GOODYEAR TIRE & RUBBER CO /OH/
Form 10-Q
July 31, 2008

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2008
Commission File Number: 1-1927
THE GOODYEAR TIRE & RUBBER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Ohio	**34-0253240**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1144 East Market Street, Akron, Ohio	**44316-0001**
(Address of Principal Executive Offices)	(Zip Code)

(330) 796-2121
(Registrant s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date.

Number of Shares of Common Stock, Without Par Value, Outstanding at June 30, 2008:	241,141,416

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	**2008**	**2007**	**2008**	**2007**
NET SALES	**$ 5,239**	**$ 4,921**	**$ 10,181**	**$ 9,420**
Cost of Goods Sold	4,196	3,967	8,157	7,708
Selling, Administrative and General Expense	735	692	1,370	1,355
Rationalizations (Note 2)	87	7	100	22
Interest Expense	76	120	165	245
Other (Income) and Expense (Note 3)	(22)	39	(28)	19
Income from Continuing Operations before Income Taxes and Minority Interest	167	96	417	71
United States and Foreign Taxes	74	51	151	114
Minority Interest	18	16	44	38
Income (Loss) from Continuing Operations	75	29	222	(81)
Discontinued Operations		27		(37)
NET INCOME (LOSS)	**$ 75**	**$ 56**	**$ 222**	**$ (118)**
Income (Loss) Per Share Basic				
Income (Loss) from Continuing Operations	$ 0.31	$ 0.15	$ 0.92	$ (0.43)
Discontinued Operations		0.13		(0.20)
Net Income (Loss) Per Share Basic	**$ 0.31**	**$ 0.28**	**$ 0.92**	**$ (0.63)**
Weighted Average Shares Outstanding (Note 4)	241	196	240	188
Income (Loss) Per Share Diluted				
Income (Loss) from Continuing Operations	$ 0.31	$ 0.14	$ 0.91	$ (0.43)
Discontinued Operations		0.12		(0.20)
Net Income (Loss) Per Share Diluted	**$ 0.31**	**$ 0.26**	**$ 0.91**	**$ (0.63)**
Weighted Average Shares Outstanding (Note 4)	243	231	244	188

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2008	December 31, 2007
Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 2,069	$ 3,463
Restricted Cash	181	191
Accounts Receivable, less Allowance $93 ($88 in 2007)	3,630	3,103
Inventories:		
Raw Materials	675	591
Work in Process	153	147
Finished Products	3,105	2,426
	3,933	3,164
Prepaid Expenses and Other Current Assets	292	251
Total Current Assets	**10,105**	**10,172**
Goodwill	784	713
Intangible Assets	165	167
Deferred Income Tax	76	83
Other Assets	436	458
Property, Plant and Equipment less Accumulated Depreciation $8,730 ($8,329 in 2007)	5,928	5,598
Total Assets	**$ 17,494**	**$ 17,191**
Liabilities:		
Current Liabilities:		
Accounts Payable-Trade	$ 2,787	$ 2,422
Compensation and Benefits	930	897
Other Current Liabilities	812	753
United States and Foreign Taxes	235	196
Notes Payable and Overdrafts (Note 7)	300	225
Long Term Debt and Capital Leases due within one year (Note 7)	101	171
Total Current Liabilities	**5,165**	**4,664**
Long Term Debt and Capital Leases (Note 7)	3,668	4,329
Compensation and Benefits	3,245	3,404
Deferred and Other Noncurrent Income Taxes	305	274
Other Long Term Liabilities	657	667
Minority Equity in Subsidiaries	1,101	1,003
Total Liabilities	**14,141**	**14,341**

Commitments and Contingent Liabilities (Note 10)		
Shareholders Equity:		
Preferred Stock, no par value:		
Authorized, 50 shares, unissued		
Common Stock, no par value:		
Authorized, 450 shares, Outstanding shares 241 (240 in 2007) after deducting 10 treasury shares (10 in 2007)	241	240
Capital Surplus	2,694	2,660
Retained Earnings	1,824	1,602
Accumulated Other Comprehensive Loss	(1,406)	(1,652)
Total Shareholders Equity	**3,353**	**2,850**
Total Liabilities and Shareholders Equity	**$ 17,494**	**$ 17,191**

The accompanying notes are an integral part of these consolidated financial statements.

-2-

Table of Contents

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2008**	**2007**	**2008**	**2007**
Net Income (Loss)	$ 75	$ 56	$ 222	$ (118)
Other Comprehensive Income (Loss):				
Defined benefit plans:				
Prior service credit from plan amendment during period				501
Less: Minority interest				(3)
Amortization of prior service cost and unrecognized gains and losses included in net periodic benefit cost	32	41	65	97
Less: Taxes	(2)	(6)	(3)	(13)
Minority interest	(2)	(3)	(4)	(6)
(Increase) decrease in net actuarial losses	(3)	(12)	(3)	20
Less: Minority interest		3		2
Immediate recognition of prior service cost and unrecognized gains and losses due to curtailments, settlements and divestitures	1		1	133
	26	23	56	731
Foreign currency translation gain	11	102	197	146
Unrealized investment gain (loss)	(2)	4	(7)	(3)
Comprehensive Income	**$ 110**	**$ 185**	**$ 468**	**$ 756**

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(In millions)	**2008**	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ 222	$ (118)
Less: Discontinued operations		(37)
Income (Loss) from Continuing Operations	**222**	**(81)**
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities:		
Depreciation and amortization	318	300
Amortization and write-off of debt issuance costs	19	33
Deferred tax provision	13	(4)
Net rationalization charges (Note 2)	100	22
Net gains on asset sales	(37)	(19)
Fire loss expense	2	12
Minority interest and equity earnings	45	38
Pension contributions and direct payments	(162)	(265)
Rationalization payments	(28)	(44)
Insurance recoveries	9	
Changes in operating assets and liabilities, net of asset acquisitions and dispositions:		
Accounts receivable	(398)	(505)
Inventories	(684)	(271)
Accounts payable trade	361	134
Compensation and benefits	58	220
Other assets and liabilities	(53)	(83)
TOTAL OPERATING CASH FLOWS FROM CONTINUING OPERATIONS	(215)	(513)
Discontinued operations		5
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**(215)**	**(508)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(476)	(227)
Asset dispositions	40	33
Asset acquisitions (Note 5)	(46)	
Decrease in restricted cash	10	23
TOTAL INVESTING CASH FLOWS FROM CONTINUING OPERATIONS	(472)	(171)
Discontinued operations		(25)
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	**(472)**	**(196)**

CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term debt and overdrafts incurred	60	39
Short term debt and overdrafts paid	(30)	(57)
Long term debt incurred	3	374
Long term debt paid	(787)	(2,141)
Debt issuance costs		(17)
Common stock issued	5	940
Dividends paid to minority shareholders	(2)	(9)
Other transactions	6	
TOTAL FINANCING CASH FLOWS FROM CONTINUING OPERATIONS	(745)	(871)
Discontinued operations		(12)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	**(745)**	**(883)**
Net Change in Cash of Discontinued Operations		32
Effect of exchange rate changes on cash and cash equivalents	38	21
Net Change in Cash and Cash Equivalents	**(1,394)**	**(1,534)**
Cash and Cash Equivalents at Beginning of the Period	3,463	3,862
Cash and Cash Equivalents at End of the Period	**$ 2,069**	**$ 2,328**

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by The Goodyear Tire & Rubber Company (Goodyear , we , us or our) in accordance with Securities and Exchange Commission rules and regulations and in the opinion of management contain all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007 (the 2007 Form 10-K).

Operating results for the three and six month periods ended June 30, 2008 are not necessarily indicative of the results expected in subsequent quarters or for the year ending December 31, 2008.

During the first quarter of 2008, we formed a new strategic business unit, Europe, Middle East and Africa Tire (EMEA), by combining our former European Union Tire and Eastern Europe, Middle East and Africa Tire business units and have aligned the external presentation of results with the current management and operating structure. Prior periods have been restated for this change.

The results of operations, financial position and cash flows of our former Engineered Products business, which was previously a reportable operating segment and was sold July 31, 2007, have been reported as discontinued operations for all periods presented. Unless otherwise indicated, all disclosures in the notes to the unaudited interim consolidated financial statements relate to our continuing operations.

Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 addresses how companies should measure fair value when they are required to use a fair value measure for recognition and disclosure purposes under generally accepted accounting principles. SFAS No. 157 requires the fair value of an asset or liability to be based on market-based measures which will reflect the credit risk of the company. SFAS No. 157 also expanded disclosure requirements to include the methods and assumptions used to measure fair value and the effect of fair value measures on earnings. The adoption of SFAS No. 157 effective January 1, 2008 did not have a material impact on our consolidated financial statements.

Valuation Hierarchy

SFAS No. 157 establishes a three-level hierarchy for fair value measurements. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Level 1 Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows.

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Investments

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Derivative Financial Instruments

Exchange-traded derivative financial instruments that are valued using quoted prices would be classified within Level 1 of the valuation hierarchy. Derivative financial instruments valued using internally-developed models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Derivative financial instruments that are valued based upon models with significant unobservable market parameters, and that are normally traded less actively, would be classified within Level 3 of the valuation hierarchy.

Refer to Note 6 for the presentation of assets and liabilities recorded at fair value in the Consolidated Balance Sheets.

In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157. The FSP defers the provisions of SFAS No. 157 with respect to nonfinancial assets and nonfinancial liabilities that are measured at fair value on a nonrecurring basis subsequent to initial recognition until fiscal years beginning after November 15, 2008. Items in this classification include goodwill, asset retirement obligations, rationalization accruals, intangible assets with indefinite lives, guarantees and certain other items. We are evaluating our methods used in making those measurements and assessing the impact that these provisions may have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 (SFAS No. 159). SFAS No. 159 permits a company to choose to measure many financial instruments and other items at fair value that are not currently required to be measured at fair value. The objective is to improve financial reporting by providing a company with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. A company reports unrealized gains and losses in earnings at each subsequent reporting date on items for which the fair value option has been elected. We did not elect the fair value measurement option for any of our existing financial instruments other than those that are already being measured at fair value. As such, the adoption of SFAS No. 159 effective January 1, 2008 did not have a material impact on our consolidated financial statements.

Reclassifications

Certain items previously reported in specific financial statement captions have been reclassified to conform to the current presentation.

Recently Issued Accounting Standards

In December 2007, the FASB issued SFAS No. 141 (Revised), Business Combinations (SFAS No. 141 (R)), replacing SFAS No. 141, Business Combinations (SFAS No. 141), and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an Amendment of ARB No. 51 (SFAS No. 160). SFAS No. 141(R) retains the fundamental requirements of SFAS No. 141, broadens its scope by applying the acquisition method to all transactions and other events in which one entity obtains control over one or more other businesses, and requires, among other things, that assets acquired and liabilities assumed be measured at fair value as of the acquisition date, that liabilities related to contingent consideration be recognized at the acquisition date and remeasured at fair value in each subsequent reporting period, that acquisition-related costs be expensed as incurred, and that income be recognized if the fair value of the net assets acquired exceeds the fair value of the consideration transferred. SFAS No. 160 establishes accounting and reporting standards for noncontrolling interests (i.e., minority interests) in a subsidiary, including changes in a parent s ownership interest in a subsidiary and requires, among other things, that noncontrolling interests in subsidiaries be classified as a separate component of equity. Except for the presentation and disclosure requirements of SFAS No. 160, which are to be applied retrospectively for all periods presented, SFAS No. 141 (R) and SFAS No. 160 are to be applied prospectively in financial statements issued for fiscal years

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

beginning after December 15, 2008. We are currently assessing the impact SFAS No. 141 (R) and SFAS No. 160 will have on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS No. 161). SFAS No. 161 requires companies with derivative instruments to disclose information that would enable financial statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and how derivative instruments and related hedged items affect a company s financial position, financial performance and cash flows. The new requirements apply to derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS No. 133. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008; however, early application is encouraged. We plan to adopt SFAS No. 161 in the first quarter of 2009 and will be reporting the required disclosures in our Form 10-Q for the period ending March 31, 2009.

In April 2008, the FASB issued Staff Position FSP FAS 142-3, Determination of the Useful Life of Intangible Assets (FSP FAS 142-3). The FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets . The intent of the FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under other accounting principles generally accepted in the United States of America. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after the effective date. Certain disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date.

In May 2008, the FASB issued Staff Position APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1). The FSP specifies that issuers of convertible debt instruments that may be settled in cash upon conversion should separately account for the liability and equity components in a manner that will reflect the entity s nonconvertible debt borrowing rate. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. The FSP is to be applied retrospectively. In July 2004, we issued $350 million of 4% convertible senior notes due 2034, and subsequently exchanged $346 million of those notes for common stock and a cash payment in December 2007. The remaining $4 million of notes were converted into common stock in May 2008. We are currently assessing the impact that FSP APB 14-1 will have on our consolidated financial statements.

NOTE 2. COSTS ASSOCIATED WITH RATIONALIZATION PROGRAMS

To maintain global competitiveness, we have implemented rationalization actions over the past several years for the purpose of reducing excess and high-cost manufacturing capacity and to reduce associate headcount. As part of that strategy, in the second quarter of 2008, we announced plans to close our Somerton, Australia manufacturing facility by December 31, 2008. As a result, we recorded $72 million of charges primarily for employee severance related to the closure in our second quarter 2008 results. In addition, we completed discussions with employee unions related to our Amiens, France tire plants and as a result have increased our previously recorded rationalization reserve for employee severance by $7 million in the second quarter of 2008. The net rationalization charges included in Income (Loss) from Continuing Operations before Income Taxes and Minority Interest are as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(In millions)	**2008**	**2007**	**2008**	**2007**

New charges	$	87	$	11	$	101	$	28
Reversals				(4)		(1)		(6)
	$	**87**	**$**	**7**	**$**	**100**	**$**	**22**

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table shows the reconciliation of our liability between periods:

(In millions)	Associate-Related Costs	Other Than Associate-Related Costs	Total
Balance at December 31, 2007	**$ 56**	**$ 6**	**$ 62**
First quarter charges	4	10	14
Incurred	(12)	(7)	(19)
Reversed to the statement of operations	(1)		(1)
Balance at March 31, 2008	**$ 47**	**$ 9**	**$ 56**
Second quarter charges	85	2	87
Incurred	(9)	(2)	(11)
Balance at June 30, 2008	**$ 123**	**$ 9**	**$ 132**

During the second quarter of 2008, $87 million ($83 million after-tax or $0.34 per share) of net charges were recorded. New charges of $87 million represent $76 million for plans initiated in 2008 and $11 million for plans initiated in 2007 and prior years. New charges for the 2008 plans include $75 million related to associate severance costs and $1 million primarily for other exit costs and non-cancelable lease costs. These amounts include $75 million related to future cash outflows and $1 million for non-cash pension curtailments. New charges for the 2007 and prior year plans include $10 million related to associate severance costs and $1 million primarily for other exit costs and non-cancelable lease costs. These amounts include $11 million related to future cash outflows.

For the first six months of 2008, $100 million ($95 million after-tax or $0.39 per share) of net charges were recorded. New charges of $101 million were comprised of $78 million for plans initiated in 2008 and $23 million for plans initiated in 2007 and prior years. New charges for the 2008 plans include $77 million related to associate severance costs and $1 million primarily for other exit costs and non-cancelable lease costs. These amounts include $77 million related to future cash outflows and $1 million for non-cash pension curtailments. The $23 million of new charges for 2007 and prior year plans consist of $12 million of associate-related costs and $11 million primarily for other exit costs and non-cancelable lease costs. These amounts include $19 million related to future cash outflows and $4 million for other non-cash exit costs. The first six months of 2008 includes the reversal of $1 million of reserves for actions no longer needed for their originally-intended purposes. Approximately 700 associates will be released under programs initiated in 2008, most of whom will be released within the next 12 months.

The accrual balance of $132 million at June 30, 2008 includes approximately $9 million related to long-term non-cancelable lease costs and approximately $123 million of associate-related costs that are expected to be substantially utilized within the next twelve months.

Accelerated depreciation charges of $4 million were recorded as Cost of Goods Sold in the three and six months ended June 30, 2008, respectively, related to our plan to close our Somerton, Australia tire manufacturing facility. Accelerated depreciation charges of $8 million and $25 million were recorded as Cost of Goods Sold in the three and six months ended June 30, 2007, respectively, for fixed assets that were taken out of service primarily in connection with the elimination of tire production at our Valleyfield, Quebec and Tyler, Texas tire plants.

During the second quarter of 2007, $7 million ($7 million after-tax or $0.03 per share) of net charges were recorded. New charges of $11 million for plans initiated in 2006 were recorded and include $3 million of associate severance costs and $8 million primarily for other exit costs and non-cancelable lease costs. The second quarter of 2007 includes the reversal of $4 million of reserves for rationalization actions no longer needed for their originally-intended purposes.

For the first six months of 2007, $22 million ($21 million after-tax or $0.11 per share) of net charges were recorded. New charges of $28 million were comprised of $5 million for plans initiated in 2007 and $23 million for plans initiated in 2006. New charges of $5 million for the 2007 plans related to associate severance costs. The $23 million of new charges for 2006 plans consist of $7 million of associate-related costs and $16 million primarily for other exit costs and non-cancelable lease costs. The first six months of 2007 includes the reversal of $6 million of reserves for actions no longer needed for their originally-intended purposes. Approximately 700 associates remain to be released under programs initiated in 2007 and prior years.

Table of Contents

THE GOODYEAR TIRE & RUBBER COMPANY AND SUBSIDIARIES
NOTE