

# Notice of Annual General Meeting

Notice is hereby given that the sixteenth annual general meeting of the Company will be held at Exchange House, Primrose Street, London EC2A 2NY on Thursday 15 January 2009 at 11.30 a.m. for the following purposes:

## Ordinary business

1. To receive and adopt the Directors' report and accounts for the year ended 30 September 2008.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend.
4. To re-elect Neil Dunford as a Director.
5. To re-elect John Emly as a Director.
6. To re-elect Hugh Priestley as a Director.
7. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
8. To authorise the Directors to determine the remuneration of the auditors.

## Special business

To consider and, if thought fit, pass the following resolution as a special resolution:

9. THAT:
  - (a) the Directors be and they are hereby:
    - (i) generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (as defined by that section) up to an aggregate nominal amount of £991,303 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2010 ("the relevant period"), provided that there shall be deducted from such aggregate nominal amount the aggregate nominal amount of any shares held by the Company in treasury which are sold or otherwise transferred during the relevant period; and
    - (ii) empowered, pursuant to Section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority referred to in paragraph (a)(i) of this resolution, and/or to transfer equity securities which are

held by the Company in treasury, during the relevant period up to an aggregate nominal amount of £991,303, in each case as if Section 89(1) of the Act did not apply to any such allotment or transfer;

but so that this authority and power shall enable the Company to make offers or agreements which would or might require relevant securities or equity securities to be allotted or transferred after the expiry of this authority and power and notwithstanding such expiry the Directors may allot or transfer relevant securities and/or equity securities in pursuance of such offers or agreements; and

- (b) all authorities and powers previously conferred under Section 80 or Section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect;
- (c) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution; and
- (d) references in this resolution to the Act, or to sections of the Act, shall, where appropriate, include references to the Companies Act 2006 and any corresponding or similar sections of that act, it being the intention that, to the extent permitted by law, the authorities and powers contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

To consider and, if thought fit, pass the following resolution as a special resolution:

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 25 pence each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 11,887,709;

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- (b) the minimum price which may be paid for an ordinary share shall be 25 pence;
- (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;
- (d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;
- (e) the authority hereby conferred shall expire on the date which is 18 months after the passing of this resolution, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution;
- (f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiry of such authority; and
- (g) references in this resolution to the Act, or to sections of the Act, shall where the context requires and where appropriate, include references to the Companies Act 2006 and any corresponding or similar sections of that act, it being the intention that, to the extent permitted by law, the authority and powers contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

To consider and, if thought fit, pass the following resolution as a special resolution:

11. THAT the draft regulations ("the New Articles") produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to

the entire exclusion of, the existing articles of association of the Company.

By order of the Board  
F&C Management Limited  
Secretary  
25 November 2008

Registered office:  
Exchange House  
Primrose Street  
London EC2A 2NY

## Location of meeting



## Notes:

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company at 11 p.m. on 13 January 2009 (the "specified time") shall be entitled to attend and vote or be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register of members after the specified time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at 11 p.m. on the day which is two days before the day of the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

A member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote instead of him/her. The proxy form includes details on how to appoint more than one proxy. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules,

need not make a separate notification to the Company and the Financial Services Authority. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

As at 24 November 2008, the latest practicable date prior to publication of this document, the Company had 79,304,268 ordinary shares in issue with a total of 79,304,268 voting rights.

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 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 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](http://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.

This notice of meeting does not include an electronic address for the Company, and accordingly all documents or information sent to the Company in relation to proceedings at this meeting, or proxies for the meeting, must be in hard copy form.

To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for the holding of the meeting.

Investors holding shares in the Company through the F&C savings plans should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 96 hours before the time appointed for holding the meeting.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 147 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The register of Directors' holdings, Directors' terms of appointment letters and a deed poll in relation to Directors' indemnities are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof. No Director has any contract of service with the Company.

A copy of the articles of association of the Company as proposed to be adopted with effect from the passing of resolution 11 will be available for inspection at Royal London House, 22-25 Finsbury Square, London EC2A 1DX and at the registered office of the Company from the date of this notice until the conclusion of the annual general meeting and on the date of the annual general meeting at the annual general meeting 15 minutes prior to the start until the conclusion of the meeting.

The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Independent Auditors' Report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100.

## Appendix: Summary of the proposed material changes to the articles of association of the Company

### 1. ELECTRONIC AND WEB COMMUNICATIONS

The New Articles allow communications to members in electronic format and permit the Company to take advantage of the provisions in the Companies Act 2006 (“CA2006”) relating to website communications.

Various provisions are included in the New Articles to allow the Company to communicate with shareholders via electronic means and to give the Directors the discretion to use electronic communications to distribute notices of meetings, annual reports and accounts.

### 2. FORM OF RESOLUTIONS AND CONVENING MEETINGS

The existing articles contain provisions referring to “extraordinary” resolutions and “extraordinary” general meetings. With effect from 1 October 2007 these concepts have been abolished under the CA2006. Meetings of shareholders other than annual general meetings are referred to simply as general meetings. Any resolution requiring a 75% majority will be a “special” resolution.

The provisions of the existing articles dealing with the convening of general meetings and annual general meetings and the length of notice required to convene such meetings are amended in the New Articles to conform to the new provisions of the CA2006. In particular, general meetings to consider special resolutions can now be convened on 14 clear days’ notice whereas previously 21 clear days’ notice was required. The annual general meeting of the Company still requires 21 clear days’ notice.

### 3. PROXIES

The time limits for the appointment of proxies have also been altered by the CA2006 so weekends and bank holidays can be excluded for the purposes of the timing for delivery of proxies. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder. The New Articles reflect these changes.

### 4. CORPORATE REPRESENTATIVES

The CA2006 permits a corporate shareholder to appoint multiple corporate representatives who

can attend, speak, vote and count towards a quorum at any general meeting. However, where multiple corporate representatives exercise votes in different ways, the CA2006 provides that no votes have been exercised. The New Articles reflect the provisions of the CA2006.

### 5. CONFLICTS OF INTEREST

The New Articles shall reflect the new provisions of the CA2006 in relation to directors’ conflicts of interests which came into force on 1 October 2008.

The CA2006 sets out directors’ general duties which largely codify the existing law but with some changes. Under the CA2006, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or may conflict, with the Company’s interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company, an advisor to the Company or a trustee of another organisation. The CA2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, insofar as the articles of association contain a provision to this effect. The CA2006 also allows articles to contain other provisions for dealing with directors’ conflicts of interest to avoid a breach of duty.

There are safeguards in the New Articles which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company’s success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles contain provisions relating to confidential information, attendance at board meetings and the availability of board papers to protect a Director being in breach of duty if a conflict of interest or a potential conflict of interest arises. It is the Board’s intention to report annually on the Company’s procedures for ensuring that

the Board's powers to authorise conflicts are operating effectively.

It is proposed that the New Articles will contain provisions giving the Directors authority to approve situations involving Directors' conflicts of interest and to allow conflicts of interest to be dealt with by the Board.

#### **6. PERIODIC RETIREMENT**

The Combined Code on Corporate Governance recommends that directors must submit themselves for election by shareholders at the first annual general meeting after their appointment and to re-election thereafter at intervals of no more than three years. The New Articles reflect these provisions.

#### **7. INDEMNITY OF OFFICERS AND INSURANCE**

The existing articles already provide for the Company to indemnify any Director or other officer of the Company subject to applicable law. The New Articles take advantage of the new wording in the CA2006 relating to directors' indemnities, to the extent applicable to the Company, and reflect the current market standard provisions which have evolved since the existing indemnity provisions were adopted.

#### **8. CHAIRMAN'S CASTING VOTE**

Although the CA2006 precludes the chairman's casting vote provision, this can be retained in the New Articles since, prior to the commencement of the relevant provisions of the CA2006, the Company had such a provision in its articles.

#### **9. REGISTER OF MEMBERS**

The current articles provide that the register of members shall not be closed for more than 30 days in any year. The CA2006 repeals the provisions of the Companies Act 1985 which allow a company to close the register of members with the result that the register must be open for inspection at all times. The New Articles reflect this provision.

#### **10. REQUIREMENTS FOR REGISTRATION OF TRANSFER AND REFUSAL TO TRANSFER**

The existing articles provide that the Directors may refuse to register a transfer of any certificated share in their absolute discretion and without assigning any reason for the refusal. The CA2006 introduces a new requirement for companies to register transfers or to provide the transferee with reasons for refusal as soon as possible. The New Articles reflect this new requirement.

#### **11. CREST AND THE UNCERTIFICATED SECURITIES REGULATIONS**

The New Articles reflect the Uncertificated Securities Regulations 2001 and the CA2006 provisions by permitting shareholders holding uncertificated shares to appoint, instruct, amend and revoke proxy appointments using the CREST system.

#### **12. ARTICLES THAT DUPLICATE STATUTORY PROVISIONS**

Certain other provisions in the current articles which replicate provisions contained in companies legislation are amended to bring them into line with the CA2006.

#### **13. ORDINARY BUSINESS**

Given the nature of the Company, the definition of ordinary business has been extended in the New Articles to include the granting, renewal or variation of any authority to allot securities in the Company, the disapplication of pre-emption rights and the renewal of share buyback authority as ordinary business when it is transacted at an annual general meeting of the Company (as these resolutions are routinely proposed at the Company's annual general meetings).

#### **14. PREFERENCE SHARES**

The provisions for, and references to, preference shares contained in the current articles have been removed since all such shares were redeemed and redesignated as ordinary shares of 25 pence each on 29 October 1992.

# Information for Shareholders

## **Net asset value and share price**

The Company's net asset value per share is released daily, on the working day following the calculation date, to the London Stock Exchange.

The current share price of F&C Capital and Income Investment Trust PLC is shown in the investment trust or investment companies section of the stock market page in most leading newspapers, usually under "F&C Capital and Income".

## **Performance information**

Information on the Company's performance is provided in the half-yearly and final reports which are sent to shareholders in June and December respectively, and in the interim management statement announcements.

More up-to-date performance information is available on the internet at [www.fandccit.com](http://www.fandccit.com). This website also provides a monthly update on the Company's largest holdings, downloadable factsheets and fund manager commentary.

## **UK capital gains tax ("CGT")**

An approved investment trust does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £9,600 in the tax year ending 5 April 2009 without incurring any tax liability.

Taper relief and indexation allowances were abolished with effect from 6 April 2008 in favour of a single rate of charge to CGT of 18%.

Shareholders in doubt as to their CGT position should consult their professional advisers.

## **Income tax**

The recommended final dividend and declared special dividend are payable in January 2009. Individual UK resident shareholders who are subject to UK income tax at the basic rate have no further tax liability.

Shareholders not resident in the UK, and any shareholders in doubt as to their tax position, should consult their professional advisers.

## **Association of Investment Companies ("AIC")**

F&C Capital and Income Investment Trust PLC is a member of the AIC, which publishes monthly statistical information in respect of member companies. The publication also has details of investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website [www.theaic.co.uk](http://www.theaic.co.uk)



# How to Invest

Our Manager, F&C, runs a number of savings products which have been set up to provide cost effective and flexible ways to invest. Details of these products are listed below. You can buy F&C Capital and Income Investment Trust shares using a bank or stockbroker or through a telephone dealing service. The shares can also be bought online; the F&C website at [www.fandc.com](http://www.fandc.com) has a link to Selftrade, one of Europe's biggest online stockbrokers.

Gains arising from assets held in an Individual Savings Account and Child Trust Fund are exempt from tax. Interest and dividends received on assets in these savings products are free of income tax, and there are income tax savings for higher rate taxpayers.

## Private Investor Plan ("PIP")

It only costs 0.2% (plus 0.5% government stamp duty) to invest in F&C Capital and Income Investment Trust via this simple savings plan and there are no ongoing charges. You can invest from £50 each month via a Direct Debit (£25 on behalf of a child) or from £500 as a lump sum. The minimum for top-up investments is £250. Investments in the PIP can be made online.

## Pension Savings Plan ("PSP")

You can maximise your tax benefits and save for your retirement using this low cost personal pension plan. There is only a 0.5% management fee and this is capped at £500. Contributions can be made via a minimum £1,000 lump sum or by a monthly minimum Direct Debit of £50. The minimum top-up is £500. Now that personal pensions are no longer restricted to those with earnings of their own, almost everyone under the age of 75 is eligible. This means that you can invest on behalf of non-working spouses or partners and children.

## Child Trust Fund ("CTF")

Parents can invest the Government voucher issued to all children born since 1 September 2002 in a CTF. There are no initial or annual plan charges and there is only 0.5% government stamp duty on any purchases. Parents and grandparents (or other relatives or friends) can add contributions totalling £1,200 a year. You can invest from £25 each month via Direct Debit or from £100 for lump sums once you have invested your voucher.

## Individual Savings Account ("ISA")

Individuals can invest up to £7,200 each year in F&C's stocks and shares ISA. On 6 April 2008 all existing Personal Equity Plans were reclassified as ISAs.

The minimum monthly Direct Debit is £50, minimum lump sum investment is £500 and the minimum top-up is £250. Investments in the ISA can be made online.

ISA investments can also be phased over three or six months. This is especially useful near the end of the tax year when the option for monthly investment is no longer viable.

F&C charges £60 + VAT a year to cover any ISAs held, no matter how many tax years ISAs have been taken out with them, or how many ISAs have been transferred to them.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

## Contact details

For further details on the savings plans and application forms, please contact Investor Services on

**0800 136 420** [info@fandc.com](mailto:info@fandc.com)

or broker support on

**08457 992 299** [adviser.enquiries@fandc.com](mailto:adviser.enquiries@fandc.com)

(UK calls charged at the local rate)

Fax **0131 243 1315**

You can also find more information on the website:

[www.fandc.com](http://www.fandc.com)

If you wish to write to us, the address is:

Investor Services Team, F&C Management Limited,  
80 George Street, Edinburgh EH2 3BU

**If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example, large print or on audiotape. Please call 0845 600 3030 for more details.**

The information on this page has been issued and approved by F&C Management Limited, authorised and regulated in the UK by the Financial Services Authority ("FSA").

# Notes





**Registered office:**

Exchange House, Primrose Street, London EC2A 2NY

Tel: 020 7628 8000 Fax: 020 7628 8188

[www.fandccit.com](http://www.fandccit.com)

[info@fandc.com](mailto:info@fandc.com)

**Registrars:**

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