Since 1958

Number 530 September 2006

China Natural Gas Inc.

EQUITIES Special Situations

Robert J. Flaherty
Editor

Bob's September Song: Where did my summer go? The Scarsdale pool is very nice, but I had meant to visit Cape Cod in July or August. But another issue of the magazine is at the printer's and this issue of our sister newsletter is headed for the mail and our fans.

Two years have passed and I still have not taken a vacation. Hopefully, soon I will visit the Cape. As natives know, it is different, nice in a special way and quite so crowded after Labor Day. At least, that is what I remembered when I was very young.

As I mentioned last issue, we have an inverted curve, which is a financial storm warning of possible recession facing U.S. investors. Until we know which way the cat will jump, what should we do for you this issue? How about a new mainland China-based stock, our second in three reports and the only the second in our 48 years? Revenues are growing way over 100%; earnings are booming so much the management can't even give intelligent guidance. Now that's what we call an emerging growth stock! And are we getting in on time? There are zero newsletter reports on the company. Just typing that sentence makes us breathe a little faster. This is our 530th pick. Wouldn't it be nice if it went out of the ballpark?

EQUITIES Conference Companies to speak from three exchanges in three different countries:

On Friday September 15 at the American Stock Exchange in New York City, EQUITES will hold its next conference. Then on Monday September 18 at the London Stock Exchange's AIM and Wednesday September 20 in Milan at the Borsa Italiana will hold its initial transatlantic conference. Our NYC conference will be cybercast at www.equitiesmagazine.com. The site will have a hyperlink to the webcast on our home page and you will be able to listen to any of Equities conference presentations while still in your office or your home. We hope to find more winners for you.

WARNING: There is no fee for being selected as an *EQUITIES Special Situation*. Our only requirement is being a real company whose stock we believe has the potential to increase 50% to 100% over the next two years. We have tried to be objective, but may have failed. You readers must decide for yourself.

Be careful to place strict limits on your purchases. The price quoted for the recommended stock is of the date this report went to the printer, who naturally needs time to produce and mail our newsletter. For current quotations, go online. The recent price for the common stock of this recommendation was about \$3.00. Do not pay more than \$6.00 for this stock. If a stock rises out of our price range, there will always be another opportunity or another stock with a bargain price. Remember, the price you pay will determine your profit (or loss) when you sell.

EQUITIES Special Situations: Subscription Price: \$150 per year; \$15 per issue. Published monthly since 1958 by *EQUITIES* Global Communications, Inc., also publishers of *EQUITIES* magazine: Subscription Price \$19.95 (four issues) per year. Editor-in-Chief: Robert J. Flaherty. Both publications are owned by Equities Global Communications, Inc, 2118 Wilshire Boulevard, #722, Santa Monica, CA 90403, David Bernard, Publisher. The information presented in this publication is not to be construed as an offer to sell or a solicitation to buy any securities referred to herein. The information contained in this publication is considered reliable, but is not guaranteed as to accuracy or completeness. Errors are inevitable. This newsletter contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 relating to the development of company's products and future operating results that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Reference is made to the company's latest Annual Report or Form 10-K filed with the SEC for a more detailed description of such factors. Readers are cautioned not to place undue reliance on those forward-looking statements that speak only as of the date of this issue. The policy of *EQUITIES* Magazine is for our staff to avoid any pre-publication trading of a featured stock or any purchases or sales of a new Special Situations recommendation until ten days after publication. Some companies written up may be advertisers in our sister publication, paid sponsors at one of our corporate conferences or may buy reprints. However, our buy, sell or hold decisions will never be based on such events but on what we believe is best for our readers.

Back home on December 1 we will hold our popular EQUITIES Discover Day XIII Conference. It is wonderful to be in Manhattan at Christmas time, and we just might have the exciting stock or two of an emerging growth company to put in your stocking.

If your company would like to present at an Equities conference, please contact EQUITIES Publisher David Bernard or President Jonathan Bernard at 800-709-7005.

China Natural Gas, Inc
www.naturalgaschina.com

Can it get better than to be in the right business, in the right industry, in the right place, at the right time? China Natural Gas is cashing in on the surge to natural gas energy, vehicles and filling stations in China's hottest district, all driven by the Chinese government's obsession with cleaning up its huge air pollution problems.
Growing too fast for management to give accurate guidance for 2006! Nice problem.

Symbol:	(OTC BB: CHNG)	**Shares Outstanding:**	23.9 million
Recent Price:	$ 3.00	**Estimated Float:**	15.2 million
52-Week Range:	$ 5.68 - $0.53	**Stock Market Cap:**	$ 71.7 million
Shareholder's Equity:	$ 19.9 million	**Long-Term Debt:**	none
Book Value per Share:	$ 0.83	**Total Assets:**	$ 21.0 million

Fiscal Years (Ending Dec. 31)	**Revenue** (thou)	**Net Loss** (thou)	**Loss** Per Share (loss)
2004	$ 884.4	(161.8)	(0.02)
2005	$ 4,850.7	1,252.0	0.08
2006*	$ 5.500*	1.300*	0.06*

* Figures for first six months only.

Nasdaq Composite: 2193.16 Dow Jones Industrials: 11,464.15 S&P 500: 1311.01

RECOMMENDATION

China's energy resources are feeling the pinch from its burgeoning economy. China's rapidly expanding economy is stretching the limits of its energy resources. Natural gas comprises only 3% of its total energy usage. That compares with a global average of 24% and strongly suggests the use of natural gas (NG), liquefied natural gas (LNG) and compressed natural gas (CNG) is ready to take off. China Natural Gas is strategically positioned in one of China's fastest growing provinces (Shaanxi) to cash in on this sudden surge in natural gas usage. It is engaged in the transmission and distribution of natural gas to commercial, industrial and residential customers and has only begun to tap its potential. It is also the first China-based natural gas company traded in the U. S. capital markets. It is currently trading on the OTC Bulletin Board under the symbol CHNG.OB and has submitted its application to list on the American Stock Exchange.

In the first six months of 2006 the company reported revenues of $5.5 million, net income of $1.3 million and earning per share of $0.06 versus revenues of $1.6 million, net income of $340,000 and earnings per share of $0.02 for the first half of 2005. Growth is so fast that management cannot give guidance for all of 2006, except to state it should own 21 filling stations versus nine currently.

The goal of an Equities Special Situation is a stock increase within two years of 50% to 100%. We believe that these gains are very achievable for the stock of China Natural Gas, our second mainland China stock pick in our 48 years.

BUSINESS

Demand for natural gas in China as an alternative fuel is robust, driven by strong government initiatives to promote clean air. Annual GDP growth in China has exceeded 9.4% over the last 20 years reflecting serious economic reforms driven by the private sector, resulting in a flood of foreign investment, much of it in central China.

Compressed natural gas is 50% to 60% less expensive than gasoline. Government control has kept gas prices stable. Natural gas usage is expected to double over the next five years. An estimated 46,000 compressed natural gas (CNG) vehicles will be on the road by 2010. CNG fueled vehicles are a key contributor to China's "greening" iniiiatives, with CNG emitting 87% less nitrogen oxide, 70% less carbon monoxide and 25% less carbon dioxide than gasoline fueled vehicles.

The company's headquarters, Xian, Shaanxi Province, is estimated to attract foreign direct investment (FDI) of US$650 million in 2006, more than half of the total FDI estimate $1.2 billion in 2005. Management is experienced and has a close relationship with China's government, which has been heavily promoting and supporting companies contributing to environmental cleanup. The company owns a 120km pipeline, purchased from Shaanxi municipal government representing the only non-state owned (SOE) pipeline network in Shaanxi Province. The company also has direct natural gas supply from state owned enterprise (SOE), Shaanxi Natural Gas, to its pipeline system. This pipeline artery affords preferential treatment for the company from the Xian government. Its pipeline currently serves 63,000 residences of a potential 200,000. Geographical expansion increases its potential market to 600,000 customers.

The company expects to have 21 CNG filling stations on line by year-end 2006 with 11 new acquisitions targeted. Its agreement with Zhengzhou Zhongyou Oil & Gas, Ltd. ,a subsidiary of Sinochem , China's largest chemical company, to supply 350,000 cm/d of CNG paves the way for expansion into Henan, China's most populous province.

China Natural Gas has already developed a solid integrated position in its region, a formidable barrier to entry. The company is also profitable and growing rapidly with adequate cash reserves to fund this dramatic expansion.

In order to meet the growth in natural gas demand, the Peoples' Republic of China (PRC) government has encouraged private companies to invest in and build the natural gas infrastructure. On December 27, 2002, the Ministry of Construction issued a memorandum stating that regulation of the public utility industry (including gas distribution) should be liberalized and foreign and private investment participation should be encouraged and welcomed. The memorandum encouraged private investment in the sector and provided a legal framework for private urban natural gas distribution.

Chairman and CEO Qinan Ji enthusiastically expressed confidence in China Natural Gas' ability to hit its growth targets on August 3 , 2006when the company reported Second Quarter earnings for the period ending June 30, 2006, saying, "In July 2006, we completed the acquisition of two additional CNG filling stations and we expect those to contribute significantly to our top line in the third quarter. With a total of nine companies owned filling stations, we are on track to reach our targeted goal of 21 CNG stations by year-end. With an increased focus on marketing to promote and better educate drivers on the benefits of our stations, China Natural Gas is well-positioned to become the leading compressed natural gas filling station operator in our marketplace."

Statistics back up his optimism. In the first six months of 2006 revenues of $5.5 million already exceeded the $4.9 million for the full year of 2005, while six months' net income of $1.3 million and earnings per share of $0.06 compare favorably with the $1.3 million and $0.08 for all of 2005.

China's economic environment

China has emerged as the world's second largest economy and will someday be the largest. It started some 25 years ago with the phasing out of collectivized farming, fiscal decentralization, the development of stock markets, diversified banking, expanding non-government business sectors, a broadened autonomy for state enterprises, the opening of foreign trade and investment operations, and refinements in foreign exchange and bond markets. In 2005, China's largest state banks sold equity interests to foreign investors.

But with change and growth come growing pains. While a robust middle class has evolved, hundreds of millions of people remain below poverty levels along with great disparities in per capita income between regions. Yields from crops needed to feed its 1.3 billion people are falling short due to poor soil quality. Millions of bicycles have been replaced by automobiles, worsening yet another problem, pollution. That, in turn, has led to a sharp increase in imported oil, close to 45% coming from the Mideast (Iran) and 29% from Africa (Sudan, Angola) and soon Venezuela. Without refineries, oil is unusable, so China will have to undertake a huge refinery building program in coming years.

Air pollution has become so bad that researchers in California estimate 25% of their air pollution drifts over from China. The State Environmental Protection Agency (SEPA) in China is supervising a five-year expenditure of $62 billion to clean up the mess.

All this bodes well for China Natural Gas, which is in the business of the transmission and distribution of natural gas to a diverse base of commercial, industrial, wholesale, and residential customers.

Natural gas is a gaseous fossil fuel comprised mostly of methane and found in oil, natural gas fields and coal beds. It is a major source for electricity. It burns cleaner than fossil fuels (oil, coal), producing 30% less carbon dioxide than oil and 45% less than coal. It is used to produce steel, paper, clothing, brick, electricity and heat homes, run appliances and cook food.

Liquefied Natural Gas (LNG) is natural gas that has been processed to remove impurities such as carbon dioxide, sulfur and water. It is odorless, colorless, non-corrosive, non toxic. It cannot explode in a non-confined area. At a mere fraction of the volume of natural gas, it can be cost-effectively transported by tanker, rail, or vessel over long distances where pipelines don't exist. At terminals it is converted back to natural gas and shipped to end-use destinations via pipeline.

Liquefied Petroleum Gas (LPG): Also called propane, LPG differs from natural gas in content and has a higher heating value than natural gas. Referred to as bottled gas, it is used for heating, gas grills and autos.

Compressed Natural Gas (CNG) is an environmentally clean substitute for gasoline and diesel fuels. It is made by compressing purified natural gas. As a result it is gaining increased acceptance as a fuel for cars, light trucks , and public transit, taxis, and busses in South America , the Mideast (Pakistan, India, Bangladesh), as well as New Zealand, and China.

The Natural Gas Vehicle (NGV)

The NGV uses compressed natural gas (CNG) or, less commonly, liquefied natural gas (LNG) as a fuel. Existing gasoline-powered vehicles can be converted to CNG, but an increasing number are manufactured to run on CNG. As a much cleaner burning alternative to gasoline, they stand to significantly reduce harmful emissions of fine tiny, easily inhaled particulate matter, and have thus attracted the attention of countries around the world concerned with air quality. Another good reason to switch to NGV's is to diversify energy use, and especially because proven worldwide natural gas reserves are projected to outlast oil reserves by some 25 years. The downside of NGV's including a shorter range, and a heavier fuel tank.

China's economic environment

Materials Processing (welding, cutting, drilling, heat treatment, marking) represents a $1 billion market opportunity. The $400 million **Medical** market is getting a boast from new applications such as laser hair and tattoo removal. Due to its eye-safe wavelength technology, QPC believes it has a shot at supplying Gillette and Johnson & Johnson with technology for the development of laser consumer products.

The **Home Theater** market is trending to laser light sources for longer life, sharper images and more efficient use of electrical power. So is the **Display** industry (laser television, theatre, boardroom projection, laptops and telecom). The **printing and reprographics** industry (lithography, inspection/defect analysis and repair) a $40 million business and **Science/Research** ($150 million) and **Instrumentation/Biotech** (DNA sequencing, microscopy, flow cytometery) industry ($75 million) are other QPC opportunities.

In July, QPC announced it won another contract to develop and deliver high precision direct diode optical sensing lasers based on its high power semiconductor lasers with Internal Gratings. Optical sensing is critical in defense, homeland security and industrial applications where the measurement of distance, temperature and pressure are required on the battlefield, opto-acoustic sensors in submarine towed arrays, monitoring and security of oil and gas pipelines, power lines, high precision thickness/position monitoring in the semiconductor and pharmaceutical industry. QPC's Internal grating technology provides this market with a more lightweight, compact and cost-effective micro-chip laser solution.

In June, QPC introduced a new line of 808nm high spectral brightness semiconductor lasers using its proprietary internal grating technology which significantly reduces a user's cooling costs and enhances performance by decreasing the laser's sensitivity to temperature and decreasing the amount of heat deposited in the system.

In May, QPC was awarded a phased $3.1 million subcontract for the development of high power, high brightness semiconductor lasers as part of the Defense Advanced Research Projects Agency's (DARPA) program for Diode High Energy Laser Systems (ADHELS), designed to develop direct electric-to-optical semiconductor laser architectures to produce a new generation of compact brightness high energy laser systems for military applications.

HISTORY

China Natural Gas was incorporated in the state of Delaware on March 31, 1999, as Bullet Environmental Systems, Inc. and on May 25, 2000 changed its name to Liquidpure Corp. On February 14, 2002 it changed its name to Coventure International Inc. On December 6, 2005, it closed a Share Purchase Agreement with Xian Xilan Natural Gas Co., Ltd., a corporation formed under the laws of the People's Republic of China. On January 8, 2000, the shareholders of Xian Xilan Natural Gas Co., Ltd. pursuant to the Agreement acquired all of the issued and outstanding capital stock of Xian Xilan Natural Gas Co., Ltd. from the shareholders of Xian Xilan Natural Gas Co., Ltd. And on December 19, 2005 the company changed its name to China Natural Gas, Inc.

Xi'an Xilan Natural Gas Co, Ltd. (XXNGC) was incorporated on January 8, 2000 in Xi'an City in the Shaanxi province, China. On December 6, 2005, XXNGC entered into and closed a share purchase agreement with Coventure International, Inc., a public shell in the United States of America incorporated in the state of Delaware. Pursuant to the purchase agreement, Coventure acquired all of the issued and outstanding capital stock of XXNGC in exchange for 16 million (post-split) shares of Coventure's common stock. XXNGC is deemed to be the purchaser and surviving company for accounting purposes. In addition, Coventure changed it name to China Natural Gas, Inc.

MANAGEMENT

Qinan Ji, 48, Chairman: Mr. Ji joined China Natural Gas as Chairman in 2005, having founded the Anxian Hotel in Weinan City, Shaanxi Province in 1996... In 2001 he formed Xian Sunway Technology and Industry Co., Ltd. He has more than 20 years experience in the energy and petroleum industry in operational, administrative, management and government relations roles. He holds a Bachelors of Economy Management from North West University (Shaanxi).

Bo Chen, 48, Vice Chairman: Mr. Chen became Vice Chairman in 2005 and is currently President and a founder of Bodisen Biotech, Inc. (Amex:BBC) , our previous Equities Special Situation July 2006 recommendation, which owns 8.6% of CHNG.OB. From August 1997 to August 2001, Bo Chen was Chief Operating Officer and Chief Technology Officer of Shaanxi Bodisen Chemical Company. From July 1994 to December 1997, he was CEO and President of Yang Ling Shikanglu Chemsurgical Technology Development Co. Ltd. He holds a Bachelor of Science degree from Shaanxi Normal College.

Minqing Lu, 43, Chief Executive Officer: Mr. Lu joined the company in February 2005. From February 1999 to May 2002, he was executive director of Beijung Peixinkenu Investment Consultancy Company. From May 2002 to July 2004, he was President of Fenghua Aidi Air Service Company in Beijing. He holds a Certificate of Management from Central Party College.

Xiaogang Zhu, 51, Chief Financial Officer: Mr. Zhu became CFO in January 2005.

From September 2000 to December 2004, he was Vice General Manager and CFO of Xian Dapeng Biotech. Ltd. He spent 16 years with the Ministry of General Logistics 3546 Company, his last position being manager of the Finance Department. He holds a Bachelor of Accounting degree from Xian Jiaotong University.

FINANCES

Second quarter revenues ending June 30, soared ahead 245% to $3,724,183 from $1,078,712, reflecting a sharp increase in natural gas revenues as a result of the construction of new natural gas pipelines and revenues from four new natural gas filling stations. Net income for the period doubled to $0.04 a share from $ 0.02 a year ago on a fully diluted basis. As of June 30, the company had $7.1 million in cash and equivalents, which management believes is enough to satisfy working capital, capital expenditure and capital needs for growth.

BALANCE SHEET DATA
Fiscal Year Ended December 31
($ in thousands except per share amounts)

Year	**2004**	**2005**	**2006***
Revenue	$ 884.4	4,850.7	5, 500*
Net Income	$ 161.8	1,252.0	1,300*
Earnings Per Share	$ (0.02)	0.08	0.06*

* 2006 figures for the first six months; no management guidance for the full year.

Total Assets:	$ 21.0 million
Long-Term Debt:	$ None
Shareholders' Equity:	$ 19.9 million
Book Value Per Share:	$ 0.83
Shares Outstanding:	23.9 million

COMPETITION

The three largest state owned energy companies, China National Petroleum Corp. (CNPC, SINOPEC and CNOOC are primarily engaged in upstream (exploration, extraction, shipping wholesale) operations, leaving China Natural Gas a less competitive market for its downstream operations (marketing, retail). Management identifies two companies as direct competitors: privately owned Xinjiang Guanghui LNG Development Corporation Ltd. and publicly owned Xin'Ao Gas Field Ltd. Xinjiang is primarily engaged in the tanker truck transport of LNG from natural gas wells to storage facilities. Xin'Ao distributes natural gas via pipeline within 13 provinces having a population of 31 million people. Thirteen of the 31 filling stations in Xian City are state owned, 18 are privately owned, most of which have single station ownership. China Natural is confident it can compete effectively with all of these stations.

REGULATION

The three largest state owned energy companies, China National Petroleum Corp. (CNPC, SINOPEC and CNOOC are primarily engaged in upstream (exploration, extraction, shipping wholesale) operations, leaving China Natural Gas a less competitive market for its downstream operations (marketing, retail). Management identifies two companies as direct competitors: privately owned Xinjiang Guanghui LNG Development Corporation Ltd. and publicly owned Xin'Ao Gas Field Ltd. Xinjiang is primarily engaged in the tanker truck transport of LNG from natural gas wells to storage facilities. Xin'Ao distributes natural gas via pipeline within 13 provinces having a population of 31 million people. Thirteen of the 31 filling stations in Xian City are state owned, 18 are privately owned, most of which have single station ownership. China Natural is confident it can compete effectively with all of these stations.

RISKS

While investment in China- based companies has gained wide global acceptance, the perception and reality of risk cannot be dismissed. There are political and cultural risks, and for many years just the risk to valuation that uncertainty of an investment in a country that has a communist government, though it has demonstrated expertise and success in capitalism. Accounting in China is a far cry from what we expect in the U.S. A. China Natural Gas is a start-up and any mistakes early could be fatal.

With so much of its bets placed on CNG as a vehicle fuel, China Natural Gas is vulnerable to technological innovations that filter out pollutants in gasoline driven vehicles, one being the vehicles with three way catalysts. But don't get us wrong. With revenues and profits currently increasing well over 100% we like the risk/reward ration. You can't find growth like this back home.

COMPANY ADDRESS

China Natural Gas, Inc.

418 Tang Xing Shu Ma Building
Gaoxin Province 710075 P.R. China
Telephone: +86-029-88323325
e-mail: info@naturalgaschina.com
www.naturalgaschina.com

INVESTOR RELATIONS

The Piacente Group, Inc.

475 Park Avenue South, 5th Floor
New York, NY 10016
Contact: Dajana Guja
Telephone: (212) 481-2050
debra@thepiacentegroup.com

AUDITORS:

Kabani Company, Inc. Southern California. It has a large China practice and represents about 50 U.S. public companies.

FOLLOW UP

Since our August issue is coming out very close to this September issue, the follow up table on page 8 is unchanged except for the addition of this month's recommendation of China Natural Gas.

Enjoy Our Second Mainland China Stock Pick In Our 48 Years!

Robert J. Flaherty
Editor-In-Chief

David Bernard
Publisher

EQUITIES Special Situations Recommendations Still Open on 1/1/06 and Subsequent Recommendations

Company	Date Recommended	Recommended Price	Recent Price	Pct. Chg.	B-H-S
NASDAQ:REFR Research Frontiers	7/01	25.98	4.23	-84	Buy
NYSE:IEX IDEX Corporation[1]	11-12/01	21.29	42.75	+101	Sold
NYSE:PPD Pre-Paid Legal Services[2]	6/02	16.80	38.68	+127	Buy
RENN.PK Renaissance Capital[3]	8-12/02	1.51	10.84	+817	Buy
AMEX:AXO AXS-One	2-4/03	0.72	1.95	+171	Sold
AMEX:IOC InterOil Corporation	7-12/03	20.49	15.62	-24	Buy
GTHA.OB GeneThera	1-4/04	1.83	0.104	-94	Sold
GWES.OB Great Western Land & Rec.	5-8/04	0.30	0.70	+133	Sold
AVSO.OB Avatech Solutions	10-11/04	0.37	2.48	+570	Sold
AMNEX:MED Medifast, Inc.	12-04	3.59	7.60	+2	Sold
NASDAQ:SBGI Sinclair Broadcast Group[4]	1-05	7.45	8.25	+11	Buy
PBEGF.PK & PBG.TO Petrobank Energy & Resources	2-05	3.00	10.84	+261	Sold
NASDAQ:UNTD United Online[5]	3-4/05	8.00	13.06	+63	Sold

Company	Date Recommended	Recommended Price	Recent Price	Pct. Chg.	B-H-S
EACC.OB eAutoclaims, Inc.	5-05	0.12	0.16	+33	Buy
SNWP.OB Satellite Newspapers	6-05	0.11	0.08	-27	Sold
RPTN.OB Raptor Networks Technology	7-8/05	0.51	0.52	+2	Buy
MSEL.PK Merisel	9-05	7.59	3.80	-50	Buy
SCNG.OB Scientigo, Inc.	10-11-12/05	1.00	0.60	-40	Buy
RXHN.OB Rexahn Pharmaceuticals, Inc.	1-06	1.75	5.00	+186	Buy
AVMD.PK Advanced Medical	2-06	2.00	1.40	-44	Buy
AMEX:UTK UTEK[6]	3-06	13.77	20.24	+47	Buy
BIPH.OB Biophan	4-06	1.53	0.72	-53	Buy
AMEX:KAL Callisto	5-06	1.41	.91	-50	Buy
NASDAQ:SIRI SIRIUS Satellite Radio, Inc.	6-06	4.48	4.08	-9	Buy
AMEX:BBC Bodisen Biotech	7-06	12.89	10.66	-9	Buy
QPCI.OB QPC Lasers	8-06	2.40	2.40	-0	Buy
CHNG.OB China Natural Gas, Inc.	9-06	3.00	3.00	-0	BUY

1 Purchase price adjusted for dividends of $0.56 in both 2002 and 2003: a 3 For 2 Stock split in June 2004 and dividends of $0.48 in 2004 and in 2005 and $0.12 in 2006.

2 Purchase price adjusted downward for a dividend of $0.50 in January 2005 and $0.30 in May 2005 and $0.60 so far in 2006.

3 Purchase price adjusted for dividends of $0.10 in 2003, $0.40 in 2003 and capital gains of $0.85 in 2004 and dividends of $0.40. In January 2005 purchase price adjusted downward for a special dividend of $2.77 and $0.40 regular. Purchase price adjusted downward $0.93 in January 2006 for a special dividend. And $0.30 regular so far.

4 Purchase price adjusted downward for dividends of $0.30 in 2005 and $0.30 in 2006.

5 Purchase price adjusted downward for dividends of $0.80 in 2005.

6 Purchase price adjusted downward for dividends of $0.02 so far in 2006.

To begin or extend your subscription to ***EQUITIES Special Situations***, mail this coupon with a check for $150 (for one year) to ***EQUITIES Special Situations***, 2118 Wilshire Boulevard, #722, Santa Monica, CA 90403. To change your address, please send your notification with your current label to above address. Or call 1-800-709-7005.

Check one: o Six months $75 o One year $150
o Three years $350 o Lifetime (non-cancelable) $999

Name ______________________ Title ______________________

Company ______________________

Address ______________________

City ______________________ State ____________ Zip ____________

o Enclosed is $____________ Bill my: o VISA o MasterCard o American Express

Card Number ______________________ Expiration Date ______________________

Signature ______________________