

Goodyear Canada Inc.

1982 Annual Report



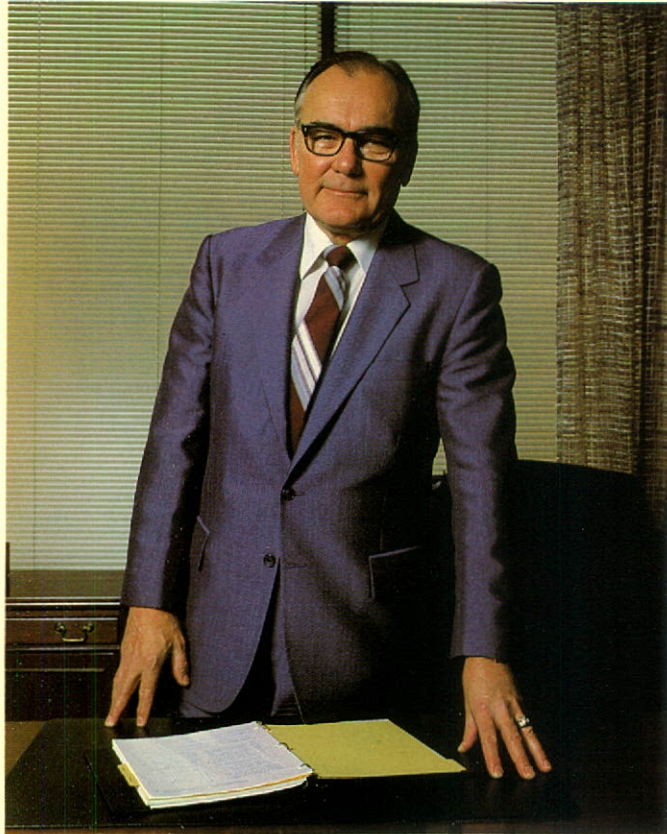
# **GOODYEAR CANADA INC. 1982 ANNUAL REPORT**

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## **COVER**

Arriva, Goodyear's premium all-season passenger radial, continued to be extremely popular with Canadian motorists throughout 1982.



## REPORT TO THE SHAREHOLDERS

CONSOLIDATED NET SALES were \$471,931,000 compared with \$542,211,000 for 1981.

CONSOLIDATED NET LOSS was \$2,447,000 versus the \$18,969,000 earned in 1981. Loss per share for the year was \$.98, compared with earnings per share of \$7.34 in the previous year.

FOURTH QUARTER SALES of \$112,371,000 represented a decrease of 12.7 per cent or \$16,374,000 lower than the \$128,745,000 recorded in 1981. Loss for the quarter was \$6,876,000 compared with income of \$3,351,000 for the corresponding period last year, a decrease of \$10,227,000.

DIVIDENDS paid in 1982 were equivalent to \$1.20 per common share. Dividends of \$2.00 per share were paid on the four per cent preferred shares.

TAXES AND DUTIES amounted to \$19,149,000 or \$7.44 per common share, as against the \$42,174,000 or \$16.39 per common share paid in the previous year.

TOTAL COMPENSATION to employees, including pension, hospitalization, group insurance and related benefits, was \$155,928,000 down 5.1 per cent from \$164,294,000 in 1981.

CAPITAL EXPENDITURES totalled \$5,213,000 in 1982 compared with \$14,938,000 in 1981.

DEPRECIATION charged against earnings in 1982 was \$12,249,000. Depreciation was \$11,527,000 in 1981.

EQUIPMENT AND RAW MATERIALS were purchased by Goodyear Canada during 1982 to the value of \$182,098,000.

## NEW EXECUTIVES AND DIRECTORS

J.R. Hicks resigned from the Board of Directors coincident with his retirement from The Goodyear Tire & Rubber Company. Mr. Hicks is a former President of Goodyear Canada. He has been replaced on the Board, effective January 1, 1983, by J.R. Glass, Group Executive Vice-President, The Goodyear Tire & Rubber Company of Akron Ohio.

In the last quarter of 1982, Mr. G.K. Lummis was appointed Vice-President, Industrial Relations; Mr. G.W. Fiske was appointed Vice-President, Tire Production and Mr. L.F. Huhta was named Vice-President, Research, Development and Engineering.

## OUTLOOK

In 1982, Goodyear Canada faced the toughest economic environment we have seen in many years. The year was disappointing in terms of overall performance with the recession and, in particular, consumer reluctance to spend being our most formidable obstacle.

There was an all-out effort on the part of our employees to minimize the impact of the recession and a word of thanks goes out to all those who put out the extra effort required in 1982.

Our key strategy for 1983 will be a concerted effort to increase market share. We will take advantage of each and every opportunity as it arises. Goodyear Canada has the products and we are better equipped to increase market share than ever before.

In 1983, Goodyear Canada will be developing a better working relationship with our various dealers and distributors. We will continue with our exciting, new advertising program with its 'dramatic evidence' of Goodyear's superiority of product. We have restructured some of our staffing and have re-positioned both the Kelly and Seiberling lines.

In order to better consolidate tire production for 1983 and beyond, Goodyear Canada closed its Seiberling plant during 1982. Seiberling production was moved into other Goodyear Canada manufacturing facilities. Nineteen-eighty-two also saw the closing of Goodyear Canada's Hallmark Auto-Centres. This will also help put the company in a much stronger position for 1983.

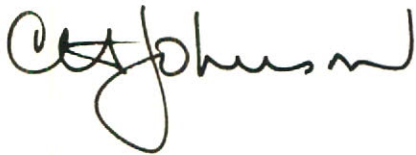
A new approach to employee communications has been developed and 1983 will see a much accelerated program in this important area.

Goodyear Canada's aim for 1983 is a business turn-around despite the state of the overall economy. If some Canadian economic recovery develops, then so much the better -- but we know that we cannot count on any substantial upswing in 1983.

Increased sales, increased market share, new customers, a continuing quality product and ongoing attention to control of expenses will mark the trail we will follow.

The continuing support we receive from our employees, dealers, suppliers and shareholders enables us to meet these challenges head on and look forward to a profitable 1983.

With the approval of the Board of Directors.



C.H. JOHNSON  
PRESIDENT & CHIEF EXECUTIVE OFFICER

FEBRUARY 9, 1983

## BOARD OF DIRECTORS

T.A. BUELL \*  
VANCOUVER

C.E. CLARKE  
MISSISSAUGA

P.P. DAIGLE \*  
MONTREAL

A.S. FELL \*  
TORONTO

J.R. HICKS \*  
AKRON

C.H. JOHNSON  
OAKVILLE

W.L. MINOR  
AKRON

J.R. SARDAS  
AKRON

H.G. WLOKA  
OAKVILLE

\* MEMBER OF THE AUDIT COMMITTEE

## OFFICERS

C.H. JOHNSON  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

G.A. CHURCH  
VICE PRESIDENT, CORPORATE TIRE SALES

C.E. CLARKE  
VICE PRESIDENT AND GENERAL COUNSEL/SECRETARY

G.W. FISKE  
VICE PRESIDENT, TIRE PRODUCTION

L.F. HUHTA  
VICE PRESIDENT, RESEARCH, DEVELOPMENT & ENGINEERING

G.K. LUMMIS  
VICE PRESIDENT, INDUSTRIAL RELATIONS

P.G. MACKIE  
VICE PRESIDENT, MATERIALS MANAGEMENT

D.A. MASTERS  
VICE PRESIDENT, GENERAL PRODUCTS

C.G. THORPE  
VICE PRESIDENT, MANUFACTURERS' SALES

H.G. WLOKA  
VICE PRESIDENT, FINANCE

W.R. HAYWARD  
COMPTROLLER

J. RENNIE  
TREASURER

G.W. BARNES  
ASSISTANT SECRETARY

H.P. LOVERING  
ASSISTANT TREASURER

W.C. MONROE  
ASSISTANT COMPTROLLER

F.E. WALKER  
ASSISTANT COMPTROLLER

## TIRE DIVISION

Despite poor market conditions in all levels of business, there were some success stories for Goodyear Canada's tire division during 1982.

Most notable was the continuing success of the G167 radial truck tire.

Goodyear achieved a major breakthrough in radial truck tire technology with a drive wheel tire capable of delivering exceptionally high mileage on the original tread -- combined with all-season traction capabilities in over-the-road, line-haul service. The G167 was introduced in Canada in March of 1981 and is currently in widespread use.

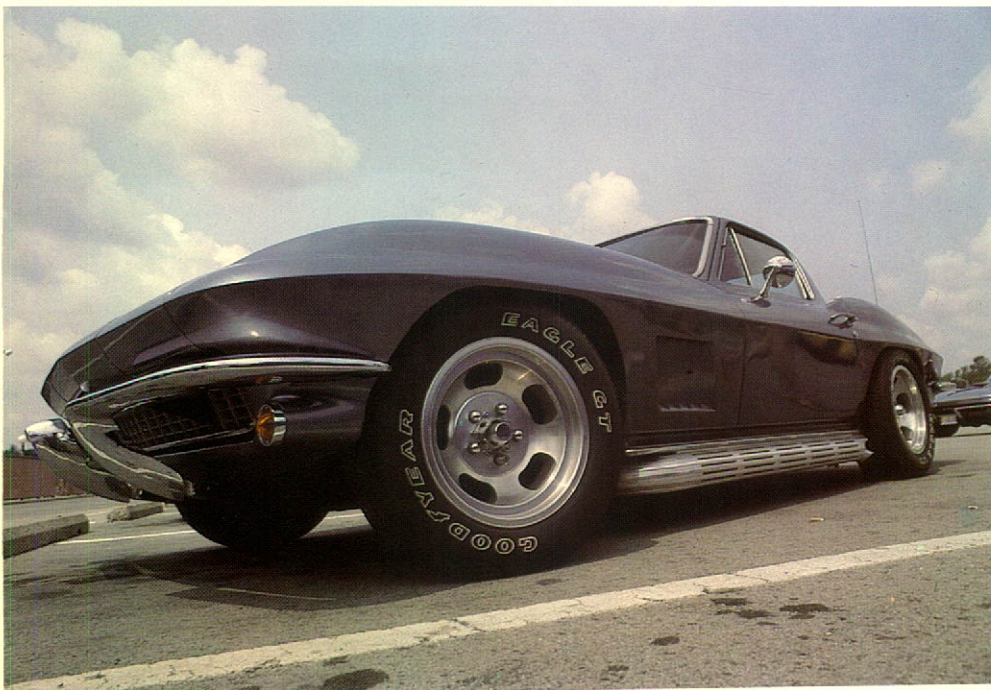
It was G167 radial truck tires that ran an incredible 305,654 miles on the original tread for Canada Transport of Belleville, Ontario. After running through two winters, two summers, two falls and three spring seasons the tires were finally taken off for retreading on June 15, 1982.

With two or three retreads, the G167s are capable of delivering extremely high mileage during their casing life -- a factor of critical importance to today's cost conscious truckers and fleet operators.

Wrangler all-season radials also had the opportunity to show their worth as part of a driving course designed to help improve ambulance drivers' skills in emergency situations. Wrangler tires were chosen for this grueling 10-hour course because of their all-season capabilities and the fact that they offer better fuel economy and have less side-wall breakdown than other tires. Many ambulance operators have switched their own vehicles over to Wranglers after comparing them against other tires during the driving course.



G167 radial truck tires were one of the big performers in 1982. Here Al Thompson of Canada Transport in Belleville, Ontario and Goodyear sales representative, Larry Mason look at one of the G167's that logged over 300,000 miles on the original tread. (above). Even classic car owners favor Goodyear performance tires. This early Corvette shows off its Eagle GT's at a car club meeting in Niagara Falls, Ontario (below).





Designed and built to cope with the rugged conditions of hard-rock mining, tires made at Goodyear's Valleyfield, Quebec plant are used on 100-ton ore haulage trucks at the Sherman iron mine near Temagami, In Northern Ontario. (above).

Keke Rosberg and the Saudia Williams Formula One Team won the 1982 World Driving Championship on Goodyear Racing Tires. Goodyear Canada hosted dealers to the Canadian Grand Prix in Montreal. (below).



Arriva, Goodyear's premium all-season passenger radial, continued to lead the way in passenger tire sales. After three years in the marketplace, Arriva continues to meet the consumer's demands for safety, fuel efficiency, long wear and good performance in all weather conditions.

New sizes added to the Arriva line have extended its popularity into the compact and sub-compact car market.

Both Arriva and Tiempo, the first all-season radial introduced by Goodyear back in 1978, are suited to the new, smaller domestic cars being manufactured and to the many imported cars which are now in the market for replacement tires.

Since its introduction in 1981, the line of Eagle performance tires has continued to be a favorite with drivers who expect the very best in tire technology. Eagle STs, GTs, and NCTs have proven themselves time and time again in use both on the road and in various driving events around the country. One 1982 slalom competition saw Eagle performance tires take the first twelve positions.

Over the past three or four years, the trend to radials has accelerated rapidly in both the passenger and truck tire markets. It also continues a steady climb in the agricultural market. Sales of farm tires were slow in 1982 due to the severe impact of the recession on farming and the farm implement business, but overall interest in the radial tractor tire shows a strong future for this product line. Goodyear's Ultra Grip farm radial offers the farmer a more efficient tire in terms of traction, resulting in better fuel economy and more acreage worked in less time. Important considerations in a farm's productivity.

There was also strong acceptance of the bias-ply Dyna Torque rear tractor tire which was introduced in 1981. The increased draw bar pull offered by this tire, plus its durability, makes Dyna Torque an ideal tire for large and mid-sized tractor applications.

The off-road market was weak in 1982 due to downturns in both the logging and mining industries in Canada. Goodyear off-the-road tires continue to perform well in all applications and there are signs of some improvement in this market for 1983.

Sales training continued to play a key role in 1982. In the past, the training department has produced slide presentations, cassette recordings, seminars, and training programs through a host of other mediums. In 1982 the training division made extensive use of video cassette programs.

The video featured retail selling skills aimed at Goodyear's Go Centre operations. Plans are underway for extensive use of video in future training programs for all areas of Goodyear's operations.

Goodyear played an even larger role than usual at the 1982 Canadian Grand Prix in Montreal. Dealers hosted to the event, plus the race spectators and television audience, saw the Goodyear blimp 'Enterprise' as part of the festivities. One month later, the 'Enterprise' was back in Montreal for a second visit to assist in the television coverage of the All-Star baseball game held at the Olympic stadium.



Goodyear Wrangler radial tires are put through their paces during a driving course designed to help improve ambulance drivers' skills in emergency situations. (above). Sales training played a key role in 1982 with extensive use of video cassette programs. Training division's Owen Borthwick (left) Boswell Salmon (center) and Elmer Gittings put a show together (right). The Goodyear blimp 'Enterprise' is shown here moored at St. Hubert airport during its visit to Montreal for the All-Star Baseball game in July (below).



ADVERTISING

**T**ough Guard stretch pallet film. Has outstanding puncture and tear resistance. Won't ripper or propagate when cut or snagged. It's universally machinable. And highly cost-efficient. Goodyear Tough Guard LLDPE stretch pallet film. Times your widest load.

Contact: Goodyear Canada Inc., Plastic Films Division, 21 Four Seasons Place, Islington, Ontario M9B 6G2, (416) 626-4611.

**GOODYEAR**

In 1982, Goodyear Canada's advertising took on an entirely new look in both television and print.

New 'dramatic evidence' television commercials were produced to demonstrate Goodyear's superiority of product to the consumer. The commercials show Goodyear tires in a variety of applications and remind the public that the company has a solid footing in safety, quality and innovation.

Print advertising also saw some dramatic changes in both tire and general products ads aimed at trade publications. Before year end, several awards had been won by an exciting ad for Vitawrap.

Goodyear Canada will continue to put innovation into its advertising, as well as its products, in 1983.

**Neither rain, nor sleet nor dark of night**

Will any other Commercial Fast Action Service. Head from anywhere in Canada with this fast action problem. Because our service is not just a product, it's an experience.

That's why during the crucial winter and spring months we're there for you. Night or day. Our special FAST trucks are fully equipped to handle repairs and maintenance on the spot. Which means you can get back on the road in a matter of hours. And we'll be there to help you with the best of our service. So you can get back on the road in a matter of hours. And we'll be there to help you with the best of our service. So you can get back on the road in a matter of hours.

**GOODYEAR FAST ON PUMP SERVICE**

**305,654 miles on the hard road, and still retrievable.**

At Thompson's Best Supermarket of Canada, Thompson's Limited, a lot of 200 tires will up more than 3 million miles a year. And the Company's biggest is in British Columbia. That's why the Thompson's Best Supermarket of Canada is a proud member of the Goodyear Tire & Rubber Company. When you buy a Goodyear tire from Thompson's Best Supermarket, you're buying a tire that's been tested for 305,654 miles. And it's still retrievable.

**That's some kind of radial you've got there Goodyear.**

And what's even more impressive is that we found them only once. 1982. That's why the Goodyear Tire & Rubber Company is proud to be a member of the Thompson's Best Supermarket of Canada. When you buy a Goodyear tire from Thompson's Best Supermarket, you're buying a tire that's been tested for 305,654 miles. And it's still retrievable.

**GOODYEAR**



## GENERAL PRODUCTS

For the general products division, 1982 was a challenging year. Key markets -- such as mining, pulp-and-paper, appliances, farm implements and steel -- declined, causing a substantial drop in overall sales from levels achieved in 1981.

In the face of this difficult business environment, great emphasis was placed on developing new, growth-oriented markets.

Nowhere was this strategy more evident than in export sales, particularly for steel-cable conveyor belting.

Goodyear won two major contracts for steel-cable belting, destined for use in the Soviet Union's coal-mining industry. The first order, coming in the first quarter, was for 26,085 metres, with the second, finalized in December, amounting to 21,400 metres.

The key factors in getting this new business were proven product quality, and assistance from Goodyear's world wide organization.

The division was also awarded a major steel-cable belting contract from Syncrude, near Fort MacMurray, Alberta. The order was for more than 19 kilometres, or 12 miles, with production beginning in July.

This business was the result of the successful development of a new rubber compound designed specifically to complement a new belt wetting agent used by Syncrude.

Another innovative breakthrough from Bowmanville came with the development of a special flame retardant belt compound called 'Pylon II'.



Strands of steel cable are drawn in conveyor belt compacter at Bowmanville plant, prior to curing (above). The steel-cable belting is destined for use at oil sands projects in Northern Alberta.

Goodyear Canada is the leading supplier of shrink wrap for the aseptic food packaging process. This operation is at Eplet Dairies Limited in Brampton, Ontario (below).



The result was a new market for Goodyear and an industry first; a competitively priced fabric reinforced conveyor belt suitable for use in underground coal and potash mining applications. Previously no fabric conveyor belt could meet government fire standards and all belting used in these mines was made of Polyvinylchloride supplied by offshore manufacturers.

'Pylon II' was introduced via a letter campaign and customer and government response has been very positive.

Dock fenders also did well in the export market. Some 90,000 kilos of the fenders, made at the Québec molded and extruded products plant, were sold to Panama for use in the Canal.

In special products, 1982 witnessed the introduction of 'Versigard', a new, waterproof, commercial roofing material that can be used on both original construction and repairs. Versigard rubber sheeting provides an effective moisture barrier and eliminates the need for time-consuming applications of asphalt and felt roofing materials.

New product entries also included a line of 'Super Cushion' Air Springs for use on truck tractors and trailers. In past years, Goodyear only supplied air springs for industrial applications.

The development of Thermoplastic Hose products to meet increasing consumer demand, was a priority at Collingwood plant. One result was the introduction of '100R7' Hydraulic hose for industrial equipment and farm implements.

Depending on their type, thermoplastic hoses offer outstanding abrasion resistance, durability and lower production costs.

Highlighting the year for V-belts was the introduction of 'Match Maker', a program designed to allow the division's distributors to reduce inventories and simplify storage and belt selection.

Throughout 1982, demand for plastic films remained relatively stable. Strong increases in sales of PVC Shrink Wrap were made possible by a new, innovative food packaging process, called aseptics. This packaging method gives fruit juices and dairy products a shelf-life of up to nine months without refrigeration.

The aseptic process was introduced in Canada by Tetra Pak Inc. and is now being used by a variety of major food companies. Goodyear is the leading national supplier of shrink wrap for these new products.

From a production standpoint, 1982 was highlighted by increasing attention to product quality with customers demanding maximum value for each dollar spent.

To meet the quality challenge, statistical process controls were introduced at both the Collingwood and Québec plants to better ensure product uniformity.

A substantial part of statistical controls is greater emphasis on employee responsibility for quality. Production employees have been given greater input and authority to ensure product quality related to their respective functions. Employees have responded well to the challenge.

*Shown here undergoing a severe friction test, 'Pylon II' meets all government specifications for underground mining applications. Lindsay Terreau, the plant's chief chemist looks on.*



*Sid Dixon removes a gasket, just cut out of Goodyear's red rubber, at Snowden Rubber Industries in Oshawa, Ontario.*



The success of the division's attempt to upgrade quality wherever possible was dramatically illustrated by Québec plant's attainment of a 'Q1' (Quality One) rating from the Ford Motor Co. of Detroit. The 'Q1' rating system for suppliers was developed by Ford to encourage and recognize superior quality performance. Québec plant is the first Goodyear plant in North America to attain this outstanding recognition.

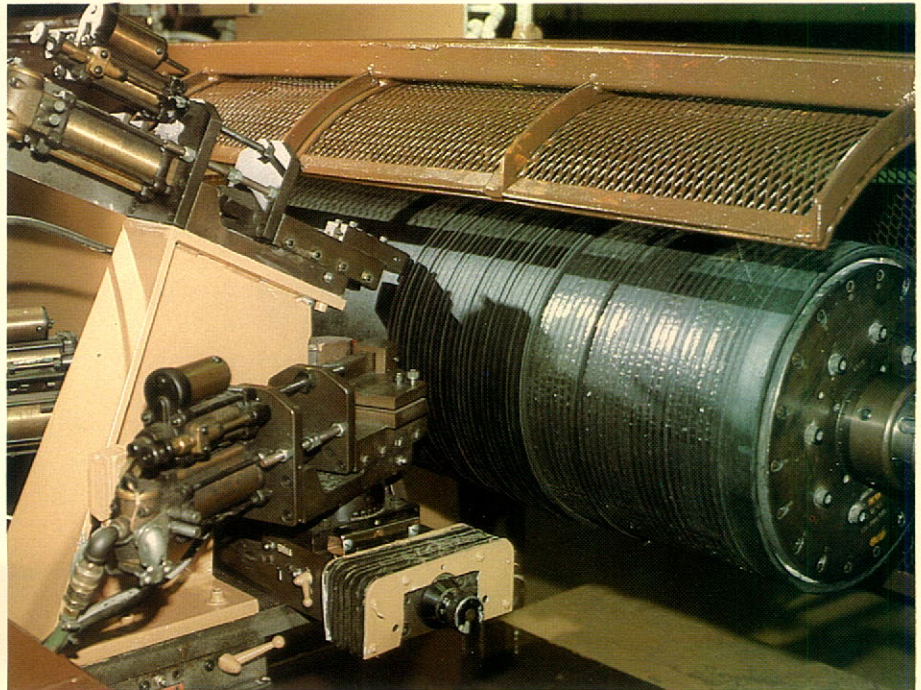


Don Masters, vice president of general products (left) and Cliff Johnson, president (center) present Bob Chambers, president of Chambers & Cooke (1968) Limited, with the first 50 year plaque ever presented to a Canadian distributor. The plaque is in appreciation and recognition of 50 years of outstanding business association.



The development of thermoplastic hose for industrial and farm applications was a top priority in 1982. Terry Jackson, development manager and machine operator Bill Kennedy examine a sample of plastic hose inner liner at extrusion stage of production (above).

Automated V-Belt cut-edge cutter at Owen Sound plant cuts and shapes belts to precise specifications at final stage of production (below). Once the process is complete, machine operator Chris Elder separates shavings and prepares V-belts for packaging.



# Goodyear Canada Inc.

## Consolidated Balance Sheet

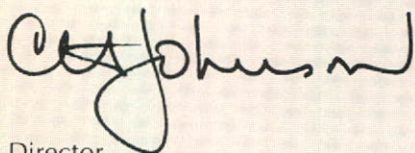
Dollars in thousands

December 31

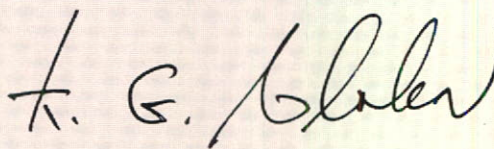
### Assets

	<u>1982</u>	<u>1981</u>
<b>Current Assets:</b>		
Cash	\$ 1,656	\$ 361
Accounts receivable	61,896	69,337
Due from affiliated companies	8,432	6,484
Income taxes recoverable	5,479	—
Inventories:		
Raw materials	11,457	18,895
Work in process	6,852	8,655
Finished product	<u>73,838</u>	<u>101,922</u>
	92,147	129,472
Prepaid expenses	<u>10,234</u>	<u>11,217</u>
Total Current Assets	179,844	216,871
 <b>Miscellaneous Investments</b>		
at cost less allowances	2,377	2,421
 <b>Properties and Plants:</b>		
Land and improvements	5,654	5,718
Buildings	55,395	54,336
Machinery and equipment	175,237	169,923
Assets held under capital leases	9,586	10,422
Construction in progress	<u>2,671</u>	<u>6,942</u>
	248,543	247,341
Less: Depreciation	<u>151,502</u>	<u>141,463</u>
	<u>97,041</u>	<u>105,878</u>
	<u>\$279,262</u>	<u>\$325,170</u>

Approved by the Board:



Director



Director

December 31

**Liabilities**

	<u>1982</u>	<u>1981</u>
<b>Current Liabilities:</b>		
Bank indebtedness	\$ 3,613	\$ 10,476
Accounts payable and accrued liabilities	37,508	38,884
Due to affiliated companies	22,037	26,371
Income and other taxes payable	2,452	5,231
Deferred income taxes	2,789	3,425
Dividend payable on preferred shares	<u>18</u>	<u>20</u>
Total Current Liabilities	68,417	84,407
<b>Long Term Debt</b>	37,000	58,931
<b>Long Term Capital Lease Obligations</b>	4,062	4,482
<b>Deferred Income Taxes</b>	24,925	26,535
<b>Deferred Income</b>	649	795

**Shareholders' Equity****Capital Stock:**

4% cumulative redeemable sinking fund preferred shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized, issued and outstanding,		
1982 - 36,694 shares: 1981 - 40,774 shares	1,835	2,039
Common shares, no par value:		
Authorized, 2,906,600 shares; issued and outstanding, 2,572,600 shares	129	129
<b>Capital Surplus</b>	692	692
<b>Retained Earnings</b>	<u>141,553</u>	<u>147,160</u>
	<u>144,209</u>	<u>150,020</u>
	<u>\$279,262</u>	<u>\$325,170</u>

# Goodyear Canada Inc.

## Consolidated Statement of Income

Dollars in thousands, except per share

	Year ended December 31	
	<u>1982</u>	<u>1981</u>
Net Sales	\$471,931	\$542,211
Income from investments	<u>509</u>	<u>765</u>
	<u>472,440</u>	<u>542,976</u>
Deduct:		
Costs and expenses	459,666	488,846
Interest expense on long term debt	8,323	10,059
Other interest expense	915	2,543
Depreciation	<u>12,249</u>	<u>11,527</u>
	<u>481,153</u>	<u>512,975</u>
Gain on sale of property	5,229	—
Provision for tire recall (note 5)	<u>(5,994)</u>	<u>—</u>
Income (loss) before taxes	(9,478)	30,001
Income taxes (recovery):		
Current	(4,785)	9,958
Deferred — Current	( 636)	918
— Long term	<u>(1,610)</u>	<u>156</u>
	<u>(7,031)</u>	<u>11,032</u>
Net income (loss) for the year	<u>\$ (2,447)</u>	<u>\$ 18,969</u>
Net income (loss) per common share	<u>\$ ( .98)</u>	<u>\$ 7.34</u>

## Consolidated Statement of Retained Earnings

Dollars in thousands

	Year ended December 31	
	<u>1982</u>	<u>1981</u>
Balance at beginning of year	\$147,160	\$130,846
Net income (loss) for the year	<u>(2,447)</u>	<u>18,969</u>
	144,713	149,815
Deduct:		
Dividends:		
On common shares	3,087	2,573
On 4% preferred shares	<u>73</u>	<u>82</u>
	<u>3,160</u>	<u>2,655</u>
Balance at end of year	<u>\$141,553</u>	<u>\$147,160</u>

## Consolidated Statement of Changes in Financial Position

Dollars in thousands

	Year ended December 31	
	<u>1982</u>	<u>1981</u>
<b>Source of Working Capital:</b>		
Net income (loss) for the year	\$ (2,447)	\$ 18,969
Items not affecting working capital—		
Principally depreciation and deferred taxes	10,426	12,007
Loss (gain) on sale of property	<u>(5,229)</u>	<u>—</u>
Total from operations	2,750	30,976
Property disposals	7,029	422
Investments	<u>44</u>	<u>442</u>
	<u>9,823</u>	<u>31,840</u>
<b>Application of Working Capital:</b>		
Expenditures for properties and plants	5,213	14,938
Long term debt	21,931	7,569
Long term capital lease obligations	420	316
Dividends	3,160	2,655
Preferred shares redeemed	<u>136</u>	<u>61</u>
	<u>30,860</u>	<u>25,539</u>
Increase (decrease) in working capital	<u>\$ (21,037)</u>	<u>\$ 6,301</u>

### Auditors' Report

#### To the Shareholders of Goodyear Canada Inc.

We have examined the consolidated balance sheet of Goodyear Canada Inc. as at December 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse*

Chartered Accountants  
Toronto, January 24, 1983.

# Goodyear Canada Inc.

## Notes to Consolidated Financial Statements

### 1. Accounting Policies

The consolidated financial statements include the accounts of the Company and all its subsidiary companies. All significant inter-company transactions are eliminated on consolidation.

Inventories of raw materials are valued at the lower of cost and replacement cost, and inventories of work in process and finished product at the lower of standard cost (which approximates actual cost) and net realizable value.

Properties and plants are stated at cost. Depreciation is computed using the declining balance method for depreciable assets acquired up to December 31, 1967, and the straight line method for assets acquired after that date. Depreciation rates are based on the estimated useful lives of the assets, ranging up to 15 years for machinery and equipment and up to 40 years for buildings. Gains or losses on the disposal of fixed assets are included in income and the cost and accumulated depreciation related to these assets are removed from the accounts.

Assets, liabilities, income and expenses in foreign currencies are translated into Canadian dollars on the following bases:

Current assets and current liabilities, at year-end rates of exchange; all other assets and liabilities, at historical rates of exchange; income and expenses, at approximate rates prevailing at the time of transaction.

All realized and unrealized exchange gains or losses are included in income.

The consolidated financial statements do not purport to comply with all disclosure requirements unique to The Companies Act of British Columbia.

### 2. Leases

Certain facilities and equipment are held under leases which generally expire within 10 years, but may be renewed by the Company. The leases provide that the Company will pay taxes assessed against leased property and the cost of insurance and maintenance.

Minimum lease commitments are as follows:

	Dollars in thousands	
	Capital Leases	Operating Leases
1983	\$ 802	\$ 3,664
1984	771	3,370
1985	753	2,915
1986	702	2,136
1987	680	1,579
1988 and thereafter	<u>2,842</u>	<u>5,628</u>
Total minimum lease payments	6,550	\$19,292
Less amounts estimated to represent interest	<u>2,053</u>	
Present value of minimum lease obligations	4,497	
Less current accounts payable	<u>435</u>	
Long term capital lease obligations	<u>\$4,062</u>	

The capital lease obligations have a weighted average interest rate of approximately 8%.

### 3. Long Term Debt

Long term debt is comprised of bank loans and bankers' acceptances with interest at prime and slightly less than prime rates respectively. These loans and acceptances are covered by revolving credit agreements due in 1985. The bankers' acceptances, which by their terms are due within one year, have been classified as long term since it is the Company's intent to maintain these amounts as long term debt, on average.

### 4. Income Taxes

The Company, as a result of its manufacturing activities, is taxed at an effective rate of approximately 45%. The credit for income taxes in the Consolidated Statement of Income reflects a higher effective tax recovery rate principally as a result of the 3% allowance on opening inventories, the 7% investment tax credit allowed on certain fixed asset additions and the lower effective tax rate on income from the sale of property.

### 5. Tire Recall

In the fourth quarter of 1982, a provision of \$5,994,000 was charged against income to reflect management's estimate of the cost of fulfilling the Company's obligations under a voluntary recall program for certain truck tires.



## 6. Remuneration of Directors and Senior Officers

Remuneration of directors and senior officers amounted to \$1,005,000.

## 7. Commitments

The Company's unfunded obligation for pension benefits arising from service prior to December 31, 1982 is estimated to be \$29,409,000 (\$33,441,000 in 1981). This obligation, which has not been recorded in the accounts, is to be amortized by annual payments charged against operations through 1997.

## 8. Related Party Transactions

Goodyear Canada Inc., in the course of its regular business, has transactions at commercial rates with The Goodyear Tire & Rubber Company and its affiliates and utilizes technology developed by The Goodyear Tire & Rubber Company which is made available under various arrangements. During the year ended December 31, 1982, sales to related companies amounted to \$38,992,000. Purchases of goods and services from related companies amounted to \$62,322,000.

## 9. Segmented Information

Goodyear's principal industry segment is the production and sale of Tires and Related Transportation Products. These products include new tires and tubes, retreads, automotive belts and hose, automotive molded parts, auto repair services and merchandise purchased for resale. The other industry segment, Industrial Rubber, Plastic Products and Other Products and Services includes various kinds of hose and belting products, engineered and molded rubber products and plastic films.

### Industry Segments

Dollars in thousands

	Tires and related transportation products		Industrial rubber, plastic products and other products and services		Consolidated	
	1982	1981	1982	1981	1982	1981
Sales	\$406,082	\$466,136	\$ 65,849	\$ 76,075	\$471,931	\$542,211
Operating profit (loss)	(371)	38,996	8,103	15,215	\$ 7,732	\$ 54,211
Interest expense					( 9,238)	(12,602)
Corporate revenues and expenses					( 7,972)	(11,608)
Income (loss) before taxes					\$ ( 9,478)	\$ 30,001
Identifiable assets	242,383	288,068	19,264	25,196	\$261,647	\$313,264
Corporate assets					17,615	11,906
Total Assets					\$279,262	\$325,170
Capital expenditures	4,856	14,653	357	285	\$ 5,213	\$ 14,938
Depreciation expense	11,423	10,665	826	862	\$ 12,249	\$ 11,527

## Comparison with Prior Years

Dollars in thousands, except per share	1982	1981	1980	1979	1978
Net sales	\$ 471,931	\$ 542,211	\$ 493,116	\$ 492,327	\$ 406,337
Net income (loss)	(2,447)	18,969	14,827	16,525	12,549
Net income (loss) per dollar of sales	(.5)¢	3.5¢	3.0¢	3.4¢	3.1¢
Taxes and duties	\$ 19,149	\$ 42,174	\$ 36,920	\$ 35,054	\$ 28,176
Depreciation	\$ 12,249	\$ 11,527	\$ 10,711	\$ 10,602	\$ 10,753
Capital expenditures	5,213	14,938	7,962	16,892	4,899
Properties and plants - Net	97,041	105,878	102,889	106,968	100,891
Per common share:					
Net income (loss)	\$ (.98)	\$ 7.34	\$ 5.73	\$ 6.38	\$ 4.83
Book value	55.34	57.52	51.18	46.45	40.87
Taxes and duties	7.44	16.39	14.35	13.63	10.95
Employee compensation	\$ 155,928	\$ 164,294	\$ 149,851	\$ 146,389	\$ 123,665
Common shares outstanding	2,572,600	2,572,600	2,572,600	2,572,600	2,572,600

## PEOPLE

Goodyear has always held a firm belief that employees are the major factor in producing quality products. Goodyear people have a long tradition of being productive and enthusiastic, both inside and outside the workplace -- and 1982 was no exception to that rule.

Employees are not only working harder during these tough economic times, but they are working smarter. This was proven through the corporate Innovation Program, where 698 employee Innovation submissions generated \$32,985 in payments to employees as well as 536 gift awards.

The Goodyear Spirit was captured again, through the 1982 Spirit Award Program. The program, which has run in Canada for the past 10 years, allows employees to nominate co-workers who best illustrate the 'Goodyear Spirit'. These nominations include outstanding work within the company, as well as contributions made to the community.

The 1982 Canadian winner, Henry Nobbe, operates the dynamometer laboratory at the Owen Sound plant, and for the past eight years he has been president of Local 818 United Rubber Workers Union. Besides Nobbe's strong efforts to lower barriers between union and management, he has worked on various plant clubs and committees; is on the Board of Directors of the local hospital; is a member of the District Labour Council and is on the Owen Sound Civic Development Committee.

Employees' children were also in the picture in 1982, through the Goodyear Bursary Program. Since 1960, an average of four children per year have been chosen to receive a bursary. The program pays four years' tuition at any Canadian University or College, plus \$400 per year in expense money. Any employee may submit their child's qualifications for consideration by an independent committee of educators.

The submissions are not only judged on academic excellence during highschool, but also on the students' future potential.

Once again, employees showed their generosity through the United Way Campaign. Donations from employees in the Toronto area went over the 1982 objective of \$78,800. Contributions totalled \$86,801.

But employee contributions didn't stop there. To kick-off the campaign, Toronto and Bowmanville area employees took part in the Goodyear United Way Grand Prix Family Day. Seventeen employees were chosen to compete against 16 local media personalities in the go-kart race of the season, with over 250 friends, family and employees in the stands to cheer on the drivers. Employees were asked to sponsor the driver of their choice to a maximum of \$1. Once again, employees came through. Sponsorships of over \$1,000 were handed over to the United Way representatives at the race by the winning Grand Prix driver, Tom Smith, of the Toronto plant radial tire department.

To close out the campaign, a racquetball tournament, arranged by employees, brought in an additional \$1,400 through a further sponsorship program. Thirty-nine employees played in the tournament. Family, friends and employees attended the event to cheer on their favorite player.

Goodyear Canada people were not only generous with their money. Our employees have set an example to the community by participating in blood clinics held at Valleyfield and Toronto plants, and at head office. In 1982, over 2,000 units of blood were collected at six Goodyear clinics. This has made the company one of the leading supporters of the Volunteer Red Cross Blood Donor Recruitment program in the country.

To help the business people of the future, many employees act as counsellors for Junior Achievement groups. Junior Achievement demonstrates to students how the free enterprise system works and gives participants a first-hand look at the business world. In 1982, both the Medicine Hat and Toronto Goodyear Junior Achievement groups won the 'Team of the Year' honors for best all-round performance in their businesses.

In August, several hundred employees from the Toronto area were enthusiastic spectators at the Goodyear Eagle 100 stock car race held at Cayuga Raceway. The event was one of a series of Goodyear sponsored stock car races held at various tracks in southern Ontario.

*Goodyear employees on the grid at the United Way Grand Prix held at Family Kartways in Whitby, Ontario. Seventeen employees competed against local media personalities in this fund raising event (top). The 1982 Goodyear Junior Achievement counselling team shows off the plaque won for 'Team of the Year'. Left to right are Steve Steckly, Ed Tonna, Cliff Johnson, Michelle Minns, Kirk Bolton, Pierre Rochfort and Gordon McVeigh (bottom).*



In June, Goodyear Canada's head office opened its doors for an employee Family Day. Over 2,700 people attended, enjoying displays, tours and refreshments.

Internal communications were emphasized in 1982 with a number of new programs being developed.

'Economic Update' meetings were held at head office and at Valleyfield, to discuss immediate changes in the business climate and how they affect Goodyear. The meetings were videotaped and shown at other plant and office locations. President Cliff Johnson chaired the meetings, and encouraged two-way communications through question-and-answer sessions at the end of each presentation.

In early 1982, an Employee Annual Report was produced. Geared to specific interests of employees, this financial breakdown of 1981 was distributed to all employees. The report allowed each employee to fully understand Goodyear's financial dealings, and illustrated how employees can help keep the company healthy.

Goodyear's track record has proven that employees have the knowledge, skills and determination to face tough times with confidence. These people can and will look at the future and say 'yes we can' to any challenge that may come their way.

## **CORPORATE HEADQUARTERS**

21 FOUR SEASONS PLACE  
ISLINGTON, ONTARIO  
M9B 6G2

## **MANUFACTURING PLANTS**

**BOWMANVILLE, ONTARIO**

CONVEYOR BELTING  
SPECIAL PRODUCTS  
MOLDED PUMP PARTS  
RECLAIMED RUBBER  
INDUSTRIAL TIRES

**COLLINGWOOD, ONTARIO**

AUTOMOTIVE, INDUSTRIAL  
AND HYDRAULIC HOSE

**MEDICINE HAT, ALBERTA**

TIRES FOR AUTOMOBILES, LIGHT  
TRUCKS AND FARM VEHICLES

**OWEN SOUND, ONTARIO**

POWER-TRANSMISSION PRODUCTS FOR  
AUTOMOTIVE AND INDUSTRIAL APPLICATIONS

**QUEBEC, QUEBEC**

MOLDED AUTOMOTIVE AND INDUSTRIAL PRODUCTS  
EXTRUDED AUTOMOTIVE, INDUSTRIAL AND  
APPLIANCE PRODUCTS  
SHOE PRODUCTS

**SAINT-HYACINTHE, QUEBEC**

STEEL, POLYESTER, FIBERGLASS  
AND NYLON FABRICS

**TORONTO, ONTARIO**

TIRES FOR AUTOMOBILES, TRUCKS,  
LOGGING AND FARM VEHICLES  
INDUSTRIAL TIRES  
TUBES  
PLASTIC FILMS

**VALLEYFIELD, QUEBEC**

TIRES FOR AUTOMOBILES, TRUCKS  
AND OFF-THE-ROAD VEHICLES

## **SALES OFFICES**

CALGARY, ALBERTA  
EDMONTON, ALBERTA  
MONCTON, NEW BRUNSWICK  
SAINT-LAURENT, QUEBEC  
SASKATOON, SASKATCHEWAN  
TORONTO, ONTARIO  
VANCOUVER, BRITISH COLUMBIA  
WINNIPEG, MANITOBA

## **GOODYEAR STORES**

104 GO CENTRES ACROSS CANADA

## **SUBSIDIARIES**

SEIBERLING CANADA INC.  
KELLY-SPRINGFIELD CANADA INC.  
CHAUFFAGE SAINT-MALO LIMITEE  
GOODYEAR GAS WELL NO. 5-130 LIMITED

## **INCORPORATION**

PROVINCE OF ONTARIO

## **STOCK LISTING**

THE TORONTO STOCK EXCHANGE

## **TRANSFER AGENT AND REGISTRAR**

CANADA PERMANENT TRUST COMPANY  
TORONTO

