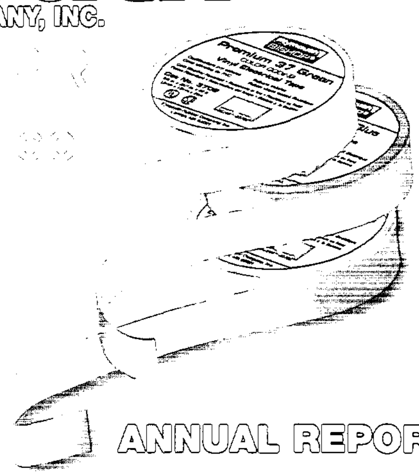
Plymouth
RUBBER COMPANY, INC.



ANNUAL REPORT 2002

To Our Stockholders

To Our Stockholders:

After two years of losses, 2002 was essentially a breakeven year for Plymouth Rubber Company. A small net profit of $101,000 ($.05 per share) was achieved, compared to a net loss of $2,899,000 ($1.42 per share) in the previous year. This $3 million turnaround was accomplished despite a 1.9% sales decline, to $65,259,000 from $66,498,000 in 2001.

The year was also marked by careful cash management, and by the negotiated restructuring of our long-term debt (described elsewhere in this Annual Report). While the need to manage cash wisely will persist throughout 2003, the restructuring should give us the financing base on which to continue our turnaround.

Although we were able to record small year-to-year sales gains in Brite-Line Technologies' highway marking tapes and in European tapes, our domestic tape sales were quite weak, reflecting the sluggish U.S. economy. We were especially affected by the continuing slowdown in commercial construction, which is normally a major user of our electrical tapes.

In the early part of 2002, our margins benefited from a sharp decline in raw materials costs (which has since vanished), and, throughout the year, our European sales and margins gained from the gradual weakening of the US dollar vs. the Euro (which has continued). We are now competing more aggressively in European markets, with products manufactured both in Europe and in the U.S.

Mostly, though, the improvement to breakeven performance in 2002 was the result of very real cuts in expenses and overhead during 2001 and 2002. It was unavoidably necessary to adjust our entire cost structure to current economic realities; this was done through a variety of painful but effective steps which involved, and affected, all of our employees. All told, the impact of these reductions was estimated at some $3 million per year, and most will continue in effect until we can generate a sharp increase in demand for our products.

To that end, looking forward, we have identified and are pursuing a number of important opportunities for sales growth, even in the current economy.

The most exciting of these involves a major repositioning of our electrical tape product lines, designed to gain share significantly in both wholesale and retail markets. This began in 2002 with a commitment to higher service and quality goals, which have been achieved for these markets, and which will be maintained (or raised) in the future. It is continuing in 2003 with the recent introduction of improved products, new packaging, new pricing and commission structures, and greatly strengthened marketing resources and support. These initiatives are already beginning to show results, and we believe that we will be able to expand our share of these markets for the next several years.

In the automotive harness tape market, we continue to gain placements with suppliers to various U.S. and foreign car manufacturers, and we are excited about rapidly expanding sales opportunities in certain foreign markets, for which we're exploring local manufacturing options. We also anticipate continued growth in sales of calendered PVC films, helping to achieve higher utilization of our installed manufacturing capacity.

At Brite-Line Technologies, we are looking forward to a good year, both domestically and abroad, and we have been especially encouraged by initial reactions to our new DropOnLine™ profiled thermoplastic highway marking system. This product is widely adaptable to a variety of climates and road surfaces, and offers important advantages in terms of cost, speed of application, safety, and physical performance over traditional thermoplastic marking systems.

As this is written, the U.S. economy seems to be holding its breath, poised between recovery and further decline, as the world stands poised between peace and war. We are concerned about rising costs for materials, energy, and insurance, and a myriad of other uncertainties remain. Nevertheless, we are optimistic that we are on the right track to begin to grow our sales again, which will be the key to higher and sustained profitability for Plymouth Rubber Company in the future.

March 19, 2003

Maurice J. Hamilburg

President

Joseph D. Hamilburg

Chairman

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended:	Commission File Number
November 29, 2002	1-5197

PLYMOUTH RUBBER COMPANY, INC.

(Exact name of registrant as specified in its charter)

Massachusetts	04-1733970
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
104 Revere Street, Canton, Massachusetts	02021
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number including area code:	(781) 828-0220

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, par value $1	American Stock Exchange
Class B Common Stock, par value $1	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definite proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant at January 13, 2003 was approximately $507,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

Class A common stock, par value $1	810,586
Class B common stock, par value $1	1,248,390

Documents incorporated by reference:

Portions of the registrant's definitive Proxy Statement to be dated on or about March 28, 2003 (the "Proxy Statement") are incorporated by reference in Part III of this Report. Other documents incorporated by reference in this report are listed in the Index to Exhibits.

PLYMOUTH RUBBER COMPANY, INC.

PART I

Item 1. Description of Business

Plymouth Rubber Company, Inc. and its subsidiaries primarily operate through the following two business segments: Plymouth Tapes and Brite-Line Technologies. Management has determined these to be Plymouth Rubber Company's business segments, based upon its process of reviewing and assessing Company performance, and allocating resources. Plymouth Tapes manufactures plastic and rubber products, including automotive, electrical, and industrial tapes. These products are sold either through sales personnel employed by the Company and/or through distributors and/or commissioned sales representatives. Brite-Line Technologies manufactures and supplies rubber and plastic highway marking and safety products, sold through sales personnel employed by the Company.

The Company purchases raw materials from a variety of industry sources. Principal raw materials include resins, plasticizers, synthetic and natural rubber, and textiles. There are a number of alternate suppliers of materials. The primary sources of natural rubber are domestic suppliers with operations in Southeast Asia; in addition, textiles are acquired from both domestic and foreign suppliers. While temporary shortages of raw materials may occur occasionally, these items are currently readily available. However, their continuing availability and price are subject to domestic and world market and political conditions, as well as to the direct or indirect effect of United States government regulations. The impact of any future raw material shortages on the Company as a whole cannot be accurately predicted. Operations and products may at times be adversely affected by legislation, shortages, or international or domestic events; however, at this time, management is not aware of any legislation, shortage, or events which will materially affect the Company's business.

The Company owns a number of patents and/or intellectual property rights on products manufactured. Patents held and licenses granted do not materially affect current operations.

Because products are manufactured for inventory as well as to order for specific customers, both the order backlog and the inventory turnover vary significantly from market to market. In general, on a Company-wide basis, the backlog is equivalent to approximately one month's sales volume. The Company grants various payment terms in accordance with the standards dictated by individual markets; however, extended payment terms generally are not granted with the exception of certain foreign markets where payment terms may consider local customs and practices.

The markets served by the Company are highly competitive. Competition comprises a number of domestic and foreign companies, some of which have larger sales organizations and substantially greater resources than the Company. In general, the Company regards itself as having an average competitive position in the industry, although, based on available market information, it is believed that the Company is a significant factor in, and has captured significant shares of the markets for friction, rubber and vinyl tape products. The estimated number of competitors varies from market to market. The Company relies upon product design, product quality, price and service to maintain its competitive position in the markets served and no single product accounts for a predominant amount of the Company's total sales volume. Since 1988, the Company has been the primary source of PVC (vinyl) harness tapes for the North American wire harness operations of the Delphi Packard Electric Division ("PED") of General Motors and its successor corporation, Delphi Automotive Systems Corporation ("Delphi") which was spun off from General Motors as of May 1999, and has also supplied part of PED's and Delphi's tape requirements for Europe and South America. In 2000, the Company signed a new contract with Delphi to supply PVC and some textile tapes until 2005. Delphi accounted for approximately 33%, 33% and 31% of the Company's net sales in 2002, 2001 and 2000, respectively. As Delphi constitutes a significant percentage of the Company's sales, loss of the business would have a material adverse effect on the Company. The Company is diversifying its automotive tapes business by adding new customers in the United States and abroad, and by developing new tapes for harnessing, as well as other products for other markets. The following table sets forth information with regard to competition in the worldwide markets from which the Company derives its largest volume of sales:

Market	Estimated No. of Competitors	Dominant or Major Competitors
Electrical Tapes	15	3M
Automotive Tapes	Numerous	None
Industrial Tapes & Films	Numerous	None
Highway Marking Tapes	6	3M

The Company is subject to various federal, state and local environmental protection regulations. To date, compliance with these regulations has not had a significant effect upon the capital expenditures, earnings or competitive position of the continuing operations of the Company. Refer to Item 3. *Legal Proceedings* and Note 11 of the Notes To Consolidated Financial Statements for a discussion of environmental liabilities associated with past operations.

With the exception of Plymouth Rubber Europa, S.A., the Company has no manufacturing operations in foreign countries; products sold to foreign customers are either exported from the United States or shipped from inventories maintained in foreign countries. Sales and purchases are largely performed in U.S. dollars. Certain sales and purchases are performed in foreign currencies.

The Company employs approximately 400 people.

The Company files its annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the Securities and Exchange Commission (the "SEC"). The Company reports filed with the SEC are available at the SEC's website at www.sec.gov.

Item 2. Properties

Substantially all of the Company's manufacturing, administrative and principal sales facilities are owned and are located in Canton, Massachusetts. These facilities comprise approximately 500,000 square feet. Plymouth Rubber Europa, S.A., owns an 11,000 square foot facility in Porriño, Spain, and Brite-Line Technologies, Inc. leases a 50,000 square foot facility in Denver, Colorado.

The Company rents space for its sales operations at various locations. These rentals are not material in the aggregate. The Company believes that its facilities are suitable and adequate for its current needs, and that its facilities and technology are competitive with those of its principal foreign and domestic competitors. For further information with respect to security interests in the properties of the Company, see Note 2 of the Notes to Consolidated Financial Statements, herein.

Item 3. Legal Proceedings

Environmental

Claims under CERCLA

The Company has been named as a Potentially Responsible Party ("PRP") by the United States Environmental Protection Agency ("EPA") in two ongoing claims under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). These CERCLA claims involve attempts by the EPA to recover the costs associated with the cleanup of two Superfund Sites in Southington, Connecticut--the Solvent Recovery Service of New England Superfund Site ("SRS Site") and the Old Southington Landfill Superfund Site ("OSL Site"). SRS was an independent and licensed solvent recycler/disposal company. The EPA asserts that SRS, after receiving and processing various hazardous substances from PRPs, shipped some resultant sludges and wastewater from the SRS Site to the OSL Site.

The Company received a PRP notification regarding the SRS Site in June, 1992. The EPA originally attributed a 1.74% share of the aggregate waste volume at the SRS Site to the Company. Remedial action is ongoing at the Site, and the Company is a participant in the performing PRP group. Largely because of "orphaned" and non-participating parties' shares, the Company most recently has been contributing approximately 2.24% toward the performing PRP group's ongoing expenses. Approximately $15 million in response costs have been spent or committed at this Site. Based upon the extensive investigations and remedial actions conducted at the Site to date, it is presently estimated that the total future costs at the SRS Site may range from approximately $18 million to $50 million. In the accompanying consolidated financial statements as of November 29, 2002, management has accrued $437,000 as a reserve against the Company's potential future liability in this matter, which is net of approximately $289,000 in payments made to date by the Company.

The Company received a PRP notification regarding the OSL Site in January, 1994. In addition to numerous "SRS transshipper" PRPs (such as the Company), the EPA has named a number of other PRPs who allegedly shipped waste materials directly to the OSL Site. Based on EPA's asserted volume of shipments to SRS, EPA originally attributed 4.89% of the SRS transshipper PRPs' waste volume at the OSL Site to the Company, which is a fraction of the undetermined total waste volume at the Site. The remediation program at the OSL Site has been divided into two phases, called Operable Units ("OU"). OU#1 primarily involves capping of the site and OU#2 is groundwater remediation, if any. A Record of Decision ("ROD") was issued in September, 1994 for OU#1 and, in December, 1997, following mediation, the Company contributed $140,000 in full settlement of OU#1 (toward a total contribution by the SRS transshipper PRPs of approximately $2.5 million). The SRS transshipper PRPs' payment of $2.5 million represented approximately 8% of the OU#1 total settlement. At present, neither the remedy for OU#2 nor the allocation of the costs thereof among the PRPs has been determined. Whatever remedy ultimately is selected, the SRS transshippers' allocable share of the OU#2 expenses likely will be greater than the 8% paid for OU#1. It has been estimated that the total costs of OU#2 may range from $10 million to $50 million. Management has accrued $337,000 in the accompanying consolidated financial statements as a reserve against the Company's potential future liability in this matter, which is net of approximately $168,000 in payments made to date by the Company.

Based on all available information as well as its prior experience, management believes that its accruals in these two matters are reasonable. However, in each case the reserved amount is subject to adjustment for future developments that may arise from one or more of the following -- the long range nature of the case, legislative changes, insurance coverage, the joint and several liability provisions of CERCLA, the uncertainties associated with the ultimate groundwater remedy selected, and the Company's ability to successfully negotiate an outcome similar to its previous experience in these matters.

Claims under Massachusetts General Laws, Chapter 21E

While in the process of eliminating the use of underground storage tanks at the Company's facility in Canton, Massachusetts, the Company arranged for the testing of the areas adjacent to the tanks in question--a set of five tanks in 1994 and a set of three tanks in 1997. The tests indicated that some localized contamination had occurred. The Company duly reported these findings regarding each location to the Massachusetts Department of Environmental Protection ("DEP"), and the DEP has issued Notices of Responsibility under Massachusetts General Laws Chapter 21E to the Company for each location (RTN No. 3-11520 for the set of five tanks and RTN Nos. 3-15347 and 3-19744 for the set of three tanks). The Company has retained an independent Licensed Site Professional ("LSP") to perform assessment and remediation work at the two locations. With regard to the first matter (involving the set of five tanks), the LSP has determined that the contamination appears to be confined to a small area of soil and does not pose an environmental risk to surrounding property or community. With regard to the second matter (involving the set of three tanks), a limited amount of solvent has been found in the soil and groundwater in the vicinity of the tanks. Costs incurred to date in connection with these two locations have totaled approximately $660,000. These costs have been funded through operating cash flows. It presently is estimated that the combined future costs to complete the assessment and remediation actions at the two locations will total approximately $240,000, and that amount has been accrued in the accompanying financial statements.

In January 1997, the Company received a Chapter 21E Notice of Responsibility from the DEP concerning two sites located in Dartmouth, Massachusetts (RTN No. 4-0234) and Freetown, Massachusetts (RTN No. 4-0086), respectively. According to the DEP, drums containing oil and/or hazardous materials were discovered at the two sites in 1979, which led to some cleanup actions by the DEP. The DEP contends that an independent disposal firm allegedly hired by the Company and other PRPs, H & M Drum Company, was responsible for disposing of drums at the two sites. To date, the DEP has issued Notices of Responsibility to approximately 100 PRPs. A group of PRPs, including the Company, has retained an LSP to conduct subsurface investigations at both sites. The LSP has completed Limited Subsurface Investigations at both sites. At the Freetown site, no reportable contamination was found either in soil or groundwater, and the LSP has recommended that the DEP close the site out. At the Dartmouth site, no reportable contamination was found in soil, while reportable, but lower than historical levels of contaminants were found in groundwater. The LSP's investigation at the Dartmouth site further indicates that there may be an upgradient off-site source of contaminants (which the Company would not be responsible for) that is impacting the site, and recommends further investigation into that possibility. While the results of the Limited Subsurface Investigations at these sites are relatively encouraging, until additional data is gathered, it is not possible to reasonably estimate the costs of any further investigation or cleanup that may be required at one or both sites, or the Company's potential share of liability or responsibility therefor. Accordingly, no reserve has been recorded in the accompanying financial statements with respect to these two sites.

In April 2000, the Company received a Chapter 21E Notice of Responsibility from the DEP concerning an oil release in the portion of the East Branch of the Neponset River that flows through the Company's property in Canton, Massachusetts (RTN No. 3-19407). The Company had duly reported the presence of oil in the river to the appropriate government agencies. The Company commenced cleanup and investigatory actions as soon as it became aware of the presence of the oil, and immediately retained both an LSP to oversee response actions in this matter and also an environmental services firm to perform cleanup and containment services. At the present time, neither the source nor the cause of the release has been positively determined. Costs incurred to date have totaled approximately $268,000. It presently is estimated that the future costs in this matter will total approximately $70,000, which has been accrued in the accompanying financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Position/Officer	Age (at last Birthday)	Served Since
Maurice J. Hamilburg	President and Co - Chief Executive Officer and Director	56	1987
Joseph D. Hamilburg	Chairman and Co – Chief Executive Officer and Director	54	1998
Fiore D. DiGiovine	VP - Mfg. Development	75	1987
Alan I. Eisenberg	VP - Sales & Marketing	52	1988 & 1986
Sheldon S. Leppo	VP - Research & Development	68	1970
Joseph J. Berns	VP – Finance and Treasurer	56	1997 & 1998
Thomas L. McCarthy	VP – Manufacturing	42	1999
Kevin H. White	VP - Brite-Line Technologies	52	2002
David M. Kozol	Clerk and Secretary	44	1998

Messrs. Maurice J. Hamilburg, Fiore D. DiGiovine, Sheldon S. Leppo and Alan I. Eisenberg have held their present positions during each of the past five years.

Mr. Joseph J. Berns joined the Company in August 1997. From 1987 to 1997, he served as Vice President - Finance for Cooley Incorporated, a manufacturer of coated fabrics.

Mr. Joseph D. Hamilburg joined the Company in April 1998. From 1989 to 1998, he served as President of J.D.H. Enterprises, Inc., an international consulting company. Mr. Hamilburg has been a Director of the Company since 1974.

Mr. Thomas L. McCarthy joined the Company in June, 1999. From 1997 to 1999 he served as Director of Operations of Madico, Inc. From 1992 to 1997 he served as Vice President – Operations of Venture Tape Corporation.

Mr. David M. Kozol, for more than five years, has been a practicing attorney in the law firm of Friedman & Atherton, which serves as the Company's counsel.

Mr. Kevin H. White joined the Company in October 1996. Form 1996 to 2001 he served as Director, Sales and Marketing Brite-Line Technologies and was appointed VP-Brite-Line Technologies in 2002.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

(a) Price Range of Common Stock

The Company's Class A and Class B common stock is traded on the American Stock Exchange ("AMEX") under the symbols PLRA and PLRB. The following table sets forth the reported high and low prices for Plymouth Rubber Company Class A and Class B common stock, which shares are listed and traded on the American Stock Exchange.

	Class A		Class B	
	High	Low	High	Low
Quarter - 2002				
First	$ 1.60	$ 1.20	$ 1.20	$ 0.75
Second	1.65	1.30	1.30	0.80
Third	2.20	1.30	2.15	1.00
Fourth	1.48	1.15	1.34	0.90

	Class A		Class B	
	High	Low	High	Low
Quarter - 2001				
First	$ 8.38	$ 5.94	$ 3.44	$ 2.40
Second	6.35	0.80	2.81	0.80
Third	2.24	1.50	1.80	1.40
Fourth	1.70	0.75	1.50	0.75

(b) Approximate Number of Equity Security Holders

As of February 3, 2003, the approximate number of holders of each class of equity securities of the Company was:

Title of Class	Number of Holders
Class A voting common stock $1.00 par value	220
Class B non-voting common stock $1.00 par value	250

The number of holders listed above does not include shareholders for whom shares are held in a "nominee" or "street" name.

(c) Dividends

The Company has not paid cash dividends on its common stock since fiscal year 1970. Under the Company's loan agreements, the Company is prohibited from paying any cash dividends with respect to its capital stock without a waiver from its lender, so long as any obligation under the loan agreements remains outstanding. In addition, a payment of dividends will depend, among other factors, on earnings, capital requirements and the working capital needs of the Company. At the present time, the Company intends to follow a policy of retaining earnings in order to finance the development of its business.

(d) Equity Compensation Plan Information

The following table sets forth a summary of the Company's equity compensation plans as of November 29, 2002. Details of the plans are discussed in Note 7 to the Consolidated Financial Statements.

	Number of securities to be issued upon exercise outstanding options	Weighed average exercise price of outstanding options	Number of securities remaining available for future issuance
Stock option plans approved by Shareholders	507,300	$2.75	142,942
Stock option plans subject to shareholder approval at the 2003 annual meeting	84,000	$0.90	96,000
	591,300	$2.49	238,942

Item 6. Selected Financial Data

	Fiscal Years				
	2002	2001	2000	1999	1998
SELECTED INCOME STATEMENT DATA:					
Net Sales	$ 65,259,000	$ 66,498,000	$ 74,392,000	$ 78,038,000	$ 69,390,000
Income (loss) from operations	$ 101,000	$ (2,899,000)	$ (3,989,000)	$ 3,122,000	$ 1,838,000
Per Share Data:					
Net income (loss) per share (diluted)	$ 0.05	$ (1.42)	$ (1.95)	$ 1.42	$ 0.84
Weighted average shares outstanding	2,105,857	2,042,411	2,041,481	2,198,480	2,200,406
SELECTED BALANCE SHEET DATA (AS OF YEAR END):					
Total Assets	$ 46,246,000	$ 48,658,000	$ 51,461,000	$ 55,035,000	$ 50,701,000
Long Term Liabilities	$ 16,817,000	$ 6,815,000	$ 6,318,000	$ 16,000,000	$ 16,919,000

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Fiscal Year 2002 Compared with Fiscal Year 2001

Sales decreased 1.9% to $65,259,000 in 2002 from $66,498,000 in 2001. Sales at Plymouth Tapes decreased 2.3% to $56,237,000 from $57,553,000 last year. The largest decrease was in the contractor industrial and OEM markets, where sales decreased 12.0% from 2001, largely because of the continued economic slowdown. Sales in the automotive market decreased 1.5%, reflecting relatively stable demand from Plymouth's automotive customers. Sales at Brite-Line Technologies increased 0.9% to $9,022,000, from $8,945,000 in 2001.

Gross margin increased to 20.7% in 2002 from 17.6% in 2001. Plymouth Tapes' gross margin increased to 19.1% in 2002 from 15.7% in 2001. The major factors driving this increase were (1) lower manufacturing spending, which was approximately $700,000 favorable compared to 2001, and (2) lower raw material purchase prices for 2002, primarily for PVC resins, accounting for approximately $600,000 of favorable margin. At Brite-Line Technologies, gross margin increased to 31.1% in 2002 from 30.1% in 2001, as a result of improved manufacturing overhead absorption and improved manufacturing yields.

Selling, general and administrative expenses are incurred and recorded in both Plymouth Tapes and Brite-Line Technologies. Certain of the selling, general and administrative expenses recorded in Plymouth Tapes could be considered as incurred for the benefit of Brite-Line, but are currently not allocated to that segment. These expenses include certain management, accounting, personnel and sales services, and a limited amount of travel, insurance, directors' fees and other expenses.

Selling, general and administrative expenses, as a percentage of sales, decreased to 18.0% in 2002 from 18.6% in 2001. At Plymouth Tapes, selling, general and administrative expenses, as a percentage of sales, decreased to 17.9% in 2002 from 18.4% in 2001, although total selling, general and administrative expenses decreased 4.8% to $10,081,000 from $10,589,000 in 2001. The major contributors to the lower amount were a $653,000 decrease in salaries and fringe benefits due to headcount and salary reductions, a $118,000 reduction in freight, and a $85,000 decrease in depreciation and amortization. These reductions were partially offset by a $141,000 recognition of deferred compensation expenses, a $173,000 loss on the cash surrender value of officer life insurance, and an $86,000 increased freight loss as described below.

In February, 2002, KM Logistics, a third party freight audit and payment service provider, filed for Chapter 11 bankruptcy protection, and subsequently Chapter 7 bankruptcy, while holding approximately $286,000 of Company funds intended to reimburse the Company's freight carriers for normal services. Approximately $100,000 of these payments had been made to KM Logistics prior to fiscal 2001 year-end; this charge was included as a selling, general and administrative expense at Plymouth Tapes in the fourth quarter of fiscal 2001. The remaining $186,000 was recorded in fiscal 2002.

At Brite-Line, selling, general and administrative expenses, as a percentage of sales, decreased to 18.7% in 2002 from 20.0% in 2001. The largest factors were reductions in freight ($76,000), applicator equipment ($45,000), travel ($30,000), and advertising ($27,000).

Interest expense in 2002 decreased 11.8% to $2,026,000 from $2,298,000 in 2001, because of lower interest rates and loan balances on the Company's borrowings under the revolving working capital facility. Foreign currency exchange gain was $64,000 in 2002 compared to a foreign currency exchange loss of $25,000 in 2001. Other income was $178,000 in 2002, due to a $131,000 gain on the sale of equipment and $44,000 of miscellaneous income, compared to $99,000 in 2001, which included non-recurring rental income of $35,000, a $25,000 gain on the sale of securities, and other net income items of $39,000.

The pre-tax loss for 2002 was $24,000, compared to a pre-tax loss of $2,910,000 in 2001. The net profit was $101,000 in 2002, compared to a net loss of $2,899,000 in 2001. In 2002, a $187,000 tax benefit was recorded for the Company's domestic operations, to recognize a tax refund resulting from a change in a U.S. tax law, and a $62,000 tax expense was recorded for the Company's Spanish subsidiary.

The U.S. dollar is the functional currency for the Company's U.S. operations. For these operations, all gains and losses from foreign currency transactions are included in income currently. The Company operates a wholly owned subsidiary in Spain, which accounted for 11.4% of the Company's revenues in fiscal 2002. The functional currency of this subsidiary was the Peseta and is the Euro in 2002. Changes in the Euro/Dollar exchange rate could affect the reporting of the subsidiary's earnings in the Consolidated Statement of Operations. The Company occasionally enters into purchase or sales contracts in currencies other than the functional currency, and hedges only those transactions that are of significant size. The Company did not enter into any foreign currency forward contracts in 2002 and 2001 and did not have any forward contracts outstanding at the end of 2002 and 2001.

Fiscal Year 2001 Compared with Fiscal Year 2000

Sales decreased 10.6% to $66,498,000 in 2001 from $74,392,000 in 2000. Sales at Plymouth Tapes decreased 13.6% to $57,553,000 from $66,591,000 in 2000. The largest decrease was in the automotive market, where sales decreased 16.6% from 2000, largely because of the slowdown in U.S. auto production and market share shifts among auto producers. Sales in all other markets decreased 8.8% due in part to the economic slowdown. Sales at Brite-Line Technologies increased 14.7% to $8,945,000, from $7,801,000 in 2000, due to increased customer demand.

Gross margin decreased to 17.6% in 2001 from 19.1% in 2000. Plymouth Tapes' gross margin decreased to 15.7% in 2001 from 17.4% in 2000. The major factor was lower production volumes, resulting from both lower sales and a $2,961,000 reduction in inventory, partially offset by lower manufacturing spending and lower raw material purchase costs. At Brite-Line Technologies, gross margin decreased to 30.1% in 2001 from 34.1% in 2000 as a result of product mix and lower sales margins to foreign markets, partially offset by improved manufacturing overhead absorption resulting from increased production volumes.

Selling, general and administrative expenses were incurred and recorded in both Plymouth Tapes and Brite-Line Technologies. Certain of the selling, general and administrative expenses recorded in Plymouth Tapes could have been considered as incurred for the benefit of Brite-Line, but were not allocated to that segment. These expenses include certain management, accounting, personnel and sales services, and a limited amount of travel, insurance, directors' fees and other expenses.

Selling, general and administrative expenses, as a percentage of sales, decreased to 18.6% in 2001 from 19.1% in 2000. At Plymouth Tapes, selling, general and administrative expenses, as a percentage of sales, decreased to 18.4% in 2001 from 18.6% in 2000, and total selling, general and administrative expenses decreased 14.7% to $10,589,000 from $12,408,000 in 2000. The decrease in expenses included $455,000 of lower freight and $172,000 of decreased external warehouse expenses, due to lower volumes and a reduction in the number of warehouses, a $498,000 decrease in environmental expenses, a $342,000 reduction in salaries and fringe due to headcount and salary reductions, $140,000 of reduced commissions due to lower sales levels, $103,000 of lower professional fees, $75,000 of reduced advertising, $94,000 lower travel expenses, and $56,000 of lower foreign selling expenses. These reductions were partially offset by a $119,000 bad debt increase from 2000, which benefited from a reversal of $41,000.

In February, 2002, KM Logistics, a third party freight audit and payment service, filed for Chapter 11 bankruptcy protection, while holding approximately $300,000 of Company funds intended to reimburse the Company's freight carriers for normal services. Approximately $100,000 of these payments were made to KM Logistics prior to fiscal 2001 year-end. Due to the bankruptcy filing, the Company provided a reserve for the full amount of the funds held by KM Logistics at November 30, 2001. This charge was included as a selling, general and administrative expense at Plymouth Tapes in the fourth quarter of fiscal 2001. A loss of approximately $200,000 was to be recorded in the first quarter of fiscal 2002 for the funds remitted to KM Logistics after November 30, 2001. The Company planned to pursue all legal means of recovery of the $300,000 balance.

At Brite-Line, selling, general and administrative expenses, as a percentage of sales, decreased to 20.0% in 2001 from 22.8% in 2000. The largest factors were a $59,000 decrease in professional fees, a $20,000 reduction in travel expenses, a $51,000 reduction in field equipment expenses, and a $26,000 reduction in accrued commissions, partially offset by a $106,000 increase in freight expense and a $23,000 increase in product license fees.

Interest expense in 2001 decreased to $2,298,000 from $2,342,000 in 2000, because of lower balances and lower interest rates on both the revolving line of credit and the real estate loan, and lower balances on the equipment term loans, partially offset by higher lender fees. The foreign currency exchange loss was $25,000 in 2001 compared to $110,000 in 2000. Other income was $99,000 in 2001, due largely to non-recurring rental income of $35,000, a $25,000 gain on the sale of securities, and other net income items of $39,000, compared to $110,000 in 2000, which had a $62,000 gain on the sale of securities and miscellaneous net income items of $48,000.

The pre-tax loss for 2001 was $2,910,000, compared to a pre-tax loss of $2,287,000 in 2000. The net loss was $2,899,000 in 2001, compared to a net loss of $3,989,000 in 2000. The Company generated a tax benefit of $1,127,000 as a result of the fiscal 2001 loss. In accordance with the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS109), a full valuation allowance was recorded for this benefit as it could not be carried back to recover taxes paid and will not be offset by the reversal of future taxable differences. The Company's liquidity situation at November 30, 2001 also provided significant negative evidence regarding its ability to generate sufficient taxable income in the future to realize this benefit.

Liquidity and Capital Resources

Prior to December, 2002, the Company's term debt agreements had contained various covenants specifying certain financial requirements, including minimum tangible net worth, fixed charge and EBITDA coverage ratios, working capital and maximum ratio of total liabilities to net worth. In addition, the revolving working capital credit facility and the real estate term loan contain an acceleration provision, which can be triggered if the lender determines that an event of default has occurred.

As of each quarter end from September 1, 2000 through August 30, 2002, the Company had been in violation of certain covenants of its term debt facility and therefore, due to a cross default provision, the Company had not been in compliance with a covenant under its revolving working capital credit facility and real estate term loan. As a result, all of the Company's term loans (except for that of its Spanish subsidiary) had been classified as current liabilities on the Company's Consolidated Balance Sheet at the end of each fiscal quarter end. In addition, during July 2002, the Company received a demand from its primary term debt lender for the payment of their outstanding loan balances in the amount of $8,658,000, which represented the total of all future payments and accumulated late fees, and a demand letter from a smaller equipment lender for approximately $69,000 of payments due.

During 2002, the Company negotiated with these lenders and, in November, 2002, reached formal agreement to obtain relief from their demands and to restructure existing term debt facilities. Under the new arrangements, the term debt lenders accepted significantly reduced principal payments over the next three years, eliminated financial covenants, waived existing defaults and rescinded demands for accelerated payment, in return for enhanced collateral positions.

As of November 29, 2002, the Company had approximately $1,200,000 of unused borrowing capacity under its revolving line of credit with its primary working capital lender, after consideration of collateral limitations.

The Company's working capital position improved from a negative $13,661,000 at November 30, 2001 to a negative $2,339,000 at November 29, 2002, due to an $8,686,000 decrease in the current portion of long term borrowings, a $2,439,000 decrease in accounts payable, a $1,024,000 increase in inventory, a $212,000 increase in prepaid and other current assets, a $153,000 decrease in short term debt, a $49,000 decrease in accrued expenses and a $30,000 increase in cash, partially offset by a $1,271,000 decrease in accounts receivable.

During the second quarter of 2002, the Company received a funding waiver from the Internal Revenue Service for the $855,000 payment due to its defined benefit plan for the year ended November 30, 2001, conditioned on the Company satisfying the minimum funding requirements for the plan years ending November 30, 2002 and November 30, 2003. The Company had notified the Pension Benefit Guarantee Corporation that the Company intended to make the $1,262,000 contribution for the plan year ending November 30, 2002 by the final due date of August 15, 2003, instead of on a quarterly basis. During the first quarter of 2003, the Company requested a partial funding waiver from the Internal Revenue Service for $1,030,000 of the $1,262,000 payment due for the plan year ending November 30, 2002.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The negative working capital position of $2,339,000, the funding requirement for the defined benefit plan of $1,262,000 for the plan year ending November 30, 2002, the lack of sales growth, and the overall risks associated with the fiscal 2003 plan may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

It is management's belief that cash flows generated from operations and available incremental borrowings will be sufficient to meet the Company's liquidity needs during fiscal 2003. Management has also identified a number of additional expense reductions possible in 2003, including the deferral of certain planned personnel replacements or additions, the deferral of certain planned marketing expenses, reduced product costs through materials substitutions, and decreased usage of certain operating supplies. Although management expects to be able to accomplish its business and financing plans, there is no assurance that it will be able to do so. The Company's plans depend upon many factors. Failure to accomplish these plans could have an adverse impact on the Company's liquidity, financial position, and ability to continue operations.

Cash provided by operating activities was $1,291,000 in 2002, as compared to cash provided of $3,132,000 in 2001. The major factors contributing to cash provided by operating activities were depreciation and amortization of $2,973,000, a decrease in accounts receivable of $1,488,000, a $319,000 increase in pension obligation, an increase in accrued expenses of $239,000, and net income of $101,000, partially offset by a decrease in accounts payable of $2,565,000, an increase in inventory of $866,000, a $210,000 increase in prepaid expenses, a $131,000 gain on the disposal of plant assets, a $26,000 increase in other assets, and a $103,000 decrease in other liabilities. This operating cash flow, additional short term borrowings of $35,000, and cash provided through the sale of plant assets and sale/leaseback of plant assets totaling $191,000 were used to pay off term debt and capital leases of $1,049,000, and for capital expenditures of $376,000.

Cash generated from operating activities was $3,132,000 in 2001, as compared to $2,955,000 in 2000. The major factors contributing to cash from operating activities were a decrease in inventory of $3,371,000, largely at Plymouth Tapes, depreciation and amortization of $3,053,000, an increase in accounts payable of $1,590,000, an increase in accrued expenses of $568,000, a $95,000 increase in pension obligations, a decrease in prepaid expenses of $150,000, an increase in environmental reserves of $89,000, and $84,000 of other increases in cash, partially offset by a net loss of $2,899,000, and an increase in accounts receivable of $2,930,000, and an increase in other assets of $39,000. This operating cash flow was used to pay off term debt and capital leases of $2,138,000, to reduce borrowings under the Company's revolving line of credit by $338,000, and for capital expenditures of $644,000.

During the first quarter of 2001 and the third quarter of 2002, the Company was contacted by the American Stock Exchange (AMEX) regarding minimum listing requirements on the number of public Class A common stockholders (200), and the aggregate market value of the publicly held Class A common stock ($1,000,000). In 2001 the Company met with AMEX representatives and believes that it meets the minimum number of public Class A stockholders. The Company is reviewing various options regarding the aggregate market value of the publicly held Class A common stock.

A summary of the Company's cash requirements related to its outstanding long term debt and future minimum lease payments is as follows:

Fiscal Year:	Long Term Debt	Operating Lease Commitments	Total
2003	$ 1,536,000	$ 556,000	$ 2,092,000
2004	1,630,000	535,000	2,165,000
2005	5,771,000	296,000	6,067,000
2006	606,000	95,000	701,000
2007	663,000	--	663,000
Thereafter	302,000	--	302,000
Total	$ 10,508,000	$ 1,482,000	$ 11,990,000

Critical Accounting Policies

The Company's significant accounting policies are discussed in Note 1 to the Consolidated Financial Statements. Certain accounting policies are important to the portrayal of the Company's financial condition and results of operations, and require management's subjective judgments. These policies relate to the deferred tax asset valuation allowance, inventory reserves, provision for doubtful accounts receivable and impairment of long lived assets.

Recognition of a deferred tax asset is dependent on generating sufficient future taxable income prior to the expiration of the tax loss or credit carryforward. The Company has taken a full valuation allowance for this tax benefit in accordance with the Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". Should the Company's liquidity situation improve, the amount of the deferred tax asset considered realizable could be increased and could result in a credit to income tax expense in the period such determination was made.

The Company writes down its inventory for estimated obsolescence or unmarketable inventory based upon the difference between the cost of the inventory and the estimated net realizable value, based upon assumptions about future demand and market pricing. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

The Company periodically reviews the aging of accounts receivable to identify potentially uncollectible accounts and establishes a reserve based on experience and discussion with customers. Actual write-offs could differ from bad debt reserves.

The Company reviews long-lived assets annually or whenever events of circumstances indicate that the carrying amounts of the asset may not be recoverable in accordance with SFAS No. 121. Impaired assets are written down to their estimated fair value based on the best information available to the Company.

Environmental

The Company has been named as a Potentially Responsible Party by the United States Environmental Protection Agency in two ongoing claims under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Company has also received Notices of Responsibility under Massachusetts General Laws Chapter 21E on two sites in Massachusetts. The Company has accrued $774,000 as of November 29, 2002 to cover future environmental expenditures related to these claims, which is net of $471,000 payments made to date. The accrual represents the Company's estimate of the remaining remediation costs based upon the best information currently available. Actual future costs may be different from the amount accrued for as of November 29, 2002 and may be affected by various factors, including future testing, the remediation alternatives taken at the sites, and actual cleanup costs. The final remediation costs could also be subject to adjustment because of the long term nature of the cases, legislative changes, insurance coverage, joint and several liability provisions of CERCLA, and the Company's ability to successfully negotiate an outcome similar to its previous experience in these matters.

The Company has also received Notices of Responsibility under Massachusetts General Laws Chapter 21E on three sites at the Company's facilities in Canton, Massachusetts. In all of these cases, the Company has taken a variety of actions towards the ultimate cleanup, depending upon the status of each of the sites. These activities include the retention of an independent Licensed Site Professional, investigation, assessment, containment, and remediation. The Company has accrued $310,000 as of November 29, 2002 to cover estimated future environmental cleanup expenditures, which is net of $928,000 payments made to date. Actual future costs may be different from the amount accrued for as of November 29, 2002.

Impact of New Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement No. 145 (FAS 145), Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. FAS 145 rescinds FAS 4, Reporting Gains and Losses from Extinguishment of Debt, FAS 44, accounting for Intangible Assets of Motor Carriers, and FAS 64 (an amendment of FAS 4), Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. FAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity would not be prohibited from classifying such gains and losses as extraordinary items so long as they are both unusual in nature and infrequent in occurrence. This provision will be effective for fiscal years beginning after December 15, 2002. FAS 145 also amends FAS 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The amendment to FAS 13 and other technical amendments will be effective for all transactions occurring and financial statements issued after May 15, 2002. The Company is in the process of assessing the impact of the adoption of FAS 145.

In June 2002, the FASB issued Statement No. 146 (FAS 146), Accounting for Costs Associated with Exit or Disposal Activities, which eliminates Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). FAS 146 applies to costs associated with an exit activity including:(a) termination benefits provided to current employees that are involuntarily terminated under the terms of a benefit arrangement that is not an ongoing benefit arrangement or an individual deferred compensation contract (one-time termination benefit); (b) costs to terminate a contract that is not a capital lease; and (c) costs to consolidate facilities or relocate employees. FAS 146 requires that these liabilities be recognized and measured initially at fair value in the period in which the liability is incurred. If fair value cannot be reasonably estimated, the liability shall be recognized initially in the period in which fair value can be reasonably estimated. The provisions on FAS 146 will be effective for the Company prospectively for exit or disposal activities initiated after December 31, 2002. The Company is in the process of assessing the impact of the adoption of FAS 146.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34). FIN 45 clarifies the requirements of the FASB Statement No. 5 (FAS 5), Accounting for Contingencies, relating to a guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. Many guarantees are embedded in purchase or sales agreements, service contracts, joint venture agreements, or other commercial agreements and the guarantor in many of those arrangements does not receive separately identifiable up-front payment (e.g., a premium) for issuing the guarantee. Prior to FIN 45, many guarantors did not recognize an initial liability for such embedded guarantees. Now, however, they are required to recognize a liability at fair value upon issuance of the guarantees, regardless of whether they receive a separate premium for doing so. The Interpretation is intended to improve the comparability of financial reporting by requiring identical accounting for guarantees issued with a separately identified premium and guarantees issued without a separately identified premium. For guarantees issued or modified after December 31, 2002, significant new disclosure requirements are effective beginning with 2002 calendar year-end financial statements, including a requirement to disclose the maximum amount of future payments that an entity might need to make under a guarantee and a reconciliation of during the period in their product warranty liabilities. The Company is in the process of assessing the impact of the adoption of FIN 45.

On December 31, 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FAS 123 (FAS 148). As the title of the standard implies, it is fairly limited in its scope, however it will have implications for all entities that issue stock-based compensation to their employees. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This Statement permits two additional transition methods for entities that adopt the preferable method of accounting for stock-based employee compensation. Both of those methods avoid the ramp-up effect arising from prospective application of the fair value based method. In addition, to address concerns raised by some constituents about the lack of comparability caused by multiple transition methods, this Statement does not permit the use of the original Statement 123 prospective method of transition for changes to the fair value based method made in fiscal years beginning after December 15, 2003. The Company is in the process of assessing the impact of the adoption of FAS 148.

Safe Harbor Statement

Certain statements in this report, in the Company's press releases and in oral statements made by or with the approval of an authorized executive officer of the Company may constitute "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. These may include statements projecting, forecasting or estimating Company performance and industry trends. The achievement of the projections, forecasts or estimates is subject to certain risks and uncertainties. Actual results may differ materially from those projected, forecast or estimated. The applicable risks and uncertainties include general economic and industry conditions that affect all international businesses, as well as matters that are specific to the Company and the markets it serves. General risks that may impact the achievement of such forecast include: compliance with new laws and regulations, significant raw material price fluctuations, changes in interest rates, currency exchange rate fluctuations, limits on the repatriation of funds and political uncertainty. Specific risks to the Company include: risk of recession in the economies and /or markets in which its products are sold, risk of the Company's working capital lender and real estate lender demanding payment of outstanding balances, risk of not receiving waiver from the government on the required contribution into the pension plan, the concentration of a substantial percentage of the Company's sales with a few major automotive customers, cost of raw materials, and pricing pressures from competitors and customers.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

At November 29, 2002, the carrying value of Company's debt totaled $23.8 million which approximated its fair value. This debt includes amounts at both fixed and variable interest rates. For fixed rate debt, interest rate changes affect the fair market value but do not impact earnings or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact earnings and cash flows, assuming other factors are held constant.

At November 29, 2002, the Company had fixed rate debt of $9.8 million and variable rate debt of $14.0 million. Holding other variables constant (such as foreign exchange rates and debt levels) a one percentage point decrease in interest rates would increase the unrealized fair market value of fixed rate debt by approximately $228,000. The earnings and cash flows impact for the next year resulting from a one percentage point increase in interest rates would be approximately $140,000, holding other variables constant.

Item 8. Financial Statements and Supplementary Data

PLYMOUTH RUBBER COMPANY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

The financial statement schedule should be read in conjunction with the financial statements. Schedules not included with this financial data have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Plymouth Rubber Company, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and retained earnings (deficit), comprehensive income (loss) and cash flows present fairly, in all material respects, the financial position of Plymouth Rubber Company, Inc. and its subsidiaries at November 29, 2002 and November 30, 2001, and the results of their operations and their cash flows for each of the three years in the period ended November 29, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and a net working capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not included any adjustments that might result from the outcome of this uncertainty.

Boston, Massachusetts
February 12, 2003

PLYMOUTH RUBBER COMPANY, INC.

CONSOLIDATED BALANCE SHEET

ASSETS

	November 29, 2002	November 30, 2001
Cash	$ 37,000	$ 7,000
Accounts receivable, less allowance for doubtful accounts of $397,000 and $422,000 at November 29, 2002 and November 30, 2001, respectively	11,366,000	12,637,000
Inventories:		
Raw materials	3,481,000	3,540,000
Work in process	1,799,000	1,870,000
Finished goods	6,361,000	5,207,000
Total inventories	11,641,000	10,617,000
Prepaid expenses and other current assets	984,000	772,000
Total current assets	24,028,000	24,033,000
PLANT ASSETS:		
Land	551,000	505,000
Buildings	6,371,000	6,263,000
Machinery and equipment	40,697,000	40,886,000
Construction in progress	8,000	--
	47,627,000	47,654,000
Less: Accumulated depreciation	(26,199,000)	(23,801,000)
Total plant assets, net	21,428,000	23,853,000
Other long-term assets	790,000	772,000
	$ 46,246,000	$ 48,658,000

The accompanying notes
are an integral part of these Consolidated Financial Statements.

PLYMOUTH RUBBER COMPANY, INC.

CONSOLIDATED BALANCE SHEET -- (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	November 29, 2002	November 30, 2001
CURRENT LIABILITIES:		
Revolving line of credit	$ 13,314,000	$ 13,467,000
Trade accounts payable	7,035,000	9,474,000
Accrued expenses	4,482,000	4,531,000
Current portion of long-term borrowings	1,536,000	10,222,000
Total current liabilities	26,367,000	37,694,000
LONG-TERM LIABILITIES:		
Borrowings	8,972,000	830,000
Pension obligation	5,115,000	3,253,000
Deferred tax liability	119,000	107,000
Other	2,611,000	2,625,000
Total long-term liabilities	16,817,000	6,815,000
COMMITMENTS AND CONTINGENCIES (Notes 2, 9 and 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $10 par value, authorized 500,000 shares; no shares issued and outstanding	--	--
Class A voting common stock, $1 par value, 1,500,000 shares authorized, 810,586 shares issued and outstanding at November 29, 2002 and November 30,	810,000	810,000
Class B non-voting common stock, $1 par value, 3,500,000 shares authorized, 1,281,304 shares issued and 1,248,390 shares outstanding at November 29, 2002 and November 30, 2001	1,281,000	1,281,000
Paid-in capital	9,084,000	9,084,000
Retained earnings (deficit)	(4,227,000)	(4,328,000)
Accumulated other comprehensive loss:		
Cumulative translation adjustment	(171,000)	(279,000)
Minimum pension liability, net of tax	(3,530,000)	(2,234,000)
	3,247,000	4,334,000
Less: Treasury stock at cost (32,914 shares at November 29, 2002 and November 30, 2001)	(185,000)	(185,000)
	3,062,000	4,149,000
	$ 46,246,000	$ 48,658,000

The accompanying notes are an integral part of these Consolidated Financial Statements.

PLYMOUTH RUBBER COMPANY, INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

	Year Ended November 29, 2002	Year Ended November 30, 2001	Year Ended December 1, 2000
Revenues:			
Net sales	$ 65,259,000	$ 66,498,000	$ 74,392,000
Costs and Expenses:			
Cost of products sold	51,729,000	54,802,000	60,153,000
Selling, general and administrative	11,770,000	12,382,000	14,184,000
	63,499,000	67,184,000	74,337,000
Operating income (loss)	1,760,000	(686,000)	55,000
Interest expense	(2,026,000)	(2,298,000)	(2,342,000)
Foreign currency exchange gain (loss)	64,000	(25,000)	(110,000)
Other income, net	178,000	99,000	110,000
Loss before income taxes.	(24,000)	(2,910,000)	(2,287,000)
Provision for (benefit from) income taxes	(125,000)	(11,000)	1,702,000
Net income (loss)	101,000	(2,899,000)	(3,989,000)
Retained earnings (deficit) at beginning of year	(4,328,000)	(1,311,000)	2,678,000
Treasury stock issued	--	(118,000)	--
Retained earnings (deficit) at end of year	$ (4,227,000)	$ (4,328,000)	$ (1,311,000)
PER SHARE DATA:			
BASIC EARNINGS (LOSS) PER SHARE:			
Net income (loss)	$ 0.05	$ (1.42)	$ (1.95)
Weighted average number of shares outstanding	2,058,976	2,042,411	2,041,481
DILUTED EARNINGS (LOSS) PER SHARE:			
Net income (loss)	$ 0.05	$ (1.42)	$ (1.95)
Weighted average number of shares outstanding	2,105,857	2,042,411	2,041,481

The accompanying notes
are an integral part of these Consolidated Financial Statements.

PLYMOUTH RUBBER COMPANY, INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Net income (loss)	$ 101,000	$ (2,899,000)	$ (3,989,000)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	108,000	12,000	(112,000)
Minimum pension liability adjustment	(1,296,000)	(2,234,000)	--
Other comprehensive income (loss)	(1,188,000)	(2,222,000)	(112,000)
Comprehensive income (loss)	$ (1,087,000)	$ (5,121,000)	$ (4,101,000)

The accompanying notes
are an integral part of these Consolidated Financial Statements.

PLYMOUTH RUBBER COMPANY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
CASH FLOWS RELATING TO OPERATING ACTIVITIES:			
Net income (loss)	$ 101,000	$ (2,899,000)	$ (3,989,000)
Adjustments to reconcile net income (loss), to net cash provided by operating activities:			
Depreciation and amortization	2,973,000	3,053,000	2,788,000
Gain on disposal of plant assets	(131,000)	--	--
Provision for environmental reserves	72,000	89,000	351,000
Deferred income tax expense	--	--	2,378,000
Amortization of deferred compensation	--	38,000	38,000
Other	--	24,000	--
Changes in assets and liabilities:			
Accounts receivable	1,488,000	(2,930,000)	2,148,000
Inventory	(866,000)	3,371,000	490,000
Prepaid expenses and other current assets	(210,000)	150,000	(16,000)
Other assets	(26,000)	(39,000)	88,000
Trade accounts payable	(2,565,000)	1,590,000	1,007,000
Accrued expenses	239,000	568,000	(1,748,000)
Other liabilities	(103,000)	22,000	(189,000)
Pension obligation	319,000	95,000	(391,000)
Net cash provided by operating activities	1,291,000	3,132,000	2,955,000
CASH FLOWS RELATING TO INVESTING ACTIVITIES:			
Capital expenditures	(376,000)	(644,000)	(4,827,000)
Proceeds from sale of plant assets	131,000	--	--
Sale/leaseback of plant assets	60,000	--	--
Net cash used in investing activities	(185,000)	(644,000)	(4,827,000)
CASH FLOWS RELATING TO FINANCING ACTIVITIES:			
Net (decrease)increase in revolving line of credit	35,000	(338,000)	1,112,000
Proceeds from term debt	--	--	4,095,000
Payments of term debt	(869,000)	(1,677,000)	(2,814,000)
Payments on capital leases	(180,000)	(461,000)	(504,000)
Payments on treasury stock purchase	--	--	(68,000)
Proceeds from exercises of options	--	--	2,000
Net cash provided by (used in) financing activities	(1,014,000)	(2,476,000)	1,823,000
Effect of exchange rate changes on cash	(62,000)	(9,000)	53,000
Net change in cash	30,000	3,000	4,000
Cash at the beginning of the year	7,000	4,000	--
Cash at the end of the year	$ 37,000	$ 7,000	$ 4,000

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	$ 2,042,000	$ 2,157,000	$ 2,367,000
Cash paid for income taxes	$ 44,000	$ 16,000	$ 431,000

The accompanying notes
are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -- **Summary of Significant Accounting Policies**

A. **The Company** -- Plymouth Rubber Company, Inc. and its subsidiaries primarily operate through the following two business segments: Plymouth Tapes and Brite-Line Technologies. Management has determined these to be Plymouth Rubber Company's business segments, based upon its process to review and assess Company performance, and to allocate resources. Plymouth Tapes manufactures plastic and rubber products, including automotive, electrical, and industrial tapes. Brite-Line Technologies manufactures and supplies rubber and plastic highway marking and safety products.

B. **Principles of Consolidation** -- The consolidated financial statements include the accounts of Plymouth Rubber Company, Inc. and its wholly-owned subsidiaries, Brite-Line Technologies, Inc. and Plymouth Rubber Europa, S.A.. Significant intercompany accounts and transactions have been eliminated in consolidation.

C. **Inventories** -- Inventories are valued at the lower of cost, determined principally on the first-in, first-out method, or market.

D. **Revenue Recognition** -- The Company recognizes revenues at the point of passage of title, which is generally at the time of shipment.

E. **Plant Assets** -- Plant assets are stated at cost for purchased assets and at the lesser of the present value of minimum lease payments or fair value for capital lease assets. Additions, renewals and betterments of plant assets, unless those of relatively minor amounts, are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided on the straight-line method based upon the estimated useful lives of 15-45 years for buildings and 3-14 years for machinery and equipment. Capital leases are depreciated over the shorter of the estimated useful life or the life of the lease. The cost and related accumulated depreciation of fully depreciated and disposed assets are removed from the accounts. The Company reviews long-lived assets annually or whenever events of circumstances indicate that the carrying amounts of the asset may not be recoverable in accordance with SFAS No. 121. Any impaired assets are written down to their estimated fair value based on the best information available to the Company. The Company wrote off approximately $0.8 million and $1.1 million of fully depreciated plant assets in 2002 and 2001, respectively.

F. **Environmental Matters** -- Environmental expenditures that relate to current operations or to an existing condition caused by past operations are expensed. Liabilities are recorded without regard to possible recoveries from third parties, including insurers, when environmental assessments and/or remediation efforts are probable and the costs can be reasonably estimated.

G. **Retirement Plans** -- The Company provides certain pension and health benefits to retired employees. Pension costs are accounted for in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions". Unrecognized pension gains and losses are amortized on a straight-line basis over ten years. The cost of postretirement health benefits is accrued during the employees' active service period in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions".

H. **Income Taxes** -- The Company reports income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the Company's assets and liabilities. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize their benefit, or that future deductibility is uncertain.

I. **Earnings Per Share** -- In accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" (FAS 128), basic earnings per share is computed by dividing income available to common shareholders by the weighted-average common shares outstanding during the period. Diluted earnings per share is computed by giving effect to all dilutive potential common shares that were outstanding during the period.

Note 1 -- Summary of Significant Accounting Policies -- (Continued)

J. Fair Value of Financial Instruments -- The carrying amounts reported in the accompanying consolidated balance sheets for accounts receivable, and accounts payable approximate fair values because of the immediate or short-term maturities of these financial instruments. The carrying amount of the Company's fixed rate debt also approximates fair value based on current rates for similar debt.

K. Stock-Based Employee Compensation Plans -- As permitted under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), the Company accounts for its stock-based compensation plans using the intrinsic value method prescribed by Accounting Principals Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25).

L. Foreign Currencies -- The U.S. dollar is the functional currency for the Company's Brite-Line and U.S. tape operations. For these operations, all gains and losses from foreign currency transactions are included in the Consolidated Statement of Operations. The Company operates a wholly-owned tape subsidiary in Spain which accounted for approximately 11.4% of the Company's revenues in fiscal 2002. The functional currency of this subsidiary is the Euro. The balance sheet is translated at year end exchange rates and the statement of operations at weighted average exchange rates. Changes in the Euro exchange rate could affect the reporting of the subsidiary's earnings in the Consolidated Statement of Operations.

M. Accounting for Shipping and Handling Fees and Costs -- In accordance with Emerging Issues Task Force Issue 00-10, "Accounting for Shipping and Handling Fees and Costs" ("Issue 00-10"), the Company classifies shipping and handling fees as revenues and shipping and handling costs as part of selling, general and administrative expenses. Shipping and handling costs were $2,409,000, $2,603,000 and $2,952,000 in 2002, 2001 and 2000, respectively.

N. Accounting for Derivatives -- Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"), as amended, was effective for the Company as of December 2, 2000. FAS 133 establishes accounting and reporting standards requiring that all derivative instruments, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either assets or liabilities measured at fair value. FAS 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company must formally document, designate, and assess the effectiveness of derivative instruments that receive hedge accounting. The Company did not hold any derivative positions for the years ended November 29, 2002, and November 30, 2001.

O. Use of Estimates -- The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

P. Reclassifications -- Certain reclassifications of prior year balances have been made to conform to the current presentation.

Note 1 -- Summary of Significant Accounting Policies -- (Continued)

Q. **Business Combinations, Goodwill and Other Intangible Assets** -- In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (FAS 141), and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. FAS 141 also specifies criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. FAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment. FAS 142 is effective for fiscal years beginning after December 15, 2001, and was adopted by the Company effective December 1, 2001. As of November 29, 2002, the Company had unamortized goodwill of approximately $402,000, which is subject to the provisions of FAS 142. The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

R. **Accounting for Asset Retirement Obligations** -- In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143,"Accounting for Asset Retirement Obligations"(FAS 143). FAS 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company is required to capitalize a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. FAS 143 will be effective for fiscal years beginning after June 15, 2002 and will be adopted by the Company effective November 30, 2002. The Company is currently assessing the impact of the adoption of FAS 143.

S. **Accounting for the Impairment or Disposal of Long-lived Asset** -- In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" (FAS 144), which supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to Be Disposed Of" (FAS 121), and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" (APB 30), for the disposal of a segment of a business. Because FAS 121 did not address the accounting for a segment of a business accounted for as a discontinued operation under APB 30, two accounting models existed for long-lived assets to be disposed of. FAS 144 establishes a single accounting model, based on the framework established in FAS 121, for long-lived assets to be disposed of. It also addresses certain significant implementation issues under FAS 121. The provisions of FAS 144 will be effective for the Company as of November 30, 2002. The Company is in the process of assessing the impact of the adoption of FAS 144.

T. **Statement of Financial Accounting Statement No. 145** -- In April 2002, the FASB issued Statement No. 145 (FAS 145), Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. FAS 145 rescinds FAS 4, Reporting Gains and Losses from Extinguishment of Debt, FAS 44, accounting for Intangible Assets of Motor Carriers, and FAS 64 (an amendment of FAS 4), Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. FAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity would not be prohibited from classifying such gains and losses as extraordinary items so long as they are both unusual in nature and infrequent in occurrence. This provision will be effective for fiscal years beginning after December 15, 2002. FAS 145 also amends FAS 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The amendment to FAS 13 and other technical amendments will be effective for all transactions occurring and financial statements issued after May 15, 2002. The Company is in the process of assessing the impact of the adoption of FAS 145.

Note 1 -- Summary of Significant Accounting Policies -- (Continued)

U. **Accounting for Costs Associated with Exit or Disposal Activities** -- In June 2002, the FASB issued Statement No. 146 (FAS 146), Accounting for Costs Associated with Exit or Disposal Activities, which eliminates Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). FAS 146 applies to costs associated with an exit activity including:(a) termination benefits provided to current employees that are involuntarily terminated under the terms of a benefit arrangement that is not an ongoing benefit arrangement or an individual deferred compensation contract (one-time termination benefit); (b) costs to terminate a contract that is not a capital lease; and (c) costs to consolidate facilities or relocate employees. FAS 146 requires that these liabilities be recognized and measured initially at fair value in the period in which the liability is incurred. If fair value cannot be reasonably estimated, the liability shall be recognized initially in the period in which fair value can be reasonably estimated. The provisions on FAS 146 will be effective for the Company prospectively for exit or disposal activities initiated after December 31, 2002. The Company is in the process of assessing the impact of the adoption of FAS 146.

V. **Accounting for Stock Based Compensation** -- On December 31, 2002, the Financial Accounting Standards Board (FASB or the Board) issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FAS 123 (FAS 148). As the title of the standard implies, it is fairly limited in its scope, however it will have implications for all entities that issue stock-based compensation to their employees. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This Statement permits two additional transition methods for entities that adopt the preferable method of accounting for stock-based employee compensation. Both of those methods avoid the ramp-up effect arising from prospective application of the fair value based method. In addition, to address concerns raised by some constituents about the lack of comparability caused by multiple transition methods, this Statement does not permit the use of the original Statement 123 prospective method of transition for changes to the fair value based method made in fiscal years beginning after December 15, 2003. . The Company is in the process of assessing the impact of the adoption of FAS 148.

W. **Financial Accounting Standards Board Interpretation No. 45** -- In November 2002, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantee, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34). FIN 45 clarifies the requirements of the FASB Statement No. 5 (FAS 5), Accounting for Contingencies, relating to a guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. Many guarantees are embedded in purchase or sales agreements, service contracts, joint venture agreements, or other commercial agreements and the guarantor in many of those arrangements does not receive separately identifiable up-front payment (e.g., a premium) for issuing the guarantee. Prior to FIN 45, many guarantors did not recognize an initial liability for such embedded guarantees. Now, however, they are required to recognize a liability at fair value upon issuance of the guarantees, regardless of whether they receive a separate premium for doing so. The Interpretation is intended to improve the comparability of financial reporting by requiring identical accounting for guarantees issued with a separately identified premium and guarantees issued without a separately identified premium. For guarantees issued or modified after December 31, 2002, significant new disclosure requirements are effective beginning with 2002 calendar year-end financial statements, including a requirement to disclose the maximum amount of future payments that an entity might need to make under a guarantee and a reconciliation of during the period in their product warranty liabilities. The Company is in the process of assessing the impact of the adoption of FIN 45.

Note 2 -- Going Concern, Borrowing Arrangements and Financing Commitments

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The negative working capital position of $2,339,000, the funding requirement for the defined benefit plan of $1,262,000 for the plan year ending November 30, 2002, the lack of sales growth, and the overall risks associated with the fiscal 2003 plan may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

It is management's belief that cash flows generated from operations and available incremental borrowings will be sufficient to meet the Company's liquidity needs during fiscal 2003. Management has also identified a number of additional expense reductions possible in 2003, including the deferral of certain planned personnel replacements or additions, the deferral of certain planned marketing expenses, reduced product costs through materials substitutions, and decreased usage of certain operating supplies. Although management expects to be able to accomplish its business and financing plans, there is no assurance that it will be able to do so. The Company's plans depend upon many factors. Failure to accomplish these plans could have an adverse impact on the Company's liquidity, financial position, and ability to continue operations.

Borrowing Arrangements and Financing Commitments

In November 2002 the Company completed the restructuring of its term debt. Under the revised agreements, the term debt lenders (1) reduce principal payments from approximately $9.2 million to $4.1 million for the period April 1, 2002 through September 20, 2005; (2) establish the maturity dates of the remaining debt of approximately $4.5 million on October 1, 2005, and $1.3 million between October 1, 2005 and May 1, 2008; (3) eliminate all financial covenants; (4) waive existing defaults; and (5) rescind prior demands for accelerated payments. As part of the restructuring, the Company entered into Mortgage and Assignment of Leases and Rents, Security Agreement, Trademark Security Agreement and Patent Security Agreement (the "Security Agreements") with its lenders to secure performance of its obligations. Under the Security Agreements, the Company granted its (term debt) lenders (1) a subordinated mortgage on its manufacturing facility in Canton, Massachusetts and (2) security interests in all of its patents, trademarks, intangibles, accounts, fixtures, products and proceeds.

The restructured term debt agreements contain a provision beginning for the fiscal year ending November 2003 and continuing for each fiscal year thereafter, for annual payments of 25% of "Free Cash Flow". Free Cash Flow means the amount obtained by subtracting (a) the sum of (1) interest expense, (2) principal payments of debt paid, (3) non-financed capital expenditures, (4) federal and state income tax payments, (5) pension contributions payments, (6) environmental payments against reserves, from (b) EBITDA. Payments of Free Cash Flow are to be shared by the term debt lenders and are to be applied to outstanding principal on the term debt.

In addition, the revised agreement with the Company's primary term debt lender contains a provision, which allows for extended principal payments of the approximately $4.5 million due October 1, 2005. This provision requires that the Company demonstrate to the lender that (1) the senior lien priority of the mortgage on the Company's real property is limited to $2.0 million; and (2) that the appraised fair market value of the real property subject to the mortgage is not less that $2.5 million. If these conditions are satisfied to the lender satisfaction, then the $4.5 million of principal due October 1, 2005 will have extended maturity dates from April 1, 2006 to April 1, 2011.

PLYMOUTH RUBBER COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

Note 2 -- Going Concern, Borrowing Arrangements and Financing Commitments -- (Continued)

The revolving line of credit and term debt of the Company consisted of the following as of:

	November 29, 2002	November 30, 2001
Short-term borrowings under a revolving line of credit, secured by a first interest in accounts receivable, inventory, certain equipment and certain other personal property with interest charged at prime plus 1%. At November 29, 2002, the Company had approximately $1,200,000 in borrowing availability on its revolving line of credit. The interest rate at November 29, 2002 was 5.25 %.	$ 10,741,000	$ 10,980,000
Term debt, in the original principal amount of $3,000,000, with a month to month renewal term, secured by a first interest in real property. Monthly Principal payments of $50,000 plus interest at prime plus 1% are required. The interest rate at November 29, 2002 was 5.25 %	1,200,000	1,550,000
Short-term borrowings with three Spanish Banks and a German Bank with interest rates ranging from 4.30% to 6.25% at November 29, 2002. Principal amount 1,381,000 euros (approximately $1,373,000) at November 29, 2002	1,373,000	937,000
	$ 13,314,000	$ 13,467,000

Term debt, in the original principal amount of $2,228,000, with interest at 9.50%, due May 2008, secured by a first interest in certain equipment	$ 2,228,000	--
Term debt, in the original principal amount of $3,710,000, with interest at 8.04%, due October 2005, secured by a first interest in certain equipment	1,705,000	1,790,000
Term debt, in the original principal amount of $4,050,000, with interest at 8.54%, due October 2005, secured by a first interest in certain equipment	2,414,000	2,485,000
Term debt, in the original principal amount of $550,000, with interest at 8.75%, due October 2005, secured by a first interest in certain equipment	420,000	431,000
Term debt, in the original principal amount of $1,469,979, with interest at 9.56%, due October 2005, secured by a first interest in certain equipment	1,264,000	1,291,000
Term debt, in the original amount of $1,104,077, with interest at 8.98%, due October 2005, secured by a first interest in certain equipment	978,000	999,000
Term debt, in the original principal amount of $450,000, with due interest at 7.75%, due October 2005, secured by a first interest in certain equipment	180,000	268,000
Term debt, in the original principal amount of 1,502,000 euros, due April 2007, secured by a first interest in real property. With interest at the one-year Madrid inter-bank market rate (MIBOR) plus 1.25%, adjusted quarterly. The interest rate at November 29, 2002 was 5.25%	672,000	733,000

Note 2 – Going Concern Borrowing Arrangements and Financing Commitments -- (Continued)

	November 29, 2002	November 30, 2001
Term debt, in the original principal amount of $1,339,000, with interest at 7.1%, due April 2004, secured by a first interest in certain equipment	--	794,000
Term debt, in the original principal amount of $868,000, with interest at 8.39%, due November 2004, secured by a first interest in certain equipment	--	618,000
Term debt, in the original principal amount of $810,250, with interest at 9.11 %, due June 2005, secured by a first interest in certain equipment	--	676,000
Term debt, in the original principal amount of $161,313, with interest at 9.05%, due September 2005, secured by a first interest in certain equipment...........	--	139,000
Term debt, in the original principal amount of 225,000 euros with interest at 8.0% due January 2002	--	72,000
Capital lease obligations (see Note 9)	647,000	756,000
	10,508,000	11,052,000
Less current portion	1,536,000	10,222,000
	$ 8,972,000	$ 830,000

During the fiscal year, one of the Company's debt lenders was acquired by another financial institution. As a result, at the year ended November 29, 2002 a single term note has replaced four individual term notes.

Maturities of long-term obligations in the next five years are: 2003 - $1,536,000; 2004 - $1,630,000; 2005 - $5,771,000; 2006 - $606,000; 2007 - $663,000; and thereafter - $302,000.

Note 3 -- Income Taxes

Income (loss) before taxes consists of the following:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
U.S.	$ (263,000)	$ (2,869,000)	$ (2,413,000)
Foreign	239,000	(41,000)	126,000
Total	$ (24,000)	$ (2,910,000)	$ (2,287,000)

Note 3 -- Income Taxes -- (Continued)

The provision (benefit) for income taxes consists of the following:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Current:			
Federal	$ (187,000)	$ --	$ (658,000)
State	--	--	(66,000)
Foreign	62,000	(11,000)	48,000
	(125,000)	(11,000)	(676,000)
Deferred:			
Federal	--	--	1,787,000
State	--	--	591,000
	--	--	2,378,000
Total	$ (125,000)	$ (11,000)	$ 1,702,000

The components of the net deferred tax asset (liability) are as follows:

	November 29, 2002	November 30, 2001
Deferred tax assets:		
Pension obligations	$ 2,673,000	$ 1,995,000
Federal and state NOL carryforwards	1,746,000	1,754,000
Environmental reserves	455,000	455,000
AMT credit carryfoward	246,000	433,000
Postretirement benefits	435,000	410,000
State investment tax credit (ITC) carryforwards	357,000	382,000
Other reserves	1,176,000	882,000
Total gross deferred tax assets	7,088,000	6,311,000
Valuation allowance	(5,226,000)	(4,471,000)
	1,862,000	1,840,000
Deferred tax liability:		
Plant assets	(1,981,000)	(1,947,000)
Net deferred tax asset (liability)	$ (119,000)	$ (107,000)

In accordance with the Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes" (FAS 109), management performed an analysis of the realizability of its deferred tax assets. FAS 109 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company increased the valuation allowance for deferred tax assets by $755,000 and $2,004,000 in 2002 and 2001, respectively. Such an increase was deemed necessary as the net deferred tax asset balance at November 29, 2002 and November 30, 2001 could not be carried back to recover taxes paid in previous years and will not be offset by the reversal of future taxable differences. Also, the Company's liquidity situation at November 29, 2002 and November 30, 2001 provides significant negative evidence regarding the ability to generate sufficient taxable income in the future to recover these assets.

Note 3 -- Income Taxes -- (Continued)

A reconciliation of the statutory federal income tax rate and the effective income tax rate for income from continuing operations for the years ended November 29, 2002, November 30, 2001, and December 1, 2000, is as follows:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Tax (benefit) computed at statutory rate	$ (8,000)	$ (989,000)	$ (778,000)
State income taxes, net of federal income tax benefit	(333,000)	(154,000)	(166,000)
Expired federal investment tax credit	--	--	327,000
Recovery of federal tax credit	(187,000)	--	--
State investment tax credit	(25,000)	--	--
Valuation allowance	435,000	1,127,000	2,387,000
Rate differential attributable to foreign operations	(19,000)	1,000	5,000
Other	12,000	4,000	(73,000)
	$ (125,000)	$ (11,000)	$ 1,702,000
Effective income tax rate	(520.8)%	(0.4)%	(74.4)%

During 2002 and 2001, the Company recorded a $3,530,000 and $2,234,000 minimum pension liability and a full valuation allowance on the related deferred tax asset of $1,386,000 and $877,000. These amounts are included in Other Comprehensive Income (Loss) for the year ended November 29, 2002 and November 30, 2001, respectively.

Note 4 -- Accrued Expenses

The Company's accrued expenses consist of the following:

	November 29, 2002	November 30, 2001
Accrued payroll and related benefits	$ 972,000	$ 970,000
Accrued pension contributions	1,250,000	1,497,000
Other	2,260,000	2,064,000
	$ 4,482,000	$ 4,531,000

Note 5 -- Retirement and Other Benefit Plans

The Company has a non-contributory, defined benefit pension plan and a contributory, defined contribution profit sharing plan, covering substantially all employees. The Company's defined benefit pension plan provides benefits for stated amounts for each year of service through fiscal 1996 after which time benefits have been frozen. The Company's funding policy for the pension plan is to make contributions at least equal to the minimum required by the applicable regulations. The Company's defined contribution profit sharing trust allocates Company contributions based upon a combination of annual pay and employee elective deferral of pay. The Company may make a discretionary contribution to the profit sharing trust. During 2002, 2001 and 2000, the Company did not accrue for any profit sharing contribution.

Note 5 -- Retirement and Other Benefit Plans -- (Continued)

The following table provides reconciliation of changes in benefit obligations and fair value of plan assets. In addition, this table shows the plan's funded status and the amounts recognized in the consolidated balance sheet for the Company's defined benefit pension plan.

	November 29, 2002	November 30, 2001
Reconciliation of benefit obligation:		
Benefit obligation at beginning of year	$ 12,996,000	$ 11,911,000
Interest cost	757,000	832,000
Benefit payments	(1,215,000)	(1,266,000)
Actuarial (gain) loss	474,000	1,519,000
Benefit obligation at end of year	$ 13,012,000	$ 12,996,000
Reconciliation of fair value of plan assets:		
Fair value at beginning of year	$ 8,247,000	$ 9,747,000
Actual return on plan assets	(385,000)	(234,000)
Employer contributions	--	--
Benefit payments	(1,215,000)	(1,266,000)
Fair value at end of year	$ 6,647,000	$ 8,247,000
Funded Status:		
Funded status	$ (6,365,000)	$ (4,749,000)
Unrecognized (gain) loss	3,530,000	2,234,000
Net amount recognized	$ (2,835,000)	$ (2,515,000)
Amounts recognized in the consolidated balance sheet:		
Accrued pension cost	$ (6,365,000)	$ (4,749,000)
Accumulated other comprehensive loss	3,530,000	2,234,000
Net amount recognized	$ (2,835,000)	$ (2,515,000)

Net periodic pension expense (income) for the pension plan for the years ended November 29, 2002, November 30, 2001 and December 1, 2000, is as follows:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Service cost	$ --	$ --	$ --
Interest cost	758,000	832,000	847,000
Expected return on assets	(686,000)	(730,000)	(845,000)
Amortization of net gain	248,000	(7,000)	(160,000)
Net periodic pension expense (income)	$ 320,000	$ 95,000	$ (158,000)

Note 5 -- Retirement and Other Benefit Plans -- (Continued)

Key weighted-average assumptions used in the measurement of the Company's defined benefit pension obligation are as follows:

	2002	2001	2000
Discount rate	5.75%	6.00%	7.25%
Long term rate of return on assets	9.00%	8.00%	8.00%

In addition to pension benefits, the Company provides health insurance benefits to retirees disabled on the job and employees who elect early retirement after age 62, on a shared-cost basis. This coverage ceases when the employee reaches age 65 and becomes eligible for Medicare. In addition, the Company provides certain limited life insurance for retired employees. In accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions", the cost of these benefits is accrued during the employees' active service period.

The following table provides a reconciliation of changes in benefit obligations. In addition, this table shows the funded status and the amounts recognized in the consolidated balance sheet for the Company's postretirement benefits.

	November 29, 2002	November 30, 2001
Reconciliation of benefit obligation:		
Benefit obligation at beginning of year	$ 807,000	$ 747,000
Service cost	63,000	35,000
Interest cost	61,000	49,000
Benefit payments	(60,000)	(78,000)
Actuarial (gain) loss	323,000	54,000
Benefit obligation at end of year	$ 1,194,000	$ 807,000
Reconciliation of fair value of plan assets:		
Fair value at beginning of year	$ --	$ --
Employer contributions	60,000	78,000
Benefit payments	(60,000)	(78,000)
Fair value at end of year	$ --	$ --
Funded Status:		
Funded status	$ (1,194,000)	$ (807,000)
Unrecognized gain (loss)	158,000	(165,000)
Accrued postretirement benefit cost	$ (1,036,000)	$ (972,000)
Amounts recognized in the consolidated balance sheet:		
Accrued benefit obligation	$ (1,036,000)	$ (972,000)
Net amount recognized	$ (1,036,000)	$ (972,000)

Note 5 -- Retirement and Other Benefit Plans -- (Continued)

Key weighted-average assumptions used in the measurement of the Company's postretirement benefit obligation are as follows:

	2002	2001	2000
Discount rate	5.75%	6.00%	7.25%

For measurement purposes, a 6.2% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2003. The rate assumed decreased gradually to 6.0% for 2005 and remains at that level thereafter.

The components of net postretirement expense are as follows:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Service cost	$ 63,000	$ 35,000	$ 34,000
Interest cost	61,000	49,000	51,000
Amortization of (gain) loss	--	(10,000)	(8,000)
Net periodic postretirement expense	$ 124,000	$ 74,000	$ 77,000

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percent change in the assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 16,000	$ (13,000)
Effect on postretirement benefit obligation	104,000	(89,000)

Note 6 -- Common Stock and Earnings (Loss) Per Share

The Company has authorized a class of preferred stock. To date, no shares have been issued.

Common stock activity was as follows:

	Shares		Common Stock		Paid in	Treasury
	Class A	Class B	Class A	Class B	Capital	Stock
Balance at December 3, 1999	810,586	1,280,304	$ 810,000	$ 1,280,000	$ 9,083,000	$ (259,000)
Purchase of treasury shares						(68,000)
Issuance of Class B common stock under stock option plans		1,000		1,000	1,000	
Balance at December 1, 2000	810,586	1,281,304	$ 810,000	$ 1,281,000	$ 9,084,000	$ (327,000)
Issuance of treasury shares						142,000
Balance at November 30, 2001	810,586	1,281,304	$ 810,000	$ 1,281,000	$ 9,084,000	$ (185,000)
Balance at November 29, 2002	810,586	1,281,304	$ 810,000	$ 1,281,000	$ 9,084,000	$ (185,000)

Treasury stock includes 32,914 shares of Class B Common Stock at November 29, 2002 and November 30, 2001, respectively. During fiscal 2001, 22,086 shares of treasury stock were issued to Directors in lieu of cash payment of annual non-employee director retainer fees.

The following table reflects the factors used in computing earnings (loss) per share and the effect on income (loss) and the weighted average number of shares of dilutive potential common stock.

	Year Ended November 29, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basis EPS			
Income (loss) available to common stockholders	$ 101,000	2,058,976	$ 0.05
Effect of dilutive stock options (a)	--	46,881	
Diluted EPS			
Income (loss) available to common stockholders and assumed conversions	$ 101,000	2,105,857	$ 0.05

Note 6 -- Common Stock and Earnings (Loss) Per Share -- (Continued)

	Year Ended November 30, 2001		
	(Loss) (Numerator)	Shares (Denominator)	Per Share Amount
Basis EPS			
Income (loss) available to common stockholders	$ (2,899,000)	2,042,411	$ (1.42)
Effect of dilutive stock options (a)	--	--	
Diluted EPS			
Income (loss) available to common stockholders and assumed conversions	$ (2,899,000)	2,042,411	$ (1.42)

	Year Ended December 1, 2000		
	(Loss) (Numerator)	Shares (Denominator)	Per Share Amount
Basis EPS			
Income (loss) available to common stockholders	$ (3,989,000)	2,041,481	$ (1.95)
Effect of dilutive stock options (a)	--	--	
Diluted EPS			
Income (loss) available to common stockholders and assumed conversions	$ (3,989,000)	2,041,481	$ (1.95)

(a) Options for 413,181, 380,729, and 335,520 shares of common stock were outstanding at November 29 2002, November 30 2001 and December 1, 2000, respectively, but were not included in computing diluted earnings (loss) per share in each of the respective periods because their effects were anti-dilutive. In addition, options for 100,667 and 151,509 shares of common stock were outstanding at November 30, 2001 and December 1, 2000, respectively, but were not included in computing diluted earnings per share because of the net loss.

Note 7 -- Stock Option and Stock Purchase Plans

The Company established on June 29, 1992, an incentive stock option plan entitled the "1992 Employee Stock Option Plan" (the "1992 Plan"). The 1992 Plan authorizes the granting of options to key employees and officers to purchase an aggregate of 225,000 shares of the Company's Class B Common Stock. The exercise price of the options granted under the 1992 Plan may be no less than the fair market value of the shares subject thereto on the date of grant. Although the Board of Directors or Committee administering the 1992 Plan may authorize variations from the standard terms, options under the 1992 Plan will generally be exercisable in annual one-fourth increments, beginning one year from the date of grant, with an additional one-fourth becoming exercisable at the end of each of the years thereafter. The options are exercisable for ten years from the date of grant. The period for granting options under this plan has expired.

Note 7 -- Stock Option and Stock Purchase Plans -- (Continued)

On February 1, 1995, the Company established an incentive stock option plan entitled the "1995 Employee Incentive Stock Option Plan" (the "1995 Employee Plan") and a non-employee stock option plan entitled the "1995 Non-employee Directors Stock Option Plan" (the "1995 Director Plan").

The 1995 Employee Plan authorizes the granting of options to key employees and officers to purchase an aggregate of 300,000 shares of the Company's Class B Common Stock. The exercise price of the options granted under the 1995 Employee Plan may be no less than the fair market value of the shares subject thereto on the date of grant. Although the Board of Directors or Committee administering the 1995 Employee Plan may authorize variations from the standard terms, options under the 1995 Employee Plan will generally be exercised in annual one-fourth increments, beginning one year from the date of grant, with an additional one-fourth becoming exercisable at the end of each of the years thereafter. The options are exercisable for ten years from the date of grant. At November 29 2002, there were 26,242 options available for grant under this plan.

The 1995 Director Plan authorizes the granting of options only to non-employee directors to purchase an aggregate of 210,000 shares of the Company's Class B Common Stock. The exercise price of the options granted under the 1995 Director Plan may be no less than the fair market value of the shares subject thereto on the date of grant. The 1995 Director Plan provided for automatic grant, to each current non-employee director, of options to purchase 15,000 shares upon approval by the stockholders and to any new non-employee director upon their appointment or election. Although the Board of Directors or Committee administering the 1995 Director Plan may authorize variations from the standard terms, options under the 1995 Director Plan will generally be exercised in annual one-third increments, beginning one year from the date of grant, with an additional one-third becoming exercisable at the end of each of the years thereafter. The options are exercisable for ten years from the date of grant. As of November 29, 2002, there were 54,075 options available for grant under this plan.

On February 3, 2002, the Company established an incentive stock option plan entitled the "2002 Stock Incentive Plan" ("the 2002 Plan"). The 2002 Plan authorizes the granting of options to key employees to purchase an aggregate of 300,000 shares of the Company's Class B Common Stock. The exercise price of the options granted under the 2002 Plan may be no less than the fair market value of the shares subject thereto on the date of grant. Although the Board of Directors or Committee administering the 2002 Plan may authorize variations from the standard terms, options under the 2002 Plan will generally be exercised in annual one-third increments, beginning one year from the date of grant, with an additional one-third becoming exercisable at the end of each of the years thereafter. The options are exercisable for ten years from the date of grant. At November 29 2002, there were 116,700 options available for grant under this plan.

On April 26, 2002, the Company established a non-employee stock option plan entitled the "2002 Non-Employee Director Plan" ("the 2002 Director Plan"). The 2002 Director Plan authorizes the granting of options to non-employee directors to purchase an aggregate of 180,000 shares of the Company's Class B Common Stock. The exercise price of the options granted under the 2002 Director Plan may be no less than the fair market value of the shares subject thereto on the date of grant. Although the Board of Directors or Committee administering the 2002 Plan may authorize variations from the standard terms, options under the 2002 Director Plan will generally be exercised in annual one-third increments, beginning one year from the date of grant, with an additional one-third becoming exercisable at the end of each of the years thereafter. The options are exercisable for ten years from the date of grant. At November 29 2002, there were 96,000 options available for grant under this plan.

PLYMOUTH RUBBER COMPANY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

Note 7 -- Stock Option and Stock Purchase Plans -- (Continued)

A summary of the Company's stock option plans as of November 29, 2002, November 30, 2001, and December 1, 2000, and the changes during the years then ended on those dates are presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 3, 1999	490,199	5.04
Options granted	--	--
Options exercised	(1,000)	2.17
Options expired	(3,630)	5.78
Outstanding at December 1, 2000	485,569	5.04
Options granted	159,500	1.27
Options exercised	--	--
Options expired	(167,330)	6.31
Outstanding at November 30, 2001	477,739	3.33
Options granted	267,300	0.82
Options exercised	--	--
Options expired	(153,739)	2.21
Outstanding at November 29, 2002	591,300	2.49

	Number of Options	Weighted Average Exercise Price
Exercisable at December 1, 2000	300,170	$ 5.54
Exercisable at November 30, 2001	215,564	$ 4.94
Exercisable at November 29, 2002	250,000	$ 4.57

The following table summarizes information about all stock options outstanding at November 29, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.75 – 0.90	267,300	9	$ 0.82	--	$ --
1.25 – 1.38	142,000	8	1.28	71,000	1.28
4.25 – 4.63	73,800	6	4.55	73,800	4.55
5.95 – 6.81	58,200	3	6.25	55,200	6.25
7.12 – 7.75	50,000	2	7.42	50,000	7.42
	591,300			250,000	

The options outstanding at November 29, 2002 expire at various times in 2003 through 2012.

Note 7 -- Stock Option and Stock Purchase Plans -- (Continued)

In accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), the fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model. Had compensation expense for the Company's stock option plans been determined based on the fair value at the grant dates consistent with the provisions of FAS 123, the Company's pro forma net income (loss) and earnings (loss) share would have been as follows:

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Net income (loss), as reported	$ 101,000	$ (2,899,000)	$ (3,989,000)
Net income (loss), pro forma	(91,000)	(3,034,000)	(4,206,000)
Basic EPS, as reported	0.05	(1.42)	(1.95)
Basic EPS, pro forma	(0.04)	(1.49)	(2.06)
Diluted EPS, as reported	0.05	(1.42)	(1.95)
Diluted EPS, pro forma	$ (0.04)	$ (1.49)	$ (2.06)

The weighted average fair value of the options granted during the fiscal 2002 and 2001 was $ 0.81 and $1.23 per option, respectively. No options were granted during fiscal 2000.

The fair value of options at the date of grant was estimated using the Black-Scholes model with the following weighted average assumptions:

	2002	2001
Expected life (years)	10	10
Expected stock price volatility	150 %	150 %
Risk-free interest rate	4.00 %	4.00 %

At November 29, 2002 and November 30, 2001, 15,828 shares of the Company's Class B non-voting common stock were reserved for issuance to employees at a purchase price of not less than $1.00 per share under the Company's Executive Incentive Stock Purchase Plan. Shares issued under the plan are restricted as to disposition by the employees, with such restrictions lapsing over periods ranging from five to nine years from the date of issuance. If the participant's employment is terminated during the restricted period, his or her shares are required to be offered to the Company for repurchase at the original purchase price. The restrictions for all shares of stock issued under this plan have lapsed. Repurchased shares totaled 3,720 at November 29, 2002 and at November 30, 2001. During 2002 and 2001, no shares were repurchased or issued throughout the year. At November 29, 2002 and at November 30, 2001, 30,452 shares were outstanding.

Note 8 -- Segment Information

Plymouth Rubber Company, Inc. and its subsidiaries primarily operate through the following two business segments: Plymouth Tapes and Brite-Line Technologies. Management has determined these to be Plymouth Rubber Company's business segments, based upon its process of reviewing and assessing Company performance, and allocating resources. Plymouth Tapes manufactures plastic and rubber products, including automotive, electrical, and industrial tapes. Brite-Line Technologies manufactures and supplies rubber and plastic highway marking and safety products.

The reporting segments utilize the accounting policies as described in the summary of significant accounting policies in the Company's consolidated financial statements. Management evaluates the performance of its segments and allocates resources to them primarily based upon sales and operating income. Intersegment sales are at cost and are eliminated in consolidation. In addition, certain of the selling, general and administrative expenses recorded in Plymouth Tapes could be considered as incurred for the benefit of Brite-Line, but are currently not allocated to that segment. These expenses include certain management, accounting, personnel and sales services, and a limited amount of travel, insurance, directors fees and other expenses.

The table below presents information related to Plymouth Rubber's business segments for each of the past three years.

	Year Ended		
	November 29, 2002	November 30, 2001	December 1, 2000
Segment sales to unaffiliated customers:			
Plymouth Tapes	$ 56,237,000	$ 57,553,000	$ 66,591,000
Brite-Line Technologies	9,022,000	8,945,000	7,801,000
Consolidated net sales	$ 65,259,000	$ 66,498,000	$ 74,392,000
Segment income (loss):			
Plymouth Tapes	$ 647,000	$ (1,581,000)	$ (833,000)
Brite-Line Technologies	1,113,000	895,000	888,000
Consolidated operating income (loss)	1,760,000	(686,000)	55,000
Interest expense	(2,026,000)	(2,298,000)	(2,342,000)
Foreign currency exchange gain (loss)	64,000	(25,000)	(110,000)
Other income, net	178,000	99,000	110,000
Consolidated income (loss) before tax	$ (24,000)	$ (2,910,000)	$ (2,287,000)
Depreciation and amortization:			
Plymouth Tapes	$ 2,889,000	$ 2,967,000	$ 2,717,000
Brite-Line Technologies	84,000	86,000	71,000
Total depreciation and amortization	$ 2,973,000	$ 3,053,000	$ 2,788,000
Assets:			
Plymouth Tapes	$ 42,709,000	$ 44,559,000	$ 47,733,000
Brite-Line Technologies	3,537,000	4,099,000	3,728,000
Total assets	$ 46,246,000	$ 48,658,000	$ 51,461,000

Note 8 -- Segment Information -- (Continued)

	Year Ended November 29, 2002	Year Ended November 30, 2001	Year Ended December 1, 2000
Geographic information:			
Net sales to unaffiliated customers:			
United States	$ 53,477,000	$ 54,800,000	$ 62,385,000
Spain and Portugal	2,883,000	3,199,000	4,294,000
Other	8,899,000	8,499,000	7,713,000
Consolidated net sales	$ 65,259,000	$ 66,498,000	$ 74,392,000
Long-lived assets:			
United States	$ 19,846,000	$ 22,410,000	$ 24,658,000
Spain	1,582,000	1,443,000	1,438,000
Total long-lived assets	$ 21,428,000	$ 23,853,000	$ 26,096,000

The Company has one customer, whose operations are primarily in the automotive industry, which accounted for 33%, 33% and 31% of net sales in 2002, 2001, and 2000, respectively.

Note 9 -- Leases

Included in Plant Assets in the accompanying Consolidated Balance Sheet is leased property under capital leases as follows:

	November 29, 2002	November 30, 2001
Machinery and equipment	$ 2,832,000	$ 3,174,000
Less: Accumulated amortization	1,355,000	1,539,000
	$ 1,477,000	$ 1,635,000

The Company entered into agreements for the sale and leaseback of certain machinery and equipment in the aggregate amount of $60,000 in 2002. The leases are for periods of 5 years, at the end of which the Company has buy-out options. The leases have been accounted for in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Amortization of the property under capital leases is included in depreciation expense.

The following is a schedule by year of future minimum lease payments under capital leases at November 29, 2002:

2003	$ 390,000
2004	262,000
2005	20,000
2006	2,000
Thereafter	--
Total minimum lease payments	674,000
Less: Amount representing interest	27,000
	$ 647,000

Note 9 -- Leases -- (Continued)

Minimum annual rentals under noncancelable operating leases (which are principally for equipment) are as follows:

2003	$	556,000
2004		535,000
2005		296,000
2006		95,000
2007		--

Total rental expense for 2002, 2001 and 2000 was $1,185,000, $1,071,000, and $1,121,000, respectively. Included in the total rental expense in each year are the warehousing costs incurred at various locations. The cost of keeping inventory at these warehouses is primarily determined on a usage basis.

Note 10 -- Transactions with Related Parties

The Company has a consulting agreement with a Director of the Company to provide the Company with various consulting services. During 2002, 2001 and 2000, consulting fees of $56,400, $51,700, and $51,700, respectively, were paid pursuant to this agreement. In addition, the Company has a consulting agreement with Kadeca Consulting Corporation, whose president is a Director of the Company. In 2002, 2001 and 2000, consulting fees under this agreement were $0, $0, and $14,100, respectively.

Note 11 -- Commitments and Contingencies

The Company has been named as a Potentially Responsible Party by the United States Environmental Protection Agency in two ongoing claims under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Company has also received Notices of Responsibility under Massachusetts General Laws Chapter 21E on two sites in Massachusetts. The Company has accrued $774,000 as of November 29, 2002 to cover future environmental expenditures related to these claims, which is net of $471,000 payments made to date. The accrual represents the Company's estimate of the remaining remediation costs based upon the best information currently available. Actual future costs may be different from the amount accrued for as of November 29, 2002 and may be affected by various factors, including future testing, the remediation alternatives taken at the sites, and actual cleanup costs. The final remediation costs could also be subject to adjustment because of the long term nature of the cases, legislative changes, insurance coverage, joint and several liability provisions of CERCLA, and the Company's ability to successfully negotiate an outcome similar to its previous experience in these matters.

The Company has also received Notices of Responsibility under Massachusetts General Laws Chapter 21E on three sites at the Company's facilities in Canton, Massachusetts. In all of these cases, the Company has taken a variety of actions towards the ultimate cleanup, depending upon the status of each of the sites. These activities include the retention of an independent Licensed Site Professional, investigation, assessment, containment, and remediation. The Company has accrued $310,000 as of November 29, 2002 to cover estimated future environmental cleanup expenditures, which is net of $928,000 payments made to date. Actual future costs may be different from the amount accrued for as of November 29, 2002.

Note 12 -- Unaudited Quarterly Financial Data

The following table presents the quarterly information for fiscal 2002 and 2001.

	Quarter Ended			
	March 1	May 31	August 30	November 29
2002 (a)				
Net sales	$ 13,941,000	$ 17,854,000	$ 17,061,000	$ 16,403,000
Gross profit	3,087,000	4,150,000	3,726,000	2,567,000
Net income (loss)	(127,000)	718,000	509,000	(999,000)
Earnings (loss) per share:				
Basic	$ (0.06)	$ 0.35	$ 0.25	$ (0.49)
Diluted	$ (0.06)	$ 0.34	$ 0.23	$ (0.49)
	March 2	June 1	August 31	November 30
2001 (b)				
Net sales	$ 15,017,000	$ 18,308,000	$ 16,074,000	$ 17,099,000
Gross profit	1,192,000	4,074,000	2,664,000	3,766,000
Net income (loss)	(2,329,000)	151,000	(842,000)	121,000
Earnings (loss) per share:				
Basic	$ (1.14)	$ 0.07	$ (0.41)	$ 0.06
Diluted	$ (1.14)	$ 0.07	$ (0.41)	$ 0.06

(a) Sales in the first and third quarters of 2002 in Plymouth Tapes were reduced due to normal seasonal fluctuations. In addition, sales for the first quarter of 2002 for Brite-Line Technologies were reduced due to the highly seasonal nature of the highway market segment. Net loss for the fourth quarter of 2002 was due to lower margins at Plymouth Tapes, resulting from higher raw material and overhead costs. Net loss for the first quarter of 2002 was also increased due to lower margins at Brite-Line and lower margins on foreign sales.

(b) Sales in the first and third quarters of 2001 in Plymouth Tapes were reduced due to normal seasonal fluctuations. Sales in the first quarter of 2001 in Plymouth Tapes were also reduced due to weak sales in the automotive market. In addition, sales for the first quarter of 2001 for Brite-Line Technologies were reduced due to the highly seasonal nature of the highway market segment. Net loss for the first and third quarters of 2001 was increased due to lower margins at Plymouth Tapes, resulting from decreased production volumes from both lower sales and reductions in inventory. Net loss for the first quarter of 2001 was also increased due to lower margins at Brite-Line and lower margins on foreign sales.

Item 9. Disagreement on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrant

To the extent not included in Part I hereof, the information required by this item is hereby incorporated by reference from the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement involves the election of Directors and is expected to be filed with the Commission within 120 days after the close of the fiscal year ended November 29, 2002.

Item 11. Executive Compensation

The information required by this item is hereby incorporated by reference from the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement involves the election of Directors and is expected to be filed with the Commission within 120 days after the close of the fiscal year ended November 29, 2002.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is hereby incorporated by reference from the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement involves the election of Directors and is expected to be filed with the Commission within 120 days after the close of the fiscal year ended November 29, 2002.

Item 13. Certain Relationships and Related Transactions

The information required by this item is hereby incorporated by reference from the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement involves the election of Directors and is expected to be filed with the Commission within 120 days after the close of the fiscal year ended November 29, 2002.

Item 14. Controls and Procedures

(a) Disclosure controls and procedures. Within 90 days before filing this report, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the SEC. Our disclosure controls and procedures include our internal controls. Maurice J. Hamilburg, President and Co-Chief Executive Officer, Joseph D. Hamilburg, Chairman and Co-Chief Executive Officer, and Joseph J. Berns, Vice President of Finance and Chief Financial Officer supervised and participated in this evaluation. Based on this evaluation, Maurice J. Hamilburg, Joseph D. Hamilburg, and Joseph J. Berns, concluded that, as of the date of their evaluation, our disclosure controls and procedures were effective.

(b) Internal controls. Since the date of the evaluation described above, there have not been any significant changes in our internal controls or in other factors that could significantly affect those controls.

PART IV

Item 15. Exhibits, Financial Statements, Schedules and Reports on Form 8-K

(a)1. Financial statements filed as part of this report are listed in the index appearing on page 14.

(a)2. Financial statement schedules required as part of this report are listed in the index appearing on page 14.

(a)3. Exhibits required as part of this report are listed in the index appearing on pages 48 - 51.

(b) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLYMOUTH RUBBER COMPANY, INC.
(Registrant)

By JOSEPH J. BERNS
Joseph J. Berns
Vice President - Finance and Treasurer

Date: February 26, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on February 26, 2003.

MAURICE J. HAMILBURG Maurice J. Hamilburg	President and Co-Chief Executive Officer and Director
JOSEPH D. HAMILBURG Joseph D. Hamilburg	Chairman and Co-Chief Executive Officer and Director
C. GERALD GOLDSMITH C. Gerald Goldsmith	Director
JANE H. GUY Jane H. Guy	Director
MELVIN L. KEATING Melvin L. Keating	Director
SUMNER KAUFMAN Sumner Kaufman	Director
EDWARD PENDERGAST Edward Pendergast	Director
DUANE E. WHEELER Duane E. Wheeler	Director
JOSEPH J. BERNS Joseph J. Berns	Vice President - Finance and Treasurer (Principal Financial Officer and Principal Accounting Officer)

SECTION 302 CERTIFICATIONS

I, Maurice J. Hamilburg, President and Co- Chief Executive Officer of Plymouth Rubber Company, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Plymouth Rubber Company, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 26, 2003

Maurice J Hamilburg
Maurice J. Hamilburg
President and Co-Chief Executive Officer

SECTION 302 CERTIFICATIONS - continued

I, Joseph D. Hamilburg, Chairman and Co- Chief Executive Officer of Plymouth Rubber Company, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Plymouth Rubber Company, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 26, 2003

Joseph D. Hamilburg
Joseph D. Hamilburg
Chairman and Co-Chief Executive Officer

SECTION 302 CERTIFICATIONS - continued

I, Joseph Berns, Vice President-Finance and Chief Financial Officer of Plymouth Rubber Company, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Plymouth Rubber Company, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 26, 2003

Joseph J. Berns
Joseph Berns, Vice President-Finance and
Chief Financial Officer

SCHEDULE II

PLYMOUTH RUBBER COMPANY, INC.

RESERVES

ACCOUNTS RECEIVABLE

Deducted from assets:		Balance at Beginning of Year		Provision Charged to Income		Accounts Charged to Reserve, net of Recoveries		Balance at End of Year
Allowance for doubtful accounts								
Year ended November 29, 2002	$	422,000	$	88,000	$	(113,000)	$	397,000
Year ended November 30, 2001	$	331,000	$	101,000	$	(10,000)	$	422,000
Year ended December 1, 2000	$	369,000	$	(31,000)	$	(7,000)	$	331,000

INVENTORY

Deducted from assets:		Balance at Beginning of Year		Provision Charged to Income		Amounts Charged to To Reserves		Balance at End of Year
Inventory Reserves								
Year ended November 29, 2002	$	408,000	$	592,000	$	(370,000)	$	630,000
Year ended November 30, 2001	$	482,000	$	453,000	$	(527,000)	$	408,000
Year ended December 1, 2000	$	989,000	$	576,000	$	(1,083,000)	$	482,000

PLYMOUTH RUBBER COMPANY, INC.

INDEX TO EXHIBITS

Exhibit No.	Description
2	Not Applicable.
3.1	Restated Articles of Organization -- incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the year ended December 2, 1994.
3.2	By Laws, as amended -- incorporated by reference to Exhibit 3.2 of the Company's Annual Report on Form 10-K for the year ended November 26, 1993.
4.1	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated December 29, 1995 -- incorporated by reference to Exhibit 4.8 to the report on Form 10-Q for the Quarter ended March 1, 1996.
4.2	Master Security Agreement between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated December 29, 1995 -- incorporated by reference to Exhibit 4.viii to the report on Form 10-Q for the quarter ended March 1, 1996.
4.3	Demand Note between Plymouth Rubber Company, Inc. and LaSalle National Bank dated June 6, 1996 -- incorporated by reference to Exhibit 2.1 to the report on Form 8-K with cover page dated June 6, 1996.
4.4	Loan and Security Agreement between Plymouth Rubber Company, Inc. and LaSalle National Bank dated June 6, 1996 -- incorporated by reference to Exhibit 2.2 to the report on Form 8-K with cover page dated June 6, 1996.
4.5	Amendment to Master Security Agreement between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated February 19, 1997 -- incorporated by reference to Exhibit 4.6 to the report on Form 10-Q for the quarter ended February 25, 1997.
4.6	Master Security Agreement between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated January 29, 1997 -- incorporated by reference to Exhibit 4.12 to the Company's report on Form 10-Q for the quarter ended February 25, 1997.
4.7	Demand Note between Brite-Line Technologies, Inc. and LaSalle National Bank dated February 28, 1997 -- incorporated by reference to Exhibit 4.13 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.
4.8	Loan and Security Agreement between Brite-Line Technologies, Inc. and LaSalle National Bank dated February 25, 1997 -- incorporated by reference to Exhibit 4.14 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.
4.9	Continuing Unconditional Guaranty between Brite-Line Technologies, Inc. LaSalle National Bank dated February 25, 1997 -- incorporated by reference to Exhibit 4.15 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.
4.10	Amendment to Loan and Security Agreement between Plymouth Rubber Company, Inc. and LaSalle National Bank dated May 7, 1997 -- incorporated by reference to Exhibit 4.16 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.

PLYMOUTH RUBBER COMPANY, INC.

INDEX TO EXHIBITS

(Continued)

Exhibit No.	Description
4.11	Continuing Unconditional Guaranty between Plymouth Rubber Company, Inc. and LaSalle National Bank dated March 20, 1997 -- incorporated by reference to Exhibit 4.17 to the Company's report on Form 10-Q or the quarter ended May 30, 1997.
4.12	Public Deed which contains the loan guaranteed by mortgage and granted between Plymouth Rubber Europa, S.A. and Caja de Ahorros Municipal de Vigo, Banco de Bilbao, and Vizcaya y Banco de Comercio dated April 11, 1997 -- incorporated by reference to Exhibit 4.18 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.
4.13	Corporate Guaranty between Plymouth Rubber Company, Inc. and Caja de Ahorros Municipal de Vigo, Banco de Bilbao, and Vizcaya y Banco de Comercio dated April 11, 1997 -- incorporated by reference to Exhibit 4.19 to the Company's report on Form 10-Q for the quarter ended May 30, 1997.
4.14	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated December 3, 1997 -- incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 10-K for the year ended November 27, 1998.
4.15	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated April 13, 1998 -- incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 10-K for the year ended November 27, 1998.
4.16	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated November 12, 1998 -- incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended November 27, 1998.
4.17	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated November 25, 1998 -- incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 10-K for the year ended November 27, 1998.
4.18	Amendments to Loan and Security Agreement between Plymouth Rubber Company, Inc., and LaSalle National Bank dated July 15, 1998 and February 18, 1999 – incorporated by reference to Exhibit 4.18 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 26, 1999.
4.19	Amendment to Loan and Security Agreement between Brite-Line Technologies, Inc., and LaSalle National Bank dated February 18, 1999 – incorporated by reference to Exhibit 4.19 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 26, 1999.
4.20	Promissory Note between Plymouth Rubber Company, Inc. and General Electric Capital Corporation dated June 29, 1999 – incorporated by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 27, 1999.
9.1	Voting Trust Agreement, as amended, relating to certain shares of Company's common stock -- incorporated by reference to Exhibit 9 of the Company's Annual Report on Form 10-K for the year ended November 26, 1993.
9.2	Voting Trust Amendment Number 6 -- incorporated by reference to Exhibit 9.2 of the Company's Annual Report on Form 10-K for the year ended December 2, 1994.
10.1	1982 Employee Incentive Stock Option Plan -- incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the year ended November 26, 1993.

PLYMOUTH RUBBER COMPANY, INC.

INDEX TO EXHIBITS

(Continued)

Exhibit No.	Description
10.2	General Form of Deferred Compensation Agreement entered into between the Company and certain officers -- incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the year ended November 26, 1993.
10.3	1992 Employee Incentive Stock Option Plan -- incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K for the year ended November 26, 1993.
10.4	1995 Non-Employee Director Stock Option Plan -- incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 dated May 4, 1995.
10.5	1995 Employee Incentive Stock Option Plan -- incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 dated May 4, 1995.
10.6	Sales contract entered into between the Company and Kleinewefers Kunststoffanlagen GmbH -- incorporated by reference to Exhibit 10.6 of the Company's report on Form 10-Q for the quarter ended February 28, 1997
10.7	Second Modification Agreement between Plymouth Rubber Company, Inc. and General Electric Capital Corporation --incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K dated December 16, 2003
10.8	Security Agreement by and between Plymouth Rubber Company, Inc., General Electric Capital Corporation, The CIT Group/Equipment Financing, Inc. and Banknorth, N.A. Corporation --incorporated by reference to Exhibit 99.3 of the Company's Current Report on Form 8-K dated December 16, 2003.
10.9	Patent Security Agreement by and between Plymouth Rubber Company, Inc., General Electric Capital Corporation, The CIT Group/Equipment Financing, Inc. and Banknorth, N.A. --incorporated by reference to Exhibit 99.4 of the Company's Current Report on Form 8-K dated December 16, 2003.
10.10	Trademark Security Agreement by and between Plymouth Rubber Company, Inc., General Electric Capital Corporation, The CIT Group/Equipment Financing, Inc. and Banknorth, N.A. --incorporated by reference to Exhibit 99.5 of the Company's Current Report on Form 8-K dated December 16, 2003.
10.11	Modification Agreement between Plymouth Rubber Company, Inc. and Banknorth Leasing Corporation --incorporated by reference to Exhibit 99.6 of the Company's Current Report on Form 8-K dated December 16, 2003.
10.12	Mortgage and Assignment of Leases and Rents by Plymouth Rubber Company, Inc. to and for the benefit of General Electric Capital Corporation, The CIT Group/Equipment Financing, Inc. and Banknorth, N.A. --incorporated by reference to Exhibit 99.7 of the Company's Current Report on Form 8-K dated December 16, 2003.
10.13	First Modification to Mortgage and Assignments of Leases and Rents to and for the benefit of General Electric Capital Corporation, The CIT Group/Equipment Financing, Inc. and Banknorth, N.A. -- incorporated by reference to Exhibit 99.8 of the Company's Current Report on Form 8-K dated December 16, 2003
11	Not Applicable.
12	Not Applicable.

PLYMOUTH RUBBER COMPANY, INC.

INDEX TO EXHIBITS

(Continued)

Exhibit No.	Description
13	Not Applicable.
15	Not Applicable
16	Not Applicable.
18	Not Applicable.
19	Not Applicable
21	Brite-Line Technologies, Inc. (incorporated in Massachusetts) and Plymouth Rubber Europa, S.A. (organized under the laws of Spain).
22	Not Applicable.
23	Consent of Independent Accountants.
24	Not Applicable.
27	Not Applicable.
28	Not Applicable.
29	Not Applicable.

Directors and Officers

Directors

Maurice J. Hamilburg (1)
President and Co-Chief Executive Officer

Joseph D. Hamilburg (1)
Chairman and Co-Chief Executive Officer

C. Gerald Goldsmith (3)
Independent Investor and Financial Consultant

Jane H. Guy (1)
President and Treasurer of
Alladan Kennels Inc.

Sumner Kaufman (3)
President of Kaufman and Company

Melvin L. Keating (2)
President of Picasso Properties

Edward H. Pendergast (2)
President of Pendergast and Company

Duane E. Wheeler (2)
Retired Vice President Finance and
Treasurer

(1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Compensation Committee

Officers

Maurice J. Hamilburg
President and Co-Chief Executive Officer

Joseph D. Hamilburg
Chairman and Co-Chief Executive Officer

Joseph J. Berns
Vice President
Finance and Treasurer

Fiore D. DiGiovine
Vice President
Manufacturing Development

Alan I. Eisenberg
Vice President
Sales and Marketing

David M. Kozol
Clerk and Secretary

Sheldon S. Leppo
Vice President
Research and Development

Thomas L. McCarthy
Vice President
Manufacturing

Kevin White
Vice President
Brite-Line Technologies, Inc.

SHAREHOLDER INFORMATION

Corporate Headquarters
Plymouth Rubber Company, Inc.
104 Revere Street
Canton, Massachusetts 02021
Telephone: (781) 828-0220
Fax: (781) 828-6041

Subsidiaries
Brite-Line Technologies, Inc.
Denver, Colorado

Plymouth Rubber Europa, S.A.
Porriño, Spain

Annual Meeting of Shareholders
The annual meeting of shareholders will take place at 9:00 A.M., Friday, April 25, 2003 at the Conference Center, 2nd Floor, 53 State Street, Boston, Massachusetts

Transfer Agent
American Stock Transfer and Trust Company
Shareholder Service
40 Wall Street
New York, NY 10005
Telephone: (800) 937-5449

Counsel
Friedman and Atherton
53 State Street
Boston, Massachusetts

Independent Accountants
PricewaterhouseCoopers, LLP
160 Federal Street
Boston, Massachusetts

Form 10-K Report
Shareholders and others wishing a copy of the text of the Company's 2002 Form 10-K (without exhibits) filed with the Securities and Exchange Commission in Washington, D.C. can receive it without charge by addressing a request to:

Vice President – Finance
Plymouth Rubber Company, Inc.
104 Revere Street
Canton, Massachusetts 02021

Plymouth Rubber Company, Inc.
104 Revere Street
Canton, Massachusetts
(781) 828-0220

www.plymouthrubber.com
info@plymouthrubber.com

An ISO 9001/QS 9000 registered company