

Off Wall Street Consulting Group, Inc.

P.O. Box 382107
Cambridge, MA 02238

tel: 617.868.7880

fax: 617.868.4933

internet: research@offwallstreet.com
www.offwallstreet.com

All information contained herein is obtained by Off Wall Street Consulting Group, Inc. from sources believed by it to be accurate and reliable. However, such information is presented "as is," without warranty of any kind, and Off Wall Street Consulting Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use. All expressions of opinion are subject to change without notice, and Off Wall Street Consulting Group, Inc. does not undertake to update or supplement this report or any of the information contained herein. You should assume that Off Wall Street Consulting Group, Inc. and its employees enter into securities transactions which may include hedging strategies and buying and selling short the securities discussed in its reports before and after the time that Off Wall Street Consulting Group, Inc. determines to issue a report. Off Wall Street Consulting Group, Inc. hereby discloses that its clients and we the company, or our officers and directors, employees and relatives, may now have and from time to time have, directly or indirectly, a long or short position in the securities discussed and may sell or buy such securities at any time.

January 3, 2005

To: The clients of Off Wall Street.

re: Q4 2004 Off Wall Street performance, full year 2004 performance, long term performance, comments, tables.

Summary:

I. Calendar 2004:

A. Total Portfolio:

Short positions: (22.5 ave. positions): OWS 2004 loss: 2.0%

Long positions: (4.25 ave. positions): OWS 2004 gain 11.2%.

B. S&P 500: +9.0% in 2004. Outperformance of OWS short portfolio vs. S&P index short: 7 percentage points. Three year total outperformance of OWS short portfolio vs. S&P 500 index short: 41.7%. Five year total outperformance: 113.2%.

C. RTY Index: +16.8% in 2004. Outperformance of OWS short portfolio vs. RTY index short: 14.8 percentage points. Three year total outperformance of OWS short portfolio vs. RTY index short: 68.1%%. Five year total outperformance: 164.0%.

D. New short positions opened in 2004: 21 Long positions opened: 5.

E. Positions closed in 2004: 22 short positions, 8 long positions.

F. Batting average in 2004: 22 winners out of 30 short positions closed: 73% winners. 7 long positions winners, one loser.

II. Q4 2004:

A. Total Portfolio:

Short positions: (21 positions): OWS Q4 2004 loss: 10.3%

Long positions: (5 positions) : OWS Q4 gain: 9.4%

B. S&P 500: 8.7% gain in Q4 2004. Underperformance of OWS short portfolio versus S&P 500 index short: 1.6 percentage points.

C. RTY: 13.7% gain in Q4 2004. Outperformance of OWS short portfolio versus S&P 500 index short: 3.4 percentage points.

Summary: 2004 OWS short sale performance was above that of the previous year, but was slightly negative on an absolute basis, losing 2%, and our long portfolio results were solid, up 11.2%. 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. 2003 was not nearly as successful as the preceding year, with the short portfolio losing 18.6%. The short portfolio outperformed an S&P index short by 7% in 2004, and did far better against a more fair benchmark, the RTY index short, outperforming by 14.8%.

The OWS short portfolio has never had a year in which it did not outperform both the S&P index short and the RTY index short. Indeed, even on an absolute basis, over a three and a five year period, the OWS short portfolio has outperformed the S&P, and has outperformed the RTY over five years and is only slightly below it over three years. Over three years the OWS short portfolio is up 31.1%, and over five years it is up 124.1%, versus a three year gain in the S&P of 10.6% and a five year decline of 10.9% and versus a three year gain in the RTY of 37% and a five year gain of 39.9%.

In calendar 2004 OWS initiated 21 new short positions, similar to the previous two years. We also initiated 5 new long positions in 2004. We closed out 22 short positions in 2004, of which 17 were winners. Four out of five longs closed in 2004 were winners. This extended our batting average calculated from

1993 to 0.856, which means we have been right about 85% of the time. Since 1993, Off Wall Street has closed out 216 short positions, with 185 winners and just 31 losers. We think our record is unmatched in our investing niche in the U.S. over the medium and long term.

In the year ending Q4 2002, 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. Ending Q4 2003 the mix was quite different, with over 50% in technology, 25% in health care, and the balance in consumer and financial stocks. We are entering 2005 with 18 open short positions and two open long positions. The mix is about 20% tech, 20% health, 50% consumer and financial and 10% telecom.

2004 was a year of strong positive breadth in the market. Few stocks went down in price from the beginning to the end of the year, and even fewer went down by very much. This made for a very challenging environment for short sellers.

Off Wall Street employs seven analysts, which include a variety of CPAs, MBAs and PhDs, and a director of research. We have been providing research to our clients for almost 15 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
2003 Q1	5	5	0	1.000
2003 Q2	8	7	1	0.875
2003 Q3	6	5	1	0.833
2003 Q4	2	2	0	1.000
2004 Q1	11	6	5	0.545
2004 Q2	7	5	2	0.714
2004 Q3	6	6	0	1.000
2004Q4	6	5	1	0.833
Cumulative:	216	185	31	0.856

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

1995	Q1	Q2	Q3	Q4	Totals
S&P 500	9.00%	8.80%	7.30%	5.40%	30.50%
OWS Short	1.00%	0.30%	-16.00%	3.00%	-11.70%
OWS Short Relative to S&P	10.00%	9.10%	-8.70%	8.40%	18.80%
1996	Q1	Q2	Q3	Q4	Totals
S&P 500	4.80%	3.90%	2.50%	7.80%	19.00%
OWS Short	9%	13%	11%	6%	39.00%
OWS Short Relative to S&P	13.80%	16.90%	13.50%	13.80%	58.00%
1997	Q1	Q2	Q3	Q4	Totals
S&P 500	2.20%	16.90%	7.00%	2.40%	28.60%
OWS Short	22%	-26%	-7.80%	0.20%	-11.30%
OWS Short Relative to S&P	24.50%	-9.10%	-0.80%	2.60%	17.30%
1998	Q1	Q2	Q3	Q4	Totals
S&P 500	13.50%	4%	-10%	20.90%	28.40%
OWS Short	-7%	-1%	31%	-14%	9%
OWS Short Relative to S&P	6.50%	3.00%	21.00%	6.90%	37.40%
1999	Q1	Q2	Q3	Q4	Totals
S&P 500	4.60%	6.70%	-6.60%	14.50%	19.20%
OWS Short	4.10%	-1.80%	10.70%	-17%	-4.00%
OWS Short Relative to S&P	8.70%	4.90%	4.10%	-2.50%	15.20%
2000	Q1	Q2	Q3	Q4	Totals
S&P 500	2.00%	-2.90%	-1.20%	-8.10%	-10.20%
OWS Short	-14.00%	4.50%	10.90%	42.00%	43.40%
OWS Short Relative to S&P	-12.00%	1.60%	9.70%	33.90%	33.20%
2001	Q1	Q2	Q3	Q4	Totals
S&P 500	-12.10%	5.50%	-15.00%	10.30%	-11.30%
OWS Short	20.90%	4.40%	26.20%	-1.90%	49.60%
OWS Short Relative to S&P	8.80%	9.90%	11.20%	8.40%	38.30%
2002	Q1	Q2	Q3	Q4	Totals
S&P 500	-0.10%	-13.70%	-17.60%	7.90%	-23.50%
OWS Short	11.70%	24.60%	14.40%	1.00%	51.70%
OWS Short Relative to S&P	11.60%	10.90%	-3.20%	8.90%	28.20%

2003	Q1	Q2	Q3	Q4	Totals
S&P 500	-3.6%	14.9%	2.2%	11.6%	25.1%
OWS Short	10.1%	-19.1%	-0.2%	-9.40%	-18.6%
OWS Short Relative to S&P	6.5%	-4.2%	2.0%	2.2%	6.5%
2004	Q1	Q2	Q3	Q4	Totals
S&P 500	1.3%	1.3%	-2.3%	8.7%	9.0%
OWS Short	-0.8%	0.6%	8.5%	-10.3%	-2.0%
OWS Short Relative to S&P	0.5%	1.9%	6.2%	-1.6%	7.0%
1995	Q1	Q2	Q3	Q4	Totals
RTY	4.16%	8.77%	9.43%	1.80%	24.15%
OWS Short	1.00%	0.30%	-16.00%	3.00%	-11.70%
OWS Short Relative to RTY	5.16%	9.07%	-6.57%	4.80%	12.45%
1996	Q1	Q2	Q3	Q4	Totals
RTY	4.68%	4.79%	-0.06%	4.69%	14.10%
OWS Short	9%	13%	11%	6%	39.00%
OWS Short Relative to RTY	13.68%	17.79%	10.94%	10.69%	53.10%
1997	Q1	Q2	Q3	Q4	Totals
RTY	-5.53%	15.71%	14.49%	-3.70%	20.97%
OWS Short	22%	-26%	-7.80%	0.20%	-11.30%
OWS Short Relative to RTY	16.47%	-10.29%	6.69%	-3.50%	9.67%
1998	Q1	Q2	Q3	Q4	Totals
RTY	9.99%	-4.85%	-20.51%	16.05%	0.68%
OWS Short	-7%	-1%	31%	-14%	9%
OWS Short Relative to RTY	2.99%	-5.85%	10.49%	2.05%	9.68%
1999	Q1	Q2	Q3	Q4	Totals
RTY	-5.77%	15.10%	-6.64%	18.13%	20.82%
OWS Short	4.10%	-1.80%	10.70%	-17%	-4.00%
OWS Short Relative to RTY	-1.67%	13.30%	4.06%	1.13%	16.82%
2000	Q1	Q2	Q3	Q4	Totals
RTY	6.80%	-4.05%	0.80%	-7.26%	-3.71%
OWS Short	-14.00%	4.50%	10.90%	42.00%	43.40%
OWS Short Relative to RTY	-7.20%	0.45%	11.70%	34.74%	39.69%
2001	Q1	Q2	Q3	Q4	Totals
RTY	-6.82%	13.82%	-21.05%	20.66%	6.61%
OWS Short	20.90%	4.40%	26.20%	-1.90%	49.60%
OWS Short Relative to RTY	14.08%	18.22%	5.15%	18.76%	56.21%

2002	Q1	Q2	Q3	Q4	Totals
RTY	3.68%	-8.65%	-21.70%	5.75%	-20.92%
OWS Short	11.70%	24.60%	14.40%	1.00%	51.70%
OWS Short Relative to RTY	15.38%	15.95%	-7.30%	6.75%	30.78%

2003	Q1	Q2	Q3	Q4	Totals
RTY	-4.84%	23.0%	8.8%	14.2%	41.16%
OWS Short	10.1%	-19.1%	-0.2%	-9.40%	-18.60%
OWS Short Relative to RTY	5.26%	3.90%	8.60%	4.80%	22.56%

2004	Q1	Q2	Q3	Q4	Totals
RTY	6.0%	0.2%	-3.1%	13.7%	16.8%
OWS Short	-0.8%	0.6%	8.5%	-10.3%	-2.0%
OWS Short Relative to RTY	5.2%	0.80%	5.4%	3.4%	14.8%

D. Performance of long ideas:

2003	Q1	Q2	Q3	Q4	Totals
OWS Long	10.3%	33.2%	5.9%	8.3%	57.7%

2004	Q1	Q2	Q3	Q4	Totals
OWS Long	-5%	-3%	9.8%	9.4%	11.2%