To: The clients of Off Wall Street.
re: 1999 and Q4 99 Off Wall Street performance, long term performance, tables.

**Summary:**

I. Calendar 1999

A. Total Portfolio:

- All positions: (28 ave. positions): 1999 gain: 10%
- Short positions: (24.25 ave. positions): 1999 Loss: 4%
- Long positions: (3.75 ave. positions); 1999 Gain: 78%
- Portfolio Balance: 13% Long, 87% Short

B. S&P 500: 19.2% in 1999. NASDAQ Composite: 71.8% in 1999.

II. Q4 1999

A. Total Portfolio:

- All positions: (29 positions): Q4 1999 loss: -13%
- Short positions: (26 positions): Loss: -17%
- Long positions: (3 positions); Gain: 0%
- Portfolio Balance: 10% Long, 90% Short

B. S&P 500: 14.5% in Q4 1999. NASDAQ Composite: 48.2% in Q4 1999.

Summary: In 1999 Off Wall Street lost a bit in its sizeable short portfolio, and made a lot in its small long portfolio. We were 87% short.

Despite our short bias, we posted a 10% gain for the year. Our short portfolio was down 4%, and our long portfolio was up 78%. We have compared our short performance to a S&P 500 short to measure how effective our short portfolio is as a hedge versus just shorting the S&P 500. On that basis, our short portfolio outperformed a S&P 500 short by 15.2% in 1999. This proved again that good short stock selection can be a far superior hedge compared to an S&P index short.

As is shown in our long term performance tables, below, our short portfolio has consistently outperformed a S&P 500 short over the last five years. Indeed, our short portfolio is up a total of 21% over the last five years, while the S&P 500 is up over 125%. Thus, over a five year period we have outperformed a S&P 500 index short by over 146%.

In 1999 we closed out 17 winning positions and 2 losing positions. We are closing our positions in Antec and in Quanta as of December 31. Our long term batting average, calculated from 1993, is now 0.821. That is to say we have made money on more than 82% of our recommendations from the start of 1993.

In Q4 99 our short portfolio lost 17%, but 900 basis points of the 17% loss was due to just one position, Chemdex (CMDX). Our 17% loss underperformed a S&P 500 short in Q4 by 2.5%. Without CMDX in our portfolio, we would have outperformed a S&P 500 short by 6.5% in Q4, and by 24.2% for the full year. Without CMDX, our short portfolio would have posted a 5% positive return in 1999 instead of a 4% loss. According to Bloomberg, CMDX is the single most expensive listed stock, measured on a price to sales basis, of all stocks with market values over $500 M. CMDX trades at over 15,000 times trailing sales. Moreover, CMDX investors are about to be diluted by 36% when CMDX issues 12 M shares for Promedix.com, a company with no historical revenues.

The OWS portfolio also has a significant technology and biotechnology component. As a result, it is perhaps more appropriate to compare our performance to the NASDAQ Composite, or to the Morgan Stanley High-Tech Index (MSH). The NASDAQ was up 48.2% in Q4, and the MSH was up 49.5%. As a result, the OWS short portfolio outperformed a NASDAQ short by 31.2% in Q4, and a MSH short by 32.5%. For the full year, the NASDAQ rose 71.8%, and the MSH 86.1%. For the full year the OWS short portfolio outperformed a NASDAQ short by 67.8%, and a MSH short by 82.1%.

We think our short portfolio is well positioned for calendar 2000. As was the case in 1998, the S&P 500 closed 1999 at 32x trailing EPS, the high end of its 16x to 36x range in 1999, and at historical market highs. We doubt that this multiple is sustainable, as it implies a just 3% earnings yield from stocks. We expect that the positions in which we have the largest current losses will be our biggest gainers in 2000, as we think we again have the fundamentals mostly right.

OWS currently employs six analysts and is publishing on the largest number of short ideas in its history. OWS will be ten years old on May 1, 2000. On May 1, 1990, as some of you may recall, we published “TCBY is in Deep Yogurt,” the first OWS short idea. We greatly appreciate your continued support, which we are constantly striving to merit.

(Table follow)