

GENERAL INSTRUCTION MANUALISSUING ORG. **ACCOUNTING POLICIES & SYSTEMS DEPARTMENT**ISSUE DATE
07-10-06REPLACES
06-15-98

SUBJECT MISCELLANEOUS INVOICES TO OUTSIDERS

APPROVAL
FWJPAGE NO.
1 OF 5

CONTENT: This instruction outlines the processing of invoices to outsiders for services, materials and/or equipment (miscellaneous invoices that are not part of the normal billings for Petroleum Products). The text of this instruction includes:

1. Glossary
2. Definition of Outsider
3. Charges
4. Invoice Requirements
5. Invoice Forms and Monthly Statements
6. Signature Formats
7. Delivery of Invoices/Collection of Payments

1. GLOSSARY:**1.1 ABBREVIATION AND ACRONYMS**

ASAA	Appropriate Saudi Aramco Affairs Office
BC&CMD	Banking, Credit & Cash Management Department
DSAD	Domestic Sales Accounting Division
GASD	Government Affairs Services Department

1.2 FORMS

SA-442	Invoice - English
SA-44-3	Invoice – English (Contractor Back Charges)

1.3 INSTRUCTIONS**1.3.1 GENERAL INSTRUCTIONS**

GI 216.965 Cost Distribution Rates

1.3.2 ACCOUNTING INSTRUCTIONS

AI-526	Sales Accounting and Reporting
AI-711	Minimum Charges and Credits

2. DEFINITION OF OUTSIDER:

An outsider is any individual or business entity that is not paid through the payroll system of Saudi Aramco or one of its subsidiaries. Charges to individuals including loanees of Texaco and Mobil who are on the Saudi Aramco payroll system are settled through payroll deductions, and therefore require no outsider invoice processing. Charges to Loanees from Chevron and Exxon will be invoiced directly. Saudi Arab Government officials and agencies are considered outsiders.

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- 3.1 Detailed invoicing procedures for certain charges are covered by other Accounting or General Instructions. This instruction relates only to charges not detailed elsewhere. For the billing procedures and accounting entries for sales of petroleum products, refer to Accounting Instruction No. 526 "Sales Accounting and Reporting".
- 3.2 Credit approval must be obtained from BC&CMD on all sales or services performed on a credit basis.
- 3.3 Saudi Aramco will charge an outsider the full cost including overheads, as applicable, for any services, materials and/or equipment provided by Saudi Aramco to the outsider. This includes any assistance given under contracts, leases, special agreements, etc. Unless specific invoicing arrangements are detailed in those agreements, the following charging basis must be used:

CHARGE TYPE	INDIVIDUALS	SAUDI ARAB GOVERNMENT OFFICIALS & AGENCIES	COMPANIES, CORPORATIONS & CONTRACTORS
Labor	1	1(c)	1(a)
Equipment Rent/Usage	1	1(c)	1(a)
Material	2(b)	2(c)	2(b)
Medical & Dental	2	2(c)	2(a)
Laboratory	2	2(c)	2(a)
Food & Lodging	2	2(c)	2(a)
Petroleum Products	2	2(c)	2(a)
Garage Services & Repairs	2	2	2(a)
Saudi Aramco School Tuition	2	-	2(a)
Customs, Fees Permits, Etc.	3	3(c)	3(a)

EXPLANATION OF SYMBOLS:

- | | |
|---|---|
| 1 At regular Company rates or prices (Refer GI 216.965).. | a. Unless covered by a specific Contractor agreement. |
| 2 At rates or prices determined by the Applicable Saudi Aramco organization or by the Saudi Arab Government | b. Unless otherwise covered by a Contractor agreement. Of sales |
| 3 At cost | c. Unless approved for Company expense |

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)
GENERAL INSTRUCTION MANUAL

GENERAL INSTRUCTION NO.
Approved
230.031

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4. INVOICE REQUIREMENTS:

4.1 INVOICES TO SAUDI ARAB GOVERNMENT OFFICIALS AND AGENCIES

4.1.1 All charges must be fully supported by the original applicable documents and accompanied by the original Government requisition for the services and materials. The original requisition should state that the Government agency/official will honor and pay Saudi Aramco invoices. Copies of such documents are acceptable ONLY IF retrieving original documents is not possible, or retaining the originals are in the Company's interest.

4.1.2 Invoices are prepared in original and four copies in both Arabic and English. The invoice shall briefly describe the nature of billing (e.g. type of work/service performed, location, and duration).

4.1.3 Invoice distribution is not indicated on the invoice.

4.2 INVOICES TO OTHER DEBTORS

4.2.1 Invoices prepared for other debtors by an Operations Accounting unit must be signed by the Operations Accounting Department or division signature authority.

4.2.2 Invoices to Saudi nationals and Saudi business firms will be prepared in English and Arabic if considered necessary by the originating party and subject to the concurrence of the preparing party.

5. INVOICE FORMS AND MONTHLY STATEMENTS:

5.1 SAP transaction code F.62 is utilized in the billing procedure in order to issue an English version. The Arabic version of the invoice is issued by utilizing a spreadsheet template.

5.2 All invoices indicate the nature of the services performed and all other information required on the form, including the payment due date. Invoices should be legible, fully supported and include complete mailing and contact addresses. Invoices that do not conform to these requirements will not be processed by BC&CMD for collection and will be returned to the originator for correction and/or supplying the necessary supporting documentation.

5.3 Copy of SAP transaction code FBL5N "customer data – a statement of customer account" will be sent once a month to each applicable outsider by BC&CMD. Copies of applicable invoices will be attached to the statement for reference.

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4 OF 5**6. SIGNATURE FORMATS:****INVOICES TO****FORMAT AND SIGNATURE REQUIRED**

Saudi Arab Government Officials and Agencies

Approved:

Administrator
Payables Accounting Division

United States Government Agencies

Approved:

Administrator
Payables Accounting Division

Other Outsiders

Approved:

Manager/Administrator/
Designated Authority
Originating Operations
Accounting Department/Division

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5 OF 5**7. DELIVERY OF INVOICES/COLLECTION OF PAYMENTS:****7.1 RESPONSIBILITY DEFINITION****BILLING TO**

	RESPONSIBILITY FOR DELIVERY OF INVOICES	COLLECTION OF PAYMENTS
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Government Officials and Agencies outside the Eastern Province

GASD/ASAA/
DSAD

ASAA/BC&CMD//DSAD

King Fahd University of Petroleum & Minerals

BC&CMD/ DSAD

BC&CMD/ DSAD

Director of Health Affairs, Eastern Province

BC&CMD

BC&CMD

General Administration of Automatic Telephone, Dammam

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Public Security, Eastern Province

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Saudi Government Railroad Organization, Dammam

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Royal Commission for Jubail

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Royal Commission for Yanbu

ASAA

“

United States Government Agencies

BC&CMD

“

Other Outsiders

BC&CMD/GASD/
ASAA/ DSAD

BC&CMD/ DSAD

7.2 Saudi Aramco invoices to Special Project Contractors with active contracts are entered into transaction code FB65 Credit memo for offsetting against payments to the contractors.

7.3 If settlement is to be made in Saudi Riyals by the outsider against the established U.S. Dollar receivable account, then the charges which were billed in U.S. Dollars as shown on the Company's invoice are converted to equivalent Saudi Riyals based on the Saudi Arabian Monetary Agency currency selling rate prevailing on the day of payment to Saudi Aramco. This measure is intended to safeguard Saudi Aramco from exchange rate differences.

Approved: [Original Signed by FARHAN W. AL-JABIR]
FARHAN W. AL-JABIR, Manager
Accounting Policies & Systems Department

AAN: (W/C # M617)