

NOTICE FOR DIVESTITURE OF THE SHARES BY IRANIAN PRIVATIZATION ORGANIZATION "THROUGH THE OTC & TENDER"

In the execution of the regulations related to General Policies of Principle (44) of the Constitution, the ratifications of the divesting board and on behalf of the contractors of Ministry of Power, according to Part (a) of Paragraph (35) of the only Article of Country Budget Law of 2011-2012 (for Kangan Gas Plant), and on behalf of Mrs. Shima Rashidi Shomali Ahadi (for Guilan Niroo Company), Iranian Privatization Organization is considering to divest the shares of the following firms, observing other conditions stated hereunder, 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	No. of Divestible Shares				Capital million Rials)	Base Value of each Share (Rials)	Total Base Value of Divestible Shares(Rial)	Deposit for Participating in Tender (Rials)	Conditions of Installment Selling			Shareholders & Percentage of their Ownership	Firm's type of activity	Offering date/ opening the envelopes
			Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage					The least percentage of cash prepayment	Installment period (year)	Maximum deadline to pay the cash part of price (working days)			
1	Gostaresh Energy Novin Company	OTC	38,000,000	2,000,000	40,000,000	40	100,000	1,109	44,360,000,000	1,330,800,000	50	2	20	<ul style="list-style-type: none"> •IDRO 40% •Energy Novin 30% •Tam Iran Khodro 15% •Saipa Engineering Development 15% 	Basic & detailed design, engineering, management, implementation & supervision of construction & installation	As in 3-2
2	Teymare Steel Industry Company	Tender	380,000	20,000	400,000	40	1,000	1,959	783,600,000	23,508,000	50	1	20	<ul style="list-style-type: none"> •IDRO 40% •Mohammad Nabi Asghari 6% •Ali Moghimi 4% •Mohammad Hosein Rajabie 4% •Abolfazl Najari 46% 	Procurement, construction and production of construction steel skeletons	12, Aug. 2012
3	Taj Sazan Steel Structure	Tender	1,900,000	100,000	2,000,000	40	1,750	350	700,000,000	21,000,000	50	1	20	<ul style="list-style-type: none"> •IDRO 40% •Abnie Plan & Explore Engineering Co. 30% •Saman Building Investment Development Co. 15% •Gholamreza Rasoolian 10% •Ali Akbar Sadati 5% 	Production of steel & nut & screw structures, Providing machinery and equipment of production line	
4	Shahid Beheshti (Loshan) Power Plant	Tender	100	-	100	100	-	-	2,627,059,880,000	78,811,796,400	15	7	20	<ul style="list-style-type: none"> •Tavanir 100% 	Production & selling the electric energy (production capacity 360 MW)	

5	Shahid Beheshti (Loshan) Power Generation Management	Tender	3,800	200	4,000	40	10	1,622,500	6,490,000,000	194,700,000	Totally in cash		10	<ul style="list-style-type: none"> ●Tavanir 40% ●Saba Investment Co. 60% 	Operation of all units & facilities of the power plants & power delivery to Tavanir	12, Aug. 2012
6	Kangan Gas Plant	Tender	100	-	100	100	-	375,403,690,000	285,000,000,000	8,550,000,000	20	5	20	<ul style="list-style-type: none"> ●Tavanir 100% 	Production & selling the electric energy (production capacity 166 MW)	
7	Guilan Niroo	Tender	57,000	-	57,000	28.5	2,000	21,020	1,198,140,000	35,944,200	Totally in cash		10	<ul style="list-style-type: none"> ●Faraji 50.9% ●Alireza Ghorbanpoor 18.05% ●Shima Rashidi Shomali Ahadi 28.5% ●Guilan power Generation Industry Co. 0.1% ●Preferential Shares 2.45% 	Water transmission & distribution projects	

1. Transaction Conditions:

- 1.1. The above prices are the base shares prices. Undoubtedly, the highest proposed price shall be set as the transaction price.
- 1.2. The applicants must submit their offers regarding the whole divestible shares of each company separately. Evidently, number of the allocated preferred shares by the personnel of the enterprise (if someone be eligible for it) 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.
*** 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 12-fold commitments (for plants), the application form of participation in tender from IPO and for Gostaresh Energy Novin Company from Farabourse Iran Company. 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.
- 1.3. The cash deposit for participation in the tender must be settled by the applicants (only in cash) to the Treasury SIBA Account No. 2170159008002 Branch of state accounts in the IPO name payable in all of the branches of Bank Melli Iran (delaying in deposit and presenting any kind of checks results to reject the offers by the IPO); and the original bank receipt in accompany with the purchase bid must be delivered in two separate envelopes in a sealed package to the Security department at the new building of IPO, located in 7th floor, 10th Nasr building, No. 15, Mahestan St., Iran Zamin St., Phase 1, Shahrake Qods, Tehran until the end of the working hours of Saturday (11, Aug. 2012), in lieu of the receipt.
- 1.4. In order to receive the financial information and form to participate in the bids of the companies, the applicants may refer to the website of Iranian Privatization Organization www.ipo.ir "Companies' information Section" and for more information may call 009821-88083640 and 009821-88085624. To obtain introduction letter to visit the firm, the applicants may refer to the Supply & Marketing Affairs Office located at the IPO, 5th floor or may fax their request to 009821-88083696.
- 1.5. Applications received by the IPO after the stated date shall be invalid.
- 1.6. On installment transactions, it is permitted to buy in cash. 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 sales is 15%.

- 1.7. In installment transactions, observing the paragraph 1-8, the shares certificates equivalent the remained 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.
- 1.8. The purchasers are obliged to replace the governmental guarantee issuant in proportion with the purchased shares and releasing the divested shares depends upon the disburse of all the liabilities of the company in the proportion of the divested shares to the Mother Specialized Company and governmental and nongovernmental bank system, foreign exchange reserves and treasury presented in the financial statements which is the basis of the company's shares assessment.
- 1.9. 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).
- 1.10. 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 on the report of auditor, controller and financial statements and they don't have any claim about the deficit or excess of the numbers. Also, IPO is not responsible for it at all. Meanwhile these cases are not included in paragraph (e) of Article (9) of the guideline "How to adjust divesting contracts" subject no. 223913 dated 07, Apr. 2009 and in case of ambiguity on accounts headlines, the purchaser may request the related documents.
- 1.11. The purchaser is responsible for obtaining the sufficient information about the financial, economic, technical and legal status of the divestible company, before the date of the transaction. After divesting, the purchaser has no right to any claim against the organization by virtue of the lack of information about the financial, economic, technical and legal statements and documents and the last status of the accounts and the declared cases and the other information about the divestible shares and the related company.
- 1.12. Under Article 436 of Civil Law, on the supposition of being the defect, Iranian Privatization Organization is renounced from the defects and the purchaser has no right including the right of referring to the organization. The purchaser presents the offered price to purchase the shares during the competitive process based upon his authority. With participating in the tender, the purchaser deprives himself from all the powers, especially fraud even gross fraud. This matter will be inserted in the related contract.
- 1.13. **Considerable for the applicants of Gostaresh Energy Novin Company:**
The Mother Specialized Company has paid all its obligations. Therefore the price of Mother Specialized Company's shares is based upon the paid capital.
- 1.14. **Considerable for the applicants of Taj Sazan Steel Structure:**
The purchasers are responsible for paying the amount of equity commitment in the ratio of the divested shares. The relevant Mother Specialized Company and Iranian Privatization Organization are not responsible for it.
- 1.15. **Considerable for the applicants of power plants:**
 - 1.15.1. In accrued preferential shares, maximum 5 percent of the total divestible shares will be divested to the personnel of the power plant.
 - 1.15.2. 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. Also they must pay the maintenance costs of the power plant since the divesting time till delivery and transformation.
 - 1.15.3. The price of power generation is within the framework of the law of adjusting subsidies and the purchasers are required to follow it.

1.15.4. The purchaser is responsible to pay the price of any orders which is paid by previous proprietor and they are not at the formal expert assessment or it is for the date after assessment till the time of divesting or it is not delivered to the previous proprietor.

1.15.5. Since Shahid Beheshti (Loshan) Power Plant and Kangan Gas Plant are only assets and both don't have legal entity, their applicants must have legal entity to transfer the mentioned assets to them.

1.15.6. The previous proprietor of the power plant is responsible for any claim of state organizations including Social Security Organization till divesting time and delivering the power plant.

1.16. Considerable for the applicants of Shahid Beheshti (Loshan) power plant:

1.16.1. Recognizing the ministry of power, 18 months after paying the cash part, computing the profit of installment sales, if the purchasers perform the development plan, it will be allocated an intermission to pay.

1.16.2. The purchaser is responsible for any obligations between the previous proprietor of the power plant and Shahid Beheshti (Loshan) Power Generation Management, on operation of the power plant.

1.16.3. All the costs and revenues related to the Loshan power plant, till divesting, belong to the former proprietor.

1.17. Considerable for the applicants of Kangan Gas plant:

1.17.1. The purchaser is responsible for any obligations between the previous proprietor of the power plant and Southern Fars Power Generation Management, on operation of the power plant.

1.17.2. All the costs and revenues related to the Kangan Gas plant, till divesting, belong to the former proprietor.

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. Receiving the installments, primarily, will be provided from the place of allocative benefit to the shareholders as a part of the debt of the purchasers subject to this bylaw. If during the ceiling of the contract period, paying the installments from the place of annual allocative benefit is not possible and sufficient; the divested company must deduct from the personnel's salaries and benefits

equivalent to the debt of them and pay it to the IPO. Obviously, in the case of the separation from the service for any reason, the shareholders must pay the installments themselves.

- 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 block 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. The Envelopes containing bids shall be opened at 2 pm on Sunday (12, Aug. 2012) in the IPO, and the bidders or their representatives with the identification and representation decree may participate in the event.
- 3.2. On OTC offering, the certain date of initiation of divesting shall be specified through the statement issued by Farabourse Iran Company and to inform from the certain time of divesting, the applicants may refer to official website of Farabourse Iran Company with the address: www.irfarabourse.com. Initiation of offering is 20 days after the first ads and 13 days after the second ads.
- 3.3. On the OTC divestitures, the purchasers will be allowed to enter the purchase order to the trading system in the case that they settle 3% of the value of transaction shares based upon the base shares price of the advertised shares (in cash or bank guarantee) to the account of Central Securities Depository (CSD) of Iran as a deposit participating in the tender of OTC to guarantee the purchasers' liabilities unconditionally.
- 3.4. The IPO preserves the right to accept or reject all or any of the bids.
- 3.5. In case the winner of the bid fails to pay the cash part of the transaction price and to represent the guarantee documents (in installment transactions), within the deadline of the notification, the winner of the transaction must not have any claim about the deposit and as soon as possible their deposit shall be confiscated to the IPO benefit (after legal deductions).
- 3.6. The applicants undertake not to be prohibited in transactions and they had been paid their installments on time to the bank system 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).
- 3.7. According to Note 4, Article 20 regarding the general policies of Article 44 of the Constitution of Islamic Republic of Iran, on tender divesting shares, the priority of purchase is bestowed upon the cooperative sector, under similar condition.
- 3.8. 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.
- 3.9. According to the Detection and notification of Passive Defense Organization, if the company's activity involves sensitive issues of security and classification is essential, on managing the company and administering the affairs the purchaser of the block and controlled shares is obliged to observe and implement carefully the relevant regulations from the mentioned organization. Best observing of these regulations results they will be enjoyed from the financial and nonfinancial incentives.

- 3.10. 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.
- 3.11. For the financial information, the applicants may refer to Tehran Stock Exchange for Gostaresh Energy Novin Company and to obtain introduction letter to visit the firm, the applicants may refer to the Supply & Marketing Affairs Office located at the IPO, 5th floor or fax their request to 009821-88083696.

Important Notes: According to the power of attorney no 89.203.4058 dated 7, Aug. 2010, SABA Power and Water Industries Investment Company (joint stock company), which is the owner of 6,000 shares (equal to 60% of the shares of Loshan Power Generation Management Company [Shahid Beheshti] has agreed to sell its shares through the above companies, according to the price listed in the notice of sales of IPO block shares. The applicants may purchase the advertised shares or the whole divestible shares of the above enterprises. The contract for the sale of the shares of SABA Power and Water Industries Investment Company will be concluded directly by that enterprise.

IPO Website: www.ipo.ir