



UK DIVIDENDS RISE FOUR TIMES FASTER THAN HEADLINE INFLATION DESPITE MARKET TURMOIL

- **8 out of 10 blue chips raised payouts last year, says research from Fidelity International**
- **Dividend growers significantly outperform dividend cutters over past decade**

London, 18 February 2008 - Three quarters of Britain's largest companies raised their dividends by more than the rate of inflation during 2007, according to analysis by Fidelity International.

The analysis reveals that, in the 12 months to the end of December, 77 of the FTSE 100 companies lifted their year-on-year payout by more than 2.1%, the increase in the Consumer Price Index (CPI). The analysis is based on data from Dresdner Kleinwort.*

Even compared with the old measure of inflation, the Retail Price Index (RPI), 73 of the FTSE 100 companies increased their payouts – the amount distributed per share - by more than inflation. RPI stood at 3.1% in December 2007**

The median increase for the FTSE 100 stocks from 2006 to 2007 was 9.6%, more than 4 times the headline rate of inflation. Of the FTSE 100 companies which paid dividends to shareholders in 2007, 11 decreased the amount year on year.

The reinvestment of dividends contributed more than two thirds of the total return to FTSE 100 investors in 2007. While the index rose 2.31% last year, the reinvestment of income took the total return to 7.4%.*** This was not just a one year phenomenon. ****



The analysis excludes a one-off surge in the payout at Thomas Cook. The travel group boosted its dividend per share by 642.9% year on year. Setting Thomas Cook to one side, the highest increase in dividend payout was from Standard Life (+111.1%).

Two companies renewed dividend payments in 2007 – British Energy and British Airways. Three companies continued not to distribute dividends: Resolution, Cairn Energy and Tullow Oil.

Of the FTSE 100 companies which paid dividends to shareholders in 2007, 11 decreased the amount year on year. The biggest cutter was TUI Travel which more than halved the payment (-56%), although at the end of December it announced a resumption of the dividend.

Top five dividend payout increases in the FTSE 100

Thomas Cook Group	642.9%
Standard Life	111.1%
Sage	61.4%
British Land	57.9%
Man Group	45.0%

And the bottom five dividends*

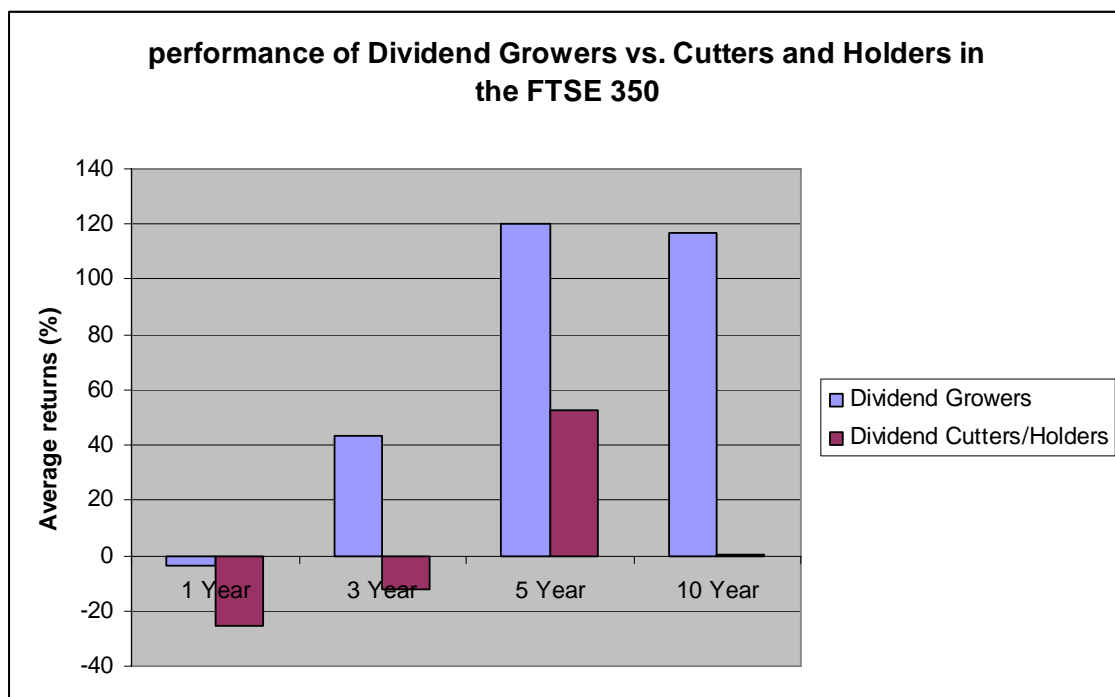
TUI Travel	-56.1%
Anglo American	-41.7%
Smiths Group	-15.1%
Kingfisher	-14.2%
3i	-10.8%



Extending the analysis to the FTSE 350 over the last 10 years reveals that consistent dividend increases can be a useful indicator of long-term outperformance.

Sam Morse, manager of the Fidelity MoneyBuilder Growth Fund, said: “Looking back over the past 10 years there are 191 companies in the FTSE 350 which have consistently increased their dividend payouts****. These companies have, on average, outperformed companies which have cut or held their dividends. Dividend growers returned 117% for investors compared with a flat return for the dividend holders/cutters. This compares to a FTSE 350 market return of 82% or if dividends are stripped out, returns of just 36%*****

“To me, consistent growth in dividends is a robust indicator of a healthy company. Obviously the challenge is to be able to identify attractively valued companies that will be able to grow their dividends consistently over the next ten years. That is my style of investment: to identify this type of company early and to benefit from its outperformance over the longer term.”





	1 year	3 years	5 years	10 years
No. of growers	278	255	218	191
No. of cutters/holders	26	18	36	48

Source: Citigroup, DataStream – 31.12.97 to 31.12.07

Sam has run the Fidelity MoneyBuilder Growth Fund since December 2006. The fund is first quartile over 1, 3, 5 and 10 years and has returned 209% compared with the benchmark return of 170% since its launch in 1994*****.

Fidelity International Limited (“FIL”) and its subsidiary companies serve the major markets of the world by providing investment products and services to individuals and institutional investors outside the US. The FIL Organisation manages a total of £150.9 billion of assets*****.

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Notes to editors:

*Source: Dresdner Kleinwort as at 31.12.07

**RPI includes mortgage interest payments and is still used to calculate state pensions

***Source: DataStream 02.01.07 to 31.12. 07

****Source: DataStream as at 31.12.07, noted in a study by Fisher and Lorie 1968

*****Source DataStream 31.12.97 to 31.12.07

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*****Source: Fidelity as at 31.12.07

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