

**Second Quarter Report**  
**to the Shareholders of**  
**Getz & Associates, Incorporated**  
**(March 11, 1998 to June 10, 1998)**

June 19, 1998

Friends and Fellow Shareholders,

The results of the Corporation's last fiscal quarter can be easily ascertained with a quick glance at the enclosed balance sheet and profit and loss statement, so I will only briefly review these figures.

The Corporation reported a net profit of \$120.03 on income of \$918.63 and expenses of \$798.60. Income was derived primarily from retail sales while expenses concentrated around goods costs to fill retail orders. Assets for the period fell slightly to \$21,922.94 due to the repayment or resolution of \$687 of the Corporation's outstanding liabilities. As a result, corporate liabilities fell from \$1,212.86 to \$525.86. This produced a net gain in shareholder's equity, and shares of the Common Stock finished the quarter with a modest increase to \$11.67. Of note in these figures is the Corporation's continued quarterly profitability, driven by World Wide Stamp Company's retail operations, and the Corporation's repayment of more than half of its outstanding debts. Retail sales for the quarter were much harder to come by, partially due to a shift in orders from regular means to more highly advertised offerings. In terms of our remaining liabilities, the Corporation expects to repay the balance of its accounts payable (including short-term loans) in the third quarter, bringing repayment of debts to nearly \$1,000 for the year.

Of particular note in the second quarter, however, was an event not specifically related to the intermediate results of the Corporation. In early May, the Corporation purchased fifty shares of the common stock of Cracker Barrel Old Country Stores, Inc., (NASDAQ: CBRL) at forty dollars a share as part of the Corporation's expanding investment portfolio. Within the course of the following fourteen days, shares of Cracker Barrel fell to just under thirty one dollars a share, a nearly 24% slide in the stock's value in the course of only two short weeks. While such an extreme change in a solid company's share price shocks the conscience and reason of any investor (barring an event equal to bankruptcy), this occurrence highlighted for the Corporation a growing phenomenon indicative of an overbought, overpriced market.

The reason for Cracker Barrel's disheartening collapse was very simple: the company failed to meet analyst's earnings estimates for its third fiscal quarter by one cent. Instead of achieving the market's expectation of \$0.40 per share, Cracker Barrel reported only \$0.39 a share. In essence, based on the stock's slide relative to missed revenue, that means more than \$527 million in market value was wiped out because Cracker Barrel missed expected earnings by a mere \$650,000. This phenomenon, however, is increasingly common in the current bull market. Along with ever higher expectation of stock prices and earnings from companies comes an increasing magnitude of disappointment when even the best companies fail to meet ever higher expectations. In such good times as these, investors and analysts alike tend to be overly optimistic, setting unrealizable earnings targets. When these apparitions of profits do not appear at their appointed hour, investors are irrationally disappointed, and stocks of solid, growing companies are beaten on the trading floor by sellers who don't know anything about the companies behind the securities they are trading. In fact, this phenomenon is not limited only to companies which miss earnings estimates. Several companies which have managed to beat inflated estimates have actually fallen in open trading because some investors have come to expect companies to beat estimates by more than they actually do. This event, where stocks fall after beating earnings estimates, is an unquestionable indication of an overbought, overpriced securities market.

The key to success in this environment, however, is to realize the risks and take advantage of others' failures. Speculative attacks such as these only breed opportunities, when excellent companies, based on their fundamental qualities, are assaulted by the market because of overly optimistic expectations. In fact, Cracker Barrel is today a far more attractive investment than it was in early May. The Corporation remains confident in its investment due to the company's successes despite inflated expectations: a relatively high profit margin for a restaurant chain of nearly 8%, results for the quarter which were 18% ahead of last year's, and the likelihood that Cracker Barrel will post 20% income growth for this year over

last. Coupled with the occasional stock that remains a good value in a pricey market, these downtrodden shares should be our investment targets.

Moving forward, the Corporation continues to concentrate on expansion of retail sales and growth in the Corporation's investment portfolio. As of the end of the quarter, the Corporation was in the middle of its investment program and to date has met with some success. These effort will continue into the third quarter, when the majority of any new investment for the year is expected. I shall be happy to report to you at that time of new shares sold, new Associates who join us, and hopefully of progress in every other area as well.

Sincerely,

Carlton A. Getz, President  
Getz & Associates, Incorporated

**Balance Sheet (Includes Unrealized Gains)**  
**As of September 10, 1998**

**Assets**

CASH & ACCOUNTS:	Qtr. One	Qtr. Two
Cash On Hand:	(\$21.25)	\$13.35
Corporate Checking:	\$1,212.28	\$1,147.17
Cash Reserves:	\$3,442.09	\$1,463.13
Retail Cash & Accounts:	\$576.80	\$468.15
Cash Equivalents:	\$0.00	\$0.00
Other Cash & Accounts:	\$0.00	\$0.00
<b>CASH &amp; ACCOUNTS:</b>	<b>\$5,209.92</b>	<b>\$3,091.80</b>

**INVESTMENTS**

Brokerage Account:	\$14,312.80	\$16,811.87
Direct Investments:	\$1,563.39	\$1,581.60
<b>TOTAL INVESTMENTS:</b>	<b>\$15,876.19</b>	<b>\$18,393.47</b>

**OTHER ASSETS**

Cash Equivalent:	\$11.53	\$26.67
Retail Division Assets:	\$369.44	\$265.94
Pending Retail Sales:	\$427.24	\$27.75
Other Assets:	\$117.31	\$117.31
<b>TOTAL OTHER ASSETS:</b>	<b>\$925.52</b>	<b>\$437.67</b>

Assets: **\$22,011.63** **\$21,922.94**

**Liabilities & Equity**

**LIABILITIES:**

Accounts Payable:	\$713.50	\$326.81
Long-Term Debt:	\$72.12	\$65.92
Unearned Income:	\$427.24	\$133.13
<b>TOTAL LIABILITIES:</b>	<b>\$1,212.86</b>	<b>\$525.86</b>

**EQUITY:**

Shareholder's Equity:	\$20,798.77	\$21,397.08
<b>TOTAL EQUITY:</b>	<b>\$20,798.77</b>	<b>\$21,397.08</b>

Total Liabilities & Equity: **\$22,011.63** **\$21,922.94**

**Shareholder's Data:**

	Qtr. One	Qtr. Two
Number of Shares Outstanding:	1831.9715	1831.9715
Net Asset Value Per Share:	\$11.35	\$11.67
Net Gain (Loss) Per Share:	\$1.71	\$0.33
Percentage Net Change:	17.7%	2.9%

**Profit & Loss Statement**  
**Second Quarter 1998 - (March 11, 1998 - June 10, 1998)**

INCOME:	Qtr. One	Qtr. Two
Interest Income:	\$39.95	\$32.36
Dividend Income:	\$48.12	\$43.62
Realized Gain (Loss):	\$0.00	\$0.00
Retail Operations:	\$1,091.46	\$842.65
Other Income:	\$6.00	\$0.00
<b>TOTAL INCOME:</b>	<b>\$1,185.53</b>	<b>\$918.63</b>
EXPENSES:		
Fees:	\$45.00	\$25.00
Mailings:	\$5.62	\$9.88
General Expenses:	\$0.81	\$53.09
Supplies:	\$6.80	\$4.99
Taxes (State & Federal):	\$0.00	\$17.07
Retail Operations:	\$884.92	\$682.72
Interest:	\$7.09	\$5.85
Other Expenses:	\$0.00	\$0.00
<b>TOTAL EXPENSES:</b>	<b>\$950.24</b>	<b>\$798.60</b>
<b>TOTAL INCOME (EXPENSE):</b>	<b>\$235.29</b>	<b>\$120.03</b>

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**Portfolio Analysis**

(Includes unrealized gains and losses; as of June 10, 1998.)

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
11.98	Atmos Energy Corp.	ATO	\$273.40	\$358.10	\$84.70	30.98%
50	Central Maine Power	CTP	\$645.25	\$993.75	\$348.50	54.01%
150	Comair Holdings, Inc.	COMR	\$2,491.50	\$4,359.37	\$1,867.87	74.97%
50	Cracker Barrel Stores	CBRL	\$2,039.00	\$1,568.75	(\$470.25)	-23.06%
183.566	Franklin AGE Income	AGEFX	\$525.00	\$543.36	\$18.36	3.50%
200	Greyhound Lines, Inc.	BUS	\$897.50	\$1,225.00	\$327.50	36.49%
100	Kmart Corporation	KM	\$797.50	\$2,012.50	\$1,215.00	152.35%
45	Magna Group, Inc.	MGR	\$1,086.25	\$2,508.75	\$1,422.50	130.96%
150	Optical Cable Corp.	OCCF	\$375.00	\$1,443.75	\$1,068.75	285.00%
100	Pulte Corporation	PHM	\$1,320.25	\$2,700.00	\$1,379.75	104.51%
36.98	Templeton World Fund	TEMWX	\$618.14	\$680.14	\$62.00	10.03%
<b>Totals:</b>			<b>\$11,068.79</b>	<b>\$18,393.47</b>	<b>\$7,324.68</b>	<b>66.17%</b>