

December 06, 1996

Cellular Technical Services possesses no valuable technology.

Investors may be discounting the obvious limited size of the cellular RF fingerprinting market believing that CTSC's technology assures that it will gain a dominant share and then develop other valuable services that will utilize its embedded system. However, CTSC does not possess any RF technology or any other telecommunication patents. Its system is based on the Boeing Co.'s Ferrell patent, which relies on "turn on transient" technology that was evaluated and discarded by its competitor two years before CTSC's license.

Cellular operators who purchase an RF fingerprinting system will also have to implement the A-Key system, which comes standard on all new analog cellular phones. CTSC's system must provide its customers with sufficient actual cost savings that justify the implementation investment in a very short period of time. CTSC's competitor has generated sufficient savings to justify this double implementation expenditure and has plans that use its technology for add-on services. CTSC's customers have not reported any actual fraud cost savings.

We believe CTSC has grossly over estimated both its current and long term sales potential, its potential market share, the overall market size and its ability to utilize its projected embedded base. We believe this explains its market valuation, which is over four (4) times greater than its competitor. We also believe this explains management's decision to sell substantial portion of their stock.

Cellular Technical Services Company, Inc. (Symbol: CTSC) (Price: \$17.50)

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.