

GOODYEAR

Breaking Growth Barriers in India

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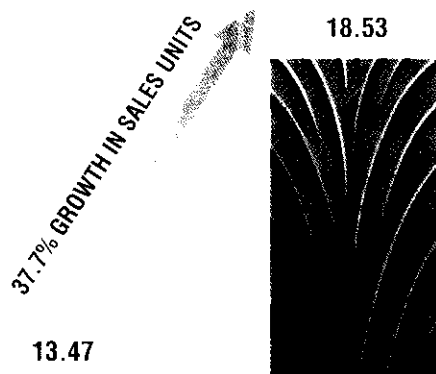
GOODYEAR
No.1 in TYRES Worldwide

GOODYEAR INDIA LIMITED

1999 - A RECORD YEAR OF PROFITABLE GROWTH

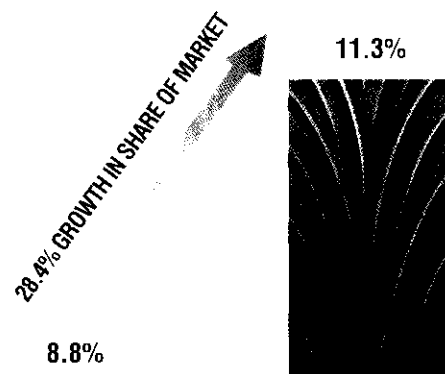
UNIT VOLUME

(figures in millions)



MARKET SHARE (%)

(Excl. Scooter/Motorcycle)



1998

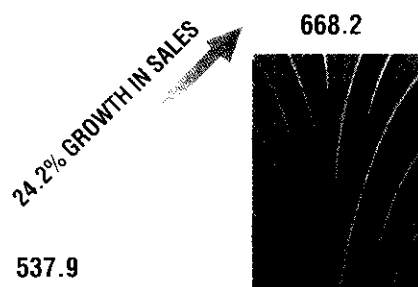
1999

1998

1999

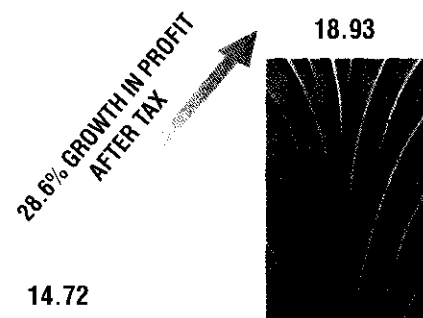
SALES

(figures in crores)



PROFIT AFTER TAX

(figures in crores)



537.9

668.2

14.72

18.93



“Goodyear at the dawn of the 21st century is a company of focus. We have sharpened our focus on our core tire and rubber products businesses, expanded globally and regained our position as No.1 in tires-worldwide. Our engineers, scientists and researchers are focused on leadership in technology that results in innovative products and processes. Our sales and marketing groups are focusing on the customer like never before, seeking to learn their needs so we can satisfy them. Our entire organisation, focused on a singular goal, is committed to profitable growth.”

Sam Gibara
Chairman, CEO & President
The Goodyear Tire & Rubber Company

“The Associates forming the integrated communities within Goodyear's Asia Region will achieve greatness and lead the corporation's quest to become the world's best Tire and Rubber Company by forging a perfect union between the four parts which form the heart of our business: people, quality, customers and profitable growth.”

Hugh D. Pace
President - Asia Region
The Goodyear Tire & Rubber Company

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“The year 1999 has indeed been a record year for us. Our Ultimate Goal is to be India's Best Tyre and Rubber Company. This demands continued improvement across all qualitative and quantitative dimensions, a Real Shared Vision and a healthy blend of strategic focus with tactical disciplines. Our 1999 performance gives us good reason to be optimistic about overcoming future challenges.”

Neville Moos

Chairman & Managing Director
for Goodyear - India & South Asia

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"Amongst all the tyre companies in India, Goodyear is uniquely positioned to become the biggest player in the industry."

-Business World
(January 24, 2000)

"Goodyear is perfectly positioned to be in the forefront of the Indian Tyre Industry."

-Indian Rubber Journal
(March-April 1999)

"Goodyear India set to roll."

-The Hindu Business Line
(April 4, 1999)

"A splendid performance in 1999...now aiming to be India's best brand."

-Rubber Asia
(January-February 2000)



The Executive Committee of Goodyear - India

Goodyear - transformed in 1999

Goodyear became transformed in 1999 through the Sumitomo (Dunlop) alliance. It returned to No.1 position among the world's tyre manufacturers. Goodyear and Sumitomo Rubber Industries, which has rights to the Dunlop tire brand in major world markets, have formed four joint venture companies operating in North America, Europe and Japan, and two global, service-focused support ventures based in the United States -

**Goodyear
No. 1 in
tyres
worldwide**

one for purchasing and one for sharing tire technology. The joint ventures have become operational in

September 1999.

This alliance integrates the Dunlop family into Goodyear's family, creating synergies and efficiencies to produce and distribute high quality tyres at a lower cost and would result in cost improvements and efficiencies that will benefit the corporation as a whole. It also enhances Goodyear's flexibility and broadens our ability to serve our valued customers globally.

Goodyear Chairman Sam Gibara signs an agreement in New York globally linking Sumitomo Rubber Industries and Goodyear Tire and Rubber Company

GOODYEAR

DUNLOP

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**A GLOBAL ALLIANCE
FOR THE 21ST CENTURY**

Naoto Saito

Sam Gibara

Repositioned for the new millennium

We believe our Team's shared vision and the commitment of all our 2000 associates, across India & South Asia, will play a critical role in repositioning this company at a time of industry wide consolidation, as we enter the new millennium.

The year also saw the entry of several new generation automobiles in the country. The innovative approach adopted by the company, continued to empower it with quality products and service. Simultaneously, the emphasis laid on new technological superiority in manufacturing, enabled the company to initiate focussed strategies in key areas. The end result was effectively felt in the core areas of the company operations - from distribution and marketing to finance and materials management. It also demonstrated commitment of all

our associates who rallied to produce excellent results.

Having already carved an enviable niche for itself in the industry, Goodyear has launched several programmes and initiatives designed to earn for it a position of global dominance and leadership on all aspects of its business.

Racing despite economic recession

Challenges come in all guises - people, places, market conditions...with the Indian economic environment facing another year of stagnation. While political turbulence ending in the later part of the year, the increase in raw material cost in part in the last quarter, contributed to stagnation effect in the economy. Even the measures introduced to stimulate a better growth trajectory were found wanting. Freedom from controls, which was expected to

" We are proud of our team's accomplishments through the year. Buoyed by the fastest production volume increase in the industry, our unit sales grew by a record 38% vs. prior year, with healthy gains in replacement & original equipment channels and across all product segments. Your company's market share increased to 11.3% of the domestic tyre industry (excluding scooter-motorcycle), the highest level achieved in over 30 years. Despite our severe challenges of the fourth quarter, it is particularly satisfying to note that this was achieved while producing the highest level of profit after tax in the history of the company."

- N P Moos



provide a renewed degree of optimism, did not bear fruit. The entry of global players too did not have a positive impact on competitiveness, nor did it provide the desired level of rejuvenation. As a result, the tyre industry has become even more competitive and price sensitive and margins are under pressure like never before. Despite these difficult times and intense pressures, Goodyear continued to grow. The focus on ensuring and implementing a quality mindset on the critical aspect of customer satisfaction enabled the company to maintain its upward progress in all major performance indicators.

Mr. N P Moos with two new benchmark products GT 770+, a high performance T-rated radial tyre and DT 195 - a benchmark



"The commitment on customer focus, new product introductions, targeted at new segments and applications and strengthening distribution channels at all levels has been an instrumental factor in the marketing dynamism and thrust in all strategic markets. Goodyear's intrinsic and intense obsession with customer satisfaction and its passion for offering newer, technologically sophisticated global quality products, adapted for local conditions have, and will remain inspiring pillars of strength as the company charts a synergised surge into the future."

E. Krishnaiah

Sales & Marketing Director

"Financial management in the 21st century will undergo a significant change. Strategic financial decision making will be the discerning factor in providing impetus to the Company's growth plans. The need for innovation, ability to assess business risks and to provide the cutting edge in value addition call for vision and extra-ordinary leadership. Recent initiatives taken in business process re-engineering with the successful implementation of SAP has laid the foundation for the Company's future progress. Optimisation of Working Capital, Debt and Interest Cost management continue to receive maximum focus."

B. Anantharaman

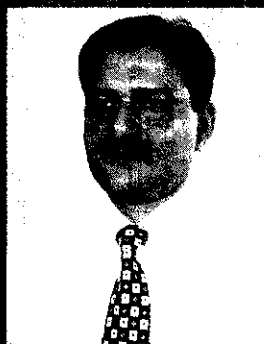
Finance Director



"Our approach in the manufacturing area is being driven by attention to quality, cost management, waste elimination and effective asset utilisation with an eye for detail. This has been accomplished through a shared vision, interactive influence, efficient management systems and training at all levels, resulting in a Total Manufacturing Uniformity System that has helped us in raising our quality standards in order to offer a powerful competitive advantage."

Sanjeev Sood

Manufacturing Director,
Ballabgarh





Ballabgarh Factory, Goodyear

A significant commitment of Rs. 40 crores invested for specifically upgrading the farm tyres manufacturing process at the Ballabgarh plant is paying rich dividends. Our team has spent a lot of time in 1998 and 1999 planning the integration of our two manufacturing facilities at Ballabgarh and Aurangabad. The investment will also enable the company to realign and transpose its production at the two factories to cater to the emerging and changing market conditions. This will provide a marked impetus to the company's effort in achieving a synergy in its product and marketing mix, with the objective of ensuring an accurate response to market demands, progress and growth.

Goodyear India expands regional scope

Goodyear India has also acquired an enhanced dimension in respect of geographical markets. The company will also service Bangladesh,



An occasion to remember - inauguration of RFT expansion area by Hugh D. Pace, President - Asia Region

Sri Lanka and Nepal. This new development with Goodyear India being at the hub of South Asia, clearly indicates the rising importance of the company in the global Goodyear scenario.



Nine benchmark products launched

The company has also been actively pursuing an aggressive sales and marketing effort with several new, innovative activities. Its launch of nine new products, a record-breaking achievement by any tyre company in India, is another first in the country. Several new radial products like the GT 770+, a high performance 'T' rated radial tyre for Maruti 800, the G 28, a special tyre for cargo and van applications like Omni were launched. These are in addition to our well accepted GPS 2 and Wrangler brands,



The Goodyear Team with the largest tyre manufactured in India to-date

the new LCV tyre Power Max and the DT/FT 195. Covering all major consumer segments, the nine new launches in the passenger car, farm and light and heavy commercial vehicle segments have enabled the company to significantly broaden its product portfolio. These new products will also help our dealers to broaden their portfolio and service a wider range of consumers with great value offerings.

A launch programme to commemorate the nine product launch

This in turn aids our dealers of today and tomorrow, providing them profitable and solid growth in the future. The benefit of world class quality and service has become available to an even wider customer base in the country. For our esteemed Goodyear dealers, this provides a significant, new competitive advantage. The increased product range has given them and the company an additional sales and profit opportunities.

A significant landmark -

Nine new products launched

simultaneously by Goodyear India

