

## NOTICE FOR DIVESTITURE OF SHARES BY THE IRANIAN PRIVATIZATION ORGANIZATION THROUGH THE TENDER & STOCK EXCHANGE

In the execution of the Law on Amendment of Articles of 4th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and the regulations related to General Policies of Principle (44) of the Constitution, Iranian Privatization Organization is considering divesting the shares of the following enterprises, observing other conditions stated hereunder by resorting to the stock exchange and tender method, with the preferred shares (if any) at maximum 5 percent of the total divestible shares and installment shares of the other experienced, expert and efficient directors (if any) at maximum 5 percent of the state shares having been deducted:

Row	Name of the Company	company's size	Divesting Method	No. of Divestible Shares					Company's Capital (million Rials)	Base Value of each Share (Rials)	Total Base Value of the Shares (Rials)	Deposit for Participating in Tender (Rials)	Company's Ownership Composition & Percentage of Ownership	Company's type of activity
				Divestible Shares as Block	Preferred & Installment Shares	Other managers' shares	total	Total Percentage						
1	Esfahan Oil Refining Co	–	Stock Exchange	376,356,115	–	–	376,356,115	9.04	4,162,258	The TSE board price on the day of supply (equal to the closing price on the day before the supply date) provided that it must not be less than Rls. 7918	89,477,600,261	<ul style="list-style-type: none"><li>• National Petrochemical Company 29.05</li><li>• Justice Shares 30</li><li>• Non-governmental public Institutions 35</li><li>• Other Stockholders 5.95</li></ul>	Refining & Distribution of Crude Oil & Producing the Oil Products	

2	Iran Transfo Co.	—	Stock Exchange	106,452,234	—	—	106,452,234	35.48	300,000	The TSE board price on the day of supply (equal to the closing price on the day before the supply date) provided that it must not be less than Rls. 9122		29,131,718,500	<ul style="list-style-type: none"> <li>• SATKAB 35.48</li> <li>• Investment Management of Melli Bank 7.53</li> <li>• Saba Tamin Investment Co. 5.37</li> <li>• SIEMENS Co.4.89</li> <li>• Other Stockholders 46.73</li> </ul>	Production of power transformers
3	International Goods Inspection Co.	Large	Tender	428	22	—	450	90	50	1,439,775,167	647,898,825,150	19,436,964,755	<ul style="list-style-type: none"> <li>• Government Trading Corporation of Iran 90</li> <li>• Ports &amp; Maritime Organization 5</li> <li>• Iran Insurance Co. 5</li> </ul>	Independent inspection & Quality control products, systems & machinery
4	Abadan International Transport and Marine Services Co.	Large	Tender	810,000	45,000	45,000	900,000	30	300,000	314,296	282,866,400,000	8,485,992,000	<ul style="list-style-type: none"> <li>• International Goods Inspection Co. 30</li> <li>• International Goods Inspection Co. 40</li> <li>• Tarigholghods Co. 30</li> </ul>	Road, marine (Vessels discharging & loading) & air transportation
5	Iran Road Development Organization (IRDO)	Large	Tender	34,265,313	1,803,437	—	36,068,750	100	360,687	15,610	563,033,187,500	16,890,996,000	<ul style="list-style-type: none"> <li>• Construction &amp; Development of Transportation Infrastructure Co. 100</li> </ul>	Performing Road construction affairs, construction & Participation in construction of freeways inside & outside the country

6	Railway Services and Technical Construction (RSTC)	Large	Tender	368,947,773	20,497,098	20,497,098	409,941,969	100	409,942	3,154	1,292,956,970,226	38,788,709,500	<ul style="list-style-type: none"> <li>Islamic Republic of Iran Railways 100%</li> </ul>	Production of different kinds of wooden, concrete & metal sleepers, & All Railroad Track Services
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## 1. Transaction Conditions:

- 1.1. The above prices are the base shares prices. Undoubtedly, the highest proposed prices shall form the transaction price.
- 1.2. The applicants are required to submit their suggestions regarding the total shares supplied by each enterprise separately. Evidently, the related preferred shares acquired by the employees and other managers of the enterprise (if any) shall be deducted from the divestible shares of that enterprise, and the winning bid shall be decreased in proportion to the acquired shares. The remaining shares, then, shall form the basis for the estimation of the transaction price.
- 1.3. The cash deposit for participation in the tender to acquire shares of the divestible enterprises shall be settled by the applicants (only in cash) to the Treasury SIBA Account No. 2170159008002 in the IPO name payable in all the branches of Bank Melli Iran (delivering of Encoded Bank Check is not possible) accompanied by its Receipt Sheet and the purchase bid in two separate envelopes in a sealed package to the Financial Affairs Department until the end of the working hours of Tuesday (06, Oct. 2009), to the related IPO office, located in Room No. 402, 4<sup>th</sup> floor, No. 75, Zarafshan St., Shahrake Qods, in lieu of the receipt.
- 1.4. In order to receive the form to participate in the bids for acquiring the shares of the divestible enterprises, applicants may refer to the Divestiture and Supporting of Investment Department located at the above address until the stated date.

1.5. Applications received by the IPO after the stated date shall be invalid.

\* Note: Transfer of the shares shall be carried out according to the mutual contract. Applicants may receive the application form, Agreement Model and the Power of Attorney to be drawn up at the Notary Public Offices that are available at the IPO and Tehran Stock Exchange. As far as the IPO is concerned, participation in Tender means enjoying the necessary knowledge and acceptance to adhere to the contents of the same. The Purchasers are required to adhere to the provisions of these documents.

1.6. Individuals with cash payment will have the priority in purchasing the shares. Upon the Application of the purchasers to buy on installment, they must pay the transaction price in cash (at least 20%) and by installments within 5 years, including the interest rate of installment sales (80%) for Esfahan Oil Refining Company (row1)(10 six-month installments); the transaction price in cash (at least 20%) and by installments within 3.5 years, including the interest rate of installment sales (80%) for Iran Transfo Company (row2)(7 six-month installments); the transaction price in cash (at least 10%) and by installments within 8 years, including the interest rate of installment sales (90%) (For Companies rows 3&4), (16 six-month installments); the transaction price in cash (at least 15%) and by installments within 6 years, including the interest rate of installment sales (85%) Iran Road Development Organization (IRDO) (row5) (12 six-month installments); the transaction price in cash (at least 10%) and by installments within 10 years, including the interest rate of installment sales (90%) Railway Services and Technical Construction (RSTC) (row5) (20 six-month installments).

\* Note: In installment sales, the interval between 2 installments is 6 months and the interest rate of sales is equal to 50 percent (50%) of the Bank System Method at industry and mine sector (6%).

1.7. When the transaction price is to be paid in installments, the shares certificates shall be kept by the seller as collateral, until the payment of the share price is completed. Also on the strength of Directive of Article 9 of the Executive Bylaw of Paragraph F of Article 14 of the Third Development Plan, purchasers shall enjoy the concerned discounts.

1.8. According to Note 4, clause 20 of the Amendment Law of the Fourth Development and Implementation plan regarding the General Policies of Article 44 of the Constitution of Islamic Republic of Iran, under similar condition, the priority of purchase is bestowed upon the Cooperative Sector.

## **2. Preferred and Installment Shares (if any):**

By virtue of the bylaw of Note3, clause 20 of the Amendment Law of the Fourth Development and Implementation plan regarding the General Policies of Article 44 of the Constitution of Islamic Republic of Iran;  
Preferred and Installment sales shall be of maximum five percent (5%) of shares of firms subject to transfer to the directors, the staff and the retired individuals of the same firm and also sales of installment of maximum five percent (5%) of the shares of the above firms to the other experienced, expert and efficient directors:

### **2.1. Preferred and Installment sales of shares to directors, staff and retired individuals of the same firm**

- a The directors and the staff or the officers (official or contract) of firms are subject to transfer, and also directors and staff of firms who are official in other firms and they have at least one year of experience in the related field and also their firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to have the preferred shares. The directors and the officers whom payment of the insurance premium or their superannuation payment are deducted from source of mission, aren't entitled to ceding shares. Each qualified individual and each staff member of the investee firms where more than 50 % of their investment belongs to the transferable firm can enjoy the preferred shares (if they request).

\* Note1: Ceding shares to the directors and the staff has higher priority; if after ceding shares to them there were transferable shares of firm, on condition that the retired individuals of the same firm have not received the justice shares, they shall be entitled to the above-mentioned shares. It is not permitted to use the benefits of justice shares and preferred

shares simultaneously. If eligible superannuated individuals had enjoyed the benefits of justice shares before, and they want to enjoy the benefits of preferred shares too, first they should return the received justice shares.

- b The amount of the allottable preferred shares to the qualified individuals is (maximum) tenfold of the six-month old average of the applicants' last received wages and benefits (based on the Payment Ordinance) which shall be sold at the base shares prices.
- c Preferred shares shall be transferred only by written request of the applicants. Individuals qualified to purchase the preferred shares are required to submit within 30 days of the publication of the first notice or the sending of a letter from IPO to the transferable firm to announce the notice, their request in this regard, along with the complete list including the details of the purchasers certified by the related firm and the corresponding branch of the Social Security Organization, as well as the contract sheets to the Manager of the Divestiture and Supporting of Investment Department of the IPO. Where there is received no application for purchasing the preferred shares or acquiring the whole shares to the provisioned ceiling demanded, rest of the said shares shall be added to the blocked divestible shares under other related regulations.

\* Note2: It is the managing director's and the board of directors of the transferred firm's responsibility to confirm the names and the amount of price cited in the Payment Ordinance of the personnel.

## 2.2. Installment sales of shares of Abadan International Transport and Marine Services Company and Railway Services and Technical Construction (RSTC) to the other experienced, expert and efficient directors

- a Members of the board of directors, managing director and those with similar designations who have at least two years of experience in the field of management (related to the activities of the transferred firm) ,and other high-level managers graduated from university who have at least two years of experience in the Engineering Management (design, supervision and inspection), production and execution(Production Management or Executive Management ) and Operations Management(office affairs, sale, commerce, support and finance) on the activity of the transferred firm ;or five years of experience in the counter-balanced management in the firms and

similar units or related industries (Economic Sector), based on the last ISIC (International Standard Industrial Classification), according to the approved conditions and the way to allocate the bylaw (ratified 27, June 2009) by the Ceding Board, are subject to receive the above-mentioned shares.

- b The amount of the salable installment shares to the qualified individuals is (maximum) twenty times over the six-month old average of the applicants' last received wages and benefits (based on the Payment Ordinance) which shall be the base shares' prices.
- c All the qualified applicants included in Paragraph a, Part2-2 are required to send within 20 working days of the publication of the first notice, their written request in this regard, along with the mentioned documents by paragraph a, to the respective ministry or Specialized Mother Company of related firm and submit a copy to the IPO.
- d The applicants must pay 20% of the transaction value in cash after ratification of the Ceding Board and the confirmation of the IPO (The rest must be paid to the organization during the repayment of the above-mentioned block installments without the interest rate of installment sales).
- e For the purpose of the guarantee of the performance of their obligations, while the directors conclude a ceding contract, they must adjust the official irrevocable attorney based upon vesting the powers in the IPO and submit it to the IPO.

### **3. Financial or Non-financial Incentives and Discounts in the Block Controlled Shares:**

- 3.1. The qualified purchasers of the Controlled Shares (the least number of shares to determine the majority of the board of directors' members) of rows 3, 5 & 6 who increase the staff numbers above the mentioned in the Ceding document during the period of installment, or resort to train and recruitment of extra workforces of other privatized

companies in their units, shall enjoy the financial or non-financial incentives as mentioned in the guideline number 63/2/206295 (dated 7, Apr. 2009).

- 3.2. The qualified purchasers shall separately enjoy three types of financial incentives: discount in the original transaction price, minimization of the benefit of sales by installment or time discount (it means taking steps to revise the contract time resulting from lengthening of during the repayment of the installments).

\* Note: Granting the financial or non-financial incentives shall be in the case of presenting the program in writing for maintaining and promotion of the level of occupation and training of the staff of the company. Also, when the average annual of the staff of the company increases after ceding, concerning the mentioned number in the Ceding document (with respect to the substituted individuals instead of the retirement and severance individuals during the years after ceding), using the financial incentives in paragraph (3-2) is possible provided that lay-off of the employees will not never exceed ten percent (10%) during reviewed period.

- 3.3. If the qualified purchasers of the Controlled Shares do the fresh investment, promotion of efficiency and productivity of the company, continued production and upgrading its level, promoting technology and fixing employment in the Ceding firm shall be enjoyed the discounts of the guideline of The way the commitments are received, inclusion of the conditions and granting the discounts by the Ceding Board (dated 11, Mar. 2009).

#### **4. Other Cases:**

- 4.1. The Envelopes containing bids shall be opened at 14 pm on Wednesday (07, Oct. 2009) in the venue of the IPO and the bidders may participate in the event.
- 4.2. The IPO preserves the right to accept or reject all or any of the bids.



- 4.3. In case the winner of the bid fails to pay the cash part of the transaction price and to represent the guarantee documents, during the 30 working days of the notification, their deposit shall be confiscated to the IPO benefit. This prompt is 20 working days for Iran Transfo (row2).
- 4.4. It will be divested the shares of Esfahan Oil Refining Company from (11, Oct. 2009) and Iran Transfo Company from (12, Oct. 2009) through the stock exchange.
- 4.5. Purchasers must receive unconditionally 3% of advertised shares' base value from the customer for enterprise's depositing in tender after purchase order to guarantee the liabilities of purchasers (in cash or bank guarantee) according to the order to settle or present to the account of Central Securities Depository (CSD) of Iran.
- 4.6. The applicants undertake not to be prohibited from transactions and they must not include in the Article 24 of Law on Amendment of Articles of 4th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (44) of the constitution (ratified 21, July 2008) and the law of government personnel's intervention prohibition in the state and country transactions (ratified in 1958).
- 4.7. For further information and collection of the Letter of Introduction to visit the factories, the applicants may refer to the room no. 309 located at Divestiture and Supporting of Investment Department of IPO located at No. 75, Zarafshan St., Shahrake Qods, until Monday (05, Oct. 2009).

IPO Website: [www.ipo.ir](http://www.ipo.ir)