

Second Quarter Report
to the Shareholders of
Getz & Associates, Incorporated
(March 11, 2002, to June 10, 2002)

June 23, 2002

Fellow Shareholders,

As with the prior quarter, conflicting signals about the ultimate course of the economy left investors searching for elusive guidance in choppy markets. A growing lack of confidence in a strong recovery produced a general downdraft in equity indices. However, although some stratification in performance occurred in the Corporation's investment portfolio, our overall investment record remained strong as our net asset value per share rose to \$19.52 at the end of the second quarter, a 7.7% increase from \$18.12 at the end of the prior quarter.

The Corporation recorded second quarter net income of \$269.59 on revenues of \$691.52 and expenses of \$421.93. Retail sales reclaimed their dominant role, representing 58.5% of revenues, while dividend, interest, and other income composed the balance (22.0%, 10.3%, and 5.2%, respectively). Retail revenues rose due to more and larger orders received during the second quarter than during the first quarter. Dividend income fell slightly since some of the Corporation's holdings pay dividends on a semi-annual basis, while interest income rose slightly due to higher average cash balances. The Corporation's 2001 federal income tax refund comprised most of the quarter's other income.

Expenses for the second quarter were primarily related to retail operations (82.7%), with tax expense, regulatory fees, and postage representing most of the balance. Retail expenses rose in tandem with retail sales in addition to a concentration of expenses for online operations in the second quarter, while all other categories were generally in line with prior years' expenses.

Assets at the end of the second quarter were \$76,631.79 and liabilities \$3,394.03, resulting in shareholder's equity of \$73,237.76. Assets rose 8.4% from the previous quarter while liabilities rose 27%, both reflecting growth in the value of the Corporation's investment portfolio. Notably, other assets rose 40.3% from the prior quarter as the Corporation increased its retail inventory in anticipation of future orders and pre-registered its web site domain name, www.getzassoc.com, through May of 2012. This pre-registration will roughly halve the Corporation's future domain registration expenses.

Although the Corporation did not make any changes to its investment portfolio during the second quarter, the Corporation received 100 additional shares of AAON, Incorporated, through a three-for-two stock dividend effective June 4, 2002. Both K-Swiss and The Midland Company have declared two-for-one stock dividends scheduled for the third quarter in which the Corporation expects to receive 100 shares of K-Swiss on July 15, 2002, and 225 shares of The Midland Company in the last half of July.

Along with our regular investment research, the Corporation initiated several structural changes during the second quarter, including changes to the Corporation's financial statements, the issuance of a cash flow statement, and revisions to the Corporation's Bylaws concerning quarterly and annual reports.

In a continuing effort to improve our financial reporting, the Corporation began considering several potential changes to the presentation of its financial statements, such as breaking certain categories into their component parts. Doing so would more closely align the Corporation's presentation with that found in financial statements compiled in accordance with the accounting principles generally accepted in the United States (GAAP). Although the Corporation believes its present financial statements fully reflect its financial position, these statements do not conform in every respect to GAAP due to the Corporation's belief that GAAP's method of presenting financial information does not best reflect the Corporation's finances. As a result, the primary differences between GAAP and the Corporation's reporting deal with form and presentation rather than accounting method. However, moving towards GAAP where the presentation makes sense in the context of the Corporation's finances would be beneficial, and the Corporation expects to make some changes during the last half of 2002.

In addition to revisions to the financial statements, the Corporation will also expand its financial reporting by issuing with this report its first Statement of Cash Flows. This statement provides the

Shareholders with a new tool in understanding the Corporation's activities. While the Corporation does not presently plan to distribute the cash flow statement with the printed quarterly report, the statement is available on the Corporation's web site and will be included in future Annual Reports to the Shareholders.

Finally, on March 15, 2002, the Corporation held its Annual Meeting of Shareholders in McLean, Virginia. Of the 3,590.3796 shares of the Common Stock eligible to be voted at the Annual Meeting, 81.8%, or 2,937.7911 shares, were represented, all of which were cast in favor of the only proposal presented to the Shareholders, the election of Carlton A. Getz to the Board of Directors until the next annual meeting in 2003. Unfortunately, slightly less than half of the Shareholders, representing the balance of 652.5885 shares, did not return a proxy card, and thus did not indicate a selection for their portion of the Corporation's annual charitable contributions. As I have in the past, I encourage every Shareholder to vote, sign, date, and return their proxy card to the Corporation, both in order to increase Shareholder participation as well as to maximize our annual charitable contributions.

Subsequent to the Annual Meeting of Shareholders, the Board of Directors adopted a resolution revising the Corporation's Bylaws provision related to the issuance of quarterly and annual reports. Effective July 1, 2002, quarterly reports will be due to the Shareholders within 15 business days of the end of a reporting quarter and the Annual Report within 30 business days of the end of the reporting year. These requirements replace the current deadlines of 15 calendar days for quarterly reports and 25 calendar days for the Annual Report, and extend the period between the end of a reporting period and the issuance of reports in order to more accurately reflect the time required to compile, produce, and mail the reports.

Looking forward, the Corporation maintains the large cash position it had at the end of the previous quarter. As of June 10, 2002, the Corporation had slightly more than \$20,000 in cash available for investment. However, as I've often noted before, these funds will only be invested when sufficiently compelling opportunities present themselves, which are, albeit slowly, arising.

Ironically, the market's decline has reversed an unusual market trend I commented on in a previous quarterly report to you, that as the NASDAQ and DJIA indices rose, the vast majority of stocks actually declined, and that the index gains were driven by a small minority of issues. To date in 2002, the situation is largely reversed; as the leading issues which comprise the indices have suffered, bringing indices down, thousands of other issues have posted gains. In part, just as our relatively poor results in 1999 were representative of the former trend, so our performance in 2001 and to date in 2002 have benefited from the latter.

This may be driven in part by the realization that the economic downturn, all things considered, was largely concentrated in a small group of industries. Although the spillover affect certainly impacted the broader economy, the economy as a whole has not fallen that far. Unemployment, recently around 6%, is far higher than the low of 4.5%, yet still well below the 8% rate experienced during the recession of 1991-1992. Although stock indices are down, many issues have risen, as noted, and house prices remain strong, and while pessimism persists, companies are still planning multi-million dollar speculative offices buildings. Generally speaking, things aren't as good as they were, but they are far from the worst they could be.

This, though, could serve as a double-edged sword. Although the economy has remained relatively strong, the NASDAQ has fallen precipitously, leading investors to expect a spectacular recovery that may never come. So long as investors expect earnings growth in any recovery to reach the high double digit range, anything less will be disappointing, no matter how historically good.

What do these factors mean? Individually, very little, but I believe they do give us an interesting insight into the nature of the market at the moment and the condition of the economy as a whole. So long as the economic outlook is unclear, however, investors will inevitably continue to face an erratic market. Where it will take us, I cannot say; especially under such circumstances as those present, I cannot speculate as to where the Corporation will stand at the end of the next quarter, much less at the end of the year. However, I do remain confident that our steadfast commitment to investments in solid companies with excellent long-term growth opportunities – at reasonable prices – will see us through whatever market adversity we may face, both in the short-term as well as the long-term.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

Balance Sheet (Includes Unrealized Gains and Losses)
As of June 10, 2002

Assets

| CASH & ACCOUNTS: | Qtr. One | Qtr. Two |
|-----------------------------|--------------------|--------------------|
| Cash On Hand: | \$13.65 | \$11.71 |
| Corporate Checking: | \$3,460.19 | \$2,879.98 |
| Cash Reserves: | \$15,826.86 | \$16,075.15 |
| Retail Cash & Accounts: | \$732.42 | \$1,113.53 |
| Accounts Receivable: | \$2.50 | \$2.50 |
| Other Cash & Accounts: | \$0.00 | \$0.00 |
| CASH & ACCOUNTS: | \$20,035.62 | \$20,082.87 |

INVESTMENTS

| | | |
|---------------------------|--------------------|--------------------|
| Available For Sale: | \$50,199.00 | \$55,950.00 |
| TOTAL INVESTMENTS: | \$50,199.00 | \$55,950.00 |

OTHER ASSETS

| | | |
|----------------------------|-----------------|-----------------|
| Cash Equivalent: | \$20.61 | \$37.38 |
| Retail Division Assets: | \$371.18 | \$386.58 |
| Prepaid Expense: | \$35.00 | \$174.96 |
| Other Assets: | \$0.00 | \$0.00 |
| TOTAL OTHER ASSETS: | \$426.79 | \$598.92 |

| | | |
|---------|--------------------|--------------------|
| Assets: | \$70,661.41 | \$76,631.79 |
|---------|--------------------|--------------------|

Liabilities & Equity

CURRENT LIABILITIES:

| | | |
|-----------------------------------|-----------------|-----------------|
| Accounts Payable: | \$126.76 | \$45.35 |
| Unearned Revenues: | \$175.45 | \$206.65 |
| TOTAL CURRENT LIABILITIES: | \$302.21 | \$252.00 |

LONG-TERM LIABILITIES:

| | | |
|-------------------------------------|---------------|---------------|
| Long-Term Debt: | \$0.00 | \$0.00 |
| TOTAL LONG-TERM LIABILITIES: | \$0.00 | \$0.00 |

DEFERRED LIABILITIES:

| | | |
|------------------------------------|-------------------|-------------------|
| Deferred Taxes: | \$2,368.03 | \$3,142.03 |
| TOTAL DEFERRED LIABILITIES: | \$2,368.03 | \$3,142.03 |

EQUITY:

| | | |
|-----------------------|--------------------|--------------------|
| Shareholder's Equity: | \$67,991.17 | \$73,237.76 |
| TOTAL EQUITY: | \$67,991.17 | \$73,237.76 |

| | | |
|-----------------------------|--------------------|--------------------|
| Total Liabilities & Equity: | \$70,661.41 | \$76,631.79 |
|-----------------------------|--------------------|--------------------|

Shareholder's Data:

| | Qtr. One | Qtr. Two |
|-------------------------------|-----------|-----------|
| Number of Shares Outstanding: | 3751.5590 | 3751.5590 |
| Net Asset Value Per Share: | \$18.12 | \$19.52 |
| Net Gain (Loss) Per Share: | \$0.94 | \$1.40 |
| Percentage Net Change: | 5.5% | 7.7% |
| Number of Shareholders: | 25 | 25 |

Profit & Loss Statement**Second Quarter 2002 - (March 11, 2002 to June 10, 2002)**

| | | |
|---------------------------------|-------------------|-----------------|
| INCOME: | Qtr. One | Qtr. Two |
| Interest Income: | \$98.43 | \$98.96 |
| Dividend Income: | \$154.75 | \$151.94 |
| Realized Gain (Loss): | (\$590.97) | \$0.00 |
| Retail Operations: | \$105.75 | \$404.70 |
| Other Income: | \$0.01 | \$35.92 |
| TOTAL INCOME: | (\$232.03) | \$691.52 |
| EXPENSES: | | |
| Fees: | \$45.00 | \$25.00 |
| Mailings: | \$30.35 | \$8.39 |
| General Expenses: | \$1.20 | \$1.60 |
| Supplies: | \$2.97 | \$0.00 |
| Taxes (State & Federal): | \$0.00 | \$38.00 |
| Retail Operations: | \$182.51 | \$348.94 |
| Interest: | \$0.00 | \$0.00 |
| Other Expenses: | \$0.00 | \$0.00 |
| TOTAL EXPENSES: | \$262.03 | \$421.93 |
| NET INCOME (EXPENSE): | (\$494.06) | \$269.59 |
| Cash Earnings (Loss) Per Share: | (\$0.13) | \$0.07 |

Portfolio Analysis**(Includes unrealized gains and losses; as of June 10, 2002.)**

| Shares | Company | Symbol | Cost | Current | Gain (Loss) | Return |
|----------------|---------------------------|--------|--------------------|--------------------|--------------------|---------------|
| 300 | AAON, Incorporated | AAON | \$3,510.95 | \$5,934.00 | \$2,423.05 | 69.01% |
| 150 | CBRL Group, Inc. | CBRL | \$4,558.50 | \$5,052.00 | \$493.50 | 10.83% |
| 150 | Dillard's Capital Trust I | DDT | \$2,674.50 | \$3,228.00 | \$553.50 | 20.70% |
| 200 | Dillard's Dept. Stores | DDS | \$3,799.50 | \$5,880.00 | \$2,080.50 | 54.76% |
| 400 | FPIC Insurance Group | FPIC | \$4,187.00 | \$5,300.00 | \$1,113.00 | 26.58% |
| 100 | K-Swiss Corporation | KSWS | \$1,403.50 | \$4,500.00 | \$3,096.50 | 220.63% |
| 225 | The Midland Co. | MLAN | \$7,181.06 | \$10,575.00 | \$3,393.94 | 47.26% |
| 200 | Owens-Illinois Pref. | OI-A | \$2,612.00 | \$5,258.00 | \$2,646.00 | 101.30% |
| 100 | Pulte Corporation | PHM | \$1,320.25 | \$5,343.00 | \$4,022.75 | 304.70% |
| 200 | United Capital Corp. | AFP | \$3,015.39 | \$4,880.00 | \$1,864.61 | 61.84% |
| Totals: | | | \$34,262.65 | \$55,950.00 | \$21,687.35 | 63.30% |

Statement of Cash Flows
Second Quarter 2002 - (March 11, 2002 to June 10, 2002)

Cash Flows from Operating Activities:

| | Qtr. Two |
|--|-----------------------------|
| Net Income: | \$269.59 |
| Reconciliation to Net Cash Provided by Operating Activities: | |
| Increase (Decrease) in Unearned Revenues: | \$31.20 |
| (Increase) Decrease in Cash Equivalents: | (\$16.77) |
| (Increase) Decrease in Inventories: | (\$15.40) |
| (Increase) Decrease in Prepaid Expenses: | (\$139.96) |
| | <u> </u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | \$128.66 |

Cash Flows from Investing Activities:

| | |
|--|-----------------------------|
| Purchase of Investments: | \$0.00 |
| Proceeds from Sale of Investments: | \$0.00 |
| | <u> </u> |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES: | \$0.00 |

Cash Flows from Financing Activities:

| | |
|---|-----------------------------|
| Increase (Decrease) in Accounts Payable: | (\$81.41) |
| Proceeds from the Sale of Shares of the Common Stock: | \$0.00 |
| | <u> </u> |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES: | (\$81.41) |

| | |
|----------------------------------|---------------------------|
| NET INCREASE (DECREASE) IN CASH: | \$47.25 |
| Cash at Beginning of Quarter: | <u>\$20,033.12</u> |
| Cash at End of Quarter: | <u><u>\$20,080.37</u></u> |