

Second Quarter Report to the Shareholders of  
**Getz & Associates, Incorporated**  
(March 11, 1996 to June 10, 1996)

June 15, 1996

Dear Fellow Associates,

It is my pleasure to report that your Corporation has finished the second quarter of 1996 with record performance. The number of outstanding shares of the common stock has more than doubled to 1,455, an increase of 818 shares. Assets rose to over \$15,000 from the previous quarter while income increased more than 900%. Additionally, strong investment performance and a wealth of good luck resulted in an overall return of 130.63% on the Corporation's investment portfolio, pushing the net asset value per share to \$10.49, more than twice the value of \$4.91 quoted in my last report to Shareholders. These events have combined to guarantee that every Shareholder has experienced a positive return on their investment regardless of the price at which their shares were purchased.

The second quarter closed with a cash loss of \$37.38 on cash income of \$24.27, compared to a cash loss of \$119.87 on income of \$2.40 in the first quarter. All of the income reported came from dividends and interest on the Corporation's assets, the Corporation's primary source of income. Expenses were mostly composed of registration and business licenses fees paid to the State of Illinois and the City of Maryland Heights. Additionally, due to an error discovered in one of the Corporation's stock trades, the Corporation has received a \$10.00 commission credit for use in future securities transactions.

The quarter's cash loss, however, was heavily outweighed by strong gains reported in the Corporation's investment portfolio. Combined with the sale of additional shares, investment gains helped to nearly quintuple the Corporation's assets, which stood at \$15,381.49 at the end of the second quarter, compared to \$3,253.11 at the end of the previous quarter. The Corporation's assets were divided between investments (\$12,059.49), cash (\$3,312.00), and other assets (\$10.00). Furthermore, the Corporation's liabilities, incurred in order to start the business, stood at \$115.60, compared to \$122.65 at the end of the previous quarter. This liability, as required by law, will be amortized over the next five years and will decrease at the rate of \$2.35 each month.

The Corporation's investment portfolio on June 10, 1996, consisted of holdings in the common stock of Atmos Energy Corporation (NYSE: ATO), Kmart Corporation (NYSE: KM), Magna Group, Inc. (NASDAQ: MAGI), Optical Cable Corporation (NASDAQ: OCCF), Pulte Corporation (NYSE: PHM), and in shares of the Franklin AGE High Income Fund (AGEFX) and the Templeton World Fund (TEMWX). Of these, the two top performers to date have been Optical Cable Corporation and Kmart Corporation, returning 840% and 56.74% respectively (see *Portfolio Analysis*). These stellar gains, which have driven the momentum in the Corporation's net asset value for the last two months, have produced returns that in financial markets are always the goal, but it should be remembered that performance such as that of Optical Cable Corporation is far more often the exception than the rule.

Due to this, the Corporation's portfolio contains a slightly greater degree of risk than a standard investment portfolio. Any company dealing with investments has a degree of automatic and often unavoidable risk, and as people familiar with the often random qualities of financial markets, Shareholders of the Corporation should be familiar with these risks and should be aware of the ever-present possibility of sudden downward shifts. Especially with nearly 60% of the Corporation's assets invested in Optical Cable Corporation, a result of that company's jump in stock price, the Corporation's shares are particularly volatile with respect to moves in the share price of often volatile Optical Cable.

However, with careful management and a strong investment strategy, many potential risks can be avoided. This includes portfolio diversification, thorough research of potential investments, and constant attention to news and investment details. These three principles are applied in the following ways:

-- In terms of diversification, the Corporation always considers the industry sector that a particular company belongs to and evaluates the probability of success in that industry and to what degree current investments represent that industry. To date, with investments in home-building, banking, manufacturing, energy, retail, and bond and international funds, the Corporation's portfolio is well diversified.

-- Thorough research of potential investments represents the Corporation's practice of reviewing a wealth of financial information relating to a company before an investment is made. Reviews are made of past financial statements, income and balance sheets, share performance, income per share, price to earnings and price to book ratios, and a wide variety of other details that relate to a company. This provides for intelligent investment in what the Corporation believes to be solid companies, the goal of a long-term growth strategy. While no single criterion rules out an investment in a company, no matter how bad the situation may seem, a certain mix of financial evidence, often specific to each and every company, must be present before an investment in any issue is made.

-- Every investor should pay constant attention to the news of the day and investment details. Simply put, whether or not a stock performs well is often not always related to how well the company is doing, but instead to how well investors think a company is doing. While long-term investment often vilifies constant news-watching, saying that all investments, over time, will generally rise, it is never wise to ignore the markets but always wise to know what is going on in every company one holds an investment in. A simple maxim by Peter Lynch: never buy a stock if you do not know what the company does to make a profit.

Yet these decision factors do not always return a strong company for investment and, sometimes, can be misleading. Yet on the whole, careful attention to these points will often yield strong companies that will grow in time with a moderate degree of risk associated with the investment. I would remind Shareholders, however, that the investment strategy does not limit the Corporation to long-term investments only and leaves open the possibility of taking advantage of short-term gains as well. It is the primary goal of the Corporation to establish a strong portfolio of long-term growth stocks and anything that many come up along the way, such as Optical Cable in this last quarter, is a secondary, though welcome, opportunity.

Regardless, there is much that remains to be done and the Corporation's future remains bright. New potential Shareholders are already looking into the Corporation and considering investments in the Corporation's Common Stock. Dividend and interest income is expected to grow further as the Corporation receives payments from more recent investments, possibly pushing cash income into the black for the third quarter. And despite recent stumbles in the financial markets, which may well provide excellent buying opportunities in the future, the Corporation's assets and investments remain strong and relatively secure.

Even so, as I have mentioned before, much of the future success of the Corporation relies on its Shareholders. I have often encouraged investors to maintain a long-term outlook for their investments in the Corporation, and again I encourage you to do so. As assets grow and more shares are issued, the Corporation has the opportunity to become an ever more profitable market performer as well as a growth company. Short term success is no replacement for long-term growth, and it is essential that the Corporation remains strong and its Shareholders remain dedicated. I believe an investment in the Corporation should not be regarded as an investment for merely a year, nor for a decade, but an investment for a lifetime. Our future success relies on the determination of Shareholders to invest -- and remain invested.

With this, I would like to say I look forward to the possibility of another strong report for the end of the third quarter on September 10, 1996. I believe that our combination of a strong investment strategy, high investment standards, and excellent Shareholder dedication will assist our Corporation's future growth, both in the short and the long term. In the meantime, I wish you the best in the coming months.

Sincerely,

Carlton Getz  
President, Getz & Associates, Incorporated

**Balance Sheet (Includes Unrealized Gains)**  
**As of June 10, 1996**

**Assets**

CASH & ACCOUNTS:	Qtr. One	Qtr. Two
Cash On Hand:	\$14.25	\$20.00
Corporate Checking:	\$0.00	\$3,265.63
Receivable:	\$110.00	\$10.00
Cash Reserves:	\$623.28	\$26.37
CASH & ACCOUNTS:	\$747.53	\$3,322.00

**INVESTMENTS**

Brokerage Account:	\$1,787.50	\$7,275.00
Direct Investments:	\$718.08	\$4,784.49
TOTAL INVESTMENTS:	\$2,505.58	\$12,059.49

Assets: **\$3,253.11** **\$15,381.49**

**Liabilities & Equity**

**LIABILITIES:**

Debt:	\$122.65	\$115.60
TOTAL LIABILITIES:	\$122.65	\$115.60

**EQUITY:**

Shareholder's Equity:	\$3,130.46	\$15,265.89
TOTAL EQUITY:	\$3,130.46	\$15,265.89

Total Liabilities & Equity: **\$3,253.11** **\$15,381.49**

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**Shareholder's Data:**

	Qtr. One	Qtr. Two
Number of Shares Outstanding:	637	1455
Net Asset Value Per Share:	\$4.91	\$10.49
Net Gain (Loss) Per Share:	(\$0.59)	\$5.58

**Profit & Loss Statement**  
**Second Quarter - (March 11, 1996 - June 10, 1996)**

INCOME:	Qtr. One	Qtr. Two
Interest Income:	\$2.40	\$10.33
Dividend Income:	\$0.00	\$13.94
Other Income:	\$0.00	\$0.00
<b>TOTAL INCOME:</b>	<b>\$2.40</b>	<b>\$24.27</b>
EXPENSES:		
Fees:	\$95.00	\$50.00
Mailings:	\$18.43	\$11.60
Photocopies:	\$2.77	\$0.05
Proxy Cards:	\$1.38	\$0.00
Supplies:	\$4.69	\$0.00
Other Expenses:	\$0.00	\$0.00
<b>TOTAL EXPENSES:</b>	<b>\$122.27</b>	<b>\$61.65</b>
<b>TOTAL INCOME (EXPENSE):</b>	<b>(\$119.87)</b>	<b>(\$37.38)</b>

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**Portfolio Analysis**

**(Includes unrealized gains and losses; as of June 10, 1996.)**

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
11.06	Atmos Energy Corp.	ATO	\$250.00	\$264.06	\$14.06	5.62%
183.566	Franklin AGE Income	AGEFX	\$525.00	\$504.81	(\$20.19)	-3.85%
100	Kmart Corporation	KM	\$797.50	\$1,250.00	\$452.50	56.74%
45	Magna Group, Inc.	MAGI	\$1,086.25	\$1,068.75	(\$17.50)	-1.61%
150	Optical Cable Corp.	OCCF	\$750.00	\$7,050.00	\$6,300.00	840.00%
50	Pulte Corporation	PHM	\$1,320.25	\$1,431.25	\$111.00	8.41%
30.24	Templeton World Fund	TEMWX	\$500.00	\$490.62	(\$9.38)	-1.88%
<b>Totals:</b>			<b>\$5,229.00</b>	<b>\$12,059.49</b>	<b>\$6,830.49</b>	<b>130.63%</b>