

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

In the execution of the Law on Amendment of Articles of 9th 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 assets, power plants and the shares of the following firms, observing other conditions stated hereunder by resorting to the tender method, deducting the preferred shares (in case accrue) at maximum 5 percent of the divestible shares and installment shares of the other experienced, expert and efficient directors (in case accrue) at maximum 5 percent of the state shares:

Row	Name of the Firm/Power Plant	Firm's Size	No. of Divestible Shares					Capital (million Rials)	Base Value of each Share (Rials)	Total Base Value of Divestible Shares and Assets(Rials)	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	Other Directors	Total	Total Percentage					Percent of cash prepayment	Payment period (year)		
1	Shahid Rajaee Agro-industry Company	Large	5,889,657	327,203	327,203	6,544,063	100	654,406	105,244	688,723,366,372	20,661,701,000	15	7	<ul style="list-style-type: none"> Production of agricultural, livestock and natural resources products Co. 100% 	Agricultural and livestock operations, creating industries & related products & re-cultivation of lands to plant and harvest of agricultural products, & livestock & aquatics breeding
2	Mashhad Power Generation Management Company	—	10,000	—	—	10,000	40	25	909,840	9,098,400,000	272,952,000	Totally in cash		<ul style="list-style-type: none"> Tavanir 40% Saba Investment Co. 60% 	Operation of Mashhad power plant
	Mashhad Power Plant	—	—	—	—	—	95	—	—	1,694,910,721,550	50,847,322,000	15	7	<ul style="list-style-type: none"> Khorasan Regional Electric Co. 100% 	Electricity production (type of gas & steam unit with a capacity of 340.5 MW)
3	West Azarbayejan Power Generation Management Company	—	4,000	—	—	4,000	40	10	4,913,600	19,654,400,000	589,632,000	Totally in cash		<ul style="list-style-type: none"> Tavanir 40% Saba Investment Co. 60% 	Operation of Khoy power plant

	Khoy Power Plant	—	—	—	—	—	۹۵	—	—	۲,۱۴۳,۱۹۱,۸۶۶,۴۸۰	۶۴,۲۹۵,۷۵۶,۰۰۰	۱۵	۸	•West Azarbayejan Regional Electricity ۱۰۰٪	Electricity production (type of combined cycle unit with a capacity of ۳۴۹.۵ MW)
۴	Montazer Ghaem Power Generation Management Company	—	۷۳,۵۰۰	—	—	۷۳,۵۰۰	۴۹	۱۵۰	۹۴,۶۴۷	۶,۹۵۶,۵۵۴,۵۰۰	۲۰۸,۶۹۷,۰۰۰	Totally in cash		•Tavanir ۴۹٪ •Saba Investment Co. ۵۱٪	Operation of power plant through the contracts & supply & selling the whole power
	Montazer-e ghaem Power Plant	—	—	—	—	—	۹۵	—	—	۱۳,۹۷۹,۲۲۱,۵۰۰,۰۰۰	۴۱۹,۳۷۶,۶۴۵,۰۰۰	۱۰	۱۰	•Tehran Regionl Electricity ۱۰۰٪	Electricity production (type of combined and steam cycle unit with a capacity of ۱۶۱۹.۴ MW)

۱. Transaction Conditions:

- ۱.۱. 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.
- ۱.۲. 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.
- ۱.۳. 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.
- ۱.۴. The cash deposit for participation in the tender must be settled by the applicants (only in cash) to the Treasury SIBA Account No. ۲۱۷۰۱۵۹۰۰۸۰۰۲ Branch of state accounts in the IPO name payable in all of the branches of Bank Melli Iran (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. ۴۰۲, ۴th floor, No. ۷۵, North Zarafshan St., Shahrake Qods, until the end of the working hours of Monday (۳۰, Aug. ۲۰۱۰), in lieu of the receipt.
- ۱.۵. In order to receive the financial information and form to participate in the bids, applicants may refer to the IPO, Room No. ۳۰۹ at the above address.
- ۱.۶. 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 ۱۲-fold commitments (for plants). Applicants may receive agreement model, notarized power of attorney, guideline of monitoring mode after divesting and ۱۲-fold commitments (for plants), and the application form of participation in tender that are available at the IPO. 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.

۱.۷. 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 interval among installments is ۶ months and the interest rate of sales is equal to ۵.۰ percent (۵.۰٪) of the bank system interest at industry and mine sector - ۶٪ -.

۱.۸. 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.

۱.۹. According to Note ۴, Article ۲۰ of the amendment law of the fourth development and implementation plan regarding the general policies of Article ۴۴ of the Constitution of Islamic Republic of Iran, under similar condition, the priority of purchase is bestowed upon the cooperative sector.

۱.۱۰. 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.

۱.۱۱. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated ۱۳۸۵ of May ۲۰۱۰).

۲. Preferred and Installment Shares (in case accrue):

By virtue of the bylaw of Note ۳, Article ۲۰ of the Amendment Law of the Fourth Development and Implementation plan regarding the general policies of Article ۴۴ of the constitution of Islamic Republic of Iran; it shall be divested maximum five percent (۵٪) of the preferred and installment shares of firms to the directors, staff and retired individuals of the same firm and also maximum ۵ percent (۵٪) of the installment shares of the same firms to the other experienced, expert and efficient directors, based upon the following conditions:

۲.۱. Preferred and Installment sales of shares to directors, staff and retired individuals of the same firm:

- 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.

* **Note 1**: 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.

* **Note 2**: 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.

2.2. Installment sales of shares of Shahid Rajaei Agro-Industry Company to the other experienced, expert and efficient directors:

- a. Members of the board of directors, managing director and other individuals with similar designations who have at least two years of experience in the field of management of divestible firm's activity and other high-level graduated directors who have at least two years of experience in the Engineering Management (design, supervision and inspection), production and execution (Production Management or Executive Management) and Operations Management (office affairs, sale, commerce, support and finance) on activity of divestible firm ;or five years of experience in the counter-balanced management in the firms and similar units or related industries (Economic Sector), based upon the last classification of ISIC (International Standard Industrial Classification) are subject to receive the shares subject of this section, according to the conditions and allocating way of the bylaw (ratified 27, June 2009) by the Ceding Board.
- b. The amount of salable installment shares to each qualified individuals shall be on the base shares price (maximum) up to twenty times over the six-month-old average of the applicants' last received continued wages and benefits (based on the payment ordinance).

- c All the qualified applicants included in Paragraph a, Part ۲-۲ are required to submit within ۲۰ working days of the publication of the first notice, their written request in this regard, along with the necessary documents for qualifying the conditions written in paragraph a, to the respective ministry or mother specialized company of the related firm and deliver its copy to the IPO. Otherwise, the mentioned shares shall be divested through the conditions of other shares of divestible firm.
- d The applicants must pay ۲۰٪ of the transaction value in cash after ratification of the Ceding Board and the confirmation of the IPO (The rest must be paid to the organization during the repayment period of the above-mentioned block installments without the interest rate of installment sales).
- e For the purpose of the guarantee of the performance of their obligations, while the directors conclude a ceding contract, they must adjust the official irrevocable attorney based upon vesting the powers of sale or transfer of the shares, any way or in any price, in the IPO and submit it to the IPO.

۳. Financial or Non-financial Incentives and Discounts in the Block Controlled Shares for Shahid Rajaee Agro-Industry Company:

- ۳.۱. The purchaser of the controlled shares (the least amount of the shares to determine the majority of the board of directors' members) of Shahid Rajaee Agro-Industry 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 ۶۳/۲/۲۰۶۲۹۵ (dated ۷, Apr. ۲۰۰۹) and the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated ۱&۸ of May ۲۰۱۰), if they are qualified.
- ۳.۲. 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 (۳-۲) 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 repurchased^۱ individuals during the years after divesting, on condition that reducing the number of employees during the studied period does not never exceed ten percent ۱۰٪ .
- ۳.۳. 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

^۱ Repurchased: He stopped his cooperation with the employer and he received a lump some amount for his period of service and he shall not receive any pension.

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 ۱۱, Mar. ۲۰۰۹).

۴. Other Cases:

- ۴.۱. The Envelopes containing bids shall be opened at ۲ pm on Tuesday (۳۱, Aug. ۲۰۱۰) in the conference hall of the IPO, located in fifth floor, and the bidders may participate in the event.
- ۴.۲. The IPO preserves the right to accept or reject all or any of the bids.
- ۴.۳. 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 ۳۰ working days of the notification for the plants and ۲۰ working days for the company row۱, their deposit shall be confiscated to the IPO benefit. This prompt is ۱۰ working days for the companies which will be divested in cash.
- ۴.۴. The applicants undertake not to be prohibited in transactions and they must not include in the Article ۲۴ of Law on Amendment of Articles of ۴th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (۴۴) of the constitution (ratified ۲۱, July ۲۰۰۸) and the law of government personnel's intervention prohibition in the state and country transactions (ratified in ۱۹۵۸).
- ۴.۵. For further information and obtaining introduction letter to visit the firm and assets, the applicants may refer to Room No. ۳۰۹ located at Divestiture and Supporting of Investment Management Department of IPO located at the above address, until Monday (۳۰, Aug. ۲۰۱۰).

Important Notes: According to the power of attorney no ۸۹,۲۰۳,۴۰۵۸ dated ۷, Aug. ۲۰۱۰, SABA Power and Water Industries Investment Company (joint stock company), which is the owner of ۱۵,۰۰۰ shares (equal to ۶۰٪ of the shares of Mashhad Power Generation Management Company), ۶,۰۰۰ shares (equal to ۶۰٪ of the shares of West Azarbayejan Power Generation Management Company) and ۷۶,۵۰۰ shares (equal to ۵۱٪ of the shares of Montazer Ghaem Power Generation Management Company) 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 enterprises. 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