

# NOTICE FOR DIVESTITURE OF SHARES BY THE IRANIAN PRIVATIZATION ORGANIZATION "THROUGH THE NEGOTIATION"

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 for the government debt rejection to the contractors of Ministry of Roads and Urban Development, subject of Country Budget Law of 2010-2011 on Subparagraph (A3) of Paragraph (8), Iranian Privatization Organization is considering divesting the shares of the following firms to nongovernmental real and legal persons, observing other conditions stated hereunder through the negotiation:

Row	Name of the firm	No. of Divestible Shares				Company's Capital (million Rials)	Total Base Value of Shares in the Latest Tender Ads (Rials)	Guarantee fee to participate in negotiations	Ownerships & Percentage	Company's type of activity	Address	Name of the Newspapers & Previous Ads Date
		Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage							
1	Toos Power Plant	95%	5%	100%	100	—	5,944,936,000,000	59,449,360,000	Khorasan Regional Electric Co. 100%	Electricity production (type of steam unit with a capacity of 600 MW)	Near Toos- km 22 Mashhad northwest-Khorasan Razavi Province	Iran 2011/03/17 2011/03/26 2011/04/03  Donyeye Eghtesad 2011/03/17  JameJam 2011/04/03  Iran & JameJam 2011/05/24 2011/05/31

	<b>Toos Power Generation Management Co.</b>	10,000	–	10,000	40	25	10,000,000	100,000	<ul style="list-style-type: none"> <li>•Tavanir 40%</li> <li>•Saba Investment Co. 60%</li> </ul>	Operation of Toos power plant through the contracts & supply & selling the whole power	Mashhad- km 15 Ghoochan Rd.	Iran 2011/03/17 2011/03/26 2011/04/03 Donyeye Eghtesad 2011/03/17 JameJam 2011/04/03 Iran & JameJam 2011/05/24 2011/05/31
2	<b>Loshan Power Plant</b>	95%	5%	100%	100	–	2,576,396,000,000	25,763,960,000	<ul style="list-style-type: none"> <li>•Guilan Regional Electric Co. 100%</li> </ul>	Electricity production (type of gas & steam unit with a capacity of 360 MW)	Rasht & between Loshan-Manjil, Km 95 Ghazvin main Rd.	Iran 2011/03/17 2011/03/26 2011/04/03 Donyeye Eghtesad 2011/03/17 JameJam 2011/04/03 Iran & JameJam 2010/10/10 2010/10/16 2011/05/24 2011/05/31
	<b>Loshan Power Generation Management Co. [Shahid Beheshti]</b>	4,000	–	4,000	40	10	5,618,000,000	56,180,000	<ul style="list-style-type: none"> <li>•Tavanir 40%</li> <li>•Saba Investment Co. 60%</li> </ul>	Operation of all the units & power plant's installations & related units through the contracts & supply & selling the whole power	Ghazvin- km 90 Rasht Rd.	Iran 2011/03/17 2011/03/26 2011/04/03 Donyeye Eghtesad 2011/03/17 JameJam 2011/04/03 Iran & JameJam 2010/10/10 2010/10/16 2011/05/25 2011/06/01

## 1. Conditions of Divesting & Manner of Participating in Negotiation:

- 1.1. The applicants must submit their offers regarding the whole divestible shares.
- 1.2. Number of the allocated preferred shares shall be deducted from the divestible shares through the negotiation. The remained shares, then, shall form the basis of the transaction price.
- 1.3. Cash purchasing is in priority and it is permitted. In installment transactions, individuals must pay the cash part and the installments according to the information in the above table.
- \* **Note:** In installment transactions, the interval among installments is 6 months and the interest rate of installment sales is equal to 12%.
- 1.4. The applicants may receive the agreement forms of prohibiting revealing the information, requesting to participate in negotiation and the company's financial information (until 17, Aug. 2011) from IPO site: [www.ipo.ir](http://www.ipo.ir) (the firm's affairs information part), and for more information they can call the numbers 021-88369242 and 021-88075970 or refer to the IPO located at Room No. 502, 5th floor, No. 75, North Zarafshan St., Ivanak Ave., Phase 4, Shahrake Qods, Tehran.
- 1.5. The applicants must complete and deliver the application form along with the necessary documents (until 22, Aug. 2011) through the PO Box No. 14665-516 or room No. 402 located at IPO.
- 1.6. If negotiations result in agreement and after approval of Divesting Board, transfer of the shares shall be carried out according to the mutual contract. The agreement model, the power of attorney and the guideline of monitoring mode after divesting are available at the IPO. The purchasers are required to adhere to the provisions of these documents and as far as the IPO is concerned, the participation in the negotiation means enjoying the necessary knowledge and acceptance to adhere to the contents of the same.
- 1.7. 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 conditions, the priority of conclusion of the contract is bestowed upon the cooperative companies.
- 1.8. In installment transactions, the shares certificates equivalent the remained installment of traded shares (by observing the follow paragraph 1-12) will be kept by the IPO as collateral, until the payment of the shares' price is completed.
- 1.9. Nongovernmental public institutions and subsidiaries and affiliated companies that are applicants to purchase the shares are obliged to obey the subject of Article 6 of 4th Economic, Social and Cultural Development Plan and the regulations related to General Policies of Principle (44) of the Constitution and they must not include in it at the time of the transaction. The buyer is responsible for non-observance of it.
- 1.10. The previous purchasers of installment block shares from IPO, who have not paid their installment based upon their contract, are not allowed to purchase the shares again or to attend in the negotiation, till settling the previous debt.
- 1.11. 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).
- 1.12. The purchasers are obliged to replace the governmental guarantee issuant in proportion with the purchased shares and to pay the company's debt to the Mother Specialized Company and governmental and nongovernmental bank system, which is registered on pricing report or divestible firm's offices. Releasing the shares is based on disburse of all the subject matters and liabilities.

- 1.13. The purchaser is responsible for any deficit on headings of assets and debt deficit such as the fraction of certain or uncertain tax reserves, social securities insurance, personnel's service redemption and the years of services, accrued interest and fines towards the bank and financial facilities, in the auditor and statutory auditor's reports and the company's financial statements and the purchaser don't have any claim about the deficit or excess of the numbers. Also, IPO is not responsible for it at all. Meanwhile the mentioned objects are not included in Paragraph (e) of Article (9) of the guideline of implementation to set the divesting contracts, the subject of ratification number 223913 dated 7, Apr. 2009. The purchaser may request related documents if any of the headings are vague. The offered price by buyers is based upon the expertness of the purchaser and it has no relation to the assessment of the shares by IPO.
- 1.14. The price of power generation is within the framework of the law of adjusting subsidies and the purchaser is required to follow it.
- 1.15. The purchasers of the power plants are obliged to study the liabilities of relevant Regional Electric Companies or their owners in relation with the operation of these power plants and to accept the implementation of its articles.
- 1.16. The contractors of Ministry of Roads and Urban Development and Ministry of Energy may participate in negotiation of the power plants and the above firms as competitive in the shape of Subparagraph (A3) of Paragraph (8) of Country Budget Law of 2010-2011.
- 1.17. Attention for the applicants to purchase the shares:  
The necessary documents to participate in negotiation include: a) Bank guarantee in the benefit of IPO as the security of participating in negotiation with at least 3 months validity. b) To be signed agreement containing applicant's commitment to not reveal the information. c) The completed form to participate in the negotiation.

## **2. Preferred and Installment Shares' Conditions (if someone be eligible for it):**

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 transferred maximum five percent (5%) of the preferred and installment shares of firms to the directors, the staff and the retired individuals of the same firm, observing other conditions stated hereunder:

- a. The employed directors and staff or the officers (the official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are officers 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 officers, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to divest the shares. 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 will be sold to the 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 will be sold at the base shares price and 10-year installments. Receiving the installments will be provide first from the allottable profits to the shareholders as the part of the debt of purchasers included in this bylaw and if paying the installments is not possible from the annual profit, the divested company must deduct equal to the debt of the staff during the maximum period of contract from their wages and benefits and pay it to the IPO. Obviously, in case of dismissal from service for any reason, the shareholders are bounded to pay the installments, personally.
- c. Preferred share will 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 firms' divesting affairs office. 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 will 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. Other Cases:**

- 3.1. Sending the documents doesn't bind the IPO to divest the shares and conclude the contract. IPO preserves the right to accept or reject all or any of the bids.
- 3.2. IPO will consider the applicant's offers up to 7 days after the last deadline to send the documents. Then, IPO will invite the qualified applicants to negotiate, through the written notification.
- 3.3. In case the winner of the negotiation fails to pay the cash part of the transaction price and conclude the contract, during 30 working days of the notification, IPO has the right to confiscated of warranty in the benefit of itself.
- 3.4. After submission of signed agreement of prohibiting revealing the information, applicants for purchase may visit the firm through the introduction and coordination of IPO.
- 3.5. IPO will conclude the contract of divesting the shares with the winner, during 1 month after announcing the result of the negotiation and introduction of the winner.
- 3.6. The applicants undertake, not to be barred for 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).

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