

NOTICE FOR DIVESTITURE OF SHARES BY IRANIAN PRIVATIZATION ORGANIZATION "THROUGH STOCK EXCHANGE & OTC"

In the execution of the regulations related to General Policies of Principle (44) of the Constitution and the ratifications of the divesting board, Iranian Privatization Organization is considering to divest the shares of Khuzestan Steel Company, SAIPA and Esfahan Steel Company, observing other conditions stated hereunder:

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(Rial)	Deposit for Participating in Tender (Rials)	Conditions of Installment Selling			Shareholders & Percentage of their Ownership	Firm's type of activity	Date of divesting/ opening the envelopes
				Divestible Shares as Block	Total	Total Percentage					The least percent of cash prepayment	Payment period (year)	Maximum deadline to pay the cash part of price (working days)			
1	Khuzestan Steel Co.	Stock Exchange	Very Large	1,106,960,000	1,106,960,000	50.5	2,192,000	The TSE board price on the day of offering (equal to the closing price on the day before the offering date) plus 50% unless it wouldn't be less than 23,223 Rls.	771,207,962,400	30	3	30	●IMIDRO 50.5% ●Justice Shares Provincial Investment Co. 30% ●Civil Servants Pension Fund (CSPF) 3.6% ●Social Security Fund 3.8% ●Social Security Organization of armed forces 1.2% ●Other Shareholders 10.9%	Production of different steel products	As in 3-1	
2	SAIPA	Stock Exchange	-	1,820,000,000	1,820,000,000	17.5	10,400,000	The OTC board price on the day of offering (equal to the closing price on the day before the offering date) unless it wouldn't be less than 3,600 Rls.	196,560,000,000	30	2	20	●IDRO 36.64% ●Saipa Investment Co. 4% ●Rena Investment Co. 18% ●SAIPA staff Investment Co. 15% ●Co. 5% ● Other Shareholders 26.36%	Production of different kind of automobile		
3	Esfahan Steel Co.	OTC	Very Large	4,170,255,180	4,170,255,180	53	7,868,406	The OTC board price on the day of offering (equal to the closing price on the day before the offering date) plus 100% unless it wouldn't be less than 2,682 Rls.	335,538,731,781	25	5	30	●IMIDRO 81.4% ●Private Sector (on behalf of Teachers' Investment Fund) 15% ●Price Discovery 3.6%	Production of structural sections		

1. Transaction Conditions:

1.1. The above price is the base shares price. 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 and guideline of monitoring mode after divesting that are available at Tehran Stock Exchange Company (for the companies rows 1&2) and at Farabourse Iran Company (for Esfahan Steel 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. 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%.
- 1.4. In installment transactions, observing the paragraph 1-5, 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.
- 1.5. 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.
- 1.6. 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).
- 1.7. 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.
- 1.8. 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.
- 1.9. 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.

1.10. Considerable for the applicants of Khuzestan Steel Company:

1.10.1. Based upon the ratifications of the ministers' board, earnings obtained from divesting the mentioned company must allocated for debts rejected of the State. So it is not possible to barter the purchaser's debt on behalf of his claims from the government for installment selling of the mentioned company's shares, except the purchasers whom are the ratification of the ministers' board to divest as the rejected debts of the State.

1.10.2. Khuzestan Oxin Steel Company took 250,000,000\$ finance facilities from Bank Saderat Iran which is revealed at the financial statements ending 19, Mar. 2012. Considering that Khuzestan Steel Company is guaranteed the repayment of the mentioned facilities and Khuzestan Oxin Steel Company has not yet paid it the mentioned amount is revealed at the financial statements ending 19, Mar. 2012. Releasing the shares depends upon the fulfillment of the mentioned obligations by the purchaser.

1.11. Considerable for the applicants of Saipa Company:

1.11.1. Under article 43 and henceforth of the regulations related to General Policies of Principle (44) of the Constitution, if divesting the shares of SAIPA leads to acquisition of managerial share for the potential or actually competitor companies, purchaser or purchasers are responsible for monopolization or violation of competition and they shall be punished by law.

1.11.2. To avoid the violation of competition, manufacturers and suppliers of production inputs who cause the vertical focus on automotive market by purchasing the mentioned shares, they must not buy the above-said shares unless the transaction has no legal validity and they are responsible for it.

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

- 2.1. The purchaser of the controlled shares (the least amount of the shares to determine the majority of the board of directors' members) 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.
- 2.2. 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%.
- 2.3. 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).

3. Other Cases:

- 3.1. On the Stock Exchange and OTC divestitures, the exact time of initiation of divestiture will be specified through the statement issued by Tehran Stock Exchange Company and Farabourse Iran Company. To inform from the certain time of the divestiture, the applicants may refer to the formal site of Tehran Stock Exchange Company: www.irbourse.com and the site of Farabourse Iran Company: www.irfarabourse.com. The initiation of the divestiture is 20 days after the first advertisement and 13 days after the second advertisement.
- 3.2. On the Stock Exchange and 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.
- 3.3. The IPO preserves the right to accept or reject all or any of the bids.
- 3.4. 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 (since the winning time at the Stock Exchange and OTC), 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).
- 3.5. 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).
- 3.6. 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.
- 3.7. 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.
- 3.8. For the financial information, the applicants may refer to Tehran Stock Exchange (for the companies rows 1&2) and to Farabourse Iran Company (for Esfahan Steel 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, Nasr 10 building, No. 15, Mahestan St., Iran Zamin Ave., Phase 1, Shahrak-e Ghods (Gharb), Tehran. For more information call no. 009821-88085624 and 009821-88083640 or fax your request through the no. 009821-88083696.