

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

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 of the Armed Forces (for Guilan Power Generation Management Company and Guilan Power Plant), Iranian Privatization Organization is considering divesting assets, power plants and the shares of the following firms, observing other conditions stated hereunder through the OTC (the third market) and tender, 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	Moshanir	OTC	Large	61,547	3,239	64,786	53.94	120,108	7,516,710	486,977,574,060	14,609,327,500	20	6	<ul style="list-style-type: none"> • SATKAB 53.94% • Justice Shares Agent Co. 42% • Personnel 4.06% 	Studying & preparation of the plans related to production, transfer & distribution of power, installations & related buildings, & monitoring these projects & etc.
2	Loshan Power Generation Management Co. [Shahid Beheshti]	Tender	—	3,800	200	4,000	40	10	1,404,500	5,618,000,000	168,540,000	in cash		<ul style="list-style-type: none"> • Tavanir 40% • Saba Investment Co. 60% 	Operation of power plant through the contracts & supply & selling the whole power
	Loshan Power Plant			—	—	—	95	—	—	2,576,396,000,000	77,291,880,000	15	8	<ul style="list-style-type: none"> • Guilan Regional Electric Co. 100% 	Electricity production (type of gas & steam unit with a capacity of 360 MW)

3	Guilan Power Generation Management Co.	Tender	–	4,655	245	4,900	49	10	5,602,800	27,453,720,000	823,612,000	in cash		<ul style="list-style-type: none"> • Security Organization of the Armed Forces 49% • Loshan Power Generation Management Co. 25% • Shahid Rajaei Power Generation Management Co. 26% 	Operation of all units & installations of power plant through the contracts & supply & selling the whole power
	Guilan Power Plant			–	–	–	95	–	–	10,893,104,340,000	326,793,130,500	15	8	<ul style="list-style-type: none"> • Security Organization of the Armed Forces 100% 	Electricity production (type of gas & steam unit with a capacity of 1350 MW)

1. Transaction Conditions:

- 1.1. Considering the power plants are specialized units to produce electricity and their experts have been organizing in the figure of power generation management companies, power plants with the related power generation management companies are divested together. Therefore the applicants to buy these kinds of firms should attempt to quote the price for purchasing the plant and the related power generation management company together.
- 1.2. The above prices are the base shares price. Undoubtedly, the highest proposed prices (totally for the plant and the related power generation management company) shall be set as the transaction price.
- 1.3. Number of the allocated preferred shares by the personnel and other directors of the firm (in case accrue) 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.
- 1.4. The cash deposit for participation in the tender of rows 2 and 3 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 IPO, located in the Room No. 402, 4th floor, No. 75, North Zarafshan St., Shahrake Qods, until the end of the working hours of Sunday (31, Oct. 2010), in lieu of the receipt.
- 1.5. In order to receive the financial information and form to participate in the bids of rows 2 and 3, applicants may refer to the IPO, Room No. 309 located at firms' divesting affairs office.
- 1.6. 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 and 12-fold commitments (for plants). Applicants may receive agreement model, notarized power of attorney, guideline of monitoring mode after divesting and 12-fold commitments (for plants), and the application form of participation in tender that are available at the IPO and Farabourse Iran Company (for Moshanir

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.

1.7. 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% -.

1.8. 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.

1.9. The purchasers are responsible for the claims of mother specialized companies which is registered in the financial statements of divested firms. The shares certificates equal to the remained installment of traded shares shall be kept by the IPO as collateral, until the payment of the shares' price and the settlement of the claims are completed.

1.10. 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.

1.11. 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.

1.12. 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).

1.13. Price of power production of plants is within the framework of the law of adjusting subsidies and the purchasers are required to follow it.

☆ Noteworthy for shares applicants of rows 3 to 7:

- a. The purchasers of companies' shares from row 1 to 3 must deprive and invalidate the key money and job entitlement from themselves.
- b. These companies have the contracts of operation and maintenance of irrigation and drainage networks and the lease of movable and immovable properties with regional water companies which the mentioned contracts are an integral part of the contract of selling the shares.

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 for Moshanir Company:

- 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 Moshanir Company 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 Monday (01, 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). This prompt is 30 working days for the plants and 10 days for the companies which will be divested in cash.
- 4.4. The offering of Moshanir shares will be begin since (31, Oct. 2010) at the OTC(the third market).
- 4.5. 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.
- 4.6. 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).

- 4.7.** For further information and obtaining introduction letter to visit the firm and assets, the applicants may refer to Room No. 309 located at firms' divesting affairs office of IPO, until Saturday (30, Oct. 2010). Meanwhile, the applicants to buy the shares of Moshanir may refer to Farabourse Iran Company to obtain financial information until the above-mentioned date.

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 enterprise (10000 shares equal to 100% shares). 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