

ABERDEEN AUSTRALIA EQUITY FUND INC  
Form DEF 14A  
February 10, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE 14A**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Aberdeen Asia-Pacific Income Fund, Inc.

Aberdeen Global Income Fund, Inc.

Aberdeen Australia Equity Fund, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form DEF 14A

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:

(4) Date Filed:

**ABERDEEN ASIA-PACIFIC INCOME FUND, INC.**

**ABERDEEN GLOBAL INCOME FUND, INC.**

**ABERDEEN AUSTRALIA EQUITY FUND, INC.**

**1735 Market Street, 32nd Floor**

**Philadelphia, PA 19103**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on March 22, 2012**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of each of Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc. and Aberdeen Australia Equity Fund, Inc. (each, a Fund, and collectively, the Funds ) (each meeting, an Annual Meeting, and collectively, the Annual Meetings ) will be held at the offices of Aberdeen Asset Management Inc. at 1735 Market Street, 32<sup>nd</sup> Floor, Philadelphia, Pennsylvania 19103, on the following dates and at the following times:

|   |                |                         |
|---|----------------|-------------------------|
| Aberdeen Asia-Pacific Income Fund, Inc. (NYSE AMEX: FAX ) | March 22, 2012 | 10:00 a.m. eastern time |
| Aberdeen Global Income Fund, Inc. (NYSE AMEX: FCO )       | March 22, 2012 | 10:30 a.m. eastern time |
| Aberdeen Australia Equity Fund, Inc. (NYSE AMEX: IAF )    | March 22, 2012 | 11:00 a.m. eastern time |

The purpose of the Annual Meetings is to consider and act upon the following proposal (the Proposal ) for each Fund and to consider and act upon such other matters as may properly come before the Annual Meetings or any adjournments or postponements thereof:

FAX To elect three Class III Directors each to serve for a three-year term;

FCO To elect two Class II Directors each to serve for a three-year term;

IAF To elect three Class III Directors each to serve for a three-year term.

The Proposal is discussed in greater detail in the enclosed Joint Proxy Statement. You are entitled to notice of, and to vote at, the Annual Meeting of a Fund if you owned shares of such Fund at the close of business on January 31, 2012 (the Record Date ). If you attend the Annual Meetings, you may vote your shares in person. Even if you expect to attend the Annual Meetings, please complete, date, sign and return the enclosed proxy card(s) in the enclosed postage-paid envelope or authorize your proxy by telephone or through the Internet.

We will admit to an Annual Meeting (1) all shareholders of record on the Record Date, (2) persons holding proof of beneficial ownership at the Record Date, such as a letter or account statement from the person's broker, (3) persons who have been granted proxies, and (4) such other persons that we, in our sole discretion, may elect to admit. All persons wishing to be admitted to an Annual Meeting must present photo identification.

This notice and related proxy material are first being mailed to shareholders on or about February 7, 2012.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meetings of Shareholders to Be Held on March 22, 2012: This Notice and the Joint Proxy Statement are available on the Internet at**

<http://www.aberdeen-asset.us/cef>. On this website, you will be able to access the Notice and the Joint Proxy Statement and any amendments or supplements to the foregoing material that are required to be furnished to shareholders.

By order of the Boards of Directors,

Megan Kennedy, Secretary

Aberdeen Asia-Pacific Income Fund, Inc.

Aberdeen Global Income Fund, Inc.

Aberdeen Australia Equity Fund, Inc.

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETINGS IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE ANNUAL MEETINGS. ACCORDINGLY, YOU ARE REQUESTED TO PLEASE DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD(S) FOR THE ANNUAL MEETINGS PROMPTLY, OR TO AUTHORIZE THE PROXY VOTE BY TELEPHONE OR THROUGH THE INTERNET PURSUANT TO THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. IT IS IMPORTANT THAT YOUR PROXY CARD(S) BE RETURNED PROMPTLY IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION.**

January 31, 2012

Philadelphia, Pennsylvania

**ABERDEEN ASIA-PACIFIC INCOME FUND, INC. ( FAX )**

**ABERDEEN GLOBAL INCOME FUND, INC. ( FCO )**

**ABERDEEN AUSTRALIA EQUITY FUND, INC. ( IAF )**

**(each, a Fund and collectively, the Funds )**

**1735 Market Street, 32nd Floor**

**Philadelphia, PA 19103**

**JOINT PROXY STATEMENT**

For the Annual Meetings of Shareholders

each to be held on March 22, 2012

This Joint Proxy Statement is furnished in connection with the solicitation of proxies by each Fund's Board of Directors (each, a Board and collectively the Boards, with members of each Board being referred to as Directors ) to be voted at the Annual Meeting of Shareholders of each Fund (each, a Meeting and collectively, the Meetings ) to be held at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania, on Thursday, March 22, 2012 and at any adjournments or postponements thereof. A Notice of Annual Meeting of Shareholders and a proxy card (the Proxy ) accompany this Joint Proxy Statement. This Joint Proxy Statement is first being mailed to shareholders on or about February 7, 2012.

All properly executed proxies received prior to a Meeting will be voted at the Meeting, or at any adjournments thereof, in accordance with the instructions marked on the proxy card. Unless instructions to the contrary are marked on the proxy card, proxies received will be voted **FOR** each Proposal (as defined below). The persons named as proxy holders on the proxy card will vote in their discretion on any other matters that may properly come before each Meeting or any adjournments or postponements thereof. Any proxy may be revoked at any time prior to its exercise by submitting a properly executed, subsequently dated proxy, giving written notice to Megan Kennedy, 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, or by attending the Meeting and voting in person. Shareholders may authorize proxy voting by using the enclosed proxy card(s) along with the enclosed envelope with pre-paid postage. Shareholders may also authorize proxy voting by telephone or through the internet by following the instructions contained on their proxy card. Shareholders do not have dissenter's rights of appraisal in connection with any of the matters to be voted on by the shareholders at each Meeting.

The presence at each Meeting, in person or by proxy, of the shareholders entitled to cast a majority of all the votes entitled to be cast at the Meeting shall be necessary and sufficient to constitute a quorum for the transaction of business. For purposes of determining the presence of a quorum at a Meeting, withheld votes and broker non-votes (that is, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular Proposal with respect to which the brokers or nominees do not have discretionary power) will be treated as shares that are present at the Meeting.

With regard to FAX and FCO, the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote thereon is necessary for the election of a Director. With regard to IAF, the vote of a plurality of all of the votes cast at a meeting at which a quorum is present is necessary for the election of a Director. For purposes of the election of Directors for all Funds, withheld votes will not be counted as votes cast and will have no effect on the result of the vote. Proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on the Proposal will be voted **FOR** such Proposal.



If a quorum is not present in person or by proxy at the time a Meeting is called to order, the chairman of the Meeting may adjourn the Meeting. If a quorum is present but there are not sufficient votes to approve a Proposal, the chairman of the Meeting may adjourn the Meeting, or may permit the persons named as proxy holders to propose one or more adjournments of the Meeting, to permit further solicitation of proxies on that Proposal. If the persons named as proxy holders propose to adjourn the Meeting, the vote required for shareholders to adjourn the Meeting is the affirmative vote of a majority of all the votes cast on the matter. In such a case, the persons named as proxy holders will vote those proxies which they are entitled to vote in favor of the Proposal **FOR** the adjournment as to that Proposal, and will vote those proxies required to be voted against the Proposal **AGAINST** the adjournment as to that Proposal. For purposes of votes with respect to adjournment, broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. If the motion for adjournment is not approved, the voting on that Proposal will be completed at the Meeting.

Only shareholders or their duly appointed proxy holders can attend a Meeting and any adjournment or postponement thereof. To gain admittance, if you are a shareholder of record or a proxy holder of a shareholder of record, you must bring a form of personal identification to the Meeting, where your name will be verified against our shareholder list. If a broker or other nominee holds your shares and you plan to attend the Meeting, you should bring a recent brokerage statement showing your ownership of the shares, as well as a form of personal identification. If you are a beneficial owner and plan to vote at the Meeting, you should also bring a proxy card from your broker.

Each Board has fixed the close of business on January 31, 2012 as the record date (the Record Date ) for the determination of shareholders entitled to notice of, and to vote at, each Meeting and at any adjournment or postponement thereof. Shareholders on the Record Date for each Fund will be entitled to one vote for each share held for their respective Meeting. As of the Record Date, the following number of shares of each Fund were issued and outstanding:

FAX had outstanding 260,975,744 shares of common stock, par value \$0.01 per share.

FCO had outstanding 9,074,174 shares of common stock, par value \$0.001 per share.

IAF had outstanding 22,574,119 shares of common stock, par value \$0.01 per share.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meetings to Be Held on Thursday, March 22, 2012. The Joint Proxy Statement and each Fund's most recent annual report are available on the Internet at <http://www.aberdeen-asset.us/cef>. The Funds will furnish, without charge, a copy of each Fund's annual report for its fiscal year ended October 31, 2011, and any more recent reports, to any Fund shareholder upon request. To request a copy, please write to the Funds c/o Aberdeen Asset Management Inc., 1735 Market Street, 32<sup>nd</sup> Floor, Philadelphia, PA 19103, or call 1-800-522-5465 (FAX); 1-866-839-5233 (FCO); 1-866-839-5205 (IAF). You may also call for information on how to obtain directions to be able to attend the Meeting and vote in person.**

#### **The Proposal Election of Directors**

Each Fund's bylaws provide that the Fund's Board be elected by holders of the Fund's common stock divided into three classes, as nearly equal in number as possible, each of which will serve for three years, with one class being elected each year. Each year the term of office of one class expires. Directors who are deemed interested persons (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the 1940 Act)), of each Fund, the Funds' investment manager, Aberdeen Asset Management Asia Limited (the Investment Manager or AAMAL), the Funds' investment adviser, Aberdeen Asset Management Limited (the Investment Adviser or AAML) or, in the case of FAX and FCO, the investment sub-adviser, Aberdeen Asset Management Investment Services Limited (the Sub-Adviser or



AAMISL ), are referred to in this Joint Proxy Statement as Interested Directors. Directors who are not interested persons, as described above, are referred to in this Joint Proxy Statement as Independent Directors.

Each Board, including the Independent Directors, upon the recommendation of each Board's Nominating and Corporate Governance Committee, which is composed entirely of Independent Directors, has nominated the following individuals for election to its Board as follows:

|   |   |
|---|---|
| Aberdeen Asia-Pacific Income Fund, Inc. | Martin J. Gilbert (Class III Director, 3-year term ending 2015) |
|   | William J. Potter (Class III Director, 3-year term ending 2015) |
|   | Brian M. Sherman (Class III Director, 3-year term ending 2015)  |
| Aberdeen Global Income Fund, Inc.       | William J. Potter (Class II Director, 3-year term ending 2015)  |
|   | Peter D. Sacks (Class II Director, 3-year term ending 2015)     |
| Aberdeen Australia Equity Fund, Inc.    | William J. Potter (Class III Director, 3-year term ending 2015) |
|   | John T. Sheehy (Class III Director, 3-year term ending 2015)    |
|   | Brian M. Sherman (Class III Director, 3-year term ending 2015)  |

Each of the nominees has indicated an intention to serve if elected and has consented to be named in this Joint Proxy Statement.

It is the intention of the persons named on the enclosed proxy card(s) to vote **FOR** the election of the persons indicated above to serve as Directors. The Boards know of no reason why any of these nominees will be unable to serve, but in the event of any such inability, the proxies received will be voted for such substituted nominees as the affected Fund's Board may recommend.

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form DEF 14A

The following tables set forth certain information regarding the nominees for election to the Boards of the Funds, Directors whose terms of office continue beyond the Meeting, and the principal officers of the Funds.

| Name, Address and Age   | Position(s)<br>Held with<br>Fund(s)                      | Term of Office<br>and Length of<br>Time Served   | Principal Occupation(s)<br>During the Past Five Years   | Number of<br>Portfolios<br>in Fund<br>Complex*<br>Overseen<br>by Director | Other<br>Directorships<br>Held by<br>Director<br>During the<br>Past Five<br>Years |
|---|--|--|---|---|---|
| <b>Independent Nominees for Director:</b>   |  |  |   |   |   |
| <b>William J. Potter**</b><br>c/o Aberdeen Asset<br>Management Asia Limited<br>21 Church Street #01-01<br>Capital Square Two<br>Singapore 049480<br><br>Age: 62 | FAX, IAF Class III<br>Director; FCO<br>Class II Director | <b>FAX, IAF, FCO<br/>Terms expire<br/>2012.</b><br><br>IAF Director<br>since 1985; FAX<br>Director since<br>1986; FCO<br>Director since<br>1992.                     | Mr. Potter has been Chairman of<br>Meredith Financial Group<br>(investment management) since 2004,<br>a Director of Alexandria Bancorp<br>(international banking and trustee<br>services) since 1989, and a Director<br>of National Foreign Trade Council<br>(international trade) since 1983.  | 3   | None  |
| <b>Peter D. Sacks</b><br>c/o Aberdeen Asset<br>Management Asia Limited<br>21 Church Street #01-01<br>Capital Square Two<br>Singapore 049480<br><br>Age: 65      | FAX, IAF, FCO<br>Class II Director                       | <b>FCO Term<br/>expires 2012;</b><br>FAX, IAF Terms<br>expire 2014.<br><br>FCO Director<br>since 1992; FAX<br>Director since<br>1993; IAF<br>Director since<br>1999. | Mr. Sacks has been Managing Partner<br>of Toron Capital Markets, Inc.<br>(investment management) since 1988.  | 30  | None  |
| <b>John T. Sheehy</b><br>B.V. Murray and<br>Company<br>666 Goodwin Avenue<br>Suite 300<br>Midland Park, NJ 07432  | FAX, FCO Class I<br>Director; IAF<br>Class III Director  | <b>IAF Term<br/>expires 2012;</b><br>FAX Term<br>expires 2013;<br>FCO Term<br>expires 2014.<br><br>IAF Director<br>since 1985; FAX<br>Director since                 | Mr. Sheehy has been a Senior<br>Managing Director of B.V. Murray<br>and Company (investment banking)<br>since 2001 and Director of Macquarie<br>AIR-serv Holding, Inc. (automotive<br>services) since 2006. He was a<br>Managing member of Pristina Capital<br>Partners LLC (water purification<br>technology development) from 2007<br>to 2011, a Director of Smarte Carte,<br>Inc. (airport services) from 2007 to<br>2010, and Managing Member of The<br>Value Group LLC (venture capital) | 30  | None  |

Age: 68

1986; FCO  
Director since  
1992.

from 1997 to 2009.

| Name, Address and Age   | Position(s)<br>Held with<br>Fund(s) | Term of Office<br>and Length of<br>Time Served   | Principal Occupation(s)<br>During the Past Five Years   | Number of<br>Portfolios<br>in Fund<br>Complex*<br>Overseen<br>by Director | Other<br>Directorships<br>Held by<br>Director<br>During the<br>Past Five<br>Years |
|---|-------------------------------------|--|---|---|---|
| <b>Brian M. Sherman</b><br>2 Paddington Street<br>Paddington,<br>NSW 2021<br>Australia<br><br>Age: 67 | FAX, IAF Class III<br>Director      | <b>FAX, IAF Terms<br/>expire 2012.</b><br><br>FAX Director<br>since 1986; IAF<br>Director since<br>2008. | Mr. Sherman has been Chairman of Sherman Group Limited (investment company) since 2001 and Chairman of Aberdeen Leaders Limited (investment company) since 1987. He was also a Chairman and Managing Director of Aberdeen Asia-Pacific Income Investment Company Limited ( FAP ) from 1986 to 2001 and was a director of FAP from 1986 to March 2008. He was the President of the Board of Trustees of the Australian Museum from 2001 to October 2007. He was also a Director of Ten Network Holdings Ltd. (television) from 1998 to October 2007. | 2   | None  |

**Interested Nominee for Director:**

|   |  |   |  |    |      |
|---|--|---|--|----|------|
| <b>Martin J. Gilbert</b><br>Aberdeen Asset<br>Management PLC<br>10 Queen s Terrace<br>Aberdeen, Scotland<br>AB10 1YG<br><br>Age: 56 | FAX, FCO<br>Class III Director;<br>FAX, FCO, IAF Vice<br>President | <b>FAX Term as<br/>Director expires<br/>2012; FCO Term<br/>as Director<br/>expires 2013.</b><br><br>FAX, FCO<br>Director since<br>2001. | Mr. Gilbert is one of the founding directors, and has been the Chief Executive and an Executive Director, of Aberdeen Asset Management PLC, the parent company of the Investment Manager, Investment Adviser and Sub-Adviser, since 1983. He was President of the each Fund from February 2004 to March 2008. He was Chairman of the Board of FCO and FAX from 2001 to September 2005. He has been a Director of the Investment Manager, since 1991, a Director of the Investment Adviser since 2000, and a Director of Aberdeen Asset Managers (C.I.) Limited, the Funds former investment manager, from 2000 to 2005. He has been a Director since 1995, and has been President since September 2006 of Aberdeen Asset Management Inc., each Fund s Administrator. | 29 | None |
|---|--|---|--|----|------|

| Name, Address and Age   | Position(s)<br>Held with<br>Fund(s)   | Term of Office<br>and Length of<br>Time Served  | Principal Occupation(s)<br>During the Past Five Years   | Number of<br>Portfolios<br>in Fund<br>Complex*<br>Overseen<br>by Director | Other<br>Directorships<br>Held by<br>Director<br>During the<br>Past Five<br>Years |
|---|---|---|---|---|---|
| <b>Independent Directors:</b>   |   |   |   |   |   |
| <b>P. Gerald Malone**</b><br>48 Barmouth Road<br>Wandsworth, London<br>SW18 2DP<br>United Kingdom<br><br>Age: 61  | FAX, FCO<br>Chairman of the<br>Board; FAX, IAF<br>Class II Director;<br>FCO Class I<br>Director | FAX, IAF, FCO<br>Terms expire 2014.<br><br>FAX Director<br>since 2001; FCO<br>Director since<br>2005; IAF Director<br>since 2008. | Mr. Malone has been a solicitor for more than five years. He has served as a Minister of State in the United Kingdom Government. Mr. Malone currently serves as Independent Chairman of one London AIM-listed company (healthcare software) in addition to a privately owned pharmaceutical company. He is Chairman of the Board of Directors of FCO and FAX and Chairman of the Board of Trustees of the Aberdeen Funds. He also previously served as a director of Regent-GM Ltd. (pharmaceutical manufacturing). | 30  | None  |
| <b>Neville J. Miles**</b><br>The Warehouse<br>5 Bennett Place<br>Surry Hills<br>NSW 2010 Australia<br><br>Age: 64 | IAF Chairman of<br>the Board; FAX,<br>IAF Class I<br>Director; FCO<br>Class III Director        | FAX, IAF, FCO<br>Terms expire 2013.<br><br>FAX, IAF Director<br>since 1996; FCO<br>Director since<br>1999.                        | Mr. Miles is, and has been for a period in excess of ten years, Chairman of Ballyshaw Pty. Ltd. (share trading, real estate development and investment). He is Chairman of the Board of Directors of IAF. He also is a non-executive director of a number of Australian companies.  | 30  | None  |
| <b>Moritz Sell</b><br>1 Crown Court,<br>Cheapside London<br>EC2V 6LR<br><br>Age: 44                               | IAF Class I<br>Director   | IAF Term expires<br>2013.<br><br>IAF Director since<br>2004.  | Mr. Sell has been a director, market strategist of Landesbank Berlin AG (banking) and its predecessor, now holding company, Landesbank Berlin Holding AG (formerly named Bankgesellschaft Berlin AG) since 1996. He also served as a Director of the France Growth Fund from 2000 to 2004.  | 2   | None  |

| Name, Address and Age  | Position(s) Held with Fund(s) | Term of Office and Length of Time Served               | Principal Occupation(s) During the Past Five Years   | Number of Portfolios in Fund Complex* Overseen by Director | Other Directorships Held by Director During the Past Five Years |
|--|-------------------------------|--|--|--|---|
| <b>Interested Director:</b>  |                               |  |  |  |   |
| <b>Hugh Young</b><br>Aberdeen Asset Management Asia Limited<br>21 Church Street #01-01<br>Capital Square Two<br>Singapore 049480 | IAF Class II Director         | IAF Term expires 2014.<br><br>IAF Director since 2001. | Mr. Young is currently a member of the Executive Management Committee of Aberdeen Asset Management PLC, parent company of the Investment Manager, Investment Adviser and Sub-Adviser. He has been Managing Director of the Investment Manager, since 1991. | 3  | None  |

Age: 52

\* Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc., The Singapore Fund, Inc., The Asia-Tigers Fund, Inc., The India Fund, Inc. and Aberdeen Funds have a common investment manager and/or investment adviser, or an investment adviser that is affiliated with the Investment Manager and Investment Adviser, and may thus be deemed to be part of the same Fund Complex.

\*\* Member of the Nominating and Corporate Governance Committee.

Member of the Audit and Valuation Committee.

Deemed to be an Interested Director of the Funds because of his affiliation with the Funds Investment Manager and Investment Adviser.

#### **ADDITIONAL INFORMATION ABOUT THE DIRECTORS**

Each Board believes that each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors lead to the conclusion that the Directors possess the requisite experience, qualifications, attributes and skills to serve on their respective Board. Each Board believes that the Directors' ability to review critically, evaluate, question and discuss information provided to them; to interact effectively with AAMAL, AAML and AAMISL, as applicable, other service providers, counsel and independent auditors; and to exercise effective business judgment in the performance of their duties, support this conclusion. Each Board has also considered the contributions that each Director can make to the respective Board on which they serve and the Fund(s). A Director's ability to perform his duties effectively may have been attained through the Director's executive, business, consulting, and/or legal positions; experience from service as a Director of the Fund(s) and other funds/portfolios in the Aberdeen fund complex, other investment funds, public companies, or non-profit entities or other organizations; educational background or professional training or practice; and/or other life experiences. In this regard, the following specific experience, qualifications, attributes and/or skills apply as to each Director in addition to the information set forth in the table above: Mr. Gilbert, Chief Executive Officer and director roles within the Aberdeen complex, board experience with other public companies and investment trusts; Mr. Young, investment management experience in director and executive roles within the Aberdeen complex and director experience with other investment management companies; Mr. Malone, legal background and public service leadership experience, board experience with other public and private companies, and executive and business consulting experience;



Mr. Miles, financial services, investment management and executive experience and board experience with various Australian public and private companies; Mr. Potter, financial services, investment management and merchant banking experience, executive and consulting experience, and board experience with public companies and non-profit organizations; Mr. Sacks, accounting background (chartered accountant in Canada and South Africa), treasury experience in banking organizations, investment management and executive experience; Mr. Sell, director and executive experience at an investment banking and trading firm and board experience with another closed-end fund outside of the Aberdeen complex; Mr. Sheehy, executive experience at venture capital and investment banking firms, as well as board experience at several public and private companies; and Mr. Sherman, executive and investment management experience, and board experience at various public and private companies and non-profit organizations.

Each Board believes that the significance of each Director's experience, qualifications, attributes or skills is an individual matter (meaning that experience important for one Director may not have the same value for another) and that these factors are best evaluated at the Board level, with no single Director, or particular factor, being indicative of Board effectiveness. In its periodic self-assessment of the effectiveness of the Board, each Board considers the complementary individual skills and experience of the individual Directors in the broader context of the Board's overall composition so that the Board, as a body, possesses the appropriate (and appropriately diverse) skills and experience to oversee the business of the Fund. References to the qualifications, attributes and skills of Directors are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out a Board or any Director as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on a Board by reason thereof.



## OFFICERS

| Name, Address and Age   | Positions(s) Held With Fund(s)  | Term of Office and Length of Time Served* | Principal Occupation(s) During the Past Five Years   |
|---|---|---|--|
| <p><b>Jeffrey Cotton**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 34</p>                  | <p>FAX, FCO, IAF<br/>Chief Compliance Officer; Vice President, Compliance</p> | <p>Since 2011</p>                         | <p>Currently, Vice President and Head of Compliance US for Aberdeen Asset Management Inc. Mr. Cotton joined Aberdeen in 2010. Prior to joining Aberdeen, Mr. Cotton was a Senior Compliance Officer at Old Mutual Asset Management (2009-2010) supporting its affiliated investment advisers and mutual fund platform. Mr. Cotton was also a Vice President and Senior Compliance Manager at Bank of America/Columbia Management (2006-2009), Vice President, Compliance at Davenport &amp; Company LLC (2003-2006) and an Examiner with the NASD (2000-2003).</p> |
| <p><b>Kevin Daly</b></p> <p>Aberdeen Asset Management</p> <p>Investment Services Limited</p> <p>Bow Bells House, 1 Bread Street</p> <p>London United Kingdom</p> <p>Age: 50</p> | <p>FCO Vice President</p>   | <p>Since 2008</p>                         | <p>Currently, Portfolio Manager on Aberdeen's Emerging Fixed Income Team (since 2007); previously, Credit Market Analyst for Standard &amp; Poor's London (1997-2007).</p>   |
| <p><b>Mark Daniels</b></p> <p>Aberdeen Asset Management Limited</p> <p>Level 6, 201 Kent St</p> <p>Sydney, NSW 2000</p> <p>Australia</p> <p>Age 56</p>                          | <p>IAF Vice President</p>   | <p>Since 2005</p>                         | <p>Currently, Investment Director, Equities-Asia (since 2011). Previously, Head of Australian Equities of the Aberdeen Group (asset management group consisting of subsidiaries of Aberdeen Asset Management PLC) (since 2005); Fund Manager of Aberdeen Asset Managers Limited (1990 to 2005).</p>  |
| <p><b>Sharon Ferrari**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p>                                 | <p>FAX, FCO, IAF<br/>Assistant Treasurer</p>                                  | <p>Since 2009</p>                         | <p>Currently, Fund Accounting Manager for Aberdeen Asset Management Inc. Ms. Ferrari joined Aberdeen Asset Management Inc. as a Senior Fund Administrator in 2008. Prior to joining Aberdeen Asset Management Inc., Ms. Ferrari was an Accounting Analyst at Delaware Investments.</p>   |

Age: 34

9

| Name, Address and Age  | Positions(s) Held With Fund(s)                 | Term of Office and Length of Time Served* | Principal Occupation(s) During the Past Five Years  |
|--|--|---|---|
| <p><b>Alan Goodson**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 38</p>           | <p>FAX, FCO, IAF Vice President</p>            | <p>Since 2009</p>                         | <p>Currently, Head of Product-U.S. and Vice President of Aberdeen Asset Management Inc. Head of Finance (from 2000 to May 2005) and Company Secretary (from 2001 to May 2005) of Aberdeen Private Wealth Management Limited; Finance Director and Company Secretary of Aberdeen Asset Managers Jersey Limited (from 2002 to November 2005); Company Secretary of Aberdeen Asset Managers (C.I.) Limited (from 2001 to June 2005).</p> |
| <p><b>Paul Griffiths**</b></p> <p>Aberdeen Asset Management Investment Services Limited</p> <p>Bow Bells House, 1 Bread Street London United Kingdom</p> <p>Age 44</p> | <p>FAX, FCO Vice President</p>                 | <p>Since 2010</p>                         | <p>Currently, Global Head of Fixed Income for Aberdeen Asset Management PLC. Mr. Griffiths joined Aberdeen Asset Management PLC following the acquisition of the Credit Suisse Asset Management business in July 2009. Mr. Griffiths was formerly Chief Investment Officer and Head of Fixed Income at Credit Suisse Asset Management.</p>  |
| <p><b>Matthew Keener**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 35</p>         | <p>FAX, FCO, IAF Assistant Secretary</p>       | <p>Since 2008</p>                         | <p>Currently, Senior Product Manager for Aberdeen Asset Management Inc. Mr. Keener joined Aberdeen Asset Management Inc. in 2006 as a Fund Administrator. Prior to joining Aberdeen Asset Management Inc., Mr. Keener was a Private Equity Supervisor with SEI Investments (2004-2006).</p>   |
| <p><b>Megan Kennedy**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 37</p>          | <p>FAX, FCO, IAF Vice President, Secretary</p> | <p>Since 2008</p>                         | <p>Currently, Head of Product Management for Aberdeen Asset Management Inc. Ms. Kennedy joined Aberdeen Asset Management Inc. in 2005 as a Senior Fund Administrator. Ms. Kennedy was promoted to Assistant Treasurer Collective Funds/North American Mutual Funds in February 2008 and promoted to Treasurer Collective Funds/North American Mutual Funds in July 2008.</p>  |

| Name, Address and Age  | Positions(s) Held With Fund(s)        | Term of Office and Length of Time Served* | Principal Occupation(s) During the Past Five Years  |
|--|---------------------------------------|---|---|
| <p><b>Adam McCabe**</b></p> <p>Aberdeen Asset Management Asia Limited</p> <p>21 Church Street</p> <p>#01-01 Capital Square Two</p> <p>Singapore 049480</p> <p>Age: 32</p>            | <p>FAX, FCO</p> <p>Vice President</p> | <p>Since 2011</p>                         | <p>Currently, senior portfolio manager on the Aberdeen fixed income Asia Pacific desk, responsible for currency and interest rate strategies in Aberdeen's Asian fixed income portfolios. Mr. McCabe joined Aberdeen in 2009 following the acquisition of certain asset management businesses from Credit Suisse. Mr. McCabe worked for Credit Suisse since 2001, where he was an investment manager responsible for the development and implementation of its Asian currency and interest rate strategies.</p> |
| <p><b>Andrea Melia**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 42</p>                         | <p>FAX, FCO, IAF</p> <p>Treasurer</p> | <p>Since 2009</p>                         | <p>Currently, Head of Fund Accounting for Aberdeen Asset Management Inc. Ms. Melia joined Aberdeen Asset Management Inc. in September 2009. Prior to joining Aberdeen, Ms. Melia was Director of fund administration and accounting oversight for Princeton Administrators LLC, a division of BlackRock Inc. and had worked with Princeton Administrators since 1992.</p>   |
| <p><b>Anthony Michael**</b></p> <p>Aberdeen Asset Management</p> <p>Asia Limited</p> <p>21 Church Street</p> <p>#01-01 Capital Square Two</p> <p>Singapore 049480</p> <p>Age: 48</p> | <p>FAX, FCO Vice</p> <p>President</p> | <p>Since 2008</p>                         | <p>Currently, Head of Fixed Income Asia for Aberdeen Asset Management Asia Limited. Mr. Michael joined Aberdeen through the acquisition of Deutsche Asset Management's Australian Fixed Income business in June 2007. Previously, Mr. Michael was Director and Senior Portfolio Manager at Deutsche (2002-2007).</p>  |
| <p><b>John Murphy</b></p> <p>Aberdeen Asset</p> <p>Management PLC</p> <p>Bow Bells House, 1 Bread Street</p> <p>London United Kingdom</p>  | <p>FCO Vice President</p>             | <p>Since 2008</p>                         | <p>Currently, Portfolio Manager of Aberdeen Asset Management PLC since December 2005. Prior to that, Mr. Murphy was a Portfolio Manager at Deutsche Asset Management (1984 to 2005).</p>  |

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form DEF 14A

Age: 48

**Jennifer Nichols\*\***

FAX, FCO, IAF Vice President Since 2008

Currently, Vice President and Head of Legal Americas for Aberdeen Asset Management Inc.

Aberdeen Asset Management Inc.

1735 Market St. 32<sup>nd</sup> Floor

Philadelphia, PA 19103

Age: 33

| Name, Address and Age   | Positions(s) Held With Fund(s)          | Term of Office and Length of Time Served* | Principal Occupation(s) During the Past Five Years   |
|---|---|---|--|
| <p><b>Christian Pittard**</b></p> <p>Aberdeen Asset Management Investment Services Limited</p> <p>Bow Bells House, 1 Bread Street</p> <p>London United Kingdom</p> <p>Age: 38</p>     | <p>FAX, FCO, IAF<br/>President</p>      | <p>Since 2009</p>                         | <p>Currently, Group Development Director, Collective Funds for Aberdeen Asset Investment Services Limited. Previously, Director and Vice President (2006-2008), Chief Executive Officer (from October 2005 to September 2006) and employee (since June 2005).</p>  |
| <p><b>Victor Rodriguez**</b></p> <p>Aberdeen Asset Management</p> <p>Asia Limited</p> <p>21 Church Street</p> <p>#01-01 Capital Square Two</p> <p>Singapore 049480</p> <p>Age: 40</p> | <p>FAX, FCO Vice<br/>President</p>      | <p>Since 2009</p>                         | <p>Currently, Head of Fixed Income Australia for Aberdeen Asset Management Limited. Mr. Rodriguez joined Aberdeen Asset Management Limited in 2009 following the acquisition of Credit Suisse Asset Management (Australia) Limited. Mr. Rodriguez was formerly a member of the fixed income team at Credit Suisse Asset Management since 1995.</p> |
| <p><b>Lucia Sitar**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 40</p>                           | <p>FAX, FCO, IAF Vice<br/>President</p> | <p>Since 2008</p>                         | <p>Currently, U.S. Counsel for Aberdeen Asset Management Inc. Ms. Sitar joined Aberdeen Asset Management Inc. in July 2007. Prior to that, Ms. Sitar was an associate attorney in the Investment Management Group of Stradley Ronon Stevens &amp; Young LLP (law firm) (2000 to 2007).</p>   |
| <p><b>Timothy Sullivan**</b></p> <p>Aberdeen Asset Management Inc.</p> <p>1735 Market St. 32<sup>nd</sup> Floor</p> <p>Philadelphia, PA 19103</p> <p>Age: 50</p>                      | <p>FAX, FCO, IAF<br/>Vice President</p> | <p>Since 2008</p>                         | <p>Currently, Head of Product Development of Aberdeen Asset Management Inc. Mr. Sullivan joined Aberdeen Asset Management Inc. in 2000.</p>  |

## Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form DEF 14A

- \* Officers hold their positions with the Fund(s) until a successor has been duly elected and qualifies. Officers are elected annually by each Board.
  
- \*\* Messrs. Cotton, Goodson, Griffiths, Keener, McCabe, Michael, Pittard, Rodriguez, Sullivan and Young and Meses. Ferrari, Kennedy, Melia, Nichols and Sitar hold officer position(s) in one or more of the following: Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Emerging Telecommunications and Infrastructure Fund, Inc., The Singapore Fund, Inc., The Asia Tigers Fund, Inc., The India Fund, Inc. and the Aberdeen Funds each of which may also be deemed to be a part of the same Fund Complex.

**Ownership of Securities**

Set forth in the table below is the dollar range of equity securities in each Fund and the aggregate dollar range of equity securities in the Aberdeen Family of Investment Companies (as defined below) beneficially owned by each Director or nominee. The following key relates to the dollar ranges in the chart:

- A. None
- B. \$1 \$10,000
- C. \$10,001 \$50,000
- D. \$50,001 \$100,000
- E. over \$100,000

| Name of Director or Nominee          | Dollar Range of Equity Securities Owned(1) | Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in Aberdeen Family of Investment Companies(2) |
|--------------------------------------|--|--|
| <b><u>Independent Directors:</u></b> |  |  |
| P. Gerald Malone                     | FAX: B<br>FCO: C<br>IAF: C                 | C  |
| Neville J. Miles                     | FAX: B<br>FCO: B<br>IAF: C                 | C  |
| William J. Potter                    | FAX: B<br>FCO: C<br>IAF: C                 | C  |
| Peter D. Sacks                       | FAX: D<br>FCO: C<br>IAF: C                 | E  |
| Moritz Sell                          | IAF: C                                     | C  |
| John T. Sheehy                       | FAX: B<br>FCO: C<br>IAF: C                 | C  |
| Brian M. Sherman                     | FAX: C<br>IAF: C                           | D  |
| <b><u>Interested Directors:</u></b>  |  |  |
| Martin Gilbert                       | FAX: B<br>FCO: C                           | C  |
| Hugh Young                           | IAF: C                                     | C  |

(1) This information has been furnished by each Director as of October 31, 2011. Beneficial ownership is determined in accordance with Rule 16a-1(a)(2) promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act").



- (2) Aberdeen Family of Investment Companies means those registered investment companies that are advised by the Investment Manager or an affiliate and that hold themselves out to investors as related companies for purposes of investment and investor services.

As of October 31, 2011, each Fund's Directors and officers, in the aggregate, owned less than 1% of that Fund's outstanding equity securities. As of October 31, 2011, none of the Independent Directors or their immediate family members owned any shares of the Investment Manager, Investment Adviser or the Sub-Adviser or of any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with the Investment Manager, Investment Adviser or the Sub-Adviser.

Mr. Pittard and Ms. Melia serve as executive officers of the Funds. As of October 31, 2011, Mr. Pittard and Ms. Melia did not own shares of the Funds' common stock.

## **BOARD AND COMMITTEE STRUCTURE**

The Board of Directors of FAX is composed of six Independent Directors and one Interested Director, Martin J. Gilbert. The Board of Directors of FCO is composed of five Independent Directors and one Interested Director, Martin J. Gilbert. The Board of Directors of IAF is composed of seven Independent Directors and one Interested Director, Hugh Young. Each Fund's bylaws provide that the Board shall be divided into three classes, as nearly equal in number as possible, each of which will serve for three years, with one class being elected each year. The Boards of FAX and FCO have each appointed Mr. Malone, an Independent Director, as Chairman. The Board of IAF has appointed Mr. Miles, an Independent Director, as Chairman. The Chairman presides at meetings of the Directors, participates in the preparation of the agenda for meetings of the Board, and acts as a liaison between the Independent Directors and management between Board meetings. Except for any duties specified herein, the designation of the Chairman does not impose on such Director any duties, obligations or liability that is greater than the duties, obligations or liability imposed on such person as a member of the Board, generally.

Each Board holds regular quarterly meetings each year to consider and address matters involving the respective Fund. Each Board also may hold special meetings to address matters arising between regular meetings. The Independent Directors also meet outside the presence of management in executive session at least quarterly and have engaged separate, independent legal counsel to assist them in performing their oversight responsibilities.

Each Board has established a committee structure that includes an Audit and Valuation Committee, a Contract Review Committee, a Nominating and Corporate Governance Committee, and a Cost Review Committee (each discussed in more detail below) to assist each Board in the oversight and direction of the business affairs of the respective Fund, and from time to time may establish informal ad hoc committees or working groups to review and address the practices of the respective Fund with respect to specific matters. The Committee system facilitates the timely and efficient consideration of matters by the Directors, and facilitates effective oversight of compliance with legal and regulatory requirements and of each Fund's activities and associated risks. The standing Committees currently conduct an annual review of their charters, which includes a review of their responsibilities and operations. Each Nominating and Corporate Governance Committee and each Board as a whole also conduct an annual evaluation of the performance of the Board, including consideration of the effectiveness of the Board's Committee structure. Each Committee is comprised entirely of Independent Directors. Each Committee member is also independent within the meaning of the NYSE Amex Equities listing standards. Each Board reviews its structure regularly and believes that its leadership structure, including having a super-majority of Independent Directors, coupled with an Independent Director as Chairman, is appropriate because it allows the Board to exercise informed and independent judgment over the matters under its purview and it allocates areas of responsibility among the Committees and the full Board in a manner that enhances efficient and effective oversight.

### *Audit and Valuation Committee*

Each Fund's Audit and Valuation Committee, established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), is responsible for the selection and engagement of each Fund's

independent registered public accounting firm (subject to ratification by each Fund's Independent Directors), pre-approves and reviews both the audit and non-audit work of each Fund's independent registered public accounting firm, and reviews compliance of each Fund with regulations of the SEC and the Internal Revenue Service, and other related matters. The members of the Audit and Valuation Committees of FAX and FCO are Messrs. Neville J. Miles, Peter D. Sacks and John T. Sheehy. The members of the Audit and Valuation Committee of IAF are Messrs. Neville J. Miles, Peter D. Sacks, Moritz Sell and John T. Sheehy.

Each Board has adopted an Audit and Valuation Committee Charter for its Audit and Valuation Committee, the current copy of which is attached to this Joint Proxy Statement as Appendix A.

Each Audit and Valuation Committee oversees the activities of its Fund's Pricing Committee and performs the responsibilities assigned to the Audit and Valuation Committee in the Fund's Valuation and Liquidity Procedures, such as overseeing the implementation of the Valuation and Liquidity Procedures. Each Board has delegated to its Audit and Valuation Committee the responsibility of determining the fair value of its Fund's securities or other assets in situations set forth in the Valuation and Liquidity Procedures.

#### *Contract Review Committee*

Each Contract Review Committee reviews and makes recommendations to the Board of Directors with respect to entering into, reviewing or amending the Fund's management agreement, advisory agreement, sub-advisory agreement, administration agreement, investor relations services agreement and other agreements. The members of each Fund's Contract Review Committee are Messrs. Neville J. Miles, William J. Potter and John T. Sheehy.

#### *Nominating and Corporate Governance Committee; Consideration of Potential Director Nominees*

Each Fund's Nominating and Corporate Governance Committee recommends nominations for membership on the Board and reviews and evaluates the effectiveness of the Board in its role in governing the Fund and overseeing the management of the Fund. It evaluates candidates qualifications for Board membership and, with respect to nominees for positions as Independent Directors, their independence from the Fund's Investment Manager, Investment Adviser and Sub-Adviser, as appropriate, and other principal service providers. Each Nominating and Corporate Governance Committee generally meets twice annually to identify and evaluate nominees for director and makes its recommendations to its respective Board at the time of each Board's December meeting. Each Nominating and Corporate Governance Committee also periodically reviews director compensation and will recommend any appropriate changes to the Boards as a group. Each Nominating and Corporate Governance Committee also reviews and may make recommendations to its respective Board relating to the effectiveness of the Board in carrying out its responsibilities in governing the Fund and overseeing the management of the Fund. Each Board has adopted a Nominating and Corporate Governance Committee Charter, a copy of which is attached to this Joint Proxy Statement as Appendix B. The members of each Fund's Nominating and Corporate Governance Committee are Messrs. P. Gerald Malone, Neville J. Miles and William J. Potter.

Each Nominating and Corporate Governance Committee may take into account a wide variety of factors in considering prospective director candidates, including (but not limited to): (i) availability (including availability to attend to Board business on short notice) and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board; (ii) relevant industry and related experience; (iii) educational background; (iv) reputation; (v) financial expertise; (vi) the candidate's ability, judgment and expertise; (vii) overall diversity of the Board's composition; and (viii) commitment to the representation of the interests of the Fund and its shareholders. Each Nominating and Corporate Governance Committee also considers the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, such as business, financial or family relationships with the Investment Manager, Investment Adviser or

Sub-Adviser or their affiliates. Each Nominating and Corporate Governance Committee will consider potential director candidates, if any, recommended by its Fund shareholders provided that the proposed candidates: (i) satisfy any minimum qualifications of the Fund for its directors, and (ii) are not interested persons of the Fund, as that term is defined in the 1940 Act; and (iii) are independent as defined in the NYSE AMEX listing standards and any other exchange on which the Fund's shares are listed.

While the Nominating and Corporate Governance Committees have not adopted a particular definition of diversity or a particular policy with regard to the consideration of diversity in identifying candidates, when considering a candidate's and a Board's diversity, the Committees generally consider the manner in which each candidate's leadership, independence, interpersonal skills, financial acumen, integrity and professional ethics, educational and professional background, prior director or executive experience, industry knowledge, business judgment and specific experiences or expertise would compliment or benefit the Board and, as a whole, contribute to the ability of the Board to oversee the Fund. Each Committee may also consider other factors or attributes as they may determine appropriate in their judgment. Each Committee believes that the significance of each candidate's background, experience, qualifications, attributes or skills must be considered in the context of the Board as a whole.

Each Fund's bylaws contain provisions regarding minimum qualifications for directors. These include a requirement that, to qualify as a nominee for a directorship, each candidate, at the time of nomination, other than persons who were directors at the time of the adoption of the minimum qualifications, must possess at least the following specific minimum qualifications: (i) a nominee shall have at least five years' experience in any of investment management, economics, public accounting or Australian business; (ii) a nominee shall have a college undergraduate or graduate degree in economics, finance, business administration, accounting or engineering, or a professional degree in law, engineering, or medicine, from an accredited university or college in the United States, Australia, the United Kingdom, Canada or New Zealand, or the equivalent degree from an equivalent institution of higher learning in another country; and (iii) a nominee shall not have violated any provision of the U.S. federal or state securities laws, or comparable laws of another country.

Each Fund's bylaws also contain advance notice provisions and general procedures with respect to the submission of proposals, including the nomination of directors. Shareholders who intend to propose potential director candidates must substantiate compliance with these requirements. Notice of shareholder proposals must be provided to the Fund's Secretary not earlier than the 150<sup>th</sup> day and not later than 5:00 p.m., Eastern Time, on the 120<sup>th</sup> day prior to the first anniversary of the date of the preceding year's proxy statement. Any shareholder may obtain a copy of the Fund's bylaws by calling the Investor Relations department of Aberdeen Asset Management Inc., the Fund's investor relations services provider, toll-free at 1-800-522-5465 (FAX); 1-866-839-5233 (FCO); 1-866-839-5205 (IAF), or by sending an e-mail to Aberdeen Asset Management Inc. at [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com).

#### *Cost Review Committee*

Each Cost Review Committee reviews on an ongoing basis the fees and expenses incurred by the Fund, to ensure that such expenses are commensurate with the services provided. The members of each Fund's Cost Review Committee are Messrs. Neville J. Miles, Peter D. Sacks and John T. Sheehy.

#### *Board Oversight of Risk Management*

The Funds are subject to a number of risks, including, among others, investment, compliance, operational and valuation risks. Risk oversight forms part of each Board's general oversight of the respective Fund and is addressed as part of various Board and Committee activities. Each Board has adopted, and periodically reviews, policies and procedures designed to address these risks. Different processes, procedures and controls are employed with respect to different types of risks.

Day-to-day risk management functions are subsumed within the responsibilities of AAMAL, who carries out each Fund's investment management and business affairs, and also by AAML and AAMISL, as applicable, and other service providers in connection with the services they provide to the Funds. Each of AAMAL, AAML and AAMISL, as applicable, and other service providers have their own, independent interest in risk management, and their policies and methods of risk management will depend on their functions and business models. As part of its regular oversight of each Fund, the respective Board, directly and/or through a Committee, interacts with and reviews reports from, among others, AAMAL, AAML and AAMISL, as applicable, and each Fund's other service providers (including the Funds' transfer agent), the Funds' Chief Compliance Officer, the Funds' independent registered public accounting firm, legal counsel to the Funds, and internal auditors, as appropriate, relating to the operations of the Funds. The Boards also require AAMAL to report to the Boards on other matters relating to risk management on a regular and as-needed basis. The Boards recognize that it may not be possible to identify all of the risks that may affect the Funds or to develop processes and controls to eliminate or mitigate their occurrence or effects. Each Board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

#### *Board and Committee Meetings in Fiscal 2011*

During the Funds' fiscal year ended October 31, 2011, the Boards of FAX and FCO held four regular meetings; the Board of IAF held four regular meetings and one special meeting; the Audit and Valuation Committee of FAX and FCO each held four meetings and the Audit and Valuation Committee of IAF held three meetings; and each Fund's Nominating and Corporate Governance Committee held two meetings. During such period, each incumbent Director attended at least 75% of the aggregate number of meetings of the Board and of Committees of the Board on which he served.

#### **Communications with the Board of Directors**

Shareholders who wish to communicate with Board members with respect to matters relating to the Funds may address their written correspondence to the Boards as a whole or to individual Board members c/o Aberdeen Asset Management Inc., the Funds' investor relations service provider, at 1735 Market Street 32<sup>nd</sup> Floor, Philadelphia, PA 19103, or may send e-mail correspondence to the Director(s) c/o Aberdeen Asset Management Inc. at [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com).

#### **Director Attendance at Annual Meetings of Shareholders**

Generally, in the event that any of the Funds' Directors are geographically close to the site of an annual meeting of shareholders at the time of such meeting, one or more of such Directors may attend the meeting. However, since a majority of the Funds' Directors reside outside of the United States, the Funds recognize that it would be impractical for most Directors to attend such meetings and would create a significant expense for the Funds. In light of the fact that the residences of most Directors are substantial distances from the location of the annual meetings of shareholders and that, historically, few shareholders have attended the annual meetings in person, the Funds have not established a policy with respect to Director attendance at annual meetings of shareholders. No Directors attended the 2011 Annual Meeting of Shareholders for any of the Funds.

**REPORTS OF THE AUDIT AND VALUATION COMMITTEES; INFORMATION REGARDING THE FUNDS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Valuation Committees have selected, and each Fund's Independent Directors have ratified the selection of, KPMG LLP ( KPMG ), 1601 Market Street, Philadelphia, PA 19103, an independent registered public accounting firm, to audit the financial statements of the Funds for the fiscal year ending October 31, 2012. Representatives from KPMG are not expected to be present at the Meetings to make a statement or respond to questions from shareholders. However, such representatives are expected to be available by telephone to respond for questions raised by shareholders, if any, during the Meetings.

Each Audit and Valuation Committee has received from KPMG the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding KPMG's communications with the Audit and Valuation Committee concerning independence, and have discussed with KPMG its independence. Each Audit and Valuation Committee has also reviewed and discussed the audited financial statements with Fund management and KPMG, and discussed certain matters with KPMG addressed by Statements on Auditing Standards Nos. 61 and 90. Based on the foregoing, each Audit and Valuation Committee recommended to its Board that the Fund's audited financial statements be included in the respective Fund's Annual Report to Shareholders for the fiscal year ended October 31, 2011. The members of the Audit and Valuation Committees of FAX and FCO are Messrs. Neville J. Miles, Peter D. Sacks and John T. Sheehy. The members of the Audit and Valuation Committee of IAF are Messrs. Neville J. Miles, Peter D. Sacks, Moritz Sell and John T. Sheehy.

The following table sets forth the aggregate fees billed for professional services rendered by KPMG in 2011 and 2010 during the Funds' two most recent fiscal years:

|                         | 2011      |           |                          | 2010      |           |                          |
|-------------------------|-----------|-----------|--------------------------|-----------|-----------|--------------------------|
|                         | FAX       | FCO       | IAF                      | FAX       | FCO       | IAF                      |
| Audit Fees              | \$ 97,600 | \$ 80,200 | \$ 51,700                | \$ 98,000 | \$ 80,500 | \$ 52,000                |
| Audit-Related Fees      | \$ 3,000  | \$ 3,000  | \$ 20,000 <sup>(2)</sup> | Nil       | Nil       | \$ 36,000 <sup>(3)</sup> |
| Tax Fees <sup>(1)</sup> | \$ 6,433  | \$ 6,433  | \$ 6,433                 | \$ 6,000  | \$ 6,000  | \$ 6,000                 |
| All Other Fees          | Nil       | Nil       | Nil                      | Nil       | Nil       | Nil                      |

(1) The Tax Fees are for the completion of the Funds' federal and state tax returns.

(2) \$20,000 related to public offering of shares of IAF that occurred on April 13, 2011.

(3) Subsequent to year-end, \$36,000 in fees were billed to IAF in connection with its public offering of shares that occurred on December 9, 2010.

For the fiscal years ended October 31, 2011 and October 31, 2010, KPMG billed \$0 and \$2,500, respectively, for aggregate non-audit fees for services to the Investment Manager, Investment Adviser and Sub-Adviser.

All of the services described in the table above were pre-approved by the relevant Audit and Valuation Committee.

Each Fund's Audit and Valuation Committee has adopted an Audit and Valuation Committee Charter that provides that the Audit and Valuation Committee shall annually select, retain or terminate the Fund's independent auditor and, in connection therewith, evaluate the terms of the engagement (including compensation of the auditor) and the qualifications and independence of the independent auditor, including whether the independent auditor provides any consulting, auditing or tax services to the Investment Manager, Investment Adviser or Sub-Adviser, if applicable, and receive the independent auditor's specific representations as to their independence, delineating all relationships between the independent auditor and the Fund, consistent with the Independent Standards Board ( ISB ) Standard No. 1. The Audit and Valuation Committee

Charter also provides that the Committee shall review in advance, and consider approval of, any and all proposals by Fund management or the Investment Manager that the Fund, Investment Manager or their affiliated persons, employ the independent auditor to render permissible non-audit services to the Fund and to consider whether such services are consistent with the independent auditor's independence.

Each Audit and Valuation Committee has considered whether the provision of non-audit services that were rendered to the Investment Manager, Investment Adviser, or Sub-Adviser, if applicable, and any entity controlling, controlled by, or under common control with these entities that provides ongoing services to the relevant Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence and has concluded that it is.

### COMPENSATION

The following table sets forth information regarding compensation of Directors by each Fund and by the Fund Complex of which the Funds are a part for the fiscal year ended October 31, 2011. Officers of the Funds and Directors who are interested persons of the Funds do not receive any compensation directly from the Funds or any other fund in the Fund Complex for performing their duties as officers or Directors, respectively.

| Name of Director              | Aggregate Compensation from Fund<br>Fiscal Year Ended October 31, 2011 |           |           | Total Compensation From<br>Fund and Fund<br>Complex<br>Paid To Directors* |
|-------------------------------|--|-----------|-----------|---|
|                               | FAX  | FCO       | IAF       |   |
| <b>Independent Directors:</b> |  |           |           |   |
| P. Gerald Malone              | \$ 51,500  | \$ 47,000 | \$ 32,750 | \$ 197,500(30)  |
| Neville J. Miles              | \$ 37,417  | \$ 31,667 | \$ 52,917 | \$ 122,000(30)  |
| William J. Potter             | \$ 32,000  | \$ 33,750 | \$ 36,750 | \$ 102,500(3)   |
| Pater D. Sacks                | \$ 36,583  | \$ 34,583 | \$ 37,583 | \$ 162,500(30)  |
| Moritz Sell                   | \$ 0   | \$ 0      | \$ 28,090 | \$ 33,048(2)  |
| John T. Sheehy                | \$ 41,167  | \$ 39,167 | \$ 42,167 | \$ 176,250(30)  |
| Brian M. Sherman              | \$ 32,000  | \$ 0      | \$ 35,500 | \$ 67,500(2)  |
| <b>Interested Directors:</b>  |  |           |           |   |
| Martin J. Gilbert             | \$ 0   | \$ 0      | \$ 0      | \$ 0(29)  |
| Hugh Young                    | \$ 0   | \$ 0      | \$ 0      | \$ 0(1)   |

\* The number in parentheses indicates the total number of funds in the Fund Complex on which the Director serves or served at any time during the fiscal year ended October 31, 2011.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act, as applied to the Funds, require the Funds' officers, Directors, the Investment Manager and Investment Adviser, affiliates of the Investment Manager or Investment Adviser, and persons who beneficially own more than 10% of a registered class of a Fund's outstanding securities ( Reporting Persons ) to electronically file reports of ownership of that Fund's securities and changes in such ownership with the SEC and the NYSE Amex Equities. Such persons are required by SEC regulations to furnish the Fund with copies of all such filings.

Based solely on its review of the copies of such forms received by it and written representations from certain Reporting Persons that no year-end reports were required for those persons, and except as provided in the following sentence, each

Fund believes that during the fiscal year ended October 31, 2011, its Reporting Persons complied with all applicable filing requirements. Mr. Matthew Keener, an officer of the Funds, filed a Form 3 Initial Statement of Beneficial Ownership of each Fund's securities subsequent to the 10-day period specified in the Form.

**Relationship of Directors or Nominees with the Investment Manager and the Investment Adviser**

Aberdeen Asset Management Asia Limited serves as the Investment Manager to the Funds pursuant to management agreements dated as of April 3, 2009 for FAX, as of June 7, 2006 for FCO, and as of March 8, 2004 for IAF. The Investment Manager is a Singapore corporation with its registered office located at 21 Church Street, #01-01 Capital Square Two, Singapore 049480. Aberdeen Asset Management Limited serves as the Investment Adviser to the Funds pursuant to advisory agreements dated as of April 3, 2009 for FAX, as of June 7, 2006 for FCO, and as of March 8, 2004 for IAF. The Investment Adviser is an Australian corporation which is a wholly-owned subsidiary of the Investment Manager. The registered offices of the Investment Adviser are located at Level 6, 201 Kent Street, Sydney, NSW 2000, Australia. Aberdeen Asset Management Investment Services Limited serves as the Sub-Adviser to FAX and FCO pursuant to sub-advisory agreements dated April 3, 2009 for FAX and dated March 6, 2009 for FCO. The Sub-Adviser is a United Kingdom corporation which is a wholly-owned subsidiary of Aberdeen PLC. The registered offices of the Sub-Adviser are located at Bow Bells House 1 Bread Street, London, United Kingdom, EC4M 9HH. The Investment Manager, Investment Adviser and Sub-Adviser are each wholly-owned subsidiaries of Aberdeen Asset Management PLC (Aberdeen PLC), a Scottish company. The registered offices of Aberdeen PLC are located at 10 Queen's Terrace, Aberdeen, Scotland AB10 1YG. Mr. Martin Gilbert, a Director (FAX and FCO) and Vice President of the Funds, also serves as a Director of the Investment Manager, a Director of the Investment Adviser and as the Chief Executive and an Executive Director of Aberdeen PLC. Mr. Gilbert is also a shareholder of Aberdeen PLC.

Aberdeen Asset Management Inc. (AAMI), an affiliate of the Investment Manager, Investment Adviser and Sub-Adviser serves as the Funds administrator. Pursuant to an administration agreement between AAMI and each of FAX and FCO, AAMI receives a fee at an annual rate equal to 0.125% of each Fund's average weekly Managed Assets (as defined in each Fund's management agreement) between \$0 to \$1 billion, computed based upon the value of managed assets determined at the end of each week, 0.10% of such assets between \$1 billion to \$2 billion, computed based upon the value of Managed Assets determined at the end of each week, and 0.075% of such assets in excess of \$2 billion. Pursuant to an administration agreement between IAF and AAMI, AAMI receives a fee at an annual rate equal to 0.08% of the Fund's average weekly Managed Assets (as defined in IAF's management agreement) between \$0 to \$500 million, computed based upon the value of managed assets determined at the end of each week, 0.07% of such assets between \$500 million to \$1.5 billion, computed based upon the value of Managed Assets determined at the end of each week, and 0.06% of such assets in excess of \$1.5 billion. AAMI is a Delaware corporation with its principal business office located at 1735 Market Street, 32<sup>nd</sup> Floor, Philadelphia, Pennsylvania 19103. AAMI also provides investor relations services to the Funds under an investor relations services agreement. Messrs. Gilbert and Goodson, and Mmes. Melia and Nichols, who serve as officers of the Funds, are also directors and/or officers of AAMI.

**EACH FUND'S BOARD, INCLUDING THE INDEPENDENT DIRECTORS, RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE NOMINEES FOR DIRECTOR FOR THE RELEVANT FUND.**



---

**ADDITIONAL INFORMATION**

**Change in Investment Policy (IAF).** The Board of IAF approved a change to IAF's 80% non-fundamental policy, which will be effective March 14, 2012. As a result of the changes described below, IAF will continue to invest in Australian equities but will have greater flexibility to invest in Australian Companies that are not listed on the ASX.

IAF's current 80% non-fundamental policy provides that IAF will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities, consisting of common stock, preferred stock and convertible stock, of Australian Companies listed on the Australian Stock Exchange Limited (ASX). The Board approved the change to remove the requirement that to be included when computing the 80% test an Australian Company must be listed on the ASX. Under the revised policy, IAF will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities, consisting of common stock, preferred stock and convertible stock, of Australian Companies, but only 65% of its assets must be invested in ASX-listed companies.

In addition, the Board approved changes to the criteria used for determining whether a company is an Australian Company for purposes of IAF's 80% investment policy. Australian Companies are defined as companies that are tied economically to Australia. In determining whether an equity security is tied economically to Australia, the manager considers several criteria. The changes to the criteria are: (i) the current criteria of the security being listed on S&P/Australian Stock Exchange Limited ASX 200 Accumulation Index would be eliminated; (ii) listing on the ASX would become one of several criteria to consider in classifying an issuer as an Australian Company; and (iii) whether a majority of an issuer's assets are located in Australia or a majority of an issuer's revenues are derived from Australian sources would be added to the criteria. Upon effectiveness of this change, the criteria for determining whether a company is tied economically to Australia will be whether the company (i) is a constituent of the ASX; (ii) has its headquarters located in Australia; (iii) pays dividends on its stock in Australian dollars; (iv) has its accounts audited by Australian auditors; (v) is subject to Australian taxes levied by the Australian Taxation Office; (vi) holds its annual general meeting in Australia; (vii) has common stock/ordinary shares and/or other principal class of securities registered with Australian regulatory authorities for sale in Australia; (viii) is incorporated in Australia; or (ix) has a majority of its assets located in Australia or a majority of its revenues derived from Australian sources. Certain of these criteria can be considered on their own in determining whether a company is tied economically to Australia, while others are only considered in combination with other criteria.

IAF's fundamental investment objective to invest primarily in equity securities of Australian companies listed on the ASX and fundamental policy to invest at least 65% of its total assets in equity securities, consisting of common stock, preferred stock and convertible preferred stock, listed on the ASX will not change.

**Expenses.** The expense of preparation, printing and mailing of the enclosed proxy card and accompanying Notice and Joint Proxy Statement will be borne proportionately by each Fund. Each Fund will reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of the shares of that Fund. In order to obtain the necessary quorum at each Meeting, supplementary solicitation may be made by mail, telephone, telegraph or personal interview. Such solicitation may be conducted by, among others, officers, Directors and employees of the Fund, the Investment Manager, the Investment Adviser, the Sub-Adviser (in the case of FAX and FCO) or the Funds' Administrator.

The Altman Group has been retained to assist in the solicitation of proxies and will receive a project fee of \$3,500 (FAX), \$2,500 (FCO) and \$2,800 (IAF) and be reimbursed for its reasonable expenses. Total payments to The Altman Group are expected to be between \$10,000 and \$14,000.

**Solicitation and Voting of Proxies.** Solicitation of proxies is being made primarily by the mailing of this Joint Proxy Statement with its enclosures on or about February 7, 2012. As mentioned above, The Altman Group has been engaged to assist in the solicitation of proxies. As the meeting date approaches, certain shareholders of a Fund may receive a call from a representative of The Altman Group, if the Fund has not yet received their vote. Authorization to permit The Altman Group to execute proxies may be obtained by telephonic instructions from shareholders of a Fund. Proxies that are obtained telephonically will be recorded in accordance with procedures that management of each of the Funds believes are reasonably designed to ensure that the identity of the shareholder casting the vote is accurately determined and that the voting instructions of the shareholder are accurately determined.

**Beneficial Owners.** To the best of knowledge of FAX and IAF, based upon filings made with the SEC, as of January 31, 2012, no persons or group beneficially owned more than 5% of the voting securities of FAX and IAF. Based upon filings made with the SEC, as of January 31, 2012, the following table shows certain information concerning persons who may be deemed beneficial owners of 5% or more of the shares of FCO because they possessed or shared voting or investment power with respect to FCO's shares:

| Fund | Class  | Name and Address            | Number of Shares Beneficially Owned | Percentage of Shares |
|------|--------|-----------------------------|-------------------------------------|----------------------|
| FCO  | Common | First Trust Portfolios L.P. | 974,092                             | 10.8%                |

**Shareholder Proposals.** If a shareholder intends to present a proposal, including the nomination of a director, at the Annual Meeting of Shareholders of the Funds to be held in 2013 and desires to have the proposal included in the Funds' proxy statement and form of proxy for that meeting, the shareholder must deliver the proposal to the Secretary of the Funds at the office of the Funds, 1735 Market Street, 32<sup>nd</sup> Floor, Philadelphia, Pennsylvania 19103, and such proposal must be received by the Secretary no later than October 10, 2012.

Shareholders wishing to present proposals, including the nomination of a director, at the Annual Meeting of Shareholders of the Funds to be held in 2013 which they do not wish to be included in the Funds' proxy materials must send written notice of such proposals to the Secretary of the Funds at the office of the Fund, 1735 Market Street 32<sup>nd</sup> Floor, Philadelphia, Pennsylvania 19103, and such notice must be received by the Secretary no sooner than September 10, 2012 and no later than 5:00 p.m., Eastern Time, on October 10, 2012 in the form prescribed from time to time in the Funds' bylaws.

**SHAREHOLDERS WHO DO NOT EXPECT TO BE PRESENT AT THE MEETINGS AND WHO WISH TO HAVE THEIR SHARES VOTED ARE REQUESTED TO DATE AND SIGN THE ENCLOSED PROXY CARD(S) AND RETURN THEM IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.**

**Delivery of Proxy**

Unless the Funds have received contrary instructions from shareholders, only one copy of this Joint Proxy Statement may be mailed to households, even if more than one person in a household is a shareholder of record. If a shareholder needs an additional copy of this Joint Proxy Statement, please contact the Funds at 1-800-522-5465 (FAX), 1-866-839-5233 (FCO) or 1-866-839-5205 (IAF). If any shareholder does not want the mailing of this Joint Proxy Statement to be combined with those for other members of its household, please contact the Funds in writing at: 1735 Market Street, 32<sup>nd</sup> Floor, Philadelphia, PA 19103 or call the Funds at 1-800-522-5465 (FAX), 1-866-839-5233 (FCO) or 1-866-839-5205 (IAF).

**Other Business**

Management knows of no business to be presented at the Meetings, other than the Proposal set forth in this Joint Proxy Statement, but should any other matter requiring the vote of shareholders arise, the proxies will vote thereon according to their discretion.

By order of the Boards of Directors,

Megan Kennedy, Secretary

Aberdeen Asia-Pacific Income Fund, Inc.

Aberdeen Global Income Fund, Inc.

Aberdeen Australia Equity Fund, Inc.

**Aberdeen Asia-Pacific Income Fund, Inc.**

**Aberdeen Global Income Fund, Inc.**

**Aberdeen Australia Equity Fund, Inc.**

**(each, a Fund )**

**Audit and Valuation Committee Charter**

**Mission**

The mission of the each Fund's Committee is to oversee: (i) the Fund's accounting and financial reporting policies and practices; (ii) its internal controls and, as appropriate, the internal controls of certain service providers; (iii) the integrity, quality and objectivity of the Fund's financial statements and the independent audit thereof, including, but not limited to, oversight of the independent auditor's qualifications and independence. The Committee will also oversee the activities of the Fund's Pricing Committee and perform the responsibilities assigned to the Committee in the Valuation and Liquidity Procedures (the Procedures). The Committee serves to provide an open avenue of communication among the independent auditors, the internal accounting staff of the Fund's administrator (the Administrator) and the Board of Directors (the Board). The Committee will report to the Board, if necessary, any relationships between the independent auditor and the Fund, or any other relationships, which come to the Committee's attention that may adversely affect the independence of the independent auditor.

The function of the Committee is to provide oversight; it is the responsibility of the Fund, the Fund's investment adviser (the Adviser) and the Administrator to maintain appropriate systems for (i) accounting and internal control and (ii) maintaining appropriate systems for pricing of the Fund's assets. It is the responsibility of the Fund's independent auditor and the Fund's management (Management) to plan and carry out a proper audit.

Although the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Fund's financial statements are complete or accurate or have been prepared in accordance with generally accepted accounting principles.

The Pricing Committee is directly accountable to the Committee and the Board. The independent auditor is directly accountable to the Committee and must report directly to the Committee.

**Committee Membership**

The Committee shall be composed of at least three members. Each member must have been determined not to be an interested person (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (1940 Act)) of the Fund, other than in his or her capacity as a member of the Board or any Board committee (an Independent Director) and, in addition, each member shall have the additional qualifications indicated below.

**Qualifications of Committee Members**

1. Members of the Committee must be members of the Board and may not be officers of the Fund. Each member of the Committee must also meet the NYSE Amex's independence requirements for audit committee members of listed registered investment companies and the independence requirements applicable to investment companies set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the 1934 Act). In addition, members should be free of any relationships that would interfere with their exercise of independent judgment as committee members.

- <sup>1</sup> An individual that qualifies as an ACFE under Item 3 of Form N-CSR is presumed to be financially sophisticated.
- <sup>2</sup> PCAOB Rule 3526 requires that, at least annually, the auditor: (1) disclose to the Committee, in writing, all relationships between the auditor and its related entities and the Fund and its related entities that in the auditor's professional judgment may reasonably be thought to bear on independence; (2) confirm in the letter that, in its professional judgment, it is independent of the Fund within the meaning of the Securities Acts administered by the SEC; and (3) discuss the auditor's independence with the audit committee.
2. Each member of the Committee must not have participated in the preparation of the financial statements of the Fund or any current subsidiary of the Fund at any time during the past three years.
3. Each member of the Committee must be able to read and understand fundamental financial statements, including the Fund's balance sheet, income statement and statement of cash flows, or must become able to do so within a reasonable period of time after his or her appointment to the Committee. The Committee may, in its discretion, recommend to the Board that the Board designate one or more Committee members as Audit Committee Financial Experts (ACFE). In recommending that a person be designated an ACFE, the Committee shall consider the factors prescribed by Section 407 of the Sarbanes-Oxley Act of 2002, relevant regulations of the Commission, and such other factors as the Committee deems relevant. Further, at least one member of the Committee must be financially sophisticated, as such term is defined in the listing standards of the NYSE Amex. A Committee member designated as an ACFE shall not be subject to a different or higher degree of individual responsibility, care or obligation than other members of the Committee. The designation of one or more Committee members as ACFE shall not alter or decrease the duties and obligations of members of the Committee not so designated. If none of the members of the Committee is a financial expert (as that term is defined in the rules and regulations of the SEC), the Fund's periodic reports shall disclose the reason why. On an annual basis, the Committee shall determine whether one or more of the Committee members qualifies as an ACFE.
4. Unless exempted by an order of the Securities and Exchange Commission (the SEC), each member of the Committee may not, other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board, directly or indirectly, accept any consulting, advisory or other compensatory fee from the Fund.

**Duties and Powers**

To carry out its mission under this Charter, the Committee shall, to the extent it deems appropriate, carry out the following functions:

1. To annually select, retain or terminate the Fund's independent auditor and, in connection therewith, to evaluate the terms of the engagement (including compensation of the auditor) and the qualifications and independence of the independent auditor, including whether the independent auditor provides any consulting, auditing or tax services to the Adviser or any sub-adviser, and to receive the independent auditor's specific representations as to their independence, delineating all relationships between the independent auditor and the Fund, consistent with PCAOB Rule 3526.<sup>2</sup> The Committee is responsible for actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditor;

2. To review in advance, and consider approval of, any and all proposals by Management or the Adviser that the Fund, the Adviser or their affiliated persons, employ the independent auditor to render permissible non-audit services<sup>3</sup> to the Fund and to consider whether such services are consistent with the independent auditor's independence<sup>4</sup>. The Committee may delegate to one or more of its members ( Delegates ) authority to pre-approve permissible non-audit services to be provided to the Fund. Any pre-approval determination of a Delegate shall be presented to the full Committee at its next meeting. The Committee shall communicate any pre-approval made by it or a Delegate to the Adviser, who will ensure that the appropriate disclosure is made in the Fund's periodic reports required by Section 30 of the Investment Company Act of 1940, as amended, and other documents as required under the federal securities laws;
  3. To select, recommend and engage new independent auditors, should it prove necessary, subject to ratification by the Board and shareholder approval, if required;
  4. To meet periodically with the Fund's independent auditor and Management, including private meetings, as necessary (i) to review the arrangements for and scope of the annual audit and any special audits, and the fees proposed to be charged in connection with such services, (ii) review, discuss and approve the Fund's annual audited financial statements and unaudited semi-annual financial statements, (iii) to discuss any matters of concern relating to the Fund's financial statements, including any adjustments to such statements recommended by the independent auditor, or other results of said audit(s), including matters required to be discussed by the Statement on Auditing Standards ( SAS ) No. 114, as amended<sup>5</sup> and Management's response to such matters, (iv) to consider the independent auditor's comments
- <sup>3</sup> Permissible non-audit services include any professional services, including tax services, provided to the Fund by the independent auditor, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.
- <sup>4</sup> Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund constitutes not more than 5% of the total amount of revenues paid by the Fund to its auditor during the fiscal year in which the permissible non-audit services are provided; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee or its Delegate(s) prior to the completion of the audit.
- <sup>5</sup> SAS 114 requires independent auditors to communicate certain matters related to the conduct of an audit to those who have responsibility for oversight of the financial reporting process, specifically the audit committee. Among the matters to be communicated to the audit committee are: (1) methods used to account for significant unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of those estimates; (4) adjustments arising from the audit that could, in the auditor's judgment, have a significant effect on the company's financial reporting process, or uncorrected misstatements aggregated by the auditor that were determined by management to be immaterial to the financial statements; (5) disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements; (6) the auditor's responsibilities under generally accepted auditing standards; and (7) the planned scope and timing of the audit. SAS No. 90 clarifies that the auditor must discuss certain information relating to its judgment about the quality, not just the acceptability, of the company's accounting principles with the audit committee and encourages a three-way discussion among the auditor, management and the audit committee.

- with respect to the Fund's financial policies, procedures and internal accounting controls and management's responses thereto, (v) to review the form of opinion the independent auditor proposes to render to the Board and shareholders, and (vi) to review the performance of the independent auditor;
5. To review and resolve any disagreements between Management and the independent auditor regarding financial reporting;
  6. To review the fees charged by the independent auditor for audit and permissible non-audit services;
  7. To review and discuss policies with respect to risk assessment and risk management with respect to the Fund;
  8. To review annually with Management and the independent auditors their separate evaluations of the adequacy and effectiveness of the Fund's system of internal controls.
  9. To review with Management and the independent auditor any significant audit findings related to the Fund's systems for accounting, reporting and internal controls; and any recommendations for the improvement of internal control procedures or particular areas where new or more detailed controls or procedures are desirable;
  10. To consider, in consultation with the independent auditor, reports from Fund legal counsel with respect to compliance with laws and regulations, significant litigation, and possible impact of financial results;
  11. To review the Fund's tax compliance and status, including the status of the Fund's position relative to tax audits and significant issues disputed by tax authorities;
  12. To develop, establish and periodically review procedures for: (i) the receipt, retention and treatment of complaints received by the Fund from any source regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission of concerns regarding questionable accounting, internal accounting controls or auditing matters related to the Fund by employees of the Fund and employees of its service providers, including, but not limited to, employees of the Adviser, the Administrator, the Fund's custodian, the Fund's principal underwriter, if any, and any other provider of accounting related services (such procedures are included as Exhibit A);
  13. To investigate improprieties or suspected improprieties in Fund operations and other matters within the scope of its duties, as they are presented to the Committee or brought to the attention of the Committee;
  14. To appoint a Pricing Committee for the Funds, in accordance with the Procedures;
  15. To review the actions of the Pricing Committee and to ratify or revise such actions, in accordance with the Procedures;
  16. To investigate matters brought to the Pricing Committee's attention within the scope of its duties;

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form DEF 14A

17. To review any fair price valuation in a special meeting, if called to do so by the Pricing Committee; and
18. To report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.

A-4



**Other Powers and Responsibilities**

1. The Committee normally shall meet twice yearly, and may meet at such other time or times as the Committee or Board may determine appropriate or necessary, and is empowered to hold special meetings as circumstances require.
  
2. The Fund's officers shall provide, or arrange to provide, such information, data and service as the Committee may request. The Committee shall conduct interviews or discussions as it deems appropriate with personnel of the Fund, and/or others whose views would be considered helpful to the Committee. The Committee may ask Management and representatives of the service providers to attend meetings as necessary.
  
3. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including authority to: (i) engage legal counsel and to retain experts or other persons with specific competence at the expense of the Fund; (ii) compensate any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund; and (iii) determine and request appropriate funding from the Fund to cover the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
  
4. The Committee shall review this Charter annually and recommend any changes to the full Board.  
As amended December 7, 2011.

**EXHIBIT A**

**Audit and Valuation Committee**

**Procedures for Handling Complaints and Concerns**

The Fund seeks to ensure the integrity of its financial reporting and its compliance with applicable law. The Fund also desires to conduct itself in a prudent and ethical manner. The Fund believes that any measures which assists it in protecting the integrity of its financial reporting and promoting its compliance with applicable law benefits the interests of its stockholders.

Pursuant to the requirements of Rule 10A-3(b)(3) of the Securities Exchange Act of 1934, as amended, Section 803 B(4) of the NYSE Amex Company Guide, the Fund's Audit and Valuation Committee Charter, and in accordance with Section 806 of the Sarbanes-Oxley Act of 2002, the Audit and Valuation Committee of each Fund (the "Committee") has adopted the following procedures for handling complaints and concerns to assist each Fund in meeting certain legal obligations in connection with its accounting and auditing practices (the "Procedures"). These Procedures have also been adopted to address complaints and concerns and encourage reporting of any potential conduct that is dishonest, illegal or unethical, including, but not limited to, conduct which involves violations of any rules and regulations adopted by the Securities and Exchange Commission as well as any federal rules relating to fraud against stockholders. The goal of these Procedures is to reduce the prospect of illegal conduct.

Although the Fund has officers, the Fund does not have employees. The Fund contracts with third parties which provide management, administrative, custodial, accounting, auditing, transfer agency and other services to the Fund (the "Service Providers"). The Committee relies on its officers and Service Providers for information about the Fund's accounting, internal accounting controls and auditing matters (collectively, "Accounting Matters") as well as information concerning the daily operations of the respective Fund ("Operational Matters"). Because each Committee is dependent upon the information provided to it by the relevant Fund's officers and Service Providers, it is important for each Committee to ensure that open and effective channels of communication are available for the reporting of concerns and complaints regarding Accounting and Operational Matters.

Each Committee has established these Procedures for the:

receipt, retention and treatment of complaints received by the Fund regarding Accounting and Operational Matters; and

the confidential, anonymous submission by officers of the Fund or employees of Service Providers (collectively, "Reporting Persons") of concerns regarding questionable Accounting and Operational Matters.

**1. Submission of Complaints and Concerns**

- (a) The Fund encourages any officer of the Fund or employee of a Service Provider who has a concern regarding a potentially questionable Accounting and/or Operational Matter to bring this concern to the attention of the respective Fund's Committee Chairman. A matter may be a potentially questionable Accounting Matter if, for example, it involves fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of a Fund; fraud or deliberate error in the recording and maintaining of financial records of a Fund; deficiencies in or noncompliance with any internal accounting controls affecting a Fund; any misrepresentation or false statement regarding a matter contained in the financial records, financial reports or audit reports of a Fund; or any deviation from full and fair reporting of a Fund's financial condition. A matter may be a potentially questionable Operational Matter if, for example, it involves fraud or intentional illegal conduct affecting a Fund or

its stockholders; potential violation of the applicable federal securities laws or other applicable federal or foreign laws governing a Fund; or potentially unethical conduct impacting the operations of a Fund.

- (b) Any such concerns involving questionable Operational or Accounting Matters should be submitted directly to the Committee's Chairman (the Chairman). John T. Sheehy, the Chairman, may be contacted as follows:

|                      |   |
|----------------------|---|
| <u>By mail:</u>      | B.V. Murray and Company<br>666 Goodwin Ave. Suite 330<br>Midland Park, NJ 07432 |
| <u>By telephone:</u> | (201) 227-8001  |
| <u>By fax:</u>       | (201) 227-8004  |
| <u>By e-mail:</u>    | johnsheehy200@att.net   |

If a Reporting Person does not want to be identified with the submission, he or she should mail his or her communications to the Chairman, without including his or her name in the correspondence but, instead, prominently indicating on the submission that it is a *Confidential, Anonymous Submission*.

- (c) Any complaint received by an officer of the Fund or an employee of a Service Provider with respect to Accounting or Operating Matters should be promptly forwarded to the Chairman. Given the sensitivity of such matters, any written correspondence regarding a complaint should be marked *Confidential*.
- (d) A Fund's Committee Chairman will observe the following procedures in investigating a complaint or concern:

the Committee Chairman will take all appropriate action to investigate any complaints or concerns reported to him or her, which actions may (but need not) include the use of internal or external counsel, accountants or other personnel; and

the Committee Chairman will promptly report any complaint or concern he or she receives to the President of the Fund and to the Fund's legal counsel, although the Committee Chairman may refrain from notifying the President of the Fund if after consultation with the Fund's legal counsel or the Committee, the Chairman believes that refraining would be in the Fund's best interest.

The Committee Chairman will inform the Committee of any complaints or concerns reported under these Procedures at the next regularly scheduled Committee meeting, although the Committee Chairman will notify the Committee before the meeting if the Committee Chairman determines that the Committee should be notified more promptly. The Committee in its discretion may take any action it deems appropriate to investigate any complaints or concerns of which it becomes aware, which may include referring the matter to the President of the relevant Fund or another Fund officer or initiating an independent investigation. The Committee may also choose to take no action. If the Committee chooses to conduct an investigation, it may, at the relevant Fund's expense, use internal or external counsel, accountants and other personnel. The Committee will maintain records of all complaints and concerns reported under these Procedures, the disposition of such complaints and concerns, and the basis for such disposition.

## **2. Freedom to Report (No Retaliation)**

None of the Funds will tolerate any form of retaliation against a Fund Director or officer; or against an Service Provider employee (i) who submits a good faith complaint or concern about a Fund's Accounting or Operational Matters or (ii) who assists in an investigation of challenged practices.

Accordingly, any Director or officer of a Fund, or employee of an Service Provider is prohibited from discharging, demoting, suspending, threatening, harassing, or in any other manner discriminating against a Reporting Person that would have an impact on the terms and conditions of the Reporting Person's employment, because of any lawful act done by the Reporting Person to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the Reporting Person reasonably believes is reportable under these Procedures. Reporting Persons have the option, and are encouraged to, report any violation to the relevant Fund's Committee Chairman with confidentiality. These Procedures are intended to create an environment where Reporting Persons can act without fear of reprisal or retaliation. So as to ensure that Service Providers are aware of, and complying with, the Procedures, a Fund may, as part of these Procedures, provide Service Providers with the Procedures and obtain annual affirmations of such Service Providers' receipt of, and compliance with, the Procedures.

In order to monitor whether the Reporting Person is being subjected to reprisals or retaliation, a Fund's Committee Chairman may contact the Reporting Person (if the Reporting Person's identity is known) to determine whether any changes in the Reporting Person's work situation have occurred as a result of providing such information. If the Committee Chairman determines that any reprisal or retaliation has occurred, a report of this shall be made to the Service Provider and to the Committee if consented to by the Reporting Person.

Any Reporting Person who feels he or she has been the subject of reprisal or retaliation because of his or her reporting under these Procedures should immediately notify the relevant Fund's Audit Committee Chairman.

### **3. Director Concerns**

Any Director who has a concern regarding what he or she views as questionable Accounting or Operational Matters should bring such concern to the attention of the relevant Fund's Committee Chairman no later than the first Committee meeting held after he or she becomes concerned.

### **4. Retention of Records**

The Funds' Chief Compliance Officer, on behalf of the Funds and their Committees, will maintain a confidential file of materials related to complaints or concerns received concerning each Fund's Accounting or Operational Matters. These materials will be retained for a period of five (5) years or such longer period as may be required by law. Any records relating to a report may, if necessary, be redacted (or similar steps taken) to preserve the confidentiality of the person(s) submitting the report.

### **5. Communication and Training**

The officers of each Fund shall be responsible for ensuring that all persons involved with their respective Fund's Accounting and Operational Matters (including employees of Service Providers) are made aware of and encouraged to report matters under these Procedures.

### **6. Review of Procedures**

These Procedures shall be reviewed by each Fund's Committee at the same time as the review of a Fund's Committee Charter.

**Aberdeen Asia-Pacific Income Fund, Inc. ( FAX )**

**Aberdeen Global Income Fund, Inc. ( FCO )**

**Aberdeen Australia Equity Fund, Inc. ( IAF )**

**Aberdeen Funds**

**(each, a Fund )**

## **NOMINATING & CORPORATE GOVERNANCE COMMITTEE CHARTER**

### **PURPOSE & SCOPE**

Each Fund has established a Nominating and Corporate Governance Committee (the Committee ) to promote the effective participation of qualified individuals on the Board of Directors/Trustees (the Board ), Committees of the Board, and as executive officers of the Fund, and to review, evaluate and enhance the effectiveness of the Board in its role in governing the Fund and overseeing the management of the Fund so that the interests of shareholders in the Fund are well-served.

In pursuit of this purpose, the scope of the Committee s responsibilities shall include:

the nomination of new Directors/Trustees.

the evaluation of the Board and its committee structure.

### **MEMBERSHIP**

- (a) The Committee for each Fund shall consist of all of the Directors/Trustees who are not interested persons of the Fund, as defined in the Investment Company Act of 1940, as amended (the 1940 Act ), and, if applicable, independent as such term is defined by the listing standards of the principal national securities exchange upon which the Fund s shares are listed.
- (b) The Committee shall appoint its Chairperson by a majority vote of its members.
- (c) The compensation, if any, of the Committee members shall be as determined by the Board.

### **NOMINATION AND APPOINTMENT POLICY AND RESPONSIBILITIES**

- (a) The Committee shall make nominations for directors/trustees and officers of the Fund and submit such nominations to the full Board. The Committee shall evaluate candidates qualifications for such positions, and, in the case of candidates for independent director positions, their independence from the Fund s Investment Manager, Investment Adviser, Sub-Adviser and other principal service providers.
- (b) In nominating candidates, the Committee will search for those highly qualified candidates who can bring to the Board the skills, experience and judgment necessary to address the issues directors/trustees of investment companies may confront in fulfilling their duties to fund shareholders. The Committee may, in its discretion, establish specific, minimum qualifications (including skills) that must be met by Committee-nominated or shareholder-nominated candidates. The Committee may take into account a wide variety of factors in considering prospective director/trustee



candidates, which may include (but are not limited to): (i) availability (including availability to attend to Board business on short notice) and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board; (ii) relevant industry and related experience; (iii) educational background; (iv) reputation; (v) financial expertise; (vi) the candidate's ability, judgment and expertise; (vii) overall diversity of the Board's composition; and (viii) commitment to the representation of the interests of the Fund and its shareholders.

(c) Persons selected as independent directors/trustees must not be interested persons of the Fund as that term is defined in the 1940 Act. The Committee shall also consider the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, *e.g.* business, financial or family relationships with the Investment Manager, Investment Adviser or Subadviser or their affiliates.

(d) While the Committee has not adopted a particular definition of diversity or a particular policy with regard to the consideration of diversity in identifying candidates, when considering a candidate's and the Board's diversity, the Committee generally considers the manner in which each candidate's leadership, independence, interpersonal skills, financial acumen, integrity and professional ethics, educational and professional background, prior director or executive experience, industry knowledge, business judgment and specific experiences or expertise would compliment or benefit the Board and, as a whole, contribute to the ability of the Board to oversee the Fund. The Committee may also consider other factors or attributes as they may determine appropriate in their judgment. The Committee believes that the significance of each candidate's background, experience, qualifications, attributes or skills must be considered in the context of the Board as a whole.

(e) The Committee shall evaluate the participation and contribution of each director coming to the end of his or her term before deciding whether to recommend re-election. The Committee may seek the views of other directors to assist it in this evaluation.

(f) The Committee will consider potential director candidates, if any, recommended by stockholders, provided that the proposed candidates (i) satisfy any minimum qualifications of the Fund for its directors/trustees; (ii) are not interested persons of the Fund, as that term is defined in the 1940 Act; and (iii) for FAX, FCO and IAF, are independent as defined in the NYSE/AMEX listing standards and any other exchange on which the Fund's shares are listed.

(g) The Committee is empowered to establish such procedures and eligibility requirements for stockholder submission of nominee candidates as the Committee deems appropriate, in addition to such procedures and requirements as are set forth in the Fund's bylaws.

(h) The Committee may identify prospective directors/trustees from any reasonable source, including, but not limited to, consultation with third-party director search services, and may pay for such search services from the assets of the Fund.

(i) It shall be in the Committee's sole discretion as to whether or not to nominate a candidate for membership on the Board.

#### **ADDITIONAL AUTHORITY AND RESPONSIBILITIES**

(a) The Committee shall be responsible for and implement an annual evaluation of the performance of the Board and the committees of the Board, including a consideration of the effectiveness of the committee structure and the number of Funds the Board oversees.

(b) The Committee shall have the authority to investigate any matter brought to its attention within the scope of its duties, and shall have the authority to meet with the compliance personnel of management as the Committee deems appropriate in connection with the performance of its responsibilities.

(c) The Committee shall have the authority to delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

(d) The Committee shall periodically review the amount of compensation to be paid by the Fund to Directors for their service as members of the Board and as members of committees, and shall recommend any appropriate changes to the Board as a group.

(e) The Committee shall periodically review issues related to the succession of officers of the Fund.

(f) The Committee shall have any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the nomination of the Board members or any Committee members.

(g) The Committee shall make nominations for membership on all committees of the Board and shall review committee assignments as necessary.

#### **CORPORATE GOVERNANCE FUNCTION**

The Committee shall review, discuss, and make recommendations to the Board relating to those issues that pertain to the effectiveness of the Board in carrying out its responsibilities in governing the Fund and overseeing the management of the Fund. These may include, but are not limited to, issues relating to:

(a) Composition of the Board, including:

the size of the Board and the qualifications and representative areas of expertise;

years of service on the Board; and

retirement policies relating to members of the Board.

(b) Members of the Board, including:

guidelines relating to ownership by members of the Board of shares of the Fund;

continuing education of members of the Board; and

identification of best practices for members of the Board.

(c) Meetings of the Board, including:

coordination with the Chairman of the Board in developing the agenda for the meetings of the Board;



frequency of meetings of the Board;

Board meeting attendance policies.

(d) The role of the Independent Directors/Trustees, including:

ability of independent members of the Board to act and function independently of management; and

responsibilities pursuant to statutory and regulatory requirements.

B-3

- (e) The role of the committees of the Board, including:

scope of the responsibilities of the committees; and

whether there is a continuing need for each committee, whether there is a need for additional committees, and whether committees should be combined or reorganized.

- (f) The relationship between the Board and management, including:

oversight of management;

communication with management; and

coordination with management in ensuring that management has developed an appropriate plan to deal with potential crisis management situations.

- (g) Board self-evaluation.

The Committee may confer with the Board, and with independent consultants, in connection with the foregoing, and shall make recommendations for any action to the full Board. The Committee may pay for the services of such independent consultants from the assets of the Fund.

#### **PROCEDURAL MATTERS**

(a) The Committee shall meet as deemed necessary or appropriate to carry out its nominating function, and at such other time or times as the Committee or Board may determine appropriate or necessary, and is empowered to hold special meetings as circumstances require.

(b) The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Fund, and the Committee shall report to the Board on its meetings.

(c) The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

(d) The Board has granted to the Committee access to the resources and authority to make reasonable expenditures, including expenditures to retain any experts and counsel related to the aforementioned duties and tasks that will be reimbursed by the Fund.

Dated: December 7, 2011

Using a **black ink** pen, mark your votes with an **X** as shown in  
 this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card Aberdeen Australia Equity Fund, Inc.**

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**Election of three Class III Directors (3-year term ending in 2015) The Board of Directors recommends a vote FOR the nominees listed.**

| I. Nominees:           | For | Withhold | For                 | Withhold | For | Withhold              | +  |    |   |
|------------------------|-----|----------|---------------------|----------|-----|-----------------------|----|----|---|
| 01 - William J. Potter | ..  | ..       | 02 - John T. Sheehy | ..       | ..  | 03 - Brian M. Sherman | .. | .. | + |

In their discretion, the proxies are authorized to vote upon such  
 other business as may properly come before the Annual  
 Meeting or any adjournment or postponement thereof.

**Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

Please sign exactly as the name (or names) appears on the stock certificate (as indicated hereon). If the shares are issued in the names of two or more persons, all such persons should sign the proxy. A proxy executed by a corporation should be signed in its name by its authorized officers. Executors, administrators, trustees and partners should indicate their positions when signing.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

1 U P X 1 3 0 3 7 5 2 +

01EWVC



q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**Proxy Aberdeen Australia Equity Fund, Inc.**

**PROXY FOR ANNUAL MEETING OF SHAREHOLDERS**

**March 15, 2012**

The undersigned hereby appoints Mr. Tim Sullivan and Mr. Alan Goodson, or either of them, each with power of substitution, as proxies to represent the undersigned at the Annual Meeting of Shareholders of Aberdeen Australia Equity Fund, Inc., to be held on March 22, 2012, at 11:00 a.m. (Eastern Time), and any adjournment or postponement thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present on the following matters set forth on the reverse side.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. THIS PROXY WILL BE VOTED AS DIRECTED. IN THE ABSENCE OF DIRECTION, THIS PROXY WILL BE VOTED FOR EACH NOMINEE LISTED.**

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