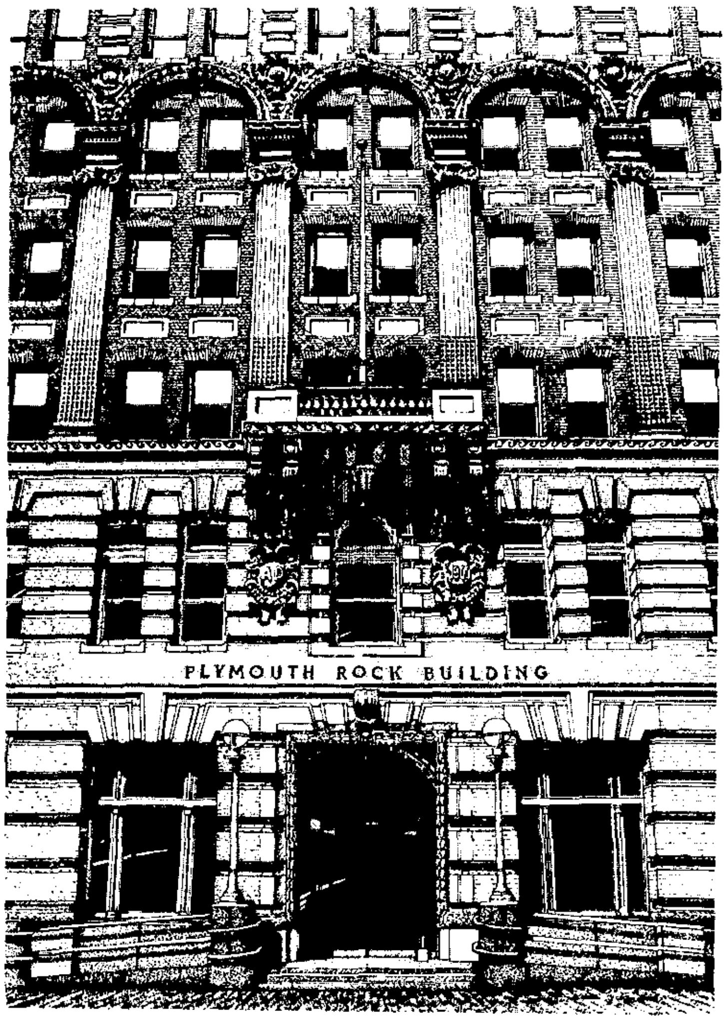
The Plymouth Rock Company



1990 Annual Report

The Plymouth Rock Company
INCORPORATED
695 Atlantic Avenue
Boston, Massachusetts 02111

Chairman's Letter

March 1, 1991

To Our Shareholders:

When it rains, it pours. For three years now, I have been writing about the wish to expand our business by entering a new state or another aspect of the insurance business. We have patiently cultivated several possibilities, expecting that one would eventually bear fruit. Instead, they all did. At the close of 1990, The Plymouth Rock Company finds itself responsible for five operating corporations and a subsidiary holding company. Plymouth Rock Assurance Corporation continues to underwrite Massachusetts personal lines while its infant sibling, Mt Washington Assurance Corporation, gets ready to write similar business in New Hampshire. The other holding company, SRB Corporation, which is now 95 percent owned by The Plymouth Rock Company, controls Pilgrim Insurance Company, a provider of insurance processing services; Boston Risk Management Corporation, an insurance broker; and Palisades Management Company, which hopes to provide various insurance services in New Jersey. We now include a chart in the financial footnotes to elucidate this complicated corporate structure.

Why did we do so much at once? Why are there so many different companies? How will we manage them all without losing the benefits of tight focus? These are legitimate questions, and they occupy much of my thinking time these days. Let me try to answer them directly. First, I would not have chosen in the abstract to bite off so much at once. There is an undeniable danger that our entrepreneurial resources will be overtaxed. On the other hand, each of the possible expansions has been in the works for several years. Each was waiting for one or more key enabling events to occur. That so many of these events happened in 1990 was just coincidence, and it would have been a shame to let any of the opportunities go by after all the months of planning. So, we decided to proceed in each separate area on the timetable that made sense for that project rather than according to some overall grand plan.

There are a variety of reasons for having each business organized as an individual corporation. The limited liability that follows from well-observed corporate walls is a valuable protection for a group of diverse enterprises under common ownership. Even more important, though, are the philosophical implications of keeping the corporations separate. We want each business to be subjected to the full rigors of profitability testing, and we want to resist the temptation to subsidize any efforts that persistently fail to meet investment standards. We want management to think and act entrepreneurially, rather than bureaucratically, even if we someday become a large family of businesses. The structure we have chosen is designed to give profit-center executives as much freedom and as much responsibility as possible so that they may perform to the fullest of their abilities.

Keith Rodney and I have run Plymouth Rock in its first seven years with a tightly centralized format. We have interviewed every employee, tried to arbitrate every dispute, and kept abreast of every problem. Both of us liked that style of managing and we will miss it, but it is no longer a realistic option for us unless we purposely halt the company's growth. We have, therefore, sought a new format that emphasizes the addition of other talented people and tries to reserve for the center only the difficult job of setting standards and values. Two of our top people, Ed Ford and Bill Kelley, join Keith, Jim Bailey and me as officers of The Plymouth Rock Company with responsibility for seeing that these consistent standards and values, and what we sometimes call our corporate culture, are maintained in all of the Plymouth Rock companies. One of us will serve as chairman of each of the operating companies.

The presidents of the operating companies will be responsible for profitability, for employee effectiveness and morale, and for the accuracy of all budgets, data, and reports. As the chairmen will focus on the elements common to the Plymouth Rock companies, the presidents will concentrate on the diverse and autonomous aspects of their businesses. I will continue as president of Plymouth Rock Assurance, and Keith will serve as Palisades' president until we have a full time New Jersey staff. Peter Jones will be Mt Washington's president, aided by Mike Steere as its resident vice president in New Hampshire. Fred Church, who recently joined us from a most distinguished career as chief operating officer of Frank B. Hall of Massachusetts, will be Boston Risk Management's president. Vin Nieroda, who has been running most of Pilgrim's operations for two years as its vice president, has now taken the full reins as president of that company. The most comforting aspect of our awesome expansion challenge is that we have people of this caliber to run the various companies. I worried aloud several years ago that Plymouth Rock lacked depth of executive talent and experience. That problem is plainly behind us.

The financial results for the group in 1990 were dominated, of course, by the fortunes of Plymouth Rock Assurance, which we expect will account for the bulk of the group's revenues for some years to come. Net income at that company was $4.3 million, up about 13 percent over income in 1989. The result is acceptable, but 1990 was the first year since inception that Plymouth Rock Assurance has failed to reach its budget objective. We had aimed for a net income of $4.7 million. The problem was not in the Massachusetts automobile insurance environment nor in our new ventures. The depopulation of the Massachusetts residual market, Commonwealth Automobile Reinsurers, is proceeding briskly, with C.A.R. now insuring about 45 percent of the vehicles in the state rather than the two thirds it covered a year ago. The most recent rate decision of the Commissioner provides automobile insurance rates reasonably related to the industry's costs, plainly an improvement from the inadequate rates of the mid 1980's. And the new ventures we are starting could not have caused the shortfall because none of them was financed at the expense of our Massachusetts insurer. Their capital came from the holding companies.

Plymouth Rock Assurance did not earn as much as we had budgeted because it had some unexpected write-offs in 1990. In the process of changing our data processing vendor and the accompanying redesign of our procedures and controls, we discovered a number of accounting errors. Some of the errors were offsetting and thus had no impact on net income. That does not make them any less disturbing. I have no excuse to offer. We simply had not done as good a job in accounting as in underwriting, claims or customer service.

We hope and trust that Ray Moore, our new accounting chief, can see to it in the future that the precision of our accounting is as much a source of pride as any other part of our business. Keith, who is a CPA by training, will work closely with him to achieve that objective. I take some comfort from our auditor's perspective that we are presently as accurate as most other insurers of our size. To succeed on our ambitious course, though, we will have to be still more precise and able thus to focus our creative energies on the implications of our numbers rather than concerns about their accuracy. If there is a valuable lesson to be learned from 1990, that is it.

The good news from 1990 is that Plymouth Rock Assurance's core business looks healthy. Written volume in Massachusetts was $84 million, up about 21 percent from 1989. And, even as we shifted business to our own account from the C.A.R. pool in keeping with the industry's depopulation effort, our pure loss ratio remained about what it had been in past years. We are confident we have as good a book of business, measured either before or after the impact of C.A.R., as any of the top writers of Massachusetts personal lines. That is a continuing credit to our agents and our underwriting methods.

Our gross expense ratio, measured to include all loss adjustment costs and investment expenses along with traditionally defined underwriting expenses, was just over 40 percent, about the same as last year. Like last year the total contains a point of extraordinary assessment for industry insolvencies, but most of the costs are real and continuing. While I keep hoping to push our gross expense ratio down by at least four points, it has so far resisted my efforts. Ed Ford, who has taken his actuary's hand to the problem, tells me that we are already fairly typical of agency personal lines carriers and that further progress must be eked out penny by penny. We will keep trying. Agency companies simply can not compete if their expense ratios remain too much above those of direct writers. Eliminating the duplication of effort between company and agent has to be the key.

In one area of expense control, I believe we are on the verge of a success. Last year I described our "Crashbusters" program, which allows policyholders some innovative options for getting their damaged vehicles repaired. We have bought and equipped a small fleet of vans which can get an appraiser and the necessary technology to a damaged car within hours of an accident report. The appraiser and the insured can then settle the claim on the spot. We will guarantee both price and quality if the insured has the car repaired at a shop on our list of recommendations or, if the insured wants us to do all the work, we will take the car and return it fixed. More than a third of our collision claims are currently being settled under this new program. Our customers and agents tell us they love it. We think, moreover, that its speed and simplicity will save us money, although that will remain unproven until we get Crashbusters beyond its expensive start-up stage. In 1990, it probably cost us a bit more than the traditional appraisal approach. Loss adjustment expenses as a whole are up nearly a point over two years ago, a handicap in our effort to tame the overall cost ratio.

Supplementing our income from Plymouth Rock Assurance was a gain of $235,000 at Pilgrim, the only other company in our group with a material impact on the 1990 bottom line. Pilgrim is in its third year of providing services to other insurers. Its gross revenues from automobile insurance processing now exceed $4 million, and it is beginning to explore workers' compensation as a candidate for the next focus of its interest. Workers' compensation ranks right behind auto in property and casualty volume, and it competes about evenly with auto for the distinction of being the industry's most troubled line.

Investment income for the company group was $5.7 million in 1990, up from $4.1 million in 1989. We continue to have as conservative a portfolio as any company in our industry, and portfolio changes provide little grist for this annual letter. Whenever I read about the problems our competitors are having with their "high yield" bond and real estate speculations, I am thankful that our portfolio remains so uninteresting. Although someday we will do more, I expect 1991 to look much the same as 1990 with respect to our passive investments. There is ample leverage and plenty of risk associated with the new businesses in which we are investing.

We gained a new shareholder in 1990. When we combined SRB Corporation with The Plymouth Rock Company, we raised a million dollars in additional capital to help fund our new ventures. The money came from T. Rowe Price Strategic Partners, a private venture partnership associated with the large Baltimore mutual fund group. We have known David Warnock, who runs the partnership, for some years, and I am pleased that we are finally in a business together. David will now join SRB's board of directors, to which we also welcome John Meyer, the talented chief financial officer of the personal insurance division of Fireman's Fund (now part of Allianz-North America) and Gene Meyung, who recently retired as president of GEICO. Gene has also agreed to serve as a consultant for our companies, an arrangement with which we are thrilled. All who know Gene from his thirty-five successful years of industry experience will appreciate why we feel that way.

This year's letter closes with an advertisement. For years now, business acquaintances have been asking me to help them with their corporate insurance problems. Sometimes I have felt a little like a doctor at a cocktail party, a magnet for friends seeking advice on tough and technically complex problems. My usual response has been a demurral, a reminder that Plymouth Rock writes only autos and homes and thus provides no contact with the more sophisticated corporate lines they ask about. From now on I will give a different answer. Plymouth Rock still insures only the personal lines directly, but we can broker (through Boston Risk Management) or service (through Pilgrim) many of those lines of business I used to turn away. So, if you know anyone who has a problem with any kind of property and casualty insurance, I encourage their inquiries. Unlike many of the doctors I know, our companies can examine a virtually unlimited number of referrals.

James M. Stone

James M. Stone

Coopers
&Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
The Plymouth Rock Company:

We have audited the accompanying consolidated balance sheets of The Plymouth Rock Company and subsidiaries as of December 31, 1990 and 1989, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Plymouth Rock Company and subsidiaries at December 31, 1990 and 1989 and the consolidated results of their operations, and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

Coopers & Lybrand

Boston, Massachusetts
March 4, 1991

THE PLYMOUTH ROCK COMPANY

CONSOLIDATED BALANCE SHEETS

December 31, 1990 and 1989

ASSETS	1990	1989
Marketable securities	$54,580,690	$39,730,703
Cash and short-term investments	7,996,909	7,867,134
Premiums receivable	6,817,253	1,755,604
Accrued investment income	1,075,637	834,440
Deferred acquisition costs	2,721,110	1,962,422
Fixed assets	5,009,156	3,975,773
Other assets	1,898,235	554,491
Total assets	$80,098,990	$56,680,567
LIABILITIES		
Losses and loss adjustment expenses	$26,166,327	$16,449,638
Unearned premiums	7,575,386	4,070,891
Commissions	2,334,463	2,956,491
Amounts payable to reinsurers	9,607,279	5,162,766
Other liabilities	6,546,371	5,584,871
Total liabilities	52,229,826	34,224,657
STOCKHOLDERS' EQUITY		
Common stock	21,857	17,357
Preferred stockholder's interest in subsidiary	3,500,000	3,500,000
Additional paid-in capital	10,552,642	9,557,146
Retained earnings	13,794,665	9,381,407
Total stockholders' equity	27,869,164	22,455,910
Total liabilities and stockholders' equity	$80,098,990	$56,680,567

The accompanying notes are an integral part of the financial statements.

THE PLYMOUTH ROCK COMPANY
CONSOLIDATED STATEMENTS OF INCOME
for the years ended December 31, 1990 and 1989

	1990	1989
Revenues		
Premiums earned in underwriting activities	$35,118,597	$23,492,246
Fees earned from service activities	4,372,867	1,621,719
Investment income and capital gains	5,673,250	4,095,639
Total revenues	45,164,714	29,209,604
Expenses		
Losses and loss adjustment expenses	24,390,763	15,719,887
Policy acquisition, underwriting and general insurance expenses	9,544,749	6,160,920
Service activity expenses	5,094,983	1,851,119
Total expenses	39,030,495	23,731,926
Income before federal income taxes	6,134,219	5,477,678
Federal income taxes	1,580,961	1,471,633
Net income	$ 4,553,258	$ 4,006,045

The accompanying notes are an integral part of the financial statements.

THE PLYMOUTH ROCK COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 1990 and 1989

	1990	1989
Cash flows from operating activities		
Net income	$ 4,553,258	$ 4,006,045
Depreciation and amortization	967,766	661,442
Changes in:		
Premiums receivable	(5,061,649)	(355,433)
Losses and loss adjustment expenses	9,716,689	5,615,559
Unearned premiums	3,504,495	572,056
Amounts payable to reinsurers	4,444,513	(5,462,690)
Other assets	(343,748)	(9,047)
Other liabilities	996,500	(5,364,059)
Other, net	(1,924,350)	675,618
Net cash provided by operating activities	16,853,474	339,491
Cash flows from investment activities		
Purchase of marketable securities	(49,012,632)	(24,017,584)
Sale or maturity of marketable securities	34,453,089	21,152,802
Purchase of fixed assets	(2,019,910)	(1,071,757)
Sale of fixed assets	30,754	4,450
Net cash used in investment activities	(16,548,699)	(3,932,089)
Cash flows from financing activities		
Dividends paid	(175,000)	(105,000)
Net cash used in financing activities	(175,000)	(105,000)
Net increase (decrease) in cash and short-term investments	$ 129,775	($3,697,598)

The accompanying notes are an integral part of the financial statements.

THE PLYMOUTH ROCK COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

for the years ended December 31, 1990 and 1989

	Common Stock	Preferred Stockholder's Interest in Subsidiary	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
December 31, 1988	$ 17,357	$ 3,500,000	$ 9,580,643	$ 5,491,865	$18,589,865
Net income	-0-	-0-	-0-	4,006,045	4,006,045
Dividends to preferred stockholder of subsidiary	-0-	-0-	(23,497)	(116,503)	(140,000)
December 31, 1989	17,357	3,500,000	9,557,146	9,381,407	22,455,910
Net income	-0-	-0-	-0-	4,553,258	4,553,258
Dividends to preferred stockholder of subsidiary	-0-	-0-	-0-	(140,000)	(140,000)
Issuance of 45,000 shares of Class B common stock in connection with exercise of option to acquire common stock of SRB Corporation	4,500	-0-	(4,500)	-0-	-0-
Issuance of common stock of subsidiary	-0-	-0-	999,996	-0-	999,996
December 31, 1990	$ 21,857	$ 3,500,000	$10,552,642	$13,794,665	$ 27,869,164

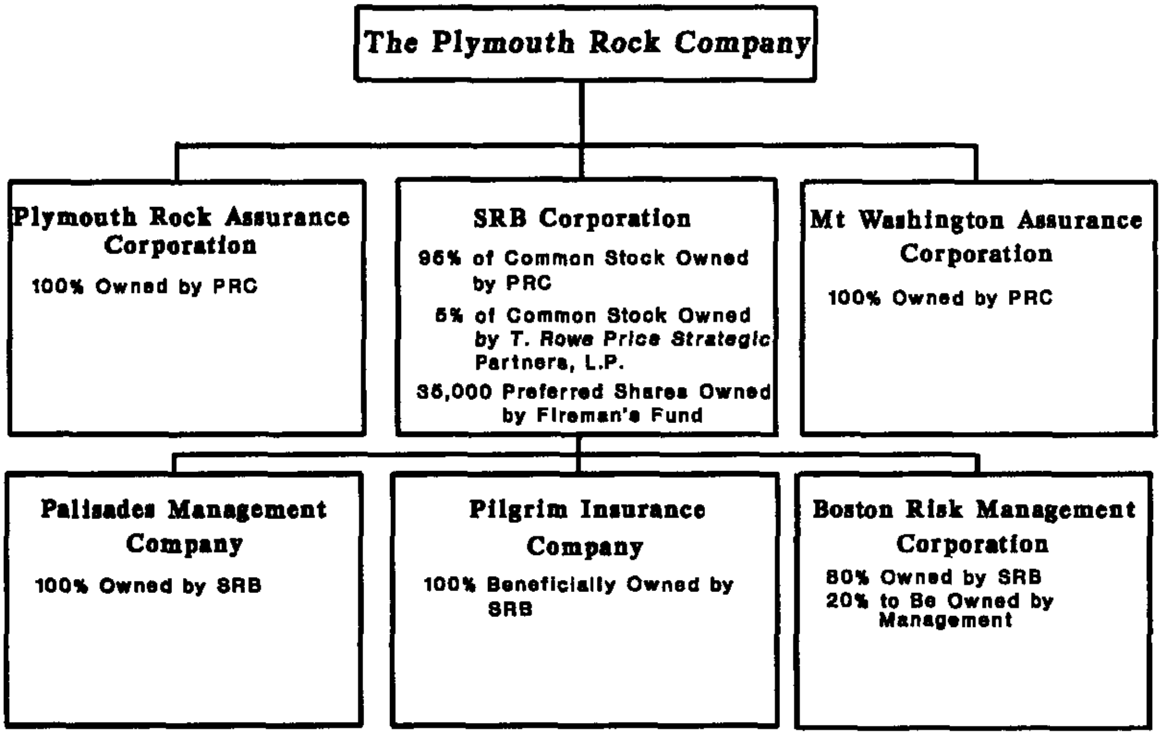
The accompanying notes are an integral part of the financial statements.

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization of the Plymouth Rock Companies

The corporate and ownership structure of the Plymouth Rock companies is reflected in the following chart.



2. Summary of Significant Accounting Policies

A. Principles of Consolidation

The consolidated financial statements include the accounts of The Plymouth Rock Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

B. Cash and Short-term Investments

Cash and short-term investments consist of cash and investments with original maturities of 90 days or less.

2. Summary of Significant Accounting Policies, continued

C. Marketable Securities

Marketable securities are comprised primarily of fixed income investments carried at amortized cost. The gain or loss on the sale of marketable securities is based on specific identification of each security held at the time of sale.

D. Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. The Company provides for depreciation and amortization principally on the straight-line method over the estimated useful lives or the applicable lease terms.

E. Income Taxes

The Company files its federal income tax returns on a consolidated basis. Deferred taxes are provided to reflect the income tax effect of timing differences between book and taxable income.

F. Premiums Earned in Underwriting Activities

Premium revenues are earned on a daily basis over the terms of the policies. Unearned premiums represent billed amounts which are applicable to the unexpired terms of policies in force. Unearned premiums are presented net of reinsurance. Premiums are recorded when billed.

G. Fees Earned from Service Activities

The Company derives fee income by providing insurance brokerage, policy processing, billing, claims and systems development services. Fee income is earned over the related contract periods.

H. Deferred Acquisition Costs

Commissions and premium taxes are deferred and amortized pro rata over the contract periods in which the related premiums are earned. All amounts deferred at December 31 are charged to operations in the following year as the related premiums are earned. Deferred acquisition costs are presented net of commission income on ceded reinsurance.

2. Summary of Significant Accounting Policies, continued

I. Losses and Loss Adjustment Expenses

Loss reserves represent the estimated liability for claims reported to the Company plus reserves for losses incurred but not yet reported. Loss adjustment expense reserves represent the estimated expenses related to settling these claims and losses. Such estimates are presented net of amounts recoverable from reinsurance. The methods of making such estimates and establishing the resulting reserves are reviewed regularly, and any resulting adjustments are reflected in income currently.

3. Treaty Reinsurance

Treaty reinsurance is used to reduce exposure to large losses. The Company ceded earned premiums under such treaties of $14,200,000 and $9,033,000 in 1990 and 1989, respectively. The liability for losses and loss adjustment expenses is reflected net of treaty reinsurance recoverable of $3,951,000 and $4,781,000 for 1990 and 1989. The liability for unearned premiums is reflected net of treaty reinsurance of $5,603,499 and $5,441,821 for 1990 and 1989. The Company recovered $2,507,599 and $1,170,000 from reinsurers in 1990 and 1989. The Company remains primarily liable as the direct insurer on all voluntary risks.

4. Fixed Assets

At December 31, 1990 and 1989, fixed assets are:

	Estimated Useful Lives	1990	1989
Furniture and fixtures	10 years	$2,140,021	$1,488,058
Computers	3-5 years	3,161,149	2,286,072
Leasehold improvements	5-10 years	1,406,192	1,149,218
Automobiles	3 years	315,798	242,238
Total		7,023,160	5,165,586
Less accumulated depreciation and amortization		2,014,004	1,189,813
		$5,009,156	$3,975,773

THE PLYMOUTH ROCK COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Investment Income and Capital Gains

The components of net investment income before federal income taxes during 1990 and 1989 are as follows:

	1990	1989
Interest income from securities	$4,338,483	$3,208,689
Interest income from premiums receivable	1,753,257	1,234,611
Gross investment income	6,091,740	4,443,300
Investment expenses	532,774	376,939
Investment income	5,558,966	4,066,361
Realized capital gains	114,284	29,278
Investment income and capital gains	$5,673,250	$4,095,639

At December 31, 1990, amortized cost, unrealized gains (losses), and market value of marketable securities are as follows:

	Amortized Cost	Unrealized Gains/(Losses)	Market Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$23,884,094	$278,206	$24,162,300
Obligations of states and political subdivisions	21,179,211	248,054	21,427,265
Corporate securities	9,517,385	(103,297)	9,414,088
Total	$54,580,690	$422,963	$55,003,653

Maturity	Amortized Cost	Market Value
Due in one year or less	$11,453,948	$11,364,591
Due one year through five years	36,047,346	36,439,928
Due five years through seven years	7,079,396	7,199,134
Total	$54,580,690	$55,003,653

6. Stockholders' Equity

A. Common Stock

Common stock at December 31, 1990 and 1989 is comprised of the following:

	1990	1989
Class A, $.10 par value - voting; authorized 300,000 shares; issued and outstanding - 128,572 shares	$ 12,857	$ 12,857
Class B, $.10 par value - voting; authorized 90,000 shares; issued and outstanding - 90,000 shares in 1990 and 45,000 in 1989	9,000	4,500
	$ 21,857	$ 17,357

The Class A common shares are fully transferable and have the right to elect 20 percent of the Board of Directors. The Class B common shares are not transferable, but may be converted to Class A common shares on a one for one basis at any time at the option of the holder, or automatically upon the occurrence of certain events. The Class B common shares elect 80 percent of the Board of Directors.

B. Exercise of Option

At December 31, 1990 the Company exercised its option to acquire 95% of the common shares of SRB Corporation. In connection with the exercise, the Company issued 45,000 additional shares of Class B common stock, 25,000 of which are in escrow to be released based on the performance of the companies through 1992. This transaction is an exchange of shares between companies under common control and has been accounted for using the historical values of each company, in a manner similar to the treatment of a pooling of interests. The financial statements of the Company for 1989 have been restated to reflect this transaction.

6. Stockholders' Equity, continued

Operating results of the separate companies for 1990 and 1989 are:

	1990	1989
Total Revenues:		
The Plymouth Rock Company	$40,355,205	$27,308,432
SRB Corporation	4,809,509	1,901,172
	$45,164,714	$29,209,604
Net Earnings:		
The Plymouth Rock Company	$4,324,689	$3,840,558
SRB Corporation	228,569	165,487
	$4,553,258	$4,006,045

C. Preferred Stockholder's Interest in Subsidiary

Cumulative preferred stock has been issued by a subsidiary of the Company. The preferred stockholder is entitled to receive cumulative cash dividends of 4% per year, increasing to 7% per year under certain circumstances, when declared by the subsidiary's Board of Directors out of funds legally available. The preferred stockholder is also entitled to receive special cumulative dividends of 20% of the difference between the subsidiary's net income and the amount of regular preferred dividends for that year. Such special dividends are limited to $1,000,000 on a cumulative basis. The preferred shares may be redeemed by the subsidiary at $120 per share with adjustment for dividends and contingent upon certain conditions. In addition, under certain circumstances the holder may redeem the preferred stock at $100 per share plus accrued but unpaid dividends. In the event of corporate liquidation, the preferred stockholder of the subsidiary is entitled to receive out of available subsidiary funds $120 per share ($4,200,000 in the aggregate) with adjustment for certain dividends paid, plus accrued but unpaid dividends. The preferred stock is convertible under certain default circumstances, with appropriate regulatory approval, into specified amounts of the subsidiary's common stock.

6. Stockholders' Equity, continued

D. Statutory Surplus and Dividend Availability

The Company's insurance subsidiaries are required to file financial statements with state insurance departments. The accounting principles prescribed or permitted for these financial statements differ in certain respects from generally accepted accounting principles. On a statutory accounting basis, capital and surplus of the Company's insurance subsidiaries aggregated $16,925,000 at December 31, 1990. Regulatory limits restrict the amount of dividends which can be remitted to the Company from its insurance subsidiaries without approval of state insurance regulators.

7. Income Taxes

The Company's reported provision for federal income taxes is less than that computed by applying the federal income tax rate for these years to income from operations before federal income taxes. This is because the Company has significant non-taxable interest and has recognized the benefit of the fresh start provisions associated with salvage and subrogation and tax discounting of loss reserves.

The Company's federal income tax returns reflect taxes of approximately $1,800,000 and $915,000 for 1990 and 1989, respectively. These amounts are not the same as federal income taxes as shown in the Consolidated Statements of Income. This is because the rules of the Internal Revenue Code and those of generally accepted accounting principles differ with respect to the time periods in which premium income and loss expense are recognized for tax purposes.

8. Savings and Investment Plan

The Company has a Savings and Investment Plan under Section 401(k) of the Internal Revenue Code. The Plan covers all employees 21 years or older with at least one year of service. The Company reserved $420,000 and $330,000 for discretionary contributions in 1990 and 1989, respectively.

9. Lease Commitments

Rental expenses for 1990 and 1989 (net of sublease rental income of $97,500 and $95,000) aggregated $1,017,000 and $897,000, respectively.

9. Lease Commitments, continued

The Company leases approximately 53,650 square feet of space. The future lease obligations of the Company under its leases are summarized in the table below. The Company was required to deposit an escrow fund at the inception of its lease. The escrow balance, which declines over time, was $400,000 and $500,000 at the end of 1990 and 1989, respectively.

Future minimum lease payments are as follows.

Year ending December 31,	Minimum Lease Payments
1991	1,208,852
1992	1,275,305
1993	1,140,520
1994	1,171,200
1995	1,196,522
Later years	3,233,263

Directors and Officers of The Plymouth Rock Company

Directors

James M. Stone, *Chairman*

James N. Bailey

Michael J. Johnston

Wilmot H. Kidd, III

Keith R. Rodney

Benno C. Schmidt

Officers

James M. Stone
President and Chief Executive Officer

Keith R. Rodney
Executive Vice President and Clerk

James N. Bailey
Treasurer

Edward W. Ford
Senior Vice President

William M. Kelley
Vice President

Directors and Officers of the Plymouth Rock Group of Companies

Non-Management Directors

Normand A. Dion
Michael J. Johnston
John F. Meyer
Eugene J. Meyung
Wilmot H. Kidd, III
Benno C. Schmidt
David L. Warnock

Management Officers and Directors

James N. Bailey
Frederic C. Church, Jr.
Edward W. Ford
Peter R. Jones
William M. Kelley
Stewart W. Kemp
Raymond D. Moore
Vincent V. Nieroda
Keith R. Rodney
Myron S. Steere, III
James M. Stone
William J. Whitebone

Auditors: Coopers & Lybrand

Counsel: Ropes & Gray