

**GENERAL INSTRUCTION MANUAL**

ISSUING ORG. TREASURY

ISSUE DATE  
05/13/2007REPLACES  
01/20/2002SUBJECT COMPANY EXCHANGE RATES AND FORECASTS, AND THE  
REPORTING OF FOREIGN CURRENCY LIABILITIESAPPROVAL  
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**CONTENT:** This instruction describes the procedures used for determining company exchange rates, valuing company non-US dollar transactions, reporting foreign currency liabilities and applying the weekly foreign exchange rate forecast for all bid evaluations involving currencies other than US dollars and Saudi riyals. The text of this instruction includes:

1. Glossary
2. Determination of Company Exchange Rates
3. Valuation of Non-US Dollar Transactions
4. Reporting Foreign Currency Liabilities
5. Applying the Weekly Foreign Exchange Forecast for all Non-USD Bid Evaluations
6. Use of Company Exchange Rates

1. GLOSSARY1.1 ABBREVIATIONS AND ACRONYMS

AP&SD	Accounting Policy & Systems Department
CRCCD	Contract Review & Cost Compliance Department
BC&CM	Banking, Credit & Cash Management Department
CRMG	Currency Risk Management Group
SRC	Service Review Committee

2. DETERMINATION OF COMPANY EXCHANGE RATES

Company exchange rates are uploaded daily by Treasury and are available through SAP transactions ZF0716/ZF0692 and on-line through the Company's Intranet under Exchange Rates. Company exchange rates remain in effect from and including the date of one report to the date of the next report.

- 1.1 For Saudi riyals, the Company Exchange Rate will be 3.75 SAR/USD. Treasury will monitor the official rate published by the Saudi Arabian Monetary Agency as well as interbank SAR/USD rates. AP&SD is available to assist in the evaluation of proposed SAR rate changes.
- 1.2 For all other currencies, the Company Exchange Rate will be the rate at which a recognized bank will sell the currency for US dollars as quoted by Reuters, Bloomberg, The Wall Street Journal or other electronic or printed data source.
- 1.3 For currencies not listed on the SAP transactions or on the Company's Intranet, consult Treasury.

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2 OF 2**3. VALUATION OF NON-US DOLLAR TRANSACTIONS**

Specific instructions for valuing the Company's non-US dollar currency transactions are contained in the Saudi Aramco Accounting Instruction Manual under Accounting Instruction No. 701 "Accounting for Non-US Dollar Transactions".

**4. REPORTING FOREIGN CURRENCY LIABILITIES**

Proponent organizations are required to advise Treasury's CRMG promptly whenever a foreign currency liability equivalent to US\$1,000,000 or more is incurred for a contract, and US\$500,000 or more for a purchase order. To facilitate foreign exchange exposure management, proponent organizations should provide CRMG with the latest available foreign currency cash flow forecast or milestone payments schedule within one week of the signing of the contract or purchase order award. A foreign currency for these purposes is any currency other than US dollars and Saudi riyals.

**5. APPLYING THE WEEKLY FOREIGN EXCHANGE RATE FORECAST FOR ALL NON-US DOLLAR BID EVALUATIONS**

The Treasury Weekly Foreign Exchange Rate Forecast ("Treasury Forecast") is the Company's approved rates for bid evaluation to be used when converting non-US dollar bids to their US dollar equivalent. This document is published by CRMG every Saturday and available on the Treasury's Intranet for restricted distribution. For non-US dollar contracts or purchase orders, CRCCD and proponent departments must ensure, where practical, that papers submitted for SRC approval use a Treasury Forecast that is not more than two weeks old.

**6. USE OF COMPANY EXCHANGE RATES**

Questions about using the Company Exchange Rates or about the weekly foreign exchange rate forecast for non US dollar bid valuations should be referred to Treasury's CRMG.

Approved: \_\_\_\_\_

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