

NOTICE FOR DIVESTITURE OF SHARES BY THE IRANIAN PRIVATIZATION ORGANIZATION THROUGH THE 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 enterprises, observing other conditions stated hereunder by resorting to the tender and stock exchange method, with the preferred shares (if someone be eligible for it) at maximum 5 percent of the total divestible shares having been deducted:

| Row | Name of the Company | No. of Divestible Shares | | | | Company's Capital (million Rials) | Base Value of each Share (Rials) | Total Base Value of the Shares (Rials) | Deposit for Participating in Tender (Rials) | Conditions of Installment selling | | Shareholders & Percentage of their Ownership | Company's type of activity |
|-----|---------------------------------------|----------------------------|--------------------------------|-------------|------------------|-----------------------------------|----------------------------------|--|---|-----------------------------------|-----------------------|---|--|
| | | Divestible Shares as Block | Preferred & Installment Shares | Total | Total Percentage | | | | | Percent of cash prepayment | Payment period (year) | | |
| 1 | Samand Rail Co. | 38,000,000 | 2,000,000 | 40,000,000 | 40 | 100,000 | 1,942 | 77,680,000,000 | 2,330,400,000 | 30 | 3 | <ul style="list-style-type: none"> •Islamic Republic of Iran Railways 40% • Irankhodro Rail Transport Industries Co. 51% •Middle East Tide Water Co. 9% | Movement & transportation of different kinds of goods and passenger by Rail transportation |
| 2 | Foolad Rail Jonob Co. | 186,200,000 | 9,800,000 | 196,000,000 | 49 | 400,000 | 2,395 | 469,420,000,000 | 14,082,600,000 | 15 | 4 | <ul style="list-style-type: none"> •Islamic Republic of Iran Railways 49% •South Steel Investment & Development Co. 51% | Movement & transportation of different kinds of goods and passenger by Rail & Road transportation |
| 3 | Kish Water and Electricity Co. | 70,224 | 3,696 | 73,920 | 48 | 154,000 | 8,315,503 | 614,681,981,760 | 18,440,459,500 | 15 | 5 | <ul style="list-style-type: none"> •SATAKAB 48 •Kish Free Zone Organization 48.9 •SABA Power and Water Industries Investment Co. 3 •Other Stockholders 0.01 | Providing, transferring & selling the required Water and electricity in general & partially , in networks of Energy ministry |

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|---|------------------------------------|-------|-----|-------|------|-----|-----------|----------------|-------------|----|---|--|---|
| 4 | Tehran Ajco Agricultural Co. | 1,898 | 100 | 1,998 | 99.9 | 200 | 5,372,672 | 10,734,598,656 | 322,038,000 | 40 | 2 | <ul style="list-style-type: none"> • Government Trading Corporation of Iran 99.9 • Other Stockholders 0.01 | creation of fridge, storage of fruit & perishable materials, & any business |
|---|------------------------------------|-------|-----|-------|------|-----|-----------|----------------|-------------|----|---|--|---|

1. Transaction Conditions:

- 1.1. The above prices are the base shares prices. Undoubtedly, the highest proposed prices shall form the transaction price.
 - 1.2. The applicants are required to submit their suggestions regarding the total shares supplied by each enterprise separately. Evidently, the related preferred shares acquired by the employees of the enterprise (if someone be eligible for it) shall be deducted from the divestible shares of that enterprise, and the winning bid shall be decreased in proportion to the acquired shares. The remaining shares, then, shall form the basis for the estimation of the transaction price.
 - 1.3. The cash deposit for participation in the tender to acquire shares of the divestible enterprises shall be settled by the applicants (only in cash) to the Treasury SIBA Account No. 2170159008002 in the IPO name payable in all the branches of Bank Melli Iran (delivering of Encoded Bank Check is not possible) accompanied by its Receipt Sheet and the purchase bid in two separate envelopes in a sealed package to the Financial Affairs Department until the end of the working hours of Saturday (10, Apr. 2010), to the related IPO office, located in the Room No. 402, 4th floor, No. 75, Zarafshan St., Shahrake Qods, in lieu of the receipt.
 - 1.4. In order to receive the financial information and form to participate in the bids, for acquiring the shares of the divestible enterprises, applicants may refer to IPO, the Divestiture and Supporting of Investment Department located in the Room No. 309 at the above address.
 - 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 the application form, Agreement Model and the Power of Attorney to be drawn up at the Notary Public

Offices 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 required to adhere to the provisions of these documents.

- 1.6. Individuals with cash payment will have the priority in purchasing the shares. Upon the Application of the purchasers to buy on installment, they must pay the transaction price in cash and the installments according to the information in the above table.

*** Note:** In installment sales, the interval between 2 installments is 6 months and the interest rate of sales is equal to 50 percent (50%) of the Bank System Method at industry and mine sector (6%).

- 1.7. When the transaction price is to be paid in installments, the amount equivalent to the remaining installment of traded shares shall be kept by the seller as collateral, until the payment of the share price is completed.
- 1.8. According to Note 4, clause 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 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.

2. Preferred and Installment Shares (if someone be eligible for it):

By virtue of the bylaw of Note3, clause 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; Preferred and Installment sales shall be of maximum five percent (5%) of shares of firms subject to transfer to the directors, the staff and the retired individuals of the same firm:

- a) The directors and the staff or the officers (official or contract) of firms are subject to transfer, and also directors and staff of firms who are official in other firms and they have at least one year of experience in the related field and also their firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to have the preferred shares. The directors and the officers whom

payment of the insurance premium or their superannuation payment are deducted from source of mission, aren't entitled to ceding shares. Each qualified individual and each staff member of the investee firms where more than 50 % of their investment belongs to the transferable firm can enjoy the preferred shares (if they request).

* **Note1:** Ceding shares to the directors and the staff has higher priority; if after ceding shares to them there were transferable shares of firm, on condition that the retired individuals of the same firm have not received the justice shares, they shall be entitled to the above-mentioned shares. It is not permitted to use the benefits of justice shares and preferred shares simultaneously for pensioners.

- b) The amount of the allottable preferred shares to the qualified individuals is (maximum) tenfold of the six-month old average of the applicants' last received wages and benefits (based on the Payment Ordinance) which shall be sold at the base shares prices.
- c) Preferred shares shall be transferred only by written request of the applicants. Individuals qualified to purchase the preferred shares are required to submit within 30 days of the publication of the first notice or the sending of a letter from IPO to the transferable firm to announce the notice, their request in this regard, along with the complete list including the details of the purchasers certified by the related firm and the corresponding branch of the Justice Shares Secretariat and the Social Security Organization, as well as the contract sheets to the Manager of the Divestiture and Supporting of Investment Department. Where there is received no application for purchasing the preferred shares or acquiring the whole shares to the provisioned ceiling demanded, rest of the said shares shall be added to the blocked divestible shares under other related regulations.

* **Note2:** It is the managing director's and the board of directors of the transferred firm's responsibility to confirm the names and the amount of price cited in the Payment Ordinance of the personnel.

3. Other Cases:

- 3.1. The Envelopes containing bids shall be opened at 14 pm on Sunday (11, Apr. 2010) in the conference hall of the IPO, located in fifth floor, and the bidders 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 the 20 working days of the notification, their deposit shall be confiscated to the IPO benefit.
- 3.4. The applicants undertake not to be prohibited from 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).
- 3.5. For further information and collection of the Letter of Introduction to visit the factories, the applicants may refer to the room no. 309 located at Divestiture and Supporting of Investment Department of IPO located at No. 75, Zarafshan St., Shahrake Qods, until Saturday (10, Apr. 2010).

Some important points: According to the coordination, SABA Power and Water Industries Investment Company (joint stock company), which is the owner of 4,620 shares (equal to 3% of the shares of Kish Water and Electricity Company) Agrees to sell its shares in the above company totally in cash, according to the price listed in the notice of sales of IPO block shares (row3). The applicants may purchase the advertised shares or the whole divestible shares of the above enterprises (totally 78,540 shares equal to 51% of the shares). The contract for the sale of the shares of SABA Power and Water Industries Investment Company will be concluded by that enterprise.

IPO Website: www.ipo.ir