

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, Iranian Privatization Organization is considering divesting the shares of the following firms, observing other conditions stated hereunder by resorting to the tender method and through the Over The Counter(OTC) (the third market), with the preferential shares (in accrue case) at maximum 5 percent of the total divestible shares having been deducted:

	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 (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	Golpayegan Plain Irrigation & Drainage Network	Tender	47	2	49	49	2	12,077,000	591,773,000	17,753,500	Totally in cash		<ul style="list-style-type: none"> Iran Water Resources Management Co. 49% Saveh Plain Irrigation & Drainage Network 26% Tehran Province Irrigation & Drainage Network 25% 	Purchasing & distributing the required water of fields & lands covered by Golpayegan Plain water supply network
2	Chaharmahal va Bakhtiari Automotive Sheet Making Co.	OTC	152,190,000	8,010,000	160,200,000	45	160,200,000	3,210	514,242,000,000	15,427,260,000	20	5	<ul style="list-style-type: none"> IMIDRO 45% Iran Khodro 23% SAIPA 22% Steel Staff Support & Retirement Fund 10% 	Production of galvanized sheet for car body
3	Automotive Industries Development Co.	OTC	615,600,000	32,400,000	648,000,000	48	1,350,000	921	596,808,000,000	17,904,240,000	30	3	<ul style="list-style-type: none"> IDRO 48% Iran Khodro 26% SAIPA 26% 	Creation of factories & industrial facilities for the design, manufacture, production or assembly of different vehicles

4	Arfa Iron & Steel Co.	OTC	246,715,000	12,985,000	259,700,000	+49 Exclusive right	530,000	2,100	545,370,000,000	16,361,100,000	40	2	●IMIDRO 49% ●Mines & Metal Developing Investment Co. 20% ●Chadormalu Mining & Industrial Co. 31%	Creating the iron and steel making factories with direct recovery method & steel operations with various melting & casting methods
			374,783,850 Priority due to increasing the capital					1,100	412,262,235,000	12,367,867,500				

1. Transaction Conditions:

- 1.1. The above prices are the base shares price. Obviously, 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. The cash deposit for participation in the tender (row 1) 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 Tuesday (5, Oct. 2010), in lieu of the receipt.
 - 1.4. In order to receive the financial information and form to participate in the bid of row 1, applicants may refer to the IPO, Room No. 309 located at firms' divesting affairs office.
 - 1.5. 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, power of attorney, guideline of monitoring mode after divesting and the application form of participation in tender which are available at IPO and Farabourse Iran Company (for rows 2 to 4). As far as 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.
- 1.6. In divesting with cash and installment payment, Individuals with cash payment will have the priority in purchasing the shares; in the 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 interest procedures at industry and mine sector - 6% -.

- 1.7. 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.
- 1.8. According to Note 4 of 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.
- 1.9. The previous purchasers of installment block shares from IPO, who have not paid their installment based upon the contract, are not allowed to attend in the tender bid or to purchase the shares again until settling the previous debt.
- 1.10. The 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, May 2010).
- 1.11. The purchaser of Automotive Industries Development Company is obliged to pay in cash 312 billion Rials on account of increasing the capital to Industrial Development and Renovation Organization of Iran (IDRO).
- 1.12. The purchaser of Arfa Iron & Steel Company is obliged to pay in cash 120,000 million Rials on Nominal value of Priority due to increasing the capital to the Iranian Mines and Mining Industries Development & Renovation Organization (IMIDRO).
- 1.13. The purchaser of company's shares from row 1 must deprive and invalidate the key money and job entitlement from themselves.

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

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 I.R.Iran; maximum five percent (5%) of the preferential and installment shares of firms to the directors, staff and retired individuals of the same firm, shall be based upon the conditions stated hereunder:

- 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 the divestible firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to receive the preferential 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 preferential 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 preferential shares simultaneously.

- b. The amount of the allottable preferential 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. Preferential 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 preferential shares from IPO to the divestible firm, their request to use the preferential 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 of the IPO. In case there is received no application to purchase the preferential 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. Other Cases:

- 3.1. The envelopes containing bids shall be opened at 2 pm on Wednesday (6, Oct. 2010) in the conference hall of the IPO, located in fifth floor, and the bidders or their representatives may participate in the event.
- 3.2. The IPO preserves the right to accept or reject all or any of the bids.
- 3.3. 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), during 20 working days of the notification (from winning date in Farabours), their deposit after legal deductions shall be confiscated to the IPO benefit. This prompt is 10 working days for the companies which will be divested in cash.

- 3.4. The offering of Chaharmahal va Bakhtiari Automotive Sheet Making Company's shares will be begun since (9, Oct. 2010), Automotive Industries Development Company's shares since (10, Oct. 2010) and Arfa Iron & Steel Company's shares since (11, Oct. 2010) at the OTC (the third market).
- 3.5. 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.
- 3.6. 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 21th, July 2008).
- 3.7. For further information and collection of the Letter of Introduction to visit the firm, the applicants may refer to Room No. 309 located at firms' divesting affairs office of IPO located at the above address, until Sunday (3, Oct. 2010). For financial information, the applicants of rows 2 to 4 companies' shares may refer to Farabours Company until the mentioned date.

IPO Website: www.ipo.ir