

GOODYEAR TIRE & RUBBER CO /OH/

Form DEF 14A

June 02, 2004

**Table of Contents**

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

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

Filed by the Registrant   
Filed by a Party other than the Registrant   
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

The Goodyear Tire & Rubber Company

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement)

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 transaction applies:

---

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

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

---

(3) Filing Party:

---

(4) Date Filed:

---

Table of Contents

**Notice of  
2004 Annual Meeting of Shareholders  
and  
Proxy Statement**

**The Goodyear Tire & Rubber Company**

1144 East Market Street

Akron, Ohio 44316-0001

**DATE:** June 30, 2004  
**TIME:** 9:00 A.M., Akron Time  
**PLACE:** Offices Of The Company  
Goodyear Theater  
1201 East Market Street  
Akron, Ohio

**YOUR VOTE IS IMPORTANT**

---

**Please vote. Most shareholders may vote by Internet or telephone as well as by mail.**

**Please refer to your proxy card or page 24 of the Proxy Statement for information on how**

**to vote by Internet or telephone. If you choose to vote by mail, please complete, date and sign your proxy card and promptly return it in the enclosed envelope.**

---

**TABLE OF CONTENTS**

Notice of 2003 Annual Meeting of Shareholders and Proxy Statement

NOTICE OF THE 2003 ANNUAL MEETING OF SHAREHOLDERS

GENERAL INFORMATION

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Board Independence

Board Structure and Committee Composition

Audit Committee

Compensation Committee

Committee on Corporate Responsibility

Finance Committee

Nominating and Board Governance Committee

Consideration of Director Nominees

Director Selection Guidelines

Identifying and Evaluating Nominees for Director

Executive Sessions

DIRECTORS' COMPENSATION

ELECTION OF DIRECTORS (Item 1 on your Proxy)

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS (Item 2 on your Proxy)

SHAREHOLDER PROPOSAL (Item 3 on your Proxy)

OTHER BUSINESS

BENEFICIAL OWNERSHIP OF COMMON STOCK

EXECUTIVE OFFICER COMPENSATION

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

PRINCIPAL ACCOUNTANT FEES AND SERVICES

REPORT OF THE AUDIT COMMITTEE

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

PERFORMANCE GRAPH

MISCELLANEOUS

Annex A

The Goodyear Tire & Rubber Company Director Independence Standards

Annex B

The Goodyear Tire & Rubber Company Audit Committee Charter

---

**Table of Contents**

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

June 2, 2004

**Dear Shareholders:**

You are cordially invited to attend Goodyear's 2004 Annual Meeting of Shareholders, which will be held at the Goodyear Theater, 1201 East Market Street, Akron, Ohio, at 9:00 A.M., Akron Time, on Wednesday, June 30, 2004. We hope you will be able to attend and participate. The Notice of, and Proxy Statement for, the 2004 Annual Meeting of Shareholders follow. Our 2003 Annual Report is enclosed.

At the Annual Meeting, shareholders will elect four persons to serve as directors: three to serve as Class II directors for three year terms and one to serve as a Class I director to serve for a one year term (Item 1 on your proxy). The Proxy Statement contains information regarding each nominee and the six continuing directors.

Your Board of Directors is presenting for action by the shareholders its proposal that shareholders ratify the appointment of PricewaterhouseCoopers LLP as independent accountants for Goodyear for 2004 (Item 2 on your proxy). Your Board of Directors recommends that you vote for the ratification of the appointment of PricewaterhouseCoopers LLP. In addition, a shareholder proposal will be considered (Item 3 on your proxy). Your Board of Directors recommends that you vote against the shareholder proposal.

If you plan to attend the Annual Meeting, please mark the indicated box on the reverse side of your proxy or so indicate when you vote via the Internet or by telephone. You do not need a ticket to attend the Annual Meeting.

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

Sincerely,

ROBERT J. KEEGAN  
*Chairman of the Board,  
Chief Executive Officer  
and President*

---

**Table of Contents****CONTENTS**

	<b>Page</b>
<b>Notice of The 2004 Annual Meeting of Shareholders</b>	<b>I</b>
<b>Proxy Statement</b>	
General Information	1
Shares Voting	1
Quorum	1
Adjourned Meeting	1
Vote Required	1
Cumulative Voting for Directors	1
Voting of Proxy	1
Confidentiality	1
Revocability of Proxy	1
Corporate Governance Principles and Board Matters	2
Board Independence	2
Board Structure and Committee Composition	2
Audit Committee	2
Compensation Committee	3
Committee on Corporate Responsibility	3
Finance Committee	3
Nominating and Board Governance Committee	3
Consideration of Director Nominees	3
Director Selection Guidelines	3
Identifying and Evaluating Nominees for Director	4
Executive Sessions	4
Directors' Compensation	4
Election of Directors (Proxy Item 1)	5
Ratification of Appointment of Independent Accountants (Proxy Item 2)	9
Shareholder Proposal (Proxy Item 3)	9
Other Business	10
Beneficial Ownership of Common Stock	11
Executive Officer Compensation	13
Summary of Compensation	13
Option/ SAR Grants in 2003	14
Option/ SAR 2003 Exercises and Year-End Values	14
Long Term Incentive Awards	15
Other Compensation Plan Information	15
Retirement Benefits	16
Employment Agreement	17
Consulting Agreement	18
Other Matters	18
Section 16(a) Beneficial Ownership Reporting Compliance	18
Principal Accountant Fees and Services	18
Report of the Audit Committee	19
Compensation Committee Report on Executive Compensation	20
Performance Graph	23
Miscellaneous	24
Submission of Shareholder Proposals	24
Savings Plan Shares	24
Internet and Telephone Voting	24
10-K Report	24
Costs of Solicitation	24
Annex A Director Independence Standards	A-1
Annex B Audit Committee Charter	B-1

**Table of Contents**

**THE GOODYEAR TIRE & RUBBER COMPANY**  
**NOTICE OF THE**  
**2004 ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON June 30, 2004**

**To The Shareholders:**

The 2004 Annual Meeting of Shareholders of The Goodyear Tire & Rubber Company, an Ohio corporation, will be held at the Goodyear Theater (in the Company's Principal Office Complex), 1201 East Market Street, Akron, Ohio, on Wednesday, June 30, 2004 at 9:00 A.M., Akron Time, for the following purposes:

1. To elect four directors, three to serve as Class II directors each for a term of three years, and one to serve as a Class I director for a one year term (Proxy Item 1); and
2. To consider and vote upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as independent accountants for Goodyear for 2004 (Proxy Item 2); and
3. To consider and vote upon a Shareholder Proposal (Proxy Item 3), if properly presented at the Annual Meeting; and
4. To act upon such other matters and to transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors fixed the close of business on May 10, 2004 as the record date for determining shareholders entitled to notice of, and to vote at, the 2004 Annual Meeting. Only holders of record of Goodyear Common Stock at the close of business May 10, 2004 will be entitled to vote at the 2004 Annual Meeting and adjournments, if any, thereof.

June 2, 2004

By order of the Board of Directors:

C. Thomas Harvie, Secretary

---

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



**Table of Contents**

**PROXY STATEMENT**

**The Goodyear Tire & Rubber Company**

**GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Goodyear Tire & Rubber Company, an Ohio corporation ( Goodyear , or we or us ), to be voted at the annual meeting of shareholders to be held June 30, 2004 (the Annual Meeting ), and at any adjournments thereof, for the purposes set forth in the accompanying notice.

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

Our Annual Report to Shareholders for the year ended December 31, 2003 is enclosed with this Proxy Statement. The Annual Report is not considered part of the proxy solicitation materials. The approximate date on which this Proxy Statement and the related materials are first being sent to shareholders is June 4, 2004.

**Shares Voting.** Holders of shares of the Common Stock, without par value, of Goodyear (the Common Stock ) at the close of business on May 10, 2004 (the record date ) are entitled to notice of, and to vote the shares of Common Stock they hold on the record date at, the Annual Meeting. As of the close of business on the record date, there were 175,339,715 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote.

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

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

**Vote Required.** The affirmative vote of at least a majority of the shares of Common Stock outstanding on the record date is required for any management or shareholder proposal to be adopted at the Annual Meeting. In the election of directors, the four candidates receiving the most votes will be elected.

Abstentions, withheld votes and broker non-votes do not affect the election of directors and have the same effect as votes against any proposal voted upon by shareholders.

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

**Voting Of Proxy.** Three Goodyear directors, Messrs. Boland, Minter and Zimmerman, have been designated as proxies to vote (or withhold from voting) shares of Common Stock in accordance with your instructions. You may give your instructions using the accompanying proxy card, via the Internet or by telephone.

Your shares will be voted for the four nominees identified at page 5, unless your instructions are to withhold your vote from any one or more of the nominees or to vote cumulatively for one or more of the nominees for election as Class II director. The proxies may cumulatively vote your shares if they consider it appropriate, except to the extent you expressly withhold authority to cumulate votes as to a nominee.

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

Your shares will be voted in favor of the proposal by the Board of Directors to ratify the appointment of PricewaterhouseCoopers LLP as independent accountants for Goodyear for 2004 and against the shareholder proposal, unless your instructions are otherwise or you expressly abstain from voting.

## Edgar Filing: GOODYEAR TIRE & RUBBER CO /OH/ - Form DEF 14A

**Confidentiality.** Your vote will be confidential except (a) as may be required by law, (b) as may be necessary for Goodyear to assert or defend claims, (c) in the case of a contested election of director(s), or (d) at your express request. The inspectors of election and persons processing and tabulating your vote will be representatives of EquiServe Trust Company, N.A.

**Revocability Of Proxy.** You may revoke or revise your proxy (whether given by mail, via the Internet or by telephone) by the delivery of a later proxy or by giving notice to Goodyear in writing or in open meeting. Your proxy revocation or revision will not affect any vote previously taken.

**Table of Contents****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 and Board of Directors and Executive Officers Conflicts of Interest Policy are available at <http://www.goodyear.com/investor/governance.html>. Please note, however, that information contained on the website is not incorporated by reference in, or considered to be a part of, this document.

**Board Independence**

The Board has determined that each of the current directors, except the Chairman of the Board and Chief Executive Officer, is independent within the meaning of Goodyear's director independence standards, which are attached to this proxy statement as Annex A. Furthermore, the Board has determined that each of the members of each of the Board committees is independent within the meaning of Goodyear's director independence standards.

**Board Structure and Committee Composition**

As of the date of this proxy statement, Goodyear's Board has 11 directors classified into three classes and the following five committees: (1) Audit, (2) Compensation, (3) Corporate Responsibility, (4) Finance, and (5) Nominating and Board Governance. The current membership and the function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. All of the committee charters are available on Goodyear's website at <http://www.goodyear.com/investor/governance.html>. During the 2003 fiscal year, the Board held 11 meetings. Each director attended at least 75% of all Board and applicable Committee meetings. Directors are encouraged to attend annual meetings of Goodyear shareowners. Nine directors attended the last annual meeting of shareowners. Individuals may communicate with the Board or individual Board members as described on Goodyear's website at [http://www.goodyear.com/investor/contact\\_brd.html](http://www.goodyear.com/investor/contact_brd.html).

<u>Name of Director</u>	<u>Audit</u>	<u>Compensation</u>	<u>Corporate Responsibility</u>	<u>Finance</u>	<u>Nominating &amp; Board Governance</u>	<u>Class</u>
<b>Non-Employee Directors:</b>						
Susan E. Arnold			X	X	X	I
James C. Boland	X*	X		X		III
John G. Breen	X	X*		X		II
Gary D. Forsee	X	X	X			I
William J. Hudson, Jr.	X	X		X*		I
Steven A. Minter			X*		X	III
Rodney O. Neal (1)				X	X	II
Shirley D. Peterson (2)	X		X		X	II
Agnar Pytte (3)			X		X	II
James M. Zimmerman		X			X*	III
<b>Employee Director</b>						
Robert J. Keegan						II
<b>Number of Meetings in Fiscal 2003</b>	10	3	2	3	6	

X = Committee member; \* = Chair; (1) Mr. O. Neal has been a director since February 2, 2004; (2) Ms. Peterson has been a director since April 13, 2004; (3) Dr. Pytte will retire immediately prior to the Annual Meeting

**Audit Committee**

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of the integrity of Goodyear's financial statements, Goodyear's compliance with legal and regulatory requirements, the independent accountants' qualifications and independence and the performance of Goodyear's internal auditors and independent accountants. Among other things, the Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; annually reviews the Audit Committee charter and the committee's performance;

## Edgar Filing: GOODYEAR TIRE & RUBBER CO /OH/ - Form DEF 14A

appoints, evaluates and determines the compensation of Goodyear's independent accountants; reviews and approves the scope of the annual audit plan; reviews and pre-approves all auditing services and permitted non-audit services (and related fees) to be performed by the independent accountants; oversees investigations into complaints concerning financial matters; and reviews policies and guidelines with respect to risk assessment and risk management, including Goodyear's major financial risk exposures. The Audit Committee works closely with management as

## **Table of Contents**

well as Goodyear's independent accountants. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from Goodyear for, outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties. The Board has determined that each member of the Audit Committee meets the independence requirements of the New York Stock Exchange and each of Messrs. Boland, Breen, Forsee and Hudson are an audit committee financial expert. Mr. Boland serves on the audit committees of three other public companies. The Board has determined, however, that Mr. Boland's simultaneous service on multiple audit committees would not impair his ability to serve effectively on the Company's Audit Committee.

The report of the Audit Committee is included herein on page 19. The charter of the Audit Committee is available at <http://www.goodyear.com/investor/governance.html> and is also included herein as Annex B.

## **Compensation Committee**

The Compensation Committee discharges the responsibility of the Board of Directors relating to compensation practices and plans for Goodyear's directors, executive officers and other key personnel. Among other things, the Compensation Committee prepares a report on executive compensation for inclusion in the annual proxy statement; reviews and approves the Company's goals and objectives relevant to the compensation of the Chief Executive Officer; determines the compensation of the Chief Executive Officer; advises the Board of Directors regarding directors' and officers' compensation and management development and succession plans; and undertakes such other activities as may be delegated to it from time to time by the Board of Directors.

The Compensation Committee also administers Goodyear's 2002 Performance Plan, Performance Recognition Plan, and certain other compensation and benefit plans sponsored by Goodyear. The charter of the Compensation Committee is available at <http://www.goodyear.com/investor/governance.html>.

## **Committee on Corporate Responsibility**

The Committee on Corporate Responsibility reviews Goodyear's legal compliance programs as well as its business conduct policies and practices and its policies and practices regarding its relationships with shareholders, employees, customers, governmental agencies and the general public. The Committee may also recommend appropriate new policies to the Board of Directors. The charter of the Committee on Corporate Responsibility is available at <http://www.goodyear.com/investor/governance.html>.

## **Finance Committee**

The Finance Committee consults with management and makes recommendations to the Board of Directors regarding Goodyear's capital structure, dividend policy, tax strategies, compliance with terms in financing arrangements, risk management strategies, banking arrangements and lines of credit and pension plan funding. The Finance Committee also reviews and consults with management regarding policies with respect to interest rate and foreign exchange risk, liquidity management, counter party risk, derivative usage, credit ratings, and investor relations activities. The charter of the Finance Committee is available at <http://www.goodyear.com/investor/governance.html>.

## **Nominating and Board Governance Committee**

The Nominating and Board Governance Committee identifies, evaluates and recommends to the Board of Directors candidates for election to the Board of Directors. The Committee also develops and recommends appropriate corporate governance guidelines, recommends policies and standards for evaluating the overall effectiveness of the Board of Directors in the governance of Goodyear and undertakes such other activities as may be delegated to it from time to time by the Board of Directors. The Board has determined that each member of the Nominating and Board Governance Committee meets the independence requirements of the New York Stock Exchange. The charter of the Nominating and Board Governance Committee is available at <http://www.goodyear.com/investor/governance.html>.

## **Consideration of Director Nominees**

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

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

**Director Selection Guidelines**

The Board of Directors has approved Director Selection Guidelines that apply to prospective Board mem-

## **Table of Contents**

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

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

The Nominating and Board Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee also retains third-party executive search firms to identify candidates. Two nominees, Mr. O Neal and Ms. Peterson, are proposed to be elected for the first time at the Annual Meeting. Each of these nominee's names was first suggested by a third-party executive search firm.

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

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

### **Executive Sessions**

Non-management Directors meet regularly in executive sessions without management. An executive session is generally held in conjunction with each regularly scheduled Board meeting. Non-management Directors are Directors who are not Company officers but otherwise include Directors, if any, who are not independent by virtue of the existence of a material relationship with Goodyear. Executive sessions are led by a Presiding Director, who is elected annually by the Board. Mr. Zimmerman, the current Presiding Director, was elected to that position on May 7, 2003.

## **DIRECTORS' COMPENSATION**

Goodyear directors who are not officers or employees of Goodyear or any of its subsidiaries receive, as compensation for their services as a director, \$17,500 per calendar quarter. The Presiding Director receives an additional \$13,750 per calendar quarter. The chairperson of the Audit Committee receives an additional \$3,750 per calendar quarter and the chairpersons of all other committees receive an additional \$1,250 per calendar quarter. Any director who attends more than 24 board and committee meetings will receive \$1,700 for each additional meeting attended (\$1,000 if the meeting is attended by telephone). Travel and lodging expenses incurred in attending board and committee meetings are paid by Goodyear. A director who is also an officer or an employee of Goodyear or any of its subsidiaries does not receive additional compensation for his or her services as a director.

Directors who are not current or former employees of Goodyear or its subsidiaries participate in the Outside Directors' Equity Participation Plan (the Directors' Equity Plan). The Directors' Equity Plan is intended to further align the interests of directors with the interests of shareholders by making part of each director's compensation dependent on the value and appreciation over time of the Common Stock.

## Edgar Filing: GOODYEAR TIRE & RUBBER CO /OH/ - Form DEF 14A

Under the Directors' Equity Plan, on the first business day of each calendar quarter each eligible director who has been a director for the entire preceding calendar quarter will have \$17,500 accrued to his or her plan account. On April 14, 2004, individuals who had served as director since October 1, 2003 had an additional \$20,000 accrued to their account pursuant to an April 13, 2004 amendment to the Directors' Equity Plan. Amounts accrued are converted into units equivalent in



**Table of Contents**

value to shares of Common Stock at the fair market value of the Common Stock on the accrual date. The units will receive dividend equivalents at the same rate as the Common Stock, which dividends will also be converted into units in the same manner. The Directors' Equity Plan also permits each participant to annually elect to have 25%, 50%, 75% or 100% of his or her retainer and meeting fees deferred and converted into share equivalents on substantially the same basis.

A participating director is entitled to benefits under the Directors' Equity Plan after leaving the Board of Directors unless the Board of Directors elects to deny or reduce benefits. Benefits may not be denied or reduced if, prior to leaving the Board of Directors, the director either (i) attained the age of 70 with at least five years of Board service or (ii) attained the age of 65 with at least ten years of Board service. The units will be converted to a dollar value at the price of the Common Stock on the later of the first business day of the seventh month following the month during which the participant ceases to be a director and the fifth business day of the year next following the year during which the participant ceased to be a director. Such amount will be paid in ten annual installments or, at the discretion of the Compensation Committee, in a lump sum or in fewer than ten installments beginning on the tenth day following the aforesaid conversion from units to a dollar value. Amounts in Plan accounts will earn interest from the date converted to a dollar value until paid at a rate one percent higher than the prevailing yield on United States Treasury securities having a ten-year maturity on the conversion date.

The units accrued to the accounts of the participating directors under the Directors' Equity Plan at May 10, 2004 are set forth in the Deferred Share Equivalent Units column of the Beneficial Ownership of Management table on page 11.

Goodyear also sponsors a Directors' Charitable Award Program funded by life insurance policies owned by Goodyear on the lives of pairs of directors. Goodyear donates \$1 million per director to one or more qualifying charitable organizations recommended by the paired directors after both of the paired directors are deceased. Assuming current tax laws remain in effect, Goodyear will recover the cost of the program over time with the proceeds of the insurance policies purchased. Directors derive no financial benefit from the program.

**ELECTION OF DIRECTORS**

**(Item 1 on your Proxy)**

The Board of Directors is classified into three classes of directors. At each annual meeting of shareholders, directors of one class are elected, on a rotating basis, to three year terms, to serve as the successors to the directors of the same class whose terms expire at that annual meeting. Each class is currently comprised of three directors, except Class II which has five directors. Upon the retirement of Agnar Pytte immediately prior to the Annual Meeting, and pursuant to action previously taken by the Board, the Board of Directors will be comprised of ten directors. Following the Annual Meeting, Classes II and III will each be comprised of three directors and Class I will be comprised of four directors. The terms of the current Class II Directors will expire at the Annual Meeting. The current terms of the Class I and Class III Directors will expire at the 2005 and 2006 annual meetings, respectively.

At the Annual Meeting, three persons are to be elected to serve as Class II Directors, each to a three year term and one person is to be elected to serve as a Class I Director for a one year term. The Board of Directors has selected the following nominees recommended by the Nominating and Board Governance Committee for election to the Board of Directors:

Class II

Robert J. Keegan  
Rodney O. Neal  
Shirley D. Peterson

Class I

John G. Breen

Information concerning the four nominees is set forth on the following page.

**Table of Contents**

**NOMINEES FOR DIRECTOR CLASS II, Three Year Terms Expiring in 2007**

---

**ROBERT J. KEEGAN**

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

Mr. Keegan joined Goodyear on October 1, 2000, and he was elected President and Chief Operating Officer and a Director of Goodyear on October 3, 2000 and President and Chief Executive Officer effective January 1, 2003. Mr. Keegan became Chairman of the Board effective July 1, 2003. Prior to joining Goodyear, Mr. Keegan was an Executive Vice President of Eastman Kodak Company. He held various marketing, financial and managerial posts at Eastman Kodak Company from 1972 through September 2000, except for a two year period beginning in 1995 when he was an Executive Vice President of Avery Dennison Corporation.

Age: 56

Director since: October 3, 2000

---

**RODNEY O NEAL**

*President, Dynamics, Propulsion, Thermal & Interior Sector, Delphi Corporation*

Mr. O Neal has served in various managerial positions at Delphi Corporation since 1999 and has served as the President of the Dynamics, Propulsion, Thermal & Interior Sector since January 1, 2004. Mr. O Neal also served in various managerial and engineering positions at General Motors Corporation from 1976 to 1999, including vice president of General Motors and president of Delphi Interior Systems prior to Delphi's separation from General Motors.

Age: 50

Director since: February 3, 2004

---

**SHIRLEY D. PETERSON**

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

Mrs. Peterson was President of Hood College from 1995-2000. From 1989 to 1993 she served in the U.S. Government, first appointed by the President as Assistant Attorney General in the Tax Division of the Department of Justice, then as Commissioner of the Internal Revenue Service. She was also a partner in the law firm of Steptoe & Johnson LLP where she served a total of 22 years from 1969 to 1989 and from 1993 to 1994. Mrs. Peterson is also a director of AK Steel Corp., Federal-Mogul Corp. and is an independent trustee for Scudder Mutual Funds.

Age: 62

Director since: April 13, 2004

---

**NOMINEE FOR DIRECTOR CLASS I, One Year Term Expiring in 2005**

---

**JOHN G. BREEN**

*Retired. Formerly Chairman of the Board of The Sherwin-Williams Company, a manufacturer of paints, coatings and related products.*

## Edgar Filing: GOODYEAR TIRE & RUBBER CO /OH/ - Form DEF 14A

Mr. Breen was the Chairman of the Board and Chief Executive Officer of The Sherwin-Williams Company from January 15, 1979 to October 25, 1999, when he retired as Chief Executive Officer. He served as Chairman of the Board of The Sherwin-Williams Company until April 26, 2000, when he retired. He is a director of The Sherwin-Williams Company, Mead Westvaco Corporation, Parker-Hannifin Corporation and The Stanley Works.

Age: 69

Director since: January 7, 1992

**Table of Contents**

**CONTINUING DIRECTORS CLASS I, Terms Expiring in 2005**

---

**SUSAN E. ARNOLD**

*President, Global Personal Beauty Care and Global Feminine Care of The Procter & Gamble Company*

Ms. Arnold has held various marketing and managerial positions at The Procter & Gamble Co. since 1980, and was named President Global Skin Care in 1999. Since 1999, Ms. Arnold has served as President of various Procter & Gamble businesses, most recently as President Global Personal Beauty Care and Global Feminine Care.

Age: 50

Director since: January 21, 2003

---

**GARY D. FORSEE**

*Chairman of the Board and Chief Executive Officer, Sprint Corp.*

Mr. Forsee has served as Sprint Corp.'s Chief Executive Officer since March 19, 2003. Mr. Forsee has also served as Sprint's Chairman of the Board of Directors since May 12, 2003. Prior to joining Sprint Mr. Forsee served as the Vice Chairman-Domestic Operations of BellSouth Corporation from December 2001 to February 2003, and held other managerial positions at BellSouth from September 1999 to December 2001. Prior to joining BellSouth, Mr. Forsee was President and Chief Executive Officer of Global One, a global telecommunications joint venture, from January 1998 to July 1999.

Age: 54

Director since: August 6, 2002

---

**WILLIAM J. HUDSON, JR.**

*Retired. Formerly President and Chief Executive Officer and a Director of AMP, Incorporated, a global manufacturer of electrical and electronic components and assemblies.*

Mr. Hudson was the President and Chief Executive Officer of AMP, Incorporated from January 1, 1993 to August 10, 1998. Mr. Hudson served as the Vice Chairman of AMP, Incorporated from August 10, 1998 to April 30, 1999. Mr. Hudson is a director of Keithley Instruments Company, a member of the Executive Committee of the United States Council for International Business, and a director of the Pinnacle Health Foundation.

Age: 70

Director since: November 7, 1995

---

**CONTINUING DIRECTORS CLASS III, Terms Expiring in 2006**

---

**JAMES C. BOLAND**

*Vice Chairman of Cavs/ Gund Arena Company*

## Edgar Filing: GOODYEAR TIRE & RUBBER CO /OH/ - Form DEF 14A

Mr. Boland was the President and Chief Executive Officer of Cavs/ Gund Arena Company (the Cleveland Cavaliers professional basketball team and Gund Arena) from 1998 to December 31, 2002, when he became Vice Chairman. Prior to his retirement from Ernst & Young in 1998, Mr. Boland served for 22 years as a partner of Ernst & Young in various roles including Vice Chairman and Regional Managing Partner, as well as a member of the firm's Management Committee. Mr. Boland is a director of International Steel Group Inc., Invacare Corporation and The Sherwin-Williams Company.

Age: 64

Director since: December 18, 2002

---

### **STEVEN A. MINTER**

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

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

Age: 65

Director since: February 12, 1985

**Table of Contents**

---

**JAMES M. ZIMMERMAN**

*Retired. Formerly Chairman of the Board of Federated Department Stores Inc., a national retailer.*

Mr. Zimmerman served as the Chairman of the Board of Federated Department Stores, Inc. from May 1997 to January 2004, and was its Chief Executive Officer from May 1997 to February 2003. Mr. Zimmerman also served as Federated's President and Chief Operating Officer from May 1988 to May 1997. He was first employed by Federated in 1965. Mr. Zimmerman is also a director of Chubb Corporation, H. J. Heinz Company and Convergys Corporation.

Age: 60

Director since: June 5, 2001

---

**RETIRING DIRECTOR**

---

Dr. Agnar Pytte, after more than sixteen years of service as a director, will retire immediately prior to the Annual Meeting.

---

**Table of Contents**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS**

**(Item 2 on your Proxy)**

The Audit Committee of the Board has appointed PricewaterhouseCoopers LLP ( PwC ) as independent accountants to audit Goodyear's consolidated financial statements for the fiscal year ending December 31, 2004. During fiscal year 2003, PwC served as Goodyear's independent accountants and also provided certain tax and other audit related services. See "Principal Accountant Fees and Services" on page 18. Representatives of PwC are expected to attend the meeting, where they are expected to be available to respond to appropriate questions and, if they desire, to make a statement.

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

Resolved, that the appointment of PricewaterhouseCoopers LLP as independent accountants for the Company for the year ending December 31, 2004 is hereby ratified.

In the event the appointment of PwC is not ratified by the shareholders, the adverse vote will be deemed to be an indication to the Audit Committee that it should consider selecting other independent accountants for 2004.

**Your Board of Directors recommends that shareholders vote FOR ratification (Proxy Item 2).**

**SHAREHOLDER PROPOSAL**

**(Item 3 on your Proxy)**

The proposal set forth below has been submitted by a shareholder. Goodyear will furnish to any person, orally or in writing as requested, the number of shares of Common Stock held by the shareholder proponent promptly upon any written or oral request.

**Shareholder Voting Right on a Poison Pill**

RESOLVED: That the shareholders of our company request that our Board of Directors seek shareholder approval at the earliest subsequent shareholder election, for the adoption, maintenance or extension of any current or future poison pill. Once adopted, removal of this proposal or any dilution of this proposal, would consistently be submitted to shareholder vote at the earliest subsequent shareholder election.

We as shareholders voted in support of this topic:

Year	Rate of Support
2002	70%
2003	53%

This percentage is based on yes and no votes cast. I believe this level of shareholder support is impressive because this support followed our Directors' objection to the proposal. I believe that shareholders are more likely to vote in favor of this proposal topic if shareholders have the staff and/or resources to closely follow our company's governance practices.

Only 20% of shares outstanding supported our Directors' position on this topic in 2002. This 20% management support is a direct comparison to our Directors' percentage in the 2003 proxy.

I do not see how our Directors object to this proposal because it gives our Directors the flexibility to overrule our shareholder vote if our Directors seriously believe they have a good reason. I believe our two consecutive votes are a strong signal of shareholder concern. This topic also won an overall 60% yes-vote at 79 companies in 2003.

Victor Rossi, P.O. Box 249, Boonville, Calif. 95415 submitted this proposal.

**Poison Pill Negative**

The key negative of poison pills is that pills can preserve management deadwood instead of protecting investors.

Source: *Morningstar.com*

**The Potential of a Tender Offer Can Motivate Our Directors**

Hectoring directors to act more independently is a poor substitute for the bracing possibility that shareholders could turn on a dime and sell the company out from under its present management. Source: *Wall Street Journal, Feb. 24, 2003*

**Diluted Stock**

An anti-democratic management scheme to flood the market with diluted stock is not a reason that a tender offer for our stock should fail.

Source: *The Motley Fool*



## **Table of Contents**

### **Akin to a Dictator**

Poison pills are akin to a dictator who says, "Give up more of your freedom and I'll take care of you." Performance is the greatest defense against getting taken over. Ultimately if you perform well you remain independent, because your stock price stays up.

Source: *T. J. Dermot Dunphy*, CEO of Sealed Air (NYSE) for more than 25 years.

I believe our Directors could make a token response to this proposal—hoping to gain points in the new corporate governance rating systems. A reversible response, which could still allow our directors to give us a poison pill on short notice with no subsequent vote, would not substitute for this proposal.

### **Council of Institutional Investors Recommendation**

The Council of Institutional Investors [www.cii.org](http://www.cii.org), an organization of 130 pension funds investing \$2 trillion, called for shareholder approval of poison pills.

### **Shareholder Voting Right on a Poison Pill**

**Yes on 3**

---

## **STATEMENT OF THE BOARD OF**

### **DIRECTORS OPPOSING SHAREHOLDER PROPOSAL**

**The Board of Directors has already acted to terminate Goodyear's Shareholder Rights Plan (the Rights Plan) effective June 1, 2004. Accordingly, the Board of Directors recommends that shareholders vote against the adoption of the shareholder proposal.**

The Board is mindful that the Rights Plan has been the subject of two similar proposals by the same shareholder in recent years. Although each of these prior proposals failed to receive the necessary votes for adoption, following the 2003 Annual Meeting of Shareholders the Board of Directors initiated a comprehensive review of the Rights Plan, and on February 3, 2004, **determined to terminate the Rights Plan by accelerating its termination date from July 29, 2006 to June 1, 2004**. In addition, the Board agreed to the following policy with respect to the future adoption of a rights plan (the Policy):

If the Company ever were to adopt a rights plan, the Board of Directors would seek prior shareholder approval of the plan unless, due to timing constraints or other reasons, a committee consisting solely of independent directors determines that it would be in the best interests of shareholders to adopt a plan before obtaining shareholder approval.

If a rights plan is adopted without prior shareholder approval, the plan must either be ratified by shareholders or must expire within one year.

The Policy is in Goodyear's Corporate Governance Guidelines and is designed to balance the concerns of shareholders expressed in the votes of the prior rights plan proposals with the Directors' fiduciary obligations under Ohio law. A blanket requirement that shareholders approve all rights plans under all circumstances could, in certain circumstances, prevent the Directors from fulfilling their fiduciary obligations, especially in the context of a takeover attempt. As a result, the Policy gives the Board of Directors the flexibility to adopt a shareholder rights plan in the future when, consistent with its fiduciary obligation under Ohio law, a committee consisting solely of independent Directors determines such action to be in the best interests of Goodyear's shareholders. In the event that a rights plan is adopted in the future, the Policy requires that Goodyear's shareholders would have to approve the rights plan within one year or the rights plan would expire.

**Your Board of Directors strongly believes that by adopting the Policy and terminating the Rights Plan early it has appropriately implemented the proposal.**

**Your Board of Directors recommends that shareholders vote AGAINST the adoption of the Shareholder Proposal (Proxy Item 3.)**

**OTHER BUSINESS**

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

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

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

**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

The firms identified in the table below have reported that they beneficially owned at December 31, 2003 more than 5% of the outstanding shares of the Common Stock as follows:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Common Stock Outstanding Beneficially Owned
Brandes Investment Partners, Inc. and related parties 11988 El Camino Real, Suite 500 San Diego, California 92130	28,534,995(1)	16.3%

**Notes:**

(1) Shared dispositive power in respect of 28,534,995 shares and shared voting power in respect of 22,563,208 shares, as stated in a Schedule 13G dated February 19, 2004.

In addition, The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675, has indicated that at the record date it held 23,053,412 shares, or approximately 13.15% of the outstanding shares, of Common Stock, including 21,463,408 shares, or approximately 12.24% of the outstanding shares, of Common Stock held as the trustee of three employee savings plans sponsored by Goodyear and certain subsidiaries.

On the record date, each director and nominee, each person named in the Summary Compensation Table on page 12, and all directors and executive officers as a group, beneficially owned the number of shares of Common Stock set forth in the Beneficial Ownership of Management table below.

**BENEFICIAL OWNERSHIP OF DIRECTORS AND MANAGEMENT****Beneficial Ownership at May 10, 2004 (1)**

Shares of Common Stock	Shares of Common Stock	Shares of Common
---------------------------	---------------------------	------------------