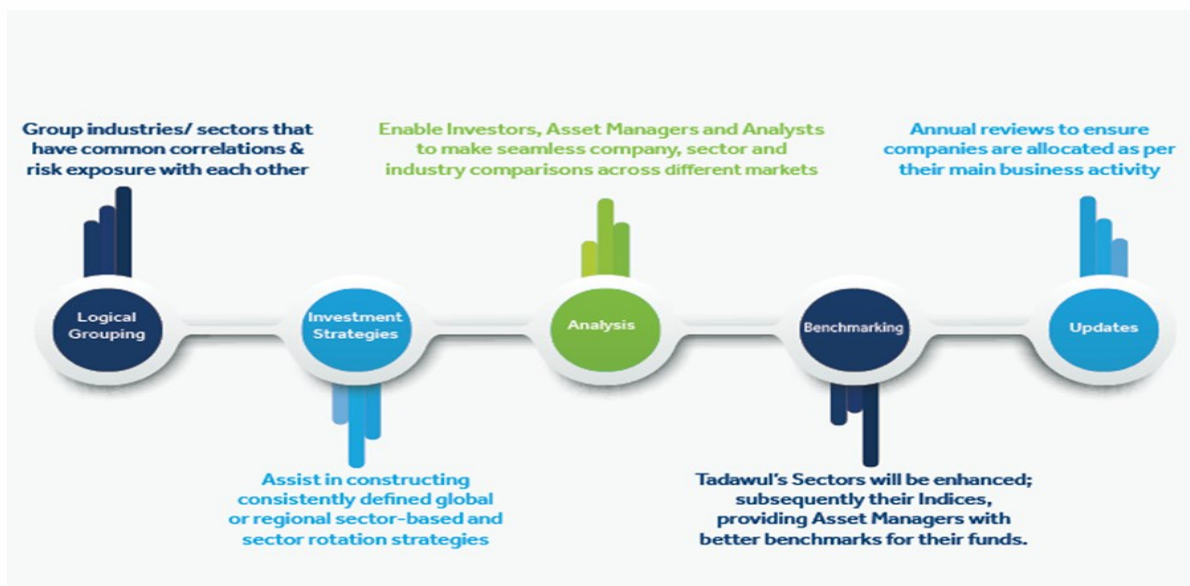


New Industry Classification

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Tadawul's earlier sector classification had been in place since 2008. However, with the continuous developments in the Saudi economy, new industries have emerged, both in private and public arena. These developments on the economic front also necessitate changes to be reflected in the classification of companies listed on Tadawul. In the previous sector classification at Tadawul, companies choosing to go public were assigned to sectors that were probably not accurately representing the business of these companies due to classification limitations. The new classification system adopted by Tadawul provides solution to these limitations by closely aligning a company's business activities and sources of revenues to its sector classification. Tadawul's previous sector classification had limitations as it was not based on global classification standards. Furthermore, there were no periodic reviews of companies to reflect changes in the assigned classification due to any change in business profile of these companies.

ADVANTAGES OF ADOPTING THE GLOBAL CLASSIFICATION STANDARDS



TADAWUL'S NEW SECTOR CLASSIFICATION SYSTEM: GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS)

GICS is a common global classification standard used by thousands of market participants across all major groups involved in the investment process: asset managers, brokers (institutional and retail), consultants, researchers and stock exchanges. GICS was developed jointly by Standard and Poor's (S&P) and Morgan Stanley Capital International (MSCI), which are global and leading companies providing independent international financial data, indices and benchmark-related products and services.

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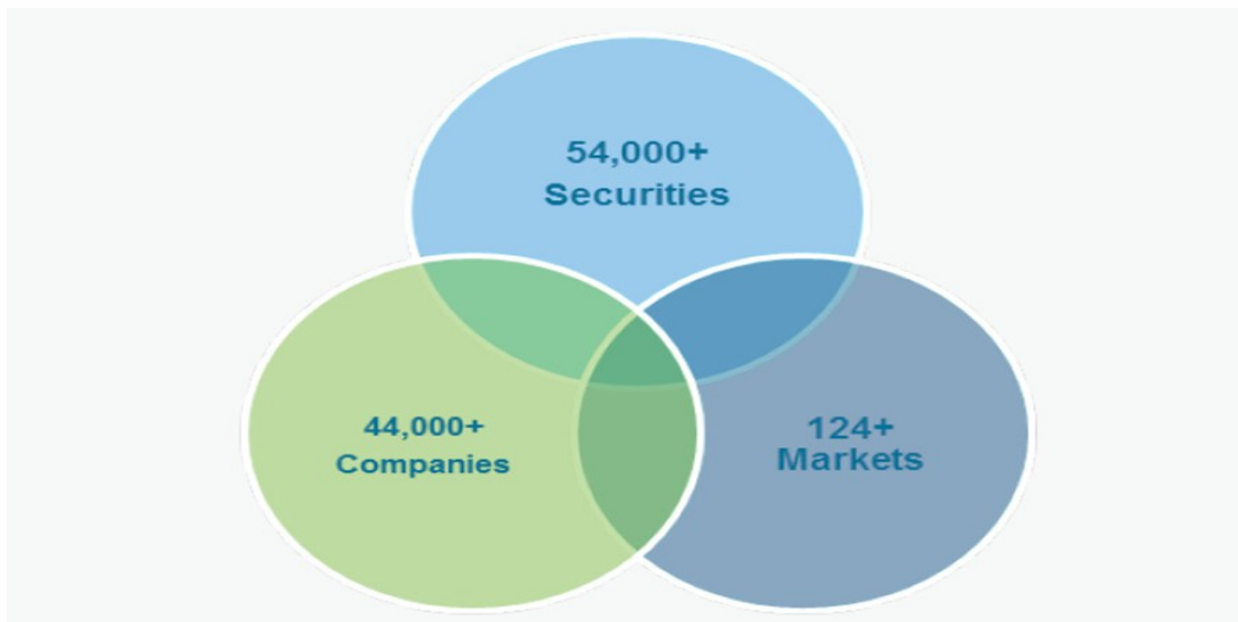
THE GICS STRUCTURE:

UNIVERSAL: the structure applies to companies globally

RELIABLE: the structure correctly reflects the current state of industries in the equity investment universe

FLEXIBLE: the structure offers four levels of analysis, ranging from the most general sector to the most specialized sub-industry

EVOLVING: annual reviews are conducted by S&P Dow Jones Indices and MSCI to ensure that the structure remains fully representative of today's global markets



GICS has been selected as a global industry classification standard to reclassify Tadawul's sectors. This move will enable Tadawul to be comparable with other global equity markets. Moreover, this new globally recognized classification standard will encourage foreign and local investors to have better assessment of Saudi Stock Market and would allow more meaningful comparisons with stocks and sectors across international equity markets.

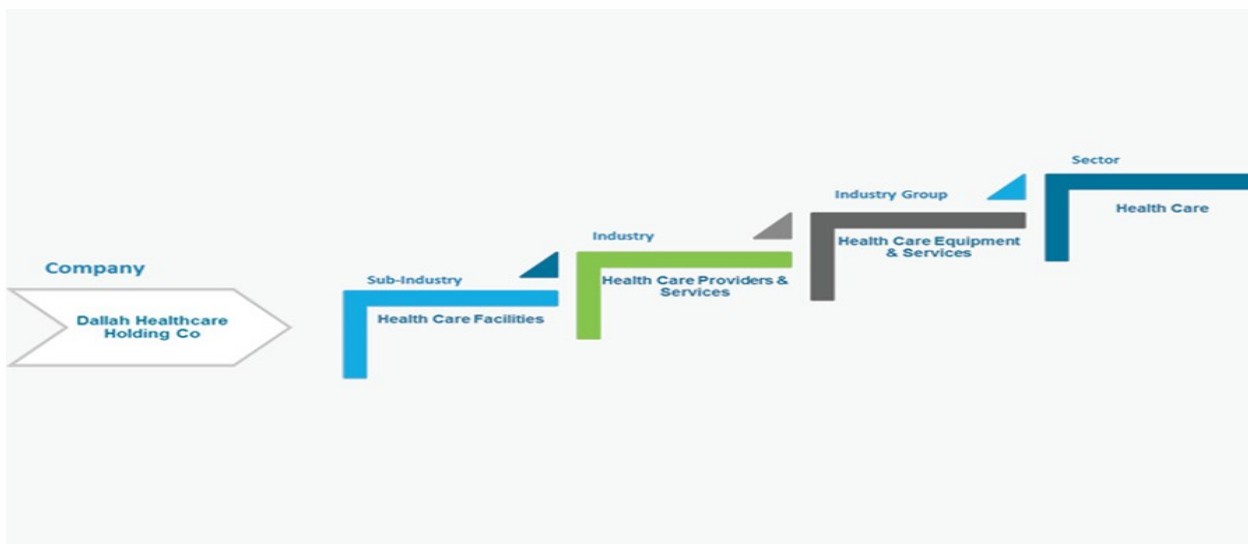
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GICS STRUCTURE AND METHODOLOGY

GICS is a 4 tiered, hierarchical classification system, consisting of 11 Sectors (Level 1), 25 Industry Groups (Level 2), 67 Industries (Level 3), & 153 Sub-Industries (Level 4), as presented below.

The GICS methodology aims to enhance the investment research and asset management process for financial professionals worldwide.

Companies are allocated to Sub-Industries. Sub-Industries are grouped into Industries in such a way that general industrial and economic themes are common to all companies in the Industry. The Industries themselves will be aggregated into Industry Groups, which are in turn aggregated into Sectors.



GICS classification approach is both quantitative and qualitative. Each company is classified in the Sub-Industry whose definition describes the main business activities that generate the majority of the company's revenues. The primary source of information used to classify a company is its Annual Reports/ Financial Statements. New companies are classified according to the activities mentioned in the prospectus.

NEW TADAWUL MARKET STRUCTURE

Tadawul's listed equities were previously classified into 16 sectors; however, current Tadawul's market structure has 20 sectors (Industry Groups), representing Level 2 under GICS hierarchical classification system. These 20 sectors (Industry Groups under GICS at Level 2), representing the distribution of current listed companies, are presented as follows:

1	Energy
2	Materials
3	Capital Goods
4	Commercial & Professional Svc
5	Transportation
6	Consumer Durables & Apparel
7	Consumer Services
8	Media
9	Retailing
10	Food & Staples Retailing
11	Food & Beverages
12	Health Care Equipment & Svc
13	Pharma, Biotech & Life Science
14	Banks
15	Diversified Financials
16	Insurance
17	Telecommunication Services
18	Utilities
19	REITs
20	Real Estate Management & Development

FAQ

WHAT IS THE GLOBAL INDUSTRY CLASSIFICATION STANDARD (GICS)?

The Global Industry Classification Standard (GICS) was developed by Morgan Stanley Capital International (MSCI) and Standard and Poor's (S&P) in 1999 in response to the global financial community's need for a reliable, complete and standard industry classification system. The GICS methodology is widely accepted as the industry analysis framework for investment research, portfolio management and asset allocation. Its universal approach to industries worldwide has contributed to increased transparency and efficiency in the investment process. The 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 equities Saudi Stock Exchange . The GICS structure has four levels of detail: 11 sectors, 25 industry groups, 67 industries, and 153 sub-industries.

WHY IS THIS GLOBAL CLASSIFICATION SYSTEM IMPORTANT?

The 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 is designed to meet the needs of the investment community for a classification system that reflects a company's financial performance. GICS provides global coverage of over 44,000 + active, publicly traded companies.

WHO USES THE GICS AND HOW PERVASIVE IS THE GICS IN THE INTERNATIONAL INVESTMENT COMMUNITY?

There has been significant adoption of the GICS standard across all major groups involved in the investment process, including: Asset Managers, Brokers (institutional and retail), Consultants, Research, and Stock Exchanges. Globally the Investment community uses the GICS across the full spectrum of equity market management – including asset management, sector research, portfolio strategy, peer analysis, and client account reporting. The use of the GICS enables market participants to identify and analyze companies using a common global standard.

WHICH PARTICULAR ADVANTAGES DO STRATEGISTS, ANALYSTS AND INVESTORS DRAW UPON IN APPLYING THE GICS ACROSS THEIR ANALYSIS AND GLOBAL BENCHMARK SELECTION?

The use of this global standard helps strategists, analysts and investors compare companies outside of their local markets and attract capital into local markets. The GICS establishes a common standard that enables asset owners, asset managers and investment research specialists to make local and global comparisons by sectors. The standardized classification system permits foreign investors to look into local markets and local investors to look out at the rest of the world when comparing stocks within the same sector. The GICS defines peer groups tightly and avoids grouping unlike companies together.

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FAQ

WHAT DOES IT MEAN THAT GICS IS A "MARKET-ORIENTED" CLASSIFICATION SYSTEM? WHY DOES THAT MATTER?

There are two approaches to industry classification: production-oriented and market-oriented. The emergence of the service era and the availability of global communications have changed the market focus from producers to consumers. In today's economy, for example, drawing the line between goods and services is increasingly difficult and arbitrary, as almost all goods are sold with a service. Thus, the distinction between consumer goods and services has been replaced by the more market-oriented sectors of "Consumer Discretionary" and "Consumer Staples," which both contain goods and services sub-industries.

DESCRIBE THE HIERARCHICAL CATEGORIES OF THE GICS.

The GICS structure currently has four levels of detail: 11 sectors, 25 industry groups, 67 industries and 153 sub-industries. Since the classification is hierarchical, at each of the four levels a company can only belong to one grouping.

HOW COMPANIES ARE ALLOCATED TO ITS RELEVANT SECTORS?

Companies are allocated to Sub-Industries according to the definition of its principal business activity that generate the majority of the company's revenues. Sub-Industries are grouped into Industries in such a way that general industrial and economic themes are common to all companies in the Industry. The Industries themselves are aggregated into Industry Groups, which in turn are aggregated into Sectors.

HOW FREQUENTLY ARE COMPANIES REVIEWED FOR POTENTIAL GICS CHANGES AND HOW OFTEN DOES A COMPANY'S GICS CLASSIFICATION GENERALLY CHANGE?

Companies are reviewed annually upon publishing their annual reports to ensure that a company's allocation is still relevant to its main line of business. Companies are also under constant surveillance for corporate actions. In general, a company's classification will change owing to either changes in revenue sources or due to a major corporate action that redefines a company's primary line of business.

HOW ADAPTABLE IS THE GICS STRUCTURE OVER TIME TO ECONOMIC CHANGES?

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

HOW WILL TADAWUL'S EQUITY MARKET LOOK LIKE AFTER THE GICS ADOPTION?

Previously Tadawul equity market consisted of 16 Sectors. After the GICS adoption Tadawul equity market will be based on 20 Industry Groups out of total 25, which is Level 2 (Industry Group) in GICS hierarchical classification system.

WILL TADAWUL SECTOR INDICES BE CREATED USING GICS?

Yes, Tadawul Sector Indices will be created and to be based on Level 2 Industry Group, under GICS.

WILL TADAWUL EQUITY MARKET BE MAPPED TO ALL 4 GICS LEVELS?

Yes, however, only sector (Level 1) and industry groups (Level 2) will be published on the website.