

FRAMLINGTON INCOME & CAPITAL TRUST PLC

FOR IMMEDIATE RELEASE

1 September 2008

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RECOMMENDED PROPOSALS FOR THE RECONSTRUCTION AND VOLUNTARY WINDING UP OF THE COMPANY

Framlington Income & Capital Trust PLC has today mailed to shareholders a circular (the "Circular") setting out recommended proposals for the reconstruction and voluntary winding up of the Company. A summary of the key information taken from the Circular is set out below.

INTRODUCTION

As stated in the Company's annual report and accounts for the year ended 31 March 2008, the Board has been considering proposals to offer Shareholders the opportunity to continue their investment in a tax efficient manner following the winding up of the Company on 30 September 2008. After discussions with a number of parties, including the larger Shareholders in the Company, the Board is now proposing a voluntary winding up of the Company on 30 September 2008 with the opportunity for Shareholders to receive, in respect of their investment in the Company, cash or units in two authorised unit trusts managed by AXA Framlington Investment Management Limited, the Company's investment manager (or a combination of cash and units in either or both of those unit trusts).

The Proposals are conditional on the approval of Shareholders at the relevant Class Meetings and at the Extraordinary General Meeting. Notices convening the Meetings are set out at the end of the Circular. The Board unanimously recommends that Shareholders vote in favour of the relevant Resolutions at the Meetings.

THE PROPOSALS

The Board has concluded that it is in the best interests of Shareholders as a whole to propose a scheme of reconstruction comprising a members' voluntary winding up of the Company under the Company's articles of association, with options for Income Shareholders and Capital Shareholders to elect:

- to roll over all or some of their investment into units in AXA Framlington Equity Income Fund (the "EIF Option"); and/or
- to roll over all or some of their investment into units in AXA Framlington UK Select Opportunities Fund (the "SOF Option"); and/or
- to realise all or some of their investment for cash (the "Cash Option").

Shareholders shall be entitled to elect for a combination of the Options.

Shareholders, other than Overseas Shareholders, who do not make a valid Election will be deemed to have made the following Elections in respect of their entire holding of Shares:

- **Income Shareholders will be deemed to have made an Election for income units in the EIF Option; and**
- **Capital Shareholders will be deemed to have made an Election for accumulation units in the SOF Option.**

All Overseas Shareholders will be deemed to have made an Election for the Cash Option in

respect of all of their Shares. Any other Shareholders who wish to receive the Cash Option must make a valid Election.

BENEFITS OF THE PROPOSALS

Your Directors believe that the Proposals have significant attractions for Shareholders and, in particular, that the Proposals:

- offer the opportunity for Shareholders to realise all or part of their investment for cash;
- provide greater choice and flexibility for Shareholders than if the Company were simply wound up;
- defer any potential liability to UK capital gains tax on those Shares which are rolled over;
- enable Shareholders to invest in either or both of the AXA Framlington Equity Income Fund or the AXA Framlington UK Select Opportunities Fund without having to pay the initial charge on such funds of 5.25 per cent.;
- offer Rollover Options which are managed by the Company's existing investment manager, AXA Framlington; and
- should be cost neutral compared with a straightforward liquidation as a result of the Costs Contribution to be made to the expenses of the Scheme by AXA Framlington.

Shareholders should note that Shares which are elected for (or are deemed elected for) the Cash Option will not benefit from any deferral of any potential liability to UK capital gains tax on those Shares.

INFORMATION ABOUT ROLLOVER OPTIONS

AXA Framlington Equity Income Fund

The investment objective of AXA Framlington Equity Income Fund is to produce a higher than average yield combined with long term growth of income and capital. Investment is made principally in UK equities and convertible shares of companies which, in the Manager's opinion, show above average profitability, management quality and growth.

It is an authorised UK unit trust scheme with the same investment manager as the Company, AXA Framlington Investment Management Limited. It was launched in 1980 and has an unlimited life. It aims to pay income twice annually on 15 March and 15 September. EIF issues income units and accumulation units. If you invest in income units, any distributions will be paid directly to your bank or building society account on the fund's income payment date. If you select accumulation units, the income will be automatically reinvested within the fund and reflected in the price of units which will gradually draw away from the price of the income units as the income is "rolled up".

AXA Framlington UK Select Opportunities Fund

The investment objective of AXA Framlington UK Select Opportunities Fund is to achieve capital growth by investing in companies, primarily of UK origin, where the Manager believes above average returns can be realised.

It is an authorised UK unit trust scheme with the same investment manager as the Company, AXA Framlington Investment Management Limited. It was launched in 1969 and has an unlimited life. It aims to pay income twice annually on 15 May and 15 November. SOF issues income units and accumulation units. If you invest in income units, any distributions will be paid directly to your bank or building society account on the fund's income payment date. If you select accumulation units, the income will be automatically reinvested within the fund and reflected in the price of units which will gradually draw away from the price of the income units as the income is "rolled up".

Further details on AXA Framlington Equity Income Fund and AXA Framlington UK Select

Opportunities Fund are set out in the Circular and the Simplified Prospectus.

COSTS OF THE PROPOSALS AND THE COSTS CONTRIBUTION

The Board has sought to limit the expenses of the Scheme to minimise the impact on Shareholder value. In considering whether it is in the best interests of Shareholders to offer the Rollover Options rather than a straightforward winding up, the Board took into account the Costs Contribution being provided by the Manager. The Manager has agreed to make a contribution towards the costs of the Proposals of £40,000 plus 0.75 per cent. of the aggregate amount that rolls over under the Rollover Options in excess of £6 million.

The Board estimates that the expenses of the Proposals (including irrecoverable VAT), before taking account of the costs associated with the realisation of the Company's assets and the Liquidators' Retention but taking into account the minimum contribution under the Costs Contribution of £40,000, will be approximately £215,000. The Board has determined, having taken advice, that these costs should be charged to the capital account and therefore will be borne by the Capital Shareholders. This amount equates to approximately 0.5 per cent. of the NAV of a Capital Share as at 21 August 2008.

The Board has agreed a Liquidators' Retention of £100,000 which will be retained by the Liquidators to meet any unforeseen costs and liabilities and will be set against assets attributable to the Capital Shareholders.

The Board believes that the costs of the Proposals, after taking into account the Costs Contribution, are equivalent to the typical costs for a straightforward liquidation.

FINANCIAL EFFECTS OF THE PROPOSALS

The number of AXA Framlington Equity Income Fund Units or AXA Framlington UK Select Opportunities Fund Units to which a Shareholder electing, or deemed to be electing, for any of the Options will become entitled under the Proposals can only be determined on the Effective Date. The Company will announce the capital entitlements and the Income Share FAVs and the Capital Share FAVs on the Effective Date or as soon as practicable thereafter. Whether or not Income Shareholders receive their full capital entitlement of 30 pence per share will depend on there being sufficient net assets of the Company available for distribution. Whether or not Capital Shareholders receive any capital entitlement will depend on there being sufficient net assets of the Company available for distribution to fulfil the Income Shareholders' capital entitlement of 30 pence per Income Share and there then being a surplus to make payment to the Capital Shareholders.

Income Shareholders are also expected to receive a final interim dividend prior to liquidation (see below under the heading "Final Interim Dividend").

For illustrative purposes, the following table shows the attributable value to Shareholders electing for the various Options in respect of each Share if the Calculation Date and the Effective Date had been at close of business on 21 August 2008 (being the latest practicable date prior to the publication of the Circular). It should be noted that these figures are given for illustrative purposes only and should not be regarded as forecasts.

In addition, these figures:

1. do not include an estimate of any costs that may be incurred by the Company in reorganising its portfolio or realising and transferring assets;
2. include the impact on the Capital Share FAV of the Liquidators' Retention of £100,000;
3. do not include any undistributed net revenue of which 1.74p per Income Share was reflected in the Company's published NAV per Income Share as at 21 August 2008;
4. do not include any amounts in respect of the expected recovery of VAT paid on management fees; and

5. are calculated after deducting the estimated costs and expenses of the Scheme and assuming that only the minimum Costs Contribution of £40,000 is made.

	FAV	EIF Option	SOF Option	Cash
Shares	(p)	(p)*	(p)*	(p)
Income Share	30.0	29.3	29.6	30.0
Capital Share	174.0	170.0	171.5	174.0

* At the bid price per unit in respect of the EIF Option and the bid price per unit in respect of the SOF Option.

FINAL INTERIM DIVIDEND

Based on current estimates of costs and revenues for this financial year, the Board anticipates that the Company will pay a final interim dividend on 30 September 2008 to Income Shareholders on the register at 5.00 p.m. on 12 September 2008. The final interim dividend is expected to be declared on, or around, 4 September 2008.

As at 21 August 2008 (the latest practicable date prior to the publication of the Circular), the Company had undistributed net revenue (after deduction of the first interim dividend of 2.5p per Income Share which has already been declared) of approximately £681,000, being 1.74p per Income Share. The final interim dividend is not conditional upon the approval or implementation of the Proposals. The Liquidators may make a capital distribution to Income Shareholders following implementation of the Proposals in respect of any undistributed net revenue arising during the period prior to the Effective Date.

SHAREHOLDER MEETINGS

The Class Meetings of each of the Income Shareholders and the Capital Shareholders will be held at 11.00 a.m. and 11.05 a.m. respectively on 22 September 2008. Resolutions will be proposed which, if passed by a simple majority, will sanction the passing and implementation of the resolutions at the Extraordinary General Meeting, other than the ordinary resolution to wind up the Company which is not subject to class consent. At the Extraordinary General Meeting at 9.00 a.m. on 30 September 2008 a special resolution will be proposed to reclassify the Income Shares and the Capital Shares, amend the Articles and authorise the Liquidators to implement the Scheme. At the Extraordinary General Meeting an ordinary resolution will also be proposed to wind up the Company (on which only Capital Shareholders are permitted to vote under the Articles of the Company) and a special resolution will be proposed to provide the Liquidators with appropriate powers.

The Proposals are conditional on the passing by Shareholders of the Resolutions at the Meetings or any adjournments thereof and all conditions to such Resolutions and the Scheme being fulfilled. The Scheme is described in more detail in the Circular and the full terms of the Scheme are set out in Part 3 of the Circular. If the Scheme becomes unconditional, the Company's Articles will be amended to facilitate the Scheme and in accordance with the terms of the Scheme.

Notices convening the requisite Meetings are set out at the end of the Circular. The Meetings will all be held at 155 Bishopsgate, London EC2M 3XJ.

The quorum for the Class Meetings is two persons of the relevant class holding or representing by proxy at least one third of the issued shares of that class. In the event that a quorum is not present at either of the Class Meetings, the relevant Class Meetings will be adjourned to the same time and place on Monday, 29 September 2008. The quorum at any adjourned Class Meeting is one Shareholder holding the relevant class of Share or his proxy.

If the Proposals are not approved at the Class Meetings or if the special resolutions are not approved at the Extraordinary General Meeting, the ordinary resolution for the winding up of

the Company at the Extraordinary General Meeting will be proposed in any case. Only Capital Shareholders are entitled to vote on the ordinary resolution for the winding up of the Company.

If the Company is wound up in this manner (that is, without the Scheme) Shareholders would receive their cash entitlements in accordance with the Articles under a liquidation after all liabilities have been satisfied in full. Such a winding up would not, however, constitute a reconstruction for tax purposes, and would therefore constitute a disposal by Shareholders for the purposes of UK taxation of capital gains. The Costs Contribution from the Investment Manager is payable only if the Scheme is approved.

SUSPENSION AND CANCELLATION OF LISTING AND TRADING

It is proposed that the register of members of the Company be closed at 5.00 p.m. on 19 September 2008, the last date for receipt of Forms of Election under the Scheme so that no further transfers of Income Shares and Capital Shares will be registered once the Shares have been elected. It is recommended that any transfers of Shares from 17 September 2008 be for immediate delivery of documents of title and cash settlement only. In connection with the proposed liquidation and reconstruction of the Company, the Company has requested the suspension and then the cancellation of the listings of the Income and Capital Shares on the Official List of the UK Listing Authority and the trading in the Income and Capital Shares on the London Stock Exchange. It is expected that the suspension will be effective at 7.30a.m. on 22 September 2008. Subject to the passing of the resolution to be proposed at the EGM to put the Company into voluntary liquidation, it is expected that the cancellation will be effective at 8.00a.m. on 1 October 2008. If the resolution to put the Company into liquidation is not passed then the Company will request that the suspension of listing and trading of its Shares be lifted.

If the Scheme is approved by Shareholders, immediately upon the Company being put into liquidation, the Income Shares and the Capital Shares shall be reclassified as Shares with A Rights, Shares with B Rights, Shares with C Rights, Shares with D Rights, Shares with E Rights or Shares with F Rights in accordance with their elections or deemed elections and to reflect the entitlements of those shares following the relevant elections. The reclassified shares will not be admitted to trading or listing as the Company will go into liquidation simultaneously with the reclassification. If the Scheme is not approved then the Shares will not be reclassified but the Company will still go into liquidation provided the liquidation resolution is passed.

THE CIRCULAR

A copy of the Circular has been submitted to the FSA, and will shortly be available for inspection at the FSA's Document Viewing Facility which is situated at:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Tel: 020 7066 1000

Copies of the Circular have been mailed to Shareholders on the register as at close of business on 22 August 2008 and are also available from the registered office of the Company and at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX up to the conclusion of the Extraordinary General Meeting.

All enquiries

AXA Framlington Investment Management Limited

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Dickson Minto W.S.

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Dickson Minto W.S., which is regulated by the Financial Services Authority, is acting for the Company and for no-one else in connection with the contents of this announcement and will not be responsible to anyone other than Framlington Income & Capital Trust PLC for providing the protections afforded to clients of Dickson Minto W.S., or for affording advice in relation to the contents of this announcement or any matters referred to herein.

EXPECTED TIMETABLE

	2008
Announcement of final interim dividend	by 4 September
Income Shares marked ex dividend in respect of the final interim dividend	10 September
Record date for the dividend payable to Income Shareholders	12 September
Date from which it is recommended transfers of Shares are done against immediate delivery of documents of title and cash settlement only	17 September
Record date for Shareholders to make Elections under the Scheme	19 September
Latest time for receipt of Forms of Election from Shareholders	3.00 p.m. on 19 September
Register of members closed in respect of the existing Income and Capital Shares	5.00 p.m. on 19 September
Latest time for receipt of Forms of Proxy for the Income Class Meeting	11.00 a.m. on 20 September
Latest time for receipt of Forms of Proxy for the Capital Class Meeting	11.05 a.m. on 20 September
Suspension of listing and trading of Income Shares and Capital Shares	7.30 a.m. on 22 September
Income Class Meeting	11.00 a.m. on 22 September
Capital Class Meeting	11.05 a.m. on 22 September
Calculation Date	5.00 p.m. on 25 September
Latest time for receipt of Forms of Proxy for the Extraordinary General Meeting	9.00 a.m. on 28 September
Date of payment of final interim dividend	30 September
Extraordinary General Meeting	9.00 a.m. on 30 September
Effective Date	30 September
Conditional on the appropriate shareholder resolutions being passed, the Company will go into liquidation and simultaneously the Shares will be reclassified	30 September
Cancellation of listing of Income Shares and Capital Shares	1 October
Contract notes dispatched in respect of AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunities Fund Units	On or as soon as practicable after 1 October

Distribution of cash entitlements to Shareholders who elect for the Cash
Option under the Scheme and CREST accounts credited with cash

Week commencing
6 October

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

"AIC"	The Association of Investment Companies
"Appointment of Proxy"	the appointment of proxy by a Shareholder by utilising either a Form of Proxy or the CREST electronic proxy appointment service
"Articles"	the articles of association of the Company
"Calculation Date"	the time (to be determined by the Directors but expected to be 5.00 p.m. on 25 September 2008) as at which the value of the assets of the Company will be determined for the purposes of the creation of the Pools
"Capita Registrars"	a trading name of Capita Registrars Limited
"Capital Class Meeting"	the class meeting of the Capital Shareholders convened for 22 September 2008 at 11.05 a.m. and any adjournment thereof
"Capital Shareholder"	a holder of Capital Shares
"Capital Shares"	the existing issued and fully paid capital shares of 25p each in the capital of the Company
"Capital Share FAV"	the formula asset value attributable to the Capital Shares (which may be different in respect of the Equity Income Pool, the Select Opportunities Pool and the Cash Pool) on a liquidation basis on the relevant date calculated in accordance with the Articles and as set out in Part 3 of the Circular
"Cash Option"	the right of Shareholders to receive cash
"Cash Pool"	the fund which represents the interests of holders of Shares with C Rights and Shares with F Rights to be established pursuant to the Scheme
"certificated" or "in certificated form"	shares which are not in uncertificated form
"Class Meetings"	class meetings of the Income and Capital Shareholders convened for 22 September 2008 at 11.00 a.m. and 22 September 2008 at 11.05 a.m. respectively and any adjournment thereof as the context may require
"Company"	Framlington Income & Capital Trust PLC

"Costs Contribution"	the costs contribution as provided by the Manager and as described in the section headed "Costs of the Proposals and the Costs Contribution"
"CREST"	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by Euroclear
"Directors" or "Board"	the directors of the Company
"Effective Date"	the date on which the Scheme becomes unconditional, which is expected to be on 30 September 2008
"EIF"	AXA Framlington Equity Income Fund
"EIF Issue Price"	the issue price of an EIF Unit as at the Effective Date, determined by the Unit Trust Managers in accordance with the Unit Trust Regulations and on the basis that the usual initial charge of 5.25% is waived
"EIF Unit"	a unit in EIF
"Election"	an election pursuant to a Form of Election and/or a deemed election pursuant to the Scheme as the context may require and any reference to "elect" shall, except where the context requires otherwise, mean "elect or is deemed to elect"
"Equity Income Option" or "EIF Option"	the right of Shareholders to receive EIF Units
"Equity Income Pool" or "EIF Pool"	the fund which represents the interests of holders of Shares with A Rights and Shares with D Rights to be established pursuant to the Scheme
"Euroclear"	Euroclear UK & Ireland Limited, being the operator of CREST
"Extraordinary General Meeting" or "EGM"	the general meeting of the Company convened for 30 September 2008 at 9.00 a.m. and any adjournment thereof
"Financial Services Authority" or "FSA"	the Financial Services Authority of the UK
"Form of Direction"	the form of direction for use by the Plan Participants
"Form(s) of Election"	the form(s) of election for use by Shareholders (other than Overseas Shareholders) in connection with the Scheme
"Form(s) of Proxy"	the blue form of proxy for use at the separate class meeting of Income Shareholders, the yellow form of proxy for use at the EGM by the Income Shareholders, the pink form of proxy for use at the separate class meeting of Capital Shareholders, and the white form of proxy for use at the EGM by the Capital Shareholders, as

	the context requires
"FSMA"	the Financial Services and Markets Act 2000
"HMRC"	HM Revenue & Customs
"Income Class Meeting"	separate class meeting of the Income Shareholders convened for 22 September 2008 at 11.00 a.m. and any adjournment thereof
"Income Shareholder"	a holder of Income Shares
"Income Shares"	the existing issued and fully paid Income Shares of 25p each in the capital of the Company
"Income Share FAV"	the formula asset value attributable to the Income Shares (which may be different in respect of the Equity Income Pool, the Select Opportunities Pool and the Cash Pool) on a liquidation basis on the relevant date calculated in accordance with the Articles and as set out in Part 3 of the Circular
"Liquidation Pool"	the fund to be established by the Liquidators to meet the outstanding liabilities of the Company
"Liquidators"	the liquidator or liquidators for the time being of the Company, jointly and severally, proposed to be Christopher Richard Frederick Day and Nicholas James Dargan
"Liquidators' Retention"	the retention to be made by the Liquidators in respect of the Company as described in the section headed "Costs of the Proposals and the Costs Contribution"
"London Stock Exchange"	London Stock Exchange plc
"Manager" or "AXA Framlington"	AXA Framlington Investment Management Limited
"Management Agreement"	the investment management agreement between the Company and the Manager dated 7 January 2002 (as amended and novated)
"Meetings"	the EGM and the Separate Class Meetings
"NAV"	net asset value, expressed on a fully diluted basis unless stated otherwise
"Official List"	the Official List of the UK Listing Authority
"Options"	the EIF Option, the SOF Option and/or the Cash Option
"Overseas Shareholders"	Shareholders with a registered address outside the United Kingdom, the Channel Islands or the Isle of Man

"Plan Participants"	holders of the Shares via the Plan
"Plan"	Select Investment Trust Plan
"Pool" or "Pools"	the Liquidation Pool, the EIF Pool, the SOF Pool and/or the Cash Pool or any of them
"Proposals"	the proposals for the reconstruction and winding up of the Company and the other matters described in the Circular including the Resolutions
"Registrars" or "Capita"	Capita Registrars
"Resolutions"	the resolutions to be proposed at the EGM and the Class Meetings as set out in the notice to the EGM and the Class Meetings contained in the Circular
"Rollover Options"	the EIF Option, the SOF Option and the Cash Option
"Rollover Vehicle"	EIF and/or SOF as the context may require
"Scheme"	the proposed scheme implementing the Proposals set out in Part 3 of the Circular
"Select Opportunities Option" or "SOF Option"	the right of Shareholders to receive SOF Units
"Shareholders"	holders of Shares in the Company including where the context may require holders of reclassified Income or Capital Shares
"Shares"	Capital Shares and/or Income Shares as the context may require and/or reclassified Capital Shares or Income Shares where the context may require
"Simplified Prospectus"	simplified prospectus of AXA Framlington Equity Income Fund and AXA Framlington UK Select Opportunities Fund dated August 2008
"SOF"	AXA Framlington UK Select Opportunities Fund
"SOF Issue Price"	the issue price of an SOF unit as at the Effective Date determined by the Unit Trust Managers in accordance with the Unit Trust Regulations and on the basis that the usual initial charge of 5.25% is waived
"Select Opportunities Pool" or "SOF Pool"	the fund which represents the interests of holders of Shares with B Rights and Shares with E Rights to be established pursuant to the Scheme
"SOF Units"	a unit in SOF
"TCGA"	Taxation of Chargeable Gains Act 1992
"Transfer Agreement"	the agreement, described in more detail in the Circular,

for the transfer of assets of the Company in accordance with the Scheme to EIF and/or SOF

"Trustee"	The Royal Bank of Scotland plc
"TTE Instruction"	a transfer to escrow instruction (as described in the CREST Manual issued by Euroclear) containing the details set out in the Circular
"UK Listing Authority"	the UK Listing Authority, a division of the Financial Services Authority
"uncertificated" or "in uncertificated form"	a share recorded on the register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001 (as amended), may be transferred by means of CREST
"Unit Trust Managers"	AXA Framlington Unit Management Limited
"Unit Trust Regulations"	the Collective Investments Schemes Sourcebook (COLL) contained in the FSA Handbook
"Units"	EIF Units or SOF Units
"VAT"	UK value added tax