozen to new entrants
 - Substantially all associates hired after Dec 2006 not included in plan
 - Liability favorably impacted over time^(a)
- Defined contribution plan for majority of post Dec 2006 new hires
 - Reduces market and interest rate risk
 - \$5 million retroactive contribution for associates hired after Dec 2006
 - Expect approximately \$4 million per year in company contributions
- Monthly pension multiplier increased to help account for inflation impact

Saving Summary	(\$ in millions)					5-Year Total
	2009	2010	2011	2012	2013	
Wage & Benefit Savings	\$ -	\$ 5	\$ 20	\$ 30	\$ 40	\$ 95
Pension/Defined Contribution Plan	(5)	(5)	(10)	(10)	(10)	(40)
Net Savings	\$ (5)	\$ -	\$ 10	\$ 20	\$ 30	\$ 55

(a) Based on interest rate assumptions as of December 31, 2008.



Flexibility

- **Confirmed pre-bargain staffing flexibility at Akron, Buffalo, Danville, Topeka and Union City**
- **Ability to buyout 600 associates (only portion included in contract savings) at 6 protected plants**
- **Union City unprotected status**
- **Permits outsourcing of certain equipment maintenance roles**

Saving Summary	(\$ in millions)					5-Year Total
	2009	2010	2011	2012	2013	
Flexibility	\$ -	\$ -	\$ 10	\$ 15	\$ 15	\$ 40

2009 Agreements Savings Summary



(\$ in millions)

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2009 Agreements Summary Comments



- **Key takeaways**
 - **Win/win for Goodyear and USW**
 - **Significant savings achieved**
 - **Innovative agreements drive efficiency by changing the way we run our USW factories**
 - **Continued cooperation required to drive improved performance**



Appendix

2009 Agreements Wage & Benefit – Grandfathering



Grandfathering Example

- Forklift operator earning \$24 per hour, chooses to voluntarily tender grandfathered status in first year of contract lowering wage rate to \$14 per hour

(\$ in 000)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Contract Total</u>
Annual Wage Savings	\$ 25	\$ 25	\$ 25	\$ 25	\$ 100
Associate/USW Incentive (expense)	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	<u>(40)</u>
Net Savings	\$ 15	\$ 15	\$ 15	\$ 15	\$ 60

Annual wage savings = Change in base wage rate x benefit rate x 2,080 hours