

press release

17 June 2010

The Share Centre remains cautious over BP and highlights other options for income seekers

- BP still not an outright 'buy' says The Share Centre
- Ten stocks income seekers may wish to consider

BP's share price rose this morning following confirmation that BP shareholders will not receive dividend payments this year. Nick Raynor, investment adviser at The Share Centre comments on what this means for investors and also presents some other possibilities for income seekers:

"BP's share price climbed as much as 7% in early trading after clarity was finally given over the dividend policy. Since then it has dipped slightly, which is not unusual in these circumstances, however at least the market and investors now know what to expect.

"Despite this we are still not recommending BP as an outright buy for investors, especially in the short term as there is still some considerable uncertainty over the true cost of the clean-up. As such, current shareholders might want to hold at existing levels or potentially drip feed into the market.

"For income seekers looking for other options in the meantime we have identified ten stocks which could suit their needs:

National Grid

Currently trading at 511.5p and is offering a yield of 6.3%. (lower risk)

National Grid surprised the market by announcing a rights issue earlier in the year to help fund the Group's plans to invest £22 billion in new sources of generation and much needed upgrades to the UK's energy system. National Grid has been a long time favourite for income seekers and with a target of increasing the dividend by 8% until 2012 the attraction remains.

Chesnara

Currently trading at 220p and offering a yield of 7.3% (medium risk)

Q1 figures were released mid-May and profits were well ahead of last year with pre-tax profits at £12.9 million. This should give investors confidence Chesnara's impressive yield of 7.5% will continue. Chesnara has £200m in the bank that can be used to continue to maintain the dividend or for acquisition opportunities, either way its an attraction.

International Power

Currently trading at 320p and offering a yield of 4% (medium risk)

Final 2009 results slightly disappointed the markets with poor performance from the UK and US to blame. The picture could have been much worse if it wasn't for improved performance in profits from its divisions in Australia, The Middle East, Asia and Europe. We like International Power for its international diversity and this makes it a good defensive play. The dividend is becoming healthier and was increased yet again. There is always the possibility that potential suitors may want to make a bid for them.

Royal Dutch Shell 'B'

Currently trading at 1757p and offering a yield of 6.1% (medium risk)

With BP's woes continuing we have switched our buy recommendation for the oil sector to Royal Dutch Shell. The yield is stable, unlike BP's, so we may find that the shares will benefit if investors start switching investments within the sector. UK investors should buy the Royal Dutch Shell 'B' as they are not liable to Dutch tax.

Aviva

Currently trading at 345p and offering a yield of 7% (medium risk)

Figures have improved recently. Cost cutting and improving equity markets have given the share price a further boost. Measures have included cutting the final dividend by 25% to 15p, taking the

total for the year to 24p, better than analysts expected. Despite this, the yield is still a reasonable level and cutting it now reduces the likelihood of any further reductions.

GlaxoSmithKline

Currently trading at 1224p and offering a yield of 4.8% (lower risk)

GlaxoSmithKline is one of our favourites in the sector for the longer term and we feel it should be a core holding in any portfolio as the growth is stable and the dividend is impressive at 4.8%. Q1 figures received a boost from the swine flu vaccine, but even without the pandemic products, the group still saw a 4% increase in sales. The combination of a significant pipeline of drugs and its core product ranges make GlaxoSmithKline ideal for income and growth.

British American Tobacco (BAT)

Currently trading at 2196p and offering a yield of 4.1% (lower risk)

Changing patterns and falling sales in cigarette consumption has forced BAT to step up its marketing efforts in Latin America, Asia and the Middle East. However, BAT remains strong compared to others in the industry, and due to its geographical spread BAT was able to still hold a stable share price and a healthy dividend of 4.1%

Vodafone

Currently trading at 140.5p and offering a yield of 5.6% (medium risk)

May 2010 saw Vodafone announce annual profits of £8.7bn. This was despite a 4.7% decline in revenue in the UK due to continued competition from rival providers. We were also happy to see the mobile phone giant raise its total dividend by 7% to 8.31p and pledge to increase annual dividend growth by at least 7% for the next three years. Good news for investors seeking income.

Carillion

Currently trading at 341p and offering a yield of 4% (medium risk)

Compared to the same time last year, the first five months of 2010 has seen strong performance from construction company, Carillion. The group has won some attractive contracts. As consolidation within the construction industry continues, Carillion shows signs of growth and is viewed as a predator rather than target. For the sector, the yield at over 4% looks very attractive.

Centrica

Currently trading at 304p and offering a yield of 4.1% (medium risk)

Centrica now produces around 45% of the gas and power its customers demand, this will go some way to increase the group's protection from the volatile commodity market. Residential energy clients continue to rise, currently at 15.9m, and as we expect to see colder winters and mild springs, the gas and electricity company should benefit. Centrica's dividend currently stands at 4.1% so should appeal for both income and growth. It may also be a target for overseas companies.

- Ends -

Note to editor

Figures correct as of 4:30 pm on 16 June 2010

The companies featured in this article may not be included in The Share Centre's 'Buy list'

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About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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