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# **Dividends Aren't Disappearing: Evidence from the UK**

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## ABSTRACT

Despite a documented decline in the number of dividend payers in the UK it is found that aggregate real dividends paid by industrials actually increased between 1979 and 2000. This was attributed to the firms lost from the sample being generally small distributors of dividends whilst the growth in payments by large firms more than compensated for the effect of the former. As a result a concentration of dividends has occurred consistent with that described in the US by DeAngelo et al (2002). During the same period it is also found that a concentration of earnings also occurred amongst the largest dividend payers.

There was found to be an increase in the number of non-paying firms during recessionary periods consistent with previous work by Benito and Young (2001). An analysis of the listing status in 2000 of industrial dividend payers in 1979 shows that whilst only around one-fifth of these firms continued to pay dividends the vast majority of the remainder had been acquired and thus there is a good chance these dividends remain, at least in part, in larger combined entities.

## **I. Introduction**

For many years academic researchers have been analysing the dividend policy of publicly quoted firms and in particular the proportion of earnings distributed to shareholders. Miller and Modigliani (1961) show that in an environment of zero personal taxes, perfect markets and given borrowing and investment decisions that investors should be indifferent between receiving capital gains or dividends.

In recent years a number of papers have documented a decline in the number of firms paying dividends. Fama and French (2001) describe how the proportion of US non-utility, non-financial firms paying dividends has varied between 53% in 1973 to a maximum of 67% in 1978 and then subsequently declined to just 21% as of 1999. They move to question whether the decline in payers is due to, a) there being less firms with the characteristics of dividend payers, b) a decline in the propensity to pay dividends by firms with the same characteristics, or c) a combination of the two. They found that dividend payers were larger in size, more profitable but with less investment opportunities than their non-paying counterparts. There had been a decline in the number of firms possessing these characteristics but this alone failed to explain the drop in dividend payers. After controlling for the change in characteristics it was found there was still a shortfall of 20% between the firms that were expected to pay and those that actually did. Thus a decline in the propensity to pay was also found.

DeAngelo et al (2002) report similar findings to Fama and French, also finding a decline in industrial firms that pay dividends though in addition they also consider the level of aggregate dividends distributed by industrials. This actually increased in real terms

between 1978 and 2000. They explain the apparent difference between a rise in aggregate payments yet a fall in the number of payers as being consistent with the loss of many small payers from the sample combined with real increases in dividends by large payers, with the large payer effect completely dominating the number of payers at the aggregate level. Overall, DeAngelo et al (2002) find little evidence of any fundamental change in the payout ratio over the period of study among dividend paying industrials.

Recent UK evidence by Benito and Young (2001) provides an interesting comparison with the US studies. They discover the proportion of quoted non-financial firms not paying dividends increases significantly during periods of recession. In 1979 over 95% of firms paid a dividend but this fell to troughs of 84% in 1982, 83% in 1993 and 75% in 1999. An estimate for the number of payers expected in 1999, based on parameters prior to 1994, was for 83%. Thus again a decline in propensity to pay dividends was discovered albeit not of the same magnitude as the US evidence. The much higher overall proportions of dividend payers also suggested that a culture of dividends is much more deeply engrained in the UK than the US.

Ferris et al (2003) study a sample of UK firms excluding financials, utilities and partially government-owned firms between 1990 and 2001. Over this period they report a decline in dividend payers from 71% to 54%, with the proportion of new lists paying dividends having fallen from 50% to just 7%. Dividend payers are found to be larger and more profitable than non-payers but, conversely to the US evidence, also possessing greater investment opportunities. After controlling for these characteristics, confirmation of a declining propensity to pay is found. This remained present after accounting for the

effects of share repurchases being a substitute for dividend payments. When Ferris et al (2003) applied an aggregate dividend approach similar to DeAngelo et al (2002) they found a 6% increase in real dividends between 1990 and 2001. This was accompanied by an increase in the concentration of dividends amongst the largest payers, especially among those firms distributing over £500m annually.

This paper builds on previous work carried out on aggregate dividend payments in the UK. By using a period of data between 1979 and 2000 it provides a very similar epoch to that utilized by DeAngelo et al (2002) from which to draw comparisons. Furthermore, by using annual data in many situations, it is hoped additional conclusions can be drawn compared to the 'snapshot' approach that has been used in much of the work up to now where conclusions are drawn from just two annual periods, one at the start and one at the end. With a data period of over twenty years it is anticipated that there may be many relationships that have not behaved linearly as could be interpreted from essentially just two data points. It is argued that a snapshot approach can, in some instances, be both misleading and unnecessary.

By also considering earnings over the period in question, this study investigates whether a concentration of earnings has occurred in dividend payers similar to the findings in the US reported by DeAngelo et al (2002). Ferris et al (2003) find an increasing proportion of aggregate earnings accountable to relatively few large firms in the UK between 1990-2001. This paper extends this by considering the longer time frame of 1979-2000 and analysing each individual annual period.

The remainder of the paper is organized as follows. Section II discusses the tax system in operation in the UK during the period of study, the implications of the Finance Act 1999 and the abolition of dividend controls in 1979. Section III describes the data and methodology employed in this study. In Section IV results are reported on, amongst others, the concentration of dividends and earnings and the listing status in 2000 of dividend payers in 1979. Section V concludes.

## **II. Dividend Taxation and Legislation in the UK**

Since April 1973 the UK has operated an imputation system of taxation in one form or another. Under this system companies pay a net dividend to shareholders and an amount equal to the gross dividend multiplied by the rate of imputation to the Inland Revenue. The rate of imputation has always been equal to the basic rate of tax on dividends. The tax paid on the dividend is also treated as a payment in advance of the firm's corporation tax. If the firm has sufficient taxable profits then corporation tax is paid on the remainder. The amount of advance corporation tax (ACT) that can be offset is limited to the due amount if a firm chose to pay all taxable profits as a gross dividend. Furthermore only UK earnings can be offset against ACT; thus firms with large profitable overseas subsidiaries may find that dividends do not carry the full ACT credit or indeed any credit at all.

Under the imputation system, with the basic rate of tax on dividends set, for example, at 20%, a net £80 dividend would have a 'grossed up' value of  $£80 \times (1 / 0.8) = £100$ . Thus a basic rate taxpayer would receive an £80 dividend with no further tax to pay and the Inland Revenue would receive £20 that counts as the firm's ACT payment. A higher rate

taxpayer (at 40% on dividends) would have to pay an additional £20 in tax whilst tax-exempt investors, prior to July 1997, could reclaim the £20 ACT from the Inland Revenue and thus receive the full £100 gross dividend.

As of 2<sup>nd</sup> July 1997 things became more complicated. Pension funds and institutions were no longer allowed to reclaim the ACT payment that their tax-exempt status had until that point granted them. Thus if a net dividend of £80 was paid, they received just £80. Tax-exempt individual investors were still able to reclaim the tax and thus continued to receive the full £100.

On 6<sup>th</sup> April 1999 the Finance Act was introduced. This meant that tax-exempt investors were no longer able to reclaim the tax paid on their behalf (unless it was sheltered in a PEP or ISA where it can be reclaimed until April 2004). At the same time the ACT rate was reduced, along with the basic rate of tax on dividends, from 20% to 10%. The higher rate of tax on dividends was cut from 40% to 32.5%. The result of these changes was that for the £80 net dividend used as an example previously, tax-exempt individual investors now only received £80. Basic-rate payers also received £80, with higher band payers receiving  $£80 \times (1 / 0.9) \times 0.675 = £60$ . Thus basic and higher rate payers were not affected by the Finance Act 1999 and tax-exempt investors suffered.

### Dividend Controls

Dividend controls were in existence in the UK intermittently between August 1966 and December 1969 and then again from December 1972 through to July 1979 inclusive. The desired effect of these controls was to limit the rate at which dividends were



allowed to grow. This was consistent with policy during this era that placed restrictions on increases in earned income. The permitted growth rates varied between zero and 3.5% during the 1960s and a typical 10% during the 1970s (for exceptions to these levels see Hansen and Goudie (1988)). Whilst only a small period of this study comes under the 'umbrella' of dividend controls (the first few months of 1979) it seems plausible that the effects may permeate for some years afterwards as payouts gradually revert to 'normal' levels.

Hansen and Goudie (1988) provide a full description of the implementation of dividend controls in the UK. They find the observance of the control legislation declined over time with distributions by over 50% of firms exceeding the allowable limits. Most of these excessive payouts were found to be only slightly above the legal requirements though. It was also discovered that virtually all the largest one hundred firms remained within the set limits. The firms that were most affected by the controls were a small group of firms with relatively high payouts.

Chui et al (1992) argue that dividend controls could cause payout ratios to either rise or fall. The controls could suppress payouts if the allowable growth rate is set very low, or alternatively the growth rate may be set above the usual growth rate for firms and managers view the rate as the norm and try to keep pace with it, thus increasing their payouts. However, findings reported by Poterba (1984) describe that payouts were reduced on aggregate by as much as 50% during 1972-79. Overall, Chui et al (1992) find no evidence of adjustments in the equilibrium rates of return during periods of dividend control.

Dividend controls were also present in the US for a short period during the Nixon administration. Baker and Wurgler (2003) describe how between August 1971 to December 1971 dividends were frozen as an attempt to control inflation. From January 1972 through April 1974 guidelines remained in place that limited dividend growth to four percent based on the maximum payout over the preceding three years. Thus if a firm had not made a distribution during this time it would be unable to initiate a dividend. Whilst the dividend controls were only ‘guidelines’ there was found to be a high level of compliance. Baker and Wurgler (2003) found these controls had a high degree of success with the propensity to pay dividends remaining in decline despite their framework based around firms catering for investors dividend preferences at the time pointing to a higher propensity to pay. After the controls were lifted the propensity to pay realigned itself with the catering theory, as it was prior to the introduction of the controls.

### **III. Data & Methodology**

Throughout this study, consistent with Fama and French (2001) and DeAngelo et al (2002), only industrial firms will be included. The industrial classification excludes firms with SIC codes between 4900-4949 and 6000-6999. Thus sectors outside the sample, amongst others, are banks, insurers, brokers, other financials, property, investment trusts and utilities. Of these firms the financials are excluded to avoid any instances of ‘double counting’, whilst the utilities are excluded lest there be any regulatory issues that may distort the results. For the purposes of readability the words ‘firm’ and ‘company’ have been used as substitutes for ‘industrial’ intermittently.

Data is utilised from the London Share Price Database (LSPD) between the end of 1979 and the end of 2000. This choice is jointly motivated by a desire to be aligned as closely as possible to previous studies for comparative purposes and also that sufficient data is not available from the LSPD before 1979. Throughout this study two different types of method will be used to present findings. The first is the ‘snapshot’ method that is extensively used by DeAngelo et al (2002) and Ferris et al (2003). Two annual periods are selected, one at the beginning of the sample and one at the end (i.e. 1979 and 2000), and are compared to reflect changes over the period. The second approach is the ‘annual’ method whereby figures will be reported for both years in the ‘snapshot’ approach but also all intermediate years as well (i.e. all years from 1979 to 2000 inclusive). This should enable any potentially misleading conclusions drawn from the first method to be highlighted.

In most cases figures will be reported for all industrials, although in situations where only two years are reported results are often provided both inclusive and exclusive of Alternative Investment Market (AIM) companies. The reasoning behind this is that in 1979 no such ‘fledging’ market like AIM, or its predecessor, the Unlisted Securities Market (USM), existed. Therefore, companies that opted for an AIM listing in 2000 would have had to either apply for a full listing in 1979 or remain part of the private sector. The provision of two sets of results allows for these different possibilities. All figures from 1982 onwards include the ‘unquoted’ sector unless explicitly stated. In contrast to Ferris et al (2003), there is no minimum size of firm for inclusion in the sample and all foreign firms are excluded. A minimum qualification period of listing of twelve months is implemented to ensure complete data exists for all firms under study.

Finally, where there is evidence of missing data the relevant firms have been excluded from the sample.

In the previous section the Finance Act 1999 was described along with the implications for investors across all taxation bands. After the implementation of this legislation it became common practice for dividends to be reported as net values since no investor actually received the 'grossed up' dividend any more. Prior to this dividends were reported gross. The implications of this extend to this study. All years prior to 1999 have values recorded as gross and gross only. In the years 1999 and 2000 figures for both gross and net dividends are displayed except where there is no appreciable difference. This is necessary since reporting gross values only seems unreasonable given that no investors actually received the gross amount. On the other hand, a basic-rate payer is no worse off prior to the reform so it also appears unreasonable to penalise the aggregate payout from their point of view by just reporting net figures. All gross values are thus reported inclusive of a tax credit equal to 10% of the gross dividend in 1999 and 2000 unless it was found these credits did not exist.

Whilst the possibility exists of some dividends being paid in 1999 prior to the tax changes in April at the higher ACT rate of 20%, by assuming the 10% credit for all it provides a fair comparative throughout the year. Without this a firm could be regarded as a larger payer than another simply because of the timing of its payment. It also provides a better comparison between 1999 and 2000.

Throughout this paper many references are made to real values. These have always been based to 1979 price levels using the Retail Price Index (RPI). For example, in December

1979 this index stood at 240.48 and by December 2000 it had risen to 682.39. Thus all real values in 2000 have been calculated as the nominal value multiplied by the ratio of the 1979 RPI to the 2000 RPI (i.e.  $240.48 \div 682.39$ ).

This study focuses only on dividends as the method of distributing payments to shareholders, providing a like-for-like comparison with DeAngelo et al (2002). Share repurchases, which were first made legal in the UK in the Companies Act 1981, are not considered. Rau and Vermaelen (2002) find that share repurchases are far less common in the UK than the US, partly due to regulatory provisions making them less attractive. During a period between 1985-98 they find only 264 qualifying repurchases announced by firms. Ferris et al (2003) also document low levels of share repurchases in the UK market between 1990-2001. They find this does not explain the decline in the number of firms paying dividends.

#### **IV. Empirical Results**

##### Summary Findings

Table 1 shows summary statistics of dividend payments by UK industrial firms in 1979 and 2000. Firstly, row (1) describes the number of listed industrials in the UK. There are only approximately three-quarters of the number of firms quoted on the main market in 2000 compared with 1979. There is much less of a decline though when the 2000 figures inclusive of AIM firms are related to 1979, suggesting AIM may have become a substitute for a main listing. Rows (2) and (3) show there has been a decline in both the number of dividend paying industrials and the proportion of all industrials that they

make up. In 1979, 94.1% of the sample firms were dividend payers but by 2000 this had fallen to 74.2% with a main listing, and 66.9% when firms from AIM were included. This compares with Benito and Young (2001) who found that in 1999, 74.8% of UK non-financials were dividend payers. The contrast with US evidence presented by Fama and French (2001) is very marked. They find that in 1978, 66.5% of non-financial, non-utility firms paid dividends but by 1999 this was just 20.8%.

Rows (4) and (5) describe the increase in the total dividend payment by industrials between 1979 and 2000. Despite the decline in both the number and proportion of payers, there have been considerable increases in dividends in both nominal and real terms. The 136.5% (or 162.7% using gross values) increase in real dividends from 1979 to 2000 is despite there being 40% fewer paying firms. This resulted in the mean real dividend rising from £2.94m to £11.84m (£13.15m) on the main market, and £10.48m (£11.64m) when AIM is included. Row (7) shows the increase in the median real dividend per dividend paying firm. This has grown but not as rapidly as the mean dividend. In 1979, there was already evidence of a concentration of dividends among few firms given the difference between the mean and the median. The expanding difference discovered in 2000 is consistent with a greater concentration of dividend amongst relatively few large payers. This evidence supports findings by DeAngelo et al (2002) who notice a considerable concentration in dividends in the US market.

When results inclusive of AIM are compared to those of just the main market it is noticeable there are an additional 93 dividend payers. Despite the inclusion of these, Row (3) shows the proportion of dividend payers is lower. This is consistent with AIM listings being fledgling companies and thus less likely to pay dividends compared to

more established firms. A glance at the total real dividends shows that these additional 93 payers only contribute a net £16m to the total payment. This is tiny when compared to the £8,369m distributed by the main market. The implications of using gross values for 2000 are small in terms of the overall conclusions; the difference is the increased percentage change on 1979 compared to the net figures.

Table 2 provides annual summary statistics of industrial dividend payments. The potential for different conclusions on the trend of dividend paying industrials depending on the base year chosen in the snapshot method is clearly visible. For example, between 1979 and 2000 there was a decline of 402 dividend payers but between 1980 and 1997 there was actually an increase of some 67 payers. Thus two relatively closely aligned snapshot studies could produce very different results if there is a big change in the studied variable around either of the chosen years and this must be borne in mind when considering previous results. The proportion of firms paying dividends can be seen to vary across the annual data but a particularly large decline occurred between 1997 and 2000 as the ‘dot-com boom’ took hold. Over the whole period the mean and median dividend variables increase more steadily, reaching their peaks in 2000. Throughout all periods the skewness in the dividend distribution continues as evidenced by the persistent differences between mean and median.

#### The Concentration of Dividend Payments between 1979 and 2000

Table 3 shows industrial firms ranked according to the size of their dividend payments using a snapshot approach comparable in type with DeAngelo et al (2002) and Ferris et al (2003). The first row displays aggregate figures for the largest one-hundred dividend

payers, the second row shows the second hundred largest dividend payers, and so on. Looking first at the 1979 results, there is clear evidence of a skewed distribution, with nearly three-quarters of all dividends being paid by the largest 100 payers. The largest 300 firms, approximately one-quarter of industrial firms, account for over 90% of all dividends.

In 2000 the evidence points to an increasing concentration of dividends. The largest 100 payers distributed 88% of the total dividend payment, whilst the top 300 paid over 97% of all dividends. In all ranking groups, apart from the largest 100, the proportion of the total dividend payment attributable to these groups has fallen. As further evidence of the growth in these large payers, the largest 100 in 2000 paid more than twice the total dividends by all industrials in 1979 in real terms. These findings are consistent with DeAngelo et al (2002) who found a decline in the proportion of the total market payment by smaller payers. The top 100 firms in their US study accounted for 81% of all dividends in 2000. It would appear the UK has an even higher concentration of dividends amongst large industrial payers than the US on this basis. The choice of gross or net values for 2000 has no impact on the percentage of dividends attributable to each group. Gross values do increase the comparative difference between the real values of dividends in 1979 and those in 2000.

Annual data showing the percentages of dividends paid by each ranking group is displayed in Table 4. There is a steady increase in the proportion of dividends that the Top 100 are responsible for. All other groups are in virtually constant decline from their highs in 1979 to the lows of 2000. The findings of increased concentration from 1990 onwards are consistent with those of Ferris et al (2003). They find a comparatively



lower concentration in 1990 however; this is probably due to the rules for inclusion of stocks in the samples. The main differences are they adopt all new listings, no firms are included under \$100m and foreign stocks are accepted whereas this study requires a one-year qualification period, there is no market capitalization restriction and foreign stocks are omitted.

Table 5 provides a cross-sectional snapshot view of real dividend payments in 1979 and 2000. Nine different classifications have been formed with each dividend paying industrial allocated to one group only. The left-hand side of the table provides a description of the number of firms in each category while the opposite side reports the real amount of dividends these account for.

In 1979 there were very few firms in the largest dividend categories. Over 88% of dividend paying industrials distributed less than £5m, and 97.5% paid less than £20m. However, by 2000 there had been an increase in the number of payers in all of the five largest categories, and six of the largest seven in net terms. This was in spite of a 41% fall in the number of payers. The biggest decline came in the group paying real dividends less than £1m; main market payers fell by 60%, from 847 to 340 firms. It is this category where the inclusion of AIM stocks is the most notable. Of the 93 dividend payers on AIM, 91 of these paid real dividends of less than £1m. Even after this inclusion there is still a large decline in the number of industrials in the smallest dividend category. Similar findings are reported by DeAngelo et al (2002) for US industrials, with a decline of 60% between 1978-2000 in terms of the number of firms distributing less than \$100m in real terms. The number of firms paying \$100m or greater increased by 79% over the same period.

The total amount of dividends attributable to each category merely reinforces the conclusion of increased dividend concentration described earlier. From 1979 to 2000 (net) the total real dividends distributed by firms with real dividends in excess of £100m increased more than five-fold. There were also significant increases for the other large dividend categories. The category that saw the largest decline was industrials paying dividends less than £1m, however the larger payers dwarf this group in terms of total payment size. In 2000 these firms, including AIM stocks, paid an aggregate of £142.9m on a net basis compared to £4,409.4m by the firms with dividends greater than £100m. Indeed there is the remarkable finding that the 13 firms in this largest category paid more in real terms than all of the quoted industrials in 1979.

Tables 6 and 7 show how the number of firms and the real amounts they distribute varies annually. Whilst there have been a significant increase in the number of firms in the larger groups in 2000 compared to 1979, there have been relatively minor changes compared to the late 1980s and early 1990s. For example, in 1991 there were 36 firms with dividends in excess of £50m but only 37 paid over £50m, using gross amounts, in 2000. The real amounts by the former though were equal to £5,170m compared to £6,719m by the latter. Thus the large payers have continued to increase in size over the last ten years of the sample but this has not been accompanied by increasing numbers of firms. During this period many of the small and medium payers were lost from the market. These findings are consistent with Ferris et al (2003).

The changes described in dividend payments in both the US and UK in the final twenty or so years of the last century have been very considerable. Given the magnitude of the

change it seems reasonable to examine whether the issue of taxation has been a major cause of this shift in dividend behaviour. Morgan and Thomas (1998) describe how historically dividends have always been taxed more heavily in the US relative to capital gains than in the UK. Given that capital gains tax is only levied in both countries when the gain is realised, this in effect amounts to a loan from the government compared to dividend taxation. In this situation there is a 'traditional' argument that it is most tax-efficient for companies to retain post-tax earnings within the firm rather than distribute cash payments to shareholders. Alternatively, firms could buy in their own shares that hopefully gives rise to capital gains in the longer-term. Some investors are attracted to regular cash payments, however, despite the unfavourable tax treatment. It may be they have ongoing liabilities and that dividend payments help in meeting these. If no investors desired dividends it would be hard to believe that companies would keep delivering them.

Elton and Gruber (1970) and Auerbach (1979) put forward an alternative view to the argument detailed above. They argue that, provided dividends are the ultimate form of cash payment to shareholders, it is the eventual taxation of dividends that is capitalized into the firms share price rather than the current yield of the security. Firms are thus unable to add/destroy value by paying dividends as opposed to turning earnings into capital gains, which are treated as deferred dividends. Value is added by the undertaking of projects with a positive net present value.

The fact that so few industrials paid dividends in the US in 2000 does appear consistent with the punitive tax policy, however total real dividend payments were increasing at this time, which contradicts the falling number of payers. From the start of this study in

1979 until 1997, the UK did not penalise dividend income in the same way as the US. According to Chui et al. (1992), the imputation system at the time made basic rate taxpayers prefer dividends since the income tax was already included in the ACT payment and retentions of earnings would give rise to capital gains and a subsequent CGT bill.

Whilst the decline in the number of industrial payers appear to coincide with the changes to the tax system, Benito and Young (2001) show that there had been a steady decline in the proportion of UK non-financials paying dividends since at least the beginning of the last decade of the century rather than a sharp drop around the time of policy change. Once again, the large increase in total dividend payment does not agree with a traditional theory based on dividend changes surrounding taxation changes. This concurs with previous work on the UK market by Morgan and Thomas (1998) who found evidence among dividend payers of higher risk-adjusted returns to higher yielding stocks after controlling for size. This is the reverse of what would be expected during the period of their study given a smaller proportion of the total return was a capital gain. Christie (1990) found a similar relationship in the US. However, in the US this is consistent with a tax-based explanation since the higher pre-tax returns on firms that pay higher dividends compensates investors for the subsequently harsher tax penalties placed on the dividend part of the total return. Dempsey (2001) however argued that Morgan and Thomas's (1998) findings were consistent with a rational tax-based explanation proposed by Elton and Gruber (1970) and Auerbach (1979) that was subsequently built upon by Lasfer (1995). Under this 'classical' approach it is shown there is an expected rational positive relationship between dividend yield and ex-day returns.

An alternative theory to explain the concentration of dividends is considered by DeAngelo et al (2002). They point to previous work by Black and Scholes (1974) and Miller (1977) who propose that the number of firms with a particular set of characteristics, in this case dividends, was unimportant to investors as long as their needs were met in aggregate. Hence the decline in dividend payers in the US was of no consequence so long as the remaining payers paid sufficient dividends. DeAngelo et al argue that given the increase in aggregate dividends combined with a simultaneous decline in the number of payers, the latter was not caused by investors demanding fewer dividends. Instead some changes in dividend policy decisions made by firms caused the aggregate changes in dividends.

Applying this logic to the UK findings in this study, there has been a significant increase in real dividends and hence there appears to have been no loss of appetite by investors for these payments; in fact the reverse appears to be true. Whilst there has been a decline in the number of payers over the period in question, around three-quarters of main listed industrials still paid dividends. Hence there have been changes in dividend decisions by UK industrials but these have not been as radical as the US.

### Dividends & Earnings

This section considers the interaction that exists between dividends and earnings and looks at changes that have occurred between 1979 and 2000. Before presenting the results it should be noted that a limitation of the data in 1979 is that negative earnings are marked only as zero. Therefore, in many cases comparisons are made between only

positive earnings since this is applicable to both epochs. Where possible figures inclusive of negative earnings are also included for 2000.

Table 8 shows the concentration of positive earnings amongst dividend payers using the same dividend ranking system as in Table 2. In 1979, it is clear that earnings were concentrated amongst the largest dividend payers with 68.3% of total positive earnings attributable to the largest 100 payers. The largest 300 payers account for 88.7% of the earnings. This is consistent with the previous findings of dividend concentration.

In 2000, earnings have concentrated still further with the top 100 now accounting for 85% of all earnings and the largest 300 over 96% of the total. As with dividends in 2000, only the largest 100 payers show an increase in the proportion of total earnings compared with 1979. All the other groups have a lower percentage of the aggregate figure. The introduction of AIM firms makes little difference to the results since these firms have relatively small earnings, just as they had relatively small dividend payments.

In 2000 the real positive earnings of main listed industrials had increased from £7,172.9m in 1979 to £17,353.9m. The real earnings of the largest 100 dividend payers were more than twice the total earnings of all industrials in 1979. The footnote to Table 8 shows the effect of the inclusion of negative earnings in 2000. These reduce the total figures by around 4%, thus not affecting any conclusions too substantially.

Comparing these results to those of DeAngelo et al (2002) it is noticeable that the UK results mirror the US evidence. The concentration of earnings once again is focussed on the largest 100 payers whilst the other groups decline in significance. There has also

been an increase in total real earnings by industrials although this has been of a greater percentage than the US.

Table 9 displays the percentages of earnings annually across the dividend classifications. These figures, whilst mirroring the dividend figures in the display of a concentration among the Top 100 payers and a decline in all other groups over time, were relatively unchanged for much of the sample period. For instance in 1981 the Top 100 accounted for 80.0% of all positive earnings whilst in 1999 this was 80.3%. This is another example of the snapshot method offering very different conclusions depending on the base years chosen. Over the whole period of 1979-2000 the Top 100's share of total positive earnings rose from 68.3% to 85.1%. Thus, in reality, there was a sharp rise from 1979-1981, a long period of relatively little change and finally another jump from 1999-2000. It was anything but a linear increase between the beginning and end of the sample.

Table 10 offers similarities with Table 9 but this time it is real amounts that are shown as opposed to percentages. The variability in earnings persists in real amounts as well as percentages. A peak in earnings of the Top 100, and indeed all industrials together, are reached in 1990 but these are not exceeded until 1996. The inference is that dividends are less cyclical than earnings. As such this makes the snapshot method less appropriate for analysing earnings than dividends. The use of an average measure such as the 5-year approach by DeAngelo et al (2002), appears to be a useful addition when comparing just two annual earnings periods.

Table 11 exhibits the cross-sectional distribution of real earnings in 1979 and 2000; this includes both dividend payers and non-payers. The choice of category size is somewhat

arbitrary but nonetheless provides a method of comparing two different periods of time. In 1979, there are relatively few firms in the large earnings categories, only 24 industrials earned £50m or greater. By far the largest group is those companies with earnings greater than zero but less than £10m; some 1063 firms inhabit this space or 83% of all industrials. There were also relatively high numbers of observations of firms earning between £10m and £24.9m and firms with zero/negative earnings. Clearly most of the market in 1979 was comprised of relatively small firms.

By 2000, there has been an increase in the number of industrials with large earnings. There were 54 earning £50m or greater. A considerable decline in the number of industrials compared to 1979 was discovered in the lowest positive earnings category, although this remained the dominant category in terms of number of firms with 550. There was a virtual tripling of firms that posted zero/negative earnings in 2000. This was increased still further when AIM stocks were introduced, although the number of positive earners increased by a similar amount. The proportion of firms with zero/negative earnings is higher on AIM though compared to the main market, as one would expect from fledgling stocks.

When the actual real earnings of each group are considered, the three firms in 1979 with earnings in excess of £250m accounted for 16.1%, or £1,157.7m, of total real positive earnings. The largest group, with 23% of total earnings, was those 1063 firms with earnings greater than zero but less than £10m. No category was particularly dominant overall though. By 2000 a different story emerges, the ten firms with earnings greater than £250m made up 50% of the total positive earnings. The firms with earnings greater than or equal to £100m accounted for 69% of the total. This lends further evidence to the



conclusion that earnings have become more concentrated. The category of the lowest earners showed the greatest decline, accounting for just 7.2% of the total, or £1,313.3m, in 2000.

A number of similarities occur between the UK evidence presented here and the US evidence collected by DeAngelo et al (2002). The high proportion of firms paying relatively small earnings, particularly in 1978/9, and the low number of firms in the largest categories accounting for a significant proportion of aggregate industrial earnings are particularly striking. In 2000, 26 firms were responsible for 63.4% of the total US industrial earnings. The proportion of total earnings in 1978 by the small earners was nowhere near as large as in the UK however. Medium to large earners were more significant in the US. An interesting discovery was the huge increase in US negative earnings in 2000 compared to 1978, from just 1.4% in the latter to 59.5% in the former. Whilst UK figures were unavailable in 1979, in 2000 negative earnings were only 11.7% of total positive earnings even after including the greater proportion of loss-making AIM stocks.

Table 12 displays the number of firms in the various earnings categories across all years between 1979 and 2000. It could have been assumed from Table 11 that there was a linear increase in the number of firms with earnings between the first and last years of the sample. This has not been the case. There are distinct periods between 1981-82, 1992-4 and 1999-00 where there have been dips in the number of industrials with positive earnings. These match up quite closely with the periods identified as recessions by Benito and Young (2001) and where there was an increase in the incidence of non-paying firms.

Table 13 uses the same earnings categories as Table 11 but distinguishes between payers of dividends and non-payers, and the proportions of earnings attributable to each. From Panel A, in 1979 it is clear that dividend payers dominate the earnings distribution. No industrial that earned £10m or greater failed to pay a dividend. There were a few incidences of non-payment amongst firms that had earned more than zero but less than £10m, but still 97.4% of this category paid dividends (Table 14 shows this was typical between 1979 and 2000). The non-payers were thus clustered mainly in the zero/negative earnings group where dividend payers made up just 39.7%.

By 2000 there are incidences of non-payers further up the earnings scale but these are still very scarce. The non-payers remain concentrated in the low or negative earnings brackets and are a larger proportion compared to 1979. This is magnified further by the inclusion of AIM companies.

Panel B shows the real amounts of earnings attributable to payers and non-payers. The earnings of non-payers in 1979 barely even register at a tiny 0.1%. In 2000, this figure is a little higher but still only around the 2% to 2.5% level of positive earnings. In terms of zero/negative earnings firms, the dividend payers make up a slightly larger percentage than is proportionate to the number of firms but non-payers are still responsible for at least 64% of negative earnings, and 70% when AIM is also included.

A comparison of these results with those reported by DeAngelo et al (2002) finds in 1978 US high earnings firms were all dividend payers, much like UK industrials in 1979. However, there were more observations recorded of non-payers in the small to

medium earnings firms in the US. Given that only around 65% of firms were payers compared to 94% in the UK this is probably as expected. By 2000 though there were non-payers in every earnings category and more than half of the firms earning less than £50m failed to pay a dividend. Clearly non-payment of dividends has been less of an issue for US investors than in the UK. In terms of total earnings, US non-payers were still dwarfed by dividend payers in 1978 and in 2000 non-payers made a loss in aggregate. The UK evidence was consistent with this.

In summary, the UK evidence points to a concentration of earnings amongst large dividend payers. This concentration has increased between 1979 and 2000. Lintner (1956) found that earnings were the primary determinant of dividends and the concentration of both dividends and earnings together found in this study supports this. Given that more firms failed to pay dividends as more incidences of negative earnings were recorded, this further endorses Lintner's conclusion. DeAngelo et al (1992) report that losses are an important factor in firms failing to pay dividends and again the UK results appear consistent with this view. Whilst there have been more firms posting negative earnings and also not paying dividends, the increase in dividends and earnings by high earners completely dominates this effect in aggregate.

#### Listing and Dividend Status of Payers in 1979

Table 15 shows dividend payers in 1979 and their dividend and listing status in 2000. Firms are ranked according to their dividend size in 1979 using the same classification as in Table 5. If the firms were still in existence at the end of 2000 they were classified as either dividend payers or non-payers. In cases where firms were no longer trading

they were classified, using codes from the LSPD, as either delisted due to financial distress, delisted due to acquisition or delisted due to other reasons (see footnote to Table 15 for possible reasons).

It is apparent that relatively few dividend payers in 1979 were still in existence in 2000. Only 25.6% of the sample survived, with 257 out of the 308 industrials continuing to pay dividends in 2000. Nearly all of the non-payers were firms that in 1979 paid less than £1m. Of the firms that were not trading in 2000, the vast majority had been acquired. Just 10.8% of industrial payers in 1979 delisted due to financial distress, whilst 4.5% ceased trading for other reasons. Once more though, most of the firms that were not in existence in 2000 were small dividend payers, particularly those that were delisted due to financial distress.

Towards the foot of Table 15 there are figures showing the proportion of dividends attributable to each category. Although there were only 21.4% of industrials paying dividends in both 1979 and 2000, they were large payers. These firms accounted for 56.2% of all dividends in 1979 and 70.1% of total dividends in 2000. The payers in 1979 but non-payers in 2000 made up just 1.2% of aggregate dividends in 1979. Similarly small proportions were found for firms delisted due to distress and other reasons. Acquired firms were significant payers at 38.8% of all dividends in 1979.

The UK findings presented here are very similar to US evidence collected by DeAngelo et al (2002). Around one-fifth of US industrials paid dividends in both 1978 and 2000 but these firms accounted for 62% of all payments in 1978 and 84.1% in 2000. Delistings due to acquisitions accounted for 57.4% of payers in 1978 (compared to

59.1% of UK payers in 1979) and delistings due to financial distress were 11.0% (10.8% in UK findings). Again most of the firms lost from the sample were relatively small payers.

As DeAngelo et al (2002) point out there is a considerable difference between delistings due to acquisitions and delistings due to financial distress in terms of the total industrial dividend payment. In the case of distress, firms are lost from the sample and their dividends go with them. This is not necessarily the case with acquired companies though. In situations where a dividend paying acquirer purchases a dividend paying industrial using its own shares, the number of shares in issue will rise after the acquisition is completed. Assuming the acquiring firm at least maintains the dividend per share then at worst a portion of the dividends 'lost' by the removal of the acquired firm will be 'returned' by the additional shares in issue by the acquiring firm. Thus acquisitions pose less of a threat to aggregate dividend payments than firms being lost due to financial distress.

## **V. Conclusion**

Whilst there has been a decline in dividend paying firms in the UK between 1979 and 2000, the total dividends paid by industrials have actually increased. Most of the dividend payers lost from the market have been relatively small, whilst those large payers have continued to grow their dividends, more than compensating for the effect of the former. This has led to a greater concentration of dividends amongst relatively few firms. It was also found that earnings became more concentrated amongst those payers during the same period. This is consistent with Lintner (1956) who found earnings were

the primary determinant of dividends. Furthermore, all of the findings about greater aggregate payments and an increased concentration of dividends and earnings support the US evidence presented by DeAngelo et al (2002). Indeed the concentration of dividends is found to be greater in the UK than in the US.

The overall conclusions surrounding the dividend changes are not altered when annual data periods are used, however this analysis does provide additional information. It is particularly suited to more variable measures such as the number of dividend payers in a given year and total earnings. There was a long period during the sample when, if a snapshot approach had been used, it would have been possible to argue that dividend-paying industrials, in number, were actually increasing. Changes in the concentration of dividends, by contrast, occurred very steadily with the minimum concentration in 1979 and the maximum in 2000. The annual approach also showed an increased number of non-paying industrials was found around recessionary periods in the early 1980s and 1990s consistent with Benito and Young (2001).

When the listing status in 2000 of dividend payers in 1979 was analysed it was discovered that nearly 60% of 1979 payers had been acquired. This suggests that whilst numbers of payers declined there was the distinct possibility that many of the dividends remained, at least partially, as a result of new combined entities. Only 11% of 1979 payers were lost to distress and just 4% moved to become non-payers in 2000. Overall, the talk of the demise of dividends seems premature.

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**Table 1. Summary Statistics of Dividend Payments by Industrials in 1979 and 2000.**

	1979	2000 (Ex. AIM)		2000 (Inc. AIM)	
	Nominal	Nominal	% Change From 1979	Nominal	% Change From 1979
1. Number of Listed Industrials	1277	950	-25.6%	1196	-6.3%
2. Number of Dividend Paying Industrials	1202	707	-41.2%	800	-33.4%
3. Proportion of Industrials Paying Dividends	94.1%	74.2%	-19.9%	66.9%	-27.2%
4. Total Nominal Dividends (£m)	£3,539m	£23,748m (£26,377m)	+571.0% (+645.3%)	£23,794m (£26,429m)	+572.3% (+646.8%)
5. Total Real Dividends (£m, 1979 base)	£3,539m	£8,369m (£9,296m)	+136.5% (+162.7%)	£8,385m (£9,314m)	+136.9% (+163.2%)
6. Mean Real Dividend (£m, per dividend paying firm)	£2.94m	£11.84m (£13.15m)	+302.7% (+347.3%)	£10.48m (£11.64m)	+256.5% (+295.9%)
7. Median Real Dividend (£m, per dividend paying firm)	£0.42m	£1.09m (£1.20m)	+159.5% (+185.7%)	£0.82m (£0.91m)	+95.2% (+116.7%)

Notes: Firms must have been present in the database for at least one year before inclusion in the sample. Industrial firms exclude banks, insurance, property, other financials, investment trusts and utilities.

Gross figures for 2000 are shown in brackets.

**Table 2. Summary Statistics of Dividend Payments by Industrials between 1979 and 2000 (inclusive of USM and AIM).**

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
No. of Div Paying Industrials	1202	1060	1085	1078	1128	1163	1210	1168	1191	1262	1266	1179
Proportion of Div Paying Industrial	94.1%	84.3%	82.8%	80.8%	82.5%	84.3%	85.3%	85.6%	88.2%	90.0%	89.3%	85.0%
Total Nominal Divs (£m)	3,539	3,902	4,215	4,475	5,055	6,112	7,443	9256	11,906	14,310	16,788	17,181
Total Real Divs (1979 base, £m)	3,539	3,390	3,268	3,291	3,530	4,082	4,703	5,638	6,994	7,918	8,576	8,321
Mean Real Div (per payer)	2.94	3.20	3.01	3.05	3.13	3.51	3.89	4.83	5.87	6.28	6.77	7.06
Median Real Div (per payer)	0.42	0.46	0.53	0.37	0.35	0.37	0.38	0.44	0.54	0.59	0.68	0.64

	1991	1992	1993	1994	1995	1996	1997	1998	1999 (Net)	1999 (Gross)	2000 (Net)	2000 (Gross)
No. of Div Paying Industrials	1031	952	953	984	1041	1079	1127	1038	929	929	800	800
Proportion of Div Paying Industrial	79.6%	77.1%	78.0%	80.3%	81.8%	80.8%	80.2%	75.3%	72.0%	72.0%	66.9%	66.9%
Total Nominal Divs (£m)	19,127	18,661	18,443	20,369	23,041	25,253	27,289	24,239	23,366	25,919	23,794	26,429
Total Real Divs (1979 base, £m)	8,553	8,136	7,887	8,466	9,278	9,925	10,350	8,947	8,476	9,402	8,385	9,314
Mean Real Div (per payer)	8.30	8.55	8.28	8.60	8.91	9.20	9.18	8.62	9.12	10.12	10.48	11.64
Median Real Div (per payer)	0.73	0.75	0.69	0.74	0.82	0.84	0.81	0.83	0.75	0.84	0.82	0.91

**Table 3. Concentration of Dividend Payments by Industrials in 1979 and 2000.**

Dividend Ranking	Percent of Total Dividends					Cumulative Percent of Total Dividends					Real Dividends (£m, 1979 base)				
	1979	2000 (ex. AIM)		2000 (inc. AIM)		1979	2000 (ex. AIM)		2000 (inc. AIM)		1979	2000 (ex. AIM)		2000 (inc. AIM)	
		Net	Gross	Net	Gross		Net	Gross	Net	Gross		Net	Gross	Net	Gross
Top 100	72.8%	88.1%	88.1%	87.9%	87.9%	72.8%	88.1%	88.1%	87.9%	87.9%	2,576.5	7,371.2	8,188.9	7,371.2	8,188.9
101-200	12.4%	6.6%	6.6%	6.6%	6.6%	85.2%	94.7%	94.7%	94.5%	94.5%	438.6	555.5	615.7	555.5	615.7
201-300	5.2%	2.7%	2.7%	2.7%	2.7%	90.4%	97.4%	97.4%	97.2%	97.2%	185.6	229.8	255.2	229.9	255.3
301-400	2.9%	1.4%	1.4%	1.4%	1.4%	93.3%	98.8%	98.8%	98.6%	98.6%	104.2	113.1	125.6	114.3	126.9
401-500	1.9%	0.7%	0.7%	0.7%	0.7%	95.2%	99.5%	99.5%	99.3%	99.3%	67.2	59.9	66.5	61.6	68.3
501-600	1.4%	0.4%	0.4%	0.4%	0.4%	96.6%	99.9%	99.9%	99.7%	99.7%	48.8	39.8	33.1	32.7	36.3
601-700	1.1%	0.1%	0.1%	0.2%	0.2%	97.7%	100.0%	100.0%	99.9%	99.9%	37.9	9.6	10.6	15.1	16.8
701-800	0.8%	<0.1%	<0.1%	0.1%	0.1%	98.5%	100.0%	100.0%	100.0%	100.0%	29.5	0.1	0.1	5.1	5.6
801-900	0.6%					99.1%					21.4				
901-1000	0.4%					99.5%					15.1				
1001-1100	0.3%					99.8%					9.8				
1101-1200	0.1%					99.9%					4.4				
1201-1202	<0.1%					100.0%					<0.1				
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>3,539.0</b>	<b>8,369.1</b>	<b>9,295.6</b>	<b>8,385.4</b>	<b>9,313.8</b>
<b>No. of Firms</b>											<b>1,202</b>	<b>707</b>	<b>707</b>	<b>800</b>	<b>800</b>

Notes: All dividend-paying industrials are ranked according to size of their total dividend payments. In the case of the group 701-800 in the year 2000 (ex. AIM) there are only 7 companies; there are exactly 800 companies in the year 2000 (inc. AIM).

**Table 4. Concentration of Dividend Payments by Industrials in Percentage Terms between 1979 and 2000 (inclusive of USM and AIM).**

Div Rank	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Top 100	72.8%	75.4%	77.5%	78.1%	78.1%	77.8%	78.5%	79.7%	79.0%	78.5%	78.4%
101-200	12.4%	11.8%	11.1%	11.2%	10.8%	11.0%	10.8%	10.4%	10.6%	10.7%	10.5%
201-300	5.2%	4.8%	4.4%	4.2%	4.3%	4.3%	4.1%	3.9%	4.0%	3.9%	3.9%
301-400	2.9%	2.6%	2.4%	2.3%	2.3%	2.4%	2.2%	2.1%	2.2%	2.3%	2.2%
401-500	1.9%	1.8%	1.6%	1.5%	1.5%	1.4%	1.4%	1.3%	1.4%	1.4%	1.5%
501-600	1.4%	1.3%	1.1%	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	1.0%	1.1%
601-700	1.1%	0.9%	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.7%	0.7%	0.8%
701-800	0.8%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.6%
801-900	0.6%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.3%	0.4%	0.4%
901-1000	0.4%	0.2%	0.2%	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.3%
1001-1100	0.3%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	0.2%
1101-1200	0.1%				<0.1%	<0.1%	0.1%	<0.1%	<0.1%	0.1%	0.1%
1201-1300	<0.1%						<0.1%			<0.1%	<0.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Div Rank	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Top 100	80.3%	82.3%	83.5%	83.7%	83.2%	83.0%	82.6%	81.7%	82.3%	85.4%	87.9%
101-200	10.1%	9.5%	8.9%	8.7%	8.7%	8.4%	8.6%	9.1%	8.5%	7.6%	6.6%
201-300	3.7%	3.4%	3.4%	3.4%	3.5%	3.4%	3.4%	3.6%	3.8%	3.2%	2.7%
301-400	2.0%	1.9%	1.8%	1.8%	1.9%	1.9%	2.0%	2.1%	2.1%	1.7%	1.4%
401-500	1.3%	1.1%	1.1%	1.0%	1.1%	1.2%	1.2%	1.3%	1.2%	1.0%	0.7%
501-600	0.9%	0.7%	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.6%	0.4%
601-700	0.6%	0.5%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	0.3%	0.2%
701-800	0.4%	0.3%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.3%	0.2%	0.1%
801-900	0.3%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.3%	0.2%	0.1%	
901-1000	0.2%	0.1%	<0.1%	<0.1%	<0.1%	0.1%	0.1%	0.1%	0.1%	<0.1%	
1001-1100	0.1%	<0.1%				<0.1%	<0.1%	0.1%	<0.1%		
1101-1200	<0.1%							<0.1%			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

NB. Net figures only supplied for 1999 and 2000 since there is no appreciable difference in percentage terms when gross figures are used.

**Table 5. Size and Number of Real Dividend Payments by Industrials in 1979 and 2000 (1979 £s).**

Real Dividend Payment (1979 £'s)	No. of Firms 1979	No. of Firms 2000 (ex. AIM)		No. of Firms 2000 (inc. AIM)		Real Dividends 1979 (£m)	Real Dividends 2000 (ex. AIM, £m)		Real Dividends 2000 (inc. AIM, £m)	
		Net	Gross	Net	Gross		Net	Gross	Net	Gross
Greater than £100m	3	13 (+333.3%)	16 (+433.3%)	13 (+333.3%)	16 (+433.3%)	733.5	4,409.4 (+501.1%)	5,213.9 (+610.8%)	4,409.4 (+501.1%)	5,213.9 (+610.8%)
£50-£99.9m	7	21 (+200.0%)	21 (+200.0%)	21 (+200.0%)	21 (+200.0%)	421.0	1,492.9 (+254.6%)	1,505.5 (+257.6%)	1,492.9 (+254.6%)	1,505.5 (+257.6%)
£40-£49.9m	3	8 (+166.7%)	8 (+166.7%)	8 (+166.7%)	8 (+166.7%)	128.2	358.3 (+179.5%)	366.2 (185.6%)	358.3 (+179.5%)	366.2 (185.6%)
£30-£39.9m	7	10 (+42.9%)	8 (+14.3%)	10 (+42.9%)	8 (+14.3%)	230.1	338.8 (+47.2%)	278.7 (+21.1%)	338.8 (+47.2%)	278.7 (+21.1%)
£20-£29.9m	10	11 (+10.0%)	13 (+30.0%)	11 (+10.0%)	13 (+30.0%)	220.6	253.5 (+14.9%)	313.5 (+42.1%)	253.5 (+14.9%)	313.5 (+42.1%)
£10-£19.9m	46	33 (-28.3%)	34 (-26.1%)	33 (-28.3%)	34 (-26.1%)	640.6	480.0 (-25.1%)	511.1 (-20.2%)	480.0 (-25.1%)	511.1 (-20.2%)
£5-£9.9m	58	59 (+1.7%)	63 (+8.6%)	59 (+1.7%)	63 (+8.6%)	404.5	413.5 (+2.2%)	457.3 (+13.1%)	413.5 (+2.2%)	457.3 (+13.1%)
£1-£4.9m	221	212 (-4.1%)	223 (+0.9%)	214 (-3.2%)	225 (+1.8%)	486.1	493.4 (+1.5%)	526.0 (+8.2%)	496.2 (+2.1%)	529.1 (+8.8%)
Less than £1m	847	340 (-59.9%)	321 (-62.1%)	431 (-49.1%)	412 (-51.4%)	274.2	129.4 (-52.8%)	123.5 (-55.0%)	142.9 (-47.9%)	138.5 (-49.5%)
<b>Total</b>	<b>1202</b>	<b>707</b> <b>(-41.2%)</b>	<b>707</b> <b>(-41.2%)</b>	<b>800</b> <b>(-33.4%)</b>	<b>800</b> <b>(-33.4%)</b>	<b>3,539.0</b>	<b>8,369.1</b> <b>(+157.5%)</b>	<b>9,295.6</b> <b>(+162.7%)</b>	<b>8,385.4</b> <b>(+136.9%)</b>	<b>9,313.8</b> <b>(+163.2%)</b>

Figures in brackets indicate percentage change from 1979 values

**Table 6. Number of Real Dividend Payments by Industrials between 1979 and 2000 (inclusive of USM and AIM).**

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Greater than £100m	3	3	2	3	4	4	4	7	10	12	12	13
£50-£99.9m	7	6	7	7	7	6	12	11	15	18	22	20
£40-£49.9m	3	3	4	1	3	6	4	8	9	8	11	9
£30-£39.9m	7	3	4	4	4	8	8	8	18	20	21	19
£20-£29.9m	10	13	12	13	16	18	24	26	25	26	23	27
£10-£19.9m	46	48	46	46	42	43	42	44	44	47	49	45
£5-£9.9m	58	51	46	45	44	48	49	49	46	52	53	46
£1-£4.9m	221	196	183	176	188	204	218	231	275	296	328	283
Less than £1m	847	737	781	783	820	826	849	784	749	783	747	717
<b>Total</b>	<b>1202</b>	<b>1060</b>	<b>1085</b>	<b>1078</b>	<b>1128</b>	<b>1163</b>	<b>1210</b>	<b>1168</b>	<b>1191</b>	<b>1262</b>	<b>1266</b>	<b>1179</b>

	1991	1992	1993	1994	1995	1996	1997	1998	1999 (Net)	1999 (Gross)	2000 (Net)	2000 (Gross)
Greater than £100m	15	14	15	16	19	23	19	15	16	18	13	16
£50-£99.9m	21	19	18	20	20	19	24	26	22	26	21	21
£40-£49.9m	11	10	9	8	6	7	7	13	10	6	8	8
£30-£39.9m	17	19	18	17	21	21	19	8	6	8	10	8
£20-£29.9m	20	22	23	29	25	24	26	18	13	15	11	13
£10-£19.9m	42	34	33	27	33	35	40	37	38	41	33	34
£5-£9.9m	50	56	56	65	51	68	70	76	67	72	59	63
£1-£4.9m	263	246	236	257	292	290	308	276	243	248	214	225
Less than £1m	592	532	545	545	574	592	614	569	514	495	431	412
<b>Total</b>	<b>1031</b>	<b>952</b>	<b>953</b>	<b>984</b>	<b>1041</b>	<b>1079</b>	<b>1127</b>	<b>1038</b>	<b>929</b>	<b>929</b>	<b>800</b>	<b>800</b>

**Table 7. Total Real Dividend Payments by Industrials between 1979 and 2000 (inclusive of USM and AIM, 1979 £s).**

Real Earnings	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Greater than £100m	733.5	779.3	636.9	748.7	858.9	1,040.1	1,190.3	1,858.4	2,533.3	3,092.1	3,365.1	3,393.4
£50-£99.9m	421.0	369.8	454.6	446.5	441.1	420.2	801.0	780.9	979.7	1,143.3	1,403.4	1,293.3
£40-£49.9m	128.2	131.1	176.8	44.8	137.0	273.7	168.9	358.7	414.5	344.9	469.6	409.5
£30-£39.9m	230.1	98.9	132.8	141.4	139.4	278.7	277.8	272.3	611.7	692.8	717.8	681.2
£20-£29.9m	220.6	306.2	273.8	304.0	369.6	420.1	589.6	659.8	617.9	657.8	567.5	679.2
£10-£19.9m	640.6	660.8	644.4	672.0	612.8	616.5	606.2	604.8	615.0	676.4	690.0	645.7
£5-£9.9m	404.5	368.2	332.3	321.7	316.7	339.5	360.5	367.5	351.3	378.3	369.9	321.3
£1-£4.9m	486.1	430.7	389.6	389.9	426.7	455.3	467.3	503.5	623.7	658.4	715.5	642.3
Less than £1m	274.2	244.6	226.6	222.4	227.9	237.6	240.9	232.6	247.3	273.5	277.1	254.7
<b>Total</b>	<b>3,538.8</b>	<b>3,389.6</b>	<b>3,267.8</b>	<b>3,291.4</b>	<b>3,530.1</b>	<b>4,081.7</b>	<b>4,702.5</b>	<b>5,638.5</b>	<b>6,994.4</b>	<b>7,917.5</b>	<b>8,575.9</b>	<b>8,320.6</b>

  

Real Earnings	1991	1992	1993	1994	1995	1996	1997	1998	1999 (Net)	1999 (Gross)	2000 (Net)	2000 (Gross)
Greater than £100m	3,792.9	3,517.9	3,379.7	3,755.9	4,529.0	5,181.3	5,014.5	3,965.7	4,266.9	4,954.3	4,409.4	5,213.9
£50-£99.9m	1,377.3	1,359.7	1,309.9	1,435.2	1,429.2	1,296.7	1,715.5	1,783.2	1,499.8	1,756.3	1,492.9	1,505.5
£40-£49.9m	489.7	440.0	416.4	359.9	262.2	309.1	318.4	565.9	453.4	275.7	358.3	366.2
£30-£39.9m	591.0	658.8	618.2	519.9	709.1	710.0	664.0	269.7	207.4	271.3	338.8	278.7
£20-£29.9m	500.9	542.2	586.0	738.5	621.9	597.4	646.8	458.1	327.7	365.4	253.5	313.5
£10-£19.9m	628.8	483.8	474.4	373.4	449.7	484.3	564.3	510.8	534.2	557.0	480.0	511.1
£5-£9.9m	360.7	394.3	379.0	444.8	366.5	460.2	494.5	539.6	469.3	498.0	413.5	457.3
£1-£4.9m	605.6	560.3	543.6	578.1	692.5	655.9	710.8	642.2	555.5	564.2	496.2	529.1
Less than £1m	206.3	178.5	179.8	188.6	218.0	230.4	221.2	212.0	161.5	159.4	142.9	138.5
<b>Total</b>	<b>8,553.2</b>	<b>8,135.5</b>	<b>7,887.0</b>	<b>8,394.3</b>	<b>9,278.1</b>	<b>9,925.3</b>	<b>10,350.0</b>	<b>8,947.2</b>	<b>8,475.7</b>	<b>9,401.5</b>	<b>8,385.5</b>	<b>9,313.8</b>



**Table 8. Concentration of Earnings by Industrials in 1979 and 2000.**

Dividend Ranking	Percent of Total Positive Earnings			Cumulative % of Total Positive Earnings			Real Positive Earnings (£m, 1979 base)		
	1979	2000 (ex. AIM)	2000 (inc. AIM)	1979	2000 (ex. AIM)	2000 (inc. AIM)	1979	2000 (ex. AIM)	2000 (inc. AIM)
Top 100	68.3%	85.3%	85.1%	68.3%	85.3%	85.1%	4,898.2	14,815.6	14,815.6
101-200	14.2%	8.0%	8.0%	82.5%	93.3%	93.1%	1,017.1	1,395.6	1,395.6
201-300	6.2%	3.3%	3.3%	88.7%	96.6%	96.4%	448.6	575.1	574.5
301-400	3.4%	1.5%	1.5%	92.1%	98.1%	97.9%	242.6	261.4	260.9
401-500	2.2%	1.1%	1.1%	94.3%	99.2%	99.0%	155.7	184.8	184.0
501-600	1.6%	0.5%	0.6%	95.9%	99.7%	99.6%	111.9	89.8	97.9
601-700	1.4%	0.2%	0.3%	97.3%	99.9%	99.9%	98.8	31.1	52.7
701-800	0.9%	<0.1%	0.1%	98.2%	100.0%	100.0%	68.4	0.5	20.1
801-900	0.7%			98.9%			54.2		
901-1000	0.5%			99.4%			37.8		
1001-1100	0.4%			99.8%			25.8		
1101-1200	0.2%			100.0%			13.7		
1201-1269	<0.1%			100.0%			<0.1		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7172.9</b>	<b>17,353.9</b>	<b>17,401.3</b>
<b>No. of Firms</b>							<b>1202</b>	<b>707</b>	<b>904</b>

Notes: All dividend-paying industrials are ranked according to size of their total dividend payments. In the case of the group 701-800 in the year 2000 (ex. AIM) there are only 7 companies; there are exactly 800 companies in the year 2000 (inc. AIM).

If negative earnings are included then totals are £16,721.2m for 2000 (ex. AIM) and £16,762.2m for 2000 (inc. AIM). Negative earnings are unavailable for 1979.

**Table 9. Percentages of Earnings by Dividend Paying Industrials between 1979 and 2000.**

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Top 100	68.3%	78.0%	80.0%	79.5%	78.0%	77.9%	78.5%	78.8%	76.2%	75.0%	75.3%
101-200	14.2%	10.2%	9.9%	10.1%	10.5%	9.9%	10.4%	10.3%	10.6%	12.1%	10.9%
201-300	6.3%	4.4%	3.9%	3.9%	4.5%	4.6%	3.9%	4.1%	5.2%	4.3%	4.8%
301-400	3.4%	2.4%	2.1%	2.3%	2.5%	2.7%	2.4%	2.5%	2.9%	2.8%	2.5%
401-500	2.2%	1.6%	1.5%	1.6%	1.6%	1.5%	1.5%	1.4%	1.7%	1.8%	1.9%
501-600	1.6%	1.2%	0.9%	1.0%	1.0%	1.1%	1.1%	1.0%	1.1%	1.2%	1.4%
601-700	1.4%	0.9%	0.7%	0.6%	0.7%	0.8%	0.7%	0.7%	0.7%	1.0%	1.0%
701-800	1.0%	0.6%	0.5%	0.4%	0.5%	0.6%	0.5%	0.5%	0.6%	0.6%	0.8%
801-900	0.8%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
901-1000	0.5%	0.2%	0.2%	0.1%	0.2%	0.3%	0.2%	0.2%	0.3%	0.3%	0.4%
1001-1100	0.4%	0.1%	<0.1%	<0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.3%	0.3%
1101-1200	0.2%				0.1%	0.1%	0.1%	<0.1%	0.1%	0.1%	0.2%
1201-1300	<0.1%						<0.1%			<0.1%	<0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

  

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Top 100	78.1%	81.0%	81.7%	80.8%	80.5%	78.8%	78.5%	78.5%	78.4%	80.3%	85.1%
101-200	10.5%	9.6%	8.8%	9.3%	9.5%	10.3%	9.8%	9.7%	9.8%	9.7%	8.0%
201-300	4.3%	3.7%	4.0%	4.1%	4.3%	4.1%	4.2%	4.1%	4.9%	4.0%	3.3%
301-400	2.5%	2.2%	2.3%	2.5%	2.3%	2.6%	2.4%	2.6%	2.5%	2.6%	1.5%
401-500	1.5%	1.4%	1.4%	1.3%	1.3%	1.5%	1.4%	1.5%	1.5%	1.4%	1.1%
501-600	1.0%	0.8%	0.7%	1.0%	0.9%	1.0%	1.0%	1.1%	1.1%	0.9%	0.6%
601-700	0.8%	0.5%	0.5%	0.5%	0.6%	0.8%	0.8%	0.8%	0.8%	0.6%	0.3%
701-800	0.5%	0.4%	0.3%	0.3%	0.4%	0.5%	0.7%	0.5%	0.5%	0.3%	0.1%
801-900	0.4%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.2%	
901-1000	0.3%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.6%	0.2%	<0.1%	
1001-1100	0.1%	<0.1%				<0.1%	0.5%	0.2%	<0.1%		
1101-1200	<0.1%						0.1%	<0.1%			
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Table 10. Real Amounts of Earnings by Dividend Paying Industrials between 1979 and 2000 (inclusive of USM and AIM, 1979 £s).**

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Top 100	4,898.2	6,545.9	5,210.3	4,862.7	4,813.5	6,003.4	7,421.5	8,243.7	9,517.9	10,538.5	10,829.2
101-200	1,017.1	857.8	643.7	620.4	647.7	762.8	981.7	1,075.6	1,323.2	1,697.7	1,570.7
201-300	448.6	373.3	253.9	238.4	277.6	357.7	372.0	433.8	644.5	602.7	689.2
301-400	242.6	200.7	139.1	143.4	156.0	206.7	229.4	257.8	368.2	388.6	361.2
401-500	155.7	132.7	94.7	96.8	95.7	114.6	140.2	151.2	211.6	251.7	277.0
501-600	111.9	98.2	60.1	60.3	62.9	87.4	103.5	103.1	138.9	166.9	199.6
601-700	98.8	75.5	47.7	38.4	41.5	60.9	65.8	72.2	90.2	134.7	147.8
701-800	68.4	52.8	32.0	26.6	32.0	47.9	51.5	47.4	77.9	91.3	110.4
801-900	54.2	32.0	17.9	16.0	21.3	29.1	37.3	37.5	52.2	67.8	67.3
901-1000	37.8	20.5	13.2	8.4	14.6	23.6	23.6	25.9	33.0	46.7	59.0
1001-1100	25.8	4.2	3.1	2.3	4.8	11.4	16.4	13.5	20.3	35.9	49.4
1101-1200	13.7				3.2	4.6	6.8	3.5	6.3	20.1	22.9
1201-1300	<0.1						0.1			5.5	5.8
<b>Total</b>	<b>7,172.90</b>	<b>8,393.60</b>	<b>6,515.70</b>	<b>6,113.70</b>	<b>6,170.80</b>	<b>7,710.10</b>	<b>9,449.80</b>	<b>10,465.20</b>	<b>12,484.20</b>	<b>14,048.10</b>	<b>14,389.50</b>

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Top 100	11,622.3	10,956.2	9,156.4	8,628.9	10,054.5	10,781.3	11,886.7	12,798.8	12,487.4	12,079.8	14,815.6
101-200	1,556.9	1,303.5	988.2	992.3	1,183.0	1,403.2	1,483.3	1,584.9	1,567.2	1,457.7	1,395.6
201-300	637.6	500.3	451.2	436.1	536.5	554.8	633.9	676.4	786.4	604.3	574.5
301-400	368.3	298.9	253.7	264.3	289.9	348.9	370.8	424.7	393.7	397.0	260.9
401-500	221.3	183.1	156.1	137.6	162.9	199.9	216.3	237.2	241.7	211.7	184.0
501-600	154.0	113.9	81.9	102.1	110.2	140.7	158.2	182.6	175.6	137.5	97.9
601-700	115.7	73.9	53.9	56.1	76.4	107.1	117.0	124.8	120.6	85.9	52.7
701-800	73.9	50.5	28.4	28.9	44.5	70.3	111.0	85.5	75.7	46.7	20.1
801-900	52.2	27.6	22.0	19.1	24.3	42.9	48.9	57.0	45.6	23.8	
901-1000	45.0	18.3	9.5	10.2	9.1	23.6	28.7	104.9	26.9	3.1	
1001-1100	22.2	1.9				2.8	81.3	35.9	6.0		
1101-1200	6.4						9.3	1.8			
<b>Total</b>	<b>14,875.80</b>	<b>13,528.10</b>	<b>11,201.30</b>	<b>10,675.60</b>	<b>12,491.30</b>	<b>13,675.50</b>	<b>15,145.40</b>	<b>16,314.50</b>	<b>15,926.80</b>	<b>15,047.50</b>	<b>17,401.30</b>

**Table 11. Cross-Sectional Distribution of Industrials Real Earnings in 1979 and 2000**

Real Earnings (1979 base)	Number of Firms			Real Earnings (£m, 1979 base)			Real Earnings as % of Total Positive Real Earnings		
	1979	2000 (ex. AIM)	2000 (inc. AIM)	1979	2000 (ex. AIM)	2000 (inc. AIM)	1979	2000 (ex. AIM)	2000 (inc. AIM)
Greater than £250m	3	10	10	1,157.7	8,916.6	8,916.6	16.1%	50.0%	49.8%
£100m to £249.9m	4	22	22	629.5	3,438.2	3,438.2	8.8%	19.3%	19.2%
£75m to £99.9m	8	10	10	708.8	895.1	895.1	9.9%	5.0%	5.0%
£50m to £74.9m	9	12	12	556.6	721.3	721.3	7.7%	4.0%	4.0%
£25m to £49.9m	36	45	45	1,226.9	1,542.4	1,542.4	17.1%	8.7%	8.6%
£10m to £24.9m	76	65	66	1,233.4	989.8	1,010.6	17.2%	5.6%	5.6%
>£0m to £9.9m	1063	550	672	1,669.9	1,313.3	1,371.3	23.2%	7.4%	7.7%
Zero or Negative	78	239	359	N/A	-1,752.5	-2,091.1	N/A	-9.8%	-11.7%
<b>Total Pos. Earnings</b>	<b>1199</b>	<b>714</b>	<b>837</b>	<b>7,182.9</b>	<b>17,816.8</b>	<b>17,895.6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total All Earnings</b>	<b>1277</b>	<b>953</b>	<b>1196</b>	<b>N/A</b>	<b>16,064.3</b>	<b>15,804.4</b>	<b>N/A</b>	<b>90.2%</b>	<b>88.3%</b>

**Table 12. Real Earnings of Industrials between 1979 and 2000 (inclusive of USM and AIM, 1979 £s).**

Real Earnings	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Greater than £250m	3	3	2	4	4	5	4	7	7	8	10
£100m to £249.9m	4	5	4	3	3	4	9	11	13	14	15
£75m to £99.9m	8	5	3	4	7	9	8	3	12	17	15
£50m to £74.9m	9	13	12	12	11	17	16	20	24	27	26
£25m to £49.9m	36	32	26	30	28	24	39	44	46	43	36
£10m to £24.9m	76	70	58	54	52	60	64	62	69	79	87
>£0m to £9.9m	1063	909	839	860	925	1060	1052	1022	994	1078	1086
Zero or Negative	78	221	367	367	337	200	227	196	186	137	142
<b>Total Pos. Earns</b>	<b>1199</b>	<b>1037</b>	<b>944</b>	<b>967</b>	<b>1030</b>	<b>1179</b>	<b>1192</b>	<b>1169</b>	<b>1165</b>	<b>1266</b>	<b>1275</b>
<b>Total All Earnings</b>	<b>1277</b>	<b>1258</b>	<b>1311</b>	<b>1334</b>	<b>1367</b>	<b>1379</b>	<b>1419</b>	<b>1365</b>	<b>1351</b>	<b>1403</b>	<b>1417</b>

  

Real Earnings	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Greater than £250m	12	10	7	7	9	11	11	11	8	11	10
£100m to £249.9m	14	18	20	16	23	18	22	29	28	20	22
£75m to £99.9m	20	15	5	11	9	14	13	7	12	11	10
£50m to £74.9m	23	15	15	15	14	14	14	13	20	15	12
£25m to £49.9m	39	41	34	33	37	38	42	48	38	40	45
£10m to £24.9m	78	67	61	51	69	75	74	77	86	77	66
>£0m to £9.9m	1004	867	773	754	800	865	898	952	879	766	672
Zero or Negative	197	262	320	335	264	238	261	268	308	350	359
<b>Total Pos. Earns</b>	<b>1190</b>	<b>1033</b>	<b>915</b>	<b>887</b>	<b>961</b>	<b>1035</b>	<b>1074</b>	<b>1137</b>	<b>1071</b>	<b>940</b>	<b>837</b>
<b>Total All Earnings</b>	<b>1387</b>	<b>1295</b>	<b>1235</b>	<b>1222</b>	<b>1225</b>	<b>1273</b>	<b>1335</b>	<b>1405</b>	<b>1379</b>	<b>1290</b>	<b>1196</b>

**Table 13A. Proportions of Real Earnings Distributed between Dividend Payers and Non-Payers in 1979 and 2000**

Real Earnings (1979 base)	1979			2000 (ex. AIM)			2000 (inc. AIM)		
	Payers	Non Payers	% Payers	Payers	Non Payers	% Payers	Payers	Non Payers	% Payers
Greater than £250m	3	0	100.0%	10	0	100.0%	10	0	100.0%
£100m to £249.9m	4	0	100.0%	21	1	95.5%	21	1	95.5%
£75m to £99.9m	8	0	100.0%	9	1	90.0%	9	1	90.0%
£50m to £74.9m	9	0	100.0%	12	0	100.0%	12	0	100.0%
£25m to £49.9m	36	0	100.0%	45	0	100.0%	45	0	100.0%
£10m to £24.9m	76	0	100.0%	63	2	96.9%	63	3	95.5%
>£0m to £9.9m	1035	28	97.4%	478	72	86.9%	559	113	83.2%
Zero or Negative	31	47	39.7%	69	170	28.9%	81	278	22.6%
<b>Total</b>	<b>1202</b>	<b>75</b>	<b>94.1%</b>	<b>707</b>	<b>246</b>	<b>74.2%</b>	<b>800</b>	<b>396</b>	<b>66.9%</b>

**Table 13B. Real Earnings Distributed between Dividend Payers and Non-Payers in 1979 and 2000**

Real Earnings (1979 base)	1979			2000 (ex. AIM)			2000 (inc. AIM)		
	Payers	Non Payers	% Payers	Payers	Non Payers	% Payers	Payers	Non Payers	% Payers
Greater than £250m	1,157.7	0	100.0%	8,916.6	0	100.0%	8,916.6	0	100.0%
£100m to £249.9m	629.5	0	100.0%	3,189.2	249.0	92.8%	3,189.2	249.0	92.8%
£75m to £99.9m	708.8	0	100.0%	814.4	80.8	91.0%	814.4	80.8	91.0%
£50m to £74.9m	556.6	0	100.0%	721.3	0	100.0%	721.3	0	100.0%
£25m to £49.9m	1,226.9	0	100.0%	1,542.4	0	100.0%	1,542.4	0	100.0%
£10m to £24.9m	1,233.4	0	100.0%	957.2	32.6	96.7%	957.2	53.4	94.7%
>£0m to £9.9m	1,669.8	10.0	99.4%	1,212.8	100.5	92.3%	1,260.2	111.1	91.9%
Zero or Negative	N/A	N/A	N/A	-632.7	-1,111.9	36.1%	-639.1	-1,452.0	30.6%
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>16,720.6</b>	<b>-656.9</b>	<b>104.1%</b>	<b>16,762.2</b>	<b>-957.7</b>	<b>106.1%</b>
<b>Total Positive Earn.</b>	<b>7,182.9</b>	<b>10.0</b>	<b>99.9%</b>	<b>17,353.9</b>	<b>462.9</b>	<b>97.4%</b>	<b>17,401.3</b>	<b>494.3</b>	<b>97.2%</b>

**Table 14. Proportion of Industrial Dividend Payers by Number of Firms Ranked on Real Earnings between 1979 and 2000 (1979 £s)**

Real Earnings	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Greater than £250m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£100m to £249.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£75m to £99.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£50m to £74.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£25m to £49.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£10m to £24.9m	100.0%	100.0%	100.0%	100.0%	100.0%	98.3%	100.0%	98.4%	100.0%	100.0%	100.0%
>£0m to £9.9m	97.4%	94.1%	94.8%	94.0%	94.9%	92.3%	94.0%	93.0%	95.2%	95.0%	94.0%
Zero or Negative	39.7%	34.8%	50.4%	44.4%	43.0%	33.5%	35.7%	36.7%	39.8%	36.5%	39.4%
<b>Total Pos. Earns</b>	<b>97.7%</b>	<b>94.8%</b>	<b>95.3%</b>	<b>94.6%</b>	<b>95.4%</b>	<b>93.0%</b>	<b>94.7%</b>	<b>93.8%</b>	<b>95.9%</b>	<b>95.7%</b>	<b>94.9%</b>
<b>Total All Earnings</b>	<b>94.1%</b>	<b>84.3%</b>	<b>82.8%</b>	<b>80.8%</b>	<b>82.5%</b>	<b>84.3%</b>	<b>85.3%</b>	<b>85.6%</b>	<b>88.2%</b>	<b>90.0%</b>	<b>89.3%</b>

Real Earnings	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Greater than £250m	100.0%	100.0%	100.0%	100.0%	88.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
£100m to £249.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	96.4%	100.0%	95.5%
£75m to £99.9m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.0%
£50m to £74.9m	100.0%	100.0%	100.0%	100.0%	100.0%	92.9%	100.0%	100.0%	100.0%	100.0%	100.0%
£25m to £49.9m	100.0%	100.0%	100.0%	93.9%	97.3%	97.4%	97.6%	100.0%	100.0%	97.5%	100.0%
£10m to £24.9m	97.4%	97.0%	96.7%	100.0%	100.0%	100.0%	100.0%	98.7%	100.0%	98.7%	95.5%
>£0m to £9.9m	92.2%	91.5%	92.5%	92.6%	91.8%	92.5%	92.5%	91.8%	90.0%	87.5%	83.2%
Zero or Negative	35.0%	28.2%	30.3%	37.0%	34.5%	30.7%	28.0%	25.7%	18.2%	24.9%	22.6%
<b>Total Pos. Earns</b>	<b>93.3%</b>	<b>92.6%</b>	<b>93.4%</b>	<b>93.5%</b>	<b>92.9%</b>	<b>93.5%</b>	<b>93.7%</b>	<b>93.1%</b>	<b>91.7%</b>	<b>89.6%</b>	<b>85.9%</b>
<b>Total All Earnings</b>	<b>85.0%</b>	<b>79.6%</b>	<b>77.1%</b>	<b>78.0%</b>	<b>80.3%</b>	<b>81.8%</b>	<b>80.8%</b>	<b>80.2%</b>	<b>75.3%</b>	<b>72.0%</b>	<b>66.9%</b>

**Table 15. Listing and Dividend Status of Industrial Dividend Payers in 1979**

Real Dividend Payment (1979 £'s)	All Dividend Payers in 1979	Paid Dividends in 2000	Listed Non-Payers in 2000	Delisted due to Financial Distress	Delisted due to Acquisition	Delisted due to Other Reasons*
Greater than £100m	3	3	0	0	0	0
£50-£99.9m	7	4	0	0	3	0
£40-£49.9m	3	2	0	0	1	0
£30-£39.9m	7	5	0	0	1	1
£20-£29.9m	10	6	1	0	3	0
£10-£19.9m	46	22	0	0	23	1
£5-£9.9m	58	22	2	1	33	0
£1-£4.9m	221	51	1	14	149	6
Less than £1m	847	142	47	115	497	46
<b>Total No. of Firms (% of 1979 Total)</b>	<b>1202 (100.0%)</b>	<b>257 (21.4%)</b>	<b>51 (4.2%)</b>	<b>130 (10.8%)</b>	<b>710 (59.1%)</b>	<b>54 (4.5%)</b>
<b>Total 1979 Divs. (% of indus. total)</b>	<b>3,539.0 (100.0%)</b>	<b>1,987.3 (56.2%)</b>	<b>43.8 (1.2%)</b>	<b>57.0 (1.6%)</b>	<b>1,372.0 (38.8%)</b>	<b>78.9 (2.2%)</b>
<b>Total 2000 Real Dividends (% of indus. total)</b>	<b>8,385.4 (100.0%)</b>	<b>5,877.6 (70.1%)</b>				

\* Other reasons included voluntary liquidation where value remained for shareholders, change of listing to a foreign country, enfranchisement and quotation cancellation/suspension for unknown reasons.