

Third Quarter Report
to the Shareholders of
Getz & Associates, Incorporated
(June 11, 2001 to September 10, 2001)

October 6, 2001

Fellow Shareholders,

These are the times that try investor's confidence. The third quarter proved to be an exciting one, if only behind the scenes. While the net asset value of the Corporation's common stock reached just over \$17.20, growing concern about consumer spending and the economy dampened market performance. As a result, the Corporation ended the quarter treading water, the net asset value unchanged at \$16.40 per share.

Net income for the third quarter was \$188.32 on revenues of \$590.14 and expenses of \$401.82. The Corporation continued to derive virtually all its revenues from retail sales (48.8%), dividends (37.6%), and interest (12.7%). Retail sales and dividends were slightly higher versus the prior quarter, while interest income slid as the Federal Reserve continued to cut interest rates. Expenses consisted almost entirely of retail operations (79.3%), while the Corporation's charitable contributions for 2001 comprised most of the balance (12.2%).

Shareholder's equity stood at \$58,384.05, an increase of 7.6% over the previous quarter, resulting primarily from the sale of an additional 250 shares of the common stock. Assets increased 7.3%, to \$59,924.72, for the same reason, while the Corporation's liabilities were essentially unchanged.

Going forward, I foresee several challenges for the market as well as our Corporation, yet in this atmosphere, I also see opportunity. Previous reports commented that I, and by extension the Corporation, do not fully accept the theory of an efficient market. However, I'd like to modify that statement slightly here, to say that the market is efficient, but efficient only in reflecting investor perceptions, not purely financial considerations.

One of the basic deficiencies of the efficient market theory is it assumes all market participants are always rational. Yet the stock market is a product of millions of investors spread across the world, such that the market itself is an aggregate representation of these millions, and over any extended period of time, one cannot reasonably expect all these individuals to be wholly rational. As a result, there will always be some emotional (that is, non-rational) element in the marketplace. Were Abraham Lincoln an economist, he may have said "some investors will exclude their emotions all of the time, and all investors some of the time, but all investors cannot exclude all of their emotions all of the time." Sometimes the general perception will approximate economic reality and sometimes it will be far off the mark; only rarely will perception and reality be perfectly aligned. Of course, small differences between perception and fact result in only minor price differences; it is the substantial differences which create our cherished opportunities.

This perception efficiency emphasizes the importance of evaluating finances independent of perceptions, especially in a period of "special" charges and "pro-forma" earnings, two things I consider particularly misleading when it comes to reported corporate earnings.

Special charges typically are one-time expenses for laying off workers, closing plants, and other unusual activities. However, many companies have recently also written off items such as loans to customers and excess inventory, sometimes billions of dollars worth, under the same classification. (In fact, the losses reported by NASDAQ listed companies in the first six months of 2001 exceeded the reported profits of NASDAQ listed companies for the previous four years combined.) An example is Cisco Systems, which wrote off \$2.2 billion in excess inventory in its third quarter of 2001 and classified the event as a one-time item, excluding the amount from reported "pro-forma" net income. I may be old fashion in this respect, but building excess inventory due to misjudging one's market is something I would consider a basic operational error. I don't believe the result -- writing off \$2.2 billion in shareholder's equity -- should be so easily explained away as a "special" item and investors essentially told to disregard it. What exactly makes it "special" and not a part of the company's operations? What guarantees it is a "one-time" item? An additional risk arises when these charges create the opportunity to artificially inflate a company's future earnings. Having written off the entire cost of the equipment in inventory, it can now be sold at a 100% profit, whatever the price. For example, if Cisco sells its excess inventory at a 90% discount, it can report \$220 million in future profits. These "profits" cost the company billions, but under the heading of special items, this unseemly fact is more easily sidestepped.

Equally frustrating is the recent proliferation of "pro-forma" earnings, which exclude substantial expenses, although which expenses depend on the company. An example in this case is Amazon.com, which excludes from its "pro-forma" earnings interest on its \$2.1 billion in debt, or roughly \$131 million a year. When Amazon.com reports it

is approaching profitability, it is on this “pro-forma” basis, yet the reality is Amazon.com’s \$2.1 billion in debt is not going to disappear, any more than its \$800 million deficit between assets and liabilities. “Profitability,” indeed. The problem is that a cursory examination of these reports leave the perception that many such companies are doing better than they really are -- and perception is everything.

On the other hand, several companies in which the Corporation holds shares have announced share repurchase programs. While some of these repurchases may never occur, several of the companies we hold have in the past demonstrated a tendency to repurchase shares.

Share repurchases can benefit investors by increasing the underlying value behind each remaining share if shares are repurchased at less than book value. Book value is a basic estimate of the per share net asset value behind a company, such as the Corporation’s net asset value per share calculation. While book value is not typically a substantial factor in determining market value, in cases where the book value far exceeds the market value, barring concern about the company’s ongoing business, a specific investment’s risk may be reduced.

Additionally, share repurchases can have the effect of continuing a company’s strong performance. When a company has cash on hand, it has three basic options available to it: (1) invest in expanding the business or entering new ones, (2) paying dividends, and (3) repurchasing shares. Investing in expanding the business only makes sense in cases where the expanded or new business can be expected to increase value. In cases where a company invests to expand or build a marginal business, or one less lucrative than the core business, the potential appreciation of the outstanding stock may be impaired. Paying dividends, while immediately placing funds in investor’s hands, has the drawback of being a taxable distribution. Share repurchases, assuming the fundamentals of the business do not change, yield improved results to the remaining shareholders since future profits will be spread over a smaller number of shares, a factor which tends to improve share value.

Returning for a moment to the Corporation’s operations, we distributed \$49.06 during the third quarter in charitable contributions under the Corporation’s Charitable Contributions Plan. Although participation in the plan rose from the previous year, roughly half the Corporation’s shareholders did not return a proxy postcard, much less designate a charitable selection. In light of recent events, I believe it all the more important that shareholders remember to both return their proxy postcards and designate an organization which they would like to benefit from their portion of the Corporation’s annual contributions. Shareholder suggestions for charitable organizations to be included in the list of four should be received by the Corporation by November 15, 2001.

Finally, as 2001 draws to a close, the Corporation has tentatively scheduled the Annual Meeting of Shareholders for January 18, 2002, for the election of a director to the Board of Directors and to consider any proposals submitted to the Corporation. Shareholders may submit nominations for the Board of Directors or shareholder proposals. However, in order for any nominations or proposals to be included in the Proxy Statement with the Annual Report, all nominations or proposals must also be received by the Corporation no later than November 15, 2001.

With the recent events in New York City, Washington, D.C., and Pennsylvania, and heightened concern about the economy’s future, we can expect even more volatility. The Corporation will be impacted, although I cannot predict to what degree or over what period. However, I remain committed to the Corporation, and the Corporation remains committed to growing the capital the Shareholders have entrusted to it. We will have our moments of outstanding success and we will go through trying times; throughout, I am confident we will succeed.

Sincerely,

Carlton A. Getz, President
Getz & Associates, Incorporated

Balance Sheet (Including Unrealized Gains and Losses)
As of September 10, 2001

Assets

CASH & ACCOUNTS:	Qtr. One	Qtr. Two	Qtr. Three
Cash On Hand:	\$26.39	\$32.52	\$21.51
Corporate Checking:	\$1,889.07	\$399.40	\$4,438.31
Cash Reserves:	\$12,546.78	\$10,132.14	\$10,426.44
Retail Cash & Accounts:	\$539.40	\$721.33	\$784.80
Accounts Receivable:	\$55.75	\$55.75	\$2.50
Other Cash & Accounts:	\$0.00	\$0.00	\$0.00
CASH & ACCOUNTS:	\$15,057.39	\$11,341.14	\$15,673.56

INVESTMENTS

Available For Sale:	\$39,435.13	\$44,161.50	\$43,775.25
TOTAL INVESTMENTS:	\$39,435.13	\$44,161.50	\$43,775.25

OTHER ASSETS

Cash Equivalent:	\$2.85	\$19.53	\$29.13
Retail Division Assets:	\$409.38	\$295.38	\$411.78
Prepaid Expense:	\$0.00	\$35.00	\$35.00
Other Assets:	\$0.00	\$0.00	\$0.00
TOTAL OTHER ASSETS:	\$412.23	\$349.91	\$475.91

Assets:	\$54,904.75	\$55,852.55	\$59,924.72
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Liabilities & Equity

CURRENT LIABILITIES:

Accounts Payable:	\$51.14	\$89.95	\$35.35
Unearned Revenues:	\$236.21	\$193.25	\$275.45
TOTAL CURRENT LIABILITIES:	\$287.35	\$283.20	\$310.80

LONG-TERM LIABILITIES:

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

DEFERRED LIABILITIES:

Deferred Taxes:	\$2,126.24	\$1,292.23	\$1,229.87
TOTAL DEFERRED LIABILITIES:	\$2,126.24	\$1,292.23	\$1,229.87

EQUITY:

Shareholder's Equity:	\$52,491.16	\$54,277.12	\$58,384.05
TOTAL EQUITY:	\$52,491.16	\$54,277.12	\$58,384.05

Total Liabilities & Equity:	\$54,904.75	\$55,852.55	\$59,924.72
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Shareholder's Data:

	Qtr. One	Qtr. Two	Qtr. Three
Number of Shares Outstanding:	3309.4773	3309.4773	3559.4773
Net Asset Value Per Share:	\$15.86	\$16.40	\$16.40
Net Gain (Loss) Per Share:	\$1.62	\$0.54	\$0.00
Percentage Net Change:	11.3%	3.4%	0.0%
Number of Shareholders:	24	24	24

Profit & Loss Statement
Third Quarter 2001 - (June 11, 2001 to September 10, 2001)

INCOME:	Qtr. One	Qtr. Two	Qtr. Three
Interest Income:	\$156.67	\$120.94	\$75.06
Dividend Income:	\$218.31	\$216.10	\$222.06
Realized Gain (Loss):	\$4,250.76	\$0.00	\$0.00
Retail Operations:	\$327.01	\$238.00	\$287.70
Other Income:	\$0.00	\$0.00	\$5.32
TOTAL INCOME:	\$4,952.75	\$575.04	\$590.14
EXPENSES:			
Fees:	\$55.00	\$25.00	\$10.00
Mailings:	\$23.83	\$10.15	\$10.90
General Expenses:	\$34.79	\$8.55	\$8.94
Supplies:	\$23.38	\$4.16	\$4.17
Taxes (State & Federal):	\$0.00	\$255.00	\$0.00
Retail Operations:	\$294.87	\$255.89	\$318.75
Interest:	\$0.02	\$0.00	\$0.00
Other Expenses:	\$0.00	\$0.00	\$49.06
TOTAL EXPENSES:	\$431.89	\$558.75	\$401.82
NET INCOME (EXPENSE):	\$4,520.86	\$16.29	\$188.32
Cash Earnings (Loss) Per Share:	\$1.37	\$0.00	\$0.05

Portfolio Analysis

(Includes unrealized gains and losses; as of September 10, 2001.)

Shares	Company	Symbol	Cost	Current	Gain (Loss)	Return
150	CBRL Group, Inc.	CBRL	\$4,558.50	\$3,012.00	(\$1,546.50)	-33.93%
150	Dillard's Capital Trust I	DDT	\$2,674.50	\$3,097.50	\$423.00	15.82%
200	Dillard's Dept. Stores	DDS	\$3,799.50	\$3,132.00	(\$667.50)	-17.57%
400	FPIC Insurance Group	FPIC	\$4,187.00	\$4,828.00	\$641.00	15.31%
200	K-Swiss Corporation	KSWS	\$2,807.00	\$6,040.00	\$3,233.00	115.18%
400	Kmart Corporation	KM	\$3,284.50	\$3,652.00	\$367.50	11.19%
225	The Midland Co.	MLAN	\$7,181.06	\$9,582.75	\$2,401.69	33.44%
200	Owens-Illinois Pref.	OI-A	\$2,612.00	\$2,960.00	\$348.00	13.32%
100	Pulte Corporation	PHM	\$1,320.25	\$3,201.00	\$1,880.75	142.45%
200	United Capital Corp.	AFP	\$3,015.39	\$4,270.00	\$1,254.61	41.61%
Totals:			\$35,439.70	\$43,775.25	\$8,335.55	23.52%