

Spencer & Co.

A N N U A L R E P O R T



1 9 5 5

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

FOR FORTY-ONE CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

A N N U A L R E P O R T

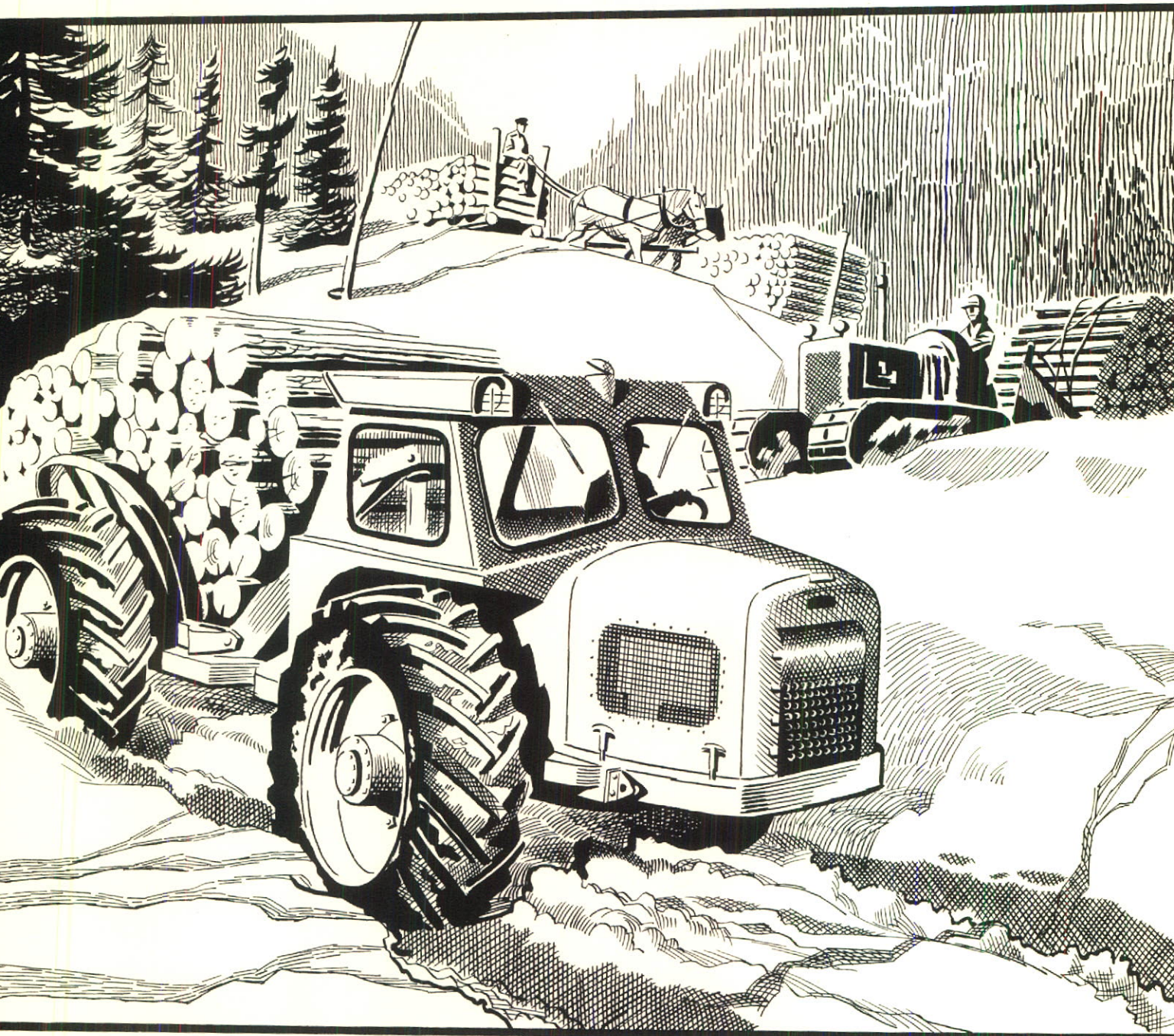
TO THE SHAREHOLDERS

THE GOODYEAR TIRE & RUBBER

COMPANY OF CANADA • LIMITED

NEW TORONTO • ONTARIO

FOR THE FISCAL YEAR ENDED DECEMBER 31 1955



Goodyear engineers at New Toronto designed the tires for this vehicle in co-operation with the Woodlands Section, Canadian Pulp and Paper Association. Called a pulpwood prehauler, it carries logs from cutting site to water. Heavy treaded tires are made with nylon cord to meet requirements of hauling big loads over rugged bush country. Vehicle moves 3 to 5 times as much wood as conventional methods.

GENERAL OFFICES

NEW TORONTO, ONT.

FACTORIES

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

COTTON PLANT

ST. HYACINTHE, QUE.

BRANCHES

MONCTON, N.B.

St. George St. and 10th St.

QUEBEC, QUE.

204 Dorchester St.

MONTREAL, QUE.

2050 Côte de Liesse Road

TORONTO, ONT.

622 Fleet St. West

LONDON, ONT.

539 Richmond St.

WINNIPEG, MAN.

Sargent Ave. and Madison St.

REGINA, SASK.

2410 Dewdney Ave.

SASKATOON, SASK.

302 Pacific Ave.

CALGARY, ALTA.

238-11th Ave. East

EDMONTON, ALTA.

10355-105th St.

VANCOUVER, B.C.

1004 Hamilton St.

WHOLESALE DISTRIBUTORS

HALIFAX, N.S.

Maritime Accessories Limited, Sackville and South Park Sts.

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

BOARD OF DIRECTORS

P. W. LITCHFIELD, *Chairman*, AKRON

R. C. BERKINSHAW, C.B.E., TORONTO

P. A. THOMSON, MONTREAL

P. E. H. LEROY, AKRON

E. J. THOMAS, AKRON

A. W. DENNY, TORONTO

H. G. HARPER, TORONTO

OFFICERS

R. C. BERKINSHAW, *President and General Manager*

A. W. DENNY, *Vice-President*

H. G. HARPER, *Vice-President*

R. W. RICHARDS, *Vice-President*

C. B. COOPER, *General Sales Manager*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, *Secretary and General Counsel*

J. G. WILLIAMS, *Comptroller*

J. W. PHILP, *Assistant Treasurer*

G. G. MERRITT, *Assistant Treasurer*

A. E. ROBINETTE, *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

W. N. FERGUSON, *Assistant Comptroller*

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors are pleased to submit the consolidated balance sheet of the Company and its subsidiaries as of December 31 1955 and the consolidated statements of profit and loss, and earnings retained and used in the business which set forth the financial position of the consolidated companies and the result of their operations for the year 1955. The report of the Company's auditors, Price Waterhouse & Co., is also attached.

The consolidated net profit for the year amounted to \$4,397,946 which after providing for dividends on the preferred shares outstanding, is equivalent to \$15.96 per share on the outstanding common stock. This compares with \$2,476,961 for the year 1954 equivalent to \$8.48 per share.

This increase in net profits is principally attributable to increased volume of business. The sales volume in 1955 was the highest in the Company's history.

To maintain the coverage of the Company's pension, hospitalization and related benefits and group insurance plans there is included in the attached consolidated profit and loss statement a charge of \$832,000.

Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred stock. Common stock dividends totalling \$4.00 per share were paid amounting to \$1,029,040.

The profits for the year have been applied as set out in the following summary:

FUNDS PROVIDED:

Consolidated net profit for the year.....	\$4,397,946	
Depreciation not involving cash payment during period....	2,064,347	
Reduction in investments and other assets.....	176,997	
	<hr/>	
Total funds provided.....		\$6,639,290

DISPOSITION THEREOF:

Dividends—

On four per cent preferred stock.....	\$ 294,226	
On common stock (\$4.00 per share).....	1,029,040	
	<hr/>	
		\$1,323,266
Preferred stock redeemed and cancelled.....		75,850
Expenditures on plant and equipment (net).....		1,615,623
		<hr/>
		3,014,739
		<hr/>
Balance, representing an increase in working capital.....		\$3,624,551
		<hr/> <hr/>

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and have been valued on the basis of the lower of average cost or market except in the case of unprocessed rubber on hand or in transit which, in accordance with the Company's practice, was valued at cost as determined by the last-in, first-out method of accounting.

Net capital expenditures for expansion, improvements and replacements during the year amount to \$1,615,623 as compared with \$3,469,153 in the preceding year. Depreciation provided during the year amounted to \$2,064,437.

No major construction projects are in progress at the present time. However, plans are being made for further expansion and improvement of your Company's special products, industrial rubber products and tire production facilities. Some of these projects will be started in 1956. They will amount, in total, to a substantial capital investment but are required to maintain the high standards of your Company's production facilities and its share of the growing market.

Working capital was increased by \$3,624,551 to \$22,413,021 as a result of the year's operations and the balance sheet reflects the strengthened financial position of the Company. It will be noted the Company had no bank indebtedness at the year end. The ratio of current assets to current liabilities is 3.8 to 1.

Cancellation of the 10% excise tax on tires and tubes was announced by the Federal Government in April. This action was particularly welcome and immediately the resultant savings were passed on to the consumer.

The record sales and production of your Company during the year resulted from the high volume of production of cars by the automobile industry and an increase in the unit sales of tires in the replacement market.

The Suburbanite tire, first introduced in 1952, continued to gain in public acceptance and in its domination of the market for passenger tires for winter driving.

The market for Airfoam continued to expand and the success of our sales effort resulted in record volume of production for the Airfoam plant. Pliofilm and other allied products also enjoyed increased sales volume.

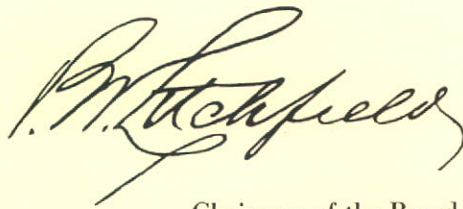
Sales of industrial rubber goods were maintained at a high level throughout the year.

In the export market we face many restrictions particularly those arising from the non-convertibility of currencies and our export sales were slightly below those of 1954. During the year we shipped to eighty-two countries.

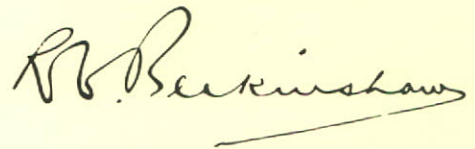
Taxes of all kinds paid by your Company in 1955 amounted to \$10,444,436, which is equivalent to \$40.60 per share of issued common stock.

We extend our thanks to the employees of the Company in the factory, in the field and office staffs for their conscientious endeavour towards the furtherance of the Company's interests, as well as our sincere appreciation of the loyalty of our thousands of dealers across Canada and of the continued interest and support of our shareholders.

On behalf of the Board,



Chairman of the Board



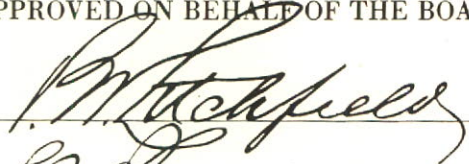
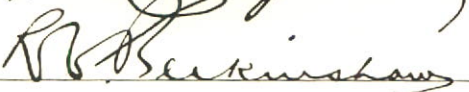
President and General Manager

February 22 1956

THE GOODYEAR TIRE & RUBBER COMPANY OF

CONSOLIDATED

A S S E T S

	December 31 1955	December 31 1954
CURRENT ASSETS:		
Cash	\$ 943,947	\$ 548,626
Accounts receivable, less provision for bad debts—1955— \$483,467; 1954—\$575,743	10,291,765	8,795,364
Inventories at cost (partly last-in, first-out) or market which- ever is lower	19,086,333	18,062,370
TOTAL CURRENT ASSETS	30,322,045	27,406,360
 INVESTMENTS AND OTHER ASSETS:		
Mortgages, agreements of sale, etc.	719,642	775,188
Deferred charges to future operations	200,358	321,809
	920,000	1,096,997
 PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment at cost	36,863,012	35,729,668
Less—Depreciation	25,991,157	24,409,089
	10,871,855	11,320,579
 APPROVED ON BEHALF OF THE BOARD:		
 _____ Director		
 _____ Director		
	\$42,113,900	\$39,823,936

CANADA, LIMITED AND SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES

	December 31 1955	December 31 1954
	<u> </u>	<u> </u>
CURRENT LIABILITIES:		
Bank loan and overdraft.....	\$ —	\$ 2,606,866
Accounts payable.....	4,312,065	4,316,037
Accrued income and other taxes payable.....	3,523,747	1,621,017
Preferred stock dividend payable.....	73,212	73,970
	<u> </u>	<u> </u>
TOTAL CURRENT LIABILITIES.....	7,909,024	8,617,890
SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1955—146,423 shares; 1954—147,940 shares.....	7,321,150	7,397,000
Common stock, no par value:		
Authorized—290,660 shares; issued—257,260 shares.....	128,630	128,630
Capital Surplus.....	692,350	692,350
Reserve for Contingencies.....	1,000,000	1,000,000
Earned Surplus.....	25,062,746	21,988,066
	<u> </u>	<u> </u>
	34,204,876	31,206,046
	 <u> </u>	 <u> </u>
	<u> </u>	<u> </u>
	\$42,113,900	\$39,823,936
	<u> </u>	<u> </u>

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1955	1954
Profit from operations before providing for depreciation and income taxes	\$11,120,059	\$ 7,333,669
Income from investments	40,381	37,551
	11,160,440	7,371,220
Deduct:		
Provision for depreciation	2,064,347	2,136,244
Provision for income taxes	4,698,147	2,758,015
	6,762,494	4,894,259
Net profit for the year	\$ 4,397,946	\$ 2,476,961

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1955	1954
Balance at beginning of year	\$21,988,066	\$20,638,144
Net profit for the year	4,397,946	2,476,961
Amount transferred from reserve for contingencies	—	505,956
Surplus of subsidiary companies consolidated for the first time	—	206,817
	26,386,012	23,827,878
Deduct:		
Dividends:		
On four per cent. preferred stock	294,226	296,252
On common stock	1,029,040	1,543,560
	1,323,266	1,839,812
Balance at end of year	\$25,062,746	\$21,988,066

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounts receivable at December 31 1955 include \$450,547 due from affiliated companies and an amount of \$526,351 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31 1955 aggregate approximately \$360,000 annually.

A U D I T O R S ' R E P O R T

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 25 1956.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1955 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31 1955 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Auditors.

GOODYEAR'S NEW DEVELOPMENTS

The tubeless tire market was expanded considerably last year when the automotive industry announced that several 1956 truck models would be delivered with tubeless tires as original equipment.

To meet this ever-growing need for a wide range of tubeless truck tires—from half-ton “pick-up” trucks to giant earthmovers—Goodyear engineers have developed an entire tubeless line for service under all possible working conditions.

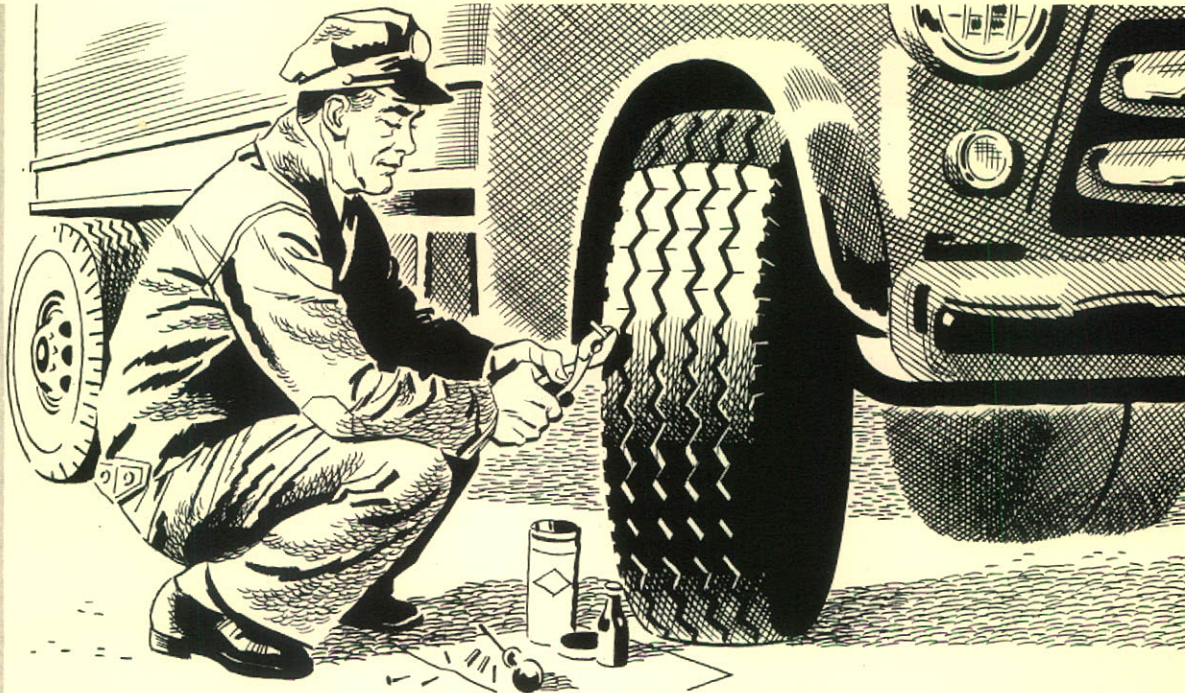
Goodyear tubeless truck tires, built with 3-T Cord, offer many advantages to the truck operator. “Quick flats,” caused by a small puncture, have been virtually eliminated. The tubeless tire holds the puncturing object without losing air. Repair can be made at the end of the run, or during a convenient service stop, often without removing tire from rim.

While no tire is blowout-proof, the tubeless construction exposes a potential blowout as a slow leak. As well as increasing the safety factor, this feature offers a better chance to make a satisfactory repair. Before tubeless, if the inner tube blew out, the casing break was often too large to repair.

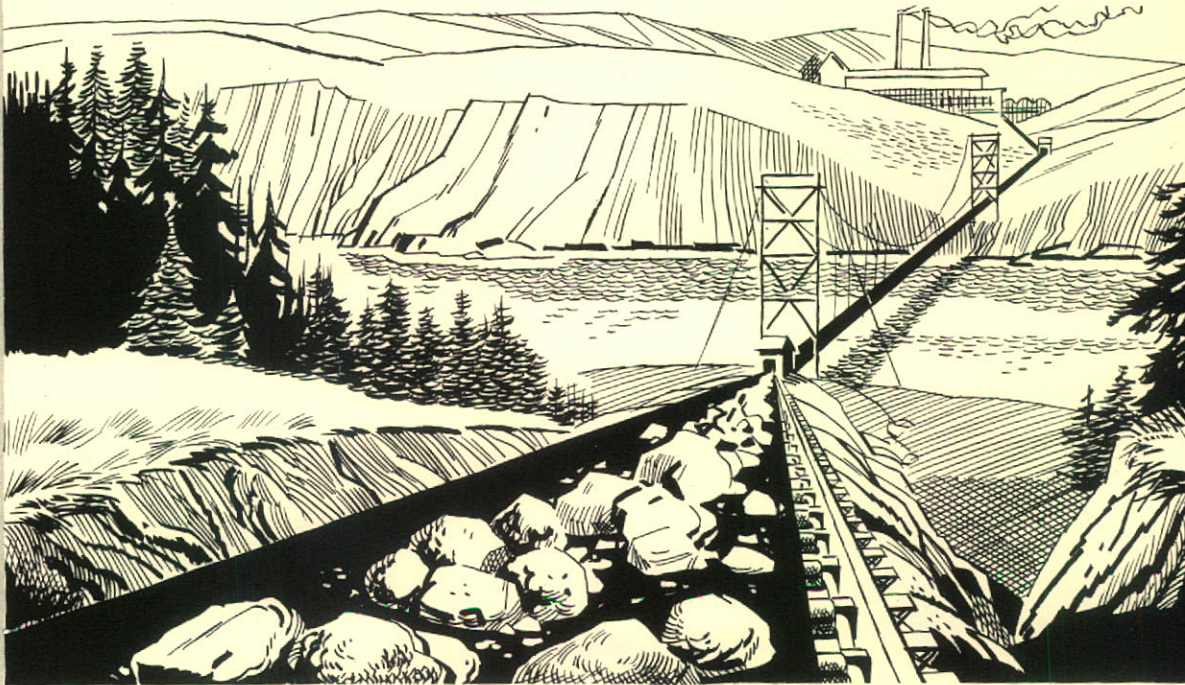
In brief, tubeless truck tires provide fewer “let downs” and expensive delays, greater safety and longer trouble-free mileage. To the truck owner these factors add up to greater operating efficiency at lower cost.

Similar developments in other markets for your Company's products have been taking place in recent years.

The movement of bulk materials by our conveyor belts has been steadily increasing. The economies obtained through conveyor installations, such as the world-famous lift and cross-country belt system at Wabana properties, Bell Island, have already encouraged engineers to design a rubber conveyor system to move iron ore 100 miles across country from an Ohio port to steel mills inland.



Trucks equipped with Goodyear's tubeless tires make fewer trips to the repair shop. Most punctures can be fixed easily without removing tire from rim. Lighter and safer, tubeless tires offer trucking fleets lower maintenance and operating costs.



The economies of conveyor belt systems for movement of bulk materials may soon lead to cross-country rubber railroads. One rubber belt system has been planned by engineers to move iron ore and coal 100 miles across country at a fraction of current costs.

GOODYEAR'S NEW DEVELOPMENTS

Conveyor belts can carry people, too. The first moving rubber sidewalk, the Hudson and Manhattan Railroad's "Speedwalk" in Jersey City's station, is already in operation and has proven its effectiveness in moving large numbers of pedestrians quickly and easily. Moving rubber sidewalks give promise of relief for many pedestrian traffic problems in railway stations, airports, etc.

Other recent developments by Goodyear engineers have received a great deal of attention.

Introduction of Goodyear's "Terra-Tire" last year is expected to solve many off-the-road transportation problems. A large melon-shaped tire, it operates under very low air pressure. This enables it to conform to the shape of all obstacles and carry a vehicle over terrain otherwise inaccessible. Such is the tire's ability to "swallow" objects that a vehicle equipped with them will roll over a man without injuring him.

Transporting and storing bulk liquids will be simplified with the new "Rolli-Tanker" developed by Goodyear. A sort of unconventional tire, the tanker holds fuel or other liquids and can be pulled by hand or floated on water without bursting. Pliable construction allows it to be moved over rough country, swampy and sandy areas.

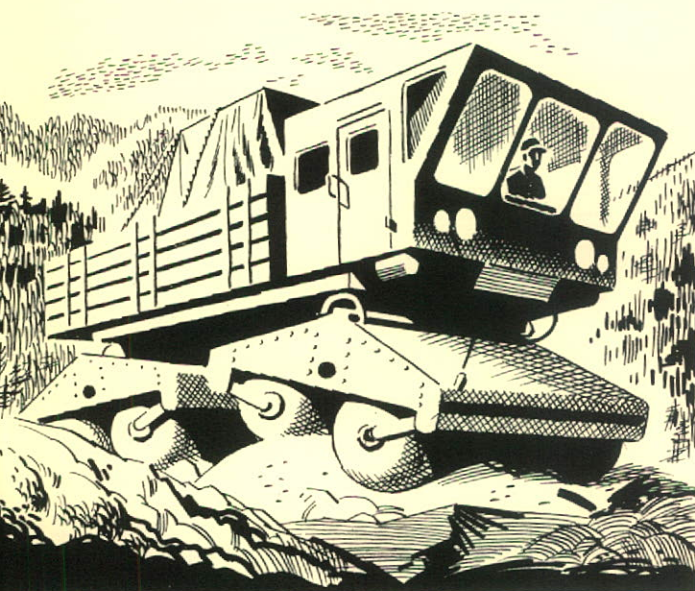
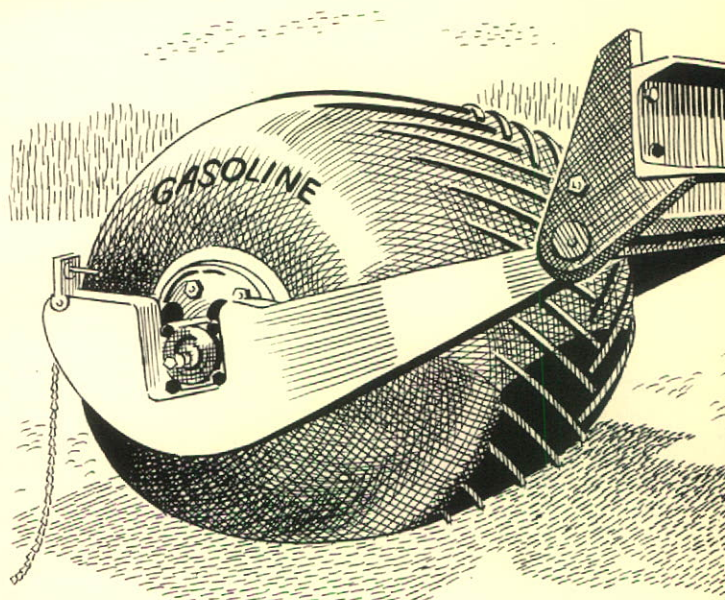
Railway crossings made of rubber have been under test for the past year. Goodyear engineers have designed slabs of rubber to fit snugly against the rails and to bolt securely to the road-bed ties. Rubber crossings provide motorists with smoother rides and railways with lower maintenance costs.

These are only a few of the new developments in the rubber industry which will help provide an ever widening market for your Company's products.



Rubber conveyor belts are now being used to move people. The Jersey City "Speedwalk" relieves rush hour pressure by moving thousands of pedestrians quickly and easily. Moving rubber sidewalks are expected to solve many traffic congestion problems.

The "Rolli-Tanker" will carry bulk liquids over land or on water. With a 250-gallon capacity, this unconventional rubber "tire" can be rolled by hand or towed by vehicle. It is seen as one answer to the problem of transporting and storing small quantities of fuel.



Under low air pressure, Goodyear's "Terra-Tire" carries vehicles over the roughest terrain because it conforms to the shape of all obstacles. Unique melon-shaped tire is under test by U.S. Army and Navy.

Workmen install tread-marked rubber railway crossing. Tests show rubber affords smoother ride for motorists and lowers maintenance costs for railway. Diamond-shape tread breaks up ice-formation to make crossing safe in winter.



THE GREATEST NAME IN RUBBER

GOOD  **YEAR**

TIRES

TUBES

LIFEGUARD SHIELDS

BATTERIES

AUTOMOTIVE ACCESSORIES

BELTING

HOSE

PACKING

MOLDED GOODS

AIRFOAM

PLIOFILM

PLIOBOND

PLIOLITE

AVIATION PRODUCTS

NEOLITE

RUBBER SOLES AND HEELS

FOR FORTY-ONE CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

