

**STANDARD  
& POOR'S**

# GLOBAL INDUSTRY CLASSIFICATION STANDARD

METHODOLOGY

**September 2008**

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# Introduction

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In 1999, Standard & Poor's and MSCI Barra jointly developed the Global Industry Classification Standard (GICS®) to establish a global standard for categorizing companies into sectors and industries. GICS was developed in response to the global financial community's need for one complete, consistent set of global sector and industry definitions, thereby enabling asset owners, asset managers and investment research specialists to make seamless company, sector and industry comparisons across countries, regions, and globally.

## Highlights

GICS has become an industry model widely recognized by market participants worldwide. It sets a foundation for the creation of replicable, custom-tailored portfolios and enables meaningful comparisons of sectors and industries globally.

GICS was developed and is maintained by two leading global index providers. It has been specifically designed to classify companies globally – in both developed and developing economies.

The GICS methodology has been commonly accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS classification system currently consists of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS sectors are:

- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Telecommunication Services
- Utilities

GICS was designed to classify a company according to its principal business activity. To make this determination, Standard & Poor's and MSCI Barra use revenues as a key measure of a company's business activity. Earnings and market perception, however, are also recognized as important and relevant information for classification purposes and are taken into account during the review process.

# GICS Classification Methodology

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## About GICS

GICS is designed to meet the needs of the investment community for a classification system that reflects a company's primary business model as determined by its financial performance. Many other systems group companies into classifications designed for tracking GDP and the economy rather than company performance. Over 38,000 active, publicly traded companies globally are currently classified and maintained by S&P and MSCI Barra according to the GICS methodology.

## GICS Structure

GICS is a four-tiered, hierarchical industry classification system:

- 10 Sectors
- 24 Industry Groups
- 68 Industries
- 154 Sub-Industries

GICS classifications can be presented in text or numeric format. The full GICS classification for each company is an 8-digit code with text description. The hierarchical design of the 8-digit coding system allows for easy transition between GICS tiers.

## Examples:

Sector:	Consumer Discretionary (GICS code: 25)
Industry Group:	Consumer Services (GICS code: 2530)
Industry:	Hotels, Restaurants & Leisure (GICS code: 253010)
Sub-industry:	Casinos & Gaming (GICS code: 25301010)

Sector:	Financials (GICS code: 40)
Industry Group:	Diversified Financials (GICS code: 4020)
Industry:	Capital Markets (GICS code: 402030)
Sub-industry:	Investment Banking & Brokerage (GICS code: 40203020)

## **GICS Compliant Indices**

Standard & Poor's has long been a leading provider of indices used by the international financial markets for portfolio analysis and asset management. By developing indices using the GICS structure, S&P presents a powerful family of sector-based indices that offer a global, consistent set of benchmarks.

*For more information on GICS-based index products at Standard & Poor's, please visit our Web site at [www.indices.standardandpoors.com](http://www.indices.standardandpoors.com).*

GICS enables both S&P and any index provider who adopts the system to develop competing sector indices and index products from a common global standard.

An index that is GICS-compliant is one that is derived, bottom-up, using GICS as the industry classification methodology -- specifically the unique, company-to-issue level classification as determined by S&P and MSCI Barra.

## **GICS Assignments**

Standard & Poor's and MSCI Barra jointly assign a company to a single GICS sub-industry according to the definition of its principal business activity as determined by the two companies. Revenues are a significant factor in determining principal business activity; however, earnings and market perception are also important criteria for classification.

If a company's subsidiary files separate financials to its reporting government agency, that subsidiary will be considered a separate entity and classified independently under the GICS methodology. Equity securities or issues directly linked to a company will have the same classification as the company.

# GICS Usage

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## **GICS Usage at S&P**

GICS is the official Standard & Poor's industry classification system. Most Standard & Poor's products that include an industry classification system use the GICS structure.

All companies in the Standard & Poor's global family of indices have been classified according to the GICS structure. Standard & Poor's indices and sub-indices are designed to reflect the sectoral composition of the broad markets they represent. Many of the broad S&P indices are broken down into sector- and/or industry-level indices to provide performance measurements across these markets. The sector weights of an S&P index provide the financial community with a useful benchmark of sectors representation within that market.

While Standard & Poor's equity indices have set the foundation for GICS and GICS usage, many other S&P products incorporate GICS into their products. These include, but are not limited to:

- S&P Global Indices
- Stock Reports
- Sector Scorecards
- Compustat
- Research Insight
- Analysts' Handbook
- Capital IQ
- CreditPro, Ratings Direct, and RatingsXpress

## **GICS Usage in the Market**

Investors use GICS and all related industry indices and data across the full spectrum of equity market investing – including asset management, sector research, portfolio strategy, peer analysis, and client account reporting. The use of GICS enables market participants to identify and analyze a customized group of companies from a common global standard. The use of this global standard helps strategists, analysts, and investors compare companies outside of their local markets and attract capital into local markets when comparing stocks within the same industry. GICS helps market participants determine whether stock movements are locally based or are part of a broader global trend.

The GICS methodology has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. Its universal approach to industries worldwide has contributed to transparency and efficiency in the investment process, and the GICS methodology supports the trend towards sector-based investing.

GICS defines peer groups tightly and avoids grouping unlike companies together. Four classification levels allow for more customization and targeting in portfolio, index and derivative product construction.

Investors use GICS and all related S&P industry indices and data across the full spectrum of equity market management – including asset management, sector research, portfolio strategy, peer analysis, and client account reporting. The use of GICS enables market participants to identify and analyze a customized group of companies from a common global standard.

Market participants currently using the GICS structure include buy-side portfolio managers, institutional and retail brokerage firms, custodians, universities, consultants, and a variety of data distributors.



# GICS Maintenance

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## **GICS Review**

Companies are reviewed annually at a minimum. Companies are also under constant surveillance for corporate actions.

In general, a GICS code will change whenever there is a major corporate action that redefines a company's primary line of business. At a minimum, annual reviews are conducted to ensure that a company has not redefined its line of business through a series of smaller events.

GICS reviews will also occur upon client request through the use of the GICS email box, [spgics@standardandpoors.com](mailto:spgics@standardandpoors.com).

## **GICS Structure Review**

Standard & Poor's and MSCI Barra review the GICS structure on an annual basis. Frequently this is done through an open consultation. The objective is to ensure that the GICS structure continues to accurately represent the global equity markets, and thereby, enables asset owners, asset managers and investment research specialists to make seamless global comparisons by industry.

# Changes to the GICS Structure

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The four-level GICS structure accurately reflects equities in today's global investment environment, yet is flexible enough to capture tomorrow's developments. The eight-digit GICS coding system is designed to adapt easily to the changing investment world. As the global economy changes, sectors, industry group, industries and sub-industries can be added or divided.

## Chronology of Events

<b>Date</b>	<b>GICS Event</b>
August 1999	GICS introduced. GICS comprised of 10 sectors, 23 industry groups, 59 industries and 123 sub-industries.
March 2002	The total number of sub-industries in the GICS structure reduced to 122 from 123. Name and description changes to other GICS categories. GICS comprised of 10 sectors, 23 industry groups, 59 industries and 122 sub-industries.
April 2003	Changes included the creation of new industry groups, industries and sub-industries, the merger of some existing sub-industries and significant name and definition changes to others. GICS comprised of 10 sectors, 24 industry groups, 62 industries and 132 sub-industries.
April 2004	Changes limited to definition changes for some of the GICS sub-industries. GICS comprised of 10 sectors, 24 industry groups, 62 industries and 132 sub-industries.
April 2005	Changes included renaming and redefining one industry group, creating two industries and seven sub-industries, and making significant name and definition changes to others. GICS comprised of 10 sectors, 24 industry groups, 64 industries and 139 sub-industries.
April 2006	Changes included renaming one industry group, creating four new industries and ten new sub-industries. Changes also included discontinuing one industry and two sub-industries, and making name and definition changes to others. GICS comprised of 10 sectors, 24 industry groups, 67 industries and 147 sub-industries.
August 2008	Changes included renaming one industry group, creating one new industry and eight new sub-industries. Changes also included discontinuing one sub-industry, and making name and definition changes to others. GICS comprised of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries.

*Detailed information on the changes to the GICS structures can be found on Standard & Poor's Web site at [www.gics.standardandpoors.com](http://www.gics.standardandpoors.com).*

# GICS Data Products

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## **GICS Direct**

GICS Direct<sup>SM</sup>, a joint product of Standard & Poor's and MSCI Barra, was introduced in 2001. GICS Direct provides industry classifications for approximately 38,000 active companies and 42,000 active securities. S&P and MSCI Barra estimate that GICS Direct covers approximately 98% of the world's equity market capitalization.

## **GICS History**

Standard & Poor's GICS History is a valuable tool for statistical analysis, back-testing and historic sector performance attribution. GICS History provides historical classifications on over 25,000 active and inactive U.S. companies, Canadian companies, and ADRs

*For more information on GICS Direct and GICS History, please visit Standard & Poor's Web site [www.standardandpoors.com](http://www.standardandpoors.com).*

# GICS Governance

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## **GICS Methodology Committee**

The GICS methodology and structure fall under the overall supervision of the GICS Operations Committee, with members from both S&P and MSCI Barra. The Committee will from time to time consult the financial markets in order to keep the methodology current and relevant.

Standard & Poor's and MSCI Barra considers information about changes to the GICS structure and related matters to be potentially market moving and material. Therefore, all Committee discussions are confidential.

# Index Policy Related to GICS

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## **Announcements**

Announcements of GICS changes to companies in S&P indices follow the guidelines of the index methodologies.

*Please refer to the individual index methodologies for treatment of GICS classification changes.*

# Appendix

## The Current GICS Structure

Sector		Industry Group		Industry		Sub-Industry	
10	Energy	1010	Energy	101010	Energy Equipment & Services	10101010	Oil & Gas Drilling
						10101020	Oil & Gas Equipment & Services
				101020	Oil, Gas & Consumable Fuels	10102010	Integrated Oil & Gas
						10102020	Oil & Gas Exploration & Production
						10102030	Oil & Gas Refining & Marketing
						10102040	Oil & Gas Storage & Transportation
						10102050	Coal & Consumable Fuels
15	Materials	1510	Materials	151010	Chemicals	15101010	Commodity Chemicals
						15101020	Diversified Chemicals
						15101030	Fertilizers & Agricultural Chemicals
						15101040	Industrial Gases
						15101050	Specialty Chemicals
				151020	Construction Materials	15102010	Construction Materials
				151030	Containers & Packaging	15103010	Metal & Glass Containers
						15103020	Paper Packaging
				151040	Metals & Mining	15104010	Aluminum
						15104020	Diversified Metals & Mining

Sector		Industry Group		Industry		Sub-Industry	
15	Materials	1510	Materials	151040	Metals & Mining	15104030	Gold
						15104040	Precious Metals & Minerals
						15104050	Steel
				151050	Paper & Forest Products	15105010	Forest Products
						15105020	Paper Products
20	Industrials	2010	Capital Goods	201010	Aerospace & Defense	20101010	Aerospace & Defense
				201020	Building Products	20102010	Building Products
				201030	Construction & Engineering	20103010	Construction & Engineering
				201040	Electrical Equipment	20104010	Electrical Components & Equipment
						20104020	Heavy Electrical Equipment
				201050	Industrial Conglomerates	20105010	Industrial Conglomerates
				201060	Machinery	20106010	Construction & Farm Machinery & Heavy Trucks
						20106020	Industrial Machinery
				201070	Trading Companies & Distributors	20107010	Trading Companies & Distributors
		2020	Commercial & Professional Services	202010	Commercial Services & Supplies	20201010	Commercial Printing
						20201020	Data Processing Services - discontinued effective 04/30/2003.
						20201030	Diversified Commercial & Professional Services - discontinued effective 08/31/2008
						20201040	Human Resource & Employment Services - discontinued effective 08/31/2008
						20201050	Environmental & Facilities Services
						20201060	Office Services & Supplies
						20201070	Diversified Support Services
						20201080	Security & Alarm Services

Sector		Industry Group		Industry		Sub-Industry	
20	Industrials	2020	Commercial & Professional Services	202020	Professional Services	20202010	Human Resource & Employment Services
						20202020	Research & Consulting Services
		2030	Transportation	203010	Air Freight & Logistics	20301010	Air Freight & Logistics
				203020	Airlines	20302010	Airlines
				203030	Marine	20303010	Marine
				203040	Road & Rail	20304010	Railroads
						20304020	Trucking
				203050	Transportation Infrastructure	20305010	Airport Services
						20305020	Highways & Railtracks
						20305030	Marine Ports & Services
25	Consumer Discretionary	2510	Automobiles & Components	251010	Auto Components	25101010	Auto Parts & Equipment
						25101020	Tires & Rubber
				251020	Automobiles	25102010	Automobile Manufacturers
						25102020	Motorcycle Manufacturers
		2520	Consumer Durables & Apparel	252010	Household Durables	25201010	Consumer Electronics
						25201020	Home Furnishings
						25201030	Homebuilding
						25201040	Household Appliances
						25201050	Housewares & Specialties
				252020	Leisure Equipment & Products	25202010	Leisure Products
						25202020	Photographic Products
				252030	Textiles, Apparel & Luxury Goods	25203010	Apparel, Accessories & Luxury Goods
						25203020	Footwear
						25203030	Textiles



Sector		Industry Group		Industry		Sub-Industry			
25	Consumer Discretionary	2530	Consumer Services	253010	Hotels, Restaurants & Leisure	25301010	Casinos & Gaming		
						25301020	Hotels, Resorts & Cruise Lines		
						25301030	Leisure Facilities		
						25301040	Restaurants		
						253020	Diversified Consumer Services	25302010	Education Services
								25302020	Specialized Consumer Services
								2540	Media
		25401020	Broadcasting						
		25401025	Cable & Satellite						
		25401030	Movies & Entertainment						
		2550	Retailing	255010	Distributors	25501010	Distributors		
						255020	Internet & Catalog Retail	25502010	Catalog Retail
								25502020	Internet Retail
						255030	Multiline Retail	25503010	Department Stores
								25503020	General Merchandise Stores
								255040	Specialty Retail
						25504020	Computer & Electronics Retail		
						25504030	Home Improvement Retail		
						25504040	Specialty Stores		
						25504050	Automotive Retail		
		25504060	Homefurnishing Retail						
		30	Consumer Staples	3010	Food & Staples Retailing	301010	Food & Staples Retailing	30101010	Drug Retail
								30101020	Food Distributors
30101030	Food Retail								
30101040	Hypermarkets & Super Centers								
3020	Food, Beverage & Tobacco			302010	Beverages	30201010	Brewers		
						30201020	Distillers & Vintners		
						30201030	Soft Drinks		

Sector		Industry Group		Industry		Sub-Industry	
30	Consumer Staples	3020	Food, Beverage & Tobacco	302020	Food Products	30202010	Agricultural Products
						30202020	Meat, Poultry & Fish - discontinued, effective March 28 2002
						30202030	Packaged Foods & Meats
				302030	Tobacco	30203010	Tobacco
		3030	Household & Personal Products	303010	Household Products	30301010	Household Products
				303020	Personal Products	30302010	Personal Products
35	Health Care	3510	Health Care Equipment & Services	351010	Health Care Equipment & Supplies	35101010	Health Care Equipment
						35101020	Health Care Supplies
				351020	Health Care Providers & Services	35102010	Health Care Distributors
						35102015	Health Care Services
						35102020	Health Care Facilities
						35102030	Managed Health Care
				351030	Health Care Technology	35103010	Health Care Technology
		3520	Pharmaceuticals, Biotechnology & Life Sciences	352010	Biotechnology	35201010	Biotechnology
				352020	Pharmaceuticals	35202010	Pharmaceuticals
				352030	Life Sciences Tools & Services	35203010	Life Sciences Tools & Services
40	Financials	4010	Banks	401010	Commercial Banks	40101010	Diversified Banks
						40101015	Regional Banks
				401020	Thriffs & Mortgage Finance	40102010	Thriffs & Mortgage Finance

Sector		Industry Group		Industry		Sub-Industry	
40	Financials	4020	Diversified Financials	402010	Diversified Financial Services	40201010	Consumer Finance -- discontinued effective 04/30/2003.
						40201020	Other Diversified Financial Services
						40201030	Multi-Sector Holdings
						40201040	Specialized Finance
				402020	Consumer Finance	40202010	Consumer Finance
				402030	Capital Markets	40203010	Asset Management & Custody Banks
						40203020	Investment Banking & Brokerage
						40203030	Diversified Capital Markets
		4030	Insurance	403010	Insurance	40301010	Insurance Brokers
						40301020	Life & Health Insurance
						40301030	Multi-line Insurance
						40301040	Property & Casualty Insurance
						40301050	Reinsurance
		4040	Real Estate	404010	Real Estate - discontinued effective 04/30/2006	40401010	Real Estate Investment Trusts - - discontinued effective 04/30/2006
						40401020	Real Estate Management & Development - discontinued effective 04/30/2006
				404020	Real Estate Investment Trusts (REITs)	40402010	Diversified REITs
						40402020	Industrial REITs
						40402030	Mortgage REITs
						40402040	Office REITs
						40402050	Residential REITs
						40402060	Retail REITs
						40402070	Specialized REITs

Sector		Industry Group		Industry		Sub-Industry	
40	Financials	4040	Real Estate	404030	Real Estate Management & Development	40403010	Diversified Real Estate Activities
						40403020	Real Estate Operating Companies
						40403030	Real Estate Development
						40403040	Real Estate Services
45	Information Technology	4510	Software & Services	451010	Internet Software & Services	45101010	Internet Software & Services
				451020	IT Services	45102010	IT Consulting & Other Services
						45102020	Data Processing & Outsourced Services
				451030	Software	45103010	Application Software
						45103020	Systems Software
						45103030	Home Entertainment Software
		4520	Technology Hardware & Equipment	452010	Communications Equipment	45201020	Communications Equipment
						45201010	Networking Equipment - discontinued effective 04/30/2003.
						45201020	Telecommunications Equipment - discontinued effective 04/30/2003.
				452020	Computers & Peripherals	45202010	Computer Hardware
						45202020	Computer Storage & Peripherals

Sector		Industry Group		Industry		Sub-Industry			
45	Information Technology	4520	Technology Hardware & Equipment	452030	Electronic Equipment & Components	45203010	Electronic Equipment & Instruments		
						45203015	Electronic Components		
						45203020	Electronic Manufacturing Services		
						45203030	Technology Distributors		
						452040	Office Electronics	45204010	Office Electronics
						452050	Semiconductor Equipment & Products - discontinued effective 04/30/2003.	45205010	Semiconductor Equipment - discontinued effective 04/30/2003.
								45205020	Semiconductors - discontinued effective 04/30/2003.
				4530	Semi-conductors & Semiconductor Equipment	453010	Semiconductors & Semiconductor Equipment	45301010	Semiconductor Equipment
								45301020	Semiconductors
50	Telecommunication Services	5010	Telecommunication Services	501010	Diversified Telecommunication Services	50101010	Alternative Carriers		
								50101020	Integrated Telecommunication Services
								501020	Wireless Telecommunication Services
55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities		
						551020	Gas Utilities	55102010	Gas Utilities
						551030	Multi-Utilities	55103010	Multi-Utilities
						551040	Water Utilities	55104010	Water Utilities
						551050	Independent Power Producers & Energy Traders	55105010	Independent Power Producers & Energy Traders

# S&P Contact Information

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## **Index Management**

David M. Blitzler, Ph.D. – Managing Director & Chairman of the Index Committee  
david\_blitzler@standardandpoors.com +1.212.438.3907  
Maureen Maitland – Vice President, Index Analysis & Management  
maureen\_maitland@standardandpoors.com +1.212.438.1178

## **Media Relations**

David Guarino – Communications  
dave\_guarino@standardandpoors.com +1.212.438.1471

## **Index Operations & Business Development**

### **North America**

New York

David Kao +1.212.438.3354

Toronto

Jasmit Bhandal +1.416.507.3203

### **Europe**

London

Susan Fagg +44.20.7176.8888

### **Asia**

Tokyo

Seiichiro Uchi +813.4550.8568

Beijing

Andrew Webb +86.10.6569.2919

Sydney

Guy Maguire +61.2.9255.9822

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