

**NOTICE FOR DIVESTITURE OF SHARES
BY THE IRANIAN PRIVATIZATION ORGANIZATION
"THROUGH THE OTC & 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 and on behalf of Social Security Organization (for Arvandan Shipbuilding Co.), Iranian Privatization Organization is considering divesting shares of the following firms, observing other conditions stated hereunder through the OTC (the third market) and Stock Exchange, with the preferential shares (in accrue case) at maximum 5 percent of the total divestible shares having been deducted:

Row	Name of the firm	Divesting method	Firm's Size	No. of Divestible Shares				Capital (million Rials)	Base value of each share (Rials)	Total base value of divestible shares/assets (Rials)	Amount of deposit for participating in tender (Rials)	Installment conditions for selling		Ownerships & Percentage	Type of activity
				Divestible shares as block	Preferential & installment shares	Total	Total percentage					Percent of cash prepayment	Payment period (year)		
1	North Drilling Co.	Stock Exchange	—	1,302,702,501	—	1,302,702,501	50+1 share	2,605,405	The TSE board price on the day of offering (equal to the closing price on the day before the offering date) plus 40% unless it wouldn't be less than 3569 Rls.	4,649,345,226,069	139,480,357,000	20	4	<ul style="list-style-type: none"> • National Iranian Oil Co. 50.70% • Social Security Fund of the Armed Forces 12.37% • Medical Services Insurance Organization 10% • Social Security Organization 10% • Other Shareholders (gradual) 16.93% 	Exploration, development & utilization of oil & gas reservoirs
2	Arvandan Shipbuilding Co.	OTC	Medium	206,938,705	10,891,510	217,830,215	99.99	217,852	1,000	217,830,215,000	6,534,906,500	25	4	<ul style="list-style-type: none"> • IDRO 99.99% • Rena Investment Co. 0.01% 	Establishment of shipyard & related industries
3	Ilam Petrochemical Co.	OTC	—	558,600,000	29,400,000	588,000,000	49	1,200,000	1,126	662,088,000,000	19,862,640,000	30	4	<ul style="list-style-type: none"> • National Petrochemical Co. 49% • Social Security Investment Co. 17% • Civil Servants Pension Fund Investment Co. 17% • Behshahr Elite Industries Development Investment Co. 17% 	Establishment, commissioning, operation of industrial plants to produce, marketing & selling the chemicals & petrochemicals

4	Oil Industries' Engineering & Construction (OIEC)	OTC	–	70,595,570	3,715,556	74,311,126	29.72	250,000	6,825	507,173,434,950	15,215,203,500	30	3	<ul style="list-style-type: none"> • National Petrochemical Co. 29.72% • Oil Industry Pension Fund Investment Co. 66.68% • Other Shareholders 3.6% 	Engineering, designing & implementation of oil industry projects such as oil pipelines, pumping stations, refinery units, and oil storage & etc
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1. Transaction Conditions:

- 1.1. The above prices are the base shares price. Undoubtedly, the highest proposed prices shall be set as the transaction price.
- 1.2. The applicants must submit their offers regarding the whole divestible shares of each firm separately. Evidently, the number of allocated preferential shares by the personnel of the firm (in accrue case) shall be deducted from the divestible shares and the suggested price of winner of the bid in proportion to the allocated shares. The remained shares, then, shall form the basis of the transaction price.
- 1.3. 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 agreement model, notarized power of attorney, guideline of monitoring mode after divesting, and the application form of participation in tender that are available at the IPO, Securities and Exchange Organization (for North Drilling Co) and Farabourse Iran Company(for Companies rows 2 to 4). 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 obliged to adhere to the provisions of these documents.
- 1.4. In divesting with cash and installment payment, Individuals with cash payment shall have the priority in purchasing the shares; in case the applicants intend to purchase on installment, they must pay the cash part and the installments according to the information in the above table.
 - * **Note:** In installment transactions, the interest rate of sales is equal to 50 percent (50%) of the bank system interest at industry and mine sector - 6% -.
- 1.5. In installment transactions, the shares certificates equivalent that is remained from installment of traded shares shall be kept by the IPO as collateral, until the payment of the shares' price is completed. At least equivalent to 50% of remaining debt of installments shall be received assurance documents.
- 1.6. According to Note 4, Article 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.

- 1.7. The previous purchasers of installment block shares of IPO, who have not paid their installment based upon their contract, are not allowed to purchase the shares again or to attend in the tender bid till settling the previous debt.
- 1.8. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010).

☆ Noteworthy for shares applicants of Ilam Petrochemical Companies:

- 1- Price of supplied and petrochemical products is within the framework of the law of adjusting subsidies and the purchasers are required to follow it.
- 2- Certain transfer of the shares depends upon the payment of all the claims of Petrochemical Industries Company (mother specialized company), maximum during the payment of installments.

2. Preferred and Installment Shares (in case accrue):

By virtue of the bylaw of Note3, Article 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; it shall be divested maximum five percent (5%) of the preferred and installment shares of firms to the directors, staff and retired individuals of the same firm, based upon the following conditions:

- a. The employed directors and staff or the envoys (official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are envoys in other firms and they have at least one year of experience in the related field and also the divestible firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to receive the preferred shares. The directors and the envoys, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to be divested the shares to. Each qualified individuals who are employed on those investee firms where more than 50 % of their investment belongs to the divestible firm can enjoy the preferred shares.

* **Note1:** Divesting the shares to the employed directors and staff has higher priority; after divesting the shares to them, in case there were divestible shares of firm, the above-mentioned shares shall be divested to the retired individuals of the same firm. The retired individuals are not permitted to use the benefits of justice shares and preferred shares simultaneously.

- b. The amount of the allottable preferred shares to each qualified individuals is (maximum) tenfold of the six-month average of the applicants' last wages and benefits (based upon the legal ordinances) which shall be sold at the base shares price.

- c. Preferred share shall be divested only by written request of the applicants. The qualified individuals must submit within 30 days after the publication of the first notice or sending a declaration letter of the conditions of purchasing the preferred shares from IPO to the divestible firm, their request to use the preferred shares along with the complete list of applicants' qualifications which certified by the related firm, the Justice Shares Secretariat and the corresponding branch of the Social Security Organization, as well as the contract sheets to the management of the divestiture and supporting of investment department of the IPO. In case there is received no application to purchase the preferred shares or after allocation of all of the requested shares up to the determined ceiling; observing the regulations, the remained shares shall be added to the blocked divestible shares.

* Note2: The managing director's and the board of directors of the divestible firm are responsible for confirming the names and the amount of price cited in the Legal Ordinances of the personnel.

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

- 3.1. The purchaser of the controlled shares (the least amount of the shares to determine the majority of the board of directors' members) of row 2 who increase number of the staff of the firm to the extent more than what is recorded in the divesting document during the period of installment, or resort to train and recruitment of extra workforces of other privatized firms in their units, shall enjoy the financial or non-financial incentives as mentioned in the guideline number 63/2/206295 (dated 7, Apr. 2009) and the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010), if they are qualified.
- 3.2. The qualified purchasers shall enjoy of three types of financial incentives separately: discount in the original transaction price, minimization of the benefit of sale by installment or time discount (it means reviewing on the contract time resulting from lengthening of during the repayment of the installments).

* **Note:** Granting the financial or non-financial incentives depends upon the presenting the written plan of the purchaser to maintain and increase the level of the current occupation and retraining the firm's staff. Also, using the financial incentives in paragraph (3-2) is possible provided that after divesting, the average annual of the firm's staff numbers increases with regard to the recorded number in the divesting document, considering the alternative people in lieu of the retired and severance compensations during the years after divesting, on condition that reducing the number of employees during the studied period does not never exceed ten percent 10%.

- 3.3. If the qualified purchasers of the controlled shares conclude the measures like the new investment, promotion of efficiency and productivity, production continuity and promotion of its level, promotion of technology and fixing the occupation level in the divestible firm shall be enjoyed the discounts of the guideline of " How to obtain commitments, insert provisions and grant discounts" by the divesting Board (dated 11, Mar. 2009).

4. Other Cases:

- 4.1. The Envelopes containing bids shall be opened at 2 pm on Sunday (14, Nov. 2010) in the conference hall of the IPO, located in fifth floor, and the bidders or their representatives may participate in the event.
- 4.2. The IPO preserves the right to accept or reject all or any of the bids.
- 4.3. The bid winner's deposit will be confiscated to the IPO benefit, in case he fails to pay the cash part of the transaction price and assurance documents (in installments transactions) during 20 working days of the organization's notification (date of winning in the OTC).
- 4.4. The offering of North Drilling Company's shares will be begun since (30, Nov. 2010) through the stock exchange.
- 4.5. The offering of Arvandan Shipbuilding Company's shares will be begun since (14, Nov. 2010) and Ilam Petrochemical Company since (15, Nov. 2010), through the OTC (the third market).
- 4.6. After purchase ordering, the purchasers must settle or present 3% of the base value of advertised shares (in cash or bank guarantee) to the account of Central Securities Depository (CSD) of Iran as a deposit participating in the OTC tender to guarantee the purchasers' liabilities unconditionally.
- 4.7. The applicants undertake not to be prohibited in 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).
- 4.8. For further information and obtaining introduction letter to visit the firm, the applicants may refer to Room No. 309 located at firms' divesting affairs office of IPO, until Wednesday (10, Nov. 2010). Meanwhile, the applicants to buy the shares may refer to Securities and Exchange Organization to obtain financial information of North Drilling Company and to Farabourse Iran Company for the companies (rows 2 to 4), until the above-mentioned date.