GOODYEAR TIRE & RUBBER CO /OH/
Form DEF 14A
March 09, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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 §240.14a-12

THE GOODYEAR TIRE & RUBBER COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

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(4) Date Filed:

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March 9, 2018

Dear Fellow Goodyear Shareholder,

Thank you for your continued investment in Goodyear. I and the rest of the Board invite you to attend the 2018 Annual Meeting of Shareholders.

This year s proxy statement reflects our continued focus on our strategy, an engaged and effective Board, transparent corporate governance and executive compensation structures, and regular communication with our shareholders.

OUR PERFORMANCE IN 2017

We delivered net income of $346 million, which was impacted by a one-time, non-cash charge of $299 million due to U.S. tax reform, and segment operating income of over $1.5 billion in 2017. Our performance fell short of our goals due to higher raw material costs and weak demand in many of our key markets, despite favorable trends in miles driven, gasoline prices and unemployment.

We ended the year with a strong recovery in unit volumes in the fourth quarter of 2017. I was particularly pleased with our performance in 17-inch and greater rim size segments of the industry, where we grew almost double the rate of that segment of the overall consumer replacement market. I am confident in our ability to build on that momentum in the year ahead.

OUR STRATEGY

We remain committed to our strategy which focuses on capturing profitable growth in attractive market segments, mastering increasing complexity and connecting effectively with consumers. Our strategy is designed to take advantage of the long-term trends shaping our industry, particularly in the larger rim size segment of the market. This is where Goodyear can add value with our innovation leadership, award-winning products, strong global brand, aligned retail and distribution network, and all the other capabilities that we bring to bear in the marketplace. The combination of these elements drives value for our customers and consumers and is where Goodyear continues to demonstrate its competitive advantage.

We have continued to execute against our strategy, and we have positioned the company in the right way for the long term. As a result, I continue to be optimistic about the opportunities for growth.

There certainly will be obstacles to overcome as we pursue our objectives, but we remain confident in our ability to address these challenges as they arise and we remain committed to creating sustainable economic value for our company and our shareholders.

On behalf of our Board of Directors, thank you for your continued support. We look forward to welcoming you at our annual meeting.

Sincerely,

Richard J. Kramer

Chairman of the Board,

Chief Executive Officer and President

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March 9, 2018

Dear Fellow Goodyear Shareholder,

I am honored and proud to serve as Goodyear s independent Lead Director. At Goodyear, sound corporate governance is an integral part of the way we do business.

BOARD CONTRIBUTION TO STRATEGY AND PERFORMANCE

Our Board of Directors is comprised of committed, qualified individuals who bring a wealth of operating experience and a diversity of perspectives to their roles as the stewards of our Company and your investment in Goodyear. The continued strong independent leadership and oversight capabilities of our Board of Directors have been crucial over the past few years. In my role as independent Lead Director, I am empowered to provide independent leadership for our Board and am fully committed to fulfilling those responsibilities on your behalf.

In particular, our directors deep and diverse skill sets and thought leadership have been an invaluable resource to me, our Chairman and the Goodyear management team in establishing our long-term business strategy and in executing on that strategy. As your independent Lead Director, I am grateful to work with such capable and dedicated individuals in the pursuit of long-term shareholder value creation. I encourage you to support each of the Board s nominees on this year s ballot.

COMMITMENT TO CONTINUED ENGAGEMENT WITH OUR SHAREHOLDERS

Our Board of Directors values the feedback and insights gained from frequent engagement with our shareholders. In 2017, our Chairman and I met with several of our largest shareholders to discuss the strong operating performance delivered by the Company over the past several years, the challenging industry dynamics we faced in 2017, how our strategy will enable us to drive future growth in our business, and the Board s role in overseeing that strategy. We also discussed the composition and evaluation process of the Board, our commitment to aligning pay with performance, and our sound corporate governance and corporate responsibility practices. We remain committed to including our shareholders perspectives in boardroom discussions, and we believe that regular engagement

with our shareholders is necessary in order to ensure thoughtful and informed consideration of your views on matters of importance to our business.

EXECUTIVE COMPENSATION

We did not meet the goals that we set out at the beginning of 2017 in our operating plan and our incentive compensation plans due to the challenging global industry conditions we faced throughout the year. As described in further detail in the Compensation Discussion and Analysis section of this Proxy Statement, we believe that our incentive compensation plans this year offered tangible proof of our commitment to structure an executive compensation program that pays for performance as the payouts under those plans were significantly lower, commensurate with our financial and stock price performance.

CORPORATE RESPONSIBILITY

Goodyear has an industry-leading corporate responsibility program that directly supports our strategy and benefits our shareholders and other key constituencies, such as our associates, customers and communities. The Board s Committee on Corporate Responsibility and Compliance oversees that program.

I appreciate your ongoing confidence in Goodyear and the Board of Directors. We remain committed to serving your interests, and we appreciate the opportunity to serve Goodyear on your behalf.

Sincerely,

W. Alan McCollough

Independent Lead Director

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NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

To the shareholders:

The 2018 Annual Meeting of Shareholders of The Goodyear Tire & Rubber Company, an Ohio corporation (Goodyear, Company, we, our or us) will be held at the Hilton Akron/Fairlawn, 3180 West Market Street, Akron, Ohio, on Monday, April 9, 2018 at 4:30 p.m., Akron Time, for the following purposes (the Annual Meeting):

To elect the twelve members of the Board of Directors named in the Proxy Statement to serve one-year terms expiring at the 2019 Annual Meeting of Shareholders (Proposal 1);

To consider and approve an advisory resolution regarding the compensation of our named executive officers (Proposal 2);

To consider and approve a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018 (Proposal 3); and

To act upon such other matters and to transact such other business as may properly come before the meeting or any adjournments thereof.

Location:

Hilton Akron/Fairlawn

3180 West Market Street

Akron, Ohio

Time & Date:

Monday, April 9, 2018 at 4:30 p.m.,

Akron Time

The Board of Directors fixed the close of business on February 15, 2018 as the record date for determining shareholders entitled to notice of, and to vote at, the 2018 Annual Meeting. Only holders of record of shares of common stock, without par value, of Goodyear (Common Stock) at the close of business on February 15, 2018 will be entitled to vote at the 2018 Annual Meeting and adjournments, if any, thereof.

If you are not able to attend in person, we hope that you will vote by proxy.

These proxy materials contain detailed information about the matters on which we are asking you to vote. Please read the materials thoroughly and vote in accordance with the Board s recommendations. Your vote is very important to us.

March 9, 2018

By order of the Board of Directors

David L. Bialosky, Secretary

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

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PROXY STATEMENT SUMMARY

This summary is an overview of information that you will find elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Proposals and Board Recommendations

Proposal	Board s Voting Recommendation	Page Reference
1. Election of Directors	FOR each Nominee	12
2. Advisory Vote on Executive Compensation	FOR	19
3. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	75

2017 Business Performance Highlights

We experienced challenging global industry conditions, and our performance fell short of our goals, in 2017 due to higher raw material costs and increased price competition. We also saw weak demand in many of our key markets, despite favorable trends in miles driven, gasoline prices and unemployment. We ended the year with a strong recovery in unit volumes in the fourth quarter of 2017. In 2017, we also successfully launched many new products, thereby keeping our product portfolio refreshed, and successfully executed on our cost savings initiatives.

We remain committed to our strategy which is aimed at capturing profitable growth in attractive market segments, particularly in 17-inch and above rim size tires, mastering increasing complexity and turning that into a competitive advantage, and connecting with consumers through our aligned distribution network of distributors and dealers.

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PROXY SUMMARY

In order to drive this future growth and address the challenging industry environment, we remain focused on:

- Developing innovative products and services that anticipate and respond to the needs of consumers;
- Building the value of our brand, helping our customers win in their markets, and becoming consumers preferred choice; and
- Improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service.

Our strategy is designed to take advantage of the long-term trends shaping our industry, particularly in the larger rim size segment of the market.

In February 2018, we provided investors with our financial targets for 2018 and beyond. We also announced our 2018-2020 capital allocation plan that provides for growth capital expenditures of $700 million to $900 million, restructuring payments of approximately $400 million, debt repayments of $400 million to $600 million and, subject to our performance, common stock dividends and share repurchases of $1.5 billion to $2.0 billion. We also increased the quarterly cash dividend on our common stock by 40%, from $0.10 per share to $0.14 per share, beginning with the December 1, 2017 payment date.

Shareholder Engagement

We believe that it is important for us to communicate regularly with shareholders regarding areas of interest or concern. Over the last several years, in addition to our day-to-day interactions regarding our financial performance, we have enhanced our shareholder engagement program to include an annual outreach that is focused on our long-term business strategy, executive compensation, corporate governance, corporate responsibility and other topics suggested by our shareholders. This annual outreach helps to ensure that our shareholders are heard and able to communicate directly with us on these important matters.

As part of our 2017 annual outreach, we requested the opportunity to meet with approximately 60% of our shareholders and we ultimately engaged with shareholders representing over 50% of our outstanding Common Stock as of September 30, 2017. In 2017, our Lead Director and our Chairman met with several of our largest shareholders to provide a direct line of communication between our shareholders and the Board of Directors. Specifically, our outreach meetings this year gave us the chance to highlight the strong operating performance delivered by the Company over the past several years, the challenging industry dynamics we faced in 2017, how our strategy will enable us to drive future growth in our business, and the Board s role in overseeing that strategy. We also discussed the composition and evaluation process of the Board, our commitment to aligning pay with performance, and our sound executive compensation, corporate governance and corporate responsibility practices.

Executive Compensation Highlights

Our executive compensation program is designed to support achievement of our business objectives and to serve the long-term interests of our shareholders. Our executive compensation is strongly aligned to company performance and measurable financial metrics, thereby aligning management s interests with our shareholders interests and driving increased shareholder value.

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PROXY SUMMARY

The payouts under our incentive compensation plans this year were strongly aligned with our financial and stock price performance demonstrating our commitment to structure an executive compensation program that pays for performance as the payouts under those plans were significantly lower than in prior years.

Our CEO s actual payouts under our annual incentive plan over the past three years are aligned with our EBIT and Free Cash Flow from Operations performance over those periods, as shown in the graphic below. For 2017, the payout for overall company performance under our annual incentive plans was calculated to be 26% of target. However, in light of the Company s financial performance, Mr. Kramer recommended that he and the other officers not receive any payout under the annual incentive plan. The Compensation Committee agreed with his recommendation and reduced the annual incentive plan payouts for all of the officers to zero. In 2017, our relative total shareholder return, or TSR, modifier reduced the payouts for our 2015-2017 performance cycle by 10% as well.

CEO annual incentive payout

For 2017, our financial metrics were:

	Incentive Program	Financial Metrics	Weighting
ANNUAL INCENTIVES	**Annual Performance Plan**	EBIT	**40%**
		Free Cash Flow from Operations	**40%**
		Operating Drivers	**20%**
	Performance-Based Awards	Net Income	**50%**

LONG-TERM AWARDS	*(Paid out in Equity and Cash)*		
		Cash Flow Return on Capital	**50%**
	Stock Options		

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THE COMPENSATION COMMITTEE HAS ADOPTED A NUMBER OF BEST PRACTICES

THAT ARE CONSISTENT WITH OUR PERFORMANCE-BASED COMPENSATION PHILOSOPHY:

- Use of diversified financial metrics in our annual and long-term plans that are closely tied to our long-term strategy, along with a relative TSR modifier on all long-term performance-based awards
- No dividends or dividend equivalents on unearned performance-based equity awards
- No repricing of options without shareholder approval
- No pension credit for newly hired executives to make up for service at prior employers
- Double-trigger change-in-control provisions in our change-in-control plan and our equity compensation plans, and no walk-away rights
- No tax gross-ups in our change-in-control plan or for perquisites
- Robust stockholding guidelines for officers and directors, including stock retention provisions following the exercise of stock options or the vesting of other stock-based awards
- Hedging and pledging of our Common Stock by officers, directors and employees is prohibited
- Robust clawback policy in place
- Compensation Committee consists only of independent Board members
- Engaged a leading independent compensation consultant to assist the Compensation Committee and Board in determining executive and director compensation and evaluating program design

Our Board of Directors

OUR BOARD IS COMPRISED OF COMMITTED, QUALIFIED INDIVIDUALS WITH A DIVERSE AND COMPLEMENTARY BLEND OF SKILLS, BUSINESS AND PERSONAL EXPERIENCES, BACKGROUNDS AND EXPERTISE, INCLUDING THE FOLLOWING:

- Senior leadership experience
- Global perspective
- Marketing and branded consumer product experience
- Operational and manufacturing experience
- Finance, accounting and financial reporting expertise
- Leadership development expertise
- Legal, regulatory and government experience
- Corporate governance, responsibility and compliance experience

These collective attributes enable the Board to exercise appropriate oversight of management and pursue long-term, sustainable shareholder value creation by providing strategic input on the development, and oversight of the implementation, of our long-term strategy.

Our Board is also committed to periodic and thoughtful Board refreshment.

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PROXY SUMMARY

Corporate Governance Highlights

WE HAVE AN ABIDING COMMITMENT TO GOOD GOVERNANCE, AS ILLUSTRATED BY THE FOLLOWING PRACTICES:

- Annually elected directors; no classified board
- Proxy access available to 3 year, 3% shareholders for up to 20% of Board
- Majority voting for the election of directors with a resignation policy
- Overboarding policy in place for directors
- Lead independent director with clear, robust responsibilities
- No poison pill in place
- 100% independent audit, compensation and nominating committees
- Shareholders have the right to call a special meeting at 25%
- Regular executive sessions of the independent directors
- Clear and robust corporate governance guidelines
- Conduct annual Board and Committee evaluations, including periodic use of a third-party facilitator
- Maintain an industry-leading corporate responsibility program with Board oversight

Spotlight on Board Evaluation Process

The Board believes that a strong and constructive evaluation process is an important component of good corporate governance and helps to promote Board effectiveness. Our annual evaluation process, which is led by our Lead

Director and the Governance Committee, is focused on three components: (1) the Board, (2) Board committees and (3) individual directors.

The Governance Committee periodically reviews the format of our evaluation process to ensure that it remains robust and relevant. Our current process involves an annual self-evaluation by the Board and each Committee and a review of each director s service on the Board prior to nomination for re-election. We periodically use a third-party facilitator to assist in conducting the Board evaluation in order to receive fresh perspectives on Board effectiveness and corporate governance practices and to encourage candor in the evaluation process.

Our evaluations have led to changes designed to increase Board effectiveness and efficiency. For example, during 2017, we took the following steps as a direct result of our most recent evaluation process:

- Increased opportunities for director exposure to high-potential executives and provided the full Board with reports on our diversity and inclusion initiatives, both to support succession planning activities.
- Provided further educational opportunities, particularly external perspectives on emerging trends, such as the new mobility ecosystem, that directly impact Goodyear s strategy.
- Expanded the scope of responsibilities of the Committee on Corporate Responsibility and Compliance to include product technology and innovation due to its importance to Goodyear s strategy.

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USE OF NON-GAAP FINANCIAL MEASURES

For additional information regarding segment operating income, a non-GAAP financial measure, including reconciliations to the most directly comparable GAAP financial measure, see Exhibit A to this Proxy Statement.

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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 https://corporate.goodyear.com/en-US/investors/governance/documents-charters.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.

CURRENT COMMITTEE MEMBERSHIP AND MEETINGS HELD DURING 2017

		Committees					
	Independent	Audit	Compensation	Corporate Responsibility & Compliance	Finance	Governance	Executive
Mr. Conaty			MEMBER			MEMBER	
Mr. Firestone		MEMBER			CHAIR		MEMBER

Mr. Geissler	MEMBER		CHAIR			MEMBER
Mr. Hellman	CHAIR			MEMBER		MEMBER
Ms. Koellner	MEMBER			MEMBER		
Mr. Kramer						MEMBER
Mr. McCollough *Lead Director*		MEMBER			MEMBER	CHAIR
Mr. McGlade		CHAIR			MEMBER	MEMBER
Mr. Morell	MEMBER		MEMBER			
Mr. Palmore				MEMBER	CHAIR	MEMBER

Ms. Streeter		MEMBER			MEMBER	
Mr. Weidemeyer			MEMBER	MEMBER		
Mr. Wessel			MEMBER			
Number of Meetings in 2017	**6**	**5**	**3**	**3**	**4**	**0**

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS
Board Leadership Structure

Board Leadership Structure

Mr. Kramer serves as our Chairman of the Board, Chief Executive Officer and President and Mr. McCollough was elected by the independent members of the Board to serve as our independent Lead Director. The Board believes that the current Board leadership structure is the most appropriate for the Company and its shareholders at this time.

In order to ensure that the independent and non-management members of the Board maintain proper oversight of management on behalf of our shareholders, the Board has an independent Lead Director who is elected annually by the independent members of the Board. The election of a Lead Director by the independent members of the Board demonstrates the Board s continuing commitment to strong corporate governance, Board independence and the importance of the role of Lead Director.

Currently, the Board believes that having Mr. Kramer serve as Chairman best positions the Company to compete successfully and advance our shareholders interests. His extensive knowledge of the Company and the tire industry, gained through 18 years of experience in positions of increasing authority including Chief Financial Officer and President, North America, is valuable to the Board in his role as Chairman. Mr. Kramer has provided strong and open leadership of the Board as the Company executes its strategy in a highly competitive industry that continues to be challenged by volatile global economic conditions. The current combination of the Chairman and CEO roles enhances the Company s ability to coordinate the development, articulation and execution of a unified strategy at both the Board and management levels. The Board also believes that having Mr. Kramer serve as Chairman and CEO has facilitated the flow of information to, and discussion among, members of the Board regarding the Company s business.

The Governance Committee believes that Mr. McCollough is highly qualified to serve as our Lead Director and that he provides strong leadership of the independent and non-management directors and diligently fulfills his duties as Lead Director.

LEAD DIRECTOR DUTIES

- Preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors

- Call meetings or executive sessions of the independent directors, and coordinate, develop the agenda for and preside at those meetings or sessions

Serve as liaison between the Chairman and the independent directors

Approve the schedule of Board meetings to ensure that there is sufficient time for discussion of all agenda items and advise the Chairman on the same

Approve all information sent to the Board, including meeting agendas, and advise the Chairman on such matters, and may specifically request the inclusion of information

Interview, along with the Chairman of the Governance Committee, all Board candidates and make recommendations to the Governance Committee and the Board

Discuss with the Governance Committee and the Chairman the membership of Board committees and the selection of committee chairs

Evaluate, together with the Compensation Committee, the Chairman and CEO s performance, and meet with the Chairman and CEO to discuss that evaluation

Assist the Governance Committee in connection with the annual Board and committee evaluation process, and address any issues regarding director performance

If requested by major shareholders, ensure that he or she is available for consultation and direct communication in appropriate circumstances

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Board Leadership Structure

Additional duties of our independent Lead Director are set forth in Annex II to our Corporate Governance Guidelines.

In addition to the clearly-delineated and comprehensive oversight responsibilities of our Lead Director, the independent directors have ample opportunity to, and regularly do, assess the performance of the CEO and provide meaningful direction to him. The Board has strong, independent oversight of management:

- 85% of the Company s directors are independent;
- All members of the Audit, Compensation and Governance Committees are independent directors;
- Committee Chairs, all of whom are independent, approve agendas for their committee meetings;
- Board and Committee agendas are prepared based on discussions with all directors and recommendations from management, and all directors are encouraged to request agenda items, additional information and/or modifications to schedules as they deem appropriate; and
- The Board holds executive sessions of the independent directors at each Board meeting that are led by the Lead Director.

The Board s policy is that, especially in our changing and challenging environment, it must retain the flexibility to determine the most effective Board leadership structure at any particular point in time. As a result, the Board has the responsibility to establish our leadership structure, including in connection with any CEO succession. Some of the factors that the Board has considered, and may consider in the future, in combining or separating the Chairman and CEO roles, include:

- The respective responsibilities of the Lead Director, the Chairman of the Board and the CEO;
- The effectiveness of the current Board leadership structure, including the Board s assessment of the performance of the Chairman and CEO and the Lead Director and whether the Board is maintaining strong, independent oversight of management;

Shareholder views on our Board leadership structure;

The Company s operating and financial performance, including the potential impact of particular leadership structures on the Company s performance;

The ability to attract or retain well-qualified candidates for the positions of CEO, Chairman of the Board and Lead Director;

Practices at other similarly situated U.S. public companies; and

Legislative and regulatory developments.

Board s Role in Risk Oversight

Management continually monitors the material risks facing the Company, including competitive, financial (accounting, liquidity and tax), legal, regulatory, operational and strategic risks. The Board as a whole has responsibility for oversight of management s identification and management of, and planning for, those risks. Reviews of certain areas are conducted by relevant Board Committees that report their deliberations to the Board.

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Board s Role in Risk Oversight

The Board and its Committees oversee risks associated with their principal areas of focus, as summarized below. The Board and its Committees exercise their risk oversight function by carefully evaluating the reports they receive from management and by making inquiries of management with respect to areas of particular interest to the Board. Board oversight of risk is enhanced by the fact that the Lead Director and Chairman attend virtually all Committee meetings and that Committee reports are provided to the full Board following each Committee meeting. We believe that our leadership structure also enhances the Board s risk oversight function since our Lead Director regularly discusses the material risks facing the Company with management. The Chairman is also expected to report candidly to his fellow directors on his assessment of the material risks we face, based upon the information he receives as part of his management responsibilities. Both the Lead Director and the Chairman are well-equipped to lead Board discussions on risk issues.

BOARD/COMMITTEE AREAS OF RISK OVERSIGHT

Full Board	Strategic, financial and execution risk associated with the annual operating plan and strategic plan (including allocation of capital investments);
	Major litigation and regulatory matters;
	Acquisitions and divestitures;
	Diversity and inclusion; and
	Management succession planning.

Audit Committee	Risks associated with financial matters, particularly financial reporting, accounting and disclosure and internal controls, and risks associated with information technology and cybersecurity.
Compensation Committee	Risks associated with the establishment and administration of executive compensation, incentive compensation programs, and performance management of officers.
Governance Committee	Risks associated with Board effectiveness and organization, corporate governance matters, and director succession planning.
Finance Committee	Risks associated with liquidity, pension plans (including investment performance, asset allocation and funded status), taxes, currency and interest rate exposures, and insurance strategies.
Committee on Corporate Responsibility and Compliance	Risks associated with health, safety and the environment, sustainability, product quality, technology and innovation, and the Company s legal and ethical compliance program.

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS
Consideration of Director Nominees

Consideration of Director Nominees

The Governance Committee will consider properly submitted shareholder nominations of candidates for membership on the Board as described below under Identifying and Evaluating Nominees for Director. In evaluating nominations, the Governance Committee seeks to address the criteria described below under Director Selection Guidelines.

Any shareholder desiring to submit a proposed candidate for consideration by the Governance Committee should send the name of the proposed candidate, together with biographical data and background information concerning the candidate, to the Office of the Secretary, The Goodyear Tire & Rubber Company, 200 Innovation Way, Akron, Ohio 44316-0001.

Director Selection Guidelines

The Board of Directors has approved guidelines for selecting directors as part of our Corporate Governance Guidelines. Criteria considered in the selection of directors include:

- Personal qualities and characteristics, including the highest personal and professional integrity, sound judgment, and reputation in the business community or a record of public service;
- Substantial business experience or professional expertise and a record of accomplishments;
- Experience and stature necessary to be highly effective, working with other members of the Board, in serving the long-term interests of shareholders;
- Ability and willingness to devote sufficient time to the affairs of the Board and the Company and to carry out their duties effectively;
- The needs of the Company at the time of nomination to the Board and the fit of a particular individual s skills and personality with those of the other directors in building a Board that is effective and responsive to the needs of the Company;
- Diverse business experience, substantive expertise, skills and background, as well as diversity in personal characteristics, such as age, gender and ethnicity; and

Ability to satisfy Goodyear s and The Nasdaq Stock Market s independence standards.

Identifying and Evaluating Nominees for Director

The Governance Committee is responsible for identifying, screening and recommending persons for nomination to the Board. The Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. On occasion, the Committee also retains third-party executive search firms to identify candidates. In addition, under our prior master labor agreement with the United Steelworkers (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.

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Once a prospective nominee has been identified, the Committee makes an initial determination on 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, the Lead Director 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 balance of management and independent directors and the evaluations of other prospective nominees. As described above under Director Selection Guidelines, diversity is among the many factors that the Committee considers in evaluating prospective nominees. We consider the members of our Board to have a diverse set of business and personal experiences, backgrounds and expertise, and to be diverse in terms of age, gender and ethnicity.

In connection with this evaluation, the Committee determines whether to interview the prospective nominee, and if warranted, the Lead Director, the Chairman of the Committee, one or more other 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.

Board Structure and Committee Composition

As of the date of this Proxy Statement, Goodyear s Board has thirteen directors, each elected annually, and the following six committees: (1) Audit, (2) Compensation, (3) Corporate Responsibility and Compliance, (4) Finance, (5) Governance, and (6) Executive. 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, except for the Executive Committee which is provided for by our Code of Regulations. During 2017, the Board held ten 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.

Audit Committee

MEMBERS:	KEY RESPONSIBILITIES:
Mr. Firestone Mr. Geissler Mr. Hellman (Chairman) Ms. Koellner Mr. Morell **MEETINGS IN 2017:** 6	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 registered public accounting firm s qualifications and independence, and the performance of Goodyear s internal auditors and independent registered public accounting firm. The Audit Committee appoints, evaluates and determines the compensation of Goodyear s independent registered public accounting firm; 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 registered public accounting firm; oversees investigations into complaints concerning financial matters; reviews policies and guidelines with respect to risk assessment and risk management, including Goodyear s major financial risk exposures; oversees Goodyear s information technology and cybersecurity strategy; prepares the Audit Committee report for inclusion in the annual proxy statement; and annually reviews the Audit Committee charter and the Committee s performance. The Audit Committee works closely with management as well as Goodyear s independent registered public accounting firm. 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	The report of the Audit Committee is on page 74 of this Proxy Statement.

of Goodyear s independence standards and applicable Securities and Exchange Commission rules and regulations, and each of Mr. Hellman and Ms. Koellner is an audit committee financial expert.

Compensation Committee

MEMBERS:

Mr. Conaty

Mr. McCollough

Mr. McGlade (Chairman)

Ms. Streeter

MEETINGS IN 2017: 5

The Board has determined that each member of the Compensation Committee is independent within the meaning of Goodyear s independence standards and applicable Nasdaq listing standards.

KEY RESPONSIBILITIES:

The Board of Directors has delegated to the Compensation Committee primary responsibility for establishing and administering Goodyear s compensation programs for officers and other key personnel. The Compensation Committee oversees Goodyear s compensation and benefit plans and policies for directors, officers and other key personnel, administers its incentive compensation plans (including reviewing and approving grants to officers and other key personnel), and reviews and approves annually all compensation decisions relating to officers, including the Chief Executive Officer. 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 48 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 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 significant decisions related to the administration of its duties. The Compensation

Compensation Committee (continued)

Committee also will consider the results of shareholder advisory votes on executive compensation matters and the changes, if any, to Goodyear s executive compensation policies, practices and plans that may be warranted as a result of any such vote and reviews an annual risk assessment of Goodyear s executive compensation policies, practices and plans as part of its role in overseeing management s identification and management of, and planning for, compensation-related risks. 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 outside advisors, including independent compensation consultants, to assist it in evaluating actual and proposed compensation for officers. The Compensation Committee also has the authority to approve, and receive appropriate funding from Goodyear for, any such outside advisor s fees. Prior to retaining any such advisors, the Compensation Committee considers the independence-related factors identified in applicable securities laws and Nasdaq listing standards. The Compensation Committee has retained Frederic W. Cook & Co., Inc. (F.W. Cook) as its compensation consultant, and has determined that F.W. Cook is independent. The Compensation Committee solicits advice from F.W. Cook on executive compensation matters relating to the CEO and other officers.

This advice is described in more detail under the heading Compensation Discussion and Analysis Role of Compensation Consultant.

Committee on Corporate Responsibility and Compliance

MEMBERS:	KEY RESPONSIBILITIES:
Mr. Geissler (Chairman) Mr. Morell Mr. Weidemeyer Mr. Wessel	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 also monitors Goodyear s objectives, policies and programs with respect to sustainability, workplace health and safety, product technology and innovation, and product quality. The Committee may also recommend appropriate new policies to the Board of Directors.

MEETINGS IN 2017: 3

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Finance Committee

MEMBERS:	KEY RESPONSIBILITIES:
Mr. Firestone (Chairman) Mr. Hellman Ms. Koellner Mr. Palmore Mr. Weidemeyer	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, insurance 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.

MEETINGS IN 2017: 3

Governance Committee

MEMBERS:	KEY RESPONSIBILITIES:
Mr. Conaty Mr. McCollough Mr. McGlade Mr. Palmore (Chairman) Ms. Streeter	The Governance Committee identifies, evaluates and recommends to the Board of Directors candidates for election to the Board. 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.

MEETINGS IN 2017: 4

The Board has determined that each member of the Governance Committee is independent within the meaning of Goodyear s independence standards.

Executive Committee

MEMBERS:	KEY RESPONSIBILITIES:
Mr. Firestone Mr. Geissler	The Executive Committee is comprised of the Chairmen of each of the Board s other standing committees, the Chairman of the Board and the Lead Director, who serves as Chairman of the Executive Committee. The Executive Committee may transact all business and take any actions that can be done by the Board of Directors, except that it does not have authority to fill any Board or committee

vacancies.

Mr. Hellman

Mr. Kramer

Mr. McCollough (Chairman)

Mr. McGlade

Mr. Palmore

MEETINGS IN 2017: 0

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS
Corporate Responsibility

Corporate Responsibility

At Goodyear, corporate responsibility is an integral part of our business strategy. We maintain an industry-leading corporate responsibility program that strives for constant improvement to the benefit of our shareholders, associates, customers, suppliers, communities and environment.

The key focus areas of our corporate responsibility program include our people, our health, safety and wellness programs, our environmental stewardship, including our sustainability and product stewardship efforts, our product innovations, our community engagement programs, and our supplier collaboration initiatives. The Board s Committee on Corporate Responsibility and Compliance oversees our corporate responsibility objectives and regularly monitors our progress towards achieving them. We are also active in discussing these objectives with our shareholders and soliciting their feedback on any areas of improvement.

Our Corporate Responsibility Report is usually published in the second quarter of each year. The chart below describes several of the key aspects of our corporate responsibility program. For more information on Goodyear s commitment to corporate responsibility, please visit www.goodyear.com/responsibility. 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.

Our People

From providing healthy and safe working conditions for our associates and contractors to ensuring an inclusive hiring process and work environment, Goodyear is committed to a culture where all of our 64,000 associates around the world act with integrity, promote collaboration, are agile, energize the team and deliver results in all that we do.

Our Environment

We take our commitment to reduce our environmental impact across our product lifecycle seriously. All our tire manufacturing facilities are ISO 14001 compliant and certified, driving company-wide goals and objectives to continually improve performance, reduce our environmental footprint, and increase the sustainability of our materials, operations and products.

We have:

Reduced our total injury rate by 38% from 2011 through 2017.

Sponsored the formation of nine Employee Resource Groups to support our diversity and inclusion initiatives.

We produce zero waste to landfill from our manufacturing facilities.

Since 2010, our baseline year, through 2017, we have reduced:

Greenhouse gas emissions by 20%

Water use by 21%

Energy use by 15%

Solvent use by 38%

Our Innovative Products

A commitment to quality is at the heart of our work, and our products are designed and built with quality as a core characteristic across all our brands. Goodyear scientists and engineers develop products and services with innovative technologies to anticipate and respond to the needs of consumers, while advancing sustainability principles.

Goodyear is a leader in low rolling resistance:

Offering 35 truck tire products verified under the U.S. Environmental Protection Agency s SmartWay program.

These tires are required to increase fuel efficiency by reducing fuel consumption by at least 3%.

Our Communities

Goodyear and our associates have a long history of caring for our communities around the world, focused on building and supporting collaborative programs to create positive outcomes where we live and work. Through our Goodyear Better Future platform, we are focused on three core areas:

Promoting safe mobility,

Inspiring students to reach their full potential, and

Reducing waste for our planet.

In 2017, Goodyear associates:

Provided more than 20,000 hours of volunteer service to more than 185 community organizations globally.

We own approximately 5,700 patents worldwide.

Launched our inaugural Global Week of Volunteering through 69 volunteer events in six countries.

Our iconic Goodyear Blimp also supports the fundraising efforts of local charities.

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Communications with the Board

As described on Goodyear s website at https://corporate.goodyear.com/en-US/investors/governance/contact-board.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, 200 Innovation Way, 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.

Board Independence

The Board has determined that ten of the twelve director nominees are independent within the meaning of Goodyear s independence standards, which are based on the criteria established by The Nasdaq Stock Market and are included as Annex I to Goodyear s Corporate Governance Guidelines. Mr. Kramer, our Chairman of the Board, Chief Executive Officer and President, is not considered independent. In addition, in light of his relationship with 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.

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PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors has selected the following twelve nominees recommended by the Governance Committee for election to the Board of Directors. 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 an alternate designated by the current Board of Directors.

Mr. William J. Conaty was not nominated for re-election to the Board of Directors due to the retirement age provisions of Goodyear s Corporate Governance Guidelines. Mr. Conaty will be retiring from the Board at the Annual Meeting after six years of distinguished service. Goodyear and the Board of Directors are deeply grateful to Mr. Conaty for his leadership and guidance during his tenure on the Board.

James A. Firestone

Director Since:

December 3, 2007

Committees:

Audit

Finance (Chairman)

Executive

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly Executive Vice President and President, Corporate Strategy and Asia Operations of Xerox Corporation

DESCRIPTION OF BUSINESS EXPERIENCE:

OTHER PUBLIC COMPANY DIRECTORSHIPS

HELD SINCE JANUARY 1, 2013:

The Nomura Partners Fund (2005 2014)

Mr. Firestone has extensive executive management experience in positions of increasing responsibility, including most

Age: 63

Mr. Firestone was Executive Vice President and President, Corporate Strategy and Asia Operations of Xerox Corporation from January 2014 until his retirement on October 31, 2016. Mr. Firestone was President, Corporate Operations from October 2008 to December 2013 and President of Xerox North America from October 2004 to September 2008. 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.

recently as a senior executive officer of Xerox Corporation, which is of similar size and global complexity as Goodyear. He also has over 20 years of profit and loss management responsibility, as well as significant international business experience. These experiences provide him with unique and valuable insights as a director of Goodyear, particularly with respect to operations and finance matters.

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ELECTION OF DIRECTORS

Werner Geissler

Director Since:

February 21, 2011

Committees:

Audit

Corporate Responsibility and Compliance (Chairman)

Executive

Age: 64

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly Vice Chairman, Global Operations of The Procter & Gamble Company

Operating Partner of Advent International

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

Philip Morris International Inc. (2015 present)

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. Geissler was Vice Chairman, Global Operations of The Procter & Gamble Company from August 2007 until his retirement on December 31,

Mr. Geissler, a native of Germany, has deep executive management experience, including as a senior executive officer of Procter & Gamble, where he oversaw Procter & Gamble s extensive worldwide business operations. He has significant international business experience and profit and loss management responsibility. These

2014, and was Group President, Central & Eastern Europe, Middle East and Africa from July 2004 to July 2007. He joined Procter & Gamble in 1979 and held positions of increasing responsibility in various brand and general management and operations roles in Europe, the Middle East, Central Asia, Japan, Africa and the United States.

experiences provide him with valuable insights as a director of Goodyear, particularly with respect to consumer marketing and international, operations and finance matters.

Peter S. Hellman

Director Since:

October 5, 2010

Committees:

Audit (Chairman)

Finance

Executive

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly President and Chief Financial and Administrative Officer of Nordson Corporation

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

Baxter International Inc. (2005 present)

Owens-Illinois, Inc. (2007 present)

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. Hellman has significant financial reporting expertise due to his service as a Chief Financial Officer at both

Age: 68

Mr. Hellman retired from Nordson Corporation, a designer, manufacturer and marketer of industrial equipment, in 2008 after a career of over 20 years with large, multinational companies in both financial and operating executive positions. Mr. Hellman was President and Chief Financial and Administrative Officer of Nordson Corporation from 2004 to January 2008 and Executive Vice President and Chief Financial and Administrative Officer from 2000 to 2004. Prior to joining Nordson in 2000, Mr. Hellman was with TRW Inc. for 10 years and held various positions, including President and Chief Operating Officer and Chief Financial Officer. Mr. Hellman also serves on the boards of several nonprofit organizations.

Nordson and TRW, providing him with the necessary skills to be Chairman of our Audit Committee, where he also qualifies as an audit committee financial expert. He also has extensive operational experience at both companies. In addition, Mr. Hellman has served on public company boards for over 20 years. Through his board and management experience, Mr. Hellman also has significant experience with corporate governance practices and legal and regulatory compliance issues. Mr. Hellman s financial and operating experience, business leadership skills and board experience enable him to provide valuable contributions as a Goodyear director.

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ELECTION OF DIRECTORS

Laurette T. Koellner

Director Since:

February 23, 2015

Committees:

Audit

Finance

Age: 63

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly President of Boeing International and Executive Chairman of International Lease Finance Corporation

DESCRIPTION OF BUSINESS EXPERIENCE:

Ms. Koellner most recently served as Executive Chairman of International Lease Finance Corporation, an aircraft leasing subsidiary of American International

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

Celestica Inc. (2009 present)

Nucor Corporation (2015 present)

Papa John s International, Inc. (2014 present)

The Hillshire Brands Company (formerly Sara Lee Corporation) (2003 2014)

International Lease Finance Corporation (2012-2014)

Ms. Koellner has significant senior executive management

Group, Inc., from June 2012 until its sale in May 2014. From 1978 until 2007, Ms. Koellner held positions of increasing responsibility at McDonnell Douglas Corporation and The Boeing Company, an aerospace company, including as President of Boeing International, where she oversaw Boeing s international operations, and President of Connexion by Boeing, which provided satellite-based connectivity services to aircraft and maritime vessels. While at Boeing, Ms. Koellner also served as Vice President and General Auditor, Vice President and Corporate Controller, and Chief Human Resources Officer.

experience, including extensive international business experience. She qualifies as an audit committee financial expert due to her financial leadership roles at Boeing. Her service on several public company boards of directors also provide us with important insights on business practices in a variety of industries.

Richard J. Kramer

Director Since:

February 22, 2010

Committees:

Executive

Age: 54

CURRENT PRINCIPAL OCCUPATION:

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

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

The Sherwin-Williams Company (2012 present)

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. Kramer joined Goodyear in March 2000 as Vice President Corporate Finance, serving in that capacity as Goodyear s principal accounting officer until August 2002, when he was elected Vice President, Finance North American Tire. In August 2003, he was named Senior Vice President, Strategic Planning and Restructuring, and in June 2004 was elected Executive Vice President and Chief Financial Officer. Mr. Kramer was elected President, North American Tire in March 2007 and continued to serve as Chief Financial Officer until August 2007. In June 2009, Mr. Kramer was elected Chief Operating Officer and continued to serve as President, North American Tire until February 2010. He was

Mr. Kramer has been an executive officer of Goodyear for 18 years and has a critical role in creating our strategy and strengthening our leadership teams as Chief Executive Officer and previously as Chief Financial Officer and as President, North American Tire. Mr. Kramer s deep knowledge of Goodyear, global markets, manufacturing, finance and accounting provides our Board with valuable perspectives that are necessary to advance Goodyear s business and the interests of our shareholders.

elected Chief Executive Officer and President effective April 13, 2010 and Chairman effective October 1, 2010. Prior to joining Goodyear, Mr. Kramer was with PricewaterhouseCoopers LLP for 13 years, including two years as a partner.

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ELECTION OF DIRECTORS

W. Alan McCollough

Director Since:

April 10, 2007

Lead Director

Committees:

Compensation

Governance

Executive (Chairman)

CURRENT PRINCIPAL OCCUPATION:

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

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

La-Z-Boy Inc. (2007 present)

VF Corporation (2000 present)

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. McCollough joined Circuit City Stores, Inc., a consumer electronics retailer, in 1987 as general manager of corporate operations, and was named assistant vice president in 1989, president of central operations in 1991, and

Mr. McCollough has extensive senior executive management experience, particularly in operations and consumer merchandising and marketing. His experience as Chairman and Chief Executive Officer of Circuit City provides him with the necessary skills to be Lead Director. Mr. McCollough s

Age: 68

senior vice president of merchandising in 1994. He served as President and Chief Operating Officer from 1997 to 2000 and as President and Chief Executive Officer from 2000 to 2002. Mr. McCollough was elected Chairman, President and Chief Executive Officer of Circuit City in 2002 and served in those capacities until 2005. He remained Chief Executive Officer until February 2006 and Chairman until his retirement in June 2006.

past service as Chairman of Circuit City, as well as his current service on other public company boards of directors, provides us with important perspectives on corporate governance and executive compensation matters.

John E. McGlade

Director Since:

December 5, 2012

Committees:

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly Chairman, President and Chief Executive Officer of Air Products and Chemicals, Inc.

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

Bunge Limited (2014 present)

Air Products and Chemicals, Inc. (2007 2014)

Compensation (Chairman)

Governance

Executive

Age: 64

DESCRIPTION OF BUSINESS EXPERIENCE:

Mr. McGlade was Chairman, President and Chief Executive Officer of Air Products and Chemicals, Inc., a global provider of atmospheric, process and specialty gases, from March 2008 until his retirement on July 1, 2014. He joined Air Products in 1976 and held various positions of increasing responsibility, including as Group Vice President, Chemicals Group, and President and Chief Operating Officer.

Mr. McGlade has strong leadership skills and extensive management, international and operating experience, including as Chief Executive Officer of Air Products. He has also had responsibility for the environment, health, safety and quality function during his career at Air Products. These experiences provide him with unique and valuable insights as a director of Goodyear, particularly with respect to operations matters.

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ELECTION OF DIRECTORS

Michael J. Morell

Director Since: January 7, 2014	**CURRENT PRINCIPAL OCCUPATION:** Global Chairman, Geopolitical Risk Practice at Beacon Global Strategies Chief Executive Officer and President, Morell Consulting Formerly Deputy Director of the Central Intelligence Agency	**OTHER PUBLIC COMPANY DIRECTORSHIPS** **HELD SINCE JANUARY 1, 2013:** None
Committees: Audit Corporate Responsibility and Compliance		
Age: 59	**DESCRIPTION OF BUSINESS EXPERIENCE:** Mr. Morell retired from the Central Intelligence	Mr. Morell has extensive leadership and management experience through his positions with the Central Intelligence Agency, a large and complex global government agency. He also possesses extensive knowledge of national security issues, such as cybersecurity, terrorism and political and economic instability, which directly

Agency in 2013 following a 33-year career, including serving as Deputy Director from May 2010 to August 2013 and as Director for Intelligence from May 2008 to April 2010. He also served as Acting Director on two occasions.

Mr. Morell has received numerous intelligence and defense awards for his service to the United States.

impact global businesses. These experiences, combined with his strong critical thinking and problem solving skills, make Mr. Morell a valuable contributor to the Board of Directors.

Roderick A. Palmore

Director Since:

August 7, 2012

Committees:

Finance

Governance (Chairman)

CURRENT PRINCIPAL OCCUPATION:

Senior Counsel at Dentons US LLP

Formerly Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer, and Secretary of General Mills, Inc.

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

CBOE Holdings, Inc. (2000 present)

Express Scripts Holding Co. (2014 present)

Executive **Age:** 66	**DESCRIPTION OF BUSINESS EXPERIENCE:** Mr. Palmore joined General Mills, a global manufacturer and marketer of food products, as Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer, and Secretary in February 2008 and served in that capacity until his retirement on February 16, 2015. Following his retirement from General Mills, he joined Dentons, an international law firm, as senior counsel. From 1996 to 2008, he worked for Sara Lee Corporation in a variety of legal leadership roles, ultimately becoming Executive Vice President, General Counsel and Secretary. Prior to 1996, he worked at the U.S. Department of Justice and in private practice.	In his role at General Mills, he was responsible for the company s worldwide legal activities, corporate ethics, compliance, and corporate security. Through his experience as general counsel of consumer product public companies, in private practice and as an Assistant U.S. Attorney, Mr. Palmore has extensive experience in corporate governance and the legal issues facing Goodyear. In addition, his experience provides him with strong risk management skills. This broad business knowledge and public board experience, as well as his strong leadership skills, are valuable assets to the Board of Directors.

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ELECTION OF DIRECTORS

Stephanie A. Streeter

Director Since:

October 7, 2008

Committees:

Compensation

Governance

Age: 60

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly Chief Executive Officer of Libbey Inc.

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

Kohl s Corporation (2007 present)

Libbey Inc. (2011 2016)

DESCRIPTION OF BUSINESS EXPERIENCE:

Ms. Streeter was Chief Executive Officer of Libbey Inc., a producer of glass tableware products, from August 2011 until January 11, 2016. Previously, Ms. Streeter was with Banta Corporation, a provider of printing and supply chain

Ms. Streeter has extensive senior executive management experience. Her experiences as Chief Executive Officer of Libbey, as Chairman, President and Chief Executive Officer of Banta and at Avery Dennison provide Ms. Streeter with an understanding of the operations and performance of management services, serving as President and Chief Operating Officer beginning in January 2001, and was elected Chief Executive Officer in 2002 and Chairman in 2004. She served as Chairman, President and Chief Executive Officer of Banta until its acquisition by R.R. Donnelley & Sons in 2007. Ms. Streeter also spent 14 years with Avery Dennison Corporation in a variety of product and business management positions, including as Group Vice President of Worldwide Office Products from 1996 to 2000.

public companies. Ms. Streeter s service on several public company and nonprofit boards of directors also provide us with important insights on practices across a variety of industries.

Thomas H. Weidemeyer

Director Since:

December 9, 2004

CURRENT PRINCIPAL OCCUPATION:

Retired. Formerly Senior Vice President and

OTHER PUBLIC COMPANY DIRECTORSHIPS

HELD SINCE JANUARY 1, 2013:

	Chief Operating Officer of United Parcel Service, Inc.	NRG Energy, Inc. (2003 present) Waste Management, Inc. (2005 present)
Committees: Corporate Responsibility and Compliance Finance	**DESCRIPTION OF BUSINESS EXPERIENCE:**	
Age: 70	Mr. Weidemeyer served as Senior Vice President and Chief Operating Officer of United Parcel Service, Inc., a transportation and logistics company, from January 2001, and as President and Chief Operating Officer of UPS Airlines from July 1994, until his retirement in February 2004. Mr. Weidemeyer became Manager of the Americas International Operation of UPS in 1989, and in that capacity directed the development of the UPS delivery network throughout Central and South America. In 1990, he became Vice President and Airline Manager of UPS Airlines and in 1994 was elected its	Mr. Weidemeyer has over 40 years of management and executive leadership experience. His logistics, finance and international management experience provides us with valuable insights on our supply chain and financial management practices, as well as our overall business. His service on other boards of directors also provides us with perspectives on issues facing companies in different industries.

President and Chief Operating Officer. Mr. Weidemeyer was a director of United Parcel Service from 1998 to 2003.

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ELECTION OF DIRECTORS

Michael R. Wessel

Director Since:

December 6, 2005

Committees:

Corporate Responsibility and Compliance

Age: 58

CURRENT PRINCIPAL OCCUPATION:

President of The Wessel Group Incorporated

OTHER PUBLIC COMPANY DIRECTORSHIPS HELD SINCE JANUARY 1, 2013:

None

DESCRIPTION OF BUSINESS EXPERIENCE:

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, he served as Senior Vice President of the Downey McGrath Group, a government affairs consulting firm,

Office in 1992 and 1993, and to Senator John Kerry s presidential campaign in 2004. Mr. Wessel also serves as a Commissioner on the U.S.-China Economic and Security Review Commission, a position he has held since April 2001.

Mr. Wessel s extensive experience with public policy matters and his government service, from March 1999 to December 2005 and as Executive Vice President from January 2006 to April 2006.

Mr. Wessel is an attorney with over 30 years of experience as an economic and international trade policy advisor in Washington, D.C. Mr. Wessel has acted as an advisor to Congressman Richard Gephardt, both in the U.S. House of Representatives and to his presidential campaigns in 1987-88 and 2003-04, to the Clinton/Gore Transition

including as an advisor to former Majority Leader Gephardt and as an appointee on government commissions, provides us with valuable perspectives on public policy matters impacting trade, international economic affairs and other matters of importance to Goodyear.

Your Board of Directors unanimously recommends that shareholders vote FOR each of the nominees for director named in this Proxy Statement (Proposal 1).

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PROPOSAL 2 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are seeking your vote to approve, on an advisory (or non-binding) basis, the compensation of our named executive officers as disclosed in this Proxy Statement.

Our Compensation Discussion and Analysis (CD&A), which starts on page 21, describes our executive compensation program. We encourage you to read the CD&A before casting your vote.

The advisory resolution below, commonly known as a say-on-pay proposal, gives you the opportunity to express your views on our executive compensation program for our named executive officers. The say-on-pay proposal is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation policies, practices and plans described in this Proxy Statement.

The resolution is required by Section 14A of the Securities Exchange Act of 1934. The resolution is not intended to indicate your approval of the matters disclosed under the heading Risks Related to Compensation Policies and Practices or future golden parachute payments. We will seek shareholder approval of any golden parachute payments at the time of any transaction triggering those payments to the extent required by applicable law.

We ask you to vote FOR the following resolution which will be presented by the Board of Directors at the Annual Meeting:

RESOLVED, that the shareholders of The Goodyear Tire & Rubber Company approve, on an advisory basis, the compensation of the named executive officers as disclosed in the Company s Proxy Statement for the 2018 Annual Meeting of Shareholders.

Although this proposal is an advisory vote that will not be binding on the Compensation Committee or the Board of Directors, the Compensation Committee will consider the results of this shareholder advisory vote and the changes, if any, to our executive compensation policies, practices and plans that may be warranted as a result of this vote.

Your Board of Directors unanimously recommends that shareholders vote FOR the advisory resolution to approve the compensation of our named executive officers (Proposal 2).

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COMPENSATION DISCUSSION AND ANALYSIS TABLE OF CONTENTS

Introduction

This Compensation Discussion and Analysis describes the Company s executive compensation philosophy and programs, focusing in particular on the Compensation Committee s decisions about named executive officers (NEOs) in 2017.

OUR NEOS FOR 2017 ARE:

Richard J. Kramer	Chairman, Chief Executive Officer and President
Laura K. Thompson	Executive Vice President and Chief Financial Officer
Stephen R. McClellan	President, Americas
Christopher R. Delaney	President, Europe, Middle East and Africa
David L. Bialosky	Senior Vice President, General Counsel and Secretary

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USE OF NON-GAAP FINANCIAL MEASURES

For additional information regarding segment operating income, a non-GAAP financial measure, including reconciliations to the most directly comparable GAAP financial measure, see Exhibit A to this Proxy Statement.

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COMPENSATION

DISCUSSION AND ANALYSIS

Executive Summary

2017 OPERATING RESULTS AND OUR STRONG PAY AND PERFORMANCE ALIGNMENT

We experienced challenging global industry conditions, and our performance fell short of our targets under our annual and long-term incentive plans, in 2017 due to higher raw material costs and increased price competition. We also experienced weakening demand for original equipment and consumer replacement tires in the United States and Europe despite favorable trends in miles driven, gasoline prices and unemployment. We ended the year with a strong recovery in unit volumes in the fourth quarter of 2017. We also successfully launched many new products, thereby keeping our product portfolio refreshed, and successfully executed on our cost savings initiatives.

Our incentive compensation plans worked as intended in 2017. The payouts under those plans were strongly aligned with our financial and stock price performance demonstrating our commitment to structure an executive compensation program that pays for performance as the payouts were significantly lower than in prior years.

The following summarizes key elements of the company s performance in 2017.

* As defined for purposes of our compensation plans in 2017

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COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

KEY ACCOMPLISHMENTS IN 2017

Shareholder Return Program	In 2017, we returned $510 million to our shareholders, comprised of $110 million of dividends and $400 million of share repurchases. Since 2013, we have paid dividends of $332 million and repurchased $1.3 billion of our Common Stock.
Strong Cost Savings Performance	We had $179 million of total delivered cost productivity savings, exceeding our goal by 19%.
New Product Vitality	We launched 55 new products globally.

Our CEO s actual payouts under our annual incentive plan over the past three years are aligned with our EBIT and Free Cash Flow from Operations performance over those periods, as shown in the graphic below. For 2017, the payout for overall company performance under our annual incentive plans was calculated to be 26% of target. However, in light of the Company s financial performance, Mr. Kramer recommended that he and the other officers not receive any payout under the annual incentive plan. The Compensation Committee agreed with his recommendation and reduced the annual incentive plan payouts for all of the officers to zero.

CEO annual incentive payout

In each of the past three years, our CEO s realized pay has been strongly aligned with our trailing three-year relative TSR performance. In 2017, our relative TSR modifier reduced the payouts for our 2015-2017 performance cycle by

10%.

COMPENSATION DISCUSSION AND ANALYSIS
Executive Summary

Our CEO s realized pay shows strong alignment to our stock price

As a result of our operating performance, the performance targets for the 2017 performance periods under our 2015-2017, 2016-2018 and 2017-2019 long-term awards were not exceeded and payouts of 34%, 28% and 52%, respectively, of target were approved for the applicable periods, subject to continued service and a relative total shareholder return modifier (which we refer to as the TSR modifier and which is described in more detail on page 38). Our stock out-performed 37% of the companies in the S&P 500 during the three-year period ending December 31, 2017, resulting in a TSR modifier of 0.9 times, which further reduced the payout for the 2015-2017 performance cycle.

In the face of challenging global industry conditions, we remain committed to our strategy which is aimed at capturing profitable growth in attractive market segments, particularly in 17-inch and above rim size tires, mastering increasing complexity and turning that into a competitive advantage, and connecting with consumers through our aligned distribution network of distributors and dealers.

In order to drive this future growth and address the challenging industry environment, we remain focused on:

- Developing innovative products and services that anticipate and respond to the needs of consumers;
- Building the value of our brand, helping our customers win in their markets, and becoming consumers preferred choice; and
- Improving our manufacturing efficiency and creating an advantaged supply chain focused on reducing our total delivered costs, optimizing working capital levels and delivering best in industry customer service.

Our strategy is designed to take advantage of the long-term trends shaping our industry, particularly in the larger rim size segment of the market.

In February 2018, we provided investors with our financial targets for 2018 and beyond. We also announced our 2018-2020 capital allocation plan that provides for growth capital expenditures of $700 million to $900 million, restructuring payments of approximately $400 million, debt repayments of $400 million to $600 million and, subject to our performance, common stock dividends and share repurchases of $1.5 billion to $2.0 billion. We also increased the quarterly cash dividend on our common stock by 40%, from $0.10 per share to $0.14 per share, beginning with the December 1, 2017 payment date.

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COMPENSATION DISCUSSION AND ANALYSIS
Executive Summary

2017 SHAREHOLDER ENGAGEMENT

We believe that it is important for us to communicate regularly with shareholders regarding areas of interest or concern. Over the last several years, in addition to our day-to-day interactions regarding our financial performance, we have enhanced our shareholder engagement program to include an annual outreach that is focused on our long-term business strategy, executive compensation, corporate governance, corporate responsibility and other topics suggested by our shareholders. This annual outreach helps to ensure that our shareholders are heard and able to communicate directly with us on these important matters.

As part of our 2017 annual outreach, we requested the opportunity to meet with approximately 60% of our shareholders and we ultimately engaged with shareholders representing over 50% of our outstanding Common Stock as of September 30, 2017. In 2017, our Lead Director and our Chairman met with several of our largest shareholders to provide a direct line of communication between our shareholders and the Board of Directors.

Our outreach meetings gave us the chance to highlight the strong operating performance delivered by the Company over the past several years and the challenging industry dynamics we faced in 2017. Specifically, we discussed our thorough process for setting challenging targets and aligning pay and performance, as well as our commitment to sound executive compensation practices. We also took the opportunity to discuss our ongoing commitment to strong corporate governance and corporate responsibility. We received positive feedback on our executive compensation program, specifically the metrics in our annual and long-term incentive plans and our proportion of performance-based pay. This feedback was consistent with the success of last year s say on pay proposal, which was approved by 96% of our voting shareholders at our 2017 annual meeting.

All of the shareholder feedback that we received was reported to the Compensation Committee and the Board of Directors for its consideration.

ELEMENTS OF EXECUTIVE COMPENSATION

Compensation for NEOs is comprised of a mix of variable and fixed compensation that is strongly linked to company performance and targeted to the median of the benchmark data that we use.

For 2017, the mix of performance metrics was as follows:

Incentive Program	Financial Metrics	Weighting
Annual Performance Plan	EBIT	**40%**

		Free Cash Flow from Operations	**40%**
		Operating Drivers	**20%**
LONG-TERM AWARDS	**Performance-Based Awards** *(Paid out in Equity and Cash)*	Net Income	**50%**
		Cash Flow Return on Capital	**50%**
	Stock Options		

We believe that our compensation program is consistent with our performance-based compensation philosophy and serves the long-term interests of our shareholders. We will continue to seek feedback from our investors and consider ongoing enhancements to the program.

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Over 90% of our CEO s pay opportunity is performance based and over 75% is tied to stock price.

1 As reported in the Summary Compensation Table beginning at page 57 of this Proxy Statement. 2 Realized pay includes base salary, annual incentive earned, long term incentive to be paid out and pre-tax compensation earned upon the exercise of stock options and vesting of stock awards regardless of when they were granted. For more information on our calculation of realized pay, see Summary of Realized Pay Earned by Our Chief Executive Officer for 2014, 2015 and 2016 beginning at page 59 of this Proxy Statement.

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COMPENSATION BEST PRACTICES

The Compensation Committee has adopted a number of best practices that are consistent with our performance-based compensation philosophy and serve the long-term interests of our shareholders:

Strong Link to Financial Performance	Use of diversified financial metrics in our annual and long-term plans that are closely tied to our long-term strategy, along with a relative TSR modifier on all long-term performance-based awards
Dividend Policy	No dividends or dividend equivalents on unearned performance-based equity awards
No Repricing	No repricing of options without shareholder approval
No Additional Service Credit in Pension	No pension credit for newly hired executives to make up for service at prior employers
Double-Trigger Change-in-Control	Double-trigger change-in-control provisions in our change-in-control plan and our equity compensation plans, and no walk-away rights

No Gross-Ups	No tax gross-ups in our change-in-control plan or for perquisites
Strong Stockholding and Retention Policies	Robust stockholding guidelines for officers and directors, including stock retention provisions following the exercise of stock options or the vesting of other stock-based awards In 2017, we increased the stockholding requirement for the CEO from 5x to 6x his annual base salary
No Hedging or Pledging	Hedging and pledging of our Common Stock by officers, directors and employees is prohibited
Clawback Policy	Robust clawback policy in place
Independent Committee	Compensation Committee consists only of independent Board members
Leading Independent Consultant	Engaged a leading independent compensation consultant to assist the Compensation Committee and Board in determining executive compensation and evaluating program design

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COMPENSATION DISCUSSION AND ANALYSIS
Compensation Philosophy

Compensation Philosophy

The following core principles form the foundation of the compensation program for our executives, including the named executive officers:

FIRST, compensation programs should motivate our executives to take actions that are aligned with our short- and long-term strategic objectives, and appropriately balance risk versus potential reward.

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 when our performance exceeds our goals balanced by the risk of below average compensation when it does not.

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 closely aligning their interests with those of our shareholders.

Components of Executive Compensation

We provide executive compensation and benefits that are market-competitive in which a large portion of the total opportunity is variable and tied to our performance and changes in shareholder value over a multi-year period. The key components of compensation provided to our executive officers and how each supports our compensation objectives are presented in the following table:

	Description	Objectives
Annual Compensation		
Base Salary	Annual cash compensation	

		Provide an appropriate level of fixed compensation necessary to attract and retain employees
		Recognize and reward skills, competencies, experience, leadership and individual contribution
Annual Incentive Plans	Annual cash incentive based on corporate and individual performance	Link annual cash compensation to attainment of key short-term performance goals:
		Across total company and operating units as measured primarily by achievement of annual operating goals
		By the individual as measured by achievement of specific strategic goals and demonstrated leadership traits

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COMPENSATION DISCUSSION AND ANALYSIS
Components of Executive Compensation

	Description	Objectives
Long-Term Incentive Compensation		
Stock Options	Provides opportunity to purchase stock at the grant date fair market value over a ten-year period. Results in value only if stock price increases	Link realized compensation over long-term to appreciation in stock price Facilitate retention Build executive stock ownership Align interests of management with those of shareholders
Performance-Based Awards	Long-term incentive program with award payouts tied to achievement of corporate goals over a three-year period, with performance targets for each year of the three-year period established on the grant date, subject to a relative total shareholder return modifier over that three-year period Payable in shares of Common Stock and cash	Link multi-year compensation to performance against key operational goals over a three-year period, as well as changes in share price on both an absolute and relative basis Facilitate retention Build executive stock ownership

		Align interests of management with those of shareholders
Retirement Programs		
Qualified Retirement Plans	Post-retirement benefits	Necessary to attract and retain employees
Supplementary Pension Plan and Excess Benefit Plans	Additional retirement benefits	Facilitate attraction and retention of executive officers Provide for retirement replacement income, thereby facilitating an orderly succession of talent
Other Executive Benefits		
Perquisites	Home security systems Tire program Financial planning and tax preparation services Annual physical exams Limited use of company aircraft	Assure protection of officers Enable officers to focus on Company business with minimal disruption
Other Benefits	Medical, welfare and other benefits	Necessary to attract and retain employees

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COMPENSATION DISCUSSION AND ANALYSIS
Compensation Decision-Making

Compensation Decision-Making

The Compensation Committee undertakes ongoing review of our executive compensation policies, practices and plans to determine whether they are consistent with our compensation philosophy and objectives, and whether they need to be modified in light of changes in our business or the markets in general. The Compensation Committee meets periodically with the CEO to review compensation policies and specific levels of compensation paid to 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 and long-term incentive targets and awards for officers other than himself, including the other named executive officers. The Compensation Committee also obtains feedback, advice and recommendations on our compensation program from its independent compensation consultant, F.W. Cook. The Compensation Committee also reviews Company performance, compensation practices of its peers, compensation surveys and other materials regarding executive compensation.

In determining the compensation of a named executive officer, the Compensation Committee considers various factors, including:

Company performance against corporate and operating unit objectives,

The Company s relative shareholder return,

The compensation of officers with similar responsibilities at comparable companies,

Individual performance,

Current and future responsibilities,

Retention considerations,

The awards given to the named executive officer in past years, and

The relationship between the compensation to be received by the officer and the compensation to be received by the other named executive officers (which we refer to as internal pay equity), including comparing the relationship to that found at comparable companies. In reviewing the CEO s compensation relative to our other named executive officers, the Compensation Committee takes into account the fact that we do not currently have a president or chief operating officer between the CEO and our business unit presidents or corporate senior vice presidents as do many companies.

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The Compensation Committee generally sets primary compensation, which we define to include salary, annual cash incentives and long-term compensation, for the CEO and the other named executive officers as follows:

Long-term compensation is delivered through grants of stock options and long-term performance-based incentive awards that are payable in shares of Common Stock and cash. The mix of long-term compensation between cash-based long-term incentives, performance shares and stock options is based, in part, on the market value of our Common Stock, the number of shares available for grant under our shareholder-approved equity compensation plan, and considerations relating to managing the dilutive effect of share-based awards.

We generally target base salaries for our CEO and other officers below median market rates, in the aggregate, consistent with the requirements of our master labor agreement with the USW, and we target annual and long-term incentive compensation at rates that, when added to base salaries, result in median market levels of target primary compensation, on average. The actual positioning of target compensation relative to the median varies based on each executive s experience and skill set, and generally results in executives who are new in their role being placed lower in the range and those with more experience being placed higher in the range. We emphasize variable compensation because it minimizes fixed expense associated with salary and enables total compensation to fluctuate directly with performance against operating goals and changes in share price. This approach aligns overall costs with performance and provides executives with a leveraged and attractive compensation opportunity that varies based on results.

For further information regarding the Compensation Committee and its authority and responsibilities, see Corporate Governance Principles and Board Matters Compensation Committee at page 7.

Role of Compensation Consultant

The Compensation Committee has the authority to retain outside advisors, including compensation consultants, to assist it in evaluating actual and proposed compensation for our officers. During 2017, the Compensation Committee retained F.W. Cook as its independent compensation consultant.

As part of its engagement, F.W. Cook reviewed our executive compensation peer group and conducted a competitive analysis of compensation for the named executive officers as well as our operational and stock price performance relative to the peer group. F.W. Cook also assisted the Committee with a variety of other issues, including setting CEO compensation, compensation related to leadership succession activities, the design and establishment of performance goals under our variable incentive plans, and reviewing our compensation risk analysis and this Compensation Discussion and Analysis.

In addition, F.W. Cook reviewed and provided recommendations regarding our non-management director compensation program and made a presentation to the full Board on trends and regulatory developments in executive compensation. A representative of F.W. Cook regularly attends Compensation Committee meetings. F.W. Cook works with Goodyear management only under the direction of the Compensation Committee and does not provide any other advice or consulting services to the Company.

Peer Group Benchmarking of Primary Compensation

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

- Proxy statements and other public filings of 17 peer companies; and
- Broad-based compensation surveys published from time to time by national human resources consulting firms.

FOR 2017 COMPENSATION DECISIONS, THE PEER GROUP NOTED ABOVE CONSISTED OF:

3M Company	Eaton Corporation plc	PACCAR Inc.

Caterpillar Inc.	Honeywell International Inc.	Parker-Hannifin Corporation
Cummins Inc.	Illinois Tool Works Inc.	PPG Industries, Inc.
Deere & Co.	Ingersoll-Rand plc	Stanley Black & Decker, Inc.
Delphi Automotive PLC	Johnson Controls, Inc.	Whirlpool Corporation
E.I. du Pont de Nemours and Co.	Lear Corporation	

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COMPENSATION DISCUSSION AND ANALYSIS
Peer Group Benchmarking of Primary Compensation

This peer group was selected because the companies, as a whole, represent organizations of comparable size and complexity with which we compete for executive talent. The peer group includes companies in similar industries with comparable business models and global reach. It 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, and non-U.S.-based tire companies do not publish comparable compensation information.

The Compensation Committee strongly believes that performance should be the primary basis on which compensation decisions are made. At the same time, the Compensation Committee believes that our peer group should reflect the fact that our executive officers are responsible for managing a larger and more complex enterprise relative to that of many other publicly traded companies with a larger market capitalization. Accordingly, in 2016, prior to analyzing competitive compensation data to help inform 2017 compensation decisions, the Compensation Committee reviewed the composition of the peer group using the following criteria:

(1) companies with which we compete for executive talent;

(2) size, including revenues, net income, total assets, market capitalization and enterprise value;

(3) global manufacturing focus;

(4) industry focus, particularly companies in the automotive industry;

(5) consumer branded product companies; and

(6) number of employees.

Our peer group had 2016 annual revenues the size criteria most strongly correlated to compensation ranging from $11.3 billion to $41.8 billion and median revenues of $18.4 billion (for 2016, we had revenues of $15.2 billion), and had approximately 60% of our selected peer companies in common with each of the peer groups constructed by two leading proxy advisory firms.

Following its review of the criteria described above, the Compensation Committee removed TRW Automotive Holdings from our peer group for 2017 compensation decisions due to TRW s acquisition by ZF Friedrichshafen AG. The Compensation Committee may make further 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 peer group of companies described above from available sources, including, in most cases, the most recently available annual proxy statements and other SEC filings that address executive compensation matters.

Target Setting

The Compensation Committee set the performance targets for our 2017 executive compensation program in February 2017. The Compensation Committee believes that the performance targets it established were rigorous and reflected the significant raw material headwinds we faced in 2017, while providing meaningful motivational value to our executives. The performance targets required us to offset the anticipated $1.1 billion raw material cost increase with pricing actions and improved mix, which would keep us on track to generate significant organic earnings growth and free cash flow through 2020. The achievement of the performance targets would enable us to fund our capital allocation plan, and would mean we had successfully met the significant challenges posed by rapidly rising raw material costs, were a stronger competitor and were poised for future growth.

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COMPENSATION DISCUSSION AND ANALYSIS
Target Setting

The Compensation Committee considered the following factors when establishing the performance targets, including the related threshold and maximum target levels:

- Corporate strategy
- Annual and long-term operating plans
- Publicly disclosed financial targets and guidance
- Performance history
- Macro-economic and tire industry environment
- Input from F.W. Cook and management
- Difficulty of the targets in light of the above factors

In September 2016, we announced an ambitious four-year strategic plan for 2017 to 2020, which set goals for segment operating income of $3.0 billion by 2020 and cash flow generation of up to $5.0 billion over that four-year period. The strategic plan included a related capital allocation plan and would deliver significant long-term shareholder value.

In late 2016 and early 2017, raw material prices increased rapidly, making the achievement of our 2020 strategic plan much more difficult. In February 2017, we reflected these significant raw material cost headwinds in our publicly announced earnings targets for 2017. As in prior years, the target level of performance for the 2017 performance period under our annual and long-term incentive plans was consistent with those publicly announced earnings targets. The performance targets would be achieved, at the target performance level, if we successfully executed our operating plan for 2017 and the 2017-2019 performance cycle. The minimum level of performance was consistent with the known risks inherent in our 2017 operating plan, particularly with respect to the competitive pricing environment in the tire industry. The maximum level of performance would be achieved if we more than offset the rapid increase in raw material costs and remained firmly on track to successfully complete our 2020 strategic plan despite the significant headwinds we faced.

ANNUAL COMPENSATION TARGETS

The 2017 Corporate EBIT target was essentially the same as our 2016 actual results. Our 2017 Corporate EBIT target reflected a $1.1 billion increase in raw material costs, as well as unabsorbed overhead costs, foreign currency exchange headwinds, and start-up costs for our new manufacturing facility in Mexico. Our goal was to hold our ground in 2017, build momentum in the second half of 2017, and be positioned to continue pursuing our 2020 targets in 2018.

The 2017 free cash flow from operations target of $650 million was a 12% decline from our 2016 actual results, reflecting the anticipated $200 million impact of rapidly rising raw material costs on our working capital. We anticipated offsetting more than half of that impact through interest expense savings and other cost saving initiatives, but did not expect to fully offset the impact of raw material costs on free cash flow from operations in 2017.

LONG-TERM COMPENSATION TARGETS

The 2017 net income target was an 8% decrease from our 2016 actual results and was also impacted by rapidly rising raw material costs. Net income was expected to decrease more than Corporate EBIT primarily due to higher expected taxes and foreign currency headwinds. The 2017 target for cash flow return on capital reflected the increase in working capital described above, as well as a planned increase in average net fixed assets.

Annual Compensation

2017 BASE SALARY DECISIONS

Mr. Delaney received a merit pay increase of 2.9% effective May 1, 2017, and a further increase of 11% effective September 1, 2017 as a result of his increased responsibilities upon being named President, Europe, Middle East and Africa.

Name	Annual Base Salary[1]	% Increase
Kramer	$1,300,000	0%
Thompson	650,000	0
McClellan	630,000	3.3
Delaney	600,000	14.3
Bialosky	581,500	2.0

1 Except for Mr. Delaney, base salary increases were effective May 1, 2017.

2017 ANNUAL CASH INCENTIVE PAYOUTS

For 2017, the performance objectives under our annual incentive plans were as follows:

Corporate Officers

Officers of Our Three Operating Units

We believe these weightings hold our operating unit executives most accountable for financial results in the areas where they have the most control and influence, but also motivate them to work cooperatively with other operating units to maximize results for the entire Company.

The Compensation Committee used Corporate EBIT and Operating Unit EBIT to measure our results of operations and free cash flow from operations to measure our ability to generate cash, which enables us to provide funding for dividends and share repurchases, debt repayments and restructuring actions. The Compensation Committee also emphasized the balance between profitability and cash generation by equally weighting EBIT and free cash flow from operations.

EBIT, as defined in our annual incentive plans, means the Company s net sales, less cost of goods sold and selling, administrative and general expense, excluding the effects of restructuring charges, accelerated depreciation, discontinued operations, extraordinary items, other unusual or non-recurring items, and the cumulative effect of tax or accounting changes. Free cash flow from operations, as defined in our annual incentive plans, means cash flow from operating activities before pension contributions and direct payments and rationalization payments, less capital expenditures. Our 2017 targets also excluded the effects of (1) certain pension curtailment and settlement charges, and (2) interest savings, net of charges and payments relating to the refinancing of debt. In 2017, EBIT and free cash flow from operations were adjusted to reflect the impact of Hurricanes Harvey and Irma on our operations.

In 2017, the Compensation Committee established the following operating drivers that were consistent with our annual operating plan and are tied to the achievement of important strategic objectives that drive the success of our business:

Strategic Objective	Operating Driver
Innovation Excellence	New Product Vitality Meet goals for the proportion of branded replacement tire sales volume from products launched in the last four years.
Sales & Marketing Excellence	
Operational Excellence	Total Delivered Cost Productivity Achieve $150 million in cost reductions from improvements in labor, overhead and utilities cost, raw material cost, and transportation and warehousing cost.
Enabling Investments	Working Capital Excellence Achieve an average ratio of working capital to net sales of 14.0%.

Overall Company performance is relevant for determining the annual incentive payments for all named executive officers. Additionally, Americas performance is relevant for determining the annual incentive payment for Mr. McClellan and Asia Pacific s and EMEA s performance is relevant for determining the annual incentive payment for Mr. Delaney. In February 2018, the Compensation Committee reviewed actual results for 2017 with respect to achievement of the company-wide and operating unit performance objectives. The table below shows the performance objectives, actual results for 2017 and corresponding payout percentages under our annual incentive plans.

	Payout Under Annual Incentive Plans				
	50%	100%	200%	Actual Results	Payout Percentage
Overall Company Performance (2017):					
Corporate EBIT	$ 1,565 million	$ 1,840 million	$ 2,045 million	$ 1,453 million	0%
Free cash flow from operations	$ 520 million	$ 650 million	$ 780 million	$ 522 million	51%

The table below shows the payout percentages under our annual incentive plans for each of our operating units.

	Payout Percentage	
	EBIT	Free Cash Flow From Operations
Americas	0%	0%
EMEA	66%	72%
Asia Pacific	0%	88%

The Committee also assessed whether our performance against the operating drivers was below, at or above target. The Committee determined that we met two of the three operating drivers, and failed to meet one of the operating drivers. In reaching that conclusion, the Committee considered the following results by the Company against the operating driver goals:

Exceeding our goal for the proportion of branded replacement tire sales volume coming from products launched in the last four years by 7%.

Achieving $179 million of total delivered cost productivity savings, versus a goal of $150 million.

Achieving an average ratio of working capital to net sales of 14.8%, which fell short of our goal of 14.0%.

Since the overall company EBIT and free cash flow from operations performance was largely consistent with our operating driver performance, the Committee determined that the overall company operating driver performance should mirror the calculated performance using the financial performance measures. In reaching these decisions, the Committee considered whether the performance under the financial performance measures and the operating drivers were appropriately aligned, and concluded that they were.

The Compensation Committee reviewed its assessment of the CEO s performance and the CEO s assessment of each of the other named executive officer s performance during 2017, and their respective contributions to our results. In particular, the Compensation Committee considered:

- The launch of 55 new products globally, which supported strong new product vitality.
- Strong cost savings performance.
- Performance on our capital allocation plan, including direct shareholder returns of $510 million in 2017.
- Continued strong momentum in innovation.
- Continued strengthening of our leadership team and pipeline.
- Unit volume, Corporate EBIT and free cash flow from operations that did not meet the targets in our operating plan for 2017.

The CEO and the Compensation Committee also considered the contributions of the other named executive officers in furthering the Company s strategic initiatives described in the preceding bullet points.

The Compensation Committee then established an aggregate incentive pool for all officers, and determined the payout for each officer. In this process, the officer s target incentive amount is first multiplied by the same percentage used to determine the applicable portion of the aggregate incentive pool. (For example, if the portion of the aggregate incentive pool applicable to

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such officer, e.g., overall company, is funded at 150% of the aggregate target incentive amount, the officer s individual payout initially would be set at 150% of his individual incentive 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. Officers can earn between 0% and 200% of their target incentive, but the total payout for all officers may not exceed the aggregate incentive pool.

The incentive pool for the overall company was funded at 26% of the target incentive amount (and the operating unit pools were funded at 22% to 52% of the target incentive amount). For 2017, Mr. Kramer recommended that he and the other officers not receive any payout under the annual incentive plan in light of the Company s financial performance. The Compensation Committee agreed with his recommendation and approved the following awards for our named executive officers under our annual incentive plans:

Name	Target Award ($)	Actual Award ($)	Actual Award as a % of Target Award
Kramer	$ 1,950,000	$ 0	0%
Thompson	628,355	0	0%
McClellan	609,021	0	0%
Delaney	551,929	0	0%
Bialosky	494,275	0	0%

Long-Term Compensation

2017 GRANTS OF PERFORMANCE-BASED INCENTIVES

In February 2017, the Compensation Committee granted 70% of total long-term compensation in the form of long-term performance-based incentives that have the following characteristics:

- The awards will be payable 30% in shares of Common Stock and 70% in cash.

- The payout is based on results over a three-year performance cycle, with performance targets for each year of the three-year period established on the grant date in order to provide greater accountability for long-term results, weighted one-third for each year in the three-year performance cycle.

- The payout can range from 0% to 200% for the 2017-2019 performance cycle based on actual results (and assuming the recipient remains continuously employed by us through the entire three-year period).

- The payout can increase or decrease up to 20% (up to a maximum payout of 200%) based on our total shareholder return versus the S&P 500 over the three-year period ending December 31, 2019.

The performance criteria for the 2017, 2018 and 2019 performance periods for the 2017-2019 performance cycle are, consistent with our strategic plan, based 50% on net income and 50% on cash flow return on capital, providing a balanced

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COMPENSATION DISCUSSION AND ANALYSIS
Long-Term Compensation

emphasis on profitability and capital efficiency. Results will be based on our consolidated performance, with no award tied to business unit performance. In this manner, the plan balances performance measures used under our annual incentive plans and reinforces the need for teamwork among executives. Net income is used as a measure to focus on improvement in profitability. Cash flow return on capital is an efficiency metric that measures how much return is generated in proportion to the investment in the business in terms of plant, property and equipment and working capital.

The TSR modifier measures the relative performance of our Common Stock versus the S&P 500 over the three-year performance cycle of our long-term incentive awards, and is calculated based on the trailing two-month average closing price for our Common Stock and the S&P 500 (as in existence at the end of the period), assuming the reinvestment of dividends. The TSR modifier will cause the payout of our long-term incentive awards to increase or decrease up to 20% (up to a maximum payout of 200%) as follows:

Goodyear Common Stock vs. S&P 500[1]	TSR Modifier
³ 75th Percentile	1.2 times
= 50th Percentile	1.0 times
£ 25th Percentile	0.8 times

1 Results between these performance levels will be interpolated.

The table below shows the aggregate value of the long-term performance-based incentives granted to each of our named executive officers for the 2017-2019 performance cycle at the target award opportunity, as well as the amount payable in shares of Common Stock and cash.

Name	Aggregate Target Award ($)	Portion Payable in Shares ($)[1]	Portion Payable in Cash ($)

Kramer	$ 7,455,000	$ 2,130,000	$ 5,325,000
Thompson	1,662,500	475,000	1,187,500
McClellan	1,505,000	430,000	1,075,000
Delaney	1,281,000	366,000	915,000
Bialosky	1,137,500	325,000	812,500

1 See the Grants of Plan-Based Awards Table at page 52 for information regarding the target number of performance shares actually granted, which was determined by dividing the amount in this column by the closing market price of our Common Stock on the respective date of grant.

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COMPENSATION DISCUSSION AND ANALYSIS
Long-Term Compensation

PERFORMANCE FOR THE 2017 PERFORMANCE PERIOD

The table below shows the performance goals, actual results and payout percentages for the 2017 performance period applicable to the 2015-2017, 2016-2018 and 2017-2019 performance cycles. With respect to each performance cycle, each year was weighted evenly (33%), goals were set on the grant date and the maximum payout was 200% of the target award opportunity.

Performance Cycle	Threshold	Target	Maximum	Actual Results	Net Income Payout Percentage
2015-2017	$ 695 million	$ 930 million	$ 1,070 million	$ 783 million	69%
2016-2018	770 million	1,030 million	1,185 million	800 million	56%
2017-2019	785 million	980 million	1,130 million	800 million	54%

Net income, as defined in our long-term incentive plans, means the Company s net income, excluding charges for restructurings, accelerated depreciation, certain pension curtailment and settlement charges, charges relating to the refinancing of debt, changes in tax valuation allowances, and the cumulative effect of accounting changes. Our 2017 net income also excluded the impact of certain other items noted in the table below. Our 2017 net income for purposes of our long-term incentive plans was calculated as follows:

($ in millions)	2015 - 2017	2016 - 2018	2017 - 2019
Goodyear net income (as reported)	$ 346	$ 346	$ 346
U.S. tax reform impact	299	299	299

Restructuring and accelerated depreciation charges	121