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January 4, 2003

To: The clients of Off Wall Street.

re: Q4 2002 Off Wall Street performance, full year 2002 performance, long term performance, tables.

Summary:

I. Calendar 2002:

A. Total Portfolio: Short positions: (20.75 ave. positions): OWS 2002 gain: 51.7%

B. S&P 500: -23.5% in 2002. Outperformance of OWS short portfolio vs. S&P index short: 28.2 percentage points.

C. New short positions opened in 2002: 26 Long positions opened: 2.

D. Positions closed in 2002: 23 short positions

E. Batting average in 2002: 22 winners out of 23 positions closed: 96% winners.

II. Q4 2002:

A. Total Portfolio:

Short positions: (20 positions): OWS Q4 2002 gain: 1.0%

Long positions: (2 positions) : OWS Q4 gain: 2.5%

B. S&P 500: 7.9% gain in Q4 2002. Outperformance of OWS short portfolio versus S&P 500 index short: 8.9 percentage points.

Summary: 2002 was the best year ever for the OWS short portfolio in terms of absolute performance. The 51.7% total gain that our short portfolio posted in 2002 followed a 49.6% gain posted in 2001 and a 43.4% gain in 2000. Thus, over a three year period our short portfolio has gained 145% cumulatively (much higher on a compounded basis), while the S&P 500 has lost about 45%. We measure our performance by comparing it to a S&P 500 index short. By that measure, we outperformed a S&P index short by about 100 percentage points cumulatively over the last three years. In 2002 we outperformed a S&P 500 short by 28.2 percentage points, just under our historical average of 31 percentage points of outperformance. We have never had a year in which we did not outperform a S&P 500 index short.

In calendar 2002 OWS initiated 26 new short positions, a record number for OWS. We initiated 22 positions in 2001 and 17 positions in 2000. We also initiated 2 new long positions in 2002. We closed out 23 positions in 2001, of which 22 were winners. This extended our batting average calculated from 1993 to 0.873, which means we have been right about 87% of the time. Since 1993, Off Wall Street has closed out 165 positions, with 144 winners and just 21 losers. We think our record is unmatched in our investing niche in the U.S. over the medium and long term.

In Q4 2002 we posted a 1% gain. On a relative basis this performance was satisfactory, as the S&P rose 7.9%, and the Nasdaq rose 15.7%. We outperformed a S&P index short by 8.9 percentage points in Q4, about in line with our historical average of outperforming a S&P index short by about 31 percentage points annually.

We closed four positions in Q4, all with gains, and we initiated five new short positions in Q4. We are closing the year with 16 open short positions and 2 long positions.

About 35% of Q4's portfolio was in health care, 40% in consumer and gambling stocks, 15% in financial stocks, and the 10% balance in technology.

Off Wall Street employs eight analysts, which include a variety of CPAs, MDs, MBAs and PhDs, and a director of research. We have tried to remain selective while also trying to publish more ideas, which has meant added staffing and training requirements. We have been providing research to our clients for almost 13 years. Despite a substantial increase in the number of analysts on staff and despite publishing an increasing number of ideas, our performance has generally improved over the years. We hope to continue our record of providing thoughtful, well researched and profitable ideas to a select client group of professional money managers.

We greatly appreciate your continued support and your confidence, which we are constantly striving to merit.

B. Long term performance of OWS closed positions:

Positions Closed					
Year		#Positions	#Winners	#Losers	Batting Ave
1993		10	8	2	0.800
1994		14	11	3	0.786
1995		15	13	2	0.867
1996 Q1		2	0	2	0.000
1996 Q2		5	4	1	0.800
1996 Q3		5	4	1	0.800
1996 Q4		3	3	0	1.000
1997 Q1		2	2	0	1.000
1997 Q2		1	1	0	1.000
1997 Q3		0	0	0	n/a
1997 Q4		3	3	0	1.000
1998 Q1		8	5	3	0.667
1998 Q2		2	1	1	0.500
1998 Q3		4	4	0	1.000
1998 Q4		2	2	0	1.000
1999 Q1		4	4	0	1.000
1999 Q2		2	2	0	1.000
1999 Q3		5	4	1	0.800
1999 Q4		8	7	1	0.875
2000 Q1		5	5	0	1.000
2000 Q2		8	6	2	0.750
2000 Q3		5	5	0	1.000
2000 Q4		11	11	0	1.000
2001 Q1		3	3	0	1.000
2001 Q2		4	4	0	1.000
2001 Q3		7	6	1	0.857
2001 Q4		4	4	0	1.000
2002 Q1		1	1	0	1.000
2002 Q2		14	13	1	0.929
2002 Q3		4	4	0	1.000
2002 Q4		4	4	0	1.000
Cumulative:		165	144	21	0.873

II. C. Long term OWS short sale performance relative to S&P 500 index short.

1995	Q1	Q2	Q3	Q4	Totals
S&P 500	9.0%	8.8%	7.3%	5.4%	30.5%
OWS Short	1.0%	0.3%	-16.0%	3.0%	-11.7%
OWS Short Relative to S&P	10.0%	9.1%	-8.7%	8.4%	18.8%
1996	Q1	Q2	Q3	Q4	Totals
S&P 500	4.8%	3.9%	2.5%	7.8%	19.0%
OWS Short	9%	13%	11%	6%	39.0%
OWS Short Relative to S&P	13.8%	16.9%	13.5%	13.8%	58.0%
1997	Q1	Q2	Q3	Q4	Totals
S&P 500	2.2%	16.9%	7.0%	2.4%	28.6%
OWS Short	22%	-26%	-7.8%	0.2%	-11.3%
OWS Short Relative to S&P	24.5%	-9.1%	-0.8%	2.6%	17.3%
1998	Q1	Q2	Q3	Q4	Totals
S&P 500	13.5%	4%	-10%	20.9%	28.4%
OWS Short	-7%	-1%	31%	-14%	9%
OWS Short Relative to S&P	6.5%	3.0%	21.0%	6.9%	37.4%
1999	Q1	Q2	Q3	Q4	Totals
S&P 500	4.6%	6.7%	-6.6%	14.5%	19.2%
OWS Short	4.1%	-1.8%	10.7%	-17%	-4.0%
OWS Short Relative to S&P	8.7%	4.9%	4.1%	-2.5%	15.2%
2000	Q1	Q2	Q3	Q4	Totals
S&P 500	2.0%	-2.9%	-1.2%	-8.1%	-10.2%
OWS Short	-14.0%	4.5%	10.9%	42.0%	43.4%
OWS Short Relative to S&P	-12.0%	1.6%	9.7%	33.9%	33.2%
2001	Q1	Q2	Q3	Q4	Totals
S&P 500	-12.1%	5.5%	-15.0%	10.3%	-11.3%
OWS Short	20.9%	4.4%	26.2%	-1.9%	49.6%
OWS Short Relative to S&P	8.8%	9.9%	11.2%	8.4%	38.3%
2002	Q1	Q2	Q3	Q4	Totals
S&P 500	-0.1%	-13.7%	-17.6%	7.9%	-23.5%
OWS Short	11.7%	24.6%	14.4%	1.0%	51.7%
OWS Short Relative to S&P	11.6%	10.9%	-3.2%	8.9%	28.2%

