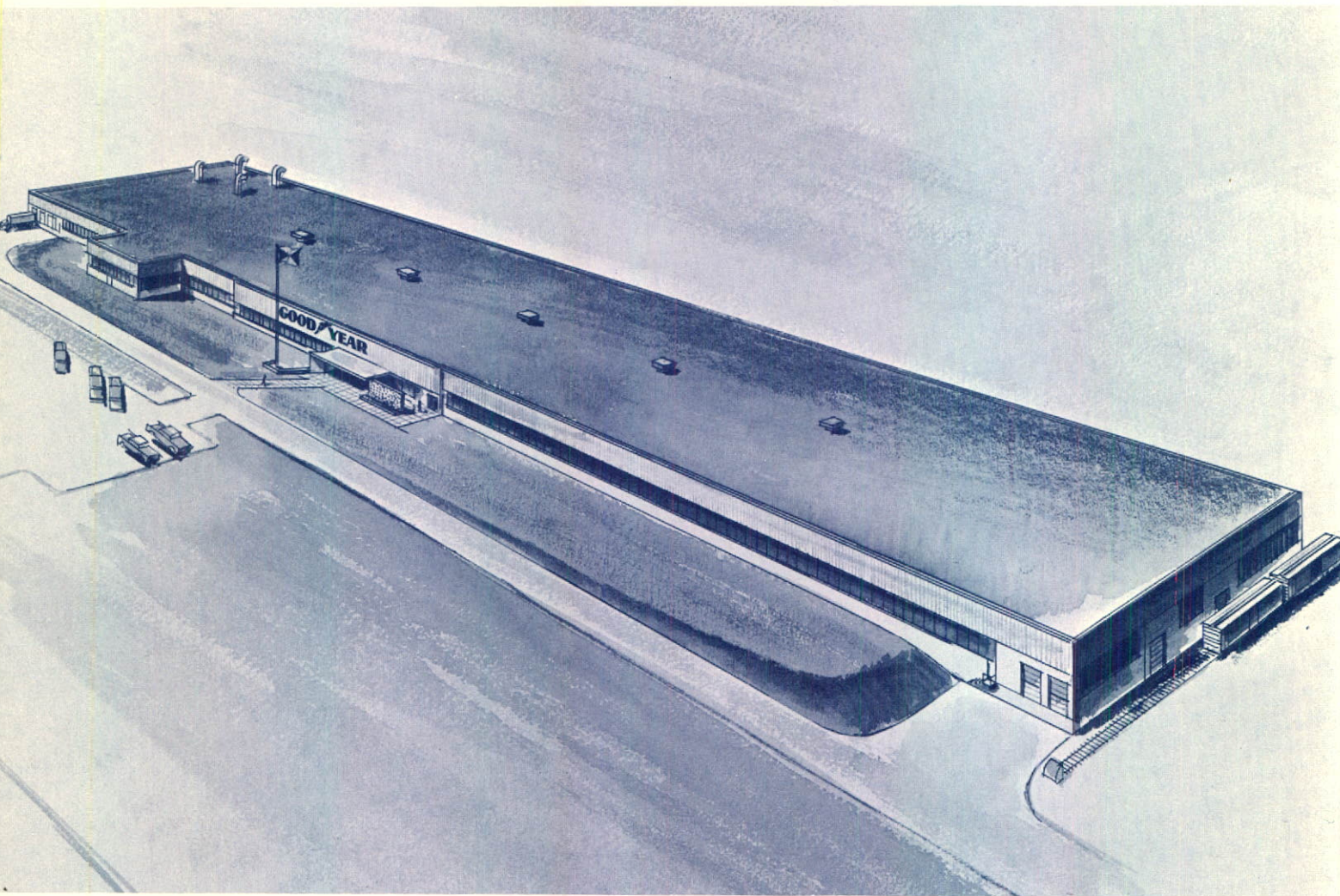


*c* *Stack*  
A N N U A L R E P O R T



1 9 5 9

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED



*Your Company's second tire plant, situated at Medicine Hat, Alberta, will be in production during the 50th anniversary year of 1960. This modern structure is Goodyear's fifth Canadian plant and marks the first time your Company has established production facilities outside of Ontario and Quebec.*

# **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 1959**

## BOARD OF DIRECTORS

- R. C. BERKINSHAW, C.B.E., TORONTO
- A. W. DENNY, TORONTO
- R. DE YOUNG, AKRON
- H. G. HARPER, TORONTO
- P. E. H. LEROY, AKRON
- A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL
- L. E. SPENCER, TORONTO
- E. J. THOMAS, AKRON

## OFFICERS

- R. C. BERKINSHAW, *Chairman of the Board*
- L. E. SPENCER, *President and General Manager*
- A. W. DENNY, *Vice-President, Production*
- H. G. HARPER, *Vice-President, Sales*
- C. B. COOPER, *Assistant to Vice-President, Sales*
- D. C. CARLISLE, *Treasurer*
- K. E. KENNEDY, Q.C., *Secretary and General Counsel*
- J. G. WILLIAMS, *Comptroller*
- J. W. PHILP, *Assistant Treasurer*
- A. E. ROBINETTE, Q.C., *Assistant Secretary*
- C. W. J. EVANS, *Assistant Comptroller*
- A. M. HERRING, *Assistant Comptroller*

## PRODUCTS

TIRES } Passenger, Truck, Trailer,  
TUBES } Farm, Industrial, Airplane  
and special purpose

RETREAD AND REPAIR MATERIALS

BATTERIES

AUTOMOTIVE ACCESSORIES

BELTING

HOSE

PACKING

MOLDED GOODS

AIRFOAM \*

PLIOFOAM \*

PLIOFILM \*

PLIOBOND \*

AVIATION PRODUCTS

NEOLITE \*

RUBBER SOLES AND HEELS

\* Registered Trademark

# GOOD YEAR

### GENERAL OFFICES

NEW TORONTO, ONT.

### FACTORIES

NEW TORONTO, ONT.  
BOWMANVILLE, ONT.  
QUEBEC CITY, QUE.  
MEDICINE HAT, ALTA. (1960)

### COTTON PLANT

ST. HYACINTHE, QUE.

### BRANCHES

MONCTON, N.B.  
607 St. George St.

QUEBEC, QUE.  
1225 Charest Blvd.

MONTREAL, QUE.  
2050 Cote de Liesse Rd.

TORONTO, ONT.  
Kipling and Horner Ave., Toronto 18

### BRANCHES — Continued

LONDON, ONT.  
1700 Dundas St. East

WINNIPEG, MAN.  
Sargent Ave. and Madison St.

REGINA, SASK.  
2410 Dewdney Ave.

SASKATOON, SASK.  
2035 First Ave. North

CALGARY, ALTA.  
238-11th Ave. East

EDMONTON, ALTA.  
11330-143rd St.

VANCOUVER, B.C.  
2625 Rupert St.

### WHOLESALE DISTRIBUTOR

ST. JOHN'S, NFLD.  
A. E. Hickman Company Limited

# ANNUAL REPORT OF THE DIRECTORS

## **T**O THE SHAREHOLDERS:

The consolidated balance sheet of the Company and its subsidiaries as of December 31 1959 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$2,326,533 or \$7.95 per common share, as compared with \$3,864,241 or \$13.92 per common share for the year 1958.

Common stock dividends, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Earnings for the year retained and used in the business amounted to \$502,942.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$4,230,949 and depreciation amounted to \$2,700,390.

Working capital decreased by \$1,059,323 to \$28,469,084 as a result of the year's operations and the ratio of current assets to current liabilities is 5.7 to 1 compared with 8.0 to 1 at the end of 1958.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and 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.

To maintain the coverage of the Company's pension, hospitalization and related benefits, supplemental unemployment benefits, and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$1,800,000.

Taxes and duties of all kinds provided in 1959 totalled \$8,890,000 equivalent to \$34.56 per share of issued common stock, as compared with \$7,744,000 or \$30.10 per share in 1958.

Canadian business activity increased moderately during the past year and this increase was reflected in your Company's sales, which were higher in both unit and dollar volume than those of the previous year.

Despite the slow-down in Canadian automobile production, caused by the United States steel strike, Canadian car manufacturers produced more cars than they did in 1958 and tire sales increased as a result. Other items, such as Airfoam, tread rubber and industrial rubber products, showed even greater increases. Severe price competition, particularly in the replacement tire field, exerted pressure on profits.

Early last year your Company decided to construct and operate a new tire plant at Medicine Hat, Alberta. Construction is proceeding on a satisfactory basis and it is expected that the plant will be in operation during the current year. Your Company has always served a large proportion of the Western Canadian market and the new factory will enable it to maintain its share of this growing market.

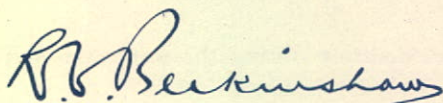
Rapid growth in the use of retreaded tires was reported to you last year and this trend continues. To meet the needs of dealers and other customers who require this service your Company last year established retread plants in Montreal and Calgary so that it now has five such units to serve the Canadian markets. Independent retreaders who conform to certain standards of workmanship and materials, as established by your Company, have been enabled to identify their products so that the consumer can readily select retreaded tires that meet the Goodyear standard of quality.

The Distribution Centre in Metropolitan Toronto, which began operations last year, has lived up to expectations and significantly improved your Company's method of product distribution. In addition, the opening of a new sales branch building in Saskatoon completed a long programme of renovation or relocation of district branch premises.

Turning to the prospects for 1960, your Directors are confident that the improvement in general business conditions experienced in 1959 will continue through at least the first half of the coming year. Consumer demand for automobiles was not fully met in 1959 because of production shut-downs late in the year. Accordingly, the automobile industry predicts an appreciable increase in volume. Your Company continues to improve manufacturing and distribution techniques and to reduce costs wherever possible so that it will be able to take full advantage of opportunities which will offer themselves in the coming year.

Your Company's success in meeting the challenges of the past year is due largely to the co-operation and enthusiasm displayed by its employees and the loyalty of its independent dealers. Your Directors appreciate this support and gratefully acknowledge the influence and support of the shareholders.

On behalf of the Board,



Chairman of the Board


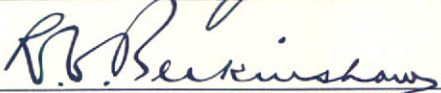


President and General Manager

February 10 1960

# THE GOODYEAR TIRE & RUBBER COMPANY OF CONSOLIDATED

## A S S E T S

	December 31 1959	December 31 1958
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 330,457	\$ 2,053,681
Government of Canada Treasury Bills.....	—	999,406
Accounts receivable, less provision for bad debts—1959— \$459,450; 1958—\$537,759.....	9,954,460	9,440,792
Inventories at cost (partly last-in, first-out) or market which- ever is lower.....	24,200,789	21,245,005
<b>TOTAL CURRENT ASSETS.....</b>	<b>34,485,706</b>	<b>33,738,884</b>
 <b>INVESTMENTS AND OTHER ASSETS:</b>		
Mortgages, agreements of sale, etc.....	853,043	808,760
Deferred charges to future operations.....	185,088	198,752
	1,038,131	1,007,512
 <b>PROPERTY ACCOUNTS:</b>		
Land, buildings, machinery and equipment, at cost.....	47,064,431	43,453,315
Less—Depreciation.....	33,174,975	31,009,255
	13,889,456	12,444,060
 <b>APPROVED ON BEHALF OF THE BOARD:</b>		
 _____	Director	
 _____	Director	
	\$49,413,293	\$47,190,456



# CANADA, LIMITED AND SUBSIDIARY COMPANIES

## BALANCE SHEET

### LIABILITIES

	December 31 1959	December 31 1958
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities.....	\$ 4,134,526	\$ 2,564,298
Accrued income and other taxes payable.....	1,812,187	1,575,408
Preferred stock dividend payable.....	69,909	70,771
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>6,016,622</b>	<b>4,210,477</b>
 <b>SHAREHOLDERS' EQUITY:</b>		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1959—139,818 shares; 1958—141,543 shares.....	6,990,900	7,077,150
Common shares, no par value:		
Authorized—290,660 shares; issued—257,260 shares....	128,630	128,630
Capital Surplus.....	692,350	692,350
Earned Surplus.....	35,584,791	35,081,849
	<u>43,396,671</u>	<u>42,979,979</u>
	<u>\$49,413,293</u>	<u>\$47,190,456</u>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1959	1958
Profit from operations before providing for depreciation and income taxes.....	\$ 7,993,471	\$ 8,607,064
Income from investments.....	58,962	87,590
Profit on disposal of properties.....	—	443,896
	8,052,433	9,138,550
Deduct:		
Provision for depreciation.....	2,700,390	2,463,704
Provision for income taxes.....	3,025,510	2,810,605
	5,725,900	5,274,309
Net profit for the year.....	\$ 2,326,533	\$ 3,864,241

## CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1959	1958
Balance at beginning of year.....	\$35,081,849	\$32,044,254
Net profit for the year.....	2,326,533	3,864,241
Reserve for contingencies restored to earned surplus.....	—	1,000,000
	37,408,382	36,908,495
Deduct:		
Dividends:		
On four per cent. preferred shares.....	280,031	283,086
On common shares.....	1,543,560	1,543,560
	1,823,591	1,826,646
Balance at end of year.....	\$35,584,791	\$35,081,849

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounts receivable at December 31 1959 include \$715,004 due from affiliated companies and \$831,885 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 1959 aggregate approximately \$560,000 annually.

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

PRICE WATERHOUSE & CO.

55 YONGE STREET  
TORONTO 1

January 25 1960

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 1959 and the consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in conformity with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31 1959 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse & Co.*

Chartered Accountants.

## FIFTY YEARS OF SERVICE

Early in 1960 your Company will mark the completion of fifty years of service to Canadians. During these five decades, Goodyear has played an important part in Canada's growth by continually expanding its facilities and introducing new and improved products to meet the changing needs of this young nation.

Far-sighted men founded your Company in Canada. When Goodyear officials arrived in 1909 to assess the business prospects, the automobile industry was in its infancy, more people were living on farms than in cities and the manufacturing and resource industries were just beginning to show promise of their future growth.

Within its first decade, your Company mushroomed from a small sales office in Toronto to become Canada's largest tire company.

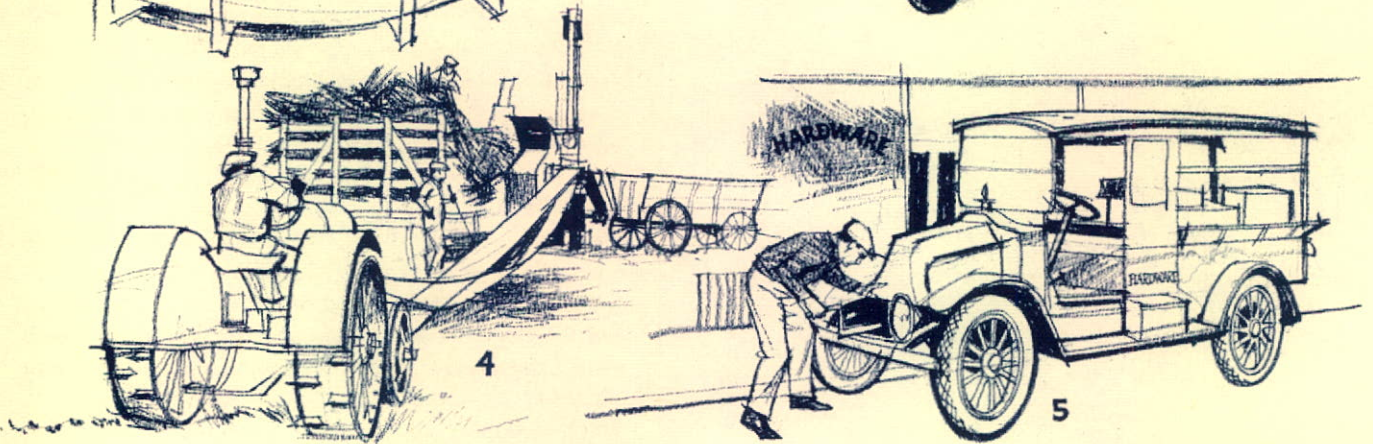
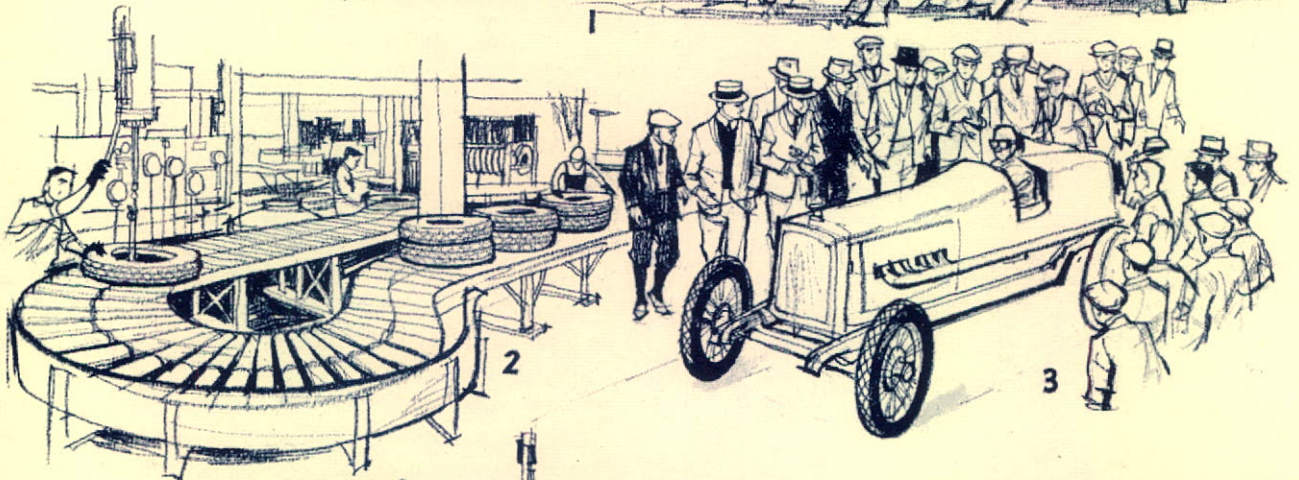
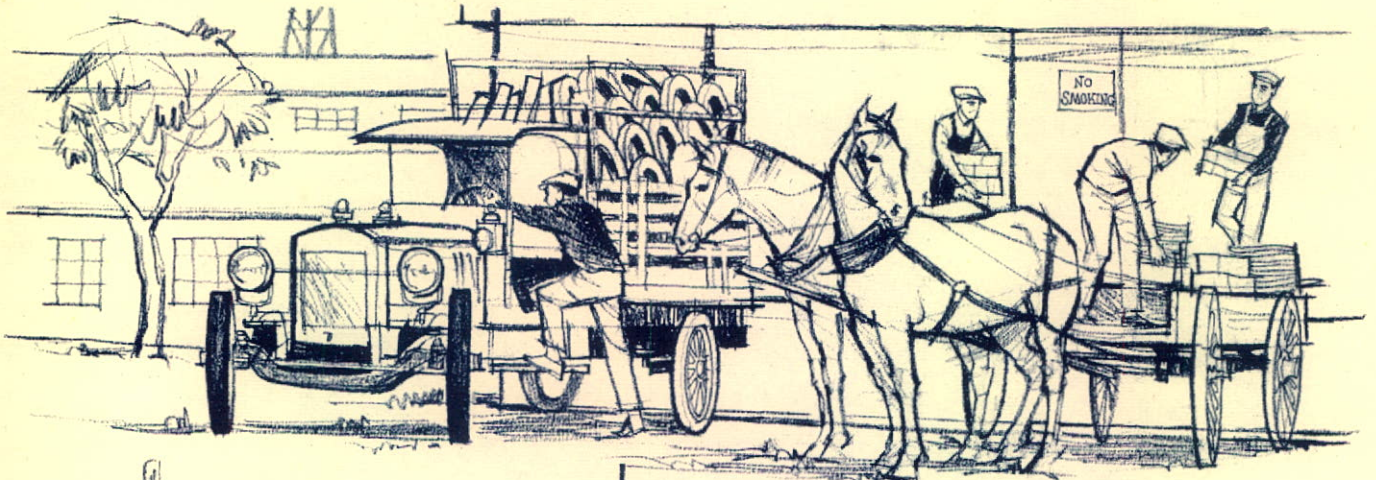
Goodyear began to manufacture tires in 1910 at the former Durham Rubber Company plant in Bowmanville, Ontario. Despite several additions to the plant during those early years, your Company was soon forced to build a second factory to handle its growing business. The New Toronto plant started production of tires and tubes in 1917, while industrial rubber goods production remained in Bowmanville.

With the post-war boom of the 1920's came still further expansion and several new product developments. The New Toronto plant tripled in size and your Company acquired a cotton plant in St. Hyacinthe, Quebec, to weave fabric for tires, belting and hose.

Canadian motorists of the 1920's were introduced to the softer-riding Goodyear balloon tire and the famous All-Weather tread. Truckers abandoned the inefficient solid rubber tire and adopted Goodyear's pneumatic truck tire which opened the door for trucking operations on a big scale.

Then came the stock market crash of 1929. During the depression, your Company was able to maintain a profit while expanding its operations on a modest scale and introducing new rubber products.

Probably the most significant development of the 1930's was the tractor tire. Rubber-tired tractors enabled Canadian farmers to speed up farm mechan-



1. Loading tires and mechanical rubber goods at Goodyear's Bowmanville plant, 1910.

2. Tire production begins at the New Toronto plant, 1917.

3. Racing car demonstrates advantages of Goodyear balloon tires, 1924.

4. Goodyear threshing belts play important role in grain harvesting, 1926.

5. Adoption of pneumatic tires marks major advance for trucking industry, 1928.

## FIFTY YEARS OF SERVICE

ization and thus produce more food with less labour. Your Company had also developed improved conveyor and transmission belting.

The 1940's began with World War II and brought many changes for your Company. Scores of employees joined the armed forces while others took on important war-time assignments with the Government. Goodyear engineers developed caterpillar tracks for the Snowmobile, a Canadian army troop carrier; and the Goodyear plants turned out vast quantities of military tires, life rafts, hose and vital aircraft equipment.

After the war your Company entered another expansion phase. Facilities for the manufacture of Airfoam and Pliofilm were built at New Toronto, the Bowmanville industrial rubber products plant was enlarged, and a fourth plant was acquired, at Quebec City, to produce shoe products and molded rubber goods.

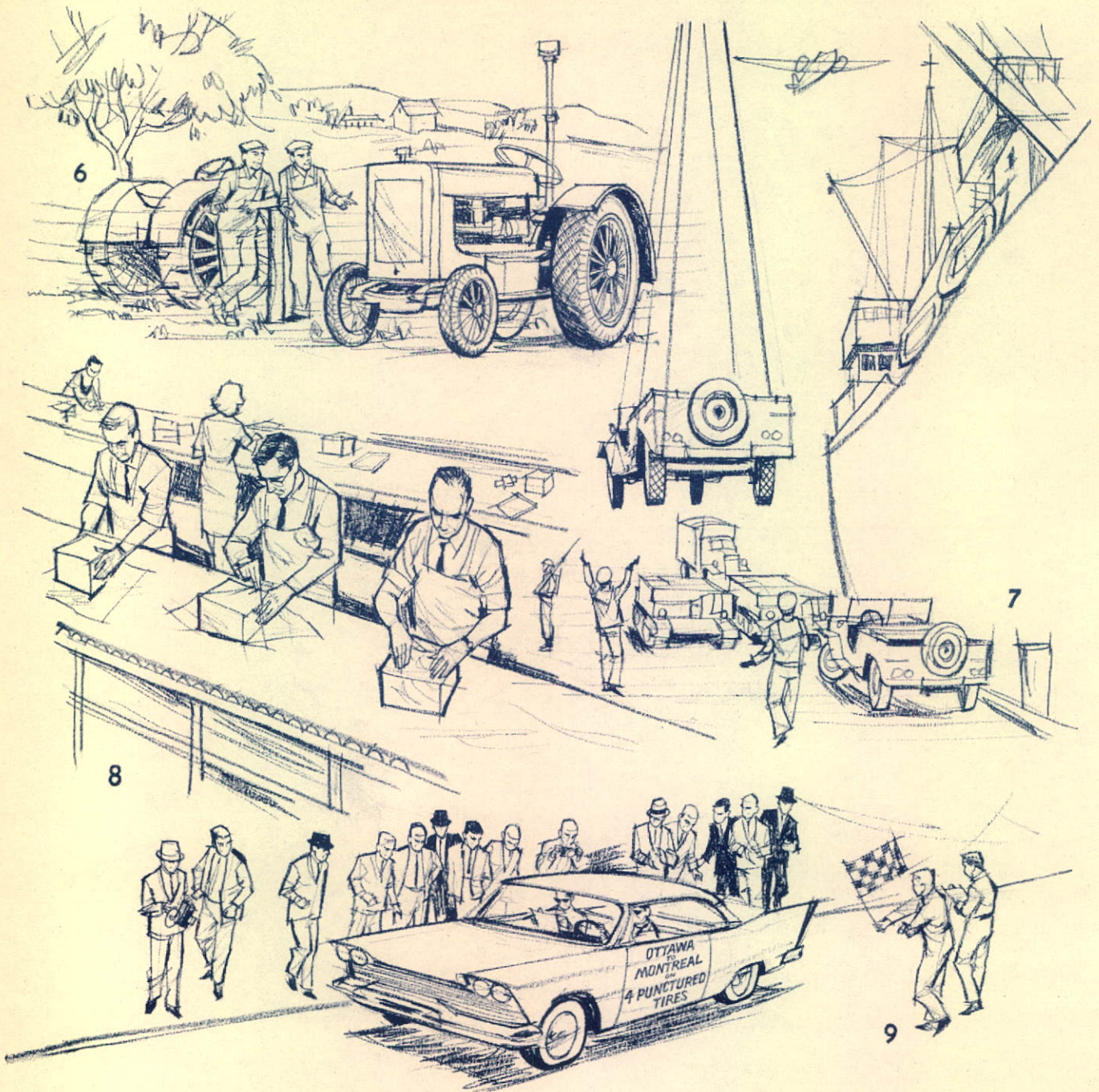
Plant expansion continued into the 1950's and your Company introduced several new tire developments including the Suburbanite winter tire, the 3-T cord tempering process and the double-chamber Captive-Air passenger tire.

Your Company also built some of the world's largest conveyor belts for Canadian mines, mills and major construction projects. Pliofilm invaded Canadian kitchens as packaging for self-service foods, and Airfoam took a firm hold on the markets for automotive and furniture cushioning.

As tire carcasses became stronger, in the 1950's, retreading assumed greater importance and your Company built five retread plants to serve this market.

Still looking ahead, your Company in 1959 streamlined its distribution system by opening a new Distribution Centre in Toronto. Construction also began on a second tire plant, at Medicine Hat, Alberta, to serve the Western Canadian market.

Your Company rose to leadership in the Canadian rubber industry early in its life, and has maintained this role for more than four decades. With such a strong tradition of leadership, your Company looks forward with confidence to the next decade—and the next fifty years.



6. Farm mechanization is speeded up through introduction of rubber tires for tractors, 1934.

7. Goodyear's war effort includes production of military tires, life rafts and aircraft equipment, 1939-1945.

8. Conveyor belts find many industrial uses and Pliofilm enters packaging market, 1948.

9. A dramatic road test on punctured casings proves capabilities of new Captive-Air tires, 1957.

