

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Shares, please send this document together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction other than the United Kingdom, the Channel Islands or the Isle of Man.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Framlington Income & Capital Trust PLC and no one else in connection with the matters described in this document and will not be responsible to any person other than Framlington Income & Capital Trust PLC for providing the protections afforded to clients of Dickson Minto W.S. nor for providing advice in relation to such matters.

The definitions used in this document are set out on pages 40 to 43.

FRAMLINGTON INCOME & CAPITAL TRUST PLC

Incorporated in England and Wales, registered number 1699296

Recommended proposals for the reconstruction and winding up of the Company

A letter from the Chairman of Framlington Income & Capital Trust PLC appears on pages 13 to 20.

You will find set out at the end of this document notices of separate Class Meetings to be held on Monday, 22 September 2008 and an Extraordinary General Meeting of Framlington Income & Capital Trust PLC to be held on Tuesday, 30 September 2008. The Meetings will be held at 155 Bishopsgate, London EC2M 3XJ. The accompanying forms of proxy for use by Shareholders in relation to the Meetings should be received by the Company's registrar completed in accordance with the instructions set out therein by not later than 48 hours before the time appointed for the relevant meeting. Appointments of proxy made by utilising the CREST electronic proxy appointment service must be made no later than 48 hours before the appointed time for the relevant meeting.

Shareholders who hold their Shares in certificated form (that is, not in CREST) (other than Overseas Shareholders) will also find enclosed with this document Form(s) of Election for use in connection with the Scheme which, to be effective, must be returned either by post or by hand (during normal business hours only) to Capita Registrars at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as soon as possible and in any event not later than 3.00 p.m. on Friday, 19 September 2008. Shareholders who hold their Shares in uncertificated form (that is in CREST) should follow the procedure set out in Part 1 of this document under the heading "Action to be Taken". All Elections will be irrevocable.

Shareholders (other than Overseas Shareholders) will find accompanying this document information relating to each of the Rollover Options contained in the Simplified Prospectus. The Company accepts no responsibility or liability in relation to the Simplified Prospectus, which has been prepared, approved and issued by AXA Framlington Unit Management Limited. Further copies of the Simplified Prospectus for either of the Rollover Options may be obtained (other than by Overseas Shareholders) free of charge from AXA Framlington Unit Management Limited (telephone 0845 777 5511). These telephone lines are for information only and no financial, investment or tax advice can be given.

Your attention is drawn to pages 6 to 9 of this document which summarise the risk factors associated with the Proposals. Your attention is also drawn to pages 18 to 20 of this document which summarise the action to be taken by Shareholders to vote at the relevant Meetings and to make a valid Election. However, this document should be read in its entirety before deciding what action you should take.

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SUMMARY OF THE PROPOSALS

This summary is derived from, and should be read in conjunction with, the full text of this document. You should read the whole of this document and not just rely on the following information.

Introduction

As stated in the Company's annual report and accounts for the year ended 31 March 2008, your 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

Under the Proposals, Shareholders may 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 to a straightforward liquidation as a result of the Costs Contribution to be made to the expenses of the Scheme by AXA Framlington.

The Options

The EIF Option

EIF is a UK authorised unit trust with the same investment manager as the Company, AXA Framlington Investment Management Limited. EIF has an investment objective which is similar to the Company's

investment objective for the Income Shares. 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". Further details can be found on page 7 of Part 1 and in Part 4 of this document.

The SOF Option

SOF is a UK authorised unit trust with the same investment manager as the Company, AXA Framlington Investment Management Limited. SOF has an investment objective which is similar to the Company's investment objective for the Capital Shares. 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 can be found on page 8 of Part 1 and in Part 5 of this document.

Illustrative example

For illustrative purposes, the following table shows the FAV per share and 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 this document). It should be noted that these figures are given for illustrative purposes only and should not be regarded as forecasts.

In addition, these figures:

- do not include an estimate of any costs that may be incurred by the Company in reorganising its portfolio or realising and transferring assets;
- include the impact on the Capital Share FAV of the Liquidators' Retention of £100,000;
- 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;
- do not include any amounts in respect of the expected recovery of VAT paid on management fees; and
- are calculated after deducting the expected costs and expenses of the Scheme assuming that only the minimum Costs Contribution of £40,000 is made.

<i>Shares</i>	<i>FAV (p)</i>	<i>EIF Option (p)*</i>	<i>SOF Option (p)*</i>	<i>Cash (p)</i>
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.

Action to be taken

Before taking any action, you are recommended to read in full the information set out in this document relating to the Scheme and the Options and to seek your own independent advice. In any event Shareholders are encouraged to:

- vote on the Proposals by completing and returning the enclosed Form(s) of Proxy by the times and dates set out herein;
- make Elections, if you are a Certificated Shareholder, by completing and returning the enclosed Form(s) of Election so as to be received by Capita Registrars by 3.00 p.m. on Friday, 19 September 2008;
- make Elections, if you hold your Shares in uncertificated form, by following the procedure set out in Part 1 of this document under the heading "Action to be Taken".

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 the EIF Option and to have elected to roll over into income units in the EIF Option; and
- Capital Shareholders will be deemed to have made an Election for the SOF Option and to have elected to roll over into 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.

Investors who hold their Shares through the Select Investment Trust Plan should read the section headed "Select Investment Trust Plan Investors" on pages 19 and 20 below.

RISK FACTORS

This summary is derived from, and should be read in conjunction with, the full text of this document. You should read the whole of this document and not just rely on the following information.

General

Any investment in EIF or SOF will be governed by the full prospectus and constitutional documents of EIF and SOF. Accordingly, Shareholders are strongly advised to read those documents, and in particular the risk factors contained therein, prior to making an Election under the Proposals. If Shareholders are in any doubt as to the contents of this document, the Simplified Prospectus or the action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If the Scheme is not implemented by the passing of the Resolutions at the Meetings, the Company will be required to proceed to a straightforward voluntary winding-up. Shareholders will receive cash sums representing the disposal proceeds (for the purposes of UK capital gains tax) of their investment which may, depending on the circumstances of the Shareholder concerned, give rise to a liability to UK capital gains tax or allowable losses. Any costs in connection with the aborted Scheme and the subsequent liquidation will be borne by the Shareholders without the benefit of the Costs Contribution.

Risk factors relating to the Proposals

An investment in a Rollover Vehicle is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment (which may be equal to the whole amount invested). Such an investment should be seen as long-term in nature and complementary to existing investments in a range of other financial assets and should not necessarily form a major part of an investment portfolio.

Market risk

Past performance is not a guide to future performance. The price of Units, and the income from them, can go down as well as up and you may not get back the amount originally invested. You should regard your holdings as a longer term investment. If you cash in early you may not get back the amount originally invested.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between EIF and SOF due to the different assets selected. Investment growth may also be lower than expected.

Funds aiming for high capital growth can incur greater risk than those adopting a more conservative investment approach. There is no guarantee of the performance of your investment. If you start a plan in order to build up a particular sum by a certain date (for example, to repay a mortgage), you may not achieve the target amount if you do not maintain your contributions or the investment value does not grow sufficiently.

Stock specific risk

EIF and SOF's exposure to stock-specific price risk is reduced for equities and bonds by diversification. Adherence to investment guidelines, the investment and borrowing powers set out in the trust deeds relating to EIF and SOF, and the Unit Trust Regulations, limits the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

Changes in exchange rates may affect the value of unit trust investments overseas. For example, if sterling strengthens against the currency in which EIF or SOF's investment is made, the value of your investment will reduce, and vice versa.

Derivatives

Derivatives may be used for efficient portfolio management in accordance with techniques set out in the Unit Trust Regulations and the Simplified Prospectus. No speculative derivatives are used in the context of underlying investments.

Credit and fixed interest rate risk

EIF and SOF do not invest significantly in fixed rate or floating rate securities.

Liquidity risk

The liquidity of EIF and SOF is a function of the liquidity of the underlying investments. EIF and SOF's assets mainly consist of readily-realizable securities, which should enable the payment of EIF and SOF's liabilities and any redemption of units by investors. However, there is a risk that it may not be possible to liquidate a position in a timely manner at a reasonable price, and this may have an effect on the liquidity of EIF and SOF and consequently their ability to redeem units.

Settlement risk

Transactions in securities that EIF and SOF may enter into expose them to the risk that the counterparty will not deliver the investment for a purchase or cash for a sale, after EIF and SOF have contracted to fulfil their responsibilities. This is minimised by the practice in the majority of markets of delivery versus payment and short settlement periods.

Tax risk

The value of tax savings will depend on individual circumstances. Where withholding tax is deducted at source on foreign investment, it may not always be possible for the unit trust to recover that tax. Tax reliefs are subject to Government legislation and, as such, tax benefits and ISA investment levels may change in the future.

Inflation risk

Inflation will, over time, reduce the value of your investments in real terms.

Suspension of dealing in Units

Investors should be aware that in certain exceptional circumstances the issue, cancellation, sale and redemption of Units may be suspended for up to 28 days. This is if the Manager or the Trustee is of the opinion that there is good and sufficient reason to do so, having regard to the interests of unitholders or potential unitholders.

General

There can be no guarantee that an investment in either of the Rollover Vehicles will appreciate in value and investors may not get back the value of their investment. There can be no assurance that the investment objective of either of the Rollover Vehicles will be achieved or provide the returns sought by them. The past performance of the Rollover Vehicles and the Company is not a guide to their future performance.

Changes in economic conditions in the United Kingdom (for example, interest rates, rates of inflation, industry conditions, competition and political or other factors) could substantially and adversely affect the prospects of either of the Rollover Vehicles.

AXA Framlington Equity Income Fund Option

AXA Framlington Equity Income Fund operates dual pricing and income units and accumulation units issued under the Scheme will be issued at a price based on the bid or offer price of the underlying investments on the relevant day but with the usual initial charge of 5.25 per cent. being waived. If subsequently redeemed this will be done at the bid or cancellation price in accordance with the fund's prospectus. On any day the bid or cancellation price will be lower than the offer price and as at 21 August it was by an amount equal to approximately 2.3 per cent. The bid or cancellation price and offer price of Units will vary over time and may differ significantly from the actual issue price.

Investment in smaller companies offers the possibility of higher returns but may also involve a higher degree of risk.

There is no guarantee that AXA Framlington Equity Income Fund's investment objective will be achieved.

A Simplified Prospectus for AXA Framlington Equity Income Fund has been included with this Circular.

AXA Framlington UK Select Opportunities Fund Option

AXA Framlington UK Select Opportunities Fund operates dual pricing and income units and accumulation units issued under the Scheme will be issued at a price based on the bid or offer price of the underlying investments on the relevant day but with the usual initial charge of 5.25 per cent. being waived. If Units are subsequently redeemed this will be done at the bid or cancellation price in accordance with the fund's prospectus. On any day the bid (selling) price or cancellation price will be lower than the offer price and as at 21 August it was by an amount equal to approximately 1.4 per cent. The bid or cancellation price and offer price of Units will vary over time and may differ significantly from the actual issue price.

Investment in smaller companies offers the possibility of higher returns but may also involve a higher degree of risk.

There is no guarantee that AXA Framlington UK Select Opportunities Fund's investment objective will be achieved.

A Simplified Prospectus for AXA Framlington UK Select Opportunities Fund has been included with this Circular.

Cash Option

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 and will constitute a disposal for such purposes and may, depending on a Shareholder's particular circumstances, give rise to a liability to UK taxation of capital gains.

Realisation and transfer of assets under the Proposals

To effect the Proposals it is intended that the portfolio of the Company will be liquidated prior to 30 September 2008. There is a risk therefore that, because the Company's assets are "out of the market" for the period immediately prior to 30 September 2008, the Company will not participate in any uplift in the value of the investment universe of the Company for that period.

It is intended that, once liquidated, the Company's assets will be held in cash or near cash which could include certificates of deposit and short dated gilts. The relative value of cash and near cash assets may be affected by prevailing interest rates and so may go up or down depending on economic conditions. In addition, while the Company's assets are held on deposit with one or more financial institutions, the Company will be exposed to counterparty risk in respect of each institution.

In the event that there is a lack of liquidity in an asset of the Company at the time the Company seeks to liquidate that asset, the value the Company may receive for the sale of that asset may be below its expected value and/or it may not be possible to liquidate that asset at all.

For the purposes of splitting the entitlements of the Shareholders to the relevant pools, the Company's assets will be valued at 5.00 p.m. on 25 September 2008 (the "Calculation Date") and it is expected that certain of those assets will be transferred to the relevant Rollover Vehicles on 30 September 2008 (the "Effective Date"). The Rollover Vehicles will revalue the assets they receive for the purposes of calculating the entitlement of the respective Shareholders to Units on 30 September 2008. Any movement in the value of the Company's assets in the respective pools between the Calculation Date and the Effective Date may have a positive or negative effect on the value of the respective entitlements of the Shareholders in the respective Pools.

Taxation

Representations in this document concerning the taxation of Shareholders are based on current law and practice, which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to Shareholders. The Board has been advised that the Scheme should be treated as a scheme of reconstruction for the purposes of UK capital gains tax. Clearance has been granted by HMRC under section 138 TCGA that section 136 TCGA will not be prevented from applying to the Scheme by virtue of section 137 TCGA. HMRC have also advised that no notice under Section 698 of the Income Tax Act 2007 ("ITA") (cancellation of tax advantages from certain transactions in securities) ought to be given in respect of the Scheme.

However, an Election, or deemed Election, for the Cash Option or subsequent disposal of AXA Framlington Equity Income Fund Units or AXA Framlington UK Select Opportunity Fund Units will constitute a disposal for such purposes and may, depending on a Shareholder's particular circumstances, give rise to a liability to UK taxation of capital gains.

Costs Contribution

AXA Framlington has agreed to make a Costs Contribution of £40,000 plus 0.75 per cent. of all amounts over £6 million in aggregate rolling over into the AXA Framlington Equity Income Fund and the AXA Framlington UK Select Opportunities Fund, subject to the Scheme becoming unconditional. In the event that no shareholders elect to roll over their shares or the amounts rolled over do not exceed £6 million then the Costs Contribution will be restricted to the minimum of £40,000. In the event that the Scheme is not approved by Shareholders, the Scheme will not proceed and the Costs Contribution will not be payable. Therefore, if Shareholders approve the liquidation but do not approve the Scheme, the Company will go into liquidation without the benefit of the Costs Contribution.

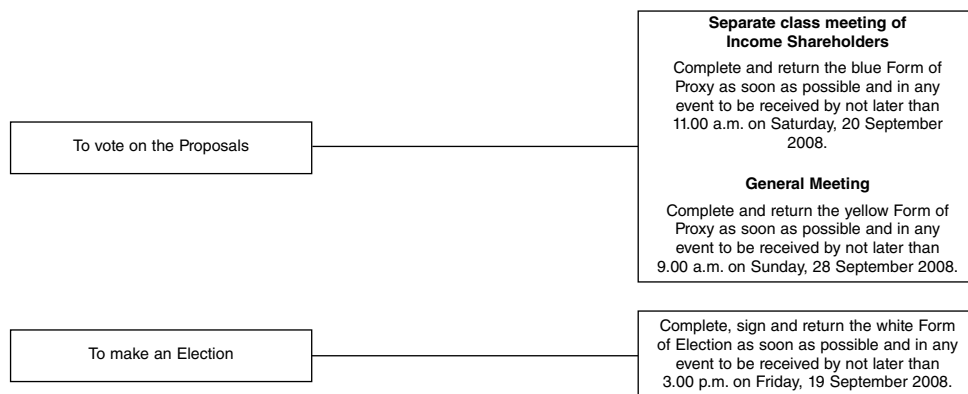
ACTION TO BE TAKEN

IF YOU HOLD SHARES DIRECTLY IN CERTIFICATED FORM

(N.B. HOLDERS OF SHARES IN CREST SHOULD FOLLOW THE STEPS SET OUT UNDER “ACTION TO BE TAKEN” IN PART 1 OF THIS DOCUMENT)

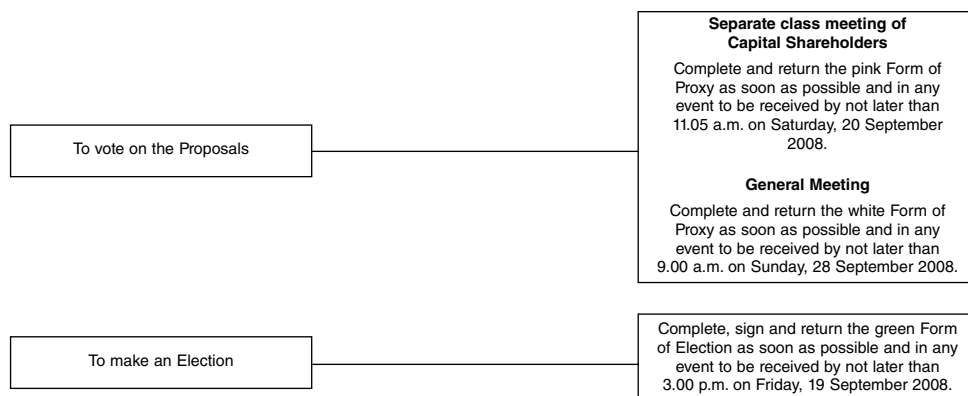
ALL HOLDERS OF SHARES ARE RECOMMENDED TO COMPLETE AND RETURN THEIR FORM OF ELECTION TO INDICATE HOW THEY WISH TO PARTICIPATE IN THE SCHEME AND ALL HOLDERS OF SHARES ARE RECOMMENDED TO COMPLETE AND RETURN THEIR FORMS OF PROXY TO INDICATE HOW THEY WISH TO VOTE ON THE PROPOSALS.

Income Shareholders



N.B. INCOME SHAREHOLDERS (OTHER THAN OVERSEAS SHAREHOLDERS) WHO DO NOT MAKE A VALID ELECTION WILL BE DEEMED TO HAVE ELECTED TO RECEIVE INCOME UNITS IN THE EIF OPTION. OVERSEAS SHAREHOLDERS WILL BE DEEMED TO HAVE ELECTED FOR CASH IN ALL CIRCUMSTANCES.

Capital Shareholders



N.B. CAPITAL SHAREHOLDERS (OTHER THAN OVERSEAS SHAREHOLDERS) WHO DO NOT MAKE A VALID ELECTION WILL BE DEEMED TO HAVE ELECTED TO RECEIVE ACCUMULATION UNITS IN THE SOF OPTION. OVERSEAS SHAREHOLDERS WILL BE DEEMED TO HAVE ELECTED FOR CASH IN ALL CIRCUMSTANCES.

ACTION TO BE TAKEN BY PLAN PARTICIPANTS

IF YOU HOLD SHARES THROUGH THE SELECT INVESTMENT TRUST PLAN

ALL PLAN PARTICIPANTS ARE RECOMMENDED TO COMPLETE AND RETURN THEIR PLAN ELECTION FORM TO INDICATE HOW THEY WISH TO INSTRUCT THE PLAN MANAGER TO PARTICIPATE IN THE SCHEME ON THEIR BEHALF AND ALL PLAN PARTICIPANTS WHO HOLD SHARES ARE RECOMMENDED TO RETURN THEIR VOTING INSTRUCTION FORMS TO INDICATE HOW THEY WISH TO INSTRUCT THE PLAN MANAGER TO VOTE ON THE PROPOSALS. FULL DETAILS FOR PLAN PARTICIPANTS ARE SET OUT IN THE COVERING LETTER SENT TO PLAN PARTICIPANTS BUT PLAN PARTICIPANTS SHOULD BE AWARE THAT THE DEADLINES FOR RETURN OF THEIR VOTING INSTRUCTION FORMS AND THEIR PLAN ELECTION FORMS ARE EARLIER THAN FOR DIRECT SHAREHOLDERS.

GENERAL INFORMATION ON VOTING AND ELECTIONS

Shareholders who hold their Shares directly in uncertificated form (i.e. in CREST) may vote using the CREST electronic voting service in accordance with the procedures set out in the CREST Manual (please refer to the accompanying notes to the notices of the Meetings set out at the end of this document). Proxies submitted via CREST for the Meetings must be transmitted so as to be received by Capita Registrars by no later than 48 hours before the time of the relevant meeting or (as the case may be) the adjourned Meeting.

Full details of the action to be taken by Shareholders and Plan Participants are set out on pages 10 and 11 and 18 to 20 of this document and in the instructions on the Forms of Proxy/Forms of Direction and Forms of Election/Plan Election Forms. The attention of Overseas Shareholders is drawn to the section headed "Overseas Shareholders" in Part 1 of this document.

As the Proposals are conditional, among other things, on Shareholder approval, Shareholders and Planholders are requested to support the Proposals by completing and returning their Forms of Proxy/Forms of Direction in accordance with the instructions set out on pages 10 and 11 and 18 to 20 of this document.

If you have any queries in relation to your shareholding(s) in the Company, please call the Registrar, Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If you hold your Shares via the Select Investment Trust Plan, for information please call the Investor Helpline on 0845 777 5511. Please note that this number is for information only in relation to the completion of Plan Election Forms and Forms of Direction and no investment or tax advice can be given.

Shareholders (other than Overseas Shareholders) who do not validly complete and return a Form of Election (in respect of Shareholders holding their Shares in certificated form) or effect the necessary CREST TTE Instruction (in respect of Shareholders holding their Shares through CREST) in accordance with the instructions so as to be received (and, in respect of CREST, settled) by 3.00 p.m. on Friday, 19 September 2008 will be deemed to have elected to receive income units in AXA Framlington Equity Income Fund in respect of their Income Shares and accumulation units in AXA Framlington UK Select Opportunities Fund in respect of their Capital Shares.

Plan Participants who do not validly complete and return a Plan Election Form in accordance with the instructions by 3.00 p.m. on Wednesday, 17 September 2008 will be deemed to have elected to receive income units in AXA Framlington Equity Income Fund in respect of their Income Shares and accumulation units in AXA Framlington UK Select Opportunities Fund in respect of their Capital Shares.

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 are set out on pages 40 to 43 of this document. All times referred to in this document are to the time in the United Kingdom. References in this document to 21 August 2008 shall be deemed to refer to the latest practicable date prior to publication of this document.

PART 1

LETTER FROM THE CHAIRMAN

FRAMLINGTON INCOME & CAPITAL TRUST PLC

(Registered in England and Wales, No. 1699296)

(an investment company within the meaning of section 833 of the Companies Act 2006)

Directors:

Simon Meredith Hardy (*Chairman*)
Andrew Brown
Arthur Copple
Nigel Morrison

Registered Office:

155 Bishopsgate
London EC2M 3XJ

27 August 2008

Dear Shareholder

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

INTRODUCTION

As stated in the Company's annual report and accounts for the year ended 31 March 2008, your 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 purpose of this document is to provide you with further details on the Proposals, which 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 this document. Your Board unanimously recommends that Shareholders vote in favour of the relevant Resolutions at the Meetings.

THE PROPOSALS

Your 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.

Investors who hold their Shares through the Select Investment Trust Plan should read the section headed "Select Investment Trust Plan Investors" on pages 19 and 20 below.

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 Parts 4 and 5 of this document.

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 Total Assets of the Company available for distribution. Whether or not Capital Shareholders receive any capital entitlement will depend on there being sufficient Total 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 this document). 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.

<i>Shares</i>	<i>FAV (p)</i>	<i>EIF Option (p)*</i>	<i>SOF Option (p)*</i>	<i>Cash (p)</i>
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.

VAT ON MANAGEMENT FEES

The AIC and JPMorgan Fleming Claverhouse Investment Trust plc have won their case against HM Revenue & Customs to establish that investment trusts should be exempt from VAT on management fees. The Liquidators will hold the liquidation open to allow the Company to recover certain amounts previously paid on management fees. Any amounts recovered will be distributed through a liquidation distribution and will be split between Income Shares and Capital Shares in proportion to the basis upon which such amounts were originally charged to income and capital respectively. VAT was originally charged 40 per cent. to income and 60 per cent. to capital in respect of the period from 2000 to 2007 and, on average, approximately 24 per cent. to income and 76 per cent. to capital in respect of the period from 1990 to 1999. It is not expected that any amounts will be recovered in respect of the period from end 1996 to start 2001.

As indicated above, the Liquidation will be held open in order to maximise the amount of potential VAT recovery by the Company and distribution to Shareholders.

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 this document), 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.

BORROWINGS

The Company currently has borrowings comprising £2.8 million 12.6 per cent. debenture stock 2008 and two bank loans totalling £30 million. Both the debenture stock and the bank loans are repayable on 30 September 2008.

UNITED KINGDOM TAXATION

As explained in the section headed "Taxation" in Part 2 of this document, the receipt by Shareholders of AXA Framlington Equity Income Fund Units and/or AXA Framlington UK Select Opportunity Fund Units under the Scheme should not constitute a disposal of their Shares for the purposes of UK taxation of capital gains. However, an Election, or deemed Election, for the Cash Option or subsequent disposal of AXA Framlington Equity Income Fund Units or AXA Framlington UK Select Opportunity Fund Units will constitute a disposal for such purposes and may, depending on a Shareholder's particular circumstances, give rise to a liability to UK taxation of capital gains. Please see pages 23 to 25 of this document for further details relating to tax.

Investors who hold Shares through an ISA should note that AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunity Fund Units are qualifying investments for the purposes of continued holdings within an ISA. **Investors should consult their plan manager as to whether the rules of their particular ISA would allow them to hold AXA Framlington Equity Income Fund Units, AXA Framlington UK Select Opportunity Fund Units and/or cash.**

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 Part 2 of this document and the full terms of the Scheme are set out in Part 3 of this document.

Notices convening the requisite Meetings are set out at the end of this document. 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. It is proposed that the admission of the Income Shares and Capital Shares to listing and to trading be suspended at 7.30 a.m. the next business day on 22 September 2008. It is expected that the Company will go into liquidation on 30 September 2008.

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. In either case, provided Shareholders vote to put the Company into liquidation, it is proposed that the listing of the Income Shares and Capital Shares be cancelled at the first opportunity thereafter which is 8.00 a.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.

ACTION TO BE TAKEN

Before taking any action, you are recommended to read all of the information set out in the remainder of this document. If any Shareholder is unsure as to what action he should take or how to take any action, he should consult his independent financial adviser authorised under the Financial Services and Markets Act 2000.

Form of Election

Certificated Shareholders, other than Overseas Shareholders, will find enclosed a Form of Election to be used by them for the purpose of making an Election under the Scheme.

The Form of Election enables Shareholders to elect for AXA Framlington Equity Income Fund Units, AXA Framlington UK Select Opportunities Fund Units and/or for the Cash Option in respect of the entirety, or any proportion, of their holding. Instructions on how to complete the Form of Election are set out in the guidance notes attached to the Form of Election.

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 AXA Framlington Equity Income Fund; and**
- **Capital Shareholders will be deemed to have made an Election for accumulation units in the AXA Framlington Select Opportunities Fund.**

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.

Shareholders should note that if they hold Shares in both certificated and uncertificated form, they must make a separate Election for each holding. Similarly, Shareholders should complete a separate Form of Election for Shares held in certificated form but under different designations. If Shareholders have any queries relating to the completion of the Form of Election or if you require further copies of the Form of Election please contact the Registrars by telephone on 0871 664 0321 or, if calling from outside the UK (+44) 20 8639 3399. Calls to the Capita Registrars' 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars (+44) 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Shareholders are not required to surrender their share certificates in support of their Form of Election.

Certificated Shareholders should complete the Form of Election and return it in the reply paid envelope accompanying this document, so as to be received by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 3.00 p.m. on Friday, 19 September 2008. Shareholders who hold their shares in uncertificated form (that is, in CREST) must send a TTE Instruction in relation to their Election for the Rollover Option and/or the Cash Option to settle no later than 3.00 pm. on Friday 19 September 2008 as set out in more detail below.

If you become a new registered holder(s) of Income or Capital Shares after close of business on 22 August 2008, you should contact Capita Registrars on the number above who will supply you with a blank Form of Election. You should then insert (in BLOCK CAPITALS) in Box 1 of the Form of Election the full name(s) of the registered holder(s), the registered address and the number of Shares to which the relevant Form of Election relates, before returning the Form of Election to Capita Registrars in accordance with the instructions set out above and on page 1 of the Form of Election.

If your Shares are held in uncertificated form you do not have to complete or return a Form of Election. You should, however, take (or procure to be taken by your stockbroker or CREST agent or other appropriate advisor) the action set out below to transfer (by means of TTE Instructions) the number of Shares in respect of which you are making an Election to an escrow balance, specifying Capita Registrars in its capacity as escrow agent under its participant ID referred to below, as soon as possible and in any event so that the transfer to escrow settles not later than 3.00 p.m. on 19 September 2008. You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends)

a TTE Instruction to Euroclear which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the number of Shares to be transferred to an escrow balance;
- your member account ID;
- your participant ID;
- the corporate action ISIN which is GB0006333107 for the Income Shares and GB0006333545 for the Capital Shares;
- the corporate action number for the Proposals, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- contact name and number to be inserted in the shared note field;
- the intended settlement date for the transfer to escrow which should be as soon as possible and in any event no later than 3.00 p.m. on 19 September 2008; and
- input with the standard delivery instruction priority of 80.

You should send the TTE Instructions with the following information, in addition to the information listed above:

- the participant ID RA10 of the escrow agent (Capita Registrars) in its capacity as a CREST receiving agent; and
- the member account ID of the escrow agent which for these purposes is:

Capital Shares

EIF income option – FRAM01

EIF accumulation option – FRAM02

SOF income option – FRAM03

Cash Option – FRAM04

Income Shares

EIF accumulation option – FRAM05

SOF income option – FRAM06

SOF accumulation option – FRAM07

Cash Option – FRAM08

If you are electing for a Rollover Option, by sending a TTE instruction you:

- confirm that you wish to receive shares in a Rollover Vehicle or both Rollover Vehicles (as the case may be) on the conditions set out in the Simplified Prospectus for the Rollover Vehicles;
- confirm that you have read the note on anti-money laundering on page 25 of this document; and
- confirm that you have received the Simplified Prospectus for the Rollover Vehicles.

Forms of Proxy for Meetings

Shareholders will find enclosed with this document Forms of Proxy for the Meetings. **Whether or not Shareholders propose to attend the relevant Meetings, the appropriate Forms of Proxy should be completed and returned to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event not later than 48 hours before the time appointed for holding the relevant Meeting.** Completion and return of the relevant Forms of Proxy will not prevent Shareholders from attending and voting in person at the Meetings, should they wish to do so.

Select Investment Trust Plan Investors

Participants in the Select Investment Trust Plan will find enclosed with this document a letter from the plan manager, a Form of Direction for each Meeting and a personalised Plan Election Form. Participants are requested to complete and return the relevant Forms of Direction in accordance with the instructions

printed thereon as soon as possible and, in any event, so as to be received not later than 5.00 p.m. on 16 September 2008 in respect of the Class Meetings and no later than 5.00 p.m. on 23 September 2008 in respect of the Extraordinary General Meeting. Participants should return the Plan Election Form in the reply paid envelope to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU to be received by 3.00 p.m. on 17 September 2008.

Overseas Shareholders

No person receiving a copy of this document and/or a Form of Election in any territory other than the United Kingdom, the Channel Islands or the Isle of Man may treat the same as constituting an invitation or offer to him of AXA Framlington Equity Income Fund Units and/or AXA Framlington UK Select Opportunities Fund Units, nor should he in any event accept any invitation or offer, unless in the relevant territory such an invitation or offer could lawfully be made to him without compliance with any registration or other legal requirements other than those which may already have been fulfilled.

It is the responsibility of Overseas Shareholders to inform themselves about and to observe any legal and regulatory requirements in their jurisdiction including, without limitation, any relevant requirement in relation to their ability to complete and return the Form of Election and to be issued with AXA Framlington Equity Income Fund Units or AXA Framlington UK Select Opportunities Fund Units. Shareholders who are subject to taxation outside the United Kingdom should consult their tax advisers as to the effects of the Proposals.

Overseas Shareholders will not receive a Form of Election and will (unless the Company otherwise determines) receive a cash sum equal to the Income Share FAV or Capital Share FAV attributable to their Shares unless they have satisfied the Directors that it is lawful for AXA Framlington Unit Management Limited to issue AXA Framlington Equity Income Fund Units or AXA Framlington UK Select Opportunities Fund Units to them under the relevant overseas laws and regulations.

Further information in relation to Overseas Shareholders is set out in the section headed "Overseas Shareholders" in Part 2 of this document.

RECOMMENDATION

Your Board, which has been so advised by Dickson Minto W.S., believes that the Proposals together with the Resolutions set out in this document are in the best interests of the Company and of Shareholders as a whole.

Accordingly, the Board unanimously recommends Shareholders to vote in favour of the relevant Resolutions to be proposed at the Meetings irrespective of any Election they may wish to make under the Proposals. The Directors, who in aggregate have an interest in 628,451 Income Shares, being 1.6 per cent. of the Income Shares in issue, and 257,744 Capital Shares, being 1.04 per cent. of the Capital Shares in issue, intend to vote their entire holdings of Shares in favour of the relevant Resolutions.

The Board cannot and does not give any advice or recommendations to Shareholders as to whether, or as to what extent, they should elect for any of the Options under the Proposals. The choice between the Options is a matter for each Shareholder to decide and will be influenced by their individual financial and tax circumstances and their investment objectives. Shareholders should seek advice from their own independent financial advisers if they are in any doubt as to the action they should take.

Yours faithfully
Simon Meredith Hardy
Chairman

PART 2

FURTHER DETAILS OF THE SCHEME

INTRODUCTION

As part of the reconstruction of the Company, it is necessary to reorganise its share capital. Accordingly, subject to the passing of the resolutions set out in the notice convening the Class Meetings and the passing of the ordinary resolution to wind up the Company at the EGM and the special resolution to amend the Articles, the Shares will be reclassified with different rights, depending on the Elections made by Shareholders (or deemed to have been so made) under the Scheme. The Articles will require to be amended to effect the reclassification of the Shares and to allow the distribution of assets in the manner envisaged under the Scheme. Full details of the proposed amendments to the Articles are contained within the special resolution which is set out in the notice convening the EGM. Further details of the reclassified Shares are set out in paragraphs 1.2 and 1.3 of Part 3.

APPROVAL AND IMPLEMENTATION OF THE SCHEME

The Scheme is conditional on:

- (i) the passing of the resolutions to be proposed at the Class Meetings and the ordinary resolution to wind up the Company and the special resolution to amend the Articles to be proposed at the EGM or at any adjournments thereof and all conditions to such resolutions being fulfilled; and
- (ii) the Directors not resolving to abandon the Scheme.

The Resolutions to be proposed at the Class Meetings and the Extraordinary General Meeting are set out in the notices convening those meetings at the end of this document. If the necessary Resolutions are passed at those meetings, it is expected that the Scheme will become effective on Tuesday, 30 September 2008.

The Company, the Liquidators, the Trustee and AXA Framlington Unit Management Limited have each undertaken to enter into the Transfer Agreement and to use their respective reasonable endeavours to implement the Scheme in accordance with its terms provided that the Shareholders approve the Scheme at the Meetings.

However, before any assets are transferred to AXA Framlington Equity Income Fund or AXA Framlington UK Select Opportunities Fund and/or realised and distributed pursuant to the Cash Option under the Scheme, the Liquidators will retain in the Liquidation Pool an amount which they consider sufficient to provide for all liabilities (including the full entitlements of the holders of debenture stock, the outstanding debt facility, tax and contingent and unknown liabilities and the undistributed revenue reserves of the Company to be distributed to Income Shareholders) of the Company or which the Company has agreed to pay, to the extent not previously paid.

After provision has been made for the Liquidation Pool, the remainder of the Company's assets will then be transferred to AXA Framlington Equity Income Fund or AXA Framlington UK Select Opportunities Fund or realised for cash (to the extent not previously realised) in the proportions determined by the Elections made by Shareholders. AXA Framlington Equity Income Fund Units and/or AXA Framlington UK Select Opportunities Fund Units and/or cash pursuant to the Cash Option will be issued or distributed (as the case may be) to Shareholders reflecting such Elections. Any amounts remaining in the Liquidation Pool after meeting the Company's liabilities will be distributed as set out below under "Distributions from the Liquidation Pool" in this Part 2.

RECLAIM OF VAT ON MANAGEMENT FEES

The "AIC case" was a test case brought by The Association of Investment Companies and JPMorgan Fleming Claverhouse Investment Trust plc with regard to the VAT treatment of fees relating to the management of investment trusts. Unlike the position regarding UK authorised unit trusts and UK open-ended investment companies, fees relating to the management of the assets of investment trusts were subject to value added tax at the standard rate. The AIC and JPMorgan Fleming Claverhouse Investment Trust plc won their case against HMRC to establish that investment trusts are exempt from VAT on management fees.

Subsequent to the AIC case, the House of Lords' ruling in the Condé Nast and Fleming (t/a Bodycraft) cases in January 2008 opened the way for investment trusts to reclaim VAT paid in respect of the period from 1990 to 1996 which had previously thought to have been barred.

The Company therefore expects to be able to recover certain amounts of VAT paid under a mistake of law in respect of the periods from 1990 to 1996 and 2001 to 2007.

The Liquidators will hold the liquidation open to allow the Company to recover amounts of VAT previously paid on management fees. Any amounts recovered will be distributed through a liquidation distribution and will be split between Income Shares and Capital Shares in proportion to the basis upon which such amounts were originally charged to income and capital respectively.

FRACTIONAL ENTITLEMENTS

Shareholders' entitlements to AXA Framlington Equity Income Fund Units and/or AXA Framlington UK Select Opportunities Fund Units under the Rollover Options will be rounded down to the nearest one-thousandth of a unit.

DEALINGS AND SETTLEMENT

The Company

As from 17 September 2008, dealings in Shares should be for cash settlement only and will be registered only if documents of title are delivered immediately. The last day of dealings on the London Stock Exchange in the Shares for cash settlement (to enable settlement prior to the close of business on 19 September 2008, the record date for the Scheme) will be 16 September 2008. The register of members will be closed and the Shares will be disabled in CREST at 5.00 p.m. on 19 September 2008. Transfers lodged with the Company's registrars before that time, accompanied by documents of title, will be registered in the normal way. Transfers received after that time will be returned to the persons lodging them.

The closing time for receipt of Forms of Election is 3.00 p.m. on Friday, 19 September 2008. If Shareholders have sold or transferred all or part of their holding of Shares, or if they sell them after receipt of this document, they should not complete a Form of Election in respect of the sold or transferred part of their holding of Shares but should instead contact the person through whom any such sale or transfer was effected who will make the necessary arrangements. Buying brokers may obtain further copies of the relevant Form of Election from the Company's registrars on behalf of clients who have purchased Shares and whose names are expected to be entered in the register of members by 5.00 p.m. on Friday, 19 September 2008.

If Shareholders dispose of any of their Shares otherwise than through the London Stock Exchange they must make their own arrangements with the other parties concerned as regards their entitlement to dividends and voting and their entitlement to participate in the Scheme.

Existing share certificates in respect of the Shares (or a credit of Shares in CREST, as the case may be) will cease to be of value for any purpose upon the dispatch of the contract note in respect of Shareholders electing for the AXA Framlington Equity Income Fund Option and/or the AXA Framlington UK Select Opportunities Fund Option and upon the final distribution to Shareholders electing for the Cash Option.

AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunities Fund Units

AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunities Fund Units required to be issued pursuant to the Scheme will be issued on or as soon as practicable after the Effective Date which is expected to be Tuesday, 30 September 2008. Title to AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunities Fund Units will not be evidenced by certificate and confirmation notes in respect of the AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunities Fund Units issued under the Scheme will be dispatched by close of business on the day following the Effective Date or as soon as practicable thereafter.

General

All documents sent by or to Shareholders will be dispatched at their own risk. No acknowledgement will be issued to Shareholders for the receipt of Forms of Election or Forms of Proxy.

SHAREHOLDERS' MEETINGS

The Scheme requires the approval of Shareholders at the Class Meetings and the Extraordinary General Meeting. Notices of the requisite Meetings are set out at the end of this document. Each of those meetings will be held at 155 Bishopsgate, London EC2M 3XJ.

Income Class Meeting

The Income Class Meeting will be held on Monday, 22 September 2008 at 11.00 a.m. At this meeting, a resolution will be proposed to approve the passing and implementation of the resolutions to be proposed at the Extraordinary General Meeting, other than the ordinary resolution to wind up the Company. This resolution will require the approval of a simple majority of the votes cast at the meeting.

The quorum for the Income Class Meeting is two persons holding or representing by proxy at least one third of the issued Income Shares. In the event that there is not a quorum present at the Income Class Meeting, the meeting will be adjourned to the same time and place on Monday, 29 September 2008. The quorum at any adjourned Income Class Meeting is one Income Shareholder being present in person or by proxy.

Capital Class Meeting

The Capital Class Meeting will be held on Monday, 22 September 2008 at 11.05 a.m., or as soon thereafter as the Income Class Meeting convened for 11.00 a.m. that day shall have concluded or been adjourned. At this meeting, a resolution will be proposed to approve the passing and implementation of the resolutions to be proposed at the Extraordinary General Meeting, other than the ordinary resolution to wind up the Company. This resolution will require the approval of a simple majority of the votes cast at the meeting.

The quorum for the Capital Class Meeting is two persons holding or representing by proxy at least one third of the issued Capital Shares. In the event that there is not a quorum present at the Capital Class Meeting, the meeting will be adjourned to the same time and place on Monday, 29 September 2008. The quorum at any adjourned Capital Class Meeting is one Capital Shareholder being present in person or by proxy.

Extraordinary General Meeting

The Extraordinary General Meeting will be held on Tuesday, 30 September 2008 at 9.00 a.m.

At this meeting, a special resolution will be proposed to approve the Scheme and to effect the necessary changes to the Articles and a further special resolution will be proposed for the purpose of authorising the Liquidators to exercise certain powers for which the express sanction of Shareholders is required under the Insolvency Act 1986, such as paying classes of creditors in full. These special resolutions will require the approval of 75 per cent. of the votes cast at the meeting. All Shareholders will be entitled to vote on these special resolutions.

In addition, an ordinary resolution will be proposed for the winding up of the Company and the appointment of the Liquidators pursuant to article 4(B) of the Articles and section 84 of the Insolvency Act 1986. This ordinary resolution will only require the approval of a simple majority of the votes cast at the meeting. In accordance with article 90 of the Articles, only Capital Shareholders will be entitled to vote on this ordinary resolution.

If the resolutions proposed at the Class Meetings and the first special resolution to be proposed at the Extraordinary General Meeting are passed, the Scheme is expected to become effective on the passing of the ordinary resolution at the Extraordinary General Meeting. If any of the resolutions proposed at the Class Meetings or the first special resolution to be proposed at the Extraordinary General Meeting is not passed, then the Directors will, in accordance with article 4(B) of the Articles, proceed to propose the ordinary resolution set out in the notice of the Extraordinary General Meeting that the Company be wound up and the Liquidators appointed.

TAXATION

The information below relates to United Kingdom taxation applicable to the Company and its Shareholders and is based on current law and what is understood to be current HMRC practice. The statements below relate to persons who are resident for tax purposes in the United Kingdom and are absolute beneficial owners of Shares and may not apply to certain classes of persons, such as dealers in securities.

Such statements are given by way of general summary only and do not constitute legal or tax advice to any Shareholder. Any Shareholder who is in any doubt about his tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult his professional adviser.

The Company

The Company has been approved as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 March 2007. The Directors consider that the Company has conducted its affairs since that date, and will continue to do so, to enable it to be so approved for the year ended 31 March 2008 and for the period ending with the date of its liquidation.

Shareholders

The Scheme will be treated as a scheme of reconstruction for the purposes of UK taxation of capital gains. Accordingly, implementation of the Scheme to the extent that Shareholders receive new EIF Units and/or new SOF Units will not, on the basis of current law and HMRC practice, constitute a disposal of Shares for the purposes of UK taxation of capital gains.

Clearance has been obtained from HMRC under section 138 of the TCGA that section 136 TCGA will not be prevented from applying to the Scheme by virtue of section 137 TCGA.

The reclassification of the existing Shares into 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 will not constitute a disposal of those Shares for the purposes of UK taxation of capital gains. Instead the Shares with A Rights, Shares with B Rights, Shares with C Rights, Shares with D Rights, Shares with E Rights and Shares with F rights will be treated as having been acquired at the same time and for the same cost as the Shares from which they were derived.

The realisation of Shares with C Rights and Shares with F Rights (i.e. the realisation of Shares in respect of which an Election is made, or deemed to have been made, for the Cash Option) will constitute a disposal for the purposes of UK taxation of capital gains of the Shares concerned and may give rise to a liability to UK taxation of capital gains, depending on the personal circumstances of the Shareholder concerned.

The exchange of Shares with A Rights and Shares with D Rights for EIF Units and the exchange of Shares with B Rights and Shares with E Rights for SOF Units respectively will not constitute a disposal of those Shares with A Rights, Shares with B Rights, Shares with D Rights or Shares with E Rights for the purposes of UK taxation of capital gains. Instead, the holding of EIF Units and/or SOF Units will be treated as having been acquired at the same time and for the same cost as the Shares with A Rights and/or Shares with B Rights and/or Shares with D Rights and/or Shares with E Rights from which they are derived.

Tax treatment of distributions from the Liquidation Pool

It is possible that the Liquidation Pool may prove to be in excess of the amount required to meet any liabilities of the Company. In that event, the excess will be paid in cash as set out below under "Distributions from the Liquidation Pool". Any sums received by Shareholders will be treated as follows:

- (a) for Shareholders who elect for the Cash Option, the receipt of such payment(s) will amount to the receipt of further consideration for the disposal of their Shares and may give rise to a liability to UK taxation of capital gains; and
- (b) for Shareholders who elect for either of the Rollover Options, the receipt of such payment(s) will not itself be regarded as giving rise to a part disposal for the purposes of UK taxation of capital gains provided that the amount of the payment(s) does not exceed 5 per cent. of the sum of the value of the relevant Units received under the Scheme and the payment itself, or £3,000 if greater. Instead, the amount of the payment will be deducted from the base cost of the relevant Units received under the Scheme in computing any gain on a subsequent disposal of those Units. To the extent that the relevant Units received under the Scheme have been sold prior to receipt of any further payment by the Liquidators, or if the amount of the payment exceeds the limit referred to above, the receipt of such payment may give rise, depending on the particular circumstances of the Shareholder, to UK taxation of capital gains.

Holders of AXA Framlington Equity Income Fund Units and AXA Framlington UK Select Opportunity Fund Units

Any realisation of EIF Units or SOF Units will constitute a disposal for the purposes of UK taxation of capital gains of the EIF Units or SOF Units concerned and may give rise to a liability to UK taxation of capital gains, depending on the personal circumstances of the holder concerned.

Winding up

If the Scheme is not implemented and the Company proceeds to a straightforward winding up Shareholders will receive cash sums representing the disposal proceeds (for the purposes of UK taxation of capital gains) of their entitlements which may, depending on the circumstances of the Shareholder concerned, give rise to a liability to UK taxation of capital gains.

ISAs

EIF Units and SOF Units will qualify for the stocks and shares component of an ISA. Accordingly an ISA Manager who elects for either of the Rollover Options may receive and hold the EIF Units or the SOF Units as the case may be without prejudicing ISA status.

General

Clearance has been obtained from HMRC under section 701 of the Income Tax Act 2007 ("ITA") that the transactions in securities involved in implementing the Scheme will be such that no notice under section 698 ITA (cancellation of tax advantages from certain transactions in securities) will be given in respect of them.

DISTRIBUTIONS FROM THE LIQUIDATION POOL

It is possible that the Liquidation Pool may prove to be in excess of the amount required to meet any liabilities of the Company. In that event, the excess will be paid in cash as follows: (i) first to the Income Shareholders on the register of members at the close of business on the record date for entitlements under the Scheme *pro rata* to their respective holdings of Shares as at the close of business on such date, any revenue reserves of the Company including any interest or income arising on any of the Pools between the Calculation Date and the date the Company goes into liquidation and any amounts of VAT paid on management fees recovered by the Company from the Manager or from HMRC to the extent that such VAT was borne by Income Shareholders (in each case to the extent that these have not already been distributed); (ii) second to the Capital Shareholders on the register of members at the close of business on the record date for entitlements under the Scheme, *pro rata* to their respective holdings of Shares as at the close of business on such date, provided that in any case no such amount less than £5.00 shall be paid to any Shareholder but the same shall instead be paid by the Liquidators to the Trustee for the account of EIF and SOF (in proportion to amounts rolling over into those funds) without any further EIF Units or SOF Units being issued. The Liquidators shall also be entitled to make interim payments to Shareholders *pro rata* to their respective holdings of Shares.

OVERSEAS SHAREHOLDERS

In order to ensure that there is no breach of any securities laws applicable in any overseas jurisdictions (jurisdictions other than the UK, the Channel Islands or the Isle of Man) by the Rollover Options being available for acceptance in such jurisdictions, none of the documents accompanying this document (other than the Forms of Proxy) will be sent to any Shareholder whose address in the Company's register of members is outside the UK, the Channel Islands and the Isle of Man. Any such Shareholder may specify an address in the UK to which such documents may be dispatched. If the Scheme becomes effective. Overseas Shareholders will be deemed to have elected for the Cash Option in respect of all their Shares.

ANTI-MONEY LAUNDERING PROCEDURES

The issue of units in EIF or SOF is conditional on AXA Framlington Unit Management Limited and/or the Manager being able to complete independent checks on your identity and permanent residential address in accordance with UK anti-money laundering standards. This may involve an electronic search of information held about you on the electoral roll and the use of credit reference agencies and other sources. However, in rare circumstances AXA Framlington Unit Management Limited and/or the Manager may need to contact you to request additional evidence. Failure to provide this information will delay the payment of sales proceeds when you come to redeem your holding(s) of units. AXA Framlington Unit Management Limited reserves the right to reject any application to roll over into EIF or SOF Units in which case such Shareholder will be deemed to have elected for the Cash Option.

PART 3

THE SCHEME

1. Reclassified Shares

- 1.1 The expressions defined on pages 40 to 43 of this document shall have the same meanings in this Part 3.
- 1.2 Subject to (i) the first special resolution contained in the notice of the Extraordinary General Meeting being passed at such meeting or at any adjournment thereof, and paragraph 1 of such special resolution becoming unconditional, and (ii) paragraph 6 below:
 - 1.2.1 each Income Share in respect of which a valid Election (or deemed Election) is made for the EIF Option shall be reclassified as a share of £0.25 having attached thereto A Rights (a “Share with A Rights”);
 - 1.2.2 each Income Share in respect of which a valid Election is made for the SOF Option shall be reclassified as a share of £0.25 having attached thereto B Rights (a “Share with B Rights”);
 - 1.2.3 each Income Share in respect of which a valid Election (or deemed Election) is made for the Cash Option shall be reclassified as a share of £0.25 having attached thereto C Rights (a “Share with C Rights”);
 - 1.2.4 each Capital Share in respect of which a valid Election is made for the EIF Option shall be reclassified as a share of £0.25 having attached thereto D Rights (a “Share with D Rights”);
 - 1.2.5 each Capital Share in respect of which a valid Election (or deemed Election) is made for the SOF Option shall be reclassified as a share of £0.25 having attached thereto E Rights (a “Share with E Rights”); and
 - 1.2.6 each Capital Share in respect of which a valid Election (or deemed Election) is made for the Cash Option shall be reclassified as a share of £0.25 having attached thereto F Rights (a “Share with F Rights”).

For the purposes of this Scheme and the calculations referred to herein, Shares which are to be reclassified pursuant to this paragraph 1.2 shall be deemed to have been so reclassified notwithstanding that the special resolution referred to in this paragraph 1.2 has not yet become unconditional.

- 1.3 The rights of the Shares following the passing of the special resolution contained in the notice of the Extraordinary General Meeting, and following paragraph 1 of such resolution becoming unconditional, will be as set out in Article 5 of the Articles of the Company as amended pursuant to such special resolution and references to Shareholders shall be construed accordingly.

2. The Pools

- 2.1 On the Calculation Date, or as soon thereafter as may be practicable, the Manager shall divide the undertaking, cash and other assets of the Company into four separate and distinct funds, namely the Liquidation Pool, the Equity Income Pool, the Select Opportunities Pool and the Cash Pool, as follows and in the following order:
 - 2.1.1 first, to the Liquidation Pool shall be appropriated (i) such cash, undertaking and other assets of the Company (being, so far as practicable and except as agreed between the Manager and the Liquidators, assets of the kinds described in paragraph 3.1.3 below) having a value estimated by the Liquidators to be sufficient to meet all outstanding and contingent liabilities of, and other amounts payable by, the Company (excluding any liabilities and/or contingent liabilities specifically referable to any of the other Pools) including:
 - (a) after taking account of the Costs Contribution to be made by the Manager as set out in paragraph 2.1.3 below, the estimated costs and expenses incurred, and to be incurred, by the Company prior to the Effective Date and not specifically attributable to any of the other Pools;

- (b) after taking account of the Costs Contribution to be made by the Manager as set out in paragraph 2.1.3 below, the unpaid costs and expenses incurred and to be incurred by the Company and the Liquidators in formulating, preparing and reviewing and implementing the Scheme and the Transfer Agreement (including for the avoidance of doubt, any stamp duty and/or stamp duty reserve tax on such Transfer Agreement but excluding any stamp duty and/or stamp duty reserve tax on the transfers of securities and other assets forming part of any Pool, which shall be payable by such Pool);
- (c) after taking account of the Costs Contribution to be made by the Manager as set out in paragraph 2.1.3 below, the costs of winding up the Company;
- (d) any unclaimed dividends (so far as not previously paid) and any unpaid dividends;
- (e) the management fee payable to the Manager under the terms of its Management Agreement in respect of the period up to and including the Effective Date;
- (f) an amount considered by the Liquidators to be appropriate to deal with any unknown liabilities (such amount not to exceed £100,000);
- (g) any amounts required to repay any borrowings of the Company including, for the avoidance of doubt, the debentures issued by the Company and the Company's bank borrowings; and
- (h) any value added tax on any of the foregoing;

provided that any interest or income arising on any of the assets in any of the Pools from the Calculation Date to the date the Company goes into liquidation and any other revenue reserves of the Company up to the date the Company goes into liquidation shall be allocated to the Liquidation Pool and applied as set out in paragraphs 2.7 and 2.8 below (and, subject to paragraph 2.8 below, such interest or income or other revenue reserves shall, for the avoidance of doubt, be for the benefit of the Income Shareholders and, to the extent not already distributed, shall be distributed to the Income Shareholders in the liquidation);

2.1.2 second, to the Equity Income Pool, the Select Opportunities Pool and the Cash Pool shall be appropriated all the undertaking, cash and other assets of the Company remaining after the appropriation referred to in paragraph 2.1.1 in the following proportions:

- 2.1.2.1 to the Equity Income Pool shall be appropriated such of the undertaking, cash and other assets of the Company as have an aggregate value at the Calculation Date determined in accordance with paragraph 3 below equal to the number of Shares with A Rights multiplied by the Income Share FAV plus the number of Shares with D Rights multiplied by the Capital Share FAV;
- 2.1.2.2 to the Select Opportunities Pool shall be appropriated such of the undertaking, cash and other assets of the Company as have an aggregate value at the Calculation Date determined in accordance with paragraph 3 below equal to the number of Shares with B Rights multiplied by the Income Share FAV plus the number of Shares with E Rights multiplied by the Capital Share FAV; and
- 2.1.2.3 to the Cash Pool shall be appropriated such of the undertaking, cash and other assets of the Company as have an aggregate value at the Calculation Date determined in accordance with paragraph 3 below equal to the number of Shares with C Rights multiplied by the Income Share FAV plus the number of Shares with F Rights multiplied by the Capital Share FAV.

2.1.3 The Costs Contribution to be paid by the Manager is an undertaking from the Manager to the Liquidator to meet certain costs of the liquidation and is an amount (rounded up to the nearest £1,000) equal to £40,000 plus 0.75 per cent. of the amount by which the Equity Income Pool and the Select Opportunities Pool as at the Calculation Date, in aggregate, exceed £6 million. The Costs Contribution is payable by the Manager on the Effective Date.

- 2.1.4 For the purposes of the above calculations in this clause 2.1, the Income Share FAV shall be calculated as at the Calculation Date and shall be equal to 30p except where the value of the undertaking, cash and other assets of the Company, less the Liquidation Pool, are insufficient to satisfy such amount per Share in which case it shall be such amount as can be satisfied by the value of the undertaking, cash and other assets of the Company less the Liquidation Pool.
- 2.1.5 For the purposes of the above calculations in this clause 2.1, the Capital Share FAV shall be calculated as at the Calculation Date and shall be equal to (i) the value of the undertaking, cash and other assets of the Company less the Liquidation Pool and after satisfaction of the aggregate Income Share FAV, (ii) divided by the number of Shares with D Rights, Shares with E Rights and Shares with F Rights, as relevant, having rights in the relevant pool.
- 2.1.6 The Equity Income Pool will represent the interests of the holders of Shares with A Rights and Shares with D Rights.
- 2.1.7 The Select Opportunities Pool will represent the interests of the holders of Shares with B Rights and Shares with E Rights.
- 2.1.8 The Cash Pool will represent the interests of the holders of Shares with C Rights and Shares with F Rights.
- 2.3 On the Effective Date, the Liquidators shall deliver to the Trustee and to the Unit Trust Manager particulars of the assets comprised in the Equity Income Pool together with a schedule certified by the Registrars of the names and addresses of each of, and the number of Shares with A Rights and Shares with D Rights held by, those Shareholders who in terms of paragraph 1.2 hold Shares with A Rights and Shares with D Rights as shown on the register on the Effective Date.
- 2.4 On the Effective Date, the Liquidators shall deliver to the Trustee and to the Unit Trust Manager particulars of the assets comprised in the Select Opportunities Pool together with a schedule certified by the Registrars of the names and addresses of each of, and the number of Shares with B Rights and Shares with E Rights held by, those Shareholders who in terms of paragraph 1.2 hold Shares with B Rights and Shares with E Rights as shown on the register on the Effective Date.
- 2.5 On the Effective Date or as soon as practicable thereafter, the Liquidators shall, and shall procure that the Company shall, enter into and implement the Transfer Agreement (subject to such non-material modifications as may be agreed between the parties thereto) whereby the Liquidators shall:
- 2.5.1 procure the transfer of the Equity Income Pool to the Trustee (or its nominee) in exchange for the creation and issue of EIF Units to holders of Shares with A Rights and to holders of Shares with D Rights on the basis referred to in paragraphs 4.1.1 and 4.1.2 below; and
- 2.5.2 procure the transfer of the Select Opportunities Pool to the Trustee (or its nominee) in exchange for the creation and issue of SOF Units to holders of Shares with B Rights and to holders of Shares with E Rights on the basis referred to in paragraphs 4.1.3 and 4.1.4 below.
- 2.6 With effect from the Effective Date, the Liquidators shall procure that the assets and undertaking comprised in the Cash Pool be realised to ensure that the whole undertaking, cash and other assets comprised in the Cash Pool have been distributed in cash to holders of Shares with C Rights and holders of Shares with F Rights on the basis referred to in paragraphs 4.1.5 and 4.1.6 below provided that no amount less than £5.00 shall be paid to any Shareholder but shall instead be retained by the Liquidator in the Liquidation Pool.
- 2.7 The Liquidators shall, so far as necessary, take all practicable steps to realise the assets contained in the Liquidation Pool and the Liquidation Pool shall be applied by the Liquidators in discharging the liabilities of the Company (including those referred to in sub-paragraph 2.1.1 above) and, if there shall be any balance after discharging such liabilities, the Liquidators shall (except that if the capital return due to Income Shareholders under the Articles has not been paid or provided for in full, such sums will be paid first to Income Shareholders to the extent required to pay or provide for such liabilities in full and subject to paragraph 2.8 below) in due course pay the same in cash as follows: (i) first to the Income Shareholders on the register of members at the

close of business on the record date for Elections under the Scheme *pro rata* to their respective holdings of Shares as at the close of business on such date, any revenue reserves of the Company including any interest or income arising on any of the Pools between the Calculation Date and the date the Company goes into liquidation and any amounts of VAT paid on management fees recovered by the Company from the Manager or from HMRC to the extent that such VAT was borne by Income Shareholders (in each case to the extent that these have not already been distributed); (ii) second to the Capital Shareholders on the register of members at the close of business on the record date for Elections under the Scheme *pro rata* to their respective holdings of Shares as at the close of business on such date all remaining amounts, provided that in any case no such amount less than £5.00 shall be paid to any Shareholder but the same shall instead be paid by the Liquidators to the Trustee for the account of EIF and SOF (in proportion to amounts rolling over into those funds) without any further EIF Units or SOF Units being issued. The Liquidators shall also be entitled to make interim payments to Shareholders *pro rata* to their respective holdings of Shares.

- 2.8 Any amounts of VAT paid on investment management fees recovered by the Company shall be allocated to the Liquidation Pool and shall be allocated between, and distributed by the Liquidators to, Income Shareholders and Capital Shareholders on the register at the close of business on the record date for Elections under the Scheme in the proportions in which such VAT was borne by Income Shareholders and Capital Shareholders at the time it was originally paid by the Company to the Manager.

3. Valuation

- 3.1 Except as otherwise provided in this Scheme, for the purposes of the calculations of value required to be made under this Scheme, the assets of the Company to be comprised in the Liquidation Pool, the Equity Income Pool, the Select Opportunities Pool and the Cash Pool shall be valued separately on the following bases:

- 3.1.1 the value of those investments of the Company which are listed, quoted or dealt in on a stock exchange shall (except where expressly stated otherwise) be calculated by reference to the bid prices or last traded prices recorded as at the close of business on the relevant day on the principal stock exchange where the relevant investment is listed, quoted or dealt in, as shown by the relevant exchange's recognised method of publication of prices for such investment as shown by the security pricing information service provided by a recognised information source provided that if the quotation of any investments has been suspended, such investments will be transferred to the Liquidation Pool and no value should be attached thereto for the purposes of any calculation under the Scheme; and where such prices are not readily available, or in the case of manifest error, paragraph 3.1.5 shall apply;
- 3.1.2 the value of those investments of the Company which are units in open-ended trusts or shares in open-ended investment companies shall be calculated by reference to the lower of the cancellation and bid price quoted, or at the price if a single price is quoted, as at the close of business on the relevant day by the manager of the relevant unit trust or of the authorised corporate director of the relevant investment company, as the case may be, for a holding of the size held by the Company. For the avoidance of doubt, any such investments which are also listed, quoted or dealt in on any stock exchange shall be valued under this paragraph 3.1.2 and not under paragraph 3.1.1 above;
- 3.1.3 the actual amount of cash and deposits with or balances at banks, treasury bills, government bonds and any money market instruments of the Company (together with, in each case, accrued interest at that date less an accrual for any associated tax);
- 3.1.4 the actual amount as at the close of business on the relevant day of any sums due from debtors (including, for this purpose, any dividends or distributions receivable on investments quoted ex-dividend or ex-distribution on the relevant day and any interest accrued on any debt securities as at the relevant day, but excluding any dividend, distribution or interest not yet received which has been taken into account in the value of any of the investments referred to in paragraphs 3.1.1 to 3.1.3 (inclusive) above), and the fair realisable value of any other tangible assets not otherwise accounted for in paragraphs 3.1.1 to 3.1.3 (inclusive) above, less any provision for diminution of value which may be appropriate in respect of any of the above (including provisions for bad or doubtful

debts) as determined by the Directors in accordance with the Company's accounting policies;

3.1.5 the value of all other assets of the Company shall be calculated as being their fair values as at the close of business on the relevant day (as determined by the Directors); and

3.1.6 the price of any securities, other assets or liabilities denominated in foreign currencies shall be translated into sterling at the relevant day.

None of the Directors, the Liquidators, the Manager, the Trustee, or the Unit Trust Manager shall be under any liability by reason of the fact that a quotation or a price reasonably believed to be the appropriate market price of any listed or unlisted investment or any valuation reasonably believed to be appropriate may subsequently be found not to be the appropriate market price or valuation.

4. Shareholders' entitlements and calculations of value

4.1

4.1.1 The issue of EIF Units referred to in paragraph 2.5 above shall be made to holders of Shares with A Rights on the basis of the following formula:

$$\text{Number of EIF Units} = \text{Number of Shares with A Rights} \times \frac{\text{Income Share FAV (p)}}{\text{EIF Issue Price (p)}}$$

4.1.2 The issue of EIF Units referred to in paragraph 2.5 above shall be made to holders of Shares with D Rights on the basis of the following formula:

$$\text{Number of EIF Units} = \text{Number of Shares with D Rights} \times \frac{\text{Capital Share FAV (p)}}{\text{EIF Issue Price (p)}}$$

4.1.3 The issue of SOF Units referred to in paragraph 2.5 above shall be made to holders of Shares with B Rights on the basis of the following formula:

$$\text{Number of SOF Units} = \text{Number of Shares with B Rights} \times \frac{\text{Income Share FAV (p)}}{\text{SOF Issue Price (p)}}$$

4.1.4 The issue of SOF Units referred to in paragraph 2.5 above shall be made to holders of Shares with E Rights on the basis of the following formula:

$$\text{Number of SOF Units} = \text{Number of Shares with E Rights} \times \frac{\text{Capital Share FAV (p)}}{\text{SOF Issue Price (p)}}$$

4.1.5 The distribution of cash to holders of Shares with C Rights referred to in paragraph 2.6 above shall be made on the basis of the following formula:

$$\text{Amount of cash} = \text{Number of Shares with C Rights} \times \text{Capital Share FAV}$$

4.1.6 The distribution of cash to holders of Shares with F Rights referred to in paragraph 2.6 above shall be made on the basis of the following formula:

$$\text{Amount of cash} = \text{Number of Shares with F Rights} \times \text{Capital Share FAV}$$

4.1.7 For the purposes of the above calculations in this clause 4.1, the Income Share FAV shall be calculated as at the Effective Date and shall be equal to 30p except where the value of the relevant Pool is insufficient to satisfy such amount per Share in which case it shall be such amount as can be satisfied by the value of the relevant Pool.

4.1.8 For the purposes of the above calculations in this clause 4.1, the Capital Share FAV shall be calculated as at the Effective Date and shall be equal to (i) the value of the relevant Pool after satisfaction of the aggregate Income Share FAV applicable to that Pool, (ii) divided by the number of D Shares, E Shares or F Shares as relevant having rights in the relevant Pool.

- 4.2 The EIF Units shall be issued to the Shareholders entitled to them in accordance with the Unit Trust Regulations on the Effective Date or as soon as practicable after the delivery to the Trustee and to the Unit Trust Manager of the particulars referred to in paragraphs 2.3 and 2.4 above and the Unit Trust Manager shall arrange for the dispatch of letters confirming their holding of EIF Units as soon as practicable thereafter to the persons entitled thereto at their respective addresses appearing in the register of Shareholders of the Company (and in the case of joint holders, to the address of the first named).
- 4.3 The SOF Units shall be issued to the Shareholders entitled to them in accordance with the Unit Trust Regulations on the Effective Date or as soon as practicable after the delivery to the Trustee and to the Unit Trust Manager of the particulars referred to in paragraphs 2.3 and 2.4 above and the Unit Trust Manager shall arrange for the dispatch of letters confirming their holding of SOF Units as soon as practicable thereafter to the persons entitled thereto at their respective addresses appearing in the register of Shareholders of the Company (and in the case of joint holders, to the address of the first named).

General

5. The provisions of this Scheme shall have effect subject to such non-material modifications or additions as the parties to the Transfer Agreement may from time to time approve in writing.
6. As set out in the Forms of Election, the provisions of which form part of this Scheme, Shareholders are entitled to elect for the EIF Option, the SOF Option or the Cash Option. However, notwithstanding anything in the Scheme to the contrary, Shareholders' rights of Election are subject to the following provisions:
- 6.1 an Income Shareholder (other than an Overseas Shareholder) who fails to submit a Form of Election by the due date or submits a Form of Election which has not been duly completed will be deemed to have elected for the EIF Option (income units) in respect of their Income Shares (and such deemed Election shall constitute a valid Election for the purposes of paragraph 1.2 above);
- 6.2 a Capital Shareholder (other than an Overseas Shareholder) who fails to submit a Form of Election by the due date or submits a Form of Election which has not been duly completed will be deemed to have elected for the SOF Option (accumulation units) in respect of their Capital Shares (and such deemed Election shall constitute a valid Election for the purposes of paragraph 1.2 above);
- 6.3 fractions of EIF Units and SOF Units will be issued under the Scheme up to one thousandth of a unit in either case, rounded down to the nearest thousandth;
- 6.4 all Overseas Shareholders regardless of whether they have submitted a Form of Election will be deemed to have elected for the Cash Option in respect of their Income Shares or Capital Shares (and such deemed Election shall constitute a valid Election for the purposes of paragraph 1.2 above);
- 6.5 by signing and delivering a Form of Election and in consideration of the Company agreeing to process the Form of Election, a Shareholder agrees that:
- 6.5.1 the Election pursuant to such Form of Election shall be irrevocable with effect from 3.00 p.m. on 19 September 2008; and
- 6.5.2 the Election is valid and binding, is made in accordance with all applicable legal requirements and that he is not an Overseas Shareholder.
7. The Liquidators shall be entitled to act and rely upon any certificate, opinion, valuation, evidence or other information furnished by the Company (including, without prejudice to the foregoing generality, any Directors' valuation for the purposes of paragraph 3 above), any Director, the Manager, the Trustee, and the Unit Trust Manager, the Registrars or the Company's auditors, bankers or other professional advisers, and shall not be liable or responsible for any loss suffered as a result thereof by the Company, the Directors, the Manager, any Shareholder, the Trustee, or the Unit Trust Manager.

The Trustee and the Unit Trust Manager shall be entitled to act and rely upon any certificate, opinion, valuation, evidence or other information furnished by the Company, the Liquidators, the Registrars or the Company's auditors, bankers or other professional advisers and shall not be liable for any loss suffered as a result thereof by the Company, the Directors or any Shareholder.

8. This Scheme is conditional upon the passing of the first special resolution to be proposed at the Extraordinary General Meeting (in addition to any further conditions referred to in such paragraphs) and the passing of the resolutions at the separate class meetings on 22 September 2008 or at any adjournments thereof and all conditions to such resolutions being fulfilled.
9. Nothing in this Scheme or in any document executed under or in connection with this Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties which shall, for the avoidance of doubt, exclude any action taken by the Liquidators in accordance with this Scheme or the Transfer Agreement.
10. If approved, this Scheme shall be binding on all Shareholders and on all persons claiming through or under them.

PART 4

FURTHER INFORMATION ON AXA FRAMLINGTON EQUITY INCOME FUND

Set out below is a summary of the Simplified Prospectus of AXA Framlington Equity Income Fund and the rollover arrangements.

Authorised UK unit trust

EIF is an authorised UK unit trust which has 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. The fund has a UCITs certificate. The fund has income units and accumulation units.

Investment objective

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.

Managers and trustees

The investment manager of the fund is AXA Framlington Investment Management Limited. The authorised fund manager and promoter is AXA Framlington Unit Management Limited. The Trustee of the fund is The Royal Bank of Scotland plc, Trustee & Depositary Services and the auditors are Ernst & Young LLP.

Accumulation and Income Units

There are two types of units in the fund, accumulation units and income units. If you elect for income units, your distribution will be paid direct to your bank or building society account on the fund's income payment date. If you elect for 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".

Reporting

Twice a year, the fund manager will send unitholders a valuation statement, a short report and tax voucher. The bid and offer prices of units and historic gross yields are published in selected newspapers. To calculate the value of your holding, multiply the number of units you hold by the bid price. From time to time and under certain circumstances units may be valued at cancellation price or other price rather than bid (selling) price.

How do I acquire units?

Units are being offered to you as a Rollover Option in the Scheme. If you choose to roll over your Shares in the Company into income units or accumulation units in the fund, the usual initial charge of 5.25 per cent. will be waived and will not be charged. If you choose to roll over, the value of your investment in the Company will be valued after making provision for the costs of the liquidation of the Company and the Liquidator's Retention (as set out in more detail in "Costs of the Proposals and the Costs Contribution" on page 15) and will be used to buy income units or accumulation units in the fund at the creation price in accordance with the fund's prospectus but without the usual initial charge.

If you choose to acquire further units not as part of the Scheme then you should follow the instructions set out in the Simplified Prospectus enclosed with this document. Please note that any units bought outwith the Scheme will be subject to the usual initial charge.

How do I sell units?

You may cash in all or part of your investment at any time, free of any exit charges, at the bid (selling) price. Please note that the fund operates a dual pricing structure with a bid/offer price spread and as at 21 August 2008 there was approximately a 2.3 per cent. difference between the bid (selling) price and offer (buying) price. When the Unit Trust Manager receives your instructions, it will sell your units forward to the next valuation point (being 12 noon the next business day after receipt of instructions) at the bid price. Details on how to give those instructions are set out in the Simplified Prospectus

accompanying this document. Please note that from time to time and under certain circumstances the fund may switch to a cancellation price or other price basis for units as opposed to a bid basis.

Fees and charges

There is usually an initial charge of 5.25 per cent. charged on acquisition of units in the fund. This initial charge is being waived in respect of units issued to Shareholders in respect of investments they roll over from the Company. An annual management fee of 1.50 per cent. is chargeable on income units and accumulation units. Further information on these fees and charges and illustrative examples of the effect of these charges on an investment are set out in the Simplified Prospectus enclosed with this document.

Past performance of fund

The following table shows the discrete performance of EIF over 12 month periods to the latest quarter end.

	30/06/03 – 30/06/04	30/06/04 – 30/06/05	30/06/05 – 30/06/06	30/06/06 – 30/06/07	30/06/07 – 30/06/08
AXA Framlington Equity Income Fund	35.2%	27.1%	20.0%	14.2%	-26.3%

The following table shows the cumulative performance of EIF against the sector median of the S&P Unit Funds Equity Income Index to 30 June 2008, the last quarter end.

	<i>Fund (%)</i>	<i>Sector median (%)</i>	<i>Ranking</i>	<i>Quartile</i>
6 months	-16.9	-14.7	73/90	4
Year to date	-16.9	-14.7	73/90	4
1 year	-26.3	-18.6	81/89	4
3 years	1.0	10.1	72/77	4
5 years	73.4	53.2	10/68	1

Past performance is not a guide to future returns. The figures in the tables above are on a bid to bid basis and assume net income is re-invested in sterling terms. Discrete and cumulative performance are based on published dealing prices.

Specific risk warnings

Investment in smaller companies offers the possibility of higher returns but may also involve a higher degree of risk. The fund concentrates on the generation of income as a higher priority than capital growth and allocates the Manager's charge to capital. Whilst this will increase distributable income, it may accordingly constrain or erode capital growth. Changes in exchange rates will affect the value of unit trust investments overseas.

PART 5

FURTHER INFORMATION ON AXA FRAMLINGTON UK SELECT OPPORTUNITIES FUND

Set out below is a summary of the Simplified Prospectus of AXA Framlington UK Select Opportunities Fund and the rollover arrangements.

Authorised UK unit trust

SOF is an authorised UK unit trust 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. The fund has a UCITS certificate. The fund has income units and accumulation units.

Investment objective

To achieve capital growth by investing in companies, primarily of UK origin, where the Manager believes above average returns can be realised.

Managers and trustees

The investment manager of the fund is AXA Framlington Investment Management Limited. The authorised fund manager and promoter is AXA Framlington Unit Management Limited. The Trustee of the fund is The Royal Bank of Scotland plc, Trustee & Depository Services and the auditors are Ernst & Young LLP.

Accumulation and Income Units

There are two types of units in the fund, accumulation units and income units. If you elect for income units, your distribution will be paid direct to your bank or building society account on the fund's income payment date. If you elect for 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".

Reporting

Twice a year, the fund manager will send unitholders a valuation statement, a short report and tax voucher. The bid and offer prices of units and historic gross yields are published in selected newspapers. To calculate the value of your holding, multiply the number of units you hold by the bid (selling) price. From time to time and under certain circumstances units may be valued at cancellation price or other price rather than bid price.

How do I acquire units?

Units are being offered to you as a Rollover Option in the Scheme. If you choose to roll over your Shares in the Company into income units or accumulation units in the fund, the usual initial charge of 5.25 per cent. will be waived and will not be charged. If you choose to roll over, the value of your investment in the Company will be valued after making provision for the costs of the liquidation of the Company and the Liquidator's Retention (as set out in more detail in "Costs of the Proposals and the Costs Contribution" on page 15) and will be used to buy income units or accumulation units in the fund at the creation price in accordance with the fund's prospectus but without the usual initial charge.

If you choose to acquire further units not as part of the Scheme then you should follow the instructions set out in the Simplified Prospectus enclosed with this document. Please note that any units bought outwith the Scheme will be subject to the usual initial charge.

How do I sell units?

You may cash in all or part of your investment at any time, free of any exit charges, at the bid (selling) price. Please note that the fund operates a dual pricing structure with a bid/offer spread and as at 21 August 2008 there was approximately a 1.4 per cent. difference between the bid (selling) price and offer (buying) price. When the Unit Trust Manager receives your instructions, it will sell your units forward to the next valuation point (being 12 noon the next business day after receipt of instructions) at the bid (selling) price. Details on how to give those instructions are set out in the Simplified Prospectus

accompanying this document. Please note that from time to time and under certain circumstances the fund may switch to a cancellation price or other price basis for units as opposed to a bid (selling) price basis.

Fees and charges

There is usually an initial charge of 5.25 per cent. charged on acquisition of units in the fund. This initial charge is being waived in respect of units issued to Shareholders in respect of investments they roll over from the Company. An annual management fee of 1.50% is chargeable on income units and accumulation units. Further information on these fees and charges and illustrative examples of the effect of these charges on an investment are set out in the Simplified Prospectus enclosed with this document.

Past performance of fund

The following table shows the discrete performance of SOF over 12 month periods to the latest quarter end.

	30/06/03 – 30/06/04	30/06/04 – 30/06/05	30/06/05 – 30/06/06	30/06/06 – 30/06/07	30/06/07 – 30/06/08
AXA Framlington UK Select Opportunities Fund	37.2%	17.3%	23.2%	17.3%	-9.0%

The following table shows the cumulative performance of SOF against the sector median of the S&P Unit Funds UK All Companies Index to 30 June 2008, the last quarter end.

	<i>Fund (%)</i>	<i>Sector median (%)</i>	<i>Ranking</i>	<i>Quartile</i>
6 months	-6.9	-11.4	39/327	1
Year to date	-6.9	-11.4	39/327	1
1 year	-9.0	-13.5	47/316	1
3 years	31.5	19.0	46/274	1
5 years	111.6	60.9	11/237	1

Past performance is not a guide to future returns. The figures in the tables above are on a bid to bid basis and assume net income is re-invested in sterling terms. Discrete and cumulative performance are based on published dealing prices.

Specific risk warnings

Investment in smaller companies offers the possibility of higher returns but may also involve a higher degree of risk.

PART 6

ADDITIONAL INFORMATION

1. DIRECTORS

The names of the Directors, all of whom are non-executive, are as follows:

Simon Meredith Hardy (*Chairman*)
Andrew Brown
Arthur Copple
Nigel Morrison

The business address of each of the Directors is 155 Bishopsgate, London EC2M 3XJ.

2. SHARE CAPITAL

The issued share capital of the Company, all of which is fully paid up, as at the date of this document is as follows:

	<i>No. of Shares</i>	<i>£</i>
Income Shares	39,134,832	9,783,708
Capital Shares	24,830,091	6,207,523

3. DISCLOSURE OF INTERESTS

3.1 As at 21 August 2008 (being the latest practicable date prior to the publication of this document) the interests of the Directors and their immediate families, beneficial and non-beneficial in the issued share capital of the Company, which had been notified to the Company pursuant to DTR 3.1.4 and/or section 793 of the 2006 Act or which were required pursuant to section 809 of the 2006 Act to be entered in the register referred to therein or which were (so far as known to, or could with reasonable diligence be ascertained by, the Directors) interests in the issued share capital of the Company of persons connected with them (which expression shall be construed in accordance with section 252 of the 2006 Act) were as follows:

<i>Name</i>	<i>Capital Shares</i>	<i>% of Capital Shares in issue</i>	<i>Income Shares</i>	<i>% of Income Shares in issue</i>
S Meredith Hardy	15,000	0.06	10,000	0.025
A J Brown	20,000	0.08	100,000	0.26
A T Copple	22,744	0.09	368,451	0.94
N D Morrison	200,000	0.8	150,000	0.38

3.2 There are no service agreements in existence between the Company and any of the Directors and no compensation is or will be payable by the Company in connection with the loss of office of any of the Directors in connection with the Scheme. Directors' fees at the current applicable rates will be paid up to the Effective Date.

3.3 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the financial year ended 31 March 2008 or in the current financial period or which was effected in an earlier financial period and remains in any respect outstanding or unperformed.

- 3.4 As at 21 August 2008 (the latest practicable date prior to the publication of this document), the Company had been notified of the following holdings of 3 per cent. or more of its issued share capital pursuant to DTR 5.1.2 and/or section 793 of the 2006 Act:

<i>Holder</i>	<i>Capital Shares</i>	<i>% of Capital Shares in issue</i>	<i>% of total voting rights held</i>	<i>Income Shares</i>	<i>% of Income Shares in issue</i>	<i>% of total voting rights held</i>
S A Lewis	–	–	–	4,705,500	12.0	7.4
New Star Asset Management (indirect interest)	2,725,000	11.0	4.3	3,750,000	9.6	5.9
Dartmoor Investment Trust (indirect interest)	–	–	–	3,245,000	8.3	5.1
Hallwood Investments Ltd	4,055,000	16.3	6.3	–	–	–
Rensburg Sheppard Investment Management (indirect interest)	1,484,952	6.0	2.3	–	–	–

4. TRANSFER AGREEMENT

The Company intends, in connection with the Scheme, to enter into an agreement on or about the Effective Date with the Liquidators, the Trustee and the Unit Trust Manager pursuant to which assets of the Company under the EIF Option will be transferred to EIF in consideration for the issue of EIF Units and under the SOF Option to SOF in consideration for the issue of SOF Units subject to the terms and conditions of the Scheme. Each of the parties to the agreement has undertaken to enter into the agreement subject to the Scheme becoming unconditional.

5. MISCELLANEOUS

- 5.1 The Company is not engaged in any legal or arbitration proceedings and, so far as the Company is aware, no legal or arbitration proceedings are threatened or pending against the Company which may have, or may have had during the period of 12 months immediately preceding the date of this document, a significant effect on its financial position.
- 5.2 Since 31 March 2008, the date to which the last published accounts of the Company were prepared, there has been no significant change in the financial position of the Company. Consideration has been taken of the estimated aggregate costs and expenses of the Scheme which are payable by the Company of £215,000 (inclusive of irrevocable VAT and taking into account the Costs Contribution but excluding the Liquidators' Retention).
- 5.3 Dickson Minto W.S., which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document and the inclusion of its name and the references to it in the form and context in which they appear. Each of the Liquidators has also given and not withdrawn his written consent to the issue of this document with the inclusion of his name and the references to him in the form and context in which they appear.
- 5.4 It is intended that the listing of the Income Shares and Capital Shares be cancelled immediately upon the Company going into members' voluntary liquidation.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at 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:

- (i) the memorandum and articles of association of the Company;
- (ii) the articles of association of the Company as amended by the special resolution set out in the notice convening the EGM;
- (iii) the audited annual reports and accounts of the Company for the two financial years ended 31 March 2008;
- (iv) the audited annual reports and accounts of EIF for the year ended 15 July 2007;
- (v) the audited annual reports and accounts of SOF for the year ended 15 September 2007;

- (vi) the written consents referred to in paragraph 5.3 above;
- (vii) the draft Transfer Agreement and the undertakings to enter into the Transfer Agreement; and
- (viii) the Simplified Prospectus.

27 August 2008

PART 7

DEFINITIONS

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

“1985 Act”	the Companies Act 1985, as amended, to the extent in force
“2006 Act”	the Companies Act 2006, as amended, to the extent in force
“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 paragraph 2.1.5 or paragraph 4.1.8 of Part 3 of this document
“Cash Option”	the right of Shareholders to receive cash as described in this document
“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 paragraph 2.1.2 of 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” in Part 1 of this document
“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
“DTR”	the Disclosure Rules and Transparency Rules
“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 as described in this document
“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 paragraph 2.1.2 of 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, enclosed with this document
“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 paragraph 2.1.4 or paragraph 4.1.7 of Part 3 of this document
“Liquidation Pool”	the fund to be established by the Liquidators under paragraph 2.1 of the Scheme 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” in Part 1 of this document
“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 this document 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 on pages 44 to 52 of this document
“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 this document
“Select Opportunities Option” or “SOF Option”	the right of Shareholders to receive SOF Units as described in this document
“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 paragraph 2.1.2 of the Scheme

“SOF Units”	a unit in SOF
“TCGA”	Taxation of Chargeable Gains Act 1992
“Transfer Agreement”	the agreement, described at paragraph 4 of Part 6 of this document, 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 on page 19 of this document.
“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

NOTICES OF THE MEETINGS

FRAMLINGTON INCOME & CAPITAL TRUST PLC

NOTICE OF SEPARATE CLASS MEETING OF INCOME SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a class meeting of the holders of the income shares of 25p each in the capital of Framlington Income & Capital Trust PLC (the "Company") will be held at 155 Bishopsgate, London EC2M 3XJ on Monday 22 September 2008 at 11.00 a.m., for the purpose of considering and, if thought fit, passing the following resolution:

RESOLUTION

That the holders of the income shares of 25p each in the capital of the Company ("Income Shares") hereby sanction and consent to:

- (i) the passing of resolutions 1 and 3 set out in the notice of the extraordinary general meeting of the Company convened for 30 September 2008;
- (ii) any and every variation, modification or abrogation of the rights attached to the Income Shares involved in or effected by the passing or implementation of such resolutions; and
- (iii) the liquidators of the Company exercising the powers set out in article 170 of the Company's articles of association in implementing the scheme of reconstruction and the liquidation of the Company.

By order of the Board
AXA Framlington Investment Management Limited
Secretary
155 Bishopsgate
London EC2M 3XJ
27 August 2008

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such a proxy need not also be a shareholder of the Company.
2. A blue form of proxy for use by income shareholders at the separate class meeting is enclosed with this document. In order to be valid, proxies must be lodged with the Company's registrar, by one of the following methods:
 - in hard copy by post, by courier or by hand to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - in the case of CREST members by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case, not less than 48 hours before the time appointed for the meeting together with any power of attorney under which it is signed. Completion of the form of proxy or the appointment of proxy will not prevent an income shareholder from attending the meeting and voting in person.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those income shareholders having their name entered on the Company's share register not later than 48 hours before the time appointed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of income shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any income shareholder to attend and vote at the meeting, notwithstanding any provision in any enactment, the articles of association of the Company or other instrument to the contrary.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy

Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives — www.icsa.org.uk — for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “nominated person”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to nominated persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. In accordance with the Company's articles of association, the quorum for the meeting is two persons holding or representing by proxy not less than one third in nominal value of the issued income shares provided that at any adjourned meeting one holder of income shares present in person or by proxy (whatever the number of income shares held by that holder) will be a quorum. If a quorum is not present within ten minutes (or such longer time not exceeding one hour as the Chairman of the meeting may decide to wait) after the time appointed for holding the meeting, the meeting shall stand adjourned to 11.00 a.m. at the same place on 29 September 2008. Forms of proxy will also be valid at any adjournment of the meeting.

FRAMLINGTON INCOME & CAPITAL TRUST PLC

NOTICE OF SEPARATE CLASS MEETING OF CAPITAL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a class meeting of the holders of the capital shares of 25p each in the capital of Framlington Income & Capital Trust PLC (the "Company") will be held at 155 Bishopsgate, London EC2M 3XJ on Monday 22 September 2008 at 11.05 a.m. (or as soon thereafter as the separate class meeting of the holders of the income shares of 25p each in the capital of the Company convened to be held at 11.00 a.m. on Monday 22 September 2008 shall have concluded or been adjourned), for the purpose of considering and, if thought fit, passing the following resolution:

RESOLUTION

That the holders of the capital shares of 25p each in the capital of the Company ("Capital Shares") hereby sanction and consent to:

- (i) the passing of resolutions 1 and 3 set out in the notice of the extraordinary general meeting of the Company convened for 30 September 2008;
- (ii) any and every variation, modification or abrogation of the rights attached to the Capital Shares involved in or effected by the passing or implementation of such resolutions; and
- (iii) the liquidators of the Company exercising the powers set out in article 170 of the Company's articles of association in implementing the scheme of reconstruction and the liquidation of the Company.

By order of the Board
AXA Framlington Investment Management Limited
Secretary
155 Bishopsgate
London EC2M 3XJ
27 August 2008

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such a proxy need not also be a shareholder of the Company.
2. A pink form of proxy for use by capital shareholders at the separate class meeting is enclosed with this document. In order to be valid, proxies must be lodged with the Company's registrar, by one of the following methods:
 - in hard copy, by post, by courier or by hand to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - in the case of CREST members by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in either case not less than 48 hours before the time appointed for the meeting together with any power of attorney under which it is signed. Completion of the form of proxy or the appointment of proxy will not prevent a capital shareholder from attending the meeting and voting in person.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those capital shareholders having their name entered on the Company's share register not later than 48 hours before the time appointed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of capital shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any capital shareholder to attend and vote at the meeting, notwithstanding any provision in any enactment, the articles of association of the Company or other instrument to the contrary.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy

Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives — www.icsa.org.uk — for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “nominated person”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to nominated persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. In accordance with the Company's articles of association, the quorum for the meeting is two persons holding or representing by proxy not less than one third in nominal value of the issued capital shares provided that at any adjourned meeting one holder of capital shares in person or by proxy (whatever the number of capital shares held by that holder) will be a quorum. If a quorum is not present within ten minutes (or such longer time not exceeding one hour as the Chairman of the meeting may decide to wait) after the time appointed for holding the meeting, the meeting shall stand adjourned to 11.05 a.m. at the same place on 29 September 2008. Forms of proxy will also be valid at any adjournment of the meeting.

FRAMLINGTON INCOME & CAPITAL TRUST PLC
NOTICE OF EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company will be held at 155 Bishopsgate, London EC2M 3XJ on Tuesday, 30 September 2008 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 3 will be proposed as special resolutions and resolution 2 will be proposed as an ordinary resolution:

SPECIAL RESOLUTION

1. THAT subject to and with effect from the date and time at which the ordinary resolution winding up the Company pursuant to article 4(B) of the articles of association of the Company and section 84(1)(a) of the Insolvency Act 1986 is approved:
 - (a) to the extent that an Income Share is the subject of a valid Election (or deemed Election) for the EIF Option, such Income Share shall be reclassified as a Share with A Rights;
 - (b) to the extent that an Income Share is the subject of a valid Election for the SOF Option, such Income Share shall be reclassified as a Share with B Rights;
 - (c) to the extent that an Income Share is the subject of a valid Election (or deemed Election) for the Cash Option, such Income Share shall be reclassified as a Share with C Rights;
 - (d) to the extent that a Capital Share is the subject of a valid Election (or deemed Election) for the EIF Option, such Capital Share shall be reclassified as a Share with D Rights;
 - (e) to the extent that a Capital Share is the subject of a valid Election for the SOF Option, such Capital Share shall be reclassified as a Share with E Rights;
 - (f) to the extent that a Capital Share is the subject of a valid Election (or deemed Election) for the Cash Option, such Capital Share shall be reclassified as a Share with F Rights;
 - (g) the Shares with A Rights, Shares with B Rights, Shares with C Rights, Shares with D Rights, Shares with E Rights and Shares with F Rights (together referred to as "Reclassified Shares") shall have the rights attached to them, and be subject to the conditions set out in, the Company's articles of association as amended pursuant to paragraph 1(h) of this resolution;
 - (h) the articles of association of the Company be and are hereby amended as follows:
 - (i) the following new definitions shall be inserted in Article 2:

""income shares" means together income shares of £0.25 each, the Shares with A Rights, Shares with B Rights, Shares with C Rights, (or any of them);";

""capital shares" means together capital shares of £0.25 each, the Shares with D Rights, Shares with E Rights, Shares with F Rights, (or any of them);";

""Shares with A Rights" means the shares with A equity income rights of £0.25 each in the capital of the Company;";

""Shares with B Rights" means the shares with B select opportunities income rights of £0.25 each In the capital of the Company;";

""Shares with C Rights" means the shares with C cash income rights of £0.25 each in the capital of the Company;";

""Shares with D Rights" means the shares with D equity income capital rights of £0.25 each in the capital of the Company;";

""Shares with E Rights" means the shares with E select opportunities capital rights of £0.25 each in the capital of the Company;";

""Shares with F Rights" means the shares with F cash capital rights of £0.25 each in the capital of the Company;";

- (ii) Article 5 shall be deleted and replaced by:
 - “5.1 The authorised share capital of the Company as at the date of passing of the special resolution which inserted this Article 5 in these Articles is £16,023,706 divided into 39,134,832 Income Shares comprised of Shares with A Rights, Shares with B Rights and Shares with C Rights and 24,959,992 Capital Shares comprising Shares with D Rights, Shares with E Rights and Shares with F Rights in each case in such respective numbers as shall result from the passing of the special resolution which inserted this Article 5 in these Articles. Except as provided in Article 5.2 below the Shares with A Rights, Shares with B Rights and Shares with C Rights shall be identical and shall rank *pari passu* in all respects and constitute one class of Income Shares and Shares with D Rights, Shares with E Rights and Shares with F Rights shall be identical and shall rank *pari passu* in all respects and constitute one class of Capital Shares.
 - 5.2 5.2.1 Words and expressions defined or used in the circular to shareholders of the Company dated 27 August 2008 which included a notice convening an extraordinary general meeting at which the special resolution inserting this Article 5 was to be proposed (the “Circular”) shall bear the same meanings in this Article 5, save where the context otherwise requires.
 - 5.2.2 In this winding up of the Company pursuant to and giving effect to the Scheme (but not otherwise):
 - (i) the rights of the holders of Shares with A Rights and Shares with D Rights in respect of the assets of the Company shall be satisfied by the issue to the holders thereof of the numbers of new EIF Units, in addition to any distribution of cash, to which they shall be entitled in accordance with the Scheme;
 - (ii) the rights of the holders of Shares with B Rights and Shares with E Rights in respect of the assets of the Company shall be satisfied by the issue to the holders thereof of the numbers of new SOF Units, in addition to any distribution of cash, to which they shall be entitled in accordance with the Scheme;
 - (iii) the rights of the holders of Shares with C Rights and Shares with F Rights in respect of the assets of the Company shall be satisfied by the distribution to such holders of the amounts in cash to which they shall be entitled in accordance with the Scheme.”;
- (i) subject to resolution 2 below being passed and notwithstanding anything in the Articles to the contrary, the Scheme be and is hereby approved and the directors of the Company and the Liquidators (as defined in or for the purposes of the Scheme), when appointed, be and are hereby authorised (in so far as they are not already authorised by the Articles) to implement the Scheme and to execute any document and do any act or thing for the purpose of carrying the Scheme into effect and, in particular (but without prejudice to the foregoing generality):
 - (i) the Liquidators be and are hereby authorised and directed, pursuant to Article 5, to enter into and to give effect to, the transfer agreement in the form of the draft which is produced to the meeting and signed for the purpose of identification by the chairman of the meeting with such non-material modifications thereto as the parties to such agreement may agree or as may be permitted to be made pursuant to the Scheme (the “Transfer Agreement”);
 - (ii) the Equity Income Pool be transferred to AXA Framlington Equity Income Fund upon the terms and subject to the conditions of the Transfer Agreement;
 - (iii) the Liquidators be and are hereby authorised and directed to request the AXA Framlington Equity Income Fund Trustee to issue AXA Framlington Equity Income Fund Units on the basis described in the Transfer Agreement, for distribution among the holders of Shares with A Rights and the holders of Shares with D Rights (as referred to in Article 5 inserted in the articles of association of the Company pursuant to this resolution) by way of satisfaction and discharge of their interests in so much

of the undertaking, property and assets of the Company as shall be transferred to AXA Framlington Equity Income Fund in accordance therewith and the Scheme;

- (iv) the Select Opportunities Pool be transferred to AXA Framlington UK Select Opportunities Fund upon the terms and subject to the conditions of the Transfer Agreement;
- (v) the Liquidators be and are hereby authorised and directed to request the AXA Framlington UK Select Opportunities Fund Trustee to issue AXA Framlington UK Select Opportunities Fund Units on the basis described in the Transfer Agreement, for distribution among the holders of Shares with B Rights and the holders of Shares with E Rights (as referred to in Article 5 inserted in the articles of association of the Company pursuant to this resolution) by way of satisfaction and discharge of their interests in so much of the undertaking, property and assets of the Company as shall be transferred to AXA Framlington UK Select Opportunities Fund in accordance therewith and the Scheme;
- (vi) the Liquidators be and are hereby authorised to realise and distribute the Cash Pool in accordance with the Scheme.

Words and expressions used or defined in the circular to shareholders dated 27 August 2008 (a copy of which is produced to the meeting and signed by the chairman for the purposes of identification) shall have the same meanings where used in this resolution, except where the context otherwise require.

This special resolution shall operate by way of such further amendments to the Company's articles of association as may be necessary to give effect hereto.

ORDINARY RESOLUTION

- 2. THAT the Company be wound up voluntarily under section 84(1)(a) of the Insolvency Act 1986 and Christopher Richard Frederick Day and Nicholas James Dargan (the "Liquidators"), both of Deloitte & Touche LLP of Athene Place, 66 Shoe Lane, London EC4A 3WA be and are hereby appointed liquidators for the purpose of such winding up and any powers conferred on them by law or by this resolution may be exercised, and any act required or authorised under any enactment to be done by them may be done by them jointly or by each of them alone.

SPECIAL RESOLUTION

- 3. THAT:
 - (a) the remuneration of the Liquidators be fixed on the basis of time properly spent by them and members of their staff in attending to matters arising prior to and during the winding up of the Company and they be and are hereby authorised to draw such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them in the winding up of the Company;
 - (b) subject to the passing of the resolution numbered 2 in the notice convening the meeting in which this resolution appeared as the third resolution ("Resolution 2"), the Liquidators (as defined in Resolution 2) be and are hereby authorised pursuant to section 165 of the Insolvency Act 1986 to exercise the powers set out in Part I of Schedule 4 to that Act; and
 - (c) the Company's books and records be held by AXA Framlington Investment Management Limited to the order of the Liquidators until the expiry of 12 months after the date of dissolution of the Company when they may be disposed of with the prior consent of the Liquidators.

By order of the Board
AXA Framlington Investment Management Limited
Secretary
27 August 2008

Registered office
155 Bishopsgate
London
EC2M 3XJ

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such a proxy need not also be a shareholder of the Company.
2. A yellow Form of Proxy for use by Income Shareholders at the extraordinary general meeting and a white Form of Proxy for use by Capital Shareholders at the extraordinary general meeting is enclosed with this document. In order to be valid, proxies must be lodged with the Company's registrar by one of the following methods:
 - in hard copy, by post, by courier or by hand to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
 - in the case of CREST members by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in either case not less than 48 hours before the time appointed for the meeting together with any power of attorney under which it is signed. Completion of the Form of Proxy or the Appointment of Proxy will not prevent a shareholder from attending the meeting and voting in person.
3. In accordance with the Company's articles of association, the holders of Income Shares shall not be entitled to vote by virtue of their holdings thereof on resolution 2 to be proposed as the ordinary resolution at the extraordinary general meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders having their name entered on the Company's share register not later than 48 hours before the time appointed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the meeting, notwithstanding any provision in any enactment, the articles of association of the Company or other instrument to the contrary.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives — www.icsa.org.uk — for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "nominated person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to nominated persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. As at 21 August 2008, the latest practicable date prior to publication of this document, the Company had 24,830,091 capital shares and 39,134,832 income shares in issue with a total of 63,964,923 voting rights.

9. In accordance with the Company's articles of association, the quorum for the meeting is two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of or proxy for a corporation. If a quorum is not present within ten minutes (or such longer time not exceeding one hour as the Chairman of the meeting may decide to wait) after the time appointed for holding the meeting, the meeting shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following such public holiday) at the same time and place or to such other day and at such other time and place as the board of directors may determine and no notice of such adjournment need be given. Forms of Proxy will also be valid at any adjournment of the meeting.