

CW

3/11



06002771

SECUR

SION

Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 35603

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Weitz Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Pacific Place, 1125 South 103rd Street, Suite 600  
(No. and Street)

Omaha  
(City)

Nebraska  
(State)

68124-6008  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mary K. Beerling

(402) 391-1980

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

1900 Scripps Center, 312 Walnut Street, Cincinnati, Ohio 45202

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 04 2005

THOMSON FINANCIAL

JP

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

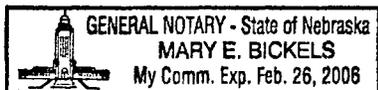
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

6/3/06

OATH OR AFFIRMATION

I, Mary K. Beerling, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Weitz Securities, Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Mary Beerling  
Signature

Vice President and Secretary  
Title

Mary E. Bickels  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of ~~Changes in Financial Condition~~ Changes in Financial Condition Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION

Weitz Securities, Inc.  
Years Ended December 31, 2005 With Report and Supplementary Report of  
Independent Registered Public Accounting Firm

Weitz Securities, Inc.

Financial Statements

Year Ended December 31, 2005

**Contents**

Report of Independent Registered Public Accounting Firm.....	1
Financial Statements	
Statement of Financial Condition .....	2
Statement of Income .....	3
Statement of Changes in Stockholder's Equity .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements.....	6
Supplemental Information	
Computation of Aggregate Indebtedness and Net Capital Pursuant to Rule 15c3-1.....	8
Statement Regarding Rule 15c3-3.....	9
Supplementary Report	
Supplementary Report of Independent Registered Public Accounting Firm.....	10

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of  
Weitz Securities, Inc.

We have audited the accompanying statement of financial condition of Weitz Securities, Inc. (the Company) as of December 31, 2005, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weitz Securities, Inc. at December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 3 to the financial statements, a company under common control pays all of the Company's operating expenses. The Company is economically dependent on this affiliate's commitment to support the operations of the Company.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ernst & Young LLP*

Cincinnati, Ohio  
February 10, 2006

Weitz Securities, Inc.

Statement of Financial Condition

December 31, 2005

**Assets**

Cash and cash equivalents, affiliated fund \$ 216,654

**Stockholder's Equity**

Common stock, \$1.00 par value 10,000 shares authorized;

10,000 shares issued and outstanding \$ 10,000

Additional paid-in capital 200,541

Retained earnings 6,113

Total stockholder's equity \$ 216,654

*See accompanying notes.*

Weitz Securities, Inc.

Statement of Income

Year Ended December 31, 2005

Investment income from affiliated fund	<u>\$ 5,004</u>
Total revenue	<u>5,004</u>
Expenses	
Printing, postage and mailing	87,745
Compensation	15,000
Communications	300
Insurance	43,226
Audit	24,750
Registration	24,870
Other	<u>116,509</u>
	312,400
Expenses reimbursed by affiliate	<u>(312,400)</u>
Net expenses	<u>-</u>
Net income	<u><u>\$ 5,004</u></u>

*See accompanying notes.*

Weitz Securities, Inc.

Statement of Changes in Stockholder's Equity

Year ended December 31, 2005

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance, beginning of year	\$ 10,000	\$ 200,541	\$ 1,109	\$ 211,650
Net income	-	-	5,004	5,004
Balance, end of year	<u>\$ 10,000</u>	<u>\$ 200,541</u>	<u>\$ 6,113</u>	<u>\$ 216,654</u>

*See accompanying notes.*

Weitz Securities, Inc.

Statement of Cash Flows

Year Ended December 31, 2005

Cash flows from operating activities	
Investment income received	<u>\$ 5,004</u>
Cash flows from financing activities	
Contribution of capital	<u>-</u>
Net increase in cash	5,004
Cash and cash equivalents, beginning of year	<u>211,650</u>
Cash and cash equivalents, end of year	<u><u>\$216,654</u></u>

*See accompanying notes.*

## Weitz Securities, Inc.

### Notes to Financial Statements

#### 1. Nature of the Business and Significant Accounting Policies

##### Nature of Business

Weitz Securities, Inc. (the "Company") is registered as a broker dealer in securities under the Securities Exchange Act of 1934. The Company acts as a broker dealer with respect to the purchase, sale and redemption of shares in The Weitz Funds, and is, therefore, exempt from Rule 15c3-3, under subparagraph k(1)(ii). The Company's revenues are derived solely from investment income earned from cash balances.

The following is a summary of significant accounting policies employed by the Company in the preparation of its financial statements:

##### Income Taxes

The sole shareholder of the Company has elected to have the Company taxed for Federal and Nebraska income tax purposes as an S corporation under Section 1361 of the Internal Revenue Code and a corresponding section of the state income tax code. Under these provisions, the stockholder's share of the Company's net income or loss for the year is reported on the stockholder's individual tax returns. Accordingly, no provision has been made in the accompanying financial statements for Federal or state income tax expense.

##### Cash and Cash Equivalents

The Company classifies as cash equivalents those highly liquid investments that are both readily convertible into cash and present insignificant risk of changes in value because of changes in interest rates.

At December 31, 2005, cash equivalents included investments in a government money market mutual fund of \$216,654 for which an affiliate acts as the investment advisor and transfer agent to this mutual fund.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Weitz Securities, Inc.

### Notes to Financial Statements (continued)

#### **2. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission's uniform net capital rule ("Rule 15c3-1"), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting aggregate indebtedness to net capital ratio would exceed 10 to 1. At December 31, 2005, the Company had net capital and net capital requirements of \$212,555 and \$5,000, respectively. The Company's ratio of aggregate indebtedness to net capital was 0 to 1.

#### **3. Related Party Transactions**

Expenses related to the Company's operations, totaling \$312,400 were paid by an affiliate under common control pursuant to an expense reimbursement agreement. This affiliate also provides the Company with office facilities and personnel. The Company is economically dependent on the affiliate continuing this practice of paying expense of the Company. The affiliate has represented that it will continue to support the operations of the Company.

#### **4. Indemnifications**

In the normal course of business, the Company enters into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

Supplemental Information

Weitz Securities, Inc.

Computation of Aggregate Indebtedness  
and Net Capital Pursuant to Rule 15c3-1

December 31, 2005

Schedule I

Total stockholder's equity from statement of financial condition	\$216,654
Less haircuts on securities, money market mutual fund	<u>4,099</u>
Net capital	<u>\$212,555</u>
Total aggregate indebtedness	<u>\$ -</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of \$5,000 or 6-2/3% of aggregate indebtedness)	<u>\$ 5,000</u>
Net capital in excess of minimum requirement	<u>\$207,555</u>
Ratio of aggregate indebtedness to net capital	<u>0 to 1</u>

*There were no material differences between the audited Computation of Aggregate Indebtedness and Net Capital Pursuant to Rule 15c3-1 included in this report and the corresponding schedule included in the Company's unaudited December 31, 2005 Part IIA FOCUS filing.*

Weitz Securities, Inc.

Statement Regarding Rule 15c3-3

December 31, 2005

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(ii) of that Rule.

Supplementary Report

## Supplementary Report of Independent Registered Public Accounting Firm on Internal Control

To the Board of Directors  
Weitz Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of Weitz Securities, Inc. (the "Company"), for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the criteria stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned criteria. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions or that the effectiveness of its design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not meet such criteria in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's criteria.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

Cincinnati, Ohio  
February 10, 2006