

I N D I A L I M I T E D

A N N U A L R E P O R T - 2 0 0 0

GOODYEAR
One Revolution Ahead

Report Junction

Trinum
TYRE TECHNOLOGY

TOP

"As we enter 2001, indications are that raw material costs and currencies are slowly beginning to move in a direction that benefits Goodyear...

...Goodyear will not wait for external factors to increase its profitability. We have been aggressively cutting costs throughout the organization and rationalizing production. We will be aggressive in increasing prices where market conditions allow.

As the replacement tire markets continue their movement toward quality-oriented brands, Goodyear is well positioned to profitably grow our market share."

Samir G. Gibara

**Chairman & Chief Executive Officer
The Goodyear Tire & Rubber Company**



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"Without a doubt, the difficult economic and marketplace conditions of 2000 have slowed Goodyear's progress. They have not, however, caused us to lose our focus or our determination. We welcome change in our industry. In fact, we plan to aggressively lead it.

With our strategy and core values as guideposts, an energised leadership team and the unwavering dedication of Goodyear's associates around the world, we are committed to delivering superior performance to our shareholders."

Robert J. Keegan

**President & Chief Operating Officer
The Goodyear Tire & Rubber Company**

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"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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"Determination and commitment have been the foundation for Goodyear's extraordinary resilience. We have always seen challenges as opportunities, not as obstacles to our growth. This helped us triumph; by synergising our internal and external resources and strengths, we survived, even when market conditions were not in our favour. Our expertise and continuous effort will undoubtedly bring in more success in the future."



Luis C Ceneviz

Chairman & Managing Director
Goodyear - India

Economic Challenges

In fiscal 2000, adverse macro trends that affected Goodyear's performance include the slowing Indian economy hampered by irregular monsoons and the sharp increase in world petroleum prices.

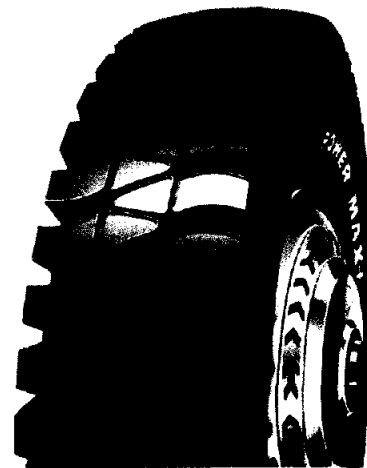
On the plus side however, India's foreign exchange reserves rose to a new high, the food stocks situation was comfortable and exports rose by over 20 per cent in US \$ terms which all augur well for the future.

To address the challenge to Goodyear's bottom-line performance, the company has already implemented a highly intensified cost-reduction programme in the key operational areas of finance, manufacturing and marketing. To this end, the company has closely monitored raw material prices throughout fiscal 2000, initiated manpower reduction and upgraded both technology and machinery to effect crucial savings in production costs.

Trinium technology - our technological edge

The year 2000 saw the

*Designed with state-of-the-art computer modelling techniques to reduce tread wear
- Power Max+ for light trucks*



introduction of Goodyear's revolutionary Trinium Technology supported by a spectacular international advertising campaign. Trinium is named for: Tri - the power of three and Nuum - a continuum of tyre technology. Trinium Technology for radial tyres is the combination of tyre knowledge, experience and creativity drawn from the three global R&D centres in Japan, Europe and the US. These three global development centres have together created the perfect radial tyre for every application, every terrain and every driver, to ensure Goodyear's mission of keeping "one revolution ahead". The advantages of Trinium Technology come from three distinct areas: Chemistry, Design and Engineering. The unique chemical polymers (produced and patented by Goodyear), provide enhanced wet traction to improve road holding.

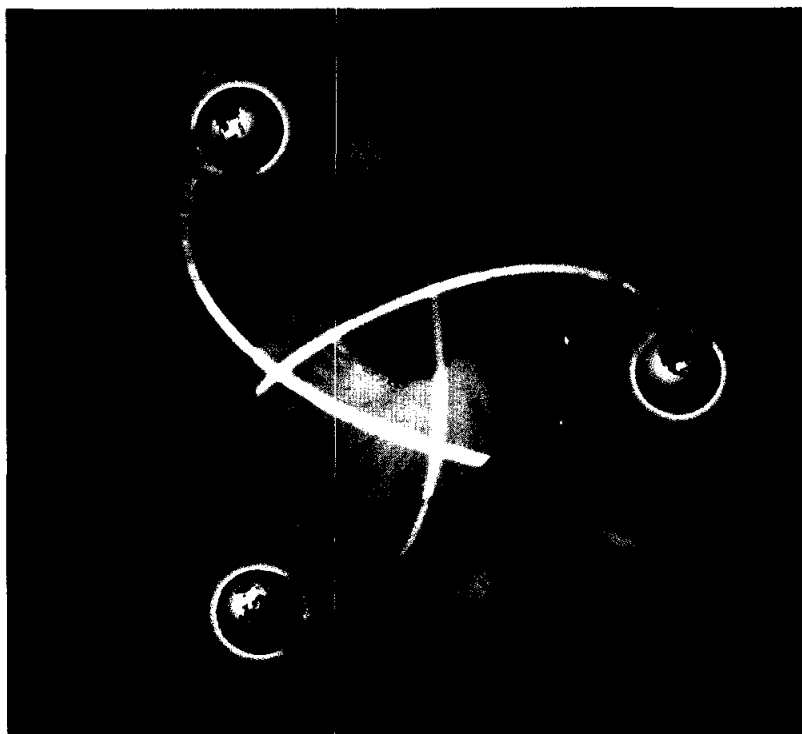
State-of-the-art design studios with computers and 3D prototyping tools produce advanced concepts for future Goodyear product lines. These tyres are also engineered to give improved comfort and better handling with longer treadwear and lower noise.

Trinium Technology therefore illustrates Goodyear's abiding commitment to always delivering at the cutting edge of technology.

Creating benchmarks - new truck tyres launched

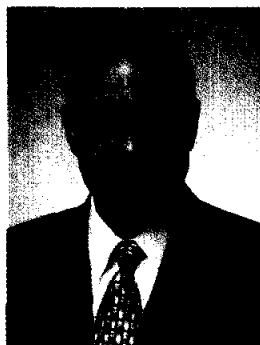
After extensive field and laboratory testing, Goodyear India soft-launched three new tyres for truck and light truck segment in October 2000. Called the Power 2000, the Power Torq+ and Power Max+, these products were targeted at the medium commercial and light truck segments. Designed with state-of-the-art computer modelling techniques to reduce treadwear, the new products also incorporate improved polymers to run cooler and last longer.

The Power 2000, Power Max+ and Power Torq+ are path-breakers in the



Trinium is named for: Tri - the power of three and Nuum - a continuum of tyre technology. Trinium Technology for radial tyres is the combination of tyre knowledge, experience and creativity drawn from the three global R&D centres in Japan, Europe and the US.

*Lasts longer, stays cooler & durable - Power
Torq+ for truck segments*



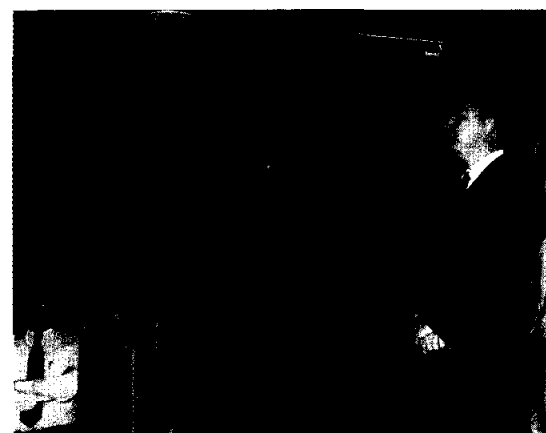
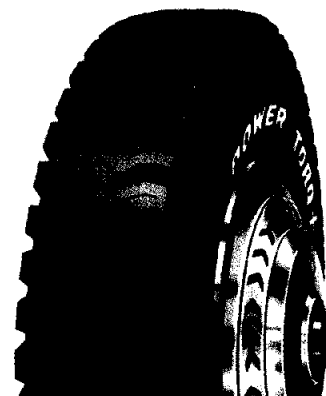
"Extensive research and valuable feedback from our customers enabled tremendous improvements in the quality of our existing products. In this light, many new products were launched, including Trinum, the radial tyre technology which combines the best of technical innovation from its developmental centres in Japan, Europe and America. Our commitment on customer focus, innovations and strong distribution channels have played an important role in what we have achieved and we will continue to leverage these to raise the company to a newer height."

E. Krishnaiah
Sales & Marketing Director

Indian Tyre industry. The Power 2000, the biggest rib tyre available along with the durable Power Torq+ are an ideal pair for front and rear applications for the commercial segment. With such technologically superior products, Goodyear caters to virtually every specific market need or application and is set to substantially consolidate and enlarge its market presence in India. With these latest additions, Goodyear India today manufactures and markets radial and bias tyres for most applications. Goodyear's unparalleled quality standards have today made it the most preferred supplier to almost all major auto manufacturers in India including Tata Engineering and Locomotive Company (TELCO), Volvo India Ltd., Tatra Udyog Ltd., Ford India Ltd., Eicher Motors Ltd., Bajaj Tempo Ltd., Maruti Udyog Ltd., General Motors India Ltd., Fiat India Ltd., Toyota Kirloskar Motor Ltd., Mahindra & Mahindra Ltd., Hindustan Motors Ltd., Premier Automobiles Ltd., Escorts Ltd., HMT Ltd., Punjab Tractors Ltd., TAFE Ltd.,



Power 2000 - the biggest rib tyre available



Mr. Luis C Ceneviz, Chairman & Managing Director and Mr. E. Krishnaiah, Sales & Marketing Director during the launch of the new generation truck tyres

New Hollands Ltd. and International Tractors Ltd.

To continue its commitment to innovation and cutting edge technology, Goodyear invests USD 450 million in its global R&D facilities every year. This search of new technology and raw material has led to improved quality and has paid significant dividends both in India and abroad. The global alliance with Sumitomo Rubber Industries has made Goodyear the number one tyre maker in the world. The alliance has also enhanced the company's flexibility with new synergies and efficiencies, enabling Goodyear to produce and distribute high quality tyres at competitive prices.

Exploring New Frontiers

Goodyear has made significant headway in the area of exports in fiscal 2000. With South Asia as part of Goodyear India's geographical footprint, the company increased exports of its products to Bangladesh, Sri Lanka, Pakistan and Nepal and other countries in the Middle East/Asian countries. The company has been the recipient of 'Certificate of Merit Award' from Capexil for its achievements in exports. Encouraged by success in the export market, the company has now plans to enter new markets in the coming year.



Mr. Luis Ceneviz, CMD; Mr. E. Krishnalah, SMD and Mr. M. S. Bora, Manager-Exports seen with Mr. Tilak de Zoysa, Deputy Chairman/ Managing Director of Associated Motorways Group, the sole distributor for Goodyear products in Sri Lanka

Mr. Luis Ceneviz, Mr. E. Krishnalah, and Mr. M. S. Bora with Goodyear dealers of Bangladesh during the 25th Anniversary of 'NAVANA-GOODYEAR Partnership' celebration in Dhaka, Bangladesh



"Strategic financial decision making is the key to the company's growth. Our growth plans call for innovation, business risks assessment and value additions. This is possible only when we have vision and extraordinary leadership. The successful implementation of SAP is expected to contribute to the Company's future progress. This year too, Financial Management will continue to give maximum focus on optimisation of working capital, debt and interest cost management."

Charlie Jarreau
Finance Director



"The competitive advantage of Goodyear's manufacturing area is the attention to quality, cost management, waste elimination and effective asset utilisation. This has led to a decrease in costs - an accomplishment that has been the result of shared vision, efficient management and rigorous training at all levels. The Total Manufacturing Uniformity System aligns the factory and its associates to the marketplace thus bringing about constant improvements in the product to fulfill the customer needs."

Sanjeev Sood
Manufacturing Director,
Ballabgarh



Building and strengthening customer relationships - launching of Power 2000 during Operation Concentration

Building Market Support

We, at Goodyear, believe in taking concrete steps towards building and strengthening relationships with our customers. Operation Concentration is one such innovative and proactive programme. In this programme, targeted customer segments received exclusive attention from Goodyear through effective exchange of ideas and information. While promotion of Goodyear's brands was emphasised, communicating the company's customer oriented policies was the primary focus. Moreover, future plans, R&D activity, leadership in tyre technology and Goodyear's qualitative and competitive edge were also shared with the customers. OC meets were held at a number of places throughout the country and a large number of customers attended them.

EM Seminars

Effective interaction with customers took place on a wide range of relevant areas at EM Seminars conducted in fiscal 2000. Here, special emphasis was given to OTR tyres - its features, benefits, care and maintenance. These programmes were well attended and appreciated by engineers and staff from the excavation department. Seminars were conducted at Tisco-Naomundi and West Bokaro, and also at SAIL at their Kiriburu/Meghahatuburu collieries. OTR literature were distributed to participants and all the technical aspects of tyre upkeep and maintenance were discussed.



***Goodyear,
the leader in the
EM market
- EM Seminar
conducted at
Tisco-West
Bokaro
Collieries***

Training Programmes

To keep our dealers updated on knowledge and skills, special training programmes were also held with a special emphasis on areas like pre and post sales service of passenger Radial and Bias Tyres. In fiscal 2000, training programmes were held in Jalandhar and Jamshedpur. In addition, OEM training programmes for Tractor manufacturers were also held for Escorts and TAFE. For the maintenance and superiority of



A Training Programme for the OEMs conducted at Escorts Limited, Faridabad



Tyre Centre & Associates Training Programme for Auto Tyres conducted at Jalandhar

Truck Owners' Meets

A number of meetings were organised by Goodyear for Medium, Commercial and Light Truck Owners at many places around the country. The owners/users were informed about Goodyear's range of brands, benefits, technological superiority and cost effectiveness with special emphasis on upkeep and maintenance methods. In December 2000, a major programme was conducted with over 16 OCs in a short span of two weeks to educate the customers and dealers on the improvements made in our truck tyres.

Goodyear farm tyres, a special training programme module was developed for the first time by any tyre company in India and held at Nagpur, Aurangabad, Pune, Coimbatore and Tiruchirapally. With sessions that covered tyre basics, applications, maintenance and storage, the training programmes were an effective mix of theory and practical aspects. These open sessions also generated useful feedback on the field performance of Goodyear's various tyre categories.



A dynamic action plan to reach out to another major customer segment - the Light Truck Owners Meet



A special effort in educating customers of the correct usage of tyres - Tyre Clinics for car owners

Tyre Clinics for car owners

Transportation has gained a significant position in the Indian economy. Today, the maintenance of tyres is being given the utmost importance by truckers. Goodyear too, is providing keen support in this respect not just by way of manufacturing tyres that are suitable for the consumers, but also by holding tyre clinics for car owners. Here, customers are educated on all relevant issues.

This exercise also helps us to obtain the all-important feedback from car owners.

Extending the retail revolution - new Tyre Centres

Goodyear has not only pioneered modern tyre retailing in India but is also leading the retail revolution in the country. Carrying the image and character of Goodyear, the Tyre

Centres are extensions of the company that go a long way towards creating brand loyalty. Besides a wide range of tyres, technologically advanced services like wheel balancing and wheel alignment are offered. What's more, the Goodyear Tyre Centres go well beyond the existing realms of customer service on offer by our

competitors by incorporating value-added services like engine scanning and tuning, rim straightening and engine pollution checks. These trend-setting Goodyear Tyre Centres help the company establish a bond with the customer ensuring a definite edge in the market. Goodyear is in the process of introducing more such tyre centres around the country on an accelerated programme basis.



Establishing a bond with the customer through value added service - inauguration of a new Goodyear Tyre Centre