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January 1, 2009

To: The clients of Off Wall Street.

re: Q4 2008 Off Wall Street performance, full year 2008 performance, long term performance, comments, tables.

Summary:

I. Calendar 2008:

A. Total Portfolio:

Short positions: (13.25 ave. positions): OWS 2008 gain: 57.4%

Long positions: (11 ave. positions): OWS 2008 loss -32.1%.

B. S&P 500: -44.7% in 2008. Outperformance of OWS short portfolio vs. S&P index short: 12.8 percentage points.

C. RTY Index: -38.0% in 2008. Outperformance of OWS short portfolio vs. RTY index short: 19.4 percentage points.

D. New short positions opened in 2008: 21. Long positions opened: 7.

E. Positions closed in 2008: 35. Winners: 30, and 5 losers.

F. Batting average in 2008: 0.857, or 86% correct.

II. Q4 2008:

A. Total Portfolio:

Short positions: (12 positions) : OWS Q4 2008 gain: 26.7%

Long positions: (12 positions) : OWS Q4 loss: -15%

B. S&P 500: -22.6% loss in Q4 2008. Outperformance of OWS short portfolio versus S&P 500 index short: 4.2 percentage points.

C. RTY: -26.5% loss in Q4 2008. Outperformance of OWS short portfolio versus RTY index short: 0.2 percentage points.

Summary: 2008 OWS short sale performance was the best in our history on an absolute basis. The 57.4% gain in 2008 compares to our second best year of 51.7% achieved in 2002. Short sale performance relative to the S&P 500 was good, beating that benchmark by 12.8 percentage points. Short sale performance relative to the RTY was excellent, exceeding that benchmark by 19.4 percentage points. Our smaller, value oriented long portfolio results exceeded both the S&P 500 and the RTY.

The OWS short portfolio has never had a year in which it did not outperform both an S&P index short and a RTY index short.

In calendar 2008 OWS initiated 21 new short positions, similar to the previous four years. The average market capitalization of the short sale recommendations at initiation was \$5.24B. We also initiated 7 new long positions in 2008. The average market capitalization of the long positions at initiation was \$4.78B. We closed out 35 positions in 2008, of which 30 were winners. This extended our batting average calculated from 1993 to 0.819, which means we have been right 82% of the time. Since 1993, Off Wall Street has closed out 332 positions, with 272 winners and just 60 losers. We think our record continues to be unmatched in our investing niche in the U.S. over the medium and long term.

The sub prime mortgage crisis that began in the second half of 2007 proved to be contagious, and there was nowhere to hide in 2008. The year culminated in a period of unusual volatility and a huge fourth quarter decline. The recent 2000-2002 bear market lasted several years, but no one year of that market experienced as sharp a decline as this year. Therefore, we might not expect substantial further declines to occur in the current bear market.

As in previous years, the OWS short portfolio was not concentrated in any one area. Our portfolio contained technology, retail, industrials, health and construction, as well as financials exposure. Some of the short names that stood out for stock picking were NFP, TTC, RF, NOBN, BIG, PSYS, TWI, CPHD, and ARO.

Off Wall Street will employ six analysts in 2009, up from 5 in 2008. We have been providing research to our clients for almost 19 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	15	11	4	0.733
1997	6	6	0	1.000
1998	16	12	4	0.667
1999	19	17	2	0.895
2000	29	27	2	0.931
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
2004 Q4	6	5	1	0.833
2005 Q1	2	2	0	1.000
2005 Q2	9	6	3	0.667
2005 Q3	4	2	2	0.500
2005 Q4	8	5	3	0.625
2006 Q1	7	4	3	0.571
2006 Q2	7	6	1	0.857
2006 Q3	6	3	3	0.500
2006 Q4	7	5	2	0.714
2007 Q1	7	6	1	0.857
2007 Q2	6	5	1	0.833
2007 Q3	14	10	4	0.714
2007 Q4	4	3	1	0.750
2008 Q1	12	9	3	0.750
2008 Q2	8	7	1	0.857
2008Q3	3	3	0	1.000
2008Q4	12	11	1	0.917
Cumulative:	332	272	60	0.819

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%
2005	Q1	Q2	Q3	Q4	Totals
S&P 500	-2.6%	0.9%	3.1%	1.6%	3.0%
OWS Short	8.8%	-3.0%	-2.7%	0.8%	3.9%
OWS Short Relative to S&P	6.2%	-2.1%	0.4%	2.4%	6.9%
2006	Q1	Q2	Q3	Q4	Totals
S&P 500	3.7%	-1.9%	5.2%	6.2%	13.2%
OWS Short	-11.8%	12.3%	3.1%	-4.1%	-0.5%
OWS Short Relative to S&P	-8.1%	10.4%	8.3%	2.1%	12.7%
2007	Q1	Q2	Q3	Q4	Totals
S&P 500	0.2%	5.8%	1.6%	-3.8%	3.8%
OWS Short	2.6%	-2.5%	2.3%	8.5%	10.9%
OWS Short Relative to S&P	2.8%	3.3%	3.9%	4.7%	14.7%
2008	Q1	Q2	Q3	Q4	Totals
S&P 500	-9.9%	-3.2%	-9.0%	-22.6%	-44.7%
OWS Short	17.5%	13.2%	0.0%	26.7%	57.4%
OWS Short Relative to S&P	7.6%	10.0%	-9.0%	4.2%	12.8%
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%
2005	Q1	Q2	Q3	Q4	Totals
RTY	-5.7%	4.1%	4.4%	0.8%	3.6%
OWS Short	8.8%	-3.0%	-2.7%	0.8%	3.9%
OWS Short Relative to RTY	3.1%	1.1%	1.7%	1.6%	7.5%
2006	Q1	Q2	Q3	Q4	Totals
RTY	13.7%	-5.3%	0.1%	8.6%	17.1%
OWS Short	-11.8%	12.3%	3.1%	-4.1%	-0.5%
OWS Short Relative to RTY	1.9%	7.0%	3.2%	4.5%	16.6%

2007	Q1	Q2	Q3	Q4	Totals
RTY	1.7%	4.1%	-3.4%	-4.9%	-2.5%
OWS Short	2.6%	-2.5%	2.3%	8.5%	10.9%
OWS Short Relative to RTY	4.3%	1.6%	-1.1%	3.6%	8.4%

2008	Q1	Q2	Q3	Q4	Totals
RTY	-10.2%	0.2%	-1.5%	-26.5%	-38.0%
OWS Short	17.5%	13.2%	0.0%	26.7%	57.4%
OWS Short Relative to RTY	7.3%	13.4%	-1.5%	0.2%	19.4%

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%

2005	Q1	Q2	Q3	Q4	Totals
OWS Long	2.5%	6.7%	1.1%	-0.3%	10.0%

2006	Q1	Q2	Q3	Q4	Totals
OWS Long	4.2%	-2.9%	-4.6%	9.8%	6.5%

2007	Q1	Q2	Q3	Q4	Totals
OWS Long	3.6%	5.4%	-10.9%	-6.2%	-8.1%

2008	Q1	Q2	Q3	Q4	Totals
OWS Long	-4.1%	-0.3%	-12.7%	-15.0%	-32.1%