

GENERAL INSTRUCTION MANUALISSUING ORG. **ACCOUNTING POLICIES & SYSTEMS DEPARTMENT**SUBJECT **Subsidiary & Affiliate Cash Calls**G. I. NO. **288.001** ApprovedISSUE DATE
02-10-10REPLACES
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CONTENT: The policy for business transactions with subsidiaries and affiliates may be documented in entity specific General and Accounting Instructions. This GI should be viewed as a single component of the overall policy and should be read in conjunction with the related instructions for transactions for subsidiaries and affiliates, as listed below. The text of this GI includes:

1. OVERVIEW
2. OBJECTIVE
3. GLOSSARY
4. DEFINITIONS
5. SCOPE
6. GENERAL PRINCIPLES
7. PROPONENT RESPONSIBILITIES

This subject is covered in three documents and as such this specific document should not be read in isolation of the other two:

288.001 Subsidiary & Affiliate Cash Calls

288.001-1 Subsidiary & Affiliate Cash Calls - Equity Contributions

288.001-2 Subsidiary & Affiliate Cash Calls - Shareholder Loans

1. OVERVIEW

- 1.1 Saudi Aramco transacts business activities with a number of subsidiaries and affiliates (Affiliated Companies). Typically, when operational, these Affiliated Companies become self funded from positive cash flows from their operations. In exceptional circumstances, Saudi Aramco may be requested to fund cash on demand to such subsidiaries and affiliates.
- 1.2 Newly formed Affiliated Companies may have specific contractual obligations in the formative documents regarding cash contribution requirements in the form of capital infusions.
- 1.3 This GI is comprised of three documents: 288.001 (this document) addresses generic issues; 288.001-1 and 288.001-2 specifically address Equity Contributions and Shareholders Loans, respectively.

2. OBJECTIVE

- 2.1 The objective of this GI is to define Cash Calls and various related terms and provide general principles that apply to all agreements covering the provision of Cash Calls. All such agreements must be approved by the Law Department and undergo a functional review by Finance prior to execution.
- 2.2 The objective of this GI is also to provide Proponents guidance regarding the process to execute cash calls and to ensure that appropriate controls are placed throughout the process. In this way, the Proponents can safeguard the assets and interests of Saudi Aramco.

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AI	Accounting Instruction
AP&SD	Accounting Policies & Systems Department
BOD	Banking Operations Division/ TSD
CM&I	Cash Management & Investment Division/ TSD
DJVD	Domestic Joint Venture Department
GI	General Instruction
FAD	Financial Accounting Department
JVA	Joint Venture Agreement
OAD	Operations Accounting Department
MPS	Miscellaneous Payment System
RDP	Rabigh Development Project Group
TAD	Treasury Advisory Department
TSD	Treasury Services Department
UVD	Upstream Ventures Department within Exploration Admin Area

3.2 Related Instructions

AI 117	Accounting for Aramco Gulf Operations Company (AGOC)
AI 118	Accounting Procedures for Transactions with Bolanter
AI 119	Accounting Procedures for Transactions with Saudi Petroleum Ltd (SPL)
AI 131	Accounting Procedures for Transactions with Saudi Petroleum Overseas Ltd
AI 735	Saudi Aramco Worldwide Operations
AI 737	Accounting for Investment in S-Oil
AI 743	Accounting for Investment in SAMREF
AI 744	Accounting for Investment in SASREF
AI 752	Accounting for Investment in LUBEREF

4. DEFINITIONS

The following definitions apply for the purposes of this GI:

- 4.1 Affiliated Company: A separate legal entity in which Saudi Aramco has any ownership interest including but not limited to subsidiaries and joint ventures.
- 4.2 Cash Call: A cash payment made by Saudi Aramco to an Affiliated Company pursuant to a formal request. Cash Calls are generally issued due to contractual obligation. The cash payment will typically be treated as a capital contribution from Saudi Aramco, unless such payment is in the form of a loan or advance, in which case it may be treated as a receivable due from the Affiliated Company.
- 4.3 Agreements: JVA or other formative agreements, such as a Shareholder's Agreement (SHA) which provide guidance on all matters relating to the creation and ongoing business of an Affiliated Company; to include Cash Call requirements.

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- 4.4 Proponent: The Saudi Aramco department responsible for coordinating the provision of support services or otherwise administering Cash Call requirements. Generally, coordination organizations such as DJVD, RDP and UVD will act as the Proponent.
- 4.5 Limited Blanket Approval: Approval for Cash Calls (up to a specified maximum), subject to adherence to established internal controls and processes.
- 4.6 Cash Call Log: a control document which tracks all previous Cash Calls made under the relevant Agreements.

5. SCOPE

Cash Calls and the agreements under which they are mandated may take various forms, which can create confusion regarding the applicability of this instruction to an individual agreement.

The following provisions are intended to provide clarity as to the scope of this G. I.

5.1 Activities Included in Scope

- a) Non-Discretionary Cash Calls – Cash Calls which are mandated under a legal agreement, where Saudi Aramco or an Affiliated Company is legally obliged to provide funds for the purposes specified under a JVA (except as defined under 5.2a & 5.2b).
- b) Discretionary Cash Calls – Cash Calls which are authorized under corporate governing documents, where the entity may request that Saudi Aramco provide additional funding to support the entity to carry out one-off/exceptional expenditures. This could involve payments to otherwise self-funded subsidiaries.

Certain transactions (see 5.2 below) with Affiliated Companies are excluded from the scope of this GI. Questions regarding the classification of agreements and the applicability of this GI to specific transactions should be directed to AP&SD.

5.2 Activities Excluded from Scope

- a) Self Funded Subsidiaries: Such entities typically generate sufficient funds internally, through their operations. Entities such as Bolanter, VELA, Pandlewood and other operational Affiliated Companies fall under this category.
- b) Operating Cash Calls: Cash Calls under which Saudi Aramco is required to provide general funding to support regular capital and operating expenditures, as contractually required under a services agreement and as authorized under the annual budgeting cycle on an "as needed" basis. This category includes funding of Aramco Services Company and Aramco Overseas Company and covers 100% owned subsidiaries only.

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The following general principles apply to all Cash Call arrangements.

6.1 Funding Approval: All cash contribution commitments must be approved by the appropriate approval authority per the Saudi Aramco Management Guide or executed pursuant to a directive of the Board of Directors prior to executing any agreement committing Saudi Aramco or paying any Cash Calls. Individual installments may be executed against an approved Cash Call commitment covering a specified amount over a period of time.

6.2 Agreements Approval: All Agreements which include requirements to provide Cash Calls must be documented in writing and properly executed in accordance with Saudi Aramco policy. All such Agreements must be approved by the Law Department and undergo a functional review by Finance prior to being executed.

6.3 Controls:

- a) Cash Call payment requests must be authorized by the Proponent that coordinates the Affiliated Companies' activities on behalf of Saudi Aramco. The Proponent is responsible for ensuring these requests are in compliance with company approval and signatory authority requirements.
- b) All Proponent authorized Cash Call payment requests should be accompanied by the following supporting evidence, before submission to Finance for payment:

Evidence of Funding Approval

- Copy of appropriately approved Funding Approval and, if applicable, copy of the associated Agreement that requires Saudi Aramco to make the Cash Call. Such Agreement may be incorporated by reference where numerous annual Cash Calls are expected under the terms of the associated Agreement and the relevant sections of such Agreements where the Agreements are voluminous.

Other supporting documentation including but not limited to,

- Business justification outlining the purposes for which the funds will be used,
- Investment Summary,
- A statement illustrating the usage of the previous Cash Call, and
- Cash Call request from the subsidiary or affiliate and any other document which supports the Cash Call.

6.4 Accounting:

- a) All Cash Calls resulting in a disbursement of cash will result in the recognition of an asset for accounting purposes, either an investment or a receivable due from the Affiliated Company. FAD is responsible for determining all appropriate accounting entries.
- b) FAD is the Finance organization that will reconcile the asset account on a monthly basis, and the Proponent's accounting related questions should be directed to FAD.

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- a) As part of its role in administering JVAs, the Proponent is responsible for coordinating Cash Call requests and maintaining an Investment Summary.
- b) The Proponent will serve as the primary contact with the Affiliated Company requesting the Cash Call. As such, all Cash Call requests should be submitted to the Proponent. The Proponent should, in turn, coordinate with the relevant Finance organizations, after reviewing and attesting to the Cash Call details. In order to maintain control over these activities, requests submitted directly to Finance will not be accepted.
- c) The Proponent is responsible for coordinating with the Affiliated Company and Finance to ensure that the Cash Call requests are made in sufficient time to meet the due date.

Approved: _____

R.A. KRYGSMAN, Manager
Accounting Policies & Systems
Department

ANP/AJT

GENERAL INSTRUCTION MANUALISSUING ORG. **ACCOUNTING POLICIES & SYSTEMS DEPARTMENT**SUBJECT **Subsidiary & Affiliate Cash Calls-Equity Contributions**G.I. NO. **288.001-1** ApprovedISSUE DATE **02-10-10** REPLACES **02-17-08**APPROVAL **RAK** PAGE NO. **1 OF 2**

CONTENT: The policy for business transactions with subsidiaries and affiliates may be documented in entity specific General and Accounting Instructions. This GI should be viewed as a single component of the overall policy and should be read in conjunction with the GI 288.001 Subsidiary & Affiliate Cash Calls.

This subject is covered in three documents and as such this specific document should not be read in isolation of the other two:

288.001 Subsidiary & Affiliate Cash Calls

288.001-1 Subsidiary & Affiliate Cash Calls - Equity Contributions

288.001-2 Subsidiary & Affiliate Cash Calls - Shareholder Loans

All Section references (unless otherwise stated) are related to 288.001 Subsidiary & Affiliate Cash Calls.

1. CASH CALL PROCESSING PROCEDURES (EQUITY CONTRIBUTIONS)

- 1.1 The Proponent receives a Cash Call request from an Affiliated Company. All requests should be made in writing in accordance with the timing requirements of the applicable Agreement and include: the payment amount, currency, due date ("Value Date"), payment instructions from the Affiliated Company and other supporting documentation. The Proponent determines whether the cash call is to be classified as Equity Contributions or Shareholder Loans. Equity Contribution will be guided by the following guidance, while Shareholder Loans will be guided by GI 288.001-002.
- 1.2 Subsequently, no later than two weeks prior to the Value Date, the Proponent should advise the administrator of CM&I of the funding requirements in order to ensure the availability of funding.
- 1.3 The Proponent will update the Cash Call Log, organized by recipient company to include any Equity Contributions that are planned, scheduled or contractually required by an Agreement. The Proponent will assign a sequential reference number, by recipient, for each Equity Contribution request.
- 1.4 The Proponent will review the Equity Contribution request and determine if the justifications for past expenditures and the proposed expenditures are reasonable. If needed, the Proponent will request additional information from the Affiliated Company to support the request.
- 1.5 The Proponent initiates the individual installment payment through MPS and attaches proper supporting documentation, as defined in 6.3.b.
- 1.6 In conjunction with the Funding Approvals, the Board may mandate the desired approval authorities for individual installments. In the absence of such specific Board direction, individual installment approval authorities will require the dual approval of the Proponent Vice President (or higher) acting jointly with the Controller. All approvals will be scheduled through the MPS system to the approvers. In appropriate cases, to expedite the approval process, management may adopt a "Limited Blanket Approval" in accordance with Section 2.
- 1.7 Prior to Controller approval, FAD reviews all supporting information for completeness, in accordance with Section 6.3.b. Any incomplete supporting information will be returned to the Proponent. If the proper supporting documentation is complete, using the MPS role of Reviewer, FAD will indicate this fact by passing on the transaction for approval using the embedded workflow system. FAD will determine the proper accounting entries associated with the Equity Contribution payment.

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1.8 OAD receives the approved MPS request in workflow and validates the following:

- i) Confirming the payment amount, currency and Value Date as well as the sequential reference number against the supporting documents for each Equity Contribution Request,
- ii) Any discrepancies are flagged to FAD; otherwise OAD will send an email to BOD for confirmation.

1.9 BOD will release the payment to the house bank and a payment advice will be automatically sent to the recipient.

2. LIMITED BLANKET APPROVALS PROCESSING PROCEDURES

2.1 With respect to certain existing Limited Blanket Approvals issued with respect to the Upstream Gas Ventures the Saudi Aramco Board of Directors directed that each Cash Call individual installment must be approved by a Senior Vice President (or higher) and the Treasurer or Assistant Treasurer. Finance management consulted with Law and all parties agreed that approval authorities for these Cash Calls should be delegated due to their routine nature and immaterial amounts. The agreed upon delegation approvals are as follows:

- i) The Board's directive will be followed for individual Gas Venture Cash Calls over \$20 million. These Cash Calls will require the approval of a Senior Vice President (or higher) and the Treasurer or Assistant Treasurer. For purposes of this directive, due to the system requirements of MPS it is required the Proponents' Senior Vice President shall function as the Senior Vice President for approval of the Cash Call.
- ii) For individual Gas Venture Cash Calls less than \$20 million, the Proponent's Senior Vice President may delegate approval authority to the Proponent Vice President. In addition, the Treasurer or Assistant Treasurer will approve the Cash Call.

It is recognized that the above stated delegation limits may be subject to amendment as agreed by management from time to time.

2.2 Existing Gas Venture entities with Limited Blanket Approval Cash Calls:

- I. South Rub Al-Khali Company Limited
- II. Lukoil Saudi Arabia Energy Limited
- III. Sino Saudi Gas Limited
- IV. EniRepsa Gas Limited

Approved: _____
 R.A. KRYGSMAN, Manager
 Accounting Policies & Systems
 Department

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288.001-1 Subsidiary & Affiliate Cash Calls - Equity Contributions

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All Section references (unless otherwise stated) are related to 288.001 Subsidiary & Affiliate Cash Calls.

1. CASH CALL PROCESSING PROCEDURES (SHAREHOLDER LOANS)

- 1.1 The Proponent receives a Cash Call request from an Affiliated Company. All requests should be made in writing in accordance with the timing requirements of the applicable Agreement and include: the payment amount, currency, due date ("Value Date"), payment instructions from the Affiliated Company and other supporting documentation. The Proponent determines whether the cash call is to be classified as Equity Contributions or Shareholder Loans. Shareholder Loans will be guided by the following guidance, while Equity Contributions will be guided by GI 288.001-001.
- 1.2 Subsequently, no later than two weeks prior to the Value Date, the Proponent should advise the administrator of CM&I of the funding requirements in order to ensure the availability of funding.
- 1.3 The Proponent will update the Cash Call Log, organized by recipient company to include any Shareholder Loans that are planned, scheduled or contractually required by an Agreement. The Proponent will assign a sequential reference number, by recipient, for each Shareholder Loans request.
- 1.4 The Proponent will review the Shareholder Loans request and determine if the justifications for past expenditures and the proposed expenditures are reasonable. If needed, the Proponent will request additional information from the Affiliated Company to support the request.
- 1.5 The Proponent initiates the individual installment payment through MPS and attaches proper supporting documentation, as defined in Section 6.3.b.
- 1.6 In conjunction with the Funding Approvals, the Board may mandate the desired approval authorities for individual installments. In the absence of such specific Board direction, individual installment approval authorities will require the dual approval of the Proponent Vice President (or higher) acting jointly with the Treasurer/Assistant Treasurer. All approvals will be scheduled through the MPS system to the approvers.
- 1.7 Prior to Treasurer/Assistant Treasurer approval, TAD reviews all supporting information for completeness, in accordance with Section 6.3.b. Any incomplete supporting information will be returned to the Proponent. If the proper supporting documentation is complete, TAD will then

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approve the payment through the MPS. FAD will determine the proper accounting entries associated with the Shareholder Loans payment.

1.8 In accordance with the Agreements, TAD will determine any interest payable on the Shareholder Loan. TAD will also determine the frequency of Invoicing and will communicate this information (as required) to FAD for inclusion in the appropriate accounting cycle.

1.9 OAD receives the approved MPS request in workflow and validates the following:

- i) Confirming the payment amount, currency and Value Date as well as the sequential reference number against the supporting documents for each Shareholder Loans Request,
- ii) Any discrepancies are flagged to TAD; otherwise OAD will send an email to BOD for confirmation.

1.10 BOD will release the payment to the house bank and a payment advice will be automatically sent to the recipient.

Approved: _____

R.A. KRYGSMAN, Manager
Accounting Policies & Systems
Department

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