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January 3, 2010

To: The clients of Off Wall Street.

re: Q4 2009 Off Wall Street performance, full year 2009 performance, long term performance, comments, tables.

Summary:

I. Calendar 2009:

A. Total Portfolio:

Short positions: (16 ave. positions): OWS 2009 loss: 11.7%

Long positions: (7 ave. positions): OWS 2009 gain: 32%.

B. S&P 500: +24% in 2009. Outperformance of OWS short portfolio vs. S&P index short: 12.3 percentage points.

C. RTY Index: +27.2% in 2009. Outperformance of OWS short portfolio vs. RTY index short: 15.5 percentage points.

D. New short positions opened in 2009: 24. Long positions opened: 2.

E. Positions closed in 2009: 15. Winners: 8, and 7 losers.

II. Q4 2009:

A. Total Portfolio:

Short positions: (21 positions) : OWS Q4 2009 loss: 3.8%

Long positions: (3 positions) : OWS Q4 gain: 2%

B. S&P 500: 5.5% gain in Q4 2009. Outperformance of OWS short portfolio versus S&P 500 index short: 1.7 percentage points.

C. RTY: 3.5% gain in Q4 2009. Underperformance of OWS short portfolio versus RTY index short: 0.3 percentage points.

Summary: The OWS short portfolio loss of 11.7% was not surprising, since the 2008 OWS short sale performance was the best in our history on an absolute basis. The 57.4% gain in 2008 compared to our second best year of 51.7% achieved in 2002. 2009 Short sale performance relative to the S&P 500 was good, beating that benchmark by 12.3 percentage points. Short sale performance relative to the RTY was better, exceeding that benchmark by 15.5 percentage points. Our smaller, value oriented long portfolio results exceeded both the S&P 500 and the RTY by comfortable margins.

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 2009 OWS initiated 24 new short positions, slightly higher than the previous four years. We initiated only 2 new long positions in 2009. We closed out 15 positions in 2009, compared to 35 closes in 2008, of which 8 were winners. This extended our batting average calculated from 1993 to 0.807, which means we have been right 81% of the time. Since 1993, Off Wall Street has closed out 347 positions, with 280 winners and just 67 losers. We think our record continues to be unmatched in our investing niche in the U.S. over the medium and long term.

As in previous years, the 2009 OWS short portfolio was not concentrated in any one area.

While we are not market prognosticators by trade, last year at the end of the year we commented that we did not expect substantial further declines to occur in 2009. This proved correct. In 2010, we suspect that there will be relatively little movement either way in the market, and that stock picking will be key to relative success.

Off Wall Street will employ six analysts in 2010. We have been providing research to our clients for almost 20 years. Our 20th anniversary will be on May 1, 2010. Some of you will remember our first report, published on May 1, 1990, called “TCBY is in Deep Yogurt.” We have had a great 20 years. In 2010, 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 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
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
2008 Q3	3	3	0	1.000
2008 Q4	12	11	1	0.917
2009 Q1	6	4	2	0.667
2009 Q2	3	2	1	0.667
2009 Q3	5	2	3	0.400
2009 Q4	1	0	1	0.000
Cumulative:	347	280	67	0.807

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%
2009	Q1	Q2	Q3	Q4	Totals
S&P 500	-11.7%	15.2%	15.0%	5.5%	24.0%
OWS Short	5.2%	-4.2%	-8.9%	-3.8%	-11.7%
OWS Short Relative to S&P	-6.5%	11.0%	6.1%	1.7%	12.3%
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%
2009	Q1	Q2	Q3	Q4	Totals
RTY	-15.4%	20.2%	18.9%	3.5%	27.2%
OWS Short	5.2%	-4.2%	-8.9%	-3.8%	-11.7%
OWS Short Relative to RTY	-10.2%	16.0%	10.0%	-0.3%	15.5%

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%
2009	Q1	Q2	Q3	Q4	Totals
OWS Long	-17.0%	27.0%	20.0%	2.0%	32.0%