

GOODYEAR TIRE & RUBBER CO /OH/

Form DEF 14A

March 07, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**SCHEDULE 14A  
(RULE 14a-101)  
SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

The Goodyear Tire & Rubber Company  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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**Notice of  
2008 Annual Meeting of Shareholders  
and  
Proxy Statement**

**The Goodyear Tire & Rubber Company**

1144 East Market Street  
Akron, Ohio 44316-0001

**DATE:** April 8, 2008

**TIME:** 9:00 a.m., Akron Time

**PLACE:** Offices of the Company  
Goodyear Theater  
1201 East Market Street  
Akron, Ohio

**YOUR VOTE IS IMPORTANT**

**Please vote. Most shareholders may vote by Internet or telephone as well as by mail.  
Please refer to your proxy card or page 56 of the Proxy Statement for information on how to vote by  
Internet or telephone. If you choose to vote by mail, please complete, date and sign your proxy card and  
promptly return it in the enclosed envelope.**

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**ROBERT J. KEEGAN  
CHAIRMAN OF THE BOARD,  
CHIEF EXECUTIVE OFFICER  
AND PRESIDENT**

March 6, 2008

**Dear Shareholders:**

You are cordially invited to attend Goodyear's 2008 Annual Meeting of Shareholders, which will be held at the Goodyear Theater, 1201 East Market Street, Akron, Ohio, at 9:00 a.m., Akron Time, on Tuesday, April 8, 2008. During the meeting, we will discuss each item of business described in the Notice of Annual Meeting of Shareholders and Proxy Statement, and give a report on matters of current interest to our shareholders.

This booklet includes the Notice of Annual Meeting as well as the Proxy Statement, which provides information about Goodyear and describes the business we will conduct at the meeting.

We hope you will be able to attend the meeting. Whether or not you plan to attend, it is important that you vote via the Internet, by telephone or by completing, dating, signing and promptly returning your proxy card. This will ensure that your shares will be represented at the meeting. If you attend and decide to vote in person, you may revoke your proxy. Remember, your vote is important!

Sincerely,

Robert J. Keegan  
*Chairman of the Board,  
Chief Executive Officer  
and President*

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**THE GOODYEAR TIRE & RUBBER COMPANY**

**NOTICE OF THE**

**2008 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 8, 2008**

**To the Shareholders:**

The 2008 Annual Meeting of Shareholders of The Goodyear Tire & Rubber Company, an Ohio corporation, will be held at the Goodyear Theater (in Goodyear's Principal Office Complex), 1201 East Market Street, Akron, Ohio, on Tuesday, April 8, 2008 at 9:00 a.m., Akron Time, for the following purposes:

1. To elect eleven members of the Board of Directors to serve one-year terms expiring at the 2009 Annual Meeting of Shareholders (Proxy Item 1);
2. To consider and vote upon a proposal to approve the adoption of the Goodyear 2008 Performance Plan (Proxy Item 2);
3. To consider and vote upon a proposal to approve the adoption of the Goodyear Management Incentive Plan (Proxy Item 3);
4. To consider and vote upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Goodyear for 2008 (Proxy Item 4); and
5. To act upon such other matters and to transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors fixed the close of business on February 15, 2008 as the record date for determining shareholders entitled to notice of, and to vote at, the 2008 Annual Meeting. Only holders of record of Goodyear Common Stock at the close of business on February 15, 2008 will be entitled to vote at the 2008 Annual Meeting and adjournments, if any, thereof.

March 6, 2008

By order of the Board of Directors:

C. Thomas Harvie, Secretary

**Please complete, date and sign your Proxy and return it promptly in the enclosed envelope, or vote via the Internet or by telephone.**

## PROXY STATEMENT

### The Goodyear Tire & Rubber Company

#### GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Goodyear Tire & Rubber Company, an Ohio corporation ( Goodyear, Company, we, our or us ), to be voted at the annual meeting of shareholders to be held April 8, 2008 (the Annual Meeting ), and at any adjournments thereof, for the purposes set forth in the accompanying notice.

Goodyear's executive offices are located at 1144 East Market Street, Akron, Ohio 44316-0001. Our telephone number is 330-796-2121.

Our Annual Report to Shareholders for the year ended December 31, 2007 is enclosed with this Proxy Statement. The Annual Report is not considered part of the proxy solicitation materials. The approximate date on which this Proxy Statement and the related materials are first being sent to shareholders is March 7, 2008.

#### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on April 8, 2008:**

**The Proxy Statement, Proxy Card and Annual Report to Shareholders for the year ended December 31, 2007 are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Shares Voting.** Holders of shares of the Common Stock, without par value, of Goodyear (the Common Stock ) at the close of business on February 15, 2008 (the record date ) are entitled to notice of, and to vote the shares of Common Stock they hold on the record date at, the Annual Meeting. As of the close of business on the record date, there were 240,218,355 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote.

**Quorum.** In order for any business to be conducted, holders of at least a majority of shares entitled to vote must be represented at the meeting, either in person or by proxy.

**Adjourned Meeting.** The holders of a majority of shares represented at the meeting, whether or not a quorum is present, may adjourn the meeting. If the time and place of the adjourned meeting is announced at the time adjournment is taken, no other notice need be given.

**Vote Required.** The affirmative vote of at least a majority of the shares of Common Stock outstanding on the record date is required for any management or shareholder proposal to be adopted at the Annual Meeting. In the election of directors, the eleven candidates receiving the most votes will be elected, subject to Goodyear's Majority Election of Directors Policy. For a description of that policy, see Majority Election of Directors Policy below.

Abstentions and broker non-votes, which occur when your broker does not have discretionary voting authority on a matter and you do not provide voting instructions, have the same effect as votes against any proposal voted upon by shareholders and have no effect on the election of directors.



**Cumulative Voting for Directors.** In the voting for directors, you have the right to vote cumulatively for the candidates nominated. In voting cumulatively for directors, you may (a) give one candidate the number of votes equal to eleven times the number of shares of Common Stock you are entitled to vote, or (b) distribute your votes among the eleven candidates as desired.

**Majority Election of Directors Policy.** In accordance with Goodyear's Corporate Governance Guidelines, if a director nominee receives, in any uncontested election of directors for which cumulative voting is not in effect, a greater number of votes withheld from his or her election than votes for such election, he or she will promptly offer his or her resignation as a director to the Board of Directors. Within 90 days, the Board will decide, after taking into account the recommendation of the Governance Committee (in each case excluding the nominee(s) in question), whether to accept the resignation. The Governance Committee and the Board may consider any relevant factors in deciding whether to accept a director's resignation. The Board's explanation of its decision shall be promptly disclosed in a filing with the Securities and Exchange Commission.

**Voting of Proxy.** Messrs. W. Mark Schmitz, C. Thomas Harvie and Bertram Bell, have been designated as proxies to vote (or withhold from voting) shares of Common Stock in accordance with your instructions. You may give your instructions using the accompanying proxy card, via the Internet or by telephone.

Your shares will be voted for the eleven nominees identified at pages 6 through 8, unless your instructions are to withhold your vote from any one or more of the nominees or to vote cumulatively for one or more of the nominees for election. The proxies may cumulatively vote your shares if they consider it appropriate, except to the extent you expressly withhold authority to cumulate votes as to a nominee.

Your Board of Directors anticipates that all of the nominees named will be available for election. In the event an unexpected vacancy occurs, your proxy may be voted for the election of a new nominee designated by the Board of Directors.

Proxies received and not revoked prior to the Annual Meeting will be voted in favor of the proposals of the Board of Directors to approve the adoption of the Goodyear 2008 Performance Plan (Proxy Item 2) and the Goodyear Management Incentive Plan (Proxy Item 3), and to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Goodyear for 2008 (Proxy Item 4), unless your instructions are otherwise.

**Voting Shares Held in Street Name.** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank or nominee who is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and are also invited to attend the Annual Meeting. Your broker, bank or nominee has enclosed a voting instruction card for you to use in directing the broker, bank or nominee regarding how to vote your shares. If you do not return the voting instruction card, the broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters, such as the election of directors (Proxy Item 1) and the ratification of the selection of accounting firm (Proxy Item 4), but do not have discretion to vote on non-routine matters, such as the approval of the 2008 Performance Plan (Proxy Item 2) and the Management Incentive Plan (Proxy Item 3). If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority (resulting in a broker non-vote). Broker non-votes will have no effect on the election of directors, but will have the same effect as a vote against the other proposals.

**Confidentiality.** Your vote will be confidential except (a) as may be required by law, (b) as may be necessary for Goodyear to assert or defend claims, (c) in the case of a contested election of director(s), or (d) at your express request.

**Revocability of Proxy.** You may revoke or revise your proxy (whether given by mail, via the Internet or by telephone) by the delivery of a later proxy or by giving notice to Goodyear in writing or in open meeting. Your proxy revocation or revision will not affect any vote previously taken. If you hold your shares in street name please refer to the information forwarded by your broker, bank or nominee who is considered the shareholder of record for procedures on revoking or changing your proxy.

## CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Goodyear is committed to having sound corporate governance principles. Having such principles is essential to running Goodyear's business efficiently and to maintaining Goodyear's integrity in the marketplace. Goodyear's Corporate Governance Guidelines, Business Conduct Manual, Board of Directors and Executive Officers Conflict of Interest Policy and charters for each of the Audit, Compensation, Corporate Responsibility and Compliance, Finance, and Governance Committees are available at [http://www.goodyear.com/investor/investor\\_governance.html](http://www.goodyear.com/investor/investor_governance.html). Please note, however, that information contained on the website is not incorporated by reference in this Proxy Statement or considered to be a part of this document. A copy of the committee charters and corporate governance policies may also be obtained upon request to the Goodyear Investor Relations Department.

### Board Independence

The Board has determined that eleven of the current directors (and nine of the nominees) are independent within the meaning of Goodyear's independence standards, which are based on the criteria established by the New York Stock Exchange and are included as Annex I to Goodyear's Corporate Governance Guidelines. Mr. Keegan, the Chairman of the Board and Chief Executive Officer, is not considered independent. In addition, in light of his ongoing relationship with the United Steelworkers (the USW), Mr. Wessel is not considered independent. Further, the Board expects that Mr. Wessel will recuse himself from discussions and deliberations regarding Goodyear's relationship with the USW. The Board also determined that the nature and size of the ordinary course commercial relationships between Goodyear and Delphi Corporation and Xerox Corporation did not implicate the independence of Messrs. O'Neal and Firestone, respectively.

### Board Structure and Committee Composition

As of the date of this Proxy Statement, Goodyear's Board has 13 directors, each elected annually, and the following five committees: (1) Audit, (2) Compensation, (3) Corporate Responsibility and Compliance, (4) Finance, and (5) Governance. The current membership and the function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. During 2007, the Board held eight meetings. Each director attended at least 75% of all Board and applicable Committee meetings. Directors are expected to attend annual meetings of Goodyear's shareholders. All of the directors attended the last annual meeting of shareholders. As described on Goodyear's website at [http://www.goodyear.com/investor/investor\\_contact\\_brd.html](http://www.goodyear.com/investor/investor_contact_brd.html), shareholders may communicate with the Board or any of the directors (including the Lead Director or the Non-Management Directors as a group) by sending correspondence to the Office of the Secretary, The Goodyear Tire & Rubber Company, 1144 East Market Street, Akron, Ohio 44316-0001. All communications will be compiled by the Secretary and submitted to the Board or the individual directors on a periodic basis.

| Name of Director                | Audit | Compensation | Corporate<br>Responsibility<br>and<br>Compliance | Finance | Governance |
|---------------------------------|-------|--------------|--|---------|------------|
| <b>Non-Management Directors</b> |       |              |  |         |            |
| James C. Boland                 | X*    |              |  | X       |            |
| John G. Breen                   | X     | X            |  |         |            |
| James A. Firestone(1)           | X     |              |  | X       |            |

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|  |   |    |    |    |    |
|--|---|----|----|----|----|
| William J. Hudson, Jr.                   |   | X  |    | X  |    |
| W. Alan McCollough(2)                    | X |    |    |    | X  |
| Steven A. Minter                         |   |    | X* |    | X  |
| Denise M. Morrison                       |   | X  |    |    | X  |
| Rodney O Neal                            |   |    |    | X  | X* |
| Shirley D. Peterson                      | X |    |    |    | X  |
| G. Craig Sullivan                        |   | X* | X  |    |    |
| Thomas H. Weidemeyer                     |   |    | X  | X* |    |
| Michael R. Wessel                        |   |    | X  |    |    |
| <b>Management Director</b>               |   |    |    |    |    |
| Robert J. Keegan(3)                      |   |    |    |    |    |
| <b>Number of Meetings in Fiscal 2007</b> | 5 | 6  | 3  | 5  | 7  |

X = Committee member; \* = Chair (1) Mr. Firestone has been a director since December 3, 2007.

(2) Mr. McCollough has been a director since April 10, 2007. (3) Mr. Keegan does not serve on any Board committees, although he participates in many committee meetings as Chairman of the Board.

### **Audit Committee**

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of the integrity of Goodyear's financial statements, Goodyear's compliance with legal and regulatory requirements related to financial reporting, the independent accountants' qualifications and independence, and the performance of Goodyear's internal auditors and independent accountants. Among other things, the Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; annually reviews the Audit Committee charter and the Committee's performance; appoints, evaluates and determines the compensation of Goodyear's independent accountants; reviews and approves the scope of the annual audit plan; reviews and pre-approves all auditing services and permitted non-audit services (and related fees) to be performed by the independent accountants; oversees investigations into complaints concerning financial matters; and reviews policies and guidelines with respect to risk assessment and risk management, including Goodyear's major financial risk exposures. The Audit Committee works closely with management as well as Goodyear's independent accountants. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from Goodyear for, outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties. The Board has determined that each member of the Audit Committee is independent within the meaning of Goodyear's independence standards and applicable Securities and Exchange Commission rules and regulations, and each of Messrs. Boland, Breen and McCollough is an audit committee financial expert. The report of the Audit Committee is on page 55 of this Proxy Statement.

### **Compensation Committee**

The Board of Directors has delegated to the Compensation Committee primary responsibility for establishing and administering Goodyear's compensation programs for executive officers and other key personnel. The Compensation Committee is composed entirely of independent directors. The Compensation Committee oversees Goodyear's compensation and benefit plans and policies, administers its stock plans (including reviewing and recommending equity grants to executive officers and other key personnel), and reviews and approves annually all compensation decisions relating to executive officers, including the CEO. The Compensation Committee also prepares a report on executive compensation for inclusion in the annual proxy statement and reviews and discusses the Compensation Discussion and Analysis with management and recommends its inclusion in the annual proxy statement. The report of the Compensation Committee is on page 33 of this Proxy Statement.

In performing its duties, the Compensation Committee meets periodically with the CEO to review compensation policies and specific levels of compensation paid to executive officers and other key personnel, and reports and makes recommendations to the Board regarding executive compensation policies and programs. The Compensation Committee informs the non-management directors of the Board of its decisions regarding compensation for the CEO and other elected officers. Under its charter, the Compensation Committee may delegate its authority to one or more of its members as appropriate.

The Compensation Committee has the authority to retain and terminate outside advisors, including compensation consultants, to assist it in evaluating actual and proposed compensation for executive officers. The Compensation Committee also has the authority to approve any such consultant's fees and the other terms of such retention. From time to time, the Compensation Committee solicits advice from outside compensation consultants on executive compensation matters relating to the CEO and other executive officers. This advice has consisted primarily of assistance with benchmarking compensation for senior executives and directors, and advice on current and evolving market practices for specific components of compensation, such as severance and change in control protection policies, incentive awards, perquisites and supplemental pension programs.

### **Committee on Corporate Responsibility and Compliance**

The Committee on Corporate Responsibility and Compliance reviews Goodyear's legal compliance programs as well as its business conduct policies and practices and its policies and practices regarding its relationships with shareholders, employees, customers, governmental agencies and the general public. The Committee may also recommend appropriate new policies to the Board of Directors.

**Finance Committee**

The Finance Committee consults with management and makes recommendations to the Board of Directors regarding Goodyear's capital structure, dividend policy, tax strategies, compliance with terms in financing arrangements, risk management strategies, banking arrangements and lines of credit, and pension plan funding. The Finance Committee also reviews and consults with management regarding policies with respect to interest rate

and foreign exchange risk, liquidity management, counterparty risk, derivative usage, credit ratings, and investor relations activities.

### **Governance Committee**

The Governance Committee identifies, evaluates and recommends to the Board of Directors candidates for election to the Board of Directors. The Committee also develops and recommends appropriate corporate governance guidelines, recommends policies and standards for evaluating the overall effectiveness of the Board of Directors in the governance of Goodyear and undertakes such other activities as may be delegated to it from time to time by the Board of Directors. The Board has determined that each member of the Governance Committee is independent.

### **Consideration of Director Nominees**

The policy of the Governance Committee is to consider properly submitted shareholder nominations for candidates for membership on the Board as described below under Identifying and Evaluating Nominees for Director. In evaluating such nominations, the Governance Committee seeks to address the criteria described below under Director Selection Guidelines as well as any needs for particular expertise on the Board.

Any shareholder desiring to submit a proposed candidate for consideration by the Governance Committee should send the name of such proposed candidate, together with biographical data and background information concerning the candidate, to: The Secretary, The Goodyear Tire & Rubber Company, 1144 East Market Street, Akron, Ohio 44316-0001.

### **Director Selection Guidelines**

The Board of Directors has approved Director Selection Guidelines that apply to prospective Board members. Under these criteria, members of the Board should have a reputation for high moral character, integrity and sound judgment, substantial business expertise, financial literacy, achievement in his or her chosen field, adequate time to devote to Goodyear, and the ability to effectively serve several years prior to retirement at age 70. A person's particular expertise and ability to satisfy Goodyear's independence standards and those of the New York Stock Exchange may also be evaluated. Each Director must have the ability to fully represent Goodyear's diverse constituencies.

### **Identifying and Evaluating Nominees for Director**

The Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee also retains third-party executive search firms to identify candidates. In addition, under our prior master labor agreement with the USW, the USW had the right to nominate a candidate for consideration for membership on the Board. Mr. Wessel, who became a Director in December 2005, was identified and recommended by the USW. Messrs. McCollough and Firestone were identified initially as candidates for membership to the Board by a third-party search firm.

Once a prospective nominee has been identified, the Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional Board members and the likelihood that the prospective nominee can satisfy the Director Selection Guidelines described above. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the

prospective nominee's background and experience and to report its findings to the Committee. The Committee then evaluates the prospective nominee against the standards and qualifications set out in Goodyear's Director Selection Guidelines.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee makes a recommendation to the full Board as to the persons who should be elected to the Board, and the Board makes its decision after considering the recommendation and report of the Committee.



## **Executive Sessions**

Non-management Directors meet regularly in executive sessions without management. An executive session is generally held in conjunction with each regularly scheduled Board meeting. Executive sessions are led by a Lead Director, who is elected by the Board. Mr. Boland currently serves as the Lead Director.

## **ELECTION OF DIRECTORS** **(Item 1 on your Proxy)**

The Board of Directors has selected the following eleven nominees recommended by the Governance Committee for election to the Board of Directors. Although the number of directors is currently set at thirteen, on December 3, 2007, the Board determined that as of the date of the Annual Meeting the number of directors would be eleven. The directors will hold office from their election until the next Annual Meeting of Shareholders, or until their successors are elected and qualified. If any of these nominees for director becomes unavailable, the persons named in the proxy intend to vote for any alternate designated by the current Board of Directors.

### **JAMES C. BOLAND**

*Retired. Formerly Vice Chairman of Cavaliers Operating Company, LLC*

Mr. Boland was the President and Chief Executive Officer of Cavs/Gund Arena Company (the Cleveland Cavaliers professional basketball team and Gund Arena) from 1998 to December 31, 2002. He was Vice Chairman of that organization from January 1, 2003 to June 30, 2007, which, following a change in ownership, was renamed the Cavaliers Operating Company, LLC. Prior to his retirement from Ernst & Young in 1998, Mr. Boland served for 22 years as a partner of Ernst & Young in various roles including Vice Chairman and Regional Managing Partner, as well as a member of the firm's Management Committee. Mr. Boland is a director of Invacare Corporation and The Sherwin-Williams Company.

Age: 68

Director since: December 18, 2002

### **JAMES A. FIRESTONE**

*President, Xerox North America*

Mr. Firestone is an Executive Vice President of Xerox Corporation and has been President of Xerox North America since 2004. He has also served as head of Xerox's channels group and as chief strategy officer. Before joining Xerox in 1998, Mr. Firestone worked for IBM Corporation as general manager of the Consumer Division and for Ameritech Corporation as president of Consumer Services. He began his business career in 1978 with American Express, where during his 15-year tenure he ultimately rose to President, Travelers Cheques. Mr. Firestone is a director of The Japan Fund, Inc.

Age: 53

Director since: December 3, 2007

### **ROBERT J. KEEGAN**

*Chairman of the Board, Chief Executive Officer and President of Goodyear*

Mr. Keegan joined Goodyear on October 1, 2000, and he was elected President and Chief Operating Officer and a Director of Goodyear on October 3, 2000 and President and Chief Executive Officer effective January 1, 2003.

Mr. Keegan became Chairman of the Board effective July 1, 2003. Prior to joining Goodyear, Mr. Keegan was an Executive Vice President of Eastman Kodak Company. He held various marketing, financial and managerial posts at Eastman Kodak Company from 1972 through September 2000, except for a two year period beginning in 1995 when he was an Executive Vice President of Avery Dennison Corporation.

Age: 60

Director since: October 3, 2000

**W. ALAN McCOLLOUGH**

*Retired. Formerly Chairman and Chief Executive Officer of Circuit City Stores Inc.*

Mr. McCollough was elected Chairman, President and Chief Executive Officer of Circuit City Stores Inc., a consumer electronic retailer, in 2002 and served in that capacity until 2005. He remained Chairman and Chief Executive Officer until his retirement in 2006. He served as President and Chief Executive Officer from 2000 to 2002 and as President and Chief Operating Officer from 1997 to 2000. Mr. McCollough joined Circuit City in 1987 as general manager of corporate operations, and was named assistant vice president in 1989, president of central operations in 1991, and senior vice president of merchandising in 1994. Mr. McCollough is a director of VF Corporation and La-Z-Boy Inc.

Age: 58

Director since: April 10, 2007

**STEVEN A. MINTER**

*Retired. Formerly President and Executive Director of The Cleveland Foundation, a community trust devoted to health, education, social services and civic and cultural affairs.*

Mr. Minter was the President and Executive Director of The Cleveland Foundation, Cleveland, Ohio, from January 1, 1984 to June 30, 2003, when he retired. Since September 1, 2003, Mr. Minter has served as a part-time Executive-in-Residence at Cleveland State University.

Age: 69

Director since: February 12, 1985

**DENISE M. MORRISON**

*Senior Vice President and President North America Soup, Sauces and Beverages, Campbell Soup Company*

Ms. Morrison has served as Senior Vice President and President North America Soup, Sauces and Beverages of Campbell Soup Company since October 2007. From June 2005 to October 2007 she was President of the Campbell USA Soup, Sauce and Beverage division and from April 2003 to June 2005 was President of Global Sales and Chief Customer Officer. She has been a Senior Vice President of Campbell Soup since April 2003. Prior to joining Campbell Soup, Ms. Morrison served in various managerial positions at Kraft Foods, including as Executive Vice President/General Manager of the Snacks Division from October 2001 to March 2003 and the Confections Division from January 2001 to September 2001. Ms. Morrison also served in various managerial positions at Nabisco Inc. from 1995 to 2000 and at Nestle USA from 1984 to 1995.

Age: 54

Director since: February 23, 2005

**RODNEY O NEAL**

*Chief Executive Officer and President, Delphi Corporation*

Mr. O Neal has served in various managerial positions at Delphi Corporation since 2000 and has served as the Chief Executive Officer and President since January 1, 2007. He was President and Chief Operating Officer of Delphi Corporation from January 1, 2005 to December 31, 2006. Mr. O Neal also served in various managerial and engineering positions at General Motors Corporation from 1976 to 1999, including Vice President of General Motors and President of Delphi Interior Systems prior to Delphi's separation from General Motors. Mr. O Neal is also a director of the Delphi Corporation and Sprint Nextel Corporation.

Age: 54

Director since: February 3, 2004

**SHIRLEY D. PETERSON**

*Retired. Formerly partner in the law firm of Steptoe & Johnson LLP*

Mrs. Peterson was President of Hood College from 1995 to 2000. From 1989 to 1993 she served in the U.S. Government, first appointed by the President as Assistant Attorney General in the Tax Division of the Department of Justice, then as Commissioner of the Internal Revenue Service. She was also a partner in the law firm of Steptoe & Johnson LLP where she served a total of 22 years from 1969 to 1989 and from 1993 to 1994.

Mrs. Peterson is also a director of AK Steel Corporation, Champion Enterprises, Inc. and Wolverine Worldwide Inc. Mrs. Peterson expects to retire as a member of the Board of the DWS Scudder Funds effective April 1, 2008.

Age: 66

Director since: April 13, 2004

**G. CRAIG SULLIVAN**

*Retired. Formerly Chairman and Chief Executive Officer, The Clorox Company*

Mr. Sullivan served as Chairman and Chief Executive Officer of Clorox from 1992 to 2003. Prior to assuming that role in 1992, he served in various managerial positions at Clorox including group vice president responsible for both manufacturing and marketing of household products. Before joining Clorox, Mr. Sullivan held various sales management positions with The Procter & Gamble Company and American Express. Mr. Sullivan is also a director of Kimberly-Clark Corporation and Mattel, Inc.

Age: 67

Director since: April 11, 2006

**THOMAS H. WEIDEMEYER**

*Retired. Formerly Senior Vice President and Chief Operating Officer of United Parcel Service, Inc.*

Until his retirement in February 2004, Mr. Weidemeyer served as Director, Senior Vice President and Chief Operating Officer of United Parcel Service, Inc., a transportation and logistics company, since January 2001, and President of UPS Airlines since July 1994. Mr. Weidemeyer became Manager of the Americas International Operation in 1989, and in that capacity directed the development of the UPS delivery network throughout Central and South America. In 1990, Mr. Weidemeyer became Vice President and Airline Manager of UPS Airlines and in 1994 was elected its President and Chief Operating Officer. Mr. Weidemeyer became Manager of the Air Group and a member of the Management Committee that same year. In 1998 he was elected as a Director and he became Chief Operating Officer of United Parcel Service, Inc. in 2001. Mr. Weidemeyer is also a director of NRG Energy, Inc. and Waste Management, Inc.

Age: 60

Director since: December 9, 2004

**MICHAEL R. WESSEL**

*President of The Wessel Group Incorporated,*

Mr. Wessel has served as President of The Wessel Group Incorporated, a government and political affairs consulting firm, since May 2006. Prior to founding the Wessel Group, Mr. Wessel served as Senior Vice President of the Downey McGrath Group, a government affairs consulting firm, from March 1999 to December 2005 and as Executive Vice President from January 2006 to April 2006. Mr. Wessel is an attorney with almost 30 years experience as a policy and international trade advisor in Washington, D.C. In 1977 as a staff assistant to Richard Gephardt, he advised government officials on a wide range of domestic and international issues, and in 1984 he was named legislative

director. In 1989, he became the policy director and in 1991 he was named general counsel for the Congressman. Mr. Wessel also served as a key economic and trade policy advisor for Mr. Gephardt's presidential campaigns in 1987-88 and 2003-04, as well as John Kerry's campaign in 2004. He was a senior policy advisor for the Clinton/Gore Transition Office in 1992 and 1993.

Age: 48

Director since: December 6, 2005

Mr. John G. Breen and Mr. William J. Hudson, Jr. were not nominated for re-election to the Board of Directors due to the retirement age provisions of Goodyear's Corporate Governance Guidelines. Messrs. Breen and Hudson will be retiring from the Board at the Annual Meeting after 16 years and 12 years, respectively, of distinguished service. Goodyear and the Board of Directors are deeply grateful for their leadership and guidance during their tenure on the Board.

**PROPOSAL TO APPROVE THE ADOPTION OF THE 2008 PERFORMANCE PLAN  
(Item 2 on your Proxy)**

At the Annual Meeting, we will ask the shareholders to approve Goodyear's 2008 Performance Plan (the Plan). In general, the Plan empowers Goodyear to grant stock options and stock appreciation rights (SARs), and to make restricted stock or restricted stock unit grants, performance grants, other stock-based grants and awards and cash-based grants and awards to executive officers and other employees of Goodyear and its subsidiaries and to directors of Goodyear.

The Plan is designed to advance the interests of Goodyear and its shareholders by strengthening its ability to attract, retain and reward highly qualified executive officers and other employees, to motivate them to achieve business objectives established to promote Goodyear's long term growth, profitability and success, and to encourage their ownership of Common Stock.

The Plan is also designed to enable Goodyear to provide certain forms of performance-based compensation to senior executive officers that will meet the requirements for tax deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Section 162(m) of the Code provides that, subject to certain exceptions, Goodyear may not deduct compensation paid to any one of certain executive officers in excess of \$1 million in any one year. Section 162(m) excludes performance-based compensation meeting certain requirements from the \$1 million limitation on tax deductibility. If the Plan is approved by shareholders, Goodyear expects that all stock options, stock appreciation rights and performance awards paid in accordance with the Plan, and certain grants of restricted stock, restricted stock units and other stock-based grants made under the Plan, will be deductible as performance-based compensation not subject to the \$1 million limitation on deductibility.

The Plan, if adopted, will replace the 2005 Performance Plan (the 2005 Plan), which expires on April 26, 2008, except with respect to grants and awards then outstanding. If the Plan is approved by the shareholders, we do not intend to grant any more shares, other than in connection with outstanding grants and awards, under our existing equity compensation plans, including the 2005 Plan. The Compensation Committee and your Board of Directors believe it is in the best interests of Goodyear and its shareholders to adopt the Plan.

**SUMMARY OF THE PLAN**

The principal features of the Plan are summarized below. The summary does not contain all information that may be important to you. You should read the complete text of the Plan which is set forth at Exhibit A to this Proxy Statement.

**Plan Administration.** The Plan will be administered by a committee (the Committee) of not less than three members of the Board of Directors who qualify as outside directors within the meaning of Section 162(m) of the Code, as non-employee directors within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as independent directors for purposes of the rules and regulations of the New York Stock Exchange. The Committee will have the sole authority to, among other things:

Construe and interpret the Plan,

Make rules and regulations relating to the administration of the Plan,

Select participants, and

Establish the terms and conditions of grants and awards.

The Compensation Committee of the Board of Directors will act as the Committee under the Plan.

**Eligibility.** Any employee of Goodyear or any of its subsidiaries, including any officer of Goodyear, selected by the Committee is eligible to receive grants of stock options, SARs, restricted stock, restricted stock units, and performance and other grants and awards under the Plan. Directors of Goodyear are also eligible to receive awards (other than performance awards) under the Plan. The selection of participants and the nature and size of grants and awards will be wholly within the discretion of the Committee. It is anticipated that all 19 Board-appointed officers of Goodyear will receive various grants under the Plan and approximately 1,000 other employees of Goodyear and its subsidiaries will participate in at least one feature of the Plan. A participant must be an employee of the Company or a subsidiary or a director of the Company continuously from the date a grant is made through the date of payment or settlement thereof, unless otherwise provided by the Committee.

**Shares Subject to The Plan.** A total of eight million (8,000,000) shares of Common Stock may be issued under the Plan. Any shares of Common Stock that are subject to awards of stock options or stock appreciation



rights will be counted as one share for each share granted for purposes of the aggregate share limit and any shares of Common Stock that are subject to any other awards will be counted as 1.61 shares for each share granted for purposes of the aggregate share limit. In addition, shares of Common Stock that are subject to awards issued under the Plan or under a prior equity compensation plan that expire according to their terms or are forfeited, terminated, canceled or surrendered or are settled, or can be paid, only in cash will be available for issuance pursuant to a new grant or award. In no event will any shares of Common Stock subject to a stock option that is canceled upon the exercise of a tandem stock appreciation right, any shares of Common Stock subject to awards that are surrendered in payment of the exercise price of a stock option or in payment of taxes associated with such awards, or any shares of Common Stock subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right upon the exercise thereof become available for grant under the Plan. Up to 400,000 shares may be issued under the Plan without regard to the generally applicable vesting requirements described below.

**Adjustments.** The maximum number and kind of shares available for issuance under the Plan is subject to appropriate adjustments to reflect certain events, such as a stock dividend, stock split, reorganization, recapitalization or business combination. Similar adjustments may also be made to:

The maximum number of shares which may be subject to any type of grant or award or any outstanding grant or award to any participant during any specified period.

The per share exercise price of any outstanding stock option or SAR and the number or value of any units which are the subject of any other outstanding grant or award.

**Term, Amendment and Termination.** The Plan will remain in effect until April 8, 2018, unless sooner terminated by the Board of Directors. Termination will not affect grants and awards then outstanding. The Board of Directors may terminate or amend the Plan at any time without shareholder approval, unless such approval is necessary to comply with the Exchange Act, the Code, the rules and regulations of the New York Stock Exchange or other applicable law. In any event, shareholder approval will be required to, among other things, amend the Plan to increase the maximum number of shares which may be issued pursuant to the Plan, reduce the minimum exercise price for stock options and stock appreciation rights (or other similar actions), or change the performance measures (as defined below).

**Stock Options.** The Plan will permit the Committee to grant stock options to officers and selected employees of Goodyear and its subsidiaries and directors of Goodyear. No participant may receive stock options to purchase more than 500,000 shares of Common Stock in any calendar year. No more than eight million (8,000,000) shares may be issued pursuant to incentive stock options. The per share exercise price for any stock option shall not be less than 100% of the fair market value of a share of Common Stock at the date of grant. Fair market value is defined as the closing market price of the Common Stock on the New York Stock Exchange Composite Transactions tape on the relevant date. The closing price per share of Common Stock on February 29, 2008 was \$27.10. The Plan permits the Committee to establish the term (up to ten years) and exercise periods for each stock option and to require a period (at least six months) after grant before the stock option may be exercised.

Incentive stock options, as defined in Code Section 422(b), may be granted to employees under the Plan, each having a term of up to ten years from the date of grant. The amount of incentive stock options vesting in a particular year cannot exceed \$100,000 per grantee, determined using the fair market value of the shares of Common Stock subject to such option or options on the date of grant.

The repricing of stock options and SARs at a lower exercise price, whether by cancellation or amendment of the original grant, is expressly prohibited by the Plan.

**Stock Appreciation Rights.** SARs may be granted under the Plan in tandem with, in relation to or independent of any other grant under the Plan. The maximum number of shares of Common Stock in respect of which SARs may be granted to any participant during any calendar year is 500,000.

A SAR entitles the holder to receive an amount equal to all, or some portion (as determined by the Committee), of the excess of the fair market value of a share of Common Stock on the date of exercise over the fair market value of such share at the date of grant, multiplied by the number of shares as to which the holder is exercising the SAR. SARs may be paid in cash or in shares of Common Stock (at fair market value on the date of exercise), or a combination thereof, as determined by the Committee. The Committee will establish the term (up to ten years) and may also determine that a SAR shall be automatically exercised on one or more specified dates.

**Restricted Stock.** The Plan authorizes the granting of restricted stock and restricted stock units to officers and other key employees of Goodyear and its subsidiaries and to directors of Goodyear. The Committee selects the grantees and determines the terms and conditions of each grant. The maximum aggregate number of shares or

units of restricted stock that specify performance goals (as defined below) which may be issued to any participant during any calendar year is 100,000.

Restricted stock and restricted stock units will be issued subject to a minimum restriction period of three years, subject to the pro rata lapse of those restrictions. During the restriction period, the recipient is not entitled to delivery of the shares or units, restrictions are placed on the transferability of the shares or units, and all or a portion of the shares or units will be forfeited if the recipient terminates employment for reasons other than as approved by the Committee. The Committee may also require that specified performance goals (as defined below) be attained during the restriction period in which case the restriction period must be at least one year. Upon expiration of the restriction period, the appropriate number of shares or units of Common Stock will be delivered to the grantee (or credited to the grantee's account) free of all restrictions. During the restriction period for restricted shares, the grantee shall be entitled to vote restricted shares (but not restricted stock units) and, unless the Committee otherwise provides, to receive dividends.

**Performance Grants and Awards.** Under the Plan, officers and key employees of Goodyear and its subsidiaries may be granted the contingent right, expressed in units (which may be equivalent to a share of Common Stock or other monetary value), to receive payments in shares of Common Stock, cash or any combination thereof ( performance grants ) based upon performance over a specified period ( performance period ). At the time of grant, the Committee shall also establish one or more performance criteria (the performance measure ) applicable to the performance grant and targets that must be attained relative to the performance measure ( performance goals ).

The performance measure for an award intended to qualify for the performance-based exception to Section 162(m) of the Code may be based on any of the following criteria, alone or in combination, as the Committee deems appropriate: (i) cumulative net income per share; (ii) cumulative net income; (iii) return on sales; (iv) total shareholder return; (v) return on assets; (vi) economic value added; (vii) cash flow; (viii) return on equity; (ix) cumulative operating income (which shall equal consolidated sales minus cost of goods sold and selling, administrative and general expense during the performance period); (x) operating income; and (xi) return on invested capital. Performance measures may be calculated before or after taxes, interest, depreciation, amortization, discontinued operations, effect of accounting changes, acquisition expenses, restructuring expenses, extraordinary items, non-operating items or unusual charges, as determined by the Committee at the time the performance measures are established. Performance goals may be established on a corporate-wide basis, with respect to one or more business units, divisions, subsidiaries or business segments and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies.

Performance goals may include a minimum, maximum and target level of performance, with the amount of award based on the level attained. Performance goals and the performance measure(s) for an award intended to qualify for the performance-based exception to Section 162(m) of the Code shall not be changed when so provided in the grant agreement. The Committee may eliminate or decrease (but not increase) the amount of any award intended to qualify for the performance-based exception to Section 162(m) of the Code.

With respect to share-based performance awards, no participant may be granted performance grants for more than 200,000 shares of Common Stock in any calendar year. With respect to cash-based performance awards, the maximum amount any participant may receive pursuant to performance grants during any calendar year shall not exceed \$15 million, determined using the amount of cash that may be earned and payable on the last day of the performance period or on the date of the payment thereof, whichever is higher.

**Other Stock-Based Grants.** The Plan permits other stock-based grants in shares of Common Stock, in Common Stock equivalents or in other stock-based units on such terms and conditions as the Committee determines. These grants may be made to officers and other key employees of Goodyear and its subsidiaries and to directors of Goodyear. No participant shall receive more than 50,000 shares of Common Stock in settlement of stock-based grants

subject to performance goals during any calendar year.

**Transferability.** Awards under the Plan will not be transferable other than by will or the laws of descent and distribution; except that the Committee may permit the transfer of (i) specific non-qualified stock option and SAR grants by gift to the employee's spouse, children and grandchildren, or to a trust or partnership for the benefit of any one or more of them, or (ii) any grant or award pursuant to a qualified domestic relations order.

**Deferrals.** The Committee may defer the payment of any grant or award, or permit participants to defer their receipt of payment, for such period or periods and on such terms and conditions as the Committee may specify. Deferrals may be in the form of Common Stock equivalents, which earn dividend equivalents, or in cash, which may earn interest at a rate or rates specified by the Committee.

**Change in Control.** In the event that a participant's employment is terminated other than for Cause or by the participant for Good Reason within two years of a Change in Control of Goodyear: (i) all stock options and SARs then outstanding under the Plan become fully exercisable; (ii) all terms and conditions of all restricted stock grants then outstanding are deemed satisfied; and (iii) all performance grants and other stock-based grants shall be deemed to have been fully earned.

Cause, Good Reason and Change in Control are defined in the Plan in Exhibit A to this Proxy Statement, and is a similar standard to that which is used in our Continuity Plan, described beginning on page 43.

**Federal Income Tax Consequences.** Based on the Code and existing regulations thereunder, the anticipated federal income tax consequences of the several types of grants and awards under the Plan are as described below.

*Grant of Stock Options and SARs.* An optionee will not recognize any taxable income at the time a stock option or SAR is granted and Goodyear will not be entitled to a federal income tax deduction at that time.

*Exercise of Incentive Stock Options.* No ordinary income will be recognized by the holder of an incentive stock option at the time of exercise. The excess of the fair market value of the shares of Common Stock at the time of exercise over the aggregate option exercise price will be an adjustment to alternative minimum taxable income for purposes of the federal alternative minimum tax at the date of exercise. If the optionee holds the shares of Common Stock purchased for two years after the date the option was granted and one year after the acquisition of such shares, the difference between the aggregate option price and the amount realized upon disposition of the shares will constitute a long term capital gain or loss, as the case may be, and Goodyear will not be entitled to a federal income tax deduction.

If the shares of Common Stock are disposed of in a sale, exchange or other disqualifying disposition within two years after the date of grant or within one year after the date of exercise, the optionee will realize taxable ordinary income in an amount equal to the lesser of (i) the excess of the fair market value of the shares of Common Stock purchased at the time of exercise over the aggregate option exercise price and (ii) the excess of the amount realized upon disposition of such shares over the option exercise price. Goodyear will be entitled to a federal income tax deduction equal to that amount.

*Exercise of Non-Qualified Stock Options.* Taxable ordinary income will be recognized by the holder of a non-qualified stock option at the time of exercise in an amount equal to the excess of the fair market value of the shares of Common Stock purchased at the time of such exercise over the aggregate option exercise price. Goodyear will be entitled to a federal income tax deduction equal to that amount. On a subsequent sale of the shares, the optionee will generally recognize a taxable capital gain or loss based upon the difference between the per share fair market value at the time of exercise and the per share selling price at the time of sale. The capital gain or loss will be short term or long term depending on the period of time the shares are held by the optionee following exercise.

*Exercise of Stock Appreciation Rights.* Upon the exercise of a SAR, the holder will realize taxable ordinary income on the amount of cash received and/or the then current fair market value of the shares of Common Stock acquired. Goodyear will be entitled to a federal income tax deduction equal to that amount. The holder's basis in any shares of Common Stock acquired will be equal to the amount of ordinary income upon which he or she was taxed. Upon any subsequent disposition, any gain or loss realized will be a capital gain or loss.

*Restricted Stock.* A participant receiving a grant of restricted stock will not recognize income, and Goodyear will not be allowed a deduction, when restricted shares of Common Stock are granted, unless the participant makes the election described below. While the restrictions are in effect, a participant will recognize compensation income equal to the amount of the dividends received and Goodyear will be allowed a deduction in a like amount.

When the restrictions on the shares of Common Stock are removed or lapse, the excess of fair market value of such shares on the date the restrictions are removed or lapse over the amount paid by the participant for the shares will be ordinary income to the participant. Goodyear will be entitled to a federal income tax deduction equal to that amount. Upon disposition of the shares of Common Stock, the gain or loss recognized by the participant will be treated as a capital gain or loss. The capital gain or loss will be short term or long term depending upon the period of time the shares are held by the participant following the removal or lapse of the restrictions.

If a Section 83(b) election is filed by the participant with the Internal Revenue Service within 30 days after the date of grant, then the participant will recognize ordinary income and the holding period will commence as of the date of grant. The amount of ordinary income recognized by the participant will equal the excess of the fair market value of the shares as of the date of grant over the amount paid by the participant for the shares of Common Stock. Goodyear will be entitled to a deduction in a like amount. If such election is made and a participant thereafter forfeits the restricted shares of Common Stock, no refund or deduction will be allowed for the amount previously included in such participant's income. Dividends paid after a Section 83(b) election is filed by the participant are treated as dividend income and not as compensation income.

*Performance Grants.* A participant receiving a performance grant will not recognize income, and Goodyear will not be allowed a deduction, at the time the grant is made. When a participant receives payment in cash or shares of Common Stock, the amount of cash and the fair market value of the shares of Common Stock received will be ordinary income to the participant. Goodyear will be entitled to a federal income tax deduction equal to that amount.

*Special Rules.* To the extent an optionee pays all or part of the option exercise price of a non-qualified stock option by tendering shares of Common Stock, the tax consequences described above apply except that the number of shares of Common Stock received upon such exercise which is equal to the number of shares surrendered in payment of the option exercise price shall have the same basis and tax holding period as the shares of Common Stock surrendered. If the shares of Common Stock surrendered had previously been acquired upon the exercise of an incentive stock option, the surrender of such shares may be a disqualifying disposition of such shares. The additional shares of Common Stock received upon such exercise have a tax basis equal to the amount of ordinary income recognized on such exercise and a holding period which commences on the date of exercise. If an optionee exercises an incentive stock option by tendering shares previously acquired on the exercise of an incentive stock option, a disqualifying disposition may occur and the optionee may recognize income and be subject to other basis allocation and holding period requirements.

*Withholding Taxes.* No withholding taxes are payable in connection with the grant of any stock option or SAR or the exercise of an incentive stock option. However, withholding taxes must be paid at the time of exercise of any non-qualified stock option or SAR. Withholding taxes must also be paid in respect of any restricted stock when the restrictions thereon lapse. In respect of all other awards, withholding taxes must be paid whenever the participant recognizes income for tax purposes.

*Section 162(m) Limit.* Goodyear believes that compensation paid under the Plan from time to time to certain executive officers attributable to stock options, stock appreciation rights and performance grants, and certain forms of restricted stock grants and stock-based grants, will be treated as qualified performance-based compensation and will be deductible by Goodyear and not subject to the \$1 million deduction limitation of Section 162(m) of the Code.

**Other Information.** Future benefits under the Plan are not currently determinable. However, current benefits granted to executive officers and all other employees would not have been increased if they had been made under the proposed Plan. In 2007, the Compensation Committee awarded an aggregate of 1,222,426 performance shares and 1,819,410 stock options (excluding reinvestment options) to participants under the 2005 Performance Plan. The Grants of Plan-Based Awards Table at page 36 shows the equity incentive plan awards that would have been made in 2007 to our named executive officers if the Plan were in effect at that time.

Set forth in the table below is certain information regarding the number of shares of our Common Stock that were subject to outstanding stock options or other compensation plan grants and awards at the dates indicated.

**EQUITY COMPENSATION PLAN INFORMATION**

| Number of Shares to<br>be<br>Issued upon Exercise<br>of | Weighted<br>Average<br>Exercise Price of | Number of Shares<br>Remaining Available<br>for<br>Future Issuance<br>under<br>Equity<br>Compensation |
|---|--|--|
|---|--|--|

| <b>Plan Category</b>  | <b>Outstanding<br/>Options,<br/>Warrants and Rights<br/>(a)</b> | <b>Outstanding<br/>Options,<br/>Warrants and<br/>Rights<br/>(b)</b> | <b>Plans (Excluding<br/>Shares<br/>Reflected in Column<br/>(a))<br/>(c)</b> |
|---|---|---|---|
| Equity compensation plans approved<br>by shareholders           | 15,188,866  | \$ 24.68  | 6,935,362(1)  |
| Equity compensation plans not<br>approved by shareholders(2)(3) | 933,730   | \$ 17.18  |   |
| <b>Total at December 31, 2007</b>                               | <b>16,122,596</b>   | <b>\$ 24.25</b>   | <b>6,935,362</b>  |
| Equity compensation plans approved<br>by shareholders           | 16,313,560  | \$ 24.96  | 4,439,485(4)  |
| Equity compensation plans not<br>approved by shareholders(2)(3) | 918,590   | \$ 17.18  |   |
| <b>Total at February 21, 2008</b>                               | <b>17,232,150*</b>  | <b>\$ 24.54</b>   | <b>4,439,485</b>  |

\* Weighted Average Remaining Contractual Term At February 21, 2008

5.0 years



- (1) At December 31, 2007, under our equity based compensation plans, up to 1,952,712 performance shares in respect of performance periods ending subsequent to December 31, 2007, and 52,300 shares of time-vested restricted stock have been awarded. In addition, up to 102,089 shares of Common Stock may be issued in respect of the deferred payout of awards made under our equity compensation plans. The number of performance shares indicated assumes the maximum possible payout that may be earned during the relevant deferral periods.
- (2) Our Stock Option Plan for Hourly Bargaining Unit Employees at Designated Locations provided for the issuance of up to 3,500,000 shares of Common Stock upon the exercise of stock options granted to employees represented by the USW at various manufacturing plants. No eligible employee received an option to purchase more than 200 shares of Common Stock. Options were granted on December 4, 2000 and September 3, 2001 to 19,983 eligible employees. Each option has a term of ten years and is subject to certain vesting requirements over two or three year periods. The options granted on December 4, 2000 have an exercise price of \$17.68 per share. The options granted on September 3, 2001 have an exercise price of \$25.03 per share. No additional options may be granted under this Plan, which expired September 30, 2001, except with respect to options then outstanding.
- (3) Our Hourly and Salaried Employees Stock Option Plan provided for the issuance of up to 600,000 shares of Common Stock pursuant to stock options granted to selected hourly and non-executive salaried employees of Goodyear and its subsidiaries. Options in respect of 117,610 shares of Common Stock were granted on December 4, 2000, each having an exercise price of \$17.68 per share and options in respect of 294,690 shares of Common Stock were granted on September 30, 2002, each having an exercise price of \$8.82 per share. Each option granted has a ten-year term and is subject to certain vesting requirements. This Plan expired on December 31, 2002, except with respect to options then outstanding.
- (4) At February 21, 2008, under our equity based compensation plans, up to 2,930,217 performance shares in respect of performance periods ending subsequent to December 31, 2007, and 243,024 shares of time-vested restricted stock have been awarded. In addition, up to 102,089 shares of Common Stock may be issued in respect of the deferred payout of awards made under our equity compensation plans. The number of performance shares indicated assumes the maximum possible payout that may be earned during the relevant deferral periods.

If the Plan is not approved by shareholders, Goodyear will consider other alternatives available with respect to performance based compensation.

The following resolution will be presented by your Board of Directors at the Annual Meeting:

RESOLVED, that the adoption of the 2008 Performance Plan of The Goodyear Tire & Rubber Company, the complete text of which is set forth at Exhibit A to the Proxy Statement of the Company for the Annual Meeting of Shareholders on April 8, 2008, be, and the same hereby is, approved.

**Your Board of Directors unanimously recommends that shareholders vote FOR approval of the Plan (Proxy Item 2).**

**PROPOSAL TO APPROVE THE ADOPTION OF  
THE MANAGEMENT INCENTIVE PLAN  
(Item 3 on your Proxy)**

At the Annual Meeting, we will ask the shareholders to approve the Goodyear Management Incentive Plan (the MIP ). The purpose of the MIP is to advance the interests of Goodyear and its shareholders and assist Goodyear in motivating, attracting and retaining executive officers by providing incentives and financial rewards to those executive officers that are intended to be deductible to the maximum extent possible as performance-based compensation within the meaning of Section 162(m) of the Code. If approved by shareholders, the MIP will become effective as of January 1, 2009.

#### SUMMARY OF THE MANAGEMENT INCENTIVE PLAN

The principal features of the MIP are summarized below. The summary does not contain all information that may be important to you. You should read the complete text of the MIP which is set forth at Exhibit B to this Proxy Statement.

**Administration; Amendment and Termination.** The MIP is administered by the Compensation Committee or a subcommittee of the Compensation Committee (the Committee ), which has broad authority to administer and interpret the MIP and its provisions as it deems necessary and appropriate. The Board of Directors reserves

the right to amend or terminate the MIP at any time. Amendments to the MIP will require stockholder approval to the extent required to comply with applicable law.

**Eligibility.** Board-appointed officers of Goodyear who are designated by the Board of Directors as Section 16 officers and are selected by the Committee to participate in the MIP are eligible to receive awards under the MIP. Currently, there are 19 Board-appointed officers who are designated by the Board as Section 16 officers.

**Awards.** Under the MIP, each participant is eligible to receive a maximum performance award equal to a percentage of Goodyear's EBIT for a performance period established by the Committee. EBIT means the Company's net sales, less cost of goods sold, and selling, administrative and general expenses, as reported in the Company's consolidated statement of operations for the applicable performance period, prior to accrual of any amounts for payment under the MIP for the performance period, adjusted to eliminate the effects of charges for restructurings, discontinued operations, extraordinary items, other unusual or non-recurring items, and the cumulative effect of tax or accounting changes, each as defined by generally accepted accounting principles or identified in the Company's consolidated financial statements, notes to the consolidated financial statements or management's discussion and analysis of financial condition and results of operations.

Specifically, Goodyear's Chief Executive Officer is eligible to receive a performance award equal to 0.75% of EBIT for a performance period and the other participants in the MIP are each eligible to receive a performance award equal to 0.5% of EBIT for a performance period. The actual performance award granted to a participant is determined by the Committee, which retains the discretionary authority to reduce or eliminate (but not increase) a performance award based on its consideration of, among other things, corporate and/or business unit performance against achievement of financial or non-financial goals, economic and relative performance considerations, and assessments of individual performance.

The time period during which the achievement of the performance goals is to be measured shall be determined by the Committee, but may be no longer than five years and no less than six months. Within the earlier of 90 days after the beginning of each fiscal year or the expiration of 25% of a performance period, the Committee will designate one or more performance periods, determine the participants for such performance periods and affirm the applicability of the formula for determining each participant's award.

Each award under the MIP will be paid in cash, provided that the Committee may in its discretion determine that all or a portion of an award shall be paid in shares of Common Stock, restricted stock, stock options or other stock-based or stock denominated units that are issued pursuant to Goodyear's equity compensation plans in existence at the time of the grant. An award shall be paid only after written certification by the Committee as to the attainment of the performance goals and the amount of the award. Receipt of performance awards may be deferred under certain circumstances in accordance with a deferred compensation plan approved by the Committee.

**Termination of Employment.** A participant who terminates employment with Goodyear during a performance period due to retirement, disability or death shall be eligible to receive an award under the MIP prorated for the portion of the performance period prior to termination of employment. Subject to the discretion of the Committee to determine otherwise, if a participant terminates employment with Goodyear for a reason other than retirement, disability or death, no award shall be payable with respect to the performance period in which such termination occurs.

**Federal Income Tax Consequences.** Based on the Code and existing regulations thereunder, the anticipated federal income tax consequences of awards under the MIP are as described below.

If an award under the MIP is paid in cash or its equivalent, a participant will recognize compensation taxable as ordinary income (and subject to income tax withholding in respect of an employee) at the time the award is paid in an amount equal to the cash or the fair market value of its equivalent, and Goodyear will be entitled to a corresponding deduction, except to the extent the deduction limits of Section 162(m) of the Code apply. If, in accordance with the exercise of Committee discretion, a portion or all of an award under the MIP is paid to a participant in shares of Common Stock, restricted stock, stock options, or other stock-based or stock-denominated units, pursuant to an equity compensation plan, the federal income tax consequences of such payment will be identical to those discussed in Item 2 of this Proxy Statement with respect to the 2008 Performance Plan.

Section 162(m) of the Code limits the deductibility of certain compensation of the Chief Executive Officer and the next three most highly compensated officers of publicly-held corporations, other than the Chief Financial Officer. Compensation paid to such an officer during a year in excess of \$1 million that is not performance-based (or does not comply with other exceptions) would not be deductible on a company's federal income tax return for that year. It is intended that compensation attributable to awards payable under the MIP will qualify as performance-based. The Board of Directors will evaluate from time to time the relative benefits to the Company of qualifying other awards under the MIP for deductibility under Section 162(m) of the Code.

**New Plan Benefits.** The amounts of awards for fiscal year 2009 or subsequent years will be determined based upon Goodyear's EBIT and, in addition, will be subject to the Committee's right to reduce any participant's award by any amount in its sole discretion. As a result, it is not possible to determine the amounts of awards for fiscal year 2009 or subsequent years at this time. Moreover, because the Committee can reduce each participant's award under the MIP by any amount in its discretion, it is also not possible to determine the amounts that would have been paid for fiscal year 2007 had the MIP been in effect during such year. If the MIP had been in effect during fiscal year 2007, the maximum award payable under the MIP's formula would have been \$10.1 million for the Chief Executive Officer and \$6.8 million for each of the other eligible executive officers. We believe that, if the MIP had been in effect for the 2007 fiscal year, the Committee would have exercised its discretion to reduce each participant's award. See the Summary Compensation table on page 34 of this Proxy Statement for the awards the Committee actually determined to pay our named executive officers for the 2007 fiscal year.

**Approval.** If the MIP is not approved by shareholders, Goodyear will consider other alternatives available with respect to performance-based compensation, including its current practice of paying such compensation without regard to its deductibility under the federal income tax laws.

The following resolution will be presented by your Board of Directors at the Annual Meeting:

RESOLVED, that the adoption of the The Goodyear Tire & Rubber Company Management Incentive Plan, the complete text of which is set forth at Exhibit B to the Proxy Statement of the Company for the Annual Meeting of Shareholders on April 8, 2008, be, and the same hereby is, approved.

**Your Board of Directors unanimously recommends that shareholders vote FOR approval of the MIP (Proxy Item 3).**

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(Item 4 on your Proxy)**

The Audit Committee of the Board has appointed PricewaterhouseCoopers LLP ( PwC ) as the independent registered public accounting firm to audit Goodyear's consolidated financial statements as of and for the fiscal year ending December 31, 2008 and its internal control over financial reporting as of December 31, 2008. During fiscal year 2007, PwC served as Goodyear's independent registered public accounting firm and also provided audit related, tax and other services. See "Principal Accountant Fees and Services" on page 54.

The following resolution will be presented by the Board of Directors at the Annual Meeting:

RESOLVED, that the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2008 is hereby ratified.

In the event the appointment of PwC is not ratified by the shareholders, the adverse vote will be deemed to be an indication to the Audit Committee that it should consider selecting other independent accountants for 2009.

**OTHER BUSINESS**

Your Board of Directors does not intend to bring any other business before the Annual Meeting and is not aware of any other business intended to be presented by any other person.

After the conclusion of the matters described above, shareholders will have an opportunity to ask appropriate questions regarding Goodyear and its operations.

If any other matters properly come before the Annual Meeting, your proxy will be voted by Messrs. Schmitz, Harvie and Bell in such manner as they, in their discretion, deem appropriate.

**BENEFICIAL OWNERSHIP OF COMMON STOCK**

The firms identified in the table below have reported that they beneficially owned at December 31, 2007 more than 5% of the outstanding shares of the Common Stock as follows:

| Name and Address<br>of Beneficial Owner   | Shares of<br>Common<br>Stock Beneficially<br>Owned | Percent of<br>Common<br>Stock<br>Outstanding<br>Beneficially<br>Owned |
|---|--|---|
| The Goldman Sachs Group, Inc.<br>Goldman Sachs & Co.<br>85 Broad Street<br>New York, New York 10004                       | 19,645,024(1)                                      | 8.2%  |
| Eton Park Fund, L.P.<br>Eton Park Master Fund, Ltd.<br>825 Third Avenue, 9th Floor<br>New York, New York 10022            | 16,150,000(2)                                      | 6.7%  |
| TPG-Axon Partners, LP<br>TPG-Axon Partners (Offshore), Ltd.<br>888 Seventh Avenue, 38th Floor<br>New York, New York 10019 | 13,250,000(3)                                      | 5.5%  |

**Notes:**

- (1) Shared voting power in respect of 19,611,672 shares and shared dispositive power in respect of 19,645,024 shares, as stated in a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2008.
- (2) Shared voting and dispositive power in respect of 16,150,000 shares, as stated in a Schedule 13G/A filed with the Securities and Exchange Commission on December 18, 2007.
- (3) Shared voting and dispositive power in respect of 13,250,000 shares, as stated in a Schedule 13G filed with the Securities and Exchange Commission on January 7, 2008.

In addition, The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675, has indicated that at the record date it held 16,334,946 shares, or approximately 6.8% of the outstanding shares, of Common Stock, including 7,614,573 shares, or approximately 3.2% of the outstanding shares, of Common Stock held as the trustee of various employee savings plans sponsored by Goodyear and certain subsidiaries.

On February 15, 2008, each director and nominee, each person named in the Summary Compensation Table on page 34, and all directors and executive officers as a group, beneficially owned the number of shares of Common Stock set forth in the Beneficial Ownership of Directors and Management table below.





**BENEFICIAL OWNERSHIP OF DIRECTORS AND MANAGEMENT**

| Name   | Beneficial Ownership at February 15, 2008 (1) |   |   |                                 |      | Percent of Class |
|--|---|---|---|---------------------------------|------|------------------|
|  | Shares of Common Stock Owned Directly (2)     | Shares of Common Stock Held in Savings Plan (3) | Shares of Common Stock Subject to Exercisable Options (4) | Deferred Share Equivalent Units |      |                  |
| James C. Boland  | 3,000   | -0-   | -0-   | 26,474(8)                       | *    |                  |
| John G. Breen  | 200   | -0-   | -0-   | 56,883(8)                       | *    |                  |
| James A. Firestone   | -0-   | -0-   | -0-   | -0-                             | *    |                  |
| William J. Hudson, Jr.   | 5,000   | -0-   | -0-   | 45,554(8)                       | *    |                  |
| W. Alan McCollough   | -0-   | -0-   | -0-   | 2,810(8)                        | *    |                  |
| Steven A. Minter   | 4,580   | -0-   | -0-   | 40,551(8)                       | *    |                  |
| Denise M. Morrison   | -0-   | -0-   | -0-   | 12,445(8)                       | *    |                  |
| Rodney O Neal  | -0-   | -0-   | -0-   | 18,459(8)                       | *    |                  |
| Shirley D. Peterson  | 1,000   | -0-   | -0-   | 16,557(8)                       | *    |                  |
| G. Craig Sullivan  | 5,000   | -0-   | -0-   | 5,501(8)                        | *    |                  |
| Thomas H. Weidemeyer   | 1,000   | -0-   | -0-   | 13,759(8)                       | *    |                  |
| Michael R. Wessel  | -0-   | -0-   | -0-   | 8,705(8)                        | *    |                  |
| Robert J. Keegan   | 308,792(5)                                    | 426   | 654,186   | -0-                             | *    |                  |
| W. Mark Schmitz  | -0-   | -0-   | -0-   | -0-                             | *    |                  |
| Richard J. Kramer  | 69,473(6)                                     | 205   | 117,375   | 454(9)                          | *    |                  |
| C. Thomas Harvie   | 46,417  | 1,058   | 189,787   | -0-                             | *    |                  |
| Arthur de Bok  | 3,000   | -0-   | 93,260  | -0-                             | *    |                  |
| All directors, the named executive officers and all other executive officers as a group (29 persons) | 676,178(7)                                    | 8,493   | 1,585,642   | 284,160                         | 0.9% |                  |

\* Less than 1%

**Notes:**

- (1) The number of shares indicated as beneficially owned by each of the directors and named executive officers, and by all directors and officers as a group, and the percentage of Common Stock outstanding beneficially owned by each person and the group, has been determined in accordance with Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934.
- (2) Unless otherwise indicated in a subsequent note, each person named and each member of the group has sole voting and investment power with respect to the shares of Common Stock shown.
- (3) Shares held in trust under Goodyear's Employee Savings Plan for Salaried Employees (the Savings Plan).

- (4) Shares which may be acquired upon the exercise of options which are exercisable on or prior to April 15, 2008.
- (5) Includes 13,000 shares owned by his spouse.
- (6) Includes 10,000 shares acquired under a Restricted Stock Purchase Agreement, which shares are subject to the Company's repurchase option and certain restrictions on transfer.
- (7) Includes 663,178 shares owned of record and beneficially or owned beneficially through a nominee, and 13,000 shares held by or jointly with family members of certain directors and executive officers.
- (8) Deferred units, each equivalent to a hypothetical share of Common Stock, accrued to accounts of the director under Goodyear's Outside Directors' Equity Participation Plan, payable in cash following retirement from the Board of Directors. See Director Compensation at page 52.
- (9) Units, each equivalent to a hypothetical share of Common Stock, deferred pursuant to performance awards earned and receivable in cash, shares of Common Stock, or any combination thereof, at the election of the executive officer.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### Compensation Discussion and Analysis

#### *Compensation Philosophy*

The key objectives of our executive compensation program are to:

motivate executives and other key personnel to attain appropriate short-term and long-term performance goals and manage the Company for sustained long-term growth,

align executives' interests with those of our stockholders, and

attract and retain qualified and experienced executive officers and other key personnel.

To help us achieve these objectives, we strive to offer our executive officers compensation and benefits that are tied to our performance, including equity-based compensation, and that are attractive and competitive for talent in the marketplace. The key components of compensation provided to our executive officers are:

annual salaries,

annual cash bonuses based on performance measured against specific corporate and/or operating unit goals and individual performance,

long-term compensation in the form of:

stock options tied to the growth in our stock price from the date of grant,

performance shares tied to the achievement of specific financial objectives during a three-year performance period and the growth in our stock price, and

cash awards under a long-term incentive plan tied to achieving the same financial objectives used to determine performance share awards, and

retirement benefits and perquisites.

The following table provides an overview of the relationship between the objectives and components of our compensation program. A more detailed discussion of each component is provided later in this Compensation Discussion and Analysis.

| Component   | Description         | Participants  | Objectives Achieved |
|-------------|---------------------|---------------|---------------------|
|             | Annual Compensation |               |                     |
| Base Salary |                     | All employees |                     |

Annual cash  
compensation

Provide a minimum level  
of fixed compensation  
necessary to attract and  
retain employees

Recognize skills,  
competencies, experience  
and individual performance

Performance Recognition  
Plan Annual Cash Bonus

Annual cash bonus with  
target awards set as a  
percentage of base salary  
based on corporate and/or  
operating unit  
performance. Payments  
can be higher or lower  
than target based on  
individual performance.

Key employees  
(including all named  
executive officers)

Drive and differentiate for  
short-term performance:

Across total company  
and operating units as  
measured primarily by the  
achievement of annual  
operating goals

Of the individual as  
measured by achievement  
of specific strategic goals  
and demonstrated  
leadership

| Component                  | Description  | Participants   | Objectives Achieved   |
|----------------------------|--|--|---|
| Long-Term Compensation     |  |  |   |
| Stock Options              | Long-term equity incentive program that provides the opportunity to purchase stock at a fixed price over a ten-year period. Results in value only if stock price increases.          | Key employees (including all named executive officers)     | <p>Drive stock price performance</p> <p>Focus on long-term success</p> <p>Facilitate retention</p> <p>Align the interests of management with those of shareholders</p>                                |
| Performance Share Grants   | Long-term cash and equity incentive program with awards tied to achievement of three-year corporate goals and stock performance; paid 50% in cash and 50% in shares of Common Stock. | Key employees (including all named executive officers)     | <p>Drive operational performance and shareholder value creation</p> <p>Focus on long-term success</p> <p>Facilitate retention</p> <p>Align the interests of management with those of shareholders</p> |
| Executive Performance Plan | Long-term cash incentive program with awards tied to achievement of three-year corporate goals; paid in cash.  | Senior executives (including all named executive officers) | <p>Drive operational performance</p> <p>Focus on long-term success</p> <p>Facilitate retention</p> <p>Align the interests of management with those of shareholders</p>                                |

Retirement Programs

|  |   |   |   |
|--|---|---|---|
| Supplementary Pension Plan and Excess Benefit Plan | Additional pension benefits   | Key employees (including named executive officers)                                      | Facilitate retention<br><br>Support succession planning objectives by ensuring sufficiency of retirement replacement income |
| Other Executive Benefits                           |   |   |   |
| Perquisites  | Home security systems<br><br>Tire program<br><br>Financial planning and tax preparation services<br><br>Annual physical exams<br><br>Use of company aircraft (in limited circumstances, and with executive partially reimbursing the Company) | Specific benefits are offered to different executive officers based on business purpose | Assure protection of executive officers<br><br>Enable executives to focus on Company business with minimal disruption       |
| Other Benefits                                     | Medical, welfare and other benefits   | All employees   | Necessary to attract and retain executives  |

We are guided by the following core principles in establishing compensation for our executives, including the Chairman, Chief Executive Officer and President ( CEO ) and the other executive officers named in the Summary Compensation Table (together with the CEO, the named executive officers ):

*First*, compensation programs should motivate our executives to take actions that are best for our long-term performance while delivering positive annual results.

*Second*, as executives move to a greater level of responsibility, the percentage of their pay based on performance should increase to ensure the highest level of accountability to shareholders.

*Third*, performance pay should offer an opportunity for above average compensation for above average performance balanced by the risk of below average compensation when our performance does not meet our goals.

*Fourth*, the percentage of total compensation paid in the form of equity should also increase as executives have increasing responsibility for corporate performance, thereby more completely aligning their interests directly with those of our stockholders.

We generally target base salaries for our named executive officers below median market rates, as required by our master labor agreement (the USW Agreement ) with the USW, and we target performance-based and equity compensation at rates that are either at the median market rate or somewhat above such rate. We generally emphasize compensation that can vary based on annual, long-term and stock price performance, over fixed compensation elements. As a result, the total amount of primary compensation (defined below) is targeted either at the median market rate or somewhat above such rate for comparable companies. This approach provides an opportunity for compensation in excess of market median rates through superior performance. Conversely, executives may earn less than market median rates for performance that does not meet our goals and/or due to declines in our stock price.

Consistent with general market practice, the Compensation Committee believes that base salary should comprise approximately 20% of the aggregate compensation represented by salary, annual cash bonus and long-term compensation (those elements are referred to collectively as primary compensation ). The remaining approximately 80% of primary compensation is a mix of annual cash bonus, stock options, performance shares (paid half in cash and half in stock), and long-term cash-based incentive awards. The design and mix of variable compensation has been evolving over the past several years to reflect our successful restructuring activities and the significant appreciation in our stock price. In particular, the market value of our Common Stock has risen and made stock-based compensation a more viable alternative by decreasing the number of shares needed to deliver a specified level of targeted compensation opportunity. As a result, our mix of compensation reflects a greater emphasis on grants of equity-based awards.

### ***Compensation Decision-Making***

Our Board of Directors has delegated to the Compensation Committee of the Board primary responsibility for establishing and administering our compensation programs for executive officers and other key personnel. The Compensation Committee oversees our compensation and benefit plans and policies, administers our stock plans (including reviewing and recommending equity grants to executive officers), and reviews and approves annually all compensation decisions relating to executive officers, including those for the CEO and the other named executive officers.

In performing its duties, the Compensation Committee meets periodically with the CEO to review compensation policies and specific levels of compensation paid to executive officers and other key personnel, and reports and makes recommendations to the Board regarding executive compensation policies and programs. In addition, the CEO

annually makes recommendations to the Compensation Committee regarding salary adjustments and the setting of annual bonus targets and long-term compensation targets and awards for executive officers, including the other named executive officers. The Compensation Committee informs the other non-management directors of its decisions regarding compensation for the CEO and the other named executive officers.

At least annually, the Compensation Committee reviews our executive compensation practices to determine whether they meet, and are consistent with, the key objectives of our compensation program. From time to time, members of our Executive Compensation group in our Corporate Human Resources Department make presentations to the Compensation Committee and the Board on compensation matters, including compensation philosophy, elements and mix of compensation, and our various compensation programs.



The Compensation Committee generally adheres to the guidelines and philosophy described above under Compensation Philosophy. However, significant changes in our business or the markets in general, may cause the Compensation Committee to deviate from these guidelines if deemed appropriate. This allows the Compensation Committee to motivate our executives and other key personnel to attain appropriate short-term and long-term performance goals and to manage the Company for sustained long-term growth, serve the best interests of the Company and our stockholders, and attract and retain talented executives.

### ***Role of Compensation Consultant***

The Compensation Committee has the authority to retain and terminate outside advisors, including compensation consultants, to assist it in evaluating actual and proposed compensation for our executive officers. During 2007, the Compensation Committee retained Towers Perrin to provide advice and assistance on executive compensation matters, including the 2007 compensation decisions that are discussed elsewhere in this Compensation Discussion and Analysis. During 2007, the Compensation Committee also retained Frederic W. Cook & Co., Inc., who provided advice with respect to certain executive compensation matters, including the development of the proposed 2008 Performance Plan and Management Incentive Plan. As part of its initial engagement, Frederic W. Cook & Co. performed a comprehensive review of the design of each of the elements of our executive compensation system, including our variable incentive plans, our severance and change in control protection policies, our executive stock ownership policies, and the business rationale underlying non-performance-based aspects of our compensation program such as perquisites and supplemental pension programs. Frederic W. Cook & Co. also reviewed our executive compensation peer group and conducted a competitive analysis of the primary compensation opportunities for the named executive officers as well as our operational and stock price performance relative to the resulting peer group. Neither Towers Perrin nor Frederic W. Cook & Co. provided any other advice or consulting services to us in 2007. Our compensation consultants work with management only under the direction of the Compensation Committee.

### ***Benchmarking of Primary Compensation***

As noted above, the Compensation Committee generally targets primary compensation levels for named executive officers at median market rates. For these purposes, the Compensation Committee has determined market rates by considering three sources:

companies ranked between 55th and 175th on the Fortune 500 rankings (in the most recent ranking, this represented a range of annual revenues from \$12.8 billion to \$36.0 billion, with Goodyear's annual projected revenues representing the median of such group);

18 peer companies with annual revenues ranging from \$8.6 billion to \$42.6 billion and median revenues of \$17 billion; and

compensation surveys published from time to time by five national human resources consulting firms.

For 2007 compensation decisions, the peer group noted above consisted of: United Technologies, Caterpillar, Johnson Controls, Honeywell, 3M, Deere & Co., Visteon, Lear, Emerson Electric, Whirlpool, Illinois Tool Works, Paccar, Dana, Delphi, Textron, Inc., Eaton, PPG Industries, and ArvinMeritor. This peer group was used because its membership reflects alignment with the nature of our business, workforce and global complexity. The peer group does not include other companies in the tire industry because no other U.S.-based tire company is similar in size and complexity to us. In October 2007, the Compensation Committee reviewed the composition of the peer group and removed Visteon and ArvinMeritor, based on their market capitalization, and Dana and Delphi, due to operating under bankruptcy protection. The Compensation Committee added DuPont and TRW Automotive, based on their similarity

in size, market capitalization and structure to us. The Compensation Committee may continue to make changes in the peer group from time to time based on the criteria described above or other relevant factors.

Data with respect to comparable elements of primary compensation is compiled for the groups of companies described above from available sources, including, in most cases, the most recently available annual proxy statements containing executive compensation data.

## *Elements of Compensation*

### *Annual Compensation*

#### *Base Salaries*

We provide base salaries to recognize the skills, competencies, experience and individual performance each named executive officer brings to his position. We target base salaries below median market rates, as required by the USW Agreement, and place correspondingly greater emphasis on performance-based incentive and equity compensation. Salary guidelines for each named executive officer's position are based primarily on market data that we derive through our benchmarking practices, as described above. We also develop salary guidelines from compensation surveys using regression analysis based on revenues of the surveyed companies. In addition to data derived from these surveys, the Compensation Committee reviews general surveys prepared by national human resource consulting firms indicating past, present and projected salary structures and annual increases for executive positions. The Compensation Committee also considers the CEO's recommendations (other than with respect to his base salary), which are based in substantial part on the guidelines described above as well as on certain subjective factors, including the CEO's evaluation of the performance of each named executive officer against corporate, operating unit and individual objectives established at the start of each year, their current and future responsibilities, our recent financial performance, retention considerations, and general economic and competitive conditions.

#### *2007 Base Salary Decisions*

Using the methodologies described above for setting salary guidelines, in 2007 we compared total compensation levels for our named executive officers and 16 additional executives against survey data provided by Towers Perrin. We concluded that the base salaries of our named executive officers who are direct reports to the CEO were, in the aggregate, below the market median, in accordance with the USW Agreement.

In 2007, the overall increase in base salaries for all executive officers, excluding the CEO, was 2.9%. Mr. Keegan, Mr. Kramer, Mr. Harvie and Mr. de Bok received increases of 3.5%, 5.7%, 5.0% and 9.5%, respectively. Mr. Schmitz was elected as our Chief Financial Officer on August 7, 2007 at an annual base salary of \$505,000. Salaries of the named executive officers in 2007 were an average of 7% lower than the median indicated by the salary guidelines described above. Salaries in 2007 averaged approximately 39% of total annual cash compensation paid to the named executive officers.

#### *Annual Cash Bonuses Performance Recognition Plan*

The Performance Recognition Plan provides annual cash-based incentives for approximately 730 participants, including all named executive officers. Awards under the Performance Recognition Plan are designed to emphasize important short-term operating and tactical objectives that directly drive the creation of shareholder value and provide appropriate balance with the metrics used in our long-term incentives. Awards generally have the following characteristics:

an individual's target bonus level for the award is set annually, as a percentage of base salary, at rates slightly above market median levels so that when combined with the below median base salaries required by the USW Agreement, we provide an overall annual compensation opportunity aligned with market median levels;

the level of funding of the annual bonus pool is based on the level of achievement of two financial performance criteria (linked to overall company and/or operating unit results), adjusted for extraordinary items and other relevant factors as recommended by the CEO and approved by the Compensation Committee, each of which is

described in more detail below;

the amount of individual payouts for executives can range from 0% to 200% of the executive's target bonus, based on the executive's performance during the year against individual objectives; and

the total payout for all participants may not exceed the bonus pool.

Each financial performance criteria has a target level as well as a minimum and maximum level, which are determined based on the perceived difficulty of the established targets and actual results for those financial measures in prior years. For corporate officers, funding of the bonus pool available for payouts is based on overall company results with respect to the two financial performance criteria. Funding of the bonus pool for officers of our five operating units is based 60% on that operating unit's results and 40% on overall company results. In this manner, we believe our executives are held most accountable for financial results in the areas where they have the

most control and influence, but are also motivated to work cooperatively with other operating units to maximize results for the entire Company.

In determining the funding of the bonus pool available for payouts, the Compensation Committee first compares actual results with the target performance level for the two financial performance criteria. This comparison is done for the Company overall, and for each operating unit. These results are referred to as the actual results. Then, the Committee considers and takes into account the following three factors to determine whether the actual results should be adjusted:

non-recurring restructuring charges are considered for exclusion, consistent with past practice, because the Compensation Committee believes senior managers should be encouraged to make decisions with long-term benefits to the Company without being concerned about the impact on their incentive compensation;

the effects of significant one-time, unanticipated, non-operating or extraordinary events are considered for exclusion, consistent with past practice, because the effect of such events would generally not have been reflected in the performance targets; and

qualitative factors that might call for adjustment of the actual results are considered upon the recommendation of the CEO based on his overall assessment of our business and performance.

For fiscal years 2005, 2006 and 2007, the Compensation Committee established bonus payment pools of 162%, 102% and 168%, respectively, of the aggregate target bonus level for such years.

After the size of the bonus pool has been determined as described above, the payout for each named executive officer is determined. In this process, the officer's target bonus amount is first multiplied by the same percentage used to determine the aggregate bonus pool applicable to such officer. (For example, if the bonus pool applicable to such officer is funded at 150% of the aggregate target bonus amount, the officer's individual payout initially would be set at 150% of his individual bonus target.) Then, the CEO assesses the officer's individual performance and contributions towards Company goals and makes his recommendations with respect to individual payout amounts to the Compensation Committee, which considers the CEO's recommendations and determines the final payouts. The Compensation Committee undertakes the same process for the CEO and makes the determination as to the final payout amount for the CEO. Participants can earn between 0% and 200% of their target bonus, but the total payout for all participants may not exceed the aggregate bonus pool.

To illustrate how the Performance Recognition Plan works, assume an award with a target level of \$50,000. If the company-wide and operating unit performance criteria are attained in an amount equal to 150% of their target amounts, the amount contributed to the overall bonus pool in respect of this award is \$75,000 (*i.e.* 150% of \$50,000). However, the individual having this award would be eligible to receive a payout between \$0 and \$100,000 (*i.e.* 200% of the target level), depending on the individual's own performance and contribution to Company goals.

Awards are generally paid in cash. However, named executive officers may elect to defer all or a portion of their award in the form of cash or stock units. If deferred in the form of stock units, we will match 20% of the deferred amount with additional stock units that will vest in one year subject to the executives' continued employment. Any stock units are converted to shares of Common Stock and paid to the participant on the first business day of the third year following the end of the plan year under which the award was earned. See Executive Deferred Compensation Plan below.

*2007 Bonus Payouts Under Performance Recognition Plan*

In 2007, the performance criteria used for bonus awards under the Performance Recognition Plan were as follows:

for corporate officers (including Messrs. Keegan, Schmitz and Harvie): (i) Goodyear's net sales, less cost of goods sold, selling, administrative and general expense, and finance charges (adjusted EBIT) and (ii) Goodyear's operating cash flow (cash flow from operations and investing activities, each adjusted for foreign currency exchange, less the change in restricted cash and dividends paid to minority interests in subsidiaries), both equally weighted at 50% and independent of each other; and

for officers of our five operating units (including Messrs. Kramer and de Bok): (i) the operating unit's net sales, less cost of goods sold and selling, administrative and general expense (EBIT) and (ii) the operating unit's operating cash flow (as defined above), both equally weighted at 50% and independent of each other.

Adjusted EBIT is derived from our audited financial statements by reducing net sales for cost of goods sold, selling, administrative and general expense, and finance charges, and EBIT is derived from our audited financial

statements by reducing net sales for cost of goods sold and selling, administrative and general expense. The Compensation Committee used adjusted EBIT for corporate officers, rather than EBIT, to provide an incentive to reduce finance charges, given existing debt levels.

The Compensation Committee set the corporate adjusted EBIT and North American Tire EBIT targets taking into account the anticipated impact of the recovery from the USW strike and the corporate and North American Tire operating cash flow targets taking into account the anticipated impact of the recovery from the USW strike, the Voluntary Employees Beneficiary Association funding obligations and pension funding obligations. Consistent with past practices, the Compensation Committee also excluded accelerated depreciation expense related to plant closures announced during 2007 from the corporate adjusted EBIT target. Following the sale of our Engineered Products business in July 2007, the Compensation Committee further modified the corporate adjusted EBIT and operating cash flow targets to reflect the sale of that business. Overall, the Compensation Committee believed the financial targets reflected a significant stretch for the Company given the dynamic and increasingly competitive business environment, rapidly increasing costs of raw materials, the recovery from the USW strike, and the incremental growth required from 2006 actual results.

In February 2008, the Compensation Committee reviewed actual results for 2007 with respect to achievement of the company-wide and operating unit financial performance criteria.

For overall company results (the performance of which is relevant for determining bonus amounts for Messrs. Keegan, Schmitz and Harvie), target adjusted EBIT was \$577 million and actual adjusted EBIT (adjusted as described above) was \$796 million, or approximately 38% above target, and target operating cash flow was \$354 million and actual operating cash flow (adjusted as described above) was \$708 million, or approximately 100% above target. In light of our adjusted EBIT and operating cash flow results, the Compensation Committee determined to fund the corporate portion of the bonus pool in an amount equal to 200% of the target amount.

As noted above, funding of the bonus pool for officers of our five operating units is based 60% on that operating unit's results and 40% on overall company results.

The North American Tire unit (the performance of which is relevant for determining Mr. Kramer's bonus) exceeded its EBIT and operating cash flow targets by 54% and significantly more than 100%, respectively. In light of North American Tire's performance against its EBIT and operating cash flow targets and the fast recovery from the USW strike, the Compensation Committee determined to fund the bonus pool for the North American Tire unit in an amount equal to 200% of the target amount.

The European Union unit (the performance of which is relevant for determining Mr. de Bok's bonus) fell short of its EBIT and operating cash flow targets by 6% and 54%, respectively. The Compensation Committee further adjusted European Union's operating cash flow target for two significant one-time events or non-operating items, reflecting an increase in the dividend paid to our European joint venture partner due to a favorable tax ruling and an increase in planned capital expenditure levels. After taking into account these further adjustments, the Compensation Committee determined to fund the bonus pool for the European Union unit in an amount equal to 130% of the target amount, which is based 60% on European Union's results (adjusted as described above) and 40% on overall company results.

The bonus pools for the other operating units were funded, based on those units' performance compared with targeted performance, in amounts that ranged from 177% to 200% of the target amounts for such units. Overall, the aggregate bonus pool was funded in the amount of \$53.5 million, or 168%, of the overall target bonus amount.

The Compensation Committee then reviewed the CEO's assessment of each of the other named executive officer's performance during 2007 and his contribution to our results in 2007. With respect to the CEO, the Compensation

Committee also considered its own assessment of the CEO's performance during 2007 and his contribution to our results in 2007. In particular, the Compensation Committee considered the CEO's contributions to the achievement of:

our financial goals in a difficult industry environment,

the fast recovery from the USW strike,

the successful completion of an equity offering in May 2007, the sale of our Engineered Products business in July 2007 and several debt reduction initiatives throughout the year,

continued progress on our four-point cost savings plan,



the restructuring of our salaried pension benefits, and  
continued strengthening of our leadership team.

The CEO and the Compensation Committee considered the substantial contributions of the other named executive officers in furthering the Company's strategic initiatives described in the preceding paragraph. As a result of these considerations, and in light of the aggregate amount available in the bonus pool, the Compensation Committee approved the following 2007 payout amounts for the named executive officers under the Performance Recognition Plan:

| Name       | Target Payout as a % of Salary | Payout Range as a % of Salary | Target Award (\$) | Maximum Award (\$) | Actual Award (\$) | Actual Award as a % of Salary |
|------------|--------------------------------|-------------------------------|-------------------|--------------------|-------------------|-------------------------------|
| Keegan     | 147%                           | 0%-294%                       | \$ 1,750,000      | \$ 3,500,000       | \$ 3,500,000      | 294%                          |
| Schmitz(1) | 75%                            | 0%-151%                       | 158,764           | 317,528            | 317,528           | 151%                          |
| Kramer     | 89%                            | 0%-179%                       | 500,000           | 1,000,000          | 1,000,000         | 179%                          |
| Harvie     | 63%                            | 0%-125%                       | 300,000           | 600,000            | 600,000           | 125%                          |
| de Bok     | 74%                            | 0%-148%                       | 325,000           | 650,000            | 422,500           | 96%                           |

(1) Awards for Mr. Schmitz represent pro-rated amounts based upon his hire date (August 1, 2007).

As a group, the named executive officers received payouts at an average of 186% of their target amount. The Performance Recognition Plan payouts represent an average of approximately 61% of total annual cash compensation paid to the named executive officers.

### ***Long-Term Compensation***

Long-term incentives are delivered through grants of stock options and performance shares under our 2002 and 2005 Performance Plans (collectively, the Performance Plans) and long-term cash-based incentive awards under our Executive Performance Plan. Long-term performance-based compensation is generally designed to represent approximately 60% of the primary compensation of named executive officers, assuming target performance levels. This is consistent with our emphasis on long-term compensation which better ties the executive's compensation to long-term operational success and shareholder value creation. The mix of long-term compensation between stock option grants, performance share grants, and cash-based long-term incentives was based, in part, on the number of shares available for grant under the Performance Plans, as well as considerations relating to managing the dilutive effect of share-based awards.

The amount and terms of grants to named executive officers under the Performance Plans and the Executive Performance Plan are based on criteria established by the Compensation Committee and typically include responsibility level, base salary level, current Common Stock market price, officer performance, recent Goodyear performance, and, with respect to the Performance Plans, the number of shares available under the plan. As discussed above under Compensation Philosophy, the Compensation Committee makes grants under these plans with the objective of providing a target primary compensation opportunity equal to median market rates.

### ***Cash-Based Awards Under the Executive Performance Plan***

The Executive Performance Plan provides long-term incentive compensation opportunities in order to motivate key personnel to achieve our long-term business objectives and to attract, retain and reward key personnel. This plan was originally established, in 2003, to address the limitations of providing compensation through our Performance Plans. Due to the relatively low market price of our Common Stock at the time, the quantity of shares that would have been necessary to provide meaningful incentive compensation would have exceeded the number of available shares under the 2002 Performance Plan and would have created an unacceptable level of potential share dilution. As a result, the Compensation Committee determined that a cash-based plan was the most appropriate tool for providing performance and retention incentives.

The Compensation Committee generally makes Executive Performance Plan grants at its first meeting following completion of the prior fiscal year (typically in February). Awards of units under the Executive Performance Plan generally have the following characteristics:

the target value is \$100 per unit;

the payout amount is based on results over a three-year period as compared with performance goals set at the start of the three-year period; and

the payout amount can range from \$0 per unit to \$200 per unit based on actual results (and assuming the recipient remains continuously employed by us through the performance period).

The number of target units awarded annually to each named executive officer is based on a number of considerations, including market data about competitive long-term compensation and the CEO's recommendations. In determining target awards, the CEO takes into consideration certain subjective factors, including the CEO's evaluation of the performance of each named executive officer, our recent performance, retention considerations and general economic and competitive conditions.

The performance criteria for grants made for the 2005-2007, 2006-2008 and 2007-2009 performance periods were cumulative net income and cumulative cash flow, net of debt, each weighted equally. Results were based entirely on our consolidated performance, with no award tied to an executive's business unit or individual performance. In this manner, the plan emphasizes long-term consolidated financial results, balances performance measures used under our annual bonus plan and reinforces the need for teamwork among executives. Net income was used as a measure to focus on bottom line improvement. Cash flow focused on our efforts to manage the cash requirements associated with our business, including our debt, pension and OPEB obligations and our efforts to improve our capital structure, and adjusting for net debt provides incentive to reduce our obligations, including our debt and pension obligations. The amount of debt that is netted out is equal to the amount of total debt on the consolidated balance sheet plus expected domestic pension funding obligations for the next three fiscal years, less cash on the consolidated balance sheet.

180,500 units were granted in respect of the 2005-2007 performance period, 167,590 units were granted in respect of the 2006-2008 performance period, and 174,150 units were granted in respect of the 2007-2009 performance period.

#### *2007 Grants and Payouts Under the Executive Performance Plan*

##### 2007 Grants

The Compensation Committee awarded an aggregate of 174,150 units in respect of the 2007-2009 performance period under the Executive Performance Plan. The performance criteria for the 2007 grants are cumulative net income and cumulative total cash flow, net of debt, each weighted equally. The performance targets for the 2007-2009 period generally require relatively greater improvement in performance than had been contemplated under prior years' grants. The Compensation Committee determined that it was appropriate to make the 2007-2009 performance targets incrementally harder to achieve than those under prior grants to reflect the Company's emergence from a challenging period of recovery that began in 2003. While the Committee believes the 2007-2009 targets are achievable, the targets are premised on the Company meaningfully growing both net income and cumulative total cash flow during the three-year performance period.

The value of the units granted for the 2007-2009 performance period (assuming payout at \$100 per unit) represents approximately 50% of the value of total long-term compensation awarded to the named executive officers in 2007. Included in the grants for the 2007-2009 performance period were grants of 40,000, 7,500, 11,000, 7,700 and 8,400 units to Messrs. Keegan, Schmitz, Kramer, Harvie and de Bok, respectively. Payment on each unit may range between \$0 and \$200 depending upon the attainment of the performance criteria described above. The availability of shares under our equity compensation plans will continue to drive the replacement of cash-based compensation represented by grants under the Executive Performance Plan with grants of performance shares under the Performance Plans. We believe that performance shares, like the cash-based Executive Performance Plan, drive operational performance while also driving shareholder value creation, thereby better aligning the interests of our executives with those of our shareholders.

##### Payouts for the 2005-2007 Performance Period

Following the sale of our Engineered Products business in July 2007, the Compensation Committee modified the cumulative net income and cumulative total cash flow, net of debt targets to reflect the sale of that business. In February 2008, the Compensation Committee approved payouts in respect of awards granted for the 2005-2007 performance period. The table below shows the performance goals and corresponding payout amounts (per unit) for awards granted for the 2005-2007 performance period.

| Performance Measure<br>(2005-2007):     | Payout per Unit  |                  |                 |                  |
|---|------------------|------------------|-----------------|------------------|
|   | \$50             | \$100            | \$150           | \$200            |
| Cumulative net income                   | \$ 64 million    | \$ 78 million    | \$213 million   | \$ 348 million   |
| % of target                             | 82%              | 100%             | 273%            | 446%             |
| Cumulative total cash flow, net of debt | \$ (906) million | \$ (735) million | \$(446) million | \$ (156) million |
| % of target                             | 77%              | 100%             | 139%            | 179%             |

The Executive Performance Plan permits the Committee to make adjustments to actual company results for the performance measures for extraordinary items and other relevant factors. Over the three-year performance period, no adjustments were made to the actual company results. The table below shows actual results with respect to the performance measures over the 2005-2007 performance period.

| Performance Measure<br>(2005-2007):     | Target                |                  | Actual Results   |                  | Performance (as % of target) |
|---|-----------------------|------------------|------------------|------------------|------------------------------|
|   | Cumulative net income | \$ 78 million    | \$ 500 million   | \$ 500 million   | \$ 500 million               |
| Cumulative total cash flow, net of debt | \$ (735) million      | \$ 4,331 million | \$ 4,331 million | \$ 4,331 million | 689%                         |

During the performance period of these grants, we faced a number of substantial challenges facing the tire industry generally, such as increasing competition from low-cost manufacturers, manufacturing overcapacity and rising raw material prices. We also faced several Company-specific challenges, such as a significant negotiation with the USW on the terms of a new master labor agreement, the recovery from the USW strike, the implementation of a capital structure improvement plan, and the need to implement significant cost reductions. In the face of these challenges, the targets established for the 2005 grants were considered stretch targets, the achievement of which would mean we were on our way to financial recovery and poised for future growth. Our performance during the period reflects price and product mix improvements, the completion of our capital structure improvement plan, additional debt reduction initiatives, the substantial progress made on our cost reduction and other strategic initiatives, and our turnaround plan for our North American Tire business as well as the exemplary performance of our international business units, many of which consistently achieved record results in sales and segment operating income. This performance resulted in cumulative net income and cash flow significantly in excess of the targets established in early 2005.

Based on the results over the 2005-2007 performance period, the Compensation Committee approved payout of the Executive Performance Plan awards for such period in an amount equal to 200% of the target amount per unit.

The table below shows payout amounts for each of the named executive officers in respect of their grants under the Executive Performance Plan for the performance period 2005-2007:

| Target Payout as | Payout Range as a % | Target Award | Maximum Award | Actual Award | Actual Award as a |
|------------------|---------------------|--------------|---------------|--------------|-------------------|
|------------------|---------------------|--------------|---------------|--------------|-------------------|

| Name           | <b>a</b><br>% of<br>Salary | of Salary | (\$)         | (\$)         | (\$)         | %<br>of Salary |
|----------------|----------------------------|-----------|--------------|--------------|--------------|----------------|
| Keegan Schmitz | 370%                       | 0%-739%   | \$ 4,400,000 | \$ 8,800,000 | \$ 8,800,000 | 739%           |
| Kramer         | 191%                       | 0%-382%   | 1,070,000    | 2,140,000    | 2,140,000    | 382%           |
| Harvie         | 173%                       | 0%-346%   | 830,000      | 1,660,000    | 1,660,000    | 346%           |
| de Bok         | 211%                       | 0%-423%   | 930,000      | 1,860,000    | 1,860,000    | 423%           |

In reviewing and considering payouts under the Executive Performance Plan for the 2005-2007 performance period, the Compensation Committee considered not only the impact of the lost tax deductions associated with such payouts under Section 162(m) of the Code, but also the significant tax loss carryforwards available to us from prior periods, as well as the benefits realized by us and our stockholders from the successful efforts of our senior management team in leading the turnaround effort over the past several years. In balancing these considerations, the Compensation Committee concluded that it would be appropriate to approve payouts in respect of the grants for the 2005-2007 performance period, notwithstanding the loss of the associated tax deduction.

### *Performance Shares*

In 2006, in order to more closely align executive compensation to the performance of our Common Stock and to better manage concerns about stockholder dilution, and in response to new accounting rules with respect to stock options under Statement of Financial Accounting Standards No. 123R, *Share-Based Payments* (SFAS 123R), we introduced performance shares as a new component of long-term compensation for named executive officers and other key personnel.

Performance shares are granted under the 2005 Performance Plan and generally have the following terms:

vesting is based on results over a three-year period as compared with performance goals set at the start of the three-year period and continued employment; and

once vested, shares are paid 50% in cash (based on the market value of our Common Stock on the vesting date) and 50% in stock.

The number of performance shares awarded annually to each named executive officer, measured by the percentage of total long-term compensation represented by such shares, is based on a number of considerations, including market data for comparable long-term incentive compensation and the CEO's recommendations, which are based in part on certain subjective factors, including the CEO's evaluation of the performance of each named executive officer, our recent performance, share availability under our equity compensation plans, retention considerations, and general economic and competitive conditions.

### 2007 Performance Share Grants

In 2007, the Compensation Committee awarded an aggregate of 1,222,426 performance shares. The vesting period for these shares is 2007-2009 and the performance criteria over this period are cumulative net income and cumulative total cash flow, net of debt, each weighted equally, as described above under *Cash-Based Awards Under the Executive Performance Plan*. The aggregate value of the performance shares granted to the named executive officers in 2007 (measured at grant date fair value) was \$1,563,989. This represented approximately 13% of total long-term compensation awarded to the named executive officers in 2007. In February 2007, target grants of 20,000, 15,850, 9,750 and 10,300 performance shares were made to Messrs. Keegan, Kramer, Harvie and de Bok, respectively, having the terms described above. On August 7, 2007, Mr. Schmitz received a target grant of 7,000 performance shares, having the terms described above, in connection with his hiring.

### *Stock Options*

The Compensation Committee annually grants stock options to named executive officers and other key employees to link executives to results earned by shareholders and build executive ownership. Stock options constitute an important element of our long-term incentive compensation program and support several important objectives and principles. Because options result in gains only in the event that the stock price appreciates, they serve to align the interests of management with shareholders.

Stock options are granted under the Performance Plans and generally have the following terms:

options vest in equal, annual installments over a 4-year period;

options have a ten-year term; and

the exercise price is equal to the market value of our Common Stock on the date of grant, with the market value determined by averaging the high and low prices of our Common Stock on that date.

In addition, each stock option granted through 2007 includes a right to the automatic grant of a new option (a reinvestment option ) for the number of shares tendered in the exercise of the original stock option and withheld to pay income taxes. The reinvestment option will be granted on, and will have an exercise price equal to the market value of our Common Stock on, the date of exercise of the original option. Reinvestment options are generally subject to the same terms and conditions as the original stock option but do not include the right for a further reinvestment option. All reinvestment options vest one year from the date of grant and will expire on the date the original option would have expired. The Compensation Committee did not include the reinvestment option feature in its February 2008 stock option grants due, in part, to changes in the accounting for compensation expense associated with stock option grants under SFAS 123R. In addition, the 2008 Performance Plan does not provide for a reinvestment option feature.



The amount of stock options to be awarded each year is determined based on the number of available options under the Performance Plans, as well as market data on long term-compensation. We use a Black-Scholes valuation model to determine the number of stock options needed to provide the desired value consistent with overall median market compensation.

### 2007 Stock Option Grants

In 2007, the Compensation Committee awarded an aggregate of 1,819,410 stock options (excluding reinvestment options) under the 2005 Performance Plan. The aggregate value of the stock options (excluding reinvestment options) granted to the named executive officers in 2007 (measured at grant date fair value) was \$4,632,630. This represented approximately 37% of total long-term compensation awarded to the named executive officers in 2007. In February 2007, grants of 250,000, 55,000, 37,000 and 30,000 stock options were made to Messrs. Keegan, Kramer, Harvie and de Bok, respectively, having the terms described above. On August 7, 2007, Mr. Schmitz received a grant of 25,000 stock options, having the terms described above, in connection with his hiring.

During 2007, reinvestment option grants were made to Messrs. Keegan, Kramer and Harvie. See Note 4 to the Grants of Plan-Based Awards table below. All options granted to named executive officers during 2007 were non-qualified stock options. Each unexercised stock option terminates automatically if the optionee ceases to be an employee of Goodyear or one of its subsidiaries for any reason, except that (a) upon retirement or disability of the optionee more than six months after the grant date, the stock option will become immediately exercisable and remain exercisable until its expiration date, and (b) in the event of the death of the optionee more than six months after the grant thereof, each stock option will become exercisable and remain exercisable for up to three years after the date of death of the optionee.

### ***Pension Benefits***

We provide most named executive officers with pension benefits pursuant to a qualified pension plan, the Goodyear Salaried Pension Plan (the Salaried Plan), and a partially funded, non-qualified plan, the Goodyear Supplementary Pension Plan (the Supplementary Plan). Named executive officers serving outside the United States, such as Mr. de Bok, participate in local Goodyear or governmental pension plans, rather than the Salaried Plan. Named executive officers hired after December 31, 2004, such as Mr. Schmitz, participate in the retirement contributions feature of the Savings Plan, a defined contribution plan, rather than the Salaried Plan.

The Salaried Plan is designed to provide tax-qualified pension benefits for U.S.-based salaried employees hired prior to January 1, 2005. Mr. Keegan, Mr. Harvie and Mr. Kramer participate in the Salaried Plan along with other Goodyear employees. Mr. Schmitz and Mr. de Bok do not participate in the Salaried Plan. The Supplementary Plan provides additional pension benefits to executive officers and certain other key individuals identified by the Compensation Committee. All of the named executive officers participate in the Supplementary Plan. The Supplementary Plan provides pension benefits to participants who retire with at least 30 years of service or retire after age 55 with ten years of service. However, benefits payable under the Supplementary Plan are offset by the amount of any benefits payable under the Salaried Plan, the retirement contributions component of the Savings Plan, applicable non-U.S. pension plans, and certain prior employer pension plans. The Committee believes supplemental executive retirement plans such as the Supplementary Plan are an important part of executive compensation and are utilized by most large companies, many of which compete with the Company for executive talent. Retirement benefits, including those provided through a supplemental executive retirement plan, are a critical component of an executive's overall compensation program and are essential to attracting, motivating and retaining talented executives with a history of leadership. Retirement benefits are an important factor in an executive's decision to accept or reject a new position.

We also maintain a non-qualified unfunded Excess Benefit Plan that pays an additional pension benefit over that paid under the Salaried Plan if a participant does not meet the eligibility requirements of the Supplementary Plan. The additional benefit is equal to the amount a participant would have received from the Salaried Plan but does not because of the limitations imposed by the Code on pension benefits under qualified plans. This plan is provided to allow the continuation of benefits from the qualified plan to individuals whose income exceeds the Code guidelines for qualified plans. For employees hired after December 31, 2004, there is a corresponding non-qualified defined contribution excess plan that mirrors the retirement contributions component of the Savings Plan.

For more information regarding the terms of these plans and the named executive officers' accrued benefits under these plans, see the table captioned "Pension Benefits" and the accompanying narrative elsewhere in this Proxy Statement.

### ***Severance and Change-in-Control Benefits***

We provide for the payment of severance benefits to our named executive officers upon certain types of terminations of employment. The Goodyear Continuity Plan for Salaried Employees (the Continuity Plan ) provides certain severance benefits to our employees and employees of our domestic subsidiaries who participate in the Executive Performance Plan, Performance Recognition Plan or Savings Plan. The Continuity Plan was adopted on April 10, 2007 and amended and restated The Goodyear Employee Severance Plan for Salaried Employees that was originally adopted in 1989.

We selected the change-in-control triggers used in the Continuity Plan based on similar definitions included in our equity compensation plans, the Ohio Control Share Acquisition Law and other customary provisions included in similar agreements, such as the acquisition of actual control of Goodyear or a significant change in the composition of the Board of Directors.

The Compensation Committee believes that our severance benefits are a necessary component of a competitive compensation program and that those severance benefits are not significantly different from the severance benefits typically in place at other companies.

In addition to benefits provided under the Continuity Plan, under appropriate circumstances, such as reductions in force or elimination of positions, we may provide severance benefits to executive officers, including the named executive officers, whose employment terminates prior to retirement. In determining whether to provide such benefits and in what amount, we consider all relevant facts and circumstances, including length of service, circumstances of the termination, the executive officer's contributions to Company objectives, and other relevant factors. When we provide such benefits, typically the amount of severance is the equivalent of six to 18 months of base salary plus an amount based on the individual's target bonus then in effect over an equivalent period. The severance payment may be paid in a lump sum or in installments. We also may provide limited outplacement and personal financial planning services to eligible executive officers following their termination.

In addition, Mr. Keegan's employment agreement provides for the payment of severance compensation if we terminate his employment without cause or if Mr. Keegan terminates his employment for good reason, as such terms are defined in that agreement. For additional information regarding the terms of Mr. Keegan's employment agreement and the severance benefits payable under such agreement, see Potential Payments Upon Termination or Change-in-Control elsewhere in this Proxy Statement. Among other things, Mr. Keegan's employment agreement provides that if Mr. Keegan is subject to any excise taxes resulting from a severance payment in connection with a change in control, he is entitled to receive an additional amount sufficient to cover the amount of any such excise or related taxes.

For additional information regarding the terms of the Continuity Plan and benefits payable under such plan, see Potential Payments Upon Termination or Change-in-Control elsewhere in this Proxy Statement.

### ***Perquisites***

We provide certain executive officers with certain personal benefits and perquisites, as described below. The Compensation Committee has reviewed and approved the perquisites described below. While the Compensation Committee does not consider these perquisites to be a significant component of executive compensation, it recognizes that such perquisites are an important factor in enabling our executive officers to focus on our business with minimal disruption.

*Home Security Systems.* In order to enhance their safety, we pay for the cost of home security systems for a limited number of executive officers. We cover the cost of installation, monitoring and maintenance for these systems.

*Use of Company Aircraft.* In appropriate circumstances, and only if approved by the CEO, executive officers are permitted to use our company aircraft for personal travel. In these limited circumstances, the executive is also required to reimburse us for a portion of the cost of such use in an amount determined using the Standard Industry Fare Level.

*Tire Program.* We offer our executive officers and Board members the opportunity to receive up to two sets of tires per year at our expense. Expenses covered include the cost of tires, mounting, balancing and disposal fees. We also provide reimbursement for the taxes on the income associated with this benefit. Mr. Keegan has elected to no longer participate in this program.

*Financial Planning and Tax Preparation Services.* We offer financial assistance to our executive officers to help them cover the cost of financial planning and tax preparation services. In providing this benefit, we seek to alleviate our executives' concern regarding personal financial planning so that they may devote their full attention to our business. The maximum annual cost to the Company under this program is \$9,000 per officer.

*Club Memberships.* We pay the annual dues for one club membership for a limited number of executive officers. The membership is intended to be used primarily for business purposes, although executive officers may use the club for personal purposes. Executive officers are required to pay all incremental costs, other than the annual dues, related to their personal use of the club.

*Annual Physical Exams.* Our executive officers may undergo an annual comprehensive physical examination for which we pay any amount that is not covered by insurance.

### ***Executive Deferred Compensation Plan***

The Goodyear Executive Deferred Compensation Plan (the "Deferred Compensation Plan") is a non-qualified deferred compensation plan that provides named executive officers and other highly compensated employees the opportunity to defer various forms of compensation. The plan provides several deferral period options. During 2007, no named executive officers made deferrals under the Deferred Compensation Plan. For participants, this is an investment decision and offers an additional means to save for retirement. There is no premium or guaranteed return associated with the deferral.

For additional information regarding the terms of the deferred compensation plan and participant balances, see "Nonqualified Deferred Compensation" elsewhere in this Proxy Statement.

### ***Other Benefits***

*Payments to Overseas Executives.* Where warranted, we provide tax equalization payments, housing allowances, and other similar benefits to our executives living overseas to compensate them for the additional costs of their overseas assignments.

*Goodyear Employee Savings Plan.* The Savings Plan permits eligible employees, including most of the named executive officers, to contribute 1% to 50% of their compensation to their Savings Plan account, subject to an annual contribution ceiling (\$15,500 in 2007). Savings Plan participants who are age 50 or older and contributing at the maximum plan limits or at the annual contribution ceiling are entitled to make "catch-up" contributions annually up to a specified amount (\$5,000 in 2007). Employee pre-tax contributions to the Savings Plan are not included in the current taxable income of the employee pursuant to Section 401(k) of the Code. Effective April 1, 2007, employee Roth contributions were permitted under the Savings Plan which are included in current taxable income. Employee contributions are invested, at the direction of the participant, in any one or more of the fifteen available funds and/or in mutual funds under a self-directed account.

### ***Tax Deductibility of Pay***

Section 162(m) of the Code provides that compensation paid to a public company's chief executive officer and its three other highest paid executive officers (other than its chief financial officer) in excess of \$1 million is not deductible unless certain requirements have been satisfied. The Compensation Committee believes that awards under our Performance Plans qualify for full deductibility under Section 162(m).

Although compensation paid under two of our plans, the Executive Performance Plan and the Performance Recognition Plan is performance-based, it does not qualify for the deductibility exception for performance-based compensation and is subject to the Section 162(m) limitation on deductibility. As discussed in greater detail below, in light of our financial condition and capital structure in recent years, the Compensation Committee believes it is in our and our stockholders' best interests to award incentive compensation under the Executive Performance Plan and the Performance Recognition Plan that does not qualify for the exception for performance-based compensation. As part of the Compensation Committee's review and evaluation of the impact of Section 162(m) on our executive compensation programs, the Compensation Committee and the Board of Directors are recommending the adoption of the 2008 Performance Plan (Proxy Item 2) and the Goodyear Management Incentive Plan (Proxy Item 3), which will permit future awards similar to those under the Executive Performance Plan and the Performance Recognition Plan to qualify for full deductibility under Section 162(m).

### ***Stockholding Guidelines***

To better link the interests of management and our stockholders, the Board, upon the recommendation of the Compensation Committee, adopted stockholding guidelines for our executive officers effective January 1, 2006. These guidelines specify a number of shares that our executive officers are expected to accumulate and hold within five years of the later of the effective date of the program or the date of appointment as an officer. The specific share requirements are based on a multiple of annual base salary ranging from one to five times, with the higher multiples applicable to executive officers having the highest levels of responsibility. The stockholding requirement for Mr. Keegan is five times his annual base salary and for each of the other named executive officers is four times their annual base salary. Amounts invested in the Goodyear stock fund of the Savings Plan, share equivalent units in our deferred compensation plan, restricted stock, and stock owned outright by executive officers (or their spouses) are counted as ownership in assessing compliance with the guidelines. Unexercised stock options and unearned performance shares are not counted toward compliance with the guidelines.

In October 2007, the Compensation Committee revised the stockholding guidelines to incorporate stock retention provisions. If an executive officer has met their stockholding requirement, they are required to retain 25% of the net shares from any exercised options for at least one year from the date of exercise. If an executive officer has not met their stockholding requirement, they are required to retain 75% of the net shares from any exercised options until they have met their stockholding requirement. Net shares are the shares remaining after payment of the exercise price and any withholding taxes.

We have adopted, as part of our insider trading policy, prohibitions on the short sale of our equity securities and the purchase, sale or issuance of options or rights relating to our Common Stock.

### **COMPENSATION COMMITTEE REPORT**

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in Goodyear's Annual Report on Form 10-K for the year ended December 31, 2007.

#### **The Compensation Committee**

G. Craig Sullivan, Chairman  
John G. Breen

William J. Hudson, Jr.  
Denise M. Morrison

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, that incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

**Summary Compensation Table**

The table below sets forth information regarding the compensation of the CEO, the Chief Financial Officer of Goodyear (the "CFO") and the persons who were, at December 31, 2007, the other three most highly compensated executive officers of Goodyear (collectively, the "named executive officers") for services in all capacities to Goodyear and its subsidiaries during 2006 and 2007.

| Position and Principal Occupation      | Year | Salary (\$)  | Bonus (\$)(1) | Stock Awards (\$)(2) | Option Awards (\$)(3) | Non-Equity Incentive Compensation (\$)(4) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(5) | All Other Compensation (\$)(6) | Total (\$)    |
|--|------|--------------|---------------|----------------------|-----------------------|---|---|--------------------------------|---------------|
| Robert J. ...<br>Chairman              | 2007 | \$ 1,176,667 | \$ 3,500,000  | \$625,800            | \$ 3,836,335          | \$ 8,800,000                              | \$ 2,429,883  | \$ 82,323                      | \$ 20,451,000 |
|  | 2006 | 1,133,333    | 2,244,000     | 91,191               | 1,949,118             | 8,000,000                                 | 3,802,099   | 93,377                         | 17,313,000    |
| Mark ...<br>Chief Financial Officer(7) | 2007 | 210,417      | 317,528       | 34,230               | 35,500                |   | 391,292   | 3,499                          | 992,000       |
| ...<br>Chief Financial Officer(8)      | 2007 | 550,000      | 1,000,000     | 430,539              | 674,884               | 2,140,000                                 | 209,556   | 18,393                         | 5,023,000     |



|      |         |         |         |         |           |         |        |        |
|------|---------|---------|---------|---------|-----------|---------|--------|--------|
| 2006 | 507,033 | 667,400 | 59,274  | 379,517 | 2,000,000 | 260,948 | 18,006 | 3,892, |
| 2007 | 472,333 | 600,000 | 251,145 | 954,242 | 1,660,000 | 385,085 | 11,503 | 4,334, |
| 2006 | 453,367 | 411,800 | 33,741  | 349,033 | 1,600,000 | 547,983 | 11,969 | 3,407, |
| 2007 | 427,333 | 422,500 | 254,202 | 235,231 | 1,860,000 | 56,401  | 29,227 | 3,284, |

- (1) Represents amounts awarded under the Performance Recognition Plan for performance during the year indicated. For additional information regarding amounts awarded to the named executive officers under the Performance Recognition Plan, see Compensation Discussion and Analysis Elements of Compensation Annual Compensation Annual Cash Bonuses Under the Performance Recognition Plan and 2007 Bonus Payouts Under the Performance Recognition Plan.
- (2) Represents the amount recognized for financial statement reporting purposes for the year indicated in respect of outstanding stock awards in accordance with SFAS 123R, excluding estimates of forfeitures in the case of awards with service-based vesting conditions. The assumptions made in valuing stock awards reported in this column are discussed in Note 1, Accounting Policies under Stock-Based Compensation and Note 12, Stock Compensation Plans to Goodyear's consolidated financial statements included in its Annual Report for the year ended December 31, 2007. For additional information regarding such grants, see Compensation Discussion and Analysis Elements of Compensation Long-Term Compensation Performance Shares and 2007 Performance Share Grants. See also Grants of Plan-Based Awards below.
- (3) Represents the amount recognized for financial statement reporting purposes for the year indicated in respect of outstanding option awards, including reinvestment options, in accordance with SFAS 123R, excluding estimates of forfeitures in the case of awards with service-based vesting conditions. The assumptions made in valuing option awards reported in this column are discussed in Note 1, Accounting Policies under Stock-Based Compensation and Note 12, Stock Compensation Plans to Goodyear's consolidated financial statements included in its Annual Report for the year ended December 31, 2007. For additional information regarding such grants, see Compensation Discussion and Analysis Elements of Compensation Long-Term Compensation Stock Options and 2007 Stock Option Grants. See also Grants of Plan-Based Awards below.
- (4) Represents amounts awarded under the Executive Performance Plan in respect of performance periods ending on December 31, 2006 and 2007. For additional information regarding such awards, see Compensation Discussion and Analysis Elements of Compensation Long-Term Compensation Cash-Based

Awards Under the Executive Performance Plan and 2007 Grants and Payouts Under the Executive Performance Plan.

- (5) Represents change in pension value for each named executive officer. No nonqualified deferred compensation earnings are required to be reported under applicable Securities and Exchange Commission rules and regulations.
- (6) Includes amounts for home security system installation and monitoring expenses, personal financial planning services, personal use of company aircraft, annual dues for club memberships, the cost of annual physical exams, and provision of up to two sets of automobile tires per year. For Mr. Keegan, this includes \$31,018 for the personal use of company aircraft and \$38,162 for premiums on life insurance policies which will be used to cover Goodyear's obligation to make a charitable donation recommended by Mr. Keegan following his death, pursuant to the Director's Charitable Award Program. For more information regarding that program, please see Director Compensation below. The aggregate incremental cost to the Company for the personal use of company aircraft is equal to the actual flight costs less the amount, based on the Standard Industry Fare Level, reimbursed to the Company, and the aggregate incremental cost of the life insurance policies is the annual premium and related fees. For Mr. de Bok, this also includes amounts for a company car. Also includes \$109, \$58, \$453 and \$199 for Messrs. Keegan, Schmitz, Kramer and Harvie, respectively, which represents reimbursement of taxes in respect of income associated with the Company's provision of up to two sets of automobile tires per year. Mr. Keegan has elected to no longer participate in the tire program.
- (7) Mr. Schmitz was elected Executive Vice President and Chief Financial Officer on August 7, 2007.
- (8) Mr. Kramer was elected Executive Vice President and Chief Financial Officer on June 1, 2004. Mr. Kramer was elected President, North American Tire on March 14, 2007 and continued to serve as Chief Financial Officer until Mr. Schmitz's election to that position on August 7, 2007.
- (9) The amounts in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column were converted from euros to U.S. dollars at the exchange rates in effect at December 31, 2006 of 1 = \$1.32 and December 31, 2007 of 1 = \$1.46, and the amounts in the All Other Compensation column were converted from euros to U.S. dollars at the exchange rate in effect at December 31, 2007 of 1 = \$1.46. All other amounts were originally determined in U.S. dollars.

### ***Employment Agreement***

Mr. Keegan's compensation is based, in part, on a written employment agreement entered into in 2000. The agreement credited Mr. Keegan's previous service at Eastman Kodak Company towards his pension benefits payable by Goodyear. The agreement also established Mr. Keegan's participation in the Performance Recognition Plan as well as our equity-based incentive compensation programs.

Mr. Keegan's agreement was supplemented in 2004 to provide for the payment of severance compensation in the event of certain employment termination events. The severance compensation would consist of (i) two times the sum of Mr. Keegan's annual base salary and target bonus in effect at the time of termination, plus (ii) the pro rata portion of Mr. Keegan's target bonus for the then current fiscal year. The agreement restricts Mr. Keegan from participating in any business that competes with Goodyear for a period of two years after termination. The term of the supplemental agreement expires February 28, 2009.

**Grants of Plan-Based Awards**

The following table summarizes grants of plan-based awards made to the named executive officers during 2007.

| Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) |              |              | Estimated Future Payouts Under Equity Incentive Plan Awards (2) |            |             | All Other Awards: Number of Securities Underlying of Stock | Exercise or Base Price of Option Awards (\$/Sh)(5) | Closing Market Price on Grant Date |
|------------|---|--------------|--------------|---|------------|-------------|--|--|------------------------------------|
|            | Threshold (\$)  | Target (\$)  | Maximum (\$) | Threshold (#)   | Target (#) | Maximum (#) | Number of Units (#)  | Options (#)  | Grant Date                         |
| 7/2007     | \$ 2,000,000  | \$ 4,000,000 | \$ 8,000,000 | 10,000  | 20,000     | 40,000      |  |  | \$ 24.41                           |
| 7/2007     |   |              |              |   |            |             | 250,000(3)   | \$ 24.71   | 24.41                              |
| 5/2007     |   |              |              |   |            |             | 172,537(4)   | 28.03  | 28.19                              |
| 4/2007     |   |              |              |   |            |             | 29,903(4)  | 27.74  | 27.94                              |
| 7/2007     |   |              |              |   |            |             | 227,112(4)   | 25.26  | 25.05                              |
| 3/2007     |   |              |              |   |            |             | 47,332(4)  | 27.02  | 26.84                              |
| 7/2007     | 375,000   | 750,000      | 1,500,000    | 3,500   | 7,000      | 14,000      |  |  | 25.29                              |
| 7/2007     |   |              |              |   |            |             | 25,000(3)  | 26.10  | 25.29                              |
| 7/2007     | 550,000   | 1,100,000    | 2,200,000    | 7,925   | 15,850     | 31,700      |  |  | 24.41                              |
| 7/2007     |   |              |              |   |            |             | 55,000(3)  | 24.71  | 24.41                              |
| 5/2007     |   |              |              |   |            |             | 36,172(4)  | 28.03  | 28.19                              |
| 3/2007     |   |              |              |   |            |             | 20,182(4)  | 25.33  | 25.61                              |
| 2/2007     |   |              |              |   |            |             | 17,314(4)  | 27.93  | 27.42                              |
| 7/2007     | 385,000   | 770,000      | 1,540,000    | 4,875   | 9,750      | 19,500      |  |  | 24.41                              |
| 7/2007     |   |              |              |   |            |             |  |  |                                    |