STOCK DIVIDENDS AND SHARE PRICES

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Given the information asymmetry between the management of a company and its stockholders, it has been argued that stock dividend declarations have information content, even if such declarations are not accompanied by any distribution of the company's cash resources. A general explanation for this is premised on the hypothesis that stock dividend declarations signal the earnings potential of a firm. This study investigates the effects of stock dividend declarations on share prices on and around the announcement dates using Philippine data. Applying the "market adjusted returns" model, the findings show that no abnormal returns are observed on and around the announcement dates. This implies that stock dividend declarations do not convey any information about the earnings of a firm.

I. INTRODUCTION

The growing popularity of stock dividend declarations among Philippine listed companies and the dearth of researches made about such declarations provided the primary impetus for this study. Data from the Philippine Stock Exchange show that from the 25 reported stock dividend declarations by listed companies in 1990, the number has more than doubled to 55 in 1997. This is puzzling considering that stock dividends do not entail any transfer of a company's resources to the stockholders. [1]

In the United States, an increasing number of stock dividend declarations were also reported in the mid-1950s, particularly in 1954, 1955 and 1956. This partly explains why studies about stock dividends were made during that period. Some of these studies have shown that the stock dividend declarations enhanced shareholders' wealth through price appreciation (see for example, Baker, 1958). Eisemann and Moses (in Woolridge, 1983) made a survey of 30 chief financial officers (CFOs) from U.S. based companies that declared stock dividends in 1974. The survey shows that the CFOs believe that stock prices do not adjust fully to stock dividends and that shareholder value is created in the process.

Given the information asymmetry between the management of a company and its stockholders, it has been argued that stock dividend declarations have information content, even if such declarations are not accompanied by any distribution of companies' resources. The phrase "information content of dividends"

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[1] A stock dividend is a mere transfer of the company's retained earnings to paid-in capital and additional paid-in capital, or just to paid-in capital depending on the magnitude of the stock dividends declared. Based on the Philippine practices as allowed by the Securities and Exchange Commission, stock dividends can also be made by transferring additional paid-in capital to paid-in capital. A stock dividend increases the number of shares but it does not change the proportionate interest of the stockholders and it does not involve any transfer of company resources to the stockholders.

refers to the hypothesis that dividends signal information about the future earnings of a firm (Foster and Vickrey, 1978). Watts (1973) believed that the phrase was first used by Modigliani and Miller.

Accounting rules and the Corporation Code of the Philippines prevent companies from declaring any form of dividends when there is no sufficient surplus or retained earnings to cover for them. This suggests, therefore, that only profitable companies can consistently declare stock dividends.[2]

There are other considerations why a company will declare stock dividends. Paragraph 2, section 43 of the Corporation Code of the Philippines prohibits companies from retaining profits in excess of 100% of the total paid-in capital. Stock dividends allow companies to comply with the regulatory limit on earnings retention without actually paying out cash. This situation is applicable to high growth companies where cash is better used to finance the expansion of the firm's operations.

While there is no actual transfer of resources from the company to the shareholders, the stock dividends are not totally costless. The company pays documentary stamp tax which is equivalent to 0.75% of the par value of the stock dividends issued. For big companies, this can be a sizable amount.

There are also some companies like Ayala Corporation which for a number of years did not change the cash dividend per share in spite of the series of stock dividend declarations it made for that period. Stock dividends, in effect, increased the dividend yield of stockholders.

The above arguments may support the assertion that stock dividend declarations contain information. If so, it is important to find out how fast such information is reflected in the share prices. This then brings us to the issue of market efficiency. Are there gains that can be made from buying shares of companies on the date that they announce a stock dividend?

II. OBJECTIVES OF THE STUDY

This study investigates the Philippine experience about the effects of stock dividend declarations on share prices on the announcement date. If indeed a stock dividend declaration contains information or signals the future earnings prospects of a firm, this should be reflected in share prices as the information is made available to the public. Specifically, the study will investigate the information content of stock dividends by observing if abnormal returns are realized on the dates such stock dividends are announced to the public.

The study has implications on the dividend policies of listed companies and on the trading strategies of stock market players. A survey of chief executive officers (CEOs) among listed companies in the Philippines shows that Philippine executives believe that dividend payouts

[2] While there is a SEC opinion issued on August 10, 1973 which allows the declaration of stock dividends from additional paid-in capital, the firm can not consistently declare cash dividends from that source because it will eventually be wiped out.

influence stock prices and that the market uses dividend announcements as information for evaluating stocks (Kester, Chang, Echanis and Soedigno, 1996).

Given the information asymmetry between the managers and stockholders of the firm, the results of this study will guide managers as to whether stock dividends can be used to convey information about the financial prospects of the firm. This study will also guide investors as to whether trading gains can be realized from stock dividend announcements.

III. REVIEW OF LITERATURE

Research studies on dividend polices are divided on the effect of dividends on share prices. There are those who believe that dividends are irrelevant, and those who believe that dividends are relevant and hence, affect the value of a firm. Some of these seminal studies will be discussed briefly in this section.

Miller and Modigliani (1961) developed the "dividend irrelevance" theory which argues that dividend policies have no effect on the value of the firm. This assertion of Miller and Modigliani is premised on the assumption of perfect markets, rational behavior of investors, and perfect certainty. They also assume a world without taxes and transaction costs.

One of the earliest studies about stock dividends was made by Baker (1958). His study shows that the positive reaction of the market to a stock dividend declaration is mainly due to the following effects of a stock dividend declaration: it broadens the ownership base, and brings the price of the stock to a more desirable and popular trading range. His study, however, concludes that stock dividend declarations produce no lasting gains in share prices. Managers of companies found stock dividend declarations very useful for conserving cash and hence, an inexpensive way of raising capital for expansion.

McNichols and Dravid (1990) conducted a study about stock dividends and stock splits and their study showed evidence that firms signal their private information about their future earnings through their choice of split factors. Their study also provided evidence that the magnitude of share price changes at stock dividend and split announcement dates are affected by the size of the split factor. Stock dividends are classified as follows: less than 10%, small stock dividends; 10% to 20%, large stock dividends; greater than 20%, considered as a stock split.

Foster and Vickrey (1978) investigated the information content of stock dividend announcements based on the declarations made by New York Stock Exchange industrial firms for the period 1972-1974. Their study shows that stock dividend declarations produce positive unexpected returns.

Two studies (Salita, 1992, and Ybañez, 1996) have been made about stock dividend declarations in the Philippines, but both focused on the ex-dates.[3] Salita's study (1992) covered 12

[3] Holders of the shares prior to the ex-dates are entitled to the stock dividend. Those who bought the shares at ex-date or after the ex-date are no longer entitled to the stock dividend. Share prices adjust on ex-date to account for the additional shares from the stock dividend.

stock dividend declarations by listed companies over the period 1988-1992. The results of the study show that prices do not adjust perfectly on ex-dates. The study found a positive wealth effect that was statistically significant at 10% level. Ybañez (1996) also made a study of 62 stock dividend declarations from 45 Philippine listed companies covering the period 1995-1996. The statistical results showed that prices do not adjust perfectly to stock dividends on ex-dates. He concluded, however, that the gains are economically insignificant and may not even be enough to cover transaction costs. The study did not observe any unusual price pattern on the days immediately surrounding the ex-dates.

IV. METHODOLOGY

Description of Data Set

To determine the effect of stock dividend announcements on share prices, daily returns were used. Data on the daily stock prices and the composite index or the Phisix were taken from the Philippine Stock Exchange. Daily returns are computed from closing share prices and closing index levels.

Data on stock dividend announcements were taken from the disclosure statements filed by the listed companies at the Philippine Stock Exchange. This study covers the stock dividend announcements made in 1996 and 1997. To be included in the study, the stock must have been traded 21 successive trading days before and after the stock dividend announcement. Of the 105 stock dividend announcements reported during this period, 60 were included in the study (see Appendix 1). Of the 60, 34 are stock dividends announced in 1996 while the balance of 26 is from 1997 announcements. Table 1 presents the size distribution of the stock dividend announcements included in the study.

The 60 stock dividends included in the sample came from 47 companies which belong to 10 different sectors.

Table 1
Distribution of Stock Dividends

	Number	% to Total
Less than 20%	7	11.67 %
20% to 50%	40	66.67
Greater than 50%	13	21.67
Total	60	100.00 %

Table 2
Distribution of Companies, By Sector

	No. of Companies	% to Total
Holding companies	9	19 %
Communications	2	4
Property	10	21
Mfg, distribution & trading	4	9
Power and energy	2	4
Mining	2	4
Banks and financial services	7	15
Food, beverage & tobacco	4	9
Construction & related products	4	9
Transportation services	3	6
Total	47	100 %

The 33 companies which declared the 34 stock dividends included in the 1996 sample accounted for 49.55% of the total market capitalization of all Philippine listed shares as of that year; while the 26 companies which declared the 26 stock dividends included in the 1997 sample accounted for 50.05% of the total market capitalization as of that year (see Appendix 2).

Nineteen (19) of the 47 companies included in the sample are index stocks. The combined market capitalization of these 19 companies accounts for 85.6% of the market capitalization of the Phisix as of December 31, 1997.[4]

Except for the hotel, recreation and other services sector, all the other sectors in the Phisix are well represented in the sample, especially the bigger capitalized companies. The non-inclusion of hotel, recreation and the other services sector is due to the fact that the only company from this sector which is included in the Phisix did not declare a stock dividend during the period covered in the study.

Model Specification and Statistical Tests of Hypothesis

Following the efficient market hypothesis, actual returns can not systematically differ from those which are predicted. This means that the expected value of the unexpected component, $E[\varepsilon_{it}]$, of a security return can not systematically differ from zero. Brown and Warner (1980) defined abnormal returns as the extent to which security returns are different from those which would have been appropriate given the model determining expected returns. Such abnormal returns are generally realized when firm-specific events take place. Event studies try to detect these abnormal returns as they are reflected in share prices.

[4] As of the end of 1997, Phisix stocks accounted for 70.27% of total stock market capitalization.

The methodology for this study follows that of Brown and Warner (1980) who assert that to the extent that the event is unanticipated, the abnormal returns realized at the occurrence of the event is a measure of the impact of the event on the shareholders' wealth. This is consistent with an efficient market for as long as such abnormal returns do not persist beyond the date such events occur.

Abnormal security returns are defined relative to a particular model generating "normal" returns. Brown and Warner discussed three models of the process generating ex-ante expected returns. These are the mean adjusted returns, the market adjusted returns, and the market and risk adjusted returns. The abnormal return is then defined as the difference between the actual ex-post return of a security and that which is predicted under the assumed return generating process. This will be the case for each model.

This study uses the "market adjusted returns" model. The decision to choose this model is premised on the study made by Brown and Warner (1980) which demonstrated the power of the model to detect abnormal returns. This model also takes into account market-wide movements which simultaneously occurred with the firm-specific events. This, in effect, reduces the variance of the abnormal component ε_{it}.

The "market adjusted returns" model can be viewed as a restricted market model with α_i constrained to be 0 and β_i constrained to be 1. The market model, as shown in the following equation, relates the returns of a security to the returns of the market (Campbell, Lo and MacKinlay, 1997, pp. 155-156).

$$R_{i,t} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{it}$$

$$E[\varepsilon_{it}] = 0 \qquad Var[\varepsilon_{it}] = \sigma_{\varepsilon it}^2$$

where

$R_{i,t}$ = returns on security i at time t
$R_{m,t}$ = returns on the market at time t

Based on the "market adjusted returns" model (Brown and Warner, 1985), the following variables are defined:

$$A_{i,t} = R_{i,t} - R_{m,t} \qquad i = 1, 2, \ldots\ldots n$$

where

$A_{i,t}$ = excess return of security i on day t
$R_{i,t}$ = $[(P_{i,t} - P_{i,t-1})/P_{i,t-1})]$ unadjusted return on security i on day t
$R_{m,t}$ = $[(I_{m,t} - I_{m,t-1})/I_{m,t-1})]$ return on the Phisix on day t
$P_{i,t}$ = closing price on security i on day t
$I_{m,t}$ = closing level on the Phisix on day t

The average market adjusted return or average excess return on a portfolio of n stocks at day t is:

$$\overline{A}_t = \frac{1}{n} \sum_{i=1}^{n} A_{it}$$

"An assumption sufficient for using such a performance measure is that the systematic risk for each sample security is equal to 1. In that case, the expected value of the difference between the return on a security and the return on the market index should, in an asset pricing model framework, be equal to zero." (Brown and Warner, 1980, p. 253)

Thus, the use of the "market adjusted returns" model require that the sample be diversified enough to approximate the

market. The Philippine stock index or Phisix is used to estimate market returns.[5] As previously mentioned, the 19 indexed stocks included in the sample already accounts for 85.6% of the market capitalization of the Phisix as of December 31, 1997. These arguments provide support for the use of the "market adjusted returns" model which assumes $\alpha=0$ and $\beta=1$.

The test statistic is the ratio of the event day t's mean excess return to its estimated standard deviation computed as follows:

$$t\text{-stat} = \overline{A}_t / \hat{S}(\overline{A}_t)$$

where

$$\hat{S}(\overline{A}_t) = \sqrt{\left(\sum_{i=1}^{n}(A_{it} - \overline{A}_t)^2\right)/(n-1)}$$

If the $\overline{A}_t$'s are independent, identically distributed, and normal, the test statistic is distributed student-t under the null hypothesis (ibid., pp. 7-8).

To determine if the effects of a stock dividend announcement are reflected in the share price even before the announcement, or are digested by the market days after the announcement, the cumulative market adjusted returns are also computed 20 trading days before and after the event. In an efficient market, the effects of firm-specific events should have been reflected in the prices at the date the event occurs. If the market, however, is not efficient, the impact of such firm-specific events may persist even beyond the announcement date. The inclusion of the days before the announcement is intended to capture the accumulation that may be done by some parties who may possess private information about the firm-specific events. These are the main reasons for determining the cumulative excess returns. The formula for the cumulative market adjusted returns for the portfolio of n stocks is (Ritter, 1991, pp. 8 and 10):

$$C\overline{A}_t, k = \sum_{t=1}^{k} \overline{A}_t \qquad k = 1, 2, \ldots\ldots, 41$$

The test statistic for the cumulative market adjusted returns is:

$$\text{t-stat} = \left[\left(C\overline{A}_t\right)\left(\sqrt{n_t}\right)\right] / csdt$$

where

$csdt = [\, t \times var + 2\,(t-1) \times cov\,]^{1/2}$

t = refers to the day in the event window

var = is the average cross-sectional variance over the window, in this case the average variance for 41 days (20 days before + event day + 20 days after)

cov = first order autocovariance of the market adjusted return series.

If stock dividend announcements have no information content, then the mean market adjusted returns on the event day, or days surrounding the announcements should not be significantly different from zero. Therefore, the null hypothesis is that the mean market adjusted returns on the

[5] While an All-Shares index is available, this index has been in place only recently. Also, the All-Shares index includes all the stocks traded in the Philippine stock market and a number of these shares suffer from liquidity problems. A daily observation of the shares traded in the Philippine stock market will show that only about 50% of the listed shares are regularly traded, and not all of this 50% actively trade every day.

event day or days around the event day, and the cumulative market adjusted returns on and around the event day must be zero.

To determine the statistical significance of the computed t-statistics, the studentized t distribution will be used.

V. EMPIRICAL RESULTS

Table 3 shows the summary of the results of the study.

The statistical results based on both the daily and cumulative market adjusted returns show that no abnormal returns are observed on the announcement of stock dividends. The findings lead to the acceptance of the null hypothesis that the announcement of a stock dividend does not convey any information about the future earnings of the firm.

While the daily mean market adjusted returns on the 17th and 9th day before the announcement, and the 2nd day after the announcement of 0.57%, 0.74%, and –1.18%, respectively, are statistically significant at 5% critical level, these are economically insignificant. Assuming investors are able to do short selling, even the –1.18% mean market adjusted return on the 2nd day after the announcement will not attract an active trader given the high transaction costs, e.g., 0.5% sales tax for selling, 0.25% to 1.5% brokerage commission plus 10% value added tax, documentary stamp tax for buying, and other related costs paid to the Philippine Central Depository (PCD) both for buying and selling.

An analysis of the individual market adjusted returns shows that of the 60 stock dividend announcements included in this study, 32 registered positive excess returns while the remaining 28 registered negative excess returns on the announcement date. This mixed reaction of the market explains the negligible mean market adjusted return of 0.54% on the announcement date.

Table 3
Summary of Results

t	MEAN	SD	t-stat	CA_t	t-stat CA_t
1	–0.00437	0.016825	–1.99629	–0.00437	–0.86022
2	0.000127	0.021066	0.046358	–0.00425	–0.22659
3	0.001535	0.022314	0.528512	–0.00271	–0.09938
4	0.005726	0.021652	2.031508 *	0.003016	0.091668
5	0.001512	0.024093	0.482152	0.004528	0.112993
6	0.004138	0.020575	1.544882	0.008667	0.209302
7	0.0012	0.023575	0.390872	0.009866	0.203202
8	0.002153	0.027046	0.611574	0.01202	0.213979
9	0.001507	0.014054	0.823445	0.013526	0.312471
10	0.004399	0.028269	1.195253	0.017925	0.275274
11	0.002267	0.024324	0.715829	0.020192	0.31713
12	0.0074	0.023324	2.436919 *	0.027592	0.421947
13	0.003205	0.022627	1.08814	0.030797	0.457807
14	–0.00261	0.020085	–0.99687	0.028191	0.427335
15	–0.00392	0.019536	–1.54123	0.024271	0.35948
16	0.002559	0.019825	0.991549	0.02683	0.381099
17	–0.0011	0.023126	–0.36622	0.025727	0.327616
18	–0.00222	0.022092	–0.77246	0.023506	0.297102
19	–0.00137	0.023346	–0.45219	0.022131	0.264449
20	–0.00202	0.030171	–0.51356	0.020114	0.205782
21	**0.005363**	**0.036877**	**1.117044**	**0.025477**	**0.22979**
22	0.002644	0.02381	0.853006	0.028121	0.308046
23	–0.01178	0.034494	–2.62371 *	0.016339	0.145284
24	–0.00325	0.036479	–0.68367	0.013092	0.110713
25	–0.00533	0.033299	–1.22847	0.007766	0.067295
26	0.001581	0.030634	0.396405	0.009347	0.082736
27	–0.00093	0.018365	–0.38693	0.008422	0.094411
28	–0.00281	0.024058	–0.89693	0.005613	0.053945
29	–0.00048	0.025859	–0.14372	0.005129	0.046691
30	0.002927	0.018285	1.229783	0.008057	0.085701
31	–0.00536	0.049773	–0.82689	0.002699	0.017106
32	–0.00499	0.048078	–0.79744	–0.00229	–0.01455
33	–0.01023	0.074263	–1.05837	–0.01253	–0.06294
34	0.004968	0.050758	0.751813	–0.00756	–0.04523
35	–0.00982	0.078548	–0.96075	–0.01738	–0.08239
36	–0.00549	0.044281	–0.95216	–0.02287	–0.1423
37	–0.00185	0.025232	–0.56424	–0.02472	–0.20094
38	–0.00466	0.024968	–1.4344	–0.02939	–0.23683
39	–0.0016	0.035203	–0.34856	–0.03098	–0.20751
40	–0.00187	0.031461	–0.45557	–0.03285	–0.22972
41	–0.01997	0.142723	–1.07495	–0.05282	–0.17125

* significant at the 5% level

VI. CONCLUSION

As shown by the statistical results of the study, stock dividend announcements do not produce any abnormal returns. This implies that managers of listed companies can not use stock dividends as an instrument for conveying information about the financial prospects of the firm to the market. This may also be a useful guide to investors who may anticipate announcements of stock dividends in the expectation of opportunities for trading gains.

This paper also addresses one of the issues raised in an earlier study by Ybañez (1996). His study concentrated on the price effects around the ex-dates of stock dividends but raised the possibility that positive price effects might be realized on or around the announcement date of stock dividends.

This study is limited to the stock dividend announcements made over a two-year period, 1996 and 1997. The findings would have been more conclusive if more data were included in the study. It probably pays to know whether abnormal returns were realized in the earlier period; or if stock dividends are clustered based on size, will there be any differences in returns? Such clustering was attempted in this study but the small number of samples led to just 7 data points for the cluster of small dividend announcements. These are areas which future researches can explore.

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Appendix 1
List of Stock Dividend Announcements Included in the Study

		Stock Dividend Rate (%)	Announcement Date
	1996		
1	Aboitiz Equity Ventures	30 %	16-Apr
2	ABS-CBN	50	21-Mar
3	Alaska Milk	50	21-Mar
4	Alsons Cement	50	10-May
5	Asian Terminals	33.33	5-Jul
6	Ayala Corporation	50	29-Mar
7	Ayala Land Inc.	50	29-Mar
8	C & P Homes	50	12-Mar
9	Davao Union Cement Corp.	21.77	16-Aug
10	Filinvest Development Corporation	100	7-Feb
11	Filinvest Land Inc.	50	30-Jan
12	First Philippine Holdings, Inc.	20	17-Jan
13	First Philippine Holdings, Inc.	25	30-Aug
14	House of Investments	100	13-Jun
15	International Container Terminal Services, Inc.	50	19-Mar
16	Ionics	100	28-Feb
17	Jollibee Foods Corporation	25	15-Apr
18	Kepphil Shipyard	8	27-Jun
19	Manila Electric Company	30	18-Mar
20	Manila Mining Corporation	40	1-Apr
21	Megaworld Properties	95	28-Feb
22	Metropolitan Bank & Trust Co.	25	21-Mar
23	Mondragon International Philippines, Inc.	50	13-May
24	PCIBank	50	29-Jul
25	Petron Corporation	25	17-Jan
26	PICOP Resources	10	30-Apr
27	Philippine National Bank	37.50	23-Oct
28	Primetown Property Group, Inc.	100	15-Apr
29	San Miguel Corporation	10	1-Mar
30	Security Bank Corporation	20	27-Mar
31	SM Development Corporation	25	30-Apr
32	SM Prime Holdings, Inc.	20	7-May
33	Union Bank of the Philippines	20	27-May
34	Urban Bank, Inc.	15	4-Mar

		Stock Dividend Rate (%)	Announcement Date
	1997		
1	A. Soriano Corporation	25 %	20-Mar
2	Ayala Corporation	25	6-Mar
3	Ayala Land Inc.	25	11-Mar
4	Cosmos Bottling Corporation	100	3-Apr
5	DMCI Holdings, Inc.	100	16-Apr
6	EEI Corporation	100	10-Apr
7	Empire East Land Holdings, Inc.	88	3-Apr
8	Far East Bank and Trust Company	20	28-Jan
9	File Estate Land, Inc.	100	7-Feb
10	First Philippine Holdings, Inc.	20	30-Sep
11	Fortune Cement Corporation	50	24-Apr
12	International Container Terminal Services, Inc.	50	18-Mar
13	Mabuhay Vinyl Corporation	20	2-Apr
14	Manila Electric Company	30	18-Mar
15	Megaworld Properties	50	2-Apr
16	Metro Pacific Corporation*	30	3-Jun
17	Metropolitan Bank & Trust Co.	20	17-Apr
18	Music Semiconductors Corporation	10	8-May
19	Petron Corporation	20	7-Jan
20	Philex Mining Corporation	50	27-May
21	PLDT	100	4-Mar
22	Primetown Property Group, Inc.	75	9-May
23	Pryce Properties Corporation	15	24-Feb
24	San Miguel Corporation	10	28-Feb
25	Security Bank Corporation	20	5-May
26	SM Development Corporation	80	23-Apr

* original announcement was 30%, but later adjusted to 33.33%.

Appendix 2
Market Capitalization of Companies Included in the Study

1996

	Name of Company	Market Capitalization
1	Aboitiz Equity Ventures	15,090,691,590
2	ABS-CBN	22,218,124,392
3	Alaska Milk	3,268,912,585
4	Alsons Cement	7,423,987,967
5	Asian Terminals	4,750,000,000
6	Ayala Corp A	99,767,005,954
7	Ayala Land	172,847,731,560
8	C & P Homes	56,214,633,542
9	Davao Union Cement Corp	4,125,000,000
10	Filinvest development Corp.	46,374,850,938
11	Filinvest Land Inc.	30,860,985,729
12	First Philippine Holdings A	4,648,659,794
13	House of Investments	2,100,000,000
14	International Containers	11,917,618,130
15	Ionics	6,445,312,500
16	Jollibee Foods Corporation	24,221,484,375
17	Kepphil Shipyard	1,703,585,334
18	Meralco A	47,880,763,125
19	Manila Mining A	1,207,109,276
20	Megaworld	19,538,609,990
21	Metrobank	118,062,597,900
22	Mondragon	6,673,969,579
23	PCIB	52,523,483,100
24	Petron	69,531,721,905
25	PICOP	3,766,690,409
26	PNB	31,245,493,438
27	Primetown Property	4,762,032,000
28	San Miguel Corporation A	81,355,177,109
29	Security Bank	10,357,264,554
30	SM Development Corp	5,097,020,116
31	SM Prime Holdings	67,528,189,861
32	Union Bank	12,141,037,590
33	Urban Bank	2,357,078,768
	Total Market Capitalization of Sample	1,048,006,823,109
	Total Market Capitalization of All Shares	2,115,187,153,998
	% Share of Sample's Market Cap to All Shares	49.55%

Source: PSE Fact Book 1996

	1997 Name of Company	Market Capitalization
1	A. Soriano Corp.	4,795,175,189
2	Ayala Corp.	129,724,168,691
3	Ayala Land, Inc.	115,927,548,416
4	Cosmos Bottling Corp.	5,692,500,000
5	DMCI Holdings	2,706,592,800
6	EEI	1,116,110,682
7	ELI	1,885,640,000
8	FEBTC	26,460,000,000
9	Fil Estate Land	2,389,257,994
10	First Philippine Holdings A	3,076,696,700
11	Fortune Cement	5,539,123,200
12	International Containers	6,500,743,975
13	Mabuhay Vinyl	540,000,000
14	Meralco A	41,439,538,388
15	Megaworld	2,121,334,799
16	Metro Pacific	5,099,884,971
17	Metrobank	61,318,165,548
18	Music Corp	5,091,476,278
19	Petron	31,406,463,154
20	Philex A	915,847,718
21	PLDT	95,681,199,680
22	Primetown	4,762.032,000
23	Pryce Properties	1,771,000,000
24	San Miguel Corp. A	63,613,013,100
25	Security Bank	4,643,696,642
26	SM Development Corp.	2,056,720,523
	Total Market Capitalization of Sample	626,273,930,448
	Total Market Capitalization of All Shares	1,251,288,344,171
	% Share of Sample's Market Cap to All Shares	50.05%

Source: PSE Monthly Report, December 1997