



Stakhanov Wagon Works

Charter Fund Increase Alert

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Market Price
USD 25.3
Target Price
USD 80.5

Market Cap
USD 49.8 mln
Free Float
6%

We readjust our target price for Stakhanov Wagon Works (SVGZ: BUY) to USD 80.5 per share to recognize a delay in the new share issuance. Guided by the company's securities department, we expect the subscription to start on **March 1, 2007**, with the ex-rights date set on this date as well. Until that time, the current number of shares remains 1,148,623.

Our previous USD 7.3 target price per share was given on a fully diluted basis with the total number of shares at 12,577,195.

Stakhanov Wagon Works informed us that the reason for the delay was a technical mistake in the prospectus on the additional emission, which was sent to the State Securities and Exchange Commission. The corrected application package has been sent for the commission's consideration. The amount of the charter fund increase remains the same.

On June 29, the company's AGM voted to increase SVGZ's charter fund ten times to USD 2.6 mln. The company planned to issue 11,428,572 in ordinary shares at USD 0.2 par. The State Securities and Exchange Commission refused to register the prospectus Stakhanov Wagon Works previously submitted due to a technical mistake, SVGZ says.

We will offer more information as soon as the commission registers the prospectus.

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