

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

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 Iran Melli Bank, Social Security Organization and Civil Servants Pension Fund (for North Drilling Co.), Iranian Privatization Organization is considering divesting shares of the following firms, 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 (Rials)	Deposit for Participating in Tender (Rials)	Conditions of Installment Selling		Shareholders & Percentage of their Ownership	Firm's type of activity	Divesting Start Date
				Divestible Shares as Block	Total Percentage					Percent of cash prepayment	Payment period (year)			
1	North Drilling Co.	Stock Exchange	Very Large	1,302,702,501	50+1 share	2,605,405	The TSE board price on the day of offering (equal to the closing price on the day before the offering date) plus 20% unless it wouldn't be less than 3,732 Rls.	4,861,685,733,732	145,850,572,012	20	4	<ul style="list-style-type: none"> <li>• National Iranian Oil Co. 50.7%</li> <li>• Social Security Fund of the Armed Forces 12.37%</li> <li>• Medical Services Insurance Organization 10%</li> <li>• Social Security Organization 10%</li> <li>• Other Shareholders (gradual) 16.93%</li> </ul>	Every kind of drilling operations, including exploration, development, injection, restoration and repair wells of oil, gas & water reservoirs on land, river & sea	2011/05/08
2	Railway Installation & Construction Engineering Co. (Ballast)	OTC	Medium	25,463,350	67	38,005	The TSE board price on the day of offering (equal to the closing price on the day before the offering date) plus 25% unless it wouldn't be less than 16,777 Rls.	427,198,622,950	12,815,958,688	50	3	<ul style="list-style-type: none"> <li>• Islamic Republic of Iran Railways 75%</li> <li>• The staff (preferential shares) 5%</li> <li>• Other Shareholders 20%</li> </ul>	Preparation & production of Ballast & Other mineral related products, Construction of bridges & buildings, & Construction of railways & road ways & Pier building & rail transportation	2011/05/09

## 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. In order to receive the Letter of Introduction to visit the firm, applicants may refer to the Supply & Marketing Affairs Office located at IPO, Room No. 502.
- 1.3. Transfer of the shares will be carried out according to the mutual contract. The Agreement Model and the Power of Attorney are available at the IPO and Securities and Exchange Organization. The Purchasers are obliged to adhere to the provisions of these documents, and as far as the IPO is concerned, the purchase of the shares means enjoying the necessary knowledge and acceptance to adhere to the contents of the same.
- 1.4. It is permitted to buy in cash. 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 interval among the installments is 6 months and the interest rate of sales is equal to 50 percent (50%) of the Bank System Interest at industry and mine sector -6%-.

- 1.5. In installment transactions, 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.
- 1.6. 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.
- 1.7. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" ratified by the divesting Board (dated 1&8 of May 2010).
- 1.8. 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.
- 1.9. 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, except the adjustments applied in the evaluation report of the company's shares and IPO is not responsible for it at all. Meanwhile the purchaser and the seller adapted all the information and the contract of each headings of article of association and they don't have any claim about the deficit or excess of the numbers.

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

- 2.1. The purchaser of the above companies' shares 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. The IPO preserves the right to accept or reject all or any of the bids.
- 3.2. 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 stock exchange and OTC to guarantee the purchasers' liabilities unconditionally.

- 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 the 30 working days of the notification, their deposit shall be confiscated to the IPO benefit (after legal deductions).
- 3.4. 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).
- 3.5. For financial information, the applicants may refer to the Stock Exchange Organization (for North Drilling Company) and Iran Farabourse Company (for Railway Installation & Construction Engineering Co. (Ballast)), maximum until the last hours of administrative time of Monday (04, May 2011).

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