

ANNUAL REPORT
AND PROXY STATEMENT

2001

TO THE SHAREHOLDERS OF

Getz &
Associates
Incorporated



Getz & Associates, Incorporated
12738 Saddlemaker Court
Maryland Heights, Missouri 63043-2834

Carlton A. Getz, President & Secretary
Martin E. Kofsky, Vice President

February 12, 2002

Fellow Shareholders,

Since the beginning of the bull market of the 1990s, a debate has raged amongst market commentators about whether value or growth is the holy grail of investment philosophies. Yet with the rise of technology, the go-go days of the peak, and the eventual collapse of the bubble market, the meanings of these terms have become distorted. Growth is no longer defined by solid companies with long track records of higher earnings; it has become the hunt for companies whose revenues can quickly double or triple. Value shares are no longer simply reasonably priced, but cheap shares selling far below book value with depressed price-to-earnings ratios. The widely held view of each philosophy has come to approach an extreme, much as the recent experience of the incredible bull market has tended to shift investors' perception of what is normal away from what is fact.

By these measures, one would likely define the Corporation's investment philosophy as a value approach, and it is to the extent that when evaluating potential investments, the Corporation considers such standard value measures as book value, leverage, price-to-earnings ratios, and return on equity. Yet the Corporation also looks closely at typical growth measures such as profit margin trends, earnings consistency and quality, and management's ability to continue growing the company in its current markets and successfully enter complimentary ones. This is the Corporation's ideal investment: a company with strong long-term earnings growth potential whose shares trade below what the Corporation judges is reasonable on basic valuation methods -- essentially, an undervalued growth stock. True value investing is seeking undervalued securities of strong companies with excellent potential while true growth investing is seeking companies with consistent positive earnings trends. The key is to understand that the characteristics of these two philosophies are not mutually exclusive.

Beyond the obvious advantage of finding investments with exceptional future potential, however, I also believe this approach offers an additional advantage to us, in that it tends to insulate the Corporation to some degree from the vicissitudes of the markets by tending to limit downside risk. Strong companies with solid managements and durable long-term records are the least likely to be severely impacted by economic downturns or market pneumonia, whatever the reasons for their occurrence. Companies whose shares are already undervalued offer an additional degree of protection, as any further decline only makes the company's shares even more unreasonably priced, provided the fundamentals of the business have not changed.

I believe the Corporation's strong performance in 2001 once again confirms the value of our investment philosophy as we posted another strong year, especially in difficult markets. Yet of equal importance to the quality of our investment strategy is the less discussed advantage of simply having one, and holding it religiously. The promise of easy money has always drawn all but the most intrepid investors into the bubble's grasp. We, however, have followed a consistent investment philosophy over the last six years, and although there have been times when the Corporation has paid an economic price for this consistency (such as our 1.7% return in 1999), we have also experienced the benefits it makes possible. Over the long-term, I believe the Corporation will continue to be rewarded by its commitment.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

Notice to the Shareholders of
Getz & Associates, Incorporated
of the
Seventh Annual Meeting of Shareholders
to be held at 12:00 o'clock PM on Friday, March 15, 2002,
at 1645 International Drive, Suite 218,
McLean, Virginia 22102

Dear Shareholder,

You are hereby cordially invited to attend the Annual Meeting of Shareholders of Getz & Associates, Incorporated, to be held at 1645 International Drive, Suite 218, McLean, Virginia, 22102, and to begin at 12:00 o'clock PM on Friday, March 15, 2002. The purpose of the meeting is to review the Corporation's performance over the past year, elect a Director to the Board of Directors of the Corporation, and to address any other business that may be properly brought before the meeting. The Corporation strongly encourages your attendance and participation at the meeting.

All Shareholders on record as of December 10, 2001, are eligible to cast a vote at the Annual Meeting of Shareholders. Please find enclosed a white proxy postcard representing your power to vote in absence on the issue before the meeting, the election of a Director to the Board of Directors of the Corporation. Even if you plan to attend the meeting, please vote, sign, date, and return your proxy postcard to an officer of the Corporation by hand or by mail as soon as possible. If you plan to attend the meeting in person, remember that you have the right to change your vote at any time prior to the announcement of the voting results. A specific request will be made at the meeting before results are announced to account for any such changes.

Also please note that a space has been provided at the bottom of your proxy postcard to indicate your choice of a recipient for your portion of the Corporation's charitable contributions for the year 2002. See the section labeled "**Charitable Contributions Plan**," following, for additional information. Remember to write your selected charity in this space so that the Corporation may accurately make contributions to these organizations.

We look forward to seeing you at the Annual Meeting of Shareholders and discussing with you the activities of the Corporation over the past year. Again, please remember to return your proxy postcard.

Most Sincerely,

Carlton A. Getz, Secretary
Getz & Associates, Incorporated

CHARITABLE CONTRIBUTIONS PLAN

In 1999, the Corporation adopted a Charitable Contributions Plan which, among other things, allows Shareholders of the Corporation to designate the recipient of their portion of the Corporation's charitable contributions for the next fiscal year. Each Shareholder's funds available for contribution is determined as a function of the number of shares of the Common Stock held by the Shareholder. For the 2002 fiscal year, this amount is \$0.02 per share of the Common Stock. For example, a Shareholder who holds 50 shares of the Corporation's Common Stock is eligible to designate the recipient of \$1.00 of the Corporation's total charitable contributions for 2002. Based on the number of shares issued and outstanding as of December 10, 2001, total charitable contributions for 2002 will be \$71.81.

Each Shareholder is asked to indicate on the bottom of the white proxy postcard one of the organizations listed below to which one's contribution should go:

American Cancer Society
American Red Cross
Salvation Army
Smithsonian Institution

SEVENTH ANNUAL MEETING OF SHAREHOLDERS PROXY STATEMENT

There is only one issue before the Shareholders of the Corporation to be voted upon at the Annual Meeting of Shareholders. The Corporation has not been notified or otherwise informed of the intention of any Shareholder to bring before the meeting an alternate proposal or any other proposal for a vote of the Shareholders, although Shareholders may do so at their discretion in the proper manner. Please remember to vote, sign, date, and return your proxy postcard.

Item 1) The Bylaws of the Corporation provide for the election of a Director at every Annual Meeting of Shareholders, to serve a term on the Board of Directors to last from the Annual Meeting at which such Director shall be elected until the election of a new Director at the Annual Meeting immediately following. The Board of Directors of the Corporation is responsible for overseeing the general operations of the Corporation, establishing corporate policy, considering resolutions for carrying out corporate business, selecting the executive staff, and performing other duties beyond the daily management of the Corporation's affairs.

Only one individual has been nominated for the position of Director of the Corporation. Mr. Carlton A. Getz currently serves as the President, Secretary, and Director of the Corporation, and has done so since the Corporation was founded in 1995. Mr. Getz is not compensated for any of his duties in accordance with the Bylaws of the Corporation. Additionally, Mr. Getz is a Shareholder of the Corporation and, as of December 10, 2001, held 1,750 shares of the Corporation's issued and outstanding common stock. Mr. Getz has notified the Corporation that certain investments held by the Corporation are in public companies in which Mr. Getz also holds shares on a personal basis. Questions regarding these activities or other information may be asked at the Annual Meeting of Shareholders or directed to the Corporation.

The Board of Directors of the Corporation recommends a vote FOR item one.

**The Board of Directors
Getz & Associates, Incorporated**

PROXY STATEMENT DISCLOSURES

SHARE OWNERSHIP OF CORPORATE OFFICERS

As of December 10, 2001, the Corporation had three executive officers, listed below. The following disclosure is presented in accordance with the format prescribed by the Securities and Exchange Commission.

Name and Position	Shares of the Common Stock Held	Percent of Outstanding Shares
Carlton A. Getz President, Secretary, & Director	1,750	48.74%
Martin E. Kofsky Vice President	19.4896	*
Martin F. Ohmes Director of G&A Internet Resources	11.7820	*
Total All Officers and Directors:	1,781.2716	49.61%

Notes:

* - Less than 1% of the total issued and outstanding shares of the Common Stock.

INCENTIVE STOCK OPTION PLAN

As of December 10, 2001, the Corporation had awarded options covering the purchase of six shares of the Corporation's Common Stock under the Corporation's Incentive Stock Option Plan, adopted by the Shareholders at a special meeting held in July of 1999. The number of shares covered by such options as of December 10, 2001, are presented below in a format prescribed by the Securities and Exchange Commission.

Recipient	Shares Covered by Options	Expiration Dates	Ave. Exercise Price	Fair Value At Expiration At Assumed Annual Growth Of	
				5%	10%
Martin F. Ohmes	6	March 10, 2010- Sept. 10, 2011	\$15.00	\$71.29	\$157.35

The Corporation accounts for the dilutive effects of outstanding stock options by adjusting the reported earnings per share in accordance with the book value method. In order to calculate the diluted earnings per share, the Corporation adds the number of dilutive shares of the Common Stock represented by outstanding stock options to the number of issued and outstanding shares of the Common Stock and subtracts the number of shares of the Common Stock which the Corporation would be able to acquire with the proceeds from the exercise of dilutive stock options. Dilutive stock options are those with an exercise price less than the net asset value per share. As of December 10, 2001, all of the incentive stock options issued by the Corporation were dilutive. If all outstanding stock options were exercised on December 10, 2001, both the Corporation's reported earnings and net asset value per share of the Common Stock would not change.

During fiscal year 2001, the Corporation awarded three incentive stock options, nine incentive stock options were canceled, and no incentive stock options were exercised.

**Annual Report to the Shareholders of
Getz & Associates, Incorporated
and the Results of the Fourth Quarter of the Corporation's Fiscal Year
2001
12738 Saddlemaker Court
Maryland Heights, Missouri 63043-2834**

INTRODUCTION

The 2001 Annual Report to the Shareholders of Getz & Associates, Incorporated, is intended to inform you of the progress of the Corporation over the past year. The report is organized to present the Corporation's activities and future perspective in a clear and concise manner. Please understand, however, that the Corporation cannot predict the future and forward-looking statements are made with the understanding that influences beyond the Corporation's control may change, either in favor or against the interests of the Corporation. Forward-looking statements are not guarantees but instead provide a perspective of management's expectations of how possible events may affect the Corporation's progress.

The first section of the report consists of a written description of the Corporation's 2001 fiscal year, including a general overview of the Corporation's activities followed by detailed information on the Corporation's investments and retail operations. Following the written description, you will find financial statements and notes to these statements detailing important aspects the numerical presentations do not fully reflect.

The Corporation always appreciates feedback. Should you have any questions on information in this report or about activities not fully described or addressed herein, please direct those inquiries to the Corporation. Additionally, if you would like to see additional information of a specific nature in future reports, these comments will allow the Corporation to do everything possible to fully inform you of our business and objectives.

OVERVIEW OF 2001

For the first time in nearly 30 years, the Dow Jones Industrial Average posted two consecutive years of negative returns. Weakness in technology shares and the companies behind them began to spread into related industries during 2001, taking a toll on investors' confidence. Telecommunications companies, many of which borrowed heavily to invest in new fiber optic networks, saw their systems "go dark" as the expected information explosion never materialized. Equipment manufacturers were caught with overstocked warehouses and excess capacity as customers slashed capital spending. The financial troubles of many technology companies also cascaded onto the balance sheets of their suppliers, as more and more credit extended by suppliers appeared unlikely to be fully repaid as an ever-expanding list of companies found themselves in receivership.

As 2001 progressed, these problems began to impact the broader economy as trillions of dollars in stock market wealth evaporated and layoffs mounted. By the end of the year, the United States was officially in recession, and mixed signals of both improvement and continued deterioration clouded the outlook for a recovery. However, against this challenging backdrop, the Corporation achieved respectable results. As of December 10, 2001, the net asset value per share of the Corporation's Common Stock stood at \$17.18, an increase of \$2.93 from \$14.24 at the end of the previous year, a return to the Shareholders of 20.6%.

The Corporation continued to adjust its portfolio throughout the year, finding a number of opportunities while selling only one of its holdings. As I noted in the Corporation's Annual Report to the Shareholders for 2000, the Corporation sold its entire investment in American Freightways, Incorporated, early in the first quarter of 2001. American Freightways, a non-union trucking company based in Arkansas, was acquired in a tender offer by FedEx Corporation for \$28.13 per share. The Corporation sold 291 shares in the tender offer and its balance of 9 shares shortly thereafter, for a combined net gain of \$4,250.76. While

pleased to report a gain on its investment in American Freightways, the Corporation nonetheless was disappointed in the acquisition to the extent the Corporation believed the future potential of the company would have resulted in a higher market price for the securities should it have remained independent.

Meanwhile, the Corporation made several additions to its portfolio. On January 2, 2001, the Corporation purchased 200 shares of Owens-Illinois \$2.375 Convertible Preferred Series "A" stock. Although Owens-Illinois, a manufacturer of glass and plastic containers and related products, faces certain risks related to asbestos liability claims attributable to a unit the company owned from the late 1940s to the early 1950s, the Corporation believes the reserves the company has already taken coupled with its dominant market position sufficiently balances the risks. Additionally, the preferred stock offers a higher level of protection than the company's common stock, into which shares of the preferred stock are convertible, and the preferred stock carries a substantial dividend in addition to the opportunity for capital appreciation.

A day later, on January 3, the Corporation purchased 400 shares of the common stock of FPIC Insurance Group, Incorporated, an insurance holding company which offers professional liability insurance to physicians and lawyers through its subsidiaries. In addition, the company offers third party administration services for other insurers and self-insured companies. During late 2000 moving into 2001, the company experienced substantial management turnover and increased its loss reserves due to aggressive reserving in prior years. The company also elected to exit its group accident and health line. The resulting impact on earnings and confidence in the company pushed its shares down to a level the Corporation considered inappropriate relative to the company's long-term prospects.

During the second quarter of 2001, on May 2, the Corporation added to its holdings of The Midland Company with the purchase of an additional 75 shares of the company's common stock. This purchase increased the Corporation's holdings to 225 shares, making The Midland Company the Corporation's largest individual investment. Finally, on October 10, 2001, the Corporation purchased 200 shares of the common stock of AAON, Incorporated, a specialized manufacturer of air conditioning and handling equipment. Despite current economic concerns and the impact a weak economy generally has on the manufacturing industry, AAON is a unique enterprise due to its strong financial position and specialized products. The Corporation believes AAON's track record of growth, even if singed in coming quarters by a slowdown in commercial construction, is representative of AAON's long-term prospects.

While investment performance was strong, retail performance remained weak throughout 2001. Retail sales again fell from the prior year, reflecting a decline in scripophily collecting attributable in part to falling interest in the stock market coupled with the Corporation's decision at the end of 2000 to focus on wholesale and repeat customers. This shift resulted in the discontinuation of the unit's online auctions, eliminating a source of sales. The retail unit also experienced a further decline in its operating profit margin to 2.2% from 4.0% in the prior year, as expenses did not fall proportionally to sales and the retail unit accepted lower profit margins to encourage future orders.

Despite the retail unit's performance during 2001, the Corporation remains committed to focusing on its regular customers and seeking wholesale orders. In addition, the Corporation believes the retail unit remains a viable long-term enterprise for generating free cash flow for investment, as well as providing other tangible benefits to the Corporation, such as the Corporation's web site and online presence, all of the expenses for which are attributed to the retail unit.

Regardless of current challenges, the Corporation continued to build on its past successes. The Corporation exceeded its year 2000 goal of \$50,000.00 in assets early in 2001, and by the end of the year had grown far beyond this objective, propelled by positive investment performance and the sale of more than 318 additional shares of the Corporation's Common Stock.

However, while emphasizing the progress the Corporation has made over the last six years, and the Corporation's determination to continue driving ahead, I also believe a cautionary note is warranted. We have done exceptionally well, generating an annualized 20.8% return for the Shareholders since the Corporation's inception in 1995. Yet as we work to maintain this level of performance, I also feel obligated to emphasize that, on basic statistical grounds, maintaining this average annual rate of return over any extended period of time is difficult. Even with the bull market of the late 1990s, the average annual return of the broad market hovers in the range of 10%, reminding us that for all great bull markets, there is a compensating bear which tempers the euphoria of Wall Street. While I reject the suggestion it is impossible to outperform the market consistently -- a sound investment philosophy faithfully applied should permit this -- I also believe even the best investment philosophy will find it challenging to remain as far ahead of the

historic average as the Corporation currently is. Not impossible, and I commit myself to regularly applying the investment philosophy which has proven so successful for us to date, but it would be imprudent to make a blanket assumption that we will not have a few years ahead of us, near or distant, where our performance may be lackluster, or worse. The reasonable investor, after all, is often also the successful investor.

In addition to this word to the wise, I also feel it necessary to comment on another disturbing trend which has accompanied the demise of the bull market. With the substantial losses in technology and related industries, there have been a number of instances where the accounting and ethical practices of individuals and businesses have been called into question. It is easy to hide problems when everything is going well, but invariably, questionable financial structures begin to collapse when results become poor. Readers of any financial journal will have already encountered the stories: microcap stock manipulation and investment fraud committed by teenagers who believe they have done nothing wrong; embezzlement from clients; outright theft from family members by individuals who pretended to invest the funds; and inventive and questionable accounting and financial practices, created to hide debt, inflate profits, and otherwise obscure financial realities.

The moral of all these stories is that trust is a precious commodity which should not itself be lightly invested. With that in mind, I wish to emphasize both I and the Corporation value above all other assets the integrity others find in each. An investment in the Corporation is, to a great extent, a recognition of the trust a Shareholder has in both the Corporation and myself as the chief executive, a trust which can only be built and sustained through unquestionable integrity. With the Corporation, there is no proverbial fine line between the legal and the ethical, for anything that may fall beyond the ethical, even if legal, is not within the realm of the Corporation's interest.

Coupled with this, I also want to note that the financial records of the Corporation, short of personal information concerning Shareholders, are available for review by the Shareholders at any time. I have no reason to believe any Shareholder has any question about the accuracy of the Corporation's financial statements, and no Shareholder has ever exercised the right to review the Corporation's records. However, I believe this transparency, exercised or not, is representative of the Corporation's commitment to its Shareholders, and a key component to maintaining the trust the Corporation enjoys.

Although the Corporation has come far since its organization in 1995, we still face a number of challenges. As Shareholders spread throughout the country, the regulations governing the Corporation's Common Stock multiply. Additionally, before we can enter many of the related financial services the Corporation intends to offer in the future, both the Corporation and its representatives must receive certification from various organizations and regulators. These factors, among others, will require our redoubled attention to adhering to the regulations which govern business corporations. However, I am confident that we are ready for the challenges we face.

We have come far. Now, let us go further.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

QUARTERLY AND ANNUAL RESULTS

At the end of 2001, the Corporation reclassified certain amounts reported as dividend income in the Corporation's 2001 Quarterly Reports to the Shareholders as interest income. Although this income was generated from preferred securities, the tax treatment is similar to that of interest, and the Corporation believes this reclassification better reflects the Corporation's quarterly and annual results. The amounts reclassified are \$70.31 in the first quarter, \$70.35 in the second quarter, and \$70.31 in the third quarter. Accordingly, the dividend income reported in the quarterly results included in this Annual Report, and the annual amounts reported for 2001, reflect this reclassification.

The Corporation recorded a net profit of \$195.46 for the fourth quarter of 2001 on revenues of \$802.99 and expenses of \$607.53. Revenues were derived from retail sales (66.6%), dividends (18.9%), and interest income (14.5%). Expenses consisted primarily of retail operations (80.3%), supplies (8.5%), and federal and state income taxes (8.2%). Revenues from retail operations rose from the previous quarter due to a concentration of orders in the fourth quarter. Dividend income was flat from the third to the fourth quarter as the Corporation's investment portfolio remained relatively static, while interest income fell due to lower average interest rates. Retail expenses rose from the third quarter to the fourth quarter due to the increase in retail sales, while expenses for supplies rose primarily due to the Corporation's purchase of new stock certificates since the Corporation's previous stock certificates, acquired upon incorporation in 1995, were predated for the 20th century.

Net retail income for the fourth quarter was \$46.88 on revenues of \$535.00 and expenses of \$488.12, resulting in a net profit margin of 8.8%. The profit margin for the quarter was above the 2001 quarterly average due to a better order mix, although below the Corporation's objective of 20% due to narrow margins and constant operating expenses on lower sales.

For the year 2001, the Corporation reported net income of \$854.77, before extraordinary items, on revenues of \$2,660.16 and expenses of \$1,805.39, after adjusting expenses for \$187.60 related to extraordinary gains for 2001.

Revenues for 2001 were primarily derived from retail sales (51.8%), interest income (25.6%), and dividends (22.5%). Interest income fell due to lower average interest rates as the Federal Reserve reduced rate targets in an attempt to prompt an economic recovery. Dividend income rose substantially from 2000 due to the Corporation's purchase of Owens-Illinois Convertible Preferred Series "A" securities in the first quarter of 2001, and other additions to the Corporation's investment portfolio throughout the year. Retail revenues continued to decline as the Corporation received fewer orders, discontinued online scripophily auctions, and recorded a second year without a wholesale order such as those which benefited results in 1998 and 1999. A cash benefit related to establishing additional retail payment options and customer refund refusals represented other income.

Expenses for 2001 consisted almost entirely of retail operations (74.6%) and federal and state income taxes (6.5%), with supplies, general expenses, and postage costs composing most of the balance. General expenses and postage costs rose from the prior year due to the continued growth of the Corporation. Expenses for supplies rose due to the Corporation's purchase of new stock certificates, as noted above. Retail expenses fell from 2000 due to reduced order volume. Federal and state income tax expenses rose from the prior year, before extraordinary items, due to the increased operating profitability of the Corporation, driven by higher dividend income partially offset by declining interest income and retail profitability.

For the full year 2001, the Corporation reported a net profit from retail operations of \$30.08 on revenues of \$1,377.71 and expenses of \$1,347.63, reflecting a profit margin of 2.2%, below 4.0% in 2000 and well below the Corporation's operating objective of 20%. Stable expenses relative to declining revenue and lower net margins on individual orders resulted in the depressed profit margin. In addition, the Corporation presently accounts for the full amount of its registration and web-hosting expenses in the retail category, which further increases expenses without a direct impact on revenues. These expenses were partially offset by lower advertising and sales commission expenses related to the discontinuation of online auctions.

The Corporation's assets at December 10, 2001, were \$63,531.23, an increase of \$16,254.47, or 34.7%, from \$47,176.76 at December 10, 2000. Assets consisted of the Corporation's investment portfolio (79.3%), cash (20.1%), and retail assets (0.5%), which represent stock and bond certificates in inventory. Assets rose due to capital appreciation of securities in the Corporation's investment portfolio and the sale of more than 381 additional shares of the Common Stock during 2001, resulting in proceeds to the Corporation of \$6,347.50. The value of the Corporation's investment portfolio rose from 2000 to 2001 due to capital appreciation as well as new investments purchased throughout the year. Cash and accounts increased due to improved profitability resulting from higher dividends, partially offset by declining interest income, and the sale of additional shares of the Corporation's Common Stock. Retail assets remained relatively stable, continuing to represent a small fraction of the Corporation's total assets.

Liabilities at the end of 2001 stood at \$1,846.31, an increase of \$398.81, or 27.6%, from \$1,447.50 at the end of 2000. Virtually all of the Corporation's liabilities in both periods consisted of deferred tax liability, representing future federal income taxes on the net unrealized capital gains in the Corporation's investment

portfolio, and the increase from 2000 was due to the continued capital appreciation of the Corporation's investments. The Corporation made the last payment on its long-term debt, incurred for the Corporation's organization in 1995, during the first quarter of 2001. The Corporation's accounts payable, which represent short-term and current liabilities, remained relatively stable from the prior year while unearned revenues fell as the Corporation fulfilled more retail orders during 2001 than it received during the same period.

Shareholder's equity on December 10, 2001, was \$61,684.92, an increase of \$15,955.66, or 34.9%, from \$45,729.26 at December 10, 2001.

As of December 10, 2001, the Corporation had 3,590.3796 shares of the Common Stock issued and outstanding to 25 Shareholders in Missouri, Illinois, Kansas, Ohio, Virginia, Wisconsin, Arkansas, Arizona, and Nevada. The Corporation also had six stock options outstanding, each covering one share of the Common Stock. As of the close of the year, the net asset value per share of the Common Stock exceeded the exercise price of all six options.

DISCUSSION OF RESULTS

INVESTMENT STRATEGY & CORPORATE INVESTMENT HOLDINGS

At the close of the year, the Corporation held common stock shares of eight companies, shares of preferred stock of one company, and preferred capital trust securities of one company trust. The Corporation's investments are involved in such varied businesses as retailing, home-building, restaurants, manufacturing, insurance, and real estate. Investments held for the entire year yielded a gain of 25.0%, primarily due to improved results at CBRL Group, Incorporated, appreciation of the Corporation's shares of The Midland Company and K-Swiss Corporation, and the continued shift of funds from out-of-favor securities into more defensive investments.

Although economic conditions were a concern throughout 2001, the terrorist attacks on September 11 and the resulting impact on consumer confidence brought quick confirmation of a statistical recession. The decline in consumer confidence impacted the Corporation's holdings in retailers K-Mart Corporation and Dillard's Department Stores and home-builder Pulte, although Pulte continued to post positive results and the residential market appeared unusually resistant to the economic slowdown. Alternately, continued growth of the country's major discount retailers benefited the Corporation's manufacturing investments, while lower interest rates, which tend to benefit all companies by reducing the cost of debt, especially benefited insurers as those companies experienced substantial unrealized gains in their bond portfolios. As 2001 drew to a close, the economic situation remained murky. However, as it noted in 2000, the Corporation continues to believe most of the risk associated with its investments is based on the overall economy and specific considerations related to each company.

The Corporation maintains financial records on all companies in which it holds investments. These records include annual reports, quarterly reports, dividend payment information, proxy statements, and other documentation. Shareholders are invited to review this information at any time in order to familiarize themselves with the Corporation's investments. In addition, the Corporation maintains extensive information on investments which it has investigated or is currently investigating, although this information may not be as complete as for companies in which the Corporation holds investments. For companies in which the Corporation has held investments but has sold those investments, the Corporation disposes of all financial information at the end of the year in which the investment is sold, with the exception of the most recent annual report which is held for the duration of the year following. Financial records such as dividend payment statements and capital gains distributions are held indefinitely. The Corporation does not retain a record of its votes on any items submitted to the Corporation by companies held in its investment portfolio.

Since the Corporation's primary concentration is investments in securities, and the results of the Corporation over any period of time are primarily determined by the performance of its investments, the Corporation considers it important that Shareholders be familiar with these investments. Following are brief descriptions of each of the Corporation's holdings with comments on recent circumstances and the Corporation's general perspective on each.

AAON, Incorporated - (NASDAQ: AAON; WSJ: "AAON Inc") - The Corporation purchased 200 shares of AAON, Incorporated, in the fourth quarter of 2001. AAON is a manufacturer of specialized air

conditioning units, particularly roof-top units used on single-level, large volume structures, such as warehouses and retail superstores. Representative of this market, AAON's three largest customers are Wal-Mart, Target, and Home Depot. AAON differentiates its products through both specialized manufacture for specific project requirements and technological advances which increase energy efficiency and operating cost savings, many of which are patented by the company, which invests heavily in research and development. In addition, the company's experience allows it to produce specialized units more quickly and more efficiently than larger competitors. This benefits the company by making it difficult for competitors to substitute other units in place of specified AAON units. The Corporation considers AAON a strong long-term investment based on its technological and manufacturing advantages, substantial market penetration with large commercial owner/builders, and financial position.

CBRL Group, Incorporated - (NASDAQ: CBRL; WSJ: "CBRL Gp") - CBRL Group, Incorporated, is a restaurant holding company which operates its flagship Cracker Barrel Old Country Store brand and Logan's Roadhouse, a smaller brand acquired in 1999. During 2001, the company continued to build on the positive operating results it began to show in late 2000 after several quarters of declining same store sales and falling margins. Although Logan's Roadhouse suffered throughout the year due to competition in its primary geographic region, operations began to improve in late 2001. The company continued to expand, albeit at a slower pace than in past years, and focused additional resources on improving employee training and retention and creating new incentives at the store level. The company also decided to discontinue Carmine's, an Italian gourmet food concept, in order to focus on its established brands. Based on these trends, and the relative resilience of the company's Cracker Barrel Old Country Stores to economic conditions, the Corporation continues to believe CBRL Group remains a promising investment.

Dillard's Capital Trust I 7.5% Preferred Debt Securities - (NYSE: DDT; WSJ: "DillrdCapTr") - The Dillard Capital Trust I is a trust organized by Dillard's Department Stores, Incorporated, to purchase 7.5% subordinated debentures issued by Dillard's with funds raised by the trust's sale of preferred securities. Interest on the bonds held by the trust is paid to the preferred security holders. The preferred securities may be called by the trust for redemption at \$25.00 per preferred share on or after August 12, 2003, upon the redemption of the related subordinated debentures, and are subject to mandatory redemption at \$25.00 per preferred share when the debentures come due on August 1, 2038. The volatile performance of the preferred securities throughout 2001 reflected the prevailing market mood concerning prospects for department stores in a challenging retail environment and deterioration of Dillard's same store sales and profitability. The Corporation holds these shares as a long-term value investment and believes Dillard's operations are sufficiently strong to maintain its financial stability.

Dillard's Department Stores, Incorporated - (NYSE: DDS; WSJ: "Dillards") - Dillard's Department Stores, Incorporated, is the third largest up-scale department store chain in the United States. Although the company struggled throughout 2001 with declining sales, particularly due to strong competition from large discounters, the company has continued to aggressively reduce debt associated with its acquisition of Mercantile Stores in 1998 and repurchase shares of its common stock with funds raised by reducing inventory. However, although the Corporation believes Dillard's remains a promising long-term investment, the Corporation intends to closely watch the company's operating performance during 2002.

FPIC Insurance Group, Incorporated - (NASDAQ: FPIC; WSJ: "FPIC InsGp") - The Corporation purchased 400 shares of FPIC Insurance Group, Incorporated, in the first quarter of 2001. FPIC Insurance Group is an insurance holding company for First Professionals Insurance Company, formerly known as Florida Physicians Insurance Company, which writes professional liability insurance policies for individuals in the medical and legal professions. The Company is registered in more than 20 states, although the majority of its business is concentrated in Florida and Missouri. FPIC also owns subsidiaries which manage insurance operations for other writers of professional liability insurance and administrate plans for self-insured companies. During 2001, FPIC refocused its insurance offerings by eliminating its unprofitable group accident and health line and took a charge to augment loss reserves. Although these events and increased quarterly reserving impacted the market value of the company's shares, the Corporation believes FPIC's more conservative reserve estimates will benefit the company substantially over the long-term. In

addition, the company's shares trade well below book value, which is primarily composed of its substantial bond portfolio. The Corporation considers FPIC a strong long-term investment.

Kmart Corporation - (NYSE: KM; WSJ: "Kmart") - Kmart Corporation is the third largest discount retailer in the United States. Although the company made substantial progress in previous years by increasing inventory turnover and sales per square foot, Kmart continued to struggle against Wal-Mart and Target throughout 2001. Kmart fills an unfortunate middle ground in the retail battle between the three major discount retailers, having gained a reputation as not quite as inexpensive as Wal-Mart yet not quite as good a quality as Target. The inauguration of the company's Bluelight Always program, which was intended to emphasize Kmart's price competitiveness with Wal-Mart by reducing prices across the board, failed to attract substantially more customers and resulted in declining performance. Subsequent to the end of the Corporation's fourth quarter, Kmart reported sales for the holiday period below the company's prior projections, touching off concern of a liquidity crisis based on excess inventory. Although similar in many respects to the situation the company faced in 1996, when Kmart avoided bankruptcy through a \$3.7 billion line of credit provided by its banks, falling credit ratings and questions about the company's continued receipt of products from its suppliers damaged the company's ability to secure additional financing. As a result, the Corporation sold all of its holdings in Kmart Corporation during the first quarter of 2002.

K-Swiss Corporation - (NASDAQ: KSWW; WSJ: "KSwiss A") - K-Swiss Corporation is a manufacturer of shoes, especially tennis shoes. The company also sells clothing featuring its brand name. K-Swiss believes its retail strategy of limiting product availability produces superior returns by reducing the possibility of excess inventory and the need to discount prices to sell older products, thereby increasing retailers' interest in the company's shoes as high-margin items. After experiencing declining revenues and profitability in the first half of 2001, the company reported strong results for the third quarter on recovering U.S. sales and substantially higher international sales. In December, the company announced its acquisition of Royal Elastics, an Australian shoe manufacturer which pioneered the introduction of laceless shoes. Although the financial terms of the acquisition were not released, the acquisition did not include Royal Elastics' Australian marketing rights, which remained with the company's sellers, and the company is not expected to be immediately accretive to K-Swiss' earnings. The Corporation is presently reviewing the information available for details of the acquisition and the potential impact on the financial position of K-Swiss and the Corporation's holdings in the company. While the Corporation considers K-Swiss a well-managed company with an extremely strong balance sheet and operation, the Corporation has certain reservations concerning the acquisition and the extent to which the acquired company's products reflect the strategy generally employed by K-Swiss.

The Midland Company - (NASDAQ: MLAN; WSJ: "Midland") - The Corporation added to its holdings of The Midland Company during 2001 by purchasing an additional 75 shares of the company's common stock in the second quarter, thereby increasing the Corporation's holdings to 225 shares. The Midland Company is an insurer specializing in manufactured homes and specialty insurance for such items as marine equipment and classic cars. The company also owns and operates a small river shipping business based in Louisiana which transports bulk cargo on the Mississippi River. Although the company's core manufactured housing market remained depressed throughout 2001 and the company's results in the middle of the year were impacted by increasing claims for loss due to fire as the economy declined, the company remains a well-managed and highly focused insurer with a strong balance sheet and financial track record. As a result, the Corporation continues to view The Midland Company as a solid long-term investment.

Owens-Illinois \$2.375 Convertible Preferred Series "A" (NYSE: OI-A; WSJ: "OwensII pfA") - Owens-Illinois is the world's largest manufacturer of glass and plastic container products, including bottles for juices, sodas, beers, wines, medicines, and cleaning fluids. The company also manufactures specialty products focused on locking devices, such as child-proof containers, and product labeling. Owens-Illinois \$2.375 Convertible Preferred Series "A" securities are cumulative preferred shares which carry a redemption price of \$50.00 per share and are convertible into shares of the company's common stock at a rate of 0.9212 shares of common stock per share of preferred stock. While there are certain risks inherent to the company due to its exposure to asbestos claims, particularly following the bankruptcy of several large

building-materials manufacturers, the company has begun aggressively defending itself against new claims and acting quickly to resolve claims the company believes best to settle. In addition, despite the economic downturn which developed in 2001, the company continued to report strong demand for its products and anticipates price increases in 2002. As a result, the Corporation believes Owens-Illinois' leading and profitable market position and more aggressive pursuit of asbestos liability resolution strengthens the company's financial position relative to these claims and makes the company's preferred shares a reasonable investment for the Corporation.

Pulte Homes, Incorporated - (NYSE: PHM; WSJ: "Pulte") - Pulte Homes, Incorporated, formerly known as Pulte Corporation, regained its title as the largest U.S. home-builder during the first half of 2001 with the company's acquisition of Del Webb Corporation. Del Webb is a leading builder of "active adult communities," large-scale communities built on a master plan and marketed primarily to retirees, particularly in the Southwestern United States. While Pulte paid a premium for the acquisition, Del Webb's profitable operations are complimentary to Pulte's already substantial presence in the region and in the active adult community business. Meanwhile, Pulte continued to generate strong operating results and increased net new orders, despite economic concerns and slightly lower unit settlements in the first half of the year. Additionally, the company's backlog of units continued to grow, and the average selling price per unit increased substantially from 2000. Based on these factors, and the relatively low valuation assigned to shares of the company, the Corporation considers Pulte Homes a solid long-term holding.

United Capital Corporation - (AMEX: AFP; WSJ: "UtdCapital") - United Capital Corporation, through various subsidiaries, manufactures automobile parts and electrical transformers and invests in commercial real estate. Many of the company's commercial properties are leased to well-known national or local retail chains and restaurants. During 2001, the company continued modifying its commercial real estate portfolio, selling certain properties while withdrawing from the purchaser's market, stating the company considers the commercial real-estate market overvalued. Coupled with strong results from its commercial properties, the company's manufacturing units also recorded gains in early 2001, although these weakened as the economy impacted the automobile market. The company continues to maintain a substantial amount of cash ready for investment in commercial properties or share repurchases. The Corporation believes most of the future growth in United Capital's earnings will be derived from commercial real estate operations and holds United Capital as a long-term investment from this perspective.

RETAIL STRATEGY & RETAIL HOLDINGS

Retail revenues fell during 2001 compared to the prior year, declining 20.5%, while the retail unit's net profit before taxes also fell, declining 57%. As a percentage of retail sales, the unit's net profit margin before taxes declined from 4.0% of revenues to 2.2% of revenues. The Corporation does not include income taxes attributable to the retail unit's net profits in its presentation of the retail unit's annual results. In addition, the retail unit experienced substantially greater online competition and continues to face challenges in gaining wide recognition on the Internet.

During 2001, individual sales tended to be small orders of one or two certificates. The retail unit did not receive any wholesale orders for 2001, which are substantially more profitable than small orders. The retail unit's strategy of focusing on repeat customers, as was outlined in the Annual Report to the Shareholders for 2000, did not yield tangible results in 2001.

Although retail sales were again distributed throughout the United States and around the world, the breadth of the retail unit's reach fell in part due to the discontinuation of the unit's online auctions. During 2001, the company sold certificates to customers in 11 U.S. states and shipped certificates to overseas customers in the United Kingdom, the Netherlands, and Australia. Sales continued to be strong to the most populous U.S. states, such as California, Pennsylvania, New York, and Ohio, while the southern, midwestern, and northern sections of the country generated few if any sales.

The continued decline in World Wide Stamp Company's retail sales is a source of concern for the Corporation, particularly since World Wide Stamp Company's operations are a source of free cash flow available for investment which does not require the issuance of new shares of the Corporation's Common Stock. However, based on information the Corporation has received from competitors, sales across the

market have been heavily impacted both by the weak economy and far less interest in the stock market since the demise of the technology boom. The Corporation believes the best course of action at this point is to continue to focus on the retail unit's largest customers as well as continue to search for potential wholesale purchasers to boost the retail unit's business. In addition, the retail unit may reevaluate its decision to exit the online auction market, particularly as this route provided many opportunities for World Wide to gain additional exposure beyond its core customers.

Balance Sheet (Includes Unrealized Gains)
(Year ended December 10, 1996, 1997, 1998, 1999, 2000, and 2001, respectively.)

Assets

CASH & ACCOUNTS:	1996	1997	1998	1999	2000	2001
Cash On Hand:	\$11.90	\$4.01	\$75.26	\$172.16	\$50.19	\$21.51
Corporate Checking:	\$1,023.97	\$1,900.43	\$1,472.66	\$362.42	\$383.11	\$113.89
Cash Reserves:	\$2,399.85	\$2,402.63	\$4,294.33	\$6,327.70	\$10,511.74	\$11,479.98
Retail Cash & Accounts:	\$0.00	\$0.00	\$722.92	\$269.53	\$577.35	\$1,181.55
Cash Equivalents:	\$0.00	\$0.00	\$0.00	\$8.50	\$0.00	\$2.50
Other Cash & Accounts:	\$0.00	\$357.50	\$0.00	\$0.00	\$0.00	\$0.00
CASH & ACCOUNTS:	\$3,435.72	\$4,664.57	\$6,565.17	\$7,140.31	\$11,522.39	\$12,799.43

INVESTMENTS

Available For Sale:	\$10,106.33	\$13,055.16	\$21,346.63	\$30,867.22	\$35,356.26	\$50,348.75
TOTAL INVESTMENTS:	\$10,106.33	\$13,055.16	\$21,346.63	\$30,867.22	\$35,356.26	\$50,348.75

OTHER ASSETS

Cash Equivalent:	\$9.60	\$13.80	\$31.41	\$25.99	\$14.73	\$16.87
Retail Division Assets:	\$0.00	\$44.10	\$406.60	\$270.26	\$283.38	\$331.18
Prepaid Expense:	\$0.00	\$0.00	\$0.00	\$35.00	\$0.00	\$35.00
Other Assets:	\$110.00	\$100.00	\$100.00	\$0.00	\$0.00	\$0.00
TOTAL OTHER ASSETS:	\$119.60	\$157.90	\$538.01	\$331.25	\$298.11	\$383.05

Assets:	\$13,661.65	\$17,877.63	\$28,449.81	\$38,338.78	\$47,176.76	\$63,531.23
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Liabilities & Equity

CURRENT LIABILITIES:

Accounts Payable:	\$0.00	\$1,090.32	\$46.70	\$170.34	\$14.95	\$25.60
Unearned Revenues:	\$0.00	\$0.00	\$153.38	\$31.00	\$155.50	\$133.70
TOTAL CURRENT LIABILITIES:	\$0.00	\$1,090.32	\$200.08	\$201.34	\$170.45	\$159.30

LONG-TERM LIABILITIES:

Long-Term Debt:	\$102.30	\$78.26	\$53.36	\$31.34	\$4.78	\$0.00
TOTAL LONG-TERM LIABILITIES:	\$102.30	\$78.26	\$53.36	\$31.34	\$4.78	\$0.00

DEFERRED LIABILITIES:

Deferred Taxes:	\$0.00	\$0.00	\$0.00	\$638.18	\$1,272.27	\$1,687.01
TOTAL DEFERRED LIABILITIES:	\$0.00	\$0.00	\$0.00	\$638.18	\$1,272.27	\$1,687.01

EQUITY:

Shareholder's Equity:	\$13,559.35	\$16,709.05	\$28,196.37	\$37,467.92	\$45,729.26	\$61,684.92
TOTAL EQUITY:	\$13,559.35	\$16,709.05	\$28,196.37	\$37,467.92	\$45,729.26	\$61,684.92

Total Liabilities & Equity:	\$13,661.65	\$17,877.63	\$28,449.81	\$38,338.78	\$47,176.76	\$63,531.23
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Shareholder's Data:

	1996	1997	1998	1999	2000	2001
Number of Shares Outstanding:	1615.4459	1731.9715	2380.6516	3109.4773	3209.4773	3590.3796
Net Asset Value Per Share:	\$8.39	\$9.64	\$11.84	\$12.04	\$14.24	\$17.18
Net Gain (Loss) Per Share:	\$2.89	\$1.25	\$2.20	\$0.21	\$2.20	\$2.93
Percentage Net Change:	52.5%	14.9%	22.8%	1.7%	18.3%	20.6%
Number of Shareholders:	-	-	-	25	24	25

Profit and Loss Statement**(Year ended December 10, 1996, 1997, 1998, 1999, 2000, and 2001, respectively.)**

INCOME:	1996	1997	1998	1999	2000	2001
Interest Income:	\$61.34	\$119.95	\$184.50	\$223.28	\$900.30	\$679.88
Dividend Income:	\$100.35	\$189.90	\$224.20	\$236.13	\$167.08	\$597.25
Extraordinary Gain (Loss):	\$1,593.96	\$70.99	\$73.92	(\$689.92)	\$7,190.89	\$4,250.76
Retail Operations:	\$32.00	\$1,223.30	\$6,881.21	\$6,163.17	\$1,733.08	\$1,377.71
Other Income:	\$0.00	\$0.00	\$13.26	\$17.33	\$2.01	\$5.32
TOTAL INCOME:	\$1,787.65	\$1,604.14	\$7,377.09	\$5,949.99	\$9,993.36	\$6,910.92
EXPENSES:						
Fees:	\$152.00	\$70.00	\$70.00	\$170.00	\$70.00	\$90.00
Mailings:	\$36.75	\$36.55	\$32.42	\$41.64	\$38.98	\$54.41
General Expenses:	\$5.05	\$19.35	\$53.90	\$68.18	\$42.32	\$63.57
Supplies:	\$25.92	\$0.78	\$87.51	\$70.27	\$28.46	\$83.30
Taxes (State & Federal):	\$100.00	\$242.15	\$402.45	\$298.43	\$1,813.11	\$305.00
Retail Operations:	\$28.03	\$1,072.92	\$4,212.68	\$5,218.16	\$1,663.06	\$1,347.63
Interest:	--	--	--	\$1.59	\$8.13	\$0.02
Other Expenses:	\$0.00	\$23.00	\$32.60	\$0.00	\$88.26	\$49.06
TOTAL EXPENSES:	\$347.75	\$1,464.75	\$4,891.56	\$5,868.27	\$3,752.32	\$1,992.99
PROFIT (LOSS):						
Before Extraordinary Items:	(\$64.89)	\$79.12	\$2,415.64	\$737.04	\$354.80	\$854.77
After Extraordinary Items:	\$1,439.90	\$139.39	\$2,485.53	\$81.72	\$6,241.04	\$4,917.93
Cash Earnings (Loss) Per Share:	\$0.89	\$0.08	\$1.04	\$0.03	\$1.94	\$1.37

Profit & Loss Statement**Annual Report - World Wide Stamp Company****(Year ended December 10, 1997, 1998, 1999, 2000, and 2001, respectively.)**

INCOME:	1997	1998	1999	2000	2001
Catalog Income:	\$50.00	\$70.00	\$0.00	\$0.00	(\$10.00)
Stamp Sales:	\$73.05	\$117.32	\$0.00	\$0.00	\$0.00
Scripophily Sales:	\$1,052.75	\$6,190.39	\$5,803.84	\$1,581.83	\$1,314.46
Postage Charges:	\$47.50	\$493.34	\$359.33	\$151.25	\$73.25
TOTAL INCOME:	\$1,223.30	\$6,871.05	\$6,163.17	\$1,733.08	\$1,377.71
EXPENSES:					
Advertising:	\$83.45	\$85.50	\$121.75	\$147.00	\$2.90
Mailings/Freight:	\$72.15	\$287.25	\$205.03	\$105.45	\$71.39
Goods:	\$814.31	\$3,587.34	\$4,572.31	\$1,167.88	\$1,039.60
Insurance:	\$11.90	\$91.45	\$47.70	\$9.75	\$17.30
Internet Access:	\$12.00	\$12.00	\$226.60	\$214.40	\$214.40
Printing:	\$73.20	\$72.95	\$0.00	\$0.00	\$0.00
Refunds:	\$18.75	\$12.00	\$0.00	\$0.00	\$0.00
Other:	(\$40.20)	\$76.19	\$44.77	\$18.58	\$2.04
TOTAL EXPENSES:	\$1,045.56	\$4,224.68	\$5,218.16	\$1,663.06	\$1,347.63
TOTAL PROFIT (LOSS):	\$177.74	\$2,646.37	\$945.01	\$70.02	\$30.08
Profit Percent of Sales:	14.5%	38.5%	15.3%	4.0%	2.2%
Sales Percent of Total Income:	79.8%	94.1%	92.8%	61.8%	51.8%
Expenses Percent of Total Expense:	71.4%	86.4%	88.9%	44.3%	67.6%

Profit & Loss Statement**Fourth Quarter 2001 - (September 11, 2001 to December 10, 2001)**

INCOME:	Qtr. One	Qtr. Two	Qtr. Three	Qtr. Four
Interest Income:	\$226.98	\$191.29	\$145.37	\$116.24
Dividend Income:	\$148.00	\$145.75	\$151.75	\$151.75
Realized Gain (Loss):	\$4,250.76	\$0.00	\$0.00	\$0.00
Retail Operations:	\$327.01	\$238.00	\$287.70	\$535.00
Other Income:	\$0.00	\$0.00	\$5.32	\$0.00
TOTAL INCOME:	\$4,952.75	\$575.04	\$590.14	\$802.99
EXPENSES:				
Fees:	\$55.00	\$25.00	\$10.00	\$0.00
Mailings:	\$23.83	\$10.15	\$10.90	\$9.53
General Expenses:	\$34.79	\$8.55	\$8.94	\$8.29
Supplies:	\$23.38	\$4.16	\$4.17	\$51.59
Taxes (State & Federal):	\$0.00	\$255.00	\$0.00	\$50.00
Retail Operations:	\$294.87	\$255.89	\$318.75	\$488.12
Interest:	\$0.02	\$0.00	\$0.00	\$0.00
Other Expenses:	\$0.00	\$0.00	\$49.06	\$0.00
TOTAL EXPENSES:	\$431.89	\$558.75	\$401.82	\$607.53
NET INCOME (EXPENSE):	\$4,520.86	\$16.29	\$188.32	\$195.46
Cash Earnings (Loss) Per Share:	\$1.37	\$0.00	\$0.05	\$0.05

Portfolio Analysis**(Includes unrealized gains and losses; as of December 10, 2001.)**

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
200	AAON, Inc.	AAON	\$3,510.95	\$4,140.00	\$629.05	17.92%
150	CBRL Group, Inc.	CBRL	\$4,558.50	\$4,405.50	(\$153.00)	-3.36%
150	Dillard's Capital Trust I	DDT	\$2,674.50	\$2,667.00	(\$7.50)	-0.28%
200	Dillard's Dept. Stores	DDS	\$3,799.50	\$3,004.00	(\$795.50)	-20.94%
400	FPIC Insurance Group	FPIC	\$4,187.00	\$5,468.00	\$1,281.00	30.59%
200	K-Swiss Corporation	KSWS	\$2,807.00	\$6,800.00	\$3,993.00	142.25%
400	Kmart Corporation	KM	\$3,284.50	\$2,424.00	(\$860.50)	-26.20%
225	The Midland Co.	MLAN	\$7,181.06	\$9,191.25	\$2,010.19	27.99%
200	Owens-Illinois Pref.	OI-A	\$2,612.00	\$3,930.00	\$1,318.00	50.46%
100	Pulte Corporation	PHM	\$1,320.25	\$4,149.00	\$2,828.75	214.26%
200	United Capital Corp.	AFP	\$3,015.39	\$4,170.00	\$1,154.61	38.29%
Totals:			\$38,950.65	\$50,348.75	\$11,398.10	29.26%

Notes to the Financial Statements

Profit and Loss Statement

NOTE 1: Other Income. Other income consists of various items such as tax refunds, refund refusals by retail customers, service credits, and reimbursements for costs associated with returned inventory. Questions as to the specific composition of this category for any year may be directed to the Corporation.

NOTE 2: General Expenses. General expenses consist of expenses for services necessary for the conduct of the Corporation's daily business. Examples of such expenses are photocopying and banking fees. Questions as to the specific composition of this category for any year may be directed to the Corporation.

NOTE 3: Supplies. Supplies are those materials purchased for the Corporation that are tangible goods. Examples of supplies include envelopes, paper, proxy cards, corporate stock certificates, checks, etc. Questions as to the specific composition of this category for any year may be directed to the Corporation.

NOTE 4: Interest. Interest expense is associated with long-term liabilities as well as certain accounts payable. Interest was paid in the years 1996, 1997, and 1998, but was accounted for under general expenses in 1996 and under other expenses in 1997 and 1998. The Corporation began accounting for interest separately on the profit and loss statement in 1999.

NOTE 5: Other Expenses. Other expenses consist of items that do not fit into any other category listed on the profit and loss statement, including the Corporation's annual charitable contributions and charges for retail customer account balances of which the Corporation is doubtful of future collection. In 1997 and 1998, retail returns or refunds were accounted for under this category although in 1999 returns or refunds were deducted directly from the total retail sales of the Corporation. In 1997 and 1998, interest payments related to liabilities were reported under other expenses. Questions as to this specific composition of this category for any year may be directed to the Corporation.

Balance Sheet

NOTE 6: Corporate Checking. During 2001, the Corporation favorably resolved its dispute with Franklin Templeton Investments, a mutual fund management company, with the receipt of \$4.04 in past dividends paid to but not distributed to the Corporation. Additionally, the Corporation received \$42.00 in retail goods credits with one of its supplier in lieu of receiving a reissued check for a refund lost in the mail. As of December 10, 2001, there are no items outstanding which are reflected in the corporate checking account which require future resolution.

NOTE 7: Retail Cash & Accounts. During 2001, the Corporation resolved a dispute with a customer concerning \$53.25 in which a payment by a customer was returned by the Corporation's bank as uncollectable. The customer agreed to return the certificate in question, which the Corporation has received, and the Corporation elected not to pursue reimbursement for expenses associated with resolution of this matter.

NOTE 8: Cash Equivalent. Cash Equivalent assets are assets that may be easily liquidated for cash or hold a specific dollar value. Such assets are generally composed of postage stamps and similar items.

NOTE 9: Other Assets. Other assets include illiquid items such as envelopes, folders, binders, corporate stock certificates, and other materials that would be difficult to convert into cash. For the purpose of other assets, these materials have been assigned a value of zero for this reason.

NOTE 10: Accounts Payable. Accounts Payable, also known as short-term liabilities (debt with a term of repayment of less than one year), include credit account debt owed by the Corporation and current liabilities that may be paid at any time. The Corporation's credit account is held through the Bank of America and

carries a maximum credit amount of three thousand dollars (\$3,000.00). During 2001, the Corporation elected to cancel its standing line of credit agreement with an interested person of the Corporation. Under the terms of this agreement, the Corporation was able to borrow at any time up to two thousand dollars (\$2,000.00) at an interest rate of three and three quarters percent (3.75%) per annum. The interest payable was pro-rated for any portion of the year over which any credit remained outstanding, payable on December 1 of each year or on such date as the entire amount of the liability is retired by the Corporation. The Corporation did not utilize any credit available under this agreement during 2001. Further details on this agreement may be found in Note 14 to the financial statements, below.

NOTE 11: Long-Term Debt. Long-term debt is any liability with a term of repayment exceeding one year. The Corporation's entire long-term debt was outstanding to an interested person of the Corporation. In accordance with Internal Revenue Service rules, the balance of this amount was payable in monthly installments over a five (5) year period from the date the debt was recorded on the Corporation's books. The liability carried an interest rate of three and one half percent (3.5%) per annum. The entire remaining balance of the Corporation's long-term debt was repaid during the first quarter of 2001. Further details on this agreement may be found in Note 14 to the financial statements, below.

NOTE 12: Deferred Tax Liabilities. Deferred tax liabilities consist of income taxes on capital gains for which the Corporation would be liable upon the sale of its investment portfolio and sales taxes collected from customers and not yet remitted to the State of Missouri. The amount recorded for this item in 2000 included the Corporation's estimated 2000 income taxes accrued but not yet paid to the State of Missouri. The Corporation generally does not account for income taxes on retail or investment income when received; however, at any given point in time, this amount does not exceed one quarter percent (0.25%) of the net asset value per share of the Common Stock.

NOTE 13: Accounting Changes. The Corporation reclassified certain amounts which had previously been reported as dividend income to interest income for 2001 to better reflect the nature of the income received.

NOTE 14: Method of Accounting. The Corporation uses the accrual method of accounting, which recognizes income and expenses on the date the income is received or the expense is incurred. The Corporation's accounting methods do not adhere to all standards of the GAAP (Generally Accepted Accounting Principles). However, the Corporation believes that its method of accounting is sufficient for the Corporation's purposes and fully and accurately reflects the accounts, activities, and financial results of the Corporation. Questions concerning the Corporation's accounting methods may be directed to the Corporation.

NOTE 15: Interested Persons. During 2001, the Corporation canceled its standing line of credit agreement with a certain interested individual. Prior to the cancellation of the agreement during 2001, the Corporation had a standing line of credit agreement with Mr. Carlton A. Getz, an acting director, executive officer, and Shareholder of the Corporation, which allowed the Corporation to borrow up to two thousand dollars (\$2,000.00) from Mr. Getz at an interest rate of three and three quarters percent (3.75%) per annum. In addition, the Corporation made its final payment on its long-term debt during the first quarter of 2001. The Corporation's entire outstanding long-term debt was owed to Mr. Getz. The long-term debt was extended to the Corporation in order to cover expenses related to the formation of the Corporation. The Corporation may periodically sign or enter into other such agreements with Mr. Getz from time to time, as it has in the past and has found those agreements to be beneficial both to the Corporation and the Shareholders.