

# NOTICE FOR RECALLING APPLICANTS TO PURCHASE THE SHARES OF IRAN AIR "HOMA" & PUBLIC DIVESTITURE OF THE SHARES "THROUGH THE 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, Iranian Privatization Organization is considering divesting the shares of Iran Air - Homa through the public recalling, to the applicants whom financial and technical authority is confirmed by IPO (Strategic customers), observing other conditions stated hereunder, with the preferential shares (in accrue case) having been deducted:

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
			Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage					The least percent of cash prepayment	Payment period (year)	Maximum deadline to pay the cash part of price (working days)		
Iran Air - Homa	OTC	Very Large	195,359,251 (50%+1 share)	19,535,924	214,895,175	55	3,907,185	81,900.396	17,599,999,930,989	527,999,997,930	20	8	20	<ul style="list-style-type: none"> <li>Iran Air 70%</li> <li>Justice Shares (Provincial Investment Companies) 30%</li> </ul>	Buying, selling & leasing of aircraft, engines & the by-products, Charter flights, Transportation of passengers, cargo & mail & etc.

## 1. Transaction Conditions:

- 1.1. The above price is the base shares price. Undoubtedly, the highest proposed price shall form the transaction price.
- 1.2. The deadline is 30 days after the first ads. (until Sat. 6, Sep. 2011) to send the request of purchasing the shares of Iran Air - Homa and to state about their financial and technical power with the related documents (including the name of the company, activity issue, recorded capital, date and place of the record, the last balance sheet, and the profit and loss account, ownership composition with the percentage of shares, board of directors' members with their office background, investment rate of the company in other companies or projects separately) to the IPO, considering the base price of the shares and the following conditions.

1.3. The applicants must submit their offers regarding the whole divestible shares (the Total column). 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 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.

1.4. In order to receive the Letter of Introduction to visit the firm, applicants may refer to the Supply & Marketing Affairs Office, Room No. 503 located at IPO, No. 75, Zarafshan St., Ivanak Ave., Phase 4, Shahrake Qods.

1.5. 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 12%.

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" 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. At least equivalent to 50% of remaining debt of installments shall be received assurance documents.

1.9. The purchaser is bounded to have permission from Competition Council on implementation of Article 49 of the regulations related to General Policies of Principle (44) of the Constitution, about inclusion of Articles 47 and 48 of the mentioned law.

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, in the auditor and statutory auditor's reports and the company's financial statements and the purchaser don't have any claim about the deficit or excess of the numbers. Also, IPO is not responsible for it at all. Meanwhile the mentioned objects are not included in Paragraph (e) of Article (9) of the guideline of implementation to set the divesting contracts, the subject of ratification number 223913 dated 7, Apr. 2009. The purchaser may request related documents if any of the headings are vague. The offered price by buyers is based upon the expertness of the purchaser and it has no relation to the assessment of the shares by IPO.

- 1.11. 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.
- 1.12. The purchaser is obliged to observe all the rules for Iran Air.
- 1.13. According to the paragraphs of the auditor and the company's statutory auditor's reports and based upon the Note 2 of Article 34 of Homa Airline employment regulations, the company pays an annual 424 billion Rials for deficit of Pension premiums and pension payments to retirees (store on accounts). Therefore equivalent to 5,000 billion Rials will be determined for the company's current value of the obligations to supply the shortfall of the funds of Staff Pension Fund and it is regarded to the valuation of the company's shares and it's a part of the company's obligations.
- 1.14. Article of association of the company is based on the model of Securities and Exchange Organization and it is confirmed by the mentioned organization and also it is ratified by Divesting Board. But because of the caviling of Companies Registration Office, the subject of creation of public joint stock companies is not registered in this office.
- 1.15. Before any changing on the company's name and logo, the purchaser is obliged to obtain the agreement of Civil Aviation Organization or other authorities.
- 1.16. The applicants who have received the confirmation from IPO may participate in purchasing the shares of Iran Air through the OTC.

#### **1. Preferred and Installment Shares' Conditions (if someone be eligible for it):**

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 transferred maximum five percent (5%) of the preferred and installment shares of firms to the directors, the staff and the retired individuals of the same firm, observing other conditions stated hereunder:

- a. The employed directors and staff or the officers (the official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are officers 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 officers, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to divest the shares. 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 will be sold to the 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 will be sold at the base shares price and 10-year installments. Receiving the installments will be provide first from the allottable profits to the shareholders as the part of the debt of purchasers included in this bylaw and if paying the installments is not possible from the annual profit, the divested company must deduct equal to the debt of the staff during the maximum period of contract from their wages and benefits and pay it to the IPO. Obviously, in case of dismissal from service for any reason, the shareholders are bounded to pay the installments, personally.
- c. Preferred share will 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 firms' divesting affairs office. 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 will 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:**

- 3.1. The purchaser of the controlled shares of Iran Air - Homa (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.
- 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. After receiving all the requests of the applicants during the deadline of paragraph 1-2, the shares offering of Iran Air - Homa will begin since (20, Sep. 2011) at OTC, only by the applicants who have received the confirmation from IPO.
- 4.2. On 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.
- 4.3. The IPO preserves the right to accept or reject all or any of the bids.
- 4.4. 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, 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).
- 4.5. 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).
- 4.6. For financial information, the applicants may refer to Farabourse Iran Company.

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