

First Quarter Report
to the Shareholders of
Getz & Associates, Incorporated
(December 11, 2000 to March 10, 2001)

March 17, 2001

To Our Stockholders:

Once again, stocks fared poorly on the last day of the Corporation's quarter, something that has almost become a tradition. However, this time the decline was the beginning of an across-the-board weakening which brought the Dow Jones Industrial Average below 10,000 and the Nasdaq National Market below 2,000, and then 1,900, in the course of a week. Despite the ignoble end, the Corporation exceeded \$50,000 in assets during the quarter and, shortly thereafter, in shareholder's equity, both for the first time. The achievements were in large part made possible by substantial gains in the Corporation's investment portfolio. Overall, the Corporation finished the quarter with a net asset value per share of \$15.86, an 11.3% increase over \$14.24 at the end of the previous quarter.

For the first quarter of 2001, the Corporation recorded net income before extraordinary items of \$270.10 on revenues of \$701.99 and expenses of \$431.89. Revenues were primarily derived from retail sales (46.6%) and dividend and interest income (31.1% and 22.3%, respectively). Dividend income rose substantially versus the fourth quarter of 2000 as new investments increased the average yield on the Corporation's investment portfolio. Interest income fell as the Corporation used cash to purchase new investments. Meanwhile, expenses were comprised primarily of retail costs (68.3%) with the balance spread between license and registration fees, supplies, mailing expenses, and general operating expenses.

The Corporation recorded an extraordinary gain of \$4,250.76 for the quarter due to the sale of its investment in American Freightways, Incorporated. The Corporation sold the majority of its shares (291) through a tender offer by FedEx Corporation and the balance (9) on the open market shortly thereafter. Including extraordinary items, net income was \$4,520.86 on revenues of \$4,952.75 and expenses of \$431.89. Taxes related to the extraordinary gain were charged to earnings in 2000 due to a difference between the Corporation's tax and fiscal reporting periods.

Assets rose 16.3% from \$47,212.40 at the end of 2000 to \$54,904.75 at the end of the first quarter of 2001. Growth was driven by general appreciation of the Corporation's investment portfolio as well as the sale of 100 additional shares of the Common Stock, raising \$1,605.00. In contrast, liabilities rose 66.7% from the end of the previous quarter to \$2,413.59. Virtually all of the increase related to deferred taxes on unrealized capital gains on the Corporation's investments, as well as a slightly higher level of unfilled retail orders pending.

During the first quarter of 2001, the Corporation purchased shares of two companies new to its portfolio. On January 2, the Corporation purchased 200 shares of Owens-Illinois convertible preferred stock. Owens-Illinois is one of the world's leading manufacturers of glass and plastic packaging for products such as Wisk, Coca-Cola, Heinz, Budweiser, Prego, and Mylanta. The company also produces packaging labels and specialty containers for chemicals and medicines. In addition to carrying a liquidation preference and an annual dividend rate of \$2.375 per share, an 18.3% yield at the price the Corporation purchased the shares, the convertible preferred shares have a redemption price of \$50.00 per share and may also be converted into shares of Owens-Illinois common stock at the rate of 0.9491 common shares for each preferred share.

Owens-Illinois does, however, face certain challenges, particularly exposure to asbestos liabilities from litigation related to a business the company owned from 1948 to 1958. Several smaller companies subject to asbestos litigation have recently filed for bankruptcy, and in 2000, the company took a substantial charge against earnings to create a reserve for future asbestos claims. In part due to the charge's impact on the company's balance sheet, its newly negotiated bank lines of credit carry a higher base interest rate than those replaced, impacting earnings. However, Owens-Illinois remains a leader in its industry and falling interest rates accompanying the slowing economy should help mitigate the increased cost of the company's bank lines of credit. Based on this and other factors, the Corporation believes the market has overemphasized the difficulties facing Owens-Illinois, creating an opportunity. In addition, relative to the company's common stock, the convertible preferred securities offer a better degree of protection from adverse events, participation in long-term appreciation of the common stock, and a high current yield.

The next day, on January 3, the Corporation purchased 400 shares of FPIC Insurance Group, Incorporated. FPIC is the holding company for Florida Physician's Insurance Company, as well as other smaller insurance companies, all of which specialize in legal or medical professional liability insurance and related administrative services. FPIC's business strategy concentrates on insuring physicians and lawyers who have better than average

claims experience: those who have historically avoided malpractice claims. Although FPIC took a charge against earnings in the most recent quarter to increase reserves for future potential losses, the charge taken exceeded the increased claims experience and severity rates the company has recently seen, providing extra flexibility in the company's reserves. In addition, the investment portfolio held by the company carries a value substantially above the company's market capitalization, and the Corporation believes many of the problems which confronted the company have been resolved. As a result, the Corporation believes FPIC will be a strong long-term investment.

Despite the excellent performance of the Corporation's investments over the last three months, market trends indicate the downdraft is beginning to spread outside of the technology sector as investors become concerned about the overall health of the economy. While the Corporation fared well over the week after the close of the quarter -- the net asset value per share of the common stock fell only 1.6% compared to 7.9% for the Nasdaq National Market -- broader economic concerns may impact all investments, including the Corporation's. Bellwether Nike's recent earnings warning hurt all athletic clothing manufacturers, including K-Swiss Corporation, and the declining economic environment, despite falling interest rates, has put pressure on homebuilders such as Pulte Corporation. Conversely, the Corporation's investments in The Midland Company and FPIC Insurance Group have performed well as falling interest rates boosted the value of the bond portfolios held by the companies and earnings at each are not as directly linked to economic conditions as other industries. Nonetheless, I find myself again commenting as I have often done before: we have been very successful, and while the Corporation is dedicated to building further on our success, we cannot allow ourselves to become complacent about future performance. The very real possibility of a widespread downturn exists, and in such an event, it is unlikely many will not be affected.

Not to say that is sufficient reason to avoid new investments. The decline of the markets has unquestionably created new values, and the Corporation's \$14,000 cash reserve, after provisions for income taxes payable in March, permits the Corporation the flexibility to take advantage of unique opportunities as they arise. One of the great things about inefficient markets is just as investors tend to be overly optimistic and bid shares to unreasonable heights, so too do they tend to be excessively pessimistic and sell shares dirt-cheap.

Having said that, we also cannot allow the decline of the DJIA and Nasdaq to make us believe shares have fallen so much that they surely have to come back sometime. Electric utilities disproved this theory at the turn of the century, automobiles twenty years later, and airlines twenty years after that, followed by the great Nifty Fifty of the 1970's. While I avoid predicting market activity, I suspect many technology shares of the 1990s will again demonstrate the error of this tenet, so allow me to replace it with a maxim I believe more apt to the situation and better aligned with financial history: a stock that is dirt cheap is *not necessarily* inexpensive. A good number of online retailers these days are cheap, but when compared to that classic shag rug you can get at a good flea market, you're getting a better deal at the flea market.

Two final notes. An accounting error was recently discovered in the Corporation's books which affected the annual report. An interest deposit of \$0.36 had been recorded as \$36.00. Seeing as it throws the Corporation's accounts out of whack, I must unfortunately report we can't keep it. The result is to reduce reported interest earned for the fourth quarter and the year 2000 by \$35.64, and the net asset value per share at the end of 2000 to \$14.24 from \$14.25.

Finally, we continue to work on the Corporation's web site. I am happy to note, however, that we have a new and convenient method for Shareholders to report address changes to the Corporation. This is important since without your address, you won't get these excellent reports. On our web site, go to the "update your contact information" option and fill in the form to submit it online.

Both I and the Corporation look forward to the coming months, whatever the markets may do, firmly believing that a strong and consistent investment strategy will overcome any short-term market adversity.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

Balance Sheet (Includes Unrealized Gains and Losses)
As of March 10, 2001

Assets

CASH & ACCOUNTS:	Qtr. One
Cash On Hand:	\$26.39
Corporate Checking:	\$1,889.07
Cash Reserves:	\$12,546.78
Retail Cash & Accounts:	\$539.40
Accounts Receivable:	\$55.75
Other Cash & Accounts:	<u>\$0.00</u>
CASH & ACCOUNTS:	\$15,057.39

INVESTMENTS

Available For Sale:	<u>\$39,435.13</u>
TOTAL INVESTMENTS:	\$39,435.13

OTHER ASSETS

Cash Equivalent:	\$2.85
Retail Division Assets:	\$409.38
Prepaid Expense:	\$0.00
Other Assets:	<u>\$0.00</u>
TOTAL OTHER ASSETS:	\$412.23

Assets: **\$54,904.75**

Liabilities & Equity

CURRENT LIABILITIES:

Accounts Payable:	\$51.14
Unearned Revenues:	<u>\$236.21</u>
TOTAL CURRENT LIABILITIES:	\$287.35

LONG-TERM LIABILITIES:

Long-Term Debt:	<u>\$0.00</u>
TOTAL LONG-TERM LIABILITIES:	\$0.00

DEFERRED LIABILITIES:

Deferred Taxes:	<u>\$2,126.24</u>
TOTAL DEFERRED LIABILITIES:	\$2,126.24

EQUITY:

Shareholder's Equity:	<u>\$52,491.16</u>
TOTAL EQUITY:	\$52,491.16

Total Liabilities & Equity: **\$54,904.75**

Shareholder's Data:

	Qtr. One
Number of Shares Outstanding:	3309.4773
Net Asset Value Per Share:	\$15.86
Net Gain (Loss) Per Share:	\$1.61
Percentage Net Change:	11.3%
Number of Shareholders:	24

Profit & Loss Statement**First Quarter 2001 - (December 11, 2000 to March 10, 2001)**

INCOME:	Qtr. One
Interest Income:	\$156.67
Dividend Income:	\$218.31
Realized Gain (Loss):	\$4,250.76
Retail Operations:	\$327.01
Other Income:	<u>\$0.00</u>
TOTAL INCOME:	\$4,952.75

EXPENSES:	
Fees:	\$55.00
Mailings:	\$23.83
General Expenses:	\$34.79
Supplies:	\$23.38
Taxes (State & Federal):	\$0.00
Retail Operations:	\$294.87
Interest:	\$0.02
Other Expenses:	<u>\$0.00</u>
TOTAL EXPENSES:	\$431.89

NET INCOME (EXPENSE):	\$4,520.86
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Cash Earnings (Loss) Per Share:	\$1.45
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Portfolio Analysis**(Includes unrealized gains and losses; as of March 10, 2001.)**

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
150	CBRL Group, Inc.	CBRL	\$4,558.50	\$3,018.75	(\$1,539.75)	-33.78%
150	Dillard's Capital Trust I	DDT	\$2,674.50	\$2,805.00	\$130.50	4.88%
200	Dillard's Dept. Stores	DDS	\$3,799.50	\$3,792.00	(\$7.50)	-0.20%
400	FPIC Insurance Group	FPIC	\$4,187.00	\$4,625.00	\$438.00	10.46%
200	K-Swiss Corporation	KSWS	\$2,807.00	\$5,762.50	\$2,955.50	105.29%
400	Kmart Corporation	KM	\$3,284.50	\$3,840.00	\$555.50	16.91%
150	The Midland Co.	MLAN	\$4,432.31	\$4,846.88	\$414.57	9.35%
200	Owens-Illinois Pref.	OI-A	\$2,612.00	\$3,560.00	\$948.00	36.29%
100	Pulte Corporation	PHM	\$1,320.25	\$3,565.00	\$2,244.75	170.02%
200	United Capital Corp.	AFP	\$3,015.39	\$3,620.00	\$604.61	20.05%
Totals:			<u>\$32,690.95</u>	<u>\$39,435.13</u>	<u>\$6,744.18</u>	<u>20.63%</u>