

Second Quarter Report
to the Shareholders of
Getz & Associates, Incorporated
(March 11, 1997 to June 10, 1997)

July 5, 1997

Friends and Fellow Shareholders,

Five years ago, as the Dow Jones Industrial Average hovered around 2,500, optimists on the New York Stock Exchange wore buttons proclaiming that the Dow would reach 5,000 by the turn of the century. They were ridiculed then for being too optimistic and wishful. Some might ridicule them today for being pessimists. After all, had you been told then that the United States was about to enter the longest bull market in history and asked how high you thought the market could go, what would you have said? Dow 3,000, a gain of 20%? Perhaps 4,000? Or would you have joined the optimists at 5,000? I can only wonder what odds I would have gotten for a bet that the Dow Jones would reach 7,500 by 2000, much less two years earlier. Not that I would have ever made that bet; I would probably have told you anyone who did was throwing money away.

The fact of the matter, however, is that the market has reached 7,500 in an unprecedented economic climate. The United States economy is on track to add nearly \$350 billion this year in growth, unemployment has reached a 25-year low and consumer confidence stands at a 28-year high, all without noteworthy inflation and virtually no sign of a dramatic slowdown in the immediate future. As our economy has grown, so have our investment markets, absorbing billions in new issues and pushing private mutual fund assets to a record \$2 trillion. Even so, with each century and millennium mark passed, new cries of both optimism and pessimism abound, some predicting 10,000 by the turn of the century and others waiting to see a fall back to 6,000 before the year is out. At the same time, due to spectacular gains, many investors have yet to come to grips with the new market's swings. Gains or losses of as much as 100 points in one trading day are more and more common, and intraday spreads have been more than 200 points. Amidst all of this, compounding fear and perception of rising risk causes some to say that the current market is out of control with pervasive and sometimes unfounded optimism.

Yet let us take a moment to step back and put this into perspective. Are the financial markets really out of control? After all, they are supposed to act in a reasonable manner where market movements make sense (most of the time). So in this respect, in the longest economic expansion in recent history, doesn't it make sense that we should also be enjoying the longest bull market? As consumer confidence rises and unemployment falls, doesn't it make sense that mutual fund holdings will dramatically grow? In an economy where people have money to spend and are willing to spend it, doesn't it seem right investors readily accept new market issues that promise the possibility of large returns in the future? The response to all of these questions is "absolutely!"; they are the most simple economic principles at work.

But what about the wild swings and gains in market price? Even in terms of market numbers, the exchanges haven't changed all that much. Five years ago, when many investors were introduced to the market, it wasn't unusual for a 20 point move to occur in any one day. Yet when compared to the 50, 70, or 100 point changes of the current market in a single session, the numbers give the appearance of a more volatile market. This, however, is a misleading comparison. In a 1990 market of Dow 2,000, a 20 point move was a 1% change, just as a 75 point move today is also only a 1% change. Similarly, it is important to remember that each 1,000 point gain is successively more insignificant. In 1992, passing a millennium mark represented a 50% gain, but in the market of 1997, a thousand points is only a 12.5% rise. While still substantial, much less significant relative to the size of the market as a whole, and each new mark passed becomes a smaller and smaller addition to the market's overall value.

Part of the problem we run into today, then, is caused by uneasy investors who are relying on past perceptions, when investors learned that a 20 point change was normal and were sensitized to the numerics of a smaller market. Although the actual numbers are far larger, the changes are not any different than they have ever been. Combined with the perception of overvalued issues and unusual economic circumstances, fear is a natural reaction and leads to the perception of heightened risk and predictions of market collapse.

This view, however, is something of a short-sighted perception of the market. Inexperienced investors are concerned more with the events of today and tomorrow rather than their financial standing ten, twenty, or thirty years down the road. Short-sighted thinking is endemic among the new investors booming markets attract, and is a great part of the risk that every investor takes when investing. While somewhat valid, their fears are greatly misplaced: they concentrate their concerns over the wrong investment horizon. After all, the market has gained more than 885% since 1977, when the average stood at 801 points, and nobody expects to return to those levels. So, with such an impressive long-term record, what's the point in worrying about tomorrow or the day after?

This doesn't mean, though, that there are not risks to be considered, even greater ones than we would have faced just five years ago. Not so much because of the relatively high valuations placed on many stocks judged against the historic average or because of dramatic market gains, but more caused by investor perception and excessive expectations. Disappointing news is met with greater punishment today than in the past, some issues falling 30%-50% in a single session, as investors begin to unreasonably expect more and more from companies, inflating share prices as a result. "Irrational exuberance", in the words of Federal Reserve Chairman Alan Greenspan, has become a greater enemy of wise investors than potential profit shortfalls or management errors as more inexperienced -- and less dedicated -- investors enter the market, not caring about fundamentals or solid investment principles, but instead wanting a quick dollar. As I've told many people, if you are going into the market expecting to make a quick return or get rich, you are getting into the market for the wrong reasons. Fortunately, to date, fickle investors have not yet shown the power they can exert when they panic -- and millions try to sell all at once.

Risk, however, is part of the market and the experience of investing. There are ways to deal with and work with it, to make it work for you rather than against you. After all, as Mark A. Johnson said, "the key to success in the risk/return game is not to minimize or maximize risk, but to manage it." That, manage the Corporation's risk, is what I'm here to do, what you employ me to do -- without compensation!

We have been fortunate enough, to date, to participate in one of the greatest bull markets in history. It is certainly not something we should expect to last forever. Yet whatever happens in the coming days, weeks, and months, we have to remember it is relatively insignificant to the decade or longer time horizon over which many, if not all, of the Corporation's shareholders have to invest. A market decline, whenever it may come and to whatever magnitude it shall be, will be the true moment when everyone involved is tested in their dedication to buying and holding investments and our own investment regiment. History has shown, though, that those who swallow the largest pill are also those with the best (financial) health at the end of the race. Panic is the enemy of every investor in America.

The Corporation recorded an operating loss of \$156.30 for the quarter on income of \$124.82 and expenses of \$281.12. Income was derived from retail operations (43.7%), dividend income (28.2%) and interest income (28.1%). Expenses concentrated in tax payments (50.1%), general expenses (22.8%), retail operations (15.3%), and fees (8.9%). While income is expected to remain flat during the third quarter, expenses should decline since all annual registration fees have been paid and general expenses were inflated due to a one-time charge. The Corporation also does not expect to pay additional income taxes for the current year due to its expectation of finishing the tax year with a net operating loss. Separately, retail operations generated a profit of \$11.49 on sales of \$54.55, a 21% profit margin.

Assets slid to \$14,190.15 from \$14,846.17, eliminating most of the gains experienced during the first quarter of 1997. Cash and accounts fell due to the Corporation's purchase of 200 shares of Greyhound Lines, Incorporated, only seven days before the close of the quarter. Fortunately, in that short period and after all transaction expenses, this investment has already shown a small profit for Shareholders. Weakness in Optical Cable Corporation shares accounted for a good portion of the quarter's decline in assets. However, early results immediately after the close of the quarter have indicated a rebound in the Corporation's investments as the Federal Reserve continues to hold interest rates steady.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

Balance Sheet (Includes Unrealized Gains)
As of June 10, 1997

Assets

CASH & ACCOUNTS:	Qtr. One	Qtr. Two
Cash On Hand:	\$2.26	\$2.60
Corporate Checking:	\$1,349.39	\$1,101.74
Cash Reserves:	\$2,536.41	\$1,769.86
Cash Equivalents:	\$0.00	\$0.00
Other Cash & Accounts:	\$0.00	\$0.00
CASH & ACCOUNTS:	\$3,888.06	\$2,874.20

INVESTMENTS

Brokerage Account:	\$9,453.12	\$9,776.87
Direct Investments:	\$1,388.55	\$1,432.32
TOTAL INVESTMENTS:	\$10,841.67	\$11,209.19

OTHER ASSETS

Cash Equivalent:	\$6.44	\$6.76
Retail Division Assets:	\$0.00	\$0.00
Other Assets:	\$110.00	\$100.00
TOTAL OTHER ASSETS:	\$116.44	\$106.76

Assets: **\$14,846.17** **\$14,190.15**

Liabilities & Equity

LIABILITIES:

Accounts Payable:	\$0.00	\$18.44
Long-Term Debt:	\$96.37	\$90.39
TOTAL LIABILITIES:	\$96.37	\$108.83

EQUITY:

Shareholder's Equity:	\$14,749.80	\$14,081.32
TOTAL EQUITY:	\$14,749.80	\$14,081.32

Total Liabilities & Equity: **\$14,846.17** **\$14,190.15**

Shareholder's Data:

	Qtr. One	
Number of Shares Outstanding:	1677.4459	1677.4459
Net Asset Value Per Share:	\$8.79	\$8.39
Net Gain (Loss) Per Share:	\$0.40	(\$0.40)

Profit & Loss Statement**Second Quarter 1997 - (March 11, 1997 - June 10, 1997)**

INCOME:	Qtr. One	Qtr. Two
Interest Income:	\$20.73	\$35.05
Dividend Income:	\$35.47	\$35.22
Realized Gain (Loss):	\$0.00	\$0.00
Retail Operations:	\$15.00	\$54.55
Other Income:	\$0.00	\$0.00
TOTAL INCOME:	\$71.20	\$124.82
EXPENSES:		
Fees:	\$45.00	\$25.00
Mailings:	\$4.23	\$6.22
General Expenses:	\$2.19	\$64.00
Supplies:	\$0.00	\$0.00
Taxes (All Types):	\$100.00	\$140.87
Retail Operations:	\$11.40	\$43.06
Other Expenses:	\$1.01	\$1.97
TOTAL EXPENSES:	\$163.83	\$281.12
TOTAL INCOME (EXPENSE):	(\$92.63)	(\$156.30)

Portfolio Analysis**(Includes unrealized gains and losses; as of June 10, 1997.)**

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
11.53	Atmos Energy Corp.	ATO	\$261.28	\$286.73	\$25.45	9.74%
50	Central Maine Power	CTP	\$645.25	\$606.25	(\$39.00)	-6.04%
100	Comair Holdings, Inc.	COMP	\$2,491.50	\$2,481.25	(\$10.25)	-0.41%
183.566	Franklin AGE Income	AGEFX	\$525.00	\$534.18	\$9.18	1.75%
200	Greyhound Lines, Inc.	BUS	\$897.50	\$925.00	\$27.50	3.06%
100	Kmart Corporation	KM	\$797.50	\$1,350.00	\$552.50	69.28%
45	Magna Group, Inc.	MGR	\$1,086.25	\$1,445.62	\$359.37	33.08%
150	Optical Cable Corp.	OCCF	\$375.00	\$1,312.50	\$937.50	250.00%
50	Pulte Corporation	PHM	\$1,320.25	\$1,656.25	\$336.00	25.45%
32.48	Templeton World Fund	TEMWX	\$535.40	\$611.41	\$76.01	14.20%
Totals:			\$8,934.93	\$11,209.19	\$2,274.26	25.45%