ThePlateauGroup

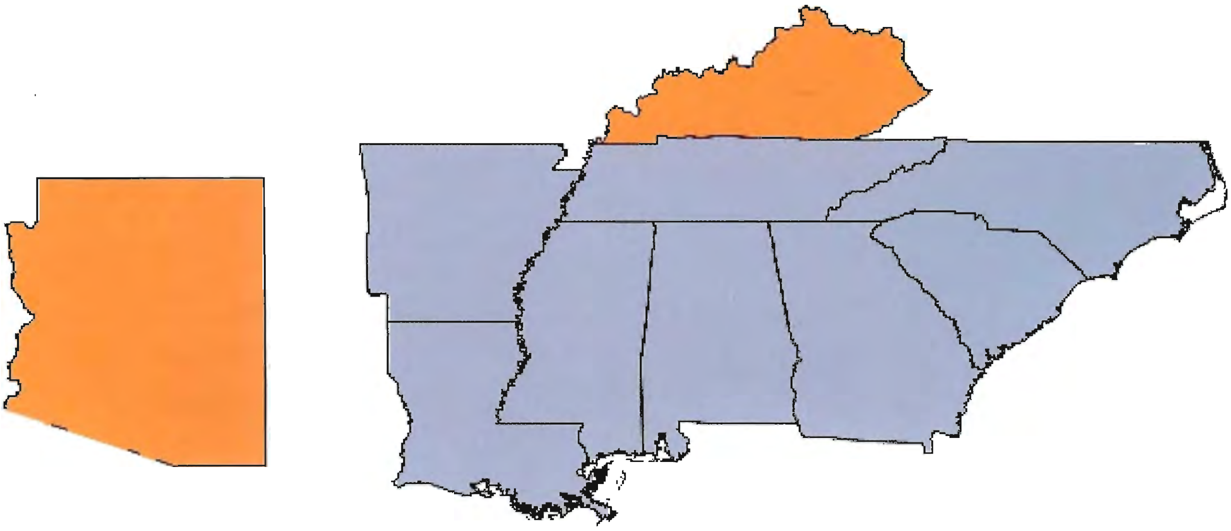
30 years of being your *"FIRST CHOICE"* ...

ANNUAL REPORT

2010

Company Profile

Founded in 1981 in Crossville, Tennessee, The Plateau Group, Inc. is an underwriter of payment protection products and a distributor of related financial products and services throughout the Southeast. Plateau serves clients in the banking, consumer finance, automotive and retail industries. The company is considered one of the premier providers of products and services to financial institutions. Plateau also holds a national reputation as a provider of reinsurance and reinsurance accounting.



Blue states - both PIC and PCIC are licensed.
Orange States - only PIC is licensed.

Financial Highlights

For the Year	**2010**	**2009**
Total Insurance Premiums	$35,738,360	$30,567,002
Total Revenue	$25,292,499	$25,447,413
Net Income	834,845	$1,142,378
Net Income Per Share	$0.75	$0.98
Return on Equity	4.4%	5.7%
At Year End		
Cash & Invested Assets	$38,625,248	$36,130,917
Shareholders Equity	$18,441,604	$19,487,929

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Letter to Shareholders

Dick Williams
President

Plateau Insurance Company (PIC) issued its first insurance certificates on April 1, 1981, thirty years ago. Those were turbulent economic times with interest rates around 20%. Plateau was a new company with young management and managers (there were less than ten employees); $300,000 of paid in capital, but trusted relationships with many bankers in Tennessee. Virtually the entire premium produced for PIC in 1981 came from the twenty-eight investing banks which made Plateau look very much like a co-operative organization for the benefit of its owners.

The challenging economic conditions we have experienced since mid-2008 would have made it much more difficult for a fledgling company to survive and to achieve any degree of success. The Plateau Group, Inc. (Plateau) is now thirty years old with most of its executive officers, marketing representatives, and managers having at least twenty years of experience. Our total equity capital is in excess of $18 million. The relationships our marketing representatives have with our clients are even more mature. We are now serving customers in seven states in the Southeast. The experience of our managers and employees has been essential to leading us through the rough waters of the past two years.

Notwithstanding the headwinds created by the economy, Plateau produced solid earnings for the year and continued to maintain a very strong balance sheet. As we look to the future, we are energized by the abundant opportunities we see for growth in 2011 and beyond. We are well on our way to rebuilding momentum for the future and achieving results projected four and five years ago.

The solid financial results for 2010 include:

- Pretax income of $1,138,677 compared to $1,017,191 for 2009, an increase of 11.9%.
- Net after tax income of $834,845 compared to $1,142,378 for 2009, a decline of 26.9%.
- Total revenue of $30,271,133 compared to $28,910,807 for 2009, an increase of 4.7%.
- Collected insurance premiums were $35,738,360 versus $30,567,002 for 2009, an increase of 16.9%.
- Cash and invested assets of $38,809,775 compared to $36,130,917 for 2009, an increase of 7.4%.
- Investment income of $907,041 compared to $1,345,246 for 2009, a decline of 32.6% as yields on investments declined from 3.7% to 2.5%.
- Operating revenue was $29,393,931 versus $27,598,536 for 2009, an increase of 6.5%. Operating expenses were $6,645,418 compared to $6,588,614 for 2009, an increase of 0.8%. The ratio of operating expenses to operating revenue was 22.6% compared to 23.9% for 2009.
- Commissions and fee income were $2,984,604 versus $3,165,514 for 2009, a decrease of 5.7%.
- Notes payable at December 31, 2010 were $2,436,494 compared to $702,426 at year end 2009. Much of this increase was due to repurchases of outstanding shares. This debt was reduced to $957,000 before January 31, 2011. We further anticipate eliminating this indebtedness during 2011.
- Shareholder equity was $18,441,604 (or $17.42 per share) compared to $19,487,929 (or $17.13 per share) at year end 2009.

NOTE:
Total revenues, cash and invested assets and investment income used in this presentation do not coincide with the enclosed balance sheet and income statement because certain components are reclassified for GAAP presentation. The numbers discussed in the Letter and in the Performance Measures Section are used consistently for planning and comparison.

The most notable positive financial result reported above is the 16.9% increase (to $35,738,360) in collected underwritten insurance premiums. This turnaround virtually restored our premium production to the level we achieved in 2008, which was $36,131,037. One year ago a return to 2008 productions levels was difficult to envision. The financial collapse of several financial giants; the federal takeover of Freddie Mac, Fannie Mae, General Motors, Chrysler and other corporate entities was alarming to everyone, especially those in the lending business. On top of that, many ill-advised bills were introduced in the Congress disguised as consumer protection actions. These bills would have severely restrained the extension of credit to all borrowers and would have discouraged the sale of Plateau's products associated with extensions of credit. Entering the financial downturn Plateau had numerous prospects producing large volumes of premium which we were pursuing vigorously. The results, as were reported in the 2009 Annual Report, were that virtually none of these prospects were willing to switch to Plateau from their current provider in such uncertain economic times.

While it appears that conditions in the financial markets are somewhat improved and that the financial crisis is subsiding, the U.S. economy is still fragile and the outlook for recovery is uncertain. During the first half of 2010 we were engrossed in the machinations of the U.S. Congress as multiple bills were proposed, amended, and merged, resulting in the omnibus Dodd-Frank bill and the establishment of the Consumer Financial Protection Bureau (CFPB). As the industry struggled to determine just how far reaching this new mega-agency might be, we were blind-sided by language proposed by the Federal Reserve Board (FRB) and buried inside a regulation seemingly dealing only with real estate secured loans. The FRB was proposing a requirement of disclosures for "debt protection products" that was so onerous that it had the potential to destroy the credit insurance and debt protection industries. The Consumer Credit Industry Association (CCIA), of which Plateau is a member, and other member companies joined together to generate an outpouring of well researched and documented comments to counter the FRB's proposal and which, along with other factors, culminated with the withdrawal of the proposed regulation by the FRB. Unfortunately, the issue did not die with the withdrawal of the proposal but was instead passed on to the above mentioned CFPB. This new agency is specifically empowered to change Truth-in-Lending and RESPA (Real Estate Settlement Procedures Act) regulations and will most certainly revisit the proposed FRB disclosure requirements. Plateau, along with the CCIA and its members, remains prepared to continue the fight to maintain the integrity and viability of our industry. With the creation of the CFBP we must be prepared to defend ourselves at every turn. In this new environment our expectations have been reset. In a way today's uncertainty feels like the "new normal".

Thomas Williams
Executive Vice President

At the beginning of 2010 we closed on some significant accounts and continued to obtain contracts throughout the year. All totaled, we contracted in excess of $5 million of new annual premiums. The largest portion of these new accounts began producing in the last quarter of 2010 which means we will experience even more growth from them during 2011. The premiums produced from the new accounts along with a rebound in the automobile dealer market account for the total increase in excess of $5 million for the year.

In 2007 we were selling GAP insurance through automobile dealers which provided commissions based on the insurance premium. We shifted to GAP waivers beginning in 2009 which provided a risk premium to the automobile dealer and was then marked up by the dealer to essentially provide the equivalent income for the dealers that the insurance product provided. As a result, the reduction in premiums on the same number of annual sales declined by approximately $2 million. During 2010 we maintained a similar number of contracts as were sold in 2007. When this shift in product is considered, the 2010 production was only 7.3% less than the record production of $41 million we enjoyed in 2007. To take comparisons a step further, December 2010's premium production set a company record of $3,945,000, having to go back to June of 2007 for the previous record of $3,776,175. December 2010 production was $976,358 more than the December 2009 production of $2,968,646, a welcome increase of 32.9%.

Commission and fee income for 2010 was $2,984,604; $180,910 less than the $3,165,514 level in 2009. In August 2009 we lost monthly income of approximately $30,000 when our mortgage origination source was suddenly closed. We replaced about one third of that loss with increases from other products. We expect to regain the balance and more during 2011 by increasing the sales of non-underwritten financial products in the bank and automobile dealer markets.

Euretha Roberts
Senior Vice President

Mike Graham
Senior Vice President

Skip Davis
Senior Vice President

BNControl®, the bank software program introduced a little more than two years ago, is expected to be the leader in creating new fee income for Plateau. We now have forty banks contracted for the product with twenty-eight using it on a daily basis. Several banks have utilized the BNControl® software to increase net interest margins; to dramatically improve collections; to maintain maturing certificates of deposit; to improve the profitability of account relationships; to maintain compliance with BSA; and to improve compliance by utilizing the automated Red Flags feature. We have seen the power of bankers telling other bankers what an incredible product BNControl® is and what it has done for their banks. The referral list is now lengthy and the recommendations are impressive.

Plateau's investment portfolio for the most part is very conservative and as a result reflects low investment yields available in today's market. We reinvest the majority of available funds in maturities of less than five years and maintain high quality investments. In this market many of our investments are called prior to their scheduled maturity. As a result, approximately one third of our total portfolio was called during 2010. We may experience similar actions during 2011. Even though our total investments increased $2.7 million during the year, our average yield dropped from 3.7% in 2009 to 2.5% in 2010. The current portfolio consists primarily of obligations of the United States Treasury and agencies of the United States Government. Approximately one percent of the portfolio consists of higher quality preferred stocks and one percent of higher dividend corporate stocks, most of which are utilities.

Plateau repurchased 112,258 shares of its stock in 2010 at a cost of $1,829,335, bringing the total cost of repurchases since 2008 to $3,016,149. Shareholders' equity at December 31, 2010 was $18,441,604 or $1,046,325 less than the $19,487,929 in equity at December 31, 2009. However, as a result of 34,349 shares being issued for $571,433 and earnings of $834,845 the equity per share increased from $17.13 at year end 2009 to $17.42 at year end 2010.

There were many reasons for the high volume of repurchasing during this period. The largest amount of shares were repurchased to provide capital gains for certain shareholders to help offset their losses on Silverton stock, to help offset losses on Fannie Mae and Freddie Mac stock and/or to help restore capital at certain banks which had experienced significant loan losses. We were pleased to be able to provide assistance to these shareholders and were thankful that we were able to help them in these difficult times. The reduction in total equity of approximately $1 million presented no hardship on Plateau. PCIC was reaffirmed an A- rating by A.M. Best Company as of December 31, 2010.

In 2006, Plateau Casualty Insurance Company (PCIC) received a rating of A- by the A.M. Best Company. This A- rating was renewed as of December 31, 2010. The A.M. Best Company also improved the rating for Plateau Insurance Company (PIC) from a B+ to a B++ in 2010. We believe there are only two companies rated by the A.M. Best Company, which primarily write credit insurance, to receive a rating as high as B++. We are very pleased to have received these ratings for our companies.

During 2010, both PIC and PCIC applied for certificates of authority to underwrite insurance in Arkansas. Both companies have now received their certificate. We expect to apply in at least three other states and maybe up to six states during 2011. Many changes are occurring in our industry, both in the marketplace and with carriers themselves, which create opportunities. We feel we need to lay the groundwork to take advantage of these opportunities as they arise. Opportunities may occur when agent/brokers become dissatisfied with their current carriers or they may arise through acquisition opportunities that serve as a strategic fit for Plateau.

Reinsurance accounting, management reports and customer service are features we emphasize when marketing to prospective clients. Our reinsurance services are turn-key and are all generated in house under the direction of Mike Graham. These services are superior to those of our competitors. Our investment in technology has allowed us to provide this superior reporting. In 2010 we purchased a new accounting system that enhances both in-house accounting needs and reinsurance needs. We also purchased new personal computers and monitors for all in-house employees, upgrading both functionality and efficiency. Customer service continues to be our number one priority. New accounts continue to extend gracious compliments once they have made the change to Plateau. This indicates to us that they believe that our customer service exceeds the level of services they experienced with previous carriers.

Pat Lewis
Senior Vice President

As we enter 2011, management at Plateau has a feeling of excitement about the opportunities that we have identified. We signed several accounts with significant premium production during 2010. We have identified even more prospects with more premium for 2011. We believe that we can improve production from existing accounts, particularly community banks as they must find more fee income to replace income lost in areas such as credit cards, interchange fees and overdraft protection. Credit insurance for many banks is a renewed opportunity because it has not been emphasized during the past decade. BNControl®, mortgage fire, flood zone determination, collateral protection and title insurance are products and programs which we believe can be productive to Plateau and to our community banks. Many other valuable fee income products are available, particularly for banks, which we hope will look to Plateau to be their "First Choice" when considering providers for their financial service needs.

Michael Ramsey
Vice President
Treasurer

I am very proud of the way Plateau's Management Team and Employees have performed in the midst of the challenging economic conditions over the past two years. This period has been a demonstration of the strength of our company and its people to withstand the worst financial crisis in eighty years, and to come through with a strong balance sheet and solid earnings. 2011 will present its obstacles and challenges, especially with the emergence of the Consumer Financial Protection Bureau and concerns that it will overreach and become an obstacle. I am confident that our team will continue to be up to the task and that we are well on our way to building solid momentum for the future.

To our shareholders, I want to thank you for your trust and confidence in Plateau. Under the guidance of your Board of Directors, we are providing what we believe is sound management allowing us to serve as good stewards of your capital and to increase share value as we lead the Company toward renewed premium and revenue growth. These are the keys to achieving our desired financial performance in the future.

Steven Douglas
Vice President
General Counsel

Dick Williams
President

Marketing

Thom Hagan
Middle Tennessee
Financial Institutions

David Greene
West Tennessee
Financial Institutions

Charlie Smith
East Tennessee
Financial Institutions

John Manning
Alabama

Doyle Kelly
Southeast

Woody Moody
Georgia

Fred Antley
South Carolina

Umpy Brown
Louisiana

Jim Smartt
Auto Marketing

Hank Loveday
Auto Marketing

Klay Kelso
Sales Trainer

David Noel
North Carolina - Virginia

Performance Measures

The Board of Directors of The Plateau Group, Inc. adopted a Strategic Plan in 2003 which included seven specific measures to quantify the progress of the Company. We have maintained these measures in each plan adopted since then, including the plan adopted in 2008. These measures capture our three primary sources of revenue; Earned Premium, Commission and Fee Income, and Investment Income. They further quantify a target for profit on the earned premium and include a measure to manage overall operating expenses. Once these seven measures are quantified on a looking forward basis, a projected net income can be calculated for any selected year.

In the 2008 Plan we selected 2012 as our target year. The projected revenue and expense measures for 2012 are displayed in the chart below and create net income of $3,000,000 for the year. In last year's Annual Report, we reflected that realistically we probably cannot accomplish that level of earnings in the next two years. That conclusion considered the financial set-backs and economic surprises and their negative impact on production and sales in existing accounts. The target production of $55,000,000 in 2012 also anticipated significant growth to come from new accounts contracted throughout the Southeast. One year ago we were beginning to see a few accounts become Plateau producers, but in the latter half of the year the pace accelerated and we signed up several more producers. In other developments, we continued to identify more prospective accounts and our prospect list today includes an even greater list of potential producers than we envisioned in 2008. Last year it was anticipated that we may need to move the 2012 target out until 2014 or 2015 and we may still need to do just that. However, it appears that by the fourth quarter of 2011 we will have a much better feel for the likelihood of signing these prospective clients. Therefore we are likely to wait until year-end or early 2012 to reassess and update our projections.

In the chart below you can review the performance of 2010 and compare it with the performance of 2009. The increase in the underwriting margin on a slightly larger earned premium level created revenue which exceeded the declines in investment income and commission and fee income. As a result, Plateau's net income before taxes actually increased by $121,486. A deferred income tax adjustment in 2009 created an unusual tax reduction resulting in a negative tax rate compared to 2010, and, therefore, an after tax net income of $307,533 less than that reported for 2009.

PERFORMANCE MEASURES

	2009 Actual	2010 Actual	2012 Target
Direct Earned Premium	$35,654,371	$35,918,651	$55,000,000
Underwriting Margin	9.15%	10.92%	10.75%
Average Invested Assets	36,063,394	36,314,290	55,000,000
Yield on Investments	3.70%	2.50%	5.00%
Commission & Fee Income	3,132,539	2,954,764	4,100,000
Ratio of Op Exp to Op Rev	23.74%	22.61%	19.00%
Income Tax Rate	21.80%	26.68%	28.00%
Net Income	$901,435	$834,835	$3,033,000

EARNED PREMIUM

A pleasant surprise for 2010 was that our direct earned premium actually increased to $35,918,651 from $35,654,371 in 2009. Our direct written premium for 2009 had fallen from 2007 by 15.4% to $30,567,002. We knew that for direct earned premium in 2010 to be equal to that of 2009, direct written premium would have to increase by more than 15.4%. To our surprise the direct written premium increased by 16.4% for 2010. In 2009 we felt the pain of the economic downturn and the failure to attract significant new accounts. Our new accounts in 2010 and the bounce back by our automobile dealer accounts were the primary reasons we were able to increase direct net written premium.

At the close of 2010 our prospect list was the strongest it has ever been for Plateau. Our brand is now well known in the seven southeastern states where we have representation. References from existing accounts have been very powerful and our representatives have done an excellent job staying in pursuit of new business. There are significant opportunities for increasing business in existing accounts in the community bank market. Many of them have experienced declining use of our products on consumer loans over the past decade. Margins have shrunk and several of their fee income sources have been taken away or are being reduced by laws and regulations at the federal level. Credit insurance has the potential to replace some of the lost fee income for these banks.

It is unrealistic to expect to achieve the target of $55 million of earned premium for 2012. However, given the opportunities we see in gaining new accounts and the opportunities to increase sales in existing community bank accounts, we believe that target is achievable in the not so distant future. As we review and update our Strategic Plan within the next year we should be in a position to more accurately project a date to attain earned premiums of $55 million.

Earned premiums are the results of the previous one to two years of written premiums. A decline of written premium in a current year will not be fully visible in earned premium until the next year(s). Likewise, increases are not fully visible until the following year. As we review marketing efforts in the balance of this section, we will look to written premium to draw relevant comparisons about these efforts.

The chart below illustrates Plateau's premium production by company beginning with 2007, which is our record production year and the year prior to our severe economic and financial setbacks. 2007 also included GAP insurance before we converted our automobile dealers to GAP waivers, thus reducing annual GAP premiums by $2 million without changing the risk assumed by Plateau and without changing the amount of premium after commissions available to Plateau for those risks.

Sharon Tabor
Vice President
Property & Casualty

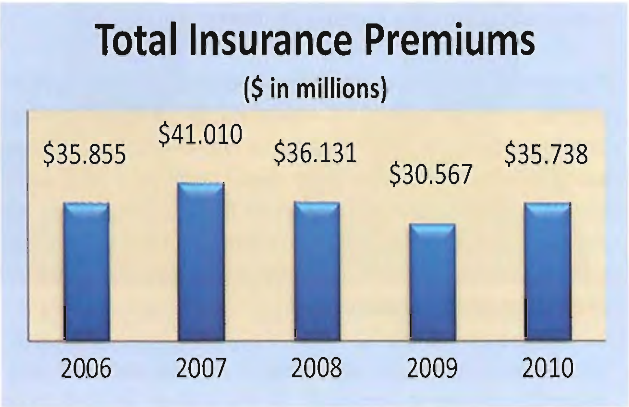
TOTAL WRITTEN PREMIUMS

	2007	2008	2009	2010
PIC premiums	$ 23,060,642	$ 21,293,010	$ 17,693,070	$ 18,294,666
PCIC premiums	17,949,452	14,838,028	12,873,932	17,443,694
Total Premiums	$ 41,010,094	$ 36,131,037	$ 30,567,002	$ 35,738,360

Shelia Newberry
Vice President
Title Insurance

Plateau Insurance Company (PIC) premiums, consisting exclusively of credit life and credit disability insurance premiums, bounced back to $18,294,666 in 2010 from the low point of $17,693,070 in 2009. However, this is $4.75 million less than the record set in 2007. Our life and disability products are sold in all three of our major markets: community banks, automobile dealers and consumer finance companies. On the other hand, Plateau Casualty Insurance Company (PCIC) premium rebounded to $17.4 million from the $12.9 million produced in 2009 and were very close to the record of $17.9 million produced in 2007. The majority of new accounts signed in 2010 were consumer finance companies and they produce approximately three times more property and casualty insurance premiums than they do life and disability premiums.

Sandy Whitson
Vice President
Premium Processing



Eric Shaver
Vice President
Information Technology

Doris Davis
Vice President
Credit Claims

An analysis of Plateau's premiums by market segment shows an overall increase of 16.9% when comparing 2010 to 2009. The largest increase was in the Consumer Finance Company market with an increase of more than $3 million or 19.5% from 2009. This is the market which brought the most new producers in 2010 and with the largest new volume of premiums. Additionally, during the economic downturn, existing consumer finance company accounts experienced the smallest decline, only about six percent. The minimal decline from existing accounts combined with the new producers added in 2010 resulted in this market segment producing more than 52% of Plateau's total premium in 2010.

The automobile dealer market rebounded by 42.2% in 2010, returning production to $5.4 million. The primary products sold include credit life for PIC and GAP waivers and extended service contracts for PCIC. During 2010 we added new accounts and expanded products with existing clients. The remaining dealers in this market segment have also bounced back from declines which began when gasoline prices reached $4.00 per gallon and continued as General Motors and Chrysler were taken over by the Federal Government with many dealers being closed. The remaining dealers were typically the best businessmen that were in the industry and most have finance and insurance departments that do an excellent job of arranging financing and offering our products to their customers.

Premiums from the community bank market declined by 4.4% from $9.1 million in 2009 to $8.7 million in 2010. These premiums now represent 24.5% of Plateau's total premium. In a look back to 2007 (which is not included in the above chart), this market has declined from $12.3 million, a thirty percent change. It does appear that production levels are at the bottom for this segment. We have not signed any significant producers over the past few years since we enjoyed the increase in premiums coming from Georgia, Louisiana and South Carolina when we added marketing representative in those states. There are opportunities, as mentioned earlier, to increase production in most of our existing accounts. We expect our representatives in this segment to be very active in trying to convince bank management to reemphasize the importance of our products on their consumer loans. Our marketing efforts are complemented with very good credit insurance training including a heavy emphasis on the value of our life and disability products in an underserved market.

The bulk of premiums included in Other Sales Finance is insured GAP waivers, marketed by Evans Simpson & Associates (ESA) to various creditors in the Southeast, including banks and credit unions. This category increased 4.7% in 2010 and has continued to add new accounts since we first entered into our arrangement with ESA.

PREMIUMS BY MARKET SEGMENT

Source	2009 Premium	2010 Premium	2009-2010 Change	2010 % of Total
Consumer Finance Co.	$15,681,346	$18,741,642	19.5%	52.4%
Community Banks	9,146,829	8,747,458	-4.4%	24.5%
Automobile Dealers	3,839,473	5,458,084	42.2%	15.3%
Other	1,899,353	2,791,175	4.7%	7.8%
Totals	$30,567,002	$35,738,360	16.9%	100.0%

Collected premiums experienced an increase in all seven of the states in which Plateau operated during 2010. The greatest premium increase was in Tennessee where premium production grew by $2 million or 16.3%, followed by Georgia with an increase of $1.3 million or 30.2% more than 2009. The largest percentage increase came from South Carolina which grew by 43.9% to $2 million in 2010. Louisiana and South Carolina actually experienced record production for Plateau during 2010; reporting $2.5 million and $2 million respectively. We are making progress in North Carolina in negotiations with prospects but have not achieved our desired level of production as of this date. There was an increase to $123,314 in production but we expect to provide you with a much better report for 2011.

As earlier reported we received approval for PIC and PCIC in Arkansas in early 2011. We are also preparing application packages for more states where we anticipate opportunities in the near future. These new applications could total three to six new marketing opportunities as we anticipate changes that will benefit Plateau.

PREMIUMS BY STATE

State	2009 Premium	2010 Premium	Change	2009-2010 % Change	2010 % of Total
Tennessee	$12,500,572	$14,532,363	$2,031,791	16.3%	40.7%
Mississippi	6,312,273	6,718,670	406,397	6.4%	18.8%
Georgia	4,443,605	5,784,295	1,340,690	30.2%	16.2%
Alabama	3,580,327	3,920,707	340,380	9.5%	11.0%
Louisiana	2,287,131	2,583,738	293,607	12.8%	7.2%
South Carolina	1,442,198	2,075,274	633,076	43.9%	5.8%
North Carolina	897	123,314	122,417		0.3%
Totals	$30,567,002	$35,738,360	$5,171,358	16.9%	

UNDERWRITING MARGIN

Underwriting margin is the calculation of the percentage of direct earned premium available for contribution to overhead and profits. Deductions from earned premiums prior to this calculation include benefits, commissions and premium taxes. In one sense it compares to commissions a traditional insurance agency earns for selling insurance products. The difference is that it is not guaranteed but is a percentage calculation of what Plateau as an underwriter is able to earn on premiums actually collected.

A look at the Underwriting Margin targeted for 2012 shows our desired target of 10.75%. The results for 2010 were 10.92%, slightly exceeding the target. They were 24.5% greater than the 8.77% achieved in 2009. We calculate and track this margin separately for each of the products underwritten by PIC and PCIC. All other product performances were close to the results for 2009, with the exception being Involuntary Unemployment Insurance (IUI). Understandably the IUI claims experience spiked sharply from previous years with unemployment at 10%. However, it continued providing some positive underwriting income with an underwriting margin of 1.6%.

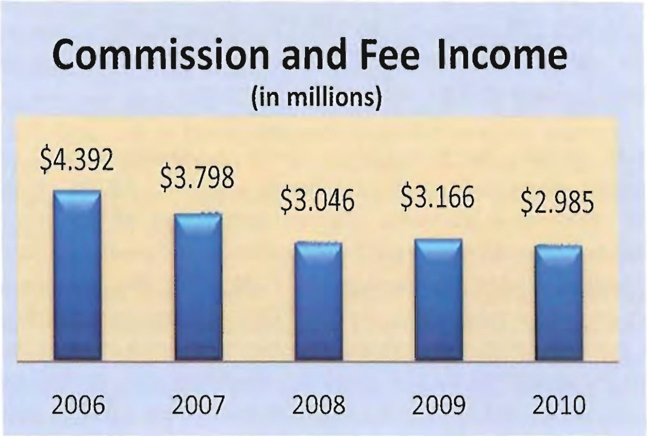
Underwriting losses on credit life and credit disability, underwritten by PIC, cannot be improved with price adjustments because maximum rates for each of these products are set by each state. We can adjust commissions in states where commissions are not regulated. Most often an account will experience unfavorable results when product sales or penetrations are low because lending personnel do not offer the products with each loan. In those instances we do everything we can to implement tracking, product and sales training, and incentives.

A few of the products offered by PCIC have maximum premium rates established by the states, such as credit property insurance and automobile physical damage insurance. GAP waivers and service contracts do not have maximum rates established and their experience can be managed by price adjustments subject to competitive pressures.

Our review of the performance of all our underwritten products indicates no required product changes. We always have individual accounts that can improve product sales or may need a commission adjustment to improve specific account performance. The majority of our accounts are participating in a reinsurance arrangement or a retro arrangement which allows them to participate in profits based on experience. As a result of these arrangements, we are effectively in a business partnership with clients which helps facilitate any necessary adjustments.

COMMISSION AND FEE INCOME

Plateau earns commissions or fee income on several products offered to creditors who then offer them to their customers. We also earn commissions or fees on certain products sold for the benefit of the creditors themselves. Some of these products are brokered insurance products not underwritten by either PIC or PCIC. As a total this income source is very important to the Company. During each of the past five years, underwriting income and commission and fee income have totaled in excess of $6 million with each source contributing approximately fifty percent of the total. These products are typically offered by third party vendors or insurance underwriters where Plateau earns commissions.



Mortgage exposed property is the only product offered in the consumer finance market segment that is not underwritten by Plateau. Eight products are offered in the automobile dealer market for commissions or fee income. In the community bank market fourteen products are offered, providing excellent cross selling opportunities for our marketing representatives.

Revenue recorded as commission and fee income for 2010 was $2,984,604 compared to $3,165,514 in 2009. The decline is attributable to the loss of Taylor Bean & Whitaker's mortgage placement program offered through August 2009 when the program terminated. During the eight months of 2009 that mortgage placement was offered, Plateau earned in excess of $240,000 (approximately $30,000 per month). We had hoped sales of other products would replace this lost income but they did not quite meet expectations. We are confident that sales for 2011 will restore the lost income and add even more revenue.

Mortgage exposed property was our leading performer for 2010, producing in excess of $500,000. We added new accounts using this product but the primary reason the revenue increased was the increase in foreclosures in 2010, creating an increasing amount of need to force place this coverage as loans became exposed. This product will continue to provide revenue until financial institutions work through their foreclosures and get the properties sold to new owners.

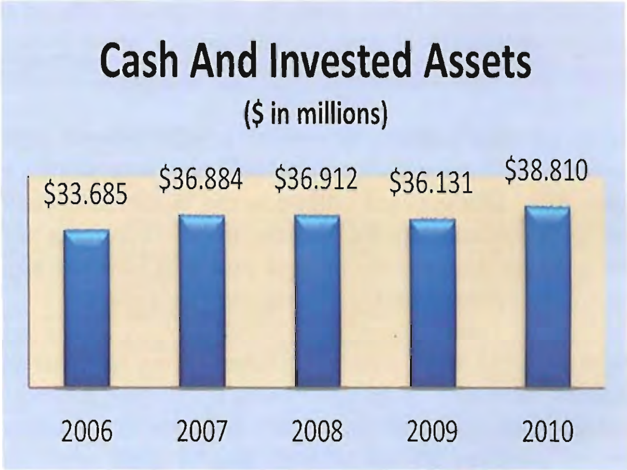
Eight products produced more than $100,000 of revenue during 2010. BNControl® crossed this plane for the first time and will continue to be the fastest growing revenue producer for 2011. There are now forty contracts with twenty-eight banks currently using the program. We have many prospects and expect to sign two or three banks per month in 2011. We still have not seen a product in the market which comes even close to being considered a competitor. Our references are outstanding and we continue to find new and innovative ways for banks to use this product.

Our newest product offerings include IDProtect and ProAccura. IDProtect is an identity theft protection program that is offered at a very reasonable cost to all depositors of a bank. Most products we have seen before have carried a cost in the $10.00 range but this product has a cost to the depositor that is about twenty percent of that. ProAccura is a service offered to banks which does penetration testing on their information systems to identify weaknesses or exposures and then identifies possible solutions the bank may pursue.

INVESTED ASSETS AND YIELDS

As of December 31, 2010 Plateau held cash and invested assets of $38,809,775 compared to $36,130,917 as of December 31, 2009. This increase of $2,679,858 brought the total to the largest amount in the history of the Company.

Bonds issued by the Unites State government and its agencies along with corporate bonds make up 58.1% of the total investment portfolio; insured certificates of deposit in commercial banks comprise 7.9%; common and preferred stock of publicly traded companies are 7.2%; with the balance in cash or cash equivalents. During 2010 approximately 30% of our portfolio matured and was mostly reinvested at rates less than those carried by the maturing investments. As a result our average yield on investments declined from 3.7% in 2009 to 2.5% in 2010. We anticipate that approximately 25% of our investments will either mature or be called during 2011. It appears that we will be able to reinvest these maturing certificates of deposit or bonds in investments with similar or greater yields. With that anticipation we feel our investment income should at least equal the $907,041 recognized in 2010. During the last quarter of 2010 we purchased approximately $1.2 million of high dividend and high quality common stocks carrying an average dividend of 6%. These stocks were primarily utilities and solid companies such as Eli Lilly, Pitney Bowes and Bristol Myers.



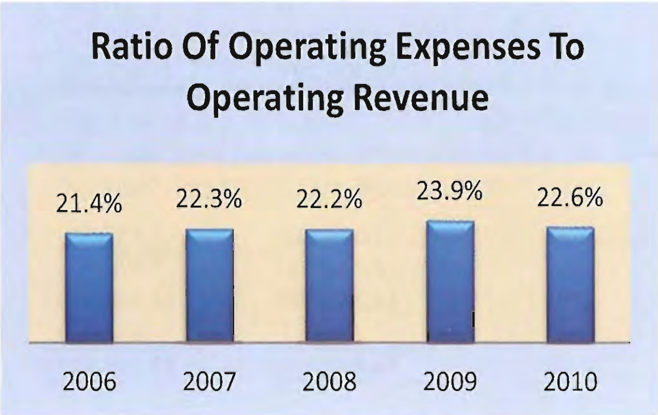
Plateau's cash and invested assets have increased over the years in a similar correlation to underwritten premiums. Our insurance companies receive premiums upfront and pay claims later. This collect-now, pay-later model leaves us holding large sums of money that will eventually be paid to others. Meanwhile, we get to invest these funds for Plateau's benefit. Though specific policies come and go, the amount of funds we hold remains remarkably stable in relation to premium volume. We expect invested assets to continue to grow if we are successful in attracting new clients as described in prior sections of this report. We will continue to reinvest the majority of Plateau's funds in conservative, shorter term investments as we have since inception.

OPERATING EXPENSE RATIO

Plateau's ratio of operating expenses to operating revenue for 2010 was 22.61%. This reflected an improvement from the 2009 ratio of 23.87%. Operating revenue increased to $29,393,931 in 2010 from $27,548,536 in 2009, an increase of $1,795,395. Operating expenses for 2010 were $6,645,418 compared to $6,588,614 for 2009, a slight increase of $56,804.

As our revenue grew through the 2000's we were able to reduce the operating expense ratio from a high of 28.6% in 2003 to a low of 21.4% in 2006. As we navigated through the economic downturn we have managed our expenses to keep the ratio below the goal of 25% set in 2003. We believe we are well positioned to increase revenues of the Company and reduce the incremental expenses associated with these new revenues. Information technology systems, mainly developed in house, are a primary reason Plateau will be able to experience revenue growth and marginal cost reduction simultaneously. The experience of our management team and the performance of employees at all levels can also be considered a primary reason we can accomplish a reduction in the operating expense ratio with revenue growth.

The target operating expense ratio in the Strategic Plan for 2012 is 19%. We can achieve this ratio by increasing the revenues as projected in the 2008 Plan without incurring significant expense. For example, our current staff can absorb premium growth of approximately forty percent without adding personnel. Our collected premiums grew 16.9% in 2010 without adding more personnel. If we experience similar growth in 2011 the operating expense ratio will decline even more than it did in 2010.
Another factor worthy of mention for the operating expense ratio is the modest amount of debt carried on the books. The debt at year end 2010 was $2,436,494, which is by far the most carried at any other time in the last decade. During the first quarter of 2011, Plateau has totally eliminated this indebtedness while continuing to maintain the desired A.M. Best rating for each insurance company.



INCOME TAX EXPENSE

Following the printing of Plateau's 2009 Annual Report, the financials were revised to reflect adjustments in deferred taxes created by reserve changes implemented in 2009 by PIC. This adjustment reduced stated taxes for 2009 in the amount of $376,423. As a result Plateau reported revised taxes in the amount of ($125,187). Comparatively, federal income taxes of $303,832 for 2010 were $429,019 greater than the amount calculated for 2009.

Plateau has the benefit of a small life insurance company deduction since PIC meets the statutory definition of having assets less than $500 million and net income of less than $3 million. By meeting both of these tests, PIC receives a 60% deduction on its net income before tax, calculated separately, prior to consolidation. We typically anticipate the tax calculation to be approximately 28% in budgeting and forecasting as a result of the small life insurance company deduction. The actual tax rate on a consolidated basis for 2010 was 26.68% comparing favorably to years prior to 2009 since that year was an anomaly. However, for the 2011 budget and the 2012 target we applied 28% on the net income before tax to derive forecasted net income.

For Tennessee tax purposes if premium taxes, which are calculated on top line premium revenue, exceed what would have been calculated as franchise and excise taxes, we will owe neither of these taxes. The insurance companies also incur municipal taxes in various states calculated on the premium collected from those particular municipalities.

Consolidated Balance Sheet

(Unaudited)

ASSETS	2010	2009
Cash and investments :		
Cash and cash equivalents	$ 6,503,713	$ 3,522,017
Certificates of deposit	5,616,108	7,360,992
Fixed maturities available for sale, at fair value (amortized cost $22,511,717 in 2010 and $22,502,196 in 2009)	22,500,825	22,666,319
Equity securities, available for sale, at fair value (amortized cost $2,461,277 in 2010 and $1,687,390 in 2009)	2,901,810	1,763,303
Restricted equity securities, at cost	63,500	61,900
Investments in reinsurance companies, at cost	276,600	276,600
Other investments	762,692	479,786
Total cash and investments	38,625,248	36,130,917
Accrued investment income	210,078	251,867
Accounts receivable	388,264	414,008
Amounts recoverable from reinsurers	958,786	951,032
Prepaid reinsurance premiums	17,183,459	16,649,312
Deferred policy acquisition costs	9,827,240	10,975,080
Deferred income taxes	371,881	0
Goodwill	279,562	279,562
Office properties and equipment, at cost, less accumulated depreciation of $2,161,518 in 2010 and $2,409,657 in 2009	1,469,998	1,382,823
Other assets	500,295	1,476,227
Total assets	**$ 69,814,811**	**$ 68,510,828**

LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unearned premiums	$ 39,705,912	$ 39,931,179
Loss reserves	3,717,291	3,461,759
Amounts payable to reinsurers	960,303	320,958
Accounts payable and accrued expenses	4,553,207	4,499,517
Deferred income taxes	0	107,060
Notes payable	2,436,494	702,426
Total liabilities	**51,373,207**	**49,022,899**
Shareholders' equity :		
Common stock, $1 par value. Authorized 2,000,000 shares; issued 1,058,919 in 2010 and 1,137,503 in 2009	1,058,919	1,137,503
Additional paid-in capital	2,771,706	3,520,296
Retained earnings	14,332,868	14,493,850
Accumulated other comprehensive income, net	278,111	336,280
Total shareholders' equity	**18,441,604**	**19,487,929**
Total liabilities and shareholders' equity	**$ 69,814,811**	**$ 68,510,828**

Consolidated Earnings

(Unaudited)

	2010	2009
Revenue		
Premiums earned	$ 20,018,466	$ 19,823,592
Ceding fees on premiums reinsured	1,412,228	1,146,235
Net investment income	767,227	941,883
Net investment gain (loss)	46,459	166,618
Commission income	1,802,180	2,150,999
Other income	1,245,939	1,218,086
Total revenue	**25,292,499**	**25,447,413**
Benefits and expenses		
Death benefits	1,637,944	1,869,955
Accident and health benefits	1,294,146	1,327,973
Loss and loss adjustment expenses	2,791,250	3,027,999
General and administrative	18,430,482	18,204,295
Total benefits and expenses	**24,153,822**	**24,430,222**
Net income before income tax expense	**1,138,677**	**1,017,191**
Income tax expense	303,832	(125,187)
Net income	$ **834,845**	$ **1,142,378**
Comprehensive income:		
Net income	$ 834,845	$ 1,142,378
Other comprehensive income:		
Reclassification adjustment for gains included in net income, net of tax of $(16,674) and $(38,038) for 2010 and 2009	(32,367)	(73,779)
Unrealized (loss) gain on securities available for sale, net of tax of $(13,292) and $49,393 for 2010 and 2009	(25,802)	95,880
Comprehensive income	$ 776,676	$ 1,164,479

Executive Committee

Steve Miller, Chairman
SouthEast Bank & Trust
Athens, TN

Dick Williams, President
The Plateau Group, Inc.
Crossville, TN

John Barker, COO
Citizens Tri-County Bank
Dunlap, TN

John Bruno, President
First State Finance
Brentwood, TN

Wib Evans, COO
First Bank
Lexington, TN

John Haile
Cleveland, TN

Jerry Taylor, Director
The Farmers Bank
Portland, TN

Board of Directors

George Atwood, Chairman
Farmers and Merchants Bank
Trezevant, TN

David Barnes, President
Bank of Frankewing
Frankewing, TN

Bill Bates, CEO
Bank of Perry County
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James England, Chairman
Decatur County Bank
Decaturville, TN

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Bank of Ripley
Ripley, TN

Charles Gleghorn, Chairman
Bank of Lincoln County
Fayetteville, TN

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First National Bank of Tennessee
Livingston, TN

Mark Hayes, CEO
First National Bank
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Wright Hickerson, III, Director
FCB Corporation
Manchester, TN

Gary Mathews, Owner
Gary Mathews Motors
Clarksville, TN

Tom Paschal, Middle TN President
BankTennessee
Lebanon, TN

Thomas Williams, EVP
The Plateau Group, Inc.
Crossville, TN

David Williamson, President
Bank of Putnam County
Cookeville, TN

Chad Wilson, CFP, Regional President
Foundation Bank/McKenzie Banking Co.
Jackson, TN

Plateau Associates

Corporate

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Thomas Williams
Euretha Roberts
Mike Graham
Skip Davis
Pat Lewis
Steven Douglas

Marketing

Thom Hagan
David Greene
Charlie Smith
Woody Moody
Doyle Kelly
David Noël
Fred Antley
Carolyn Antley
Jim Smartt
Hank Loveday
John Manning
Umpy Brown
Amanda Stewart
Rocky Bell
Bobby Jacobs
Michael Boozer
John Kelly

Information Technology

Eric Shaver
Daniel Carey
Rob Williams
JoAnn Ramsey

Agent Services

Terri Hammons
Deedy Adams
Lynette Durant
Cameron Rogers

General Services

Vicki Carlson
Vicki Mason
Craig Wyatt
Jewell Selby

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Michael Ramsey
Judy Hicks
Nancy Strait
Tracy Graham

Reinsurance Accounting

Johnnie Whittenburg
Margaret Smith
Kaye Barnett

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Sissie Turner
Terri Selby
Renee' Rader
Judy Brown
Sandra Bradberry
Jo Reagan
Joy Whited
LeeAnn Roberts
Lacey Sheffield
Kristin Erwin

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Doris Davis
April Fagan
Alexis Deibler
Marcia Neil

P & C / Auto

Sharon Tabor
Terry Walter
Chad Garrett

Title Insurance

Shelia Newberry
Melissa Dyer

Triad Partners, LLC

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Matt Pribus
Robert Ponsar
Deborah Bella
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