

GENERAL INSTRUCTION MANUALISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
DEPARTMENTISSUE DATE 06/01/2010
REPLACES 12/01/2002

SUBJECT NON-CAPITAL PROGRAM AND BUDGET

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This Instruction outlines the objectives and scope of the Non-Capital Program and Budget and describes the procedures for development, processing, approval and distribution of the Non-Capital Program and Budget. The text includes:

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5. Responsibilities and Procedures
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1.0 OBJECTIVES

Saudi Aramco administers the five-year Non-Capital Program and annual Non-Capital Budget to plan, budget and control the major non-capital investment requirements of the enterprise and to communicate these requirements to those concerned with the coordination and accomplishment of these requirements.

2.0 SCOPE

The Non-Capital Program and Budget includes projects and Budget Items in the following categories:

- 2.1 Home Ownership & Community Development – See GI 20.151, *Home Ownership and Community Development Program & Budget*.
- 2.2 Saudi Aramco Built Government Schools (SABGS) – Expenditures required to maintain, and periodically upgrade, the facilities constructed under the SABGS program. The children attending these schools are largely dependents of the Company's Saudi employees.
- 2.3 Donations – Financial support to Saudi, Middle Eastern and other institutions recognized for their contribution to the advancement of humanitarian, educational and cultural programs.
- 2.4 Government Directed Projects - other installations, or other projects which may be undertaken from time to time at the Government's direction.
- 2.5 Major Roads – Roads connecting Company facilities or installations with Government highways and any roads available for use by the general public.
- 2.6 Other Non-Capital – Includes projects which are designated as Non-Capital in order to plan, budget and control those non-capital projects on the same basis as capital projects. This category includes projects for protection of Company pipelines which intersect Government highways, railroads or other installations, and other projects which may be undertaken from time to time.

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

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3.0 NON-CAPITAL PROGRAM

Project descriptions covering a five-year Program cycle consisting of appropriation and expenditure data are proposed as part of the annual Business Plan. The Non-Capital Program includes projects for Home Ownership & Community Development, Saudi Aramco Built Government Schools, Donations, Government Directed Projects and other Non-Capital projects.

4.0 NON-CAPITAL BUDGET

The Non-Capital Budget is comprised of budget briefs describing those budget items included in the first year of the five-year Non-Capital Program for which funding will be requested. Budget briefs are prepared in accordance with General Instruction 20.500.

5.0 RESPONSIBILITIES AND PROCEDURES

- 5.1 Facilities Planning Department in conjunction with the Project Management Office Department and the assigned Construction Agency will provide staff assistance in engineering review, development of project schedules, cost estimates and timing of expenditures.
- 5.2 Employee Relations & Training is the proponent of Home Ownership and Community Development budget items and coordinates that section of the Non-Capital Program and Budget. See GI 20.151 for additional information.
- 5.3 Community Services is the Proponent for Miscellaneous Community Development Items: Operating & Maintenance Expense.
- 5.4 Employee Relations & Training is the proponent for Saudi Aramco Built Government Schools.
- 5.5 Saudi Aramco Affairs is the Proponent for the Donations Budget.
- 5.6 The respective proponents of Government Directed Projects, Major Roads and Other Non-Capital projects are responsible for coordinating these sections of the Non-Capital Program and Budget
- 5.7 Budget Items and Expenditure Requests are prepared in accordance with GI 20.500.
- 5.8 The Capital Programs, Forecast & Analysis Division (CPF&AD) reviews the Planning Briefs, Budget Briefs and Expenditure Requests for adherence to applicable policies and procedures, and also provides rulings and advice on which expense projects are to be included in the Non-Capital Program and Budget.

6.0 REVIEW & APPROVAL PROCESS AND PUBLICATION

The Non-Capital Program reviewed by the Executive Advisory Committee and the Management Committee during the annual Business Plan cycle. The Non-Capital Program is endorsed by the Board of Directors at their spring meeting. The Program is continually updated and reviewed with the first year of the Program proposed as the annual Non-Capital Budget. The Non-Capital Budget is then approved by the Board of Directors at their Fall meeting.

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The Non-Capital Program is included in the Business Plan published by the Long Range Planning Department. The Non-Capital Budget is included as a component of the Capital Budgets Book published by Capital Programs, Forecast & Analysis Division (CPF&AD).

7.0 BUDGET REVISIONS

The Non-Capital Budget is revised as necessary based on approved Expenditure Requests processed in accordance with GI 20.500 and Section IV of the Management Guide.

8.0 ACCOUNTABILITY REPORTING

CPF&AD issues the Capital Budgets Status Report (AR 197) which compares approved Expenditure Requests with the original Budget for both Capital and Non-Capital projects.

CPF&AD also issues the AR 190-2, Capital/Non-Capital Expenditures Report which compares actual and forecast expenditures with approved funds by budget item; and the AR 190-3, Completed Projects Report on a quarterly basis for accountability.

On a monthly basis, CPF&AD also prepares the "Capital" section of the Management Information System (MIS) report for Management Committee review. Accounting records, proponent, and Project Management input serve as source data. The MIS report shows the current month and year-to-date expenditure status for Non-Capital budget items.

On a quarterly basis, CPF&AD prepares for Corporate Management the Capital Budgets Accountability that specifically addresses Non-Capital budget item expenditures and activities.

9.0 RELATED INSTRUCTIONS:

20.151 Home Ownership and Community Development Program and Budget
20.500 Expenditure Requests
21.201 Approval Authority

Approved by:

Manager – Financial Analysis & Performance Advisory Department