

ABERDEEN AUSTRALIA EQUITY FUND INC
Form DEFA14A
April 04, 2003

SUPPLEMENT DATED APRIL 4, 2003
TO
PROXY STATEMENT
ABERDEEN AUSTRALIA EQUITY FUND, INC.

GATEWAY CENTER 3
100 MULBERRY STREET
NEWARK, NEW JERSEY 07102

ANNUAL MEETING OF STOCKHOLDERS
APRIL 15, 2003

This Supplement is being circulated to stockholders entitled to vote at the April 15, 2003 Annual Meeting of Stockholders ("Annual Meeting") of Aberdeen Australia Equity Fund, Inc., a Maryland corporation ("Fund"), to provide information in addition to that contained in the Proxy Statement for the Annual Meeting that was mailed to stockholders on or about March 7, 2003.

The Fund's Board of Directors ("Board") has continuously availed itself of methods specifically provided by, or consistent with, Maryland law and the Investment Company Act of 1940, as amended, to protect the Fund and its stockholders. The Fund is also subject to certain Maryland law provisions, including those which have been enacted since the inception of the Fund, that make it more difficult for challengers to gain control of the Board. Earlier this year, the Fund's Board adopted an amended and restated bylaws. In doing so, the Board consulted with counsel to the Fund, Maryland counsel to the Fund, and counsel to the independent directors. The amendments to the bylaws were adopted, among other things: to assure that directors elected to serve on the Fund's Board are well qualified; to develop the Fund's procedures with respect to meetings of stockholders; and to resist efforts by well-organized minority stockholders to subvert the objective and purposes of the Fund.

The following is a summary of the amendments to the bylaws which are set forth in the Amended and Restated Bylaws as of January 16, 2003. Some of the bylaw amendments have been under consideration for several years, while others are modifications or expansions of existing bylaws. This summary is qualified in its entirety by reference to the complete bylaws. The bylaw amendments:

1. Establish procedures for stockholder-requested special meetings, including procedures for setting the record date for the stockholders making the request, the record date for the meeting and the time, place and date of the meeting. Consistent with the Maryland General Corporation Law, stockholders requesting a meeting would be required to

disclose the purpose of the meeting and the matters to be proposed to be acted on at the meeting.

2. Provide that the Board of Directors may appoint the chair of the meeting of stockholders and provide for chairmanship in the absence of such an appointment. The amendments provide that the rules for conduct of the meeting are established by the chair of the meeting.

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3. Enhance already existing bylaw provisions that require a stockholder to give written advance notice and other information to the Fund of the stockholder's nominees for directors and other proposals for business at stockholders meetings.
4. Disclose that the Board has elected on behalf of the Fund to be subject to the Maryland Control Share Acquisition Act, which provides that control shares acquired in a control share acquisition may not be voted except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Generally, control shares are voting shares of stock which would entitle the acquiror of the shares to exercise voting power within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority, or (3) a majority or more of all voting power. This limitation does not apply to matters for which the Investment Company Act of 1940, as amended, requires the vote of a majority of the Fund's outstanding voting securities (as defined in that Act.)
5. Establish qualifications for Fund directors. These qualifications are designed to assure that individuals have the type of background and experience necessary to provide competent service as directors of a closed-end fund that invests in Australian equity securities. They also require incumbent directors and nominees to comply with the Fund's conflict of interest policy. Current directors are exempted from these requirements (except compliance with the Fund's conflict of interest policy) because they have become qualified through past experience as directors of the Fund. Nevertheless, almost all current directors satisfy the new qualification requirements.
6. Require that directors be elected by the affirmative vote of the holders of a majority of the Fund's outstanding shares. (The bylaws previously required the affirmative vote of the holders of a majority of shares present at the meeting and entitled to vote.)
7. Establish supermajority Board vote requirements for certain actions, including mergers, dissolution, election of officers, officer and director compensation, and the amendment of the director term and qualification requirements.
8. Require that any proposed advisory, sub-advisory or management contract with an affiliate of an independent Fund director be approved by 75% of the Fund's independent directors who are not so affiliated. If such a contract is approved, the bylaws would provide automatic liquidity to dissatisfied shareholders by requiring the Fund to

commence a tender offer for at least 50 percent of its outstanding shares at a price of at least 98% of the Fund's per share net asset value. These provisions cannot be changed except by 75% of the directors who were in office January 16, 2003 or who were recommended by, or elected or nominated to succeed such a director by a majority of such directors then on the Board.
9. Reserve to the Board the power to adopt, alter, or repeal the bylaws or any provision of the bylaws.

Any stockholder who would like a copy of the Fund's bylaws may obtain a copy from the Securities and Exchange Commission ("SEC") by calling the SEC at (202) 942-8090 or e-mailing the SEC at publicinfo@sec.gov, or from the Fund.

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TELEPHONE Available only until 5:00 p.m. Eastern Daylight Time April 14,
----- 2003.

- o On a touch-tone telephone, call TOLL FREE 1-877-260-0388, 24 hours a day, 7 days a week
- o You will be asked to enter ONLY the Control Number shown below
- o Have your proxy card ready, then follow the prerecorded instructions
- o Your voting instructions will be confirmed and cast as you directed

FAX

- o Simply fax your completed and signed proxy card (both front and back sides) to 1-212-440-9009

INTERNET Available only until 5:00 p.m. Eastern Daylight Time April 14,
----- 2003.

- o Visit the Internet voting Website at <http://proxy.georgeson.com>
- o Enter the COMPANY NUMBER AND CONTROL NUMBER shown below and follow the instructions on your screen
- o You will incur only your usual Internet charges

MAIL

- o Simply sign and date your proxy card and return it in the postage-paid envelope

COMPANY NUMBER

CONTROL NUMBER

TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE

PLEASE MARK
/X/ VOTES AS IN
THIS EXAMPLE.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE FUND'S STOCKHOLDERS VOTE "FOR" PROPOSALS 1,2,3,4(A) AND 4(B), EACH AS MORE FULLY DESCRIBED IN THE PROXY STATEMENT.

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|----|--|----------------|---------------------|
| 1. | Election of the following four nominees to serve as Class III Directors for three-year terms and until their successors are duly elected and qualify: Laurence S. Freedman, David L. Elsum, Peter J. O'Connell and William J. Potter | FOR

/ / | WITHHOLD

/ / |
|----|--|----------------|---------------------|

YOU MAY WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE OR NOMINEES BY MARKING THE FOR BOX AND STRIKING OUT THE NAME OF ANY SUCH NOMINEE. YOUR SHARES WILL BE VOTED FOR THE REMAINING NOMINEE(S).

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2.	Proposal to amend the Fund's charter to increase the number of authorized shares of stock, to authorize an undesignated class of preferred stock and to authorize the Board of Directors to classify and reclassify any unissued shares of preferred stock into one or more classes or series of preferred stock or common stock	FOR / /	AGAINST / /	ABSTAIN / /
3.	Proposal to amend the Fund's fundamental borrowing policy	/ /	/ /	/ /
		FOR	AGAINST	ABSTAIN
4(A).	Proposal to amend the Fund's Management Agreement to provide that fees paid thereunder to the Investment Manager will be based on all managed assets	/ /	/ /	/ /
4(B).	Proposal to amend the Fund's Investment Advisory Agreement to provide that fees paid thereunder to the Investment Adviser will be based on all managed assets	/ /	/ /	/ /

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" PROPOSAL 5, AS MORE FULLY DESCRIBED IN THE PROXY STATEMENT.

5.	Stockholder proposal that the stockholders of the Fund ask the Board of Directors to consider taking the steps necessary to convert the Fund to an open-end fund or otherwise permit stockholders to realize net asset value for their shares	/ /	/ /	/ /
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The undersigned authorizes the Proxy holder to vote and otherwise represent the undersigned on any other matter that may properly come before the meeting or any adjournment or postponement thereof in the discretion of the Proxy holder.

NOTE: PLEASE SIGN AS NAME APPEARS HEREIN. JOINT OWNERS SHOULD EACH SIGN. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE, OFFICER OF CORPORATION OR OTHER ENTITY OR IN ANOTHER REPRESENTATIVE CAPACITY, PLEASE GIVE THE FULL TITLE UNDER THE SIGNATURE.

SIGNATURE _____
SIGNATURE (IF HELD JOINTLY) _____
DATE _____

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TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE

PROXY

ABERDEEN AUSTRALIA EQUITY FUND, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS -- APRIL 15, 2003

P The undersigned stockholder of Aberdeen Australia Equity Fund, Inc., a
R Maryland corporation (the "Fund"), hereby appoints Beverley Hendry, William
O J. Potter, and Timothy Sullivan, or any of them, with full power of
X substitution in each of them, to attend the Annual Meeting of Stockholders
of the Fund to be held at Dryden Hall, 7th Floor, Plaza Building, 751 Broad
Street, Newark, New Jersey on Tuesday April 15, 2003, at 1:00 p.m. (Eastern
time), and any adjournment or postponement thereof, to cast on behalf of
the undersigned all votes that the undersigned is entitled to cast at such
meeting and otherwise to represent the undersigned at the meeting with all
powers possessed by the undersigned if personally present at the meeting.
The undersigned hereby acknowledges receipt of the Notice of the Annual
Meeting of Stockholders and of the accompanying Proxy Statement and revokes
any proxy heretofore given with respect to such meeting.

Y THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST AS
INSTRUCTED ON THE REVERSE SIDE HEREOF. IF THIS PROXY IS EXECUTED BUT NO
INSTRUCTIONS ARE GIVEN, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED
WILL BE CAST "FOR" EACH OF THE NOMINEES FOR DIRECTOR (PROPOSAL 1), "FOR"
PROPOSALS 2, 3, 4(A) AND 4(B), "AGAINST" PROPOSAL 5 AND IN THE DISCRETION
OF THE PROXY HOLDER ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE
MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

PLEASE VOTE, DATE AND SIGN ON THE REVERSE SIDE AND RETURN PROMPTLY
IN THE ENCLOSED ENVELOPE.

HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

SEE REVERSE SIDE
