

ABERDEEN ASIA PACIFIC INCOME FUND INC
Form DEF 14A
February 20, 2003

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

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 Section 240.14a-12

ABERDEEN ASIA-PACIFIC INCOME 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.
- 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):
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- (4) Proposed maximum aggregate value of transaction:
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- (1) Amount Previously Paid
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- (2) Form, Schedule or Registration Statement No.:
-

- (3) Filing Party:
-

- (4) Date Filed:
-

Gateway Center 3
100 Mulberry Street
Newark, New Jersey 07102
(800) 451-6788

February 19, 2003

Dear Stockholder:

The Annual Meeting of Stockholders is to be held at 1:45 p.m. (Eastern time), on Tuesday, April 15, 2003, at Dryden Hall, 7th Floor, Plaza Building, 751 Broad Street, Newark, New Jersey. A Proxy Statement regarding the meeting, a proxy card for your vote at the meeting and an envelope, postage pre-paid, in which to return your proxy card are enclosed.

At the Annual Meeting, the Fund's common stockholders will vote for the election of the Fund's Class III Directors for three-year terms and until their successors are duly elected and qualify, and the Fund's preferred stockholders will vote for the election of two Directors to serve until the next annual meeting of stockholders and until their successors are duly elected and qualify. Stockholders will also consider approval of the amendment and restatement of the Fund's charter. Stockholders who are present at the meeting will hear a report on the Fund and will be given an opportunity to discuss matters of interest to you as a stockholder.

Your Directors recommend that you vote in favor of each of the foregoing matters.

Martin J. Gilbert

Chairman

YOU ARE URGED TO COMPLETE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE TO ASSURE A QUORUM AT THE MEETING. THIS IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.

ABERDEEN ASIA-PACIFIC INCOME FUND, INC.

**Gateway Center 3
100 Mulberry Street
Newark, New Jersey 07102**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 15, 2003

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Aberdeen Asia-Pacific Income Fund, Inc., a Maryland corporation (the Fund), will be held at Dryden Hall, 7th Floor, Plaza Building, 751 Broad Street, Newark, New Jersey, on Tuesday, April 15, 2003, at 1:45 p.m. (Eastern time), for the following purposes, each more fully described in the Proxy Statement:

- (1) To elect four Directors to serve as Class III Directors for three-year terms and until their successors are duly elected and qualify;
- (2) To elect two Directors to serve as Preferred Directors until the next annual meeting of stockholders and until their successors are duly elected and qualify;
- (3) To approve the amendment and restatement of the Fund s charter; and
- (4) To transact any other business that may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on January 31, 2003 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Roy M. Randall, *Secretary*

Newark, New Jersey

February 19, 2003

IMPORTANT: Stockholders are cordially invited to attend the meeting. Stockholders who do not expect to attend the meeting in person are requested to complete, date and sign the enclosed proxy card and return it promptly in the addressed envelope which requires no postage and is intended for your convenience. Your prompt return of the enclosed proxy card may save the Fund the necessity and expense of further solicitations to assure a quorum at the meeting. The enclosed proxy is being solicited on behalf of the Board of Directors of the Fund.

PROXY STATEMENT

ABERDEEN ASIA-PACIFIC INCOME FUND, INC.

Gateway Center 3

100 Mulberry Street

Newark, New Jersey 07102

Annual Meeting of Stockholders

April 15, 2003

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Aberdeen Asia-Pacific Income Fund, Inc., a Maryland corporation (Fund), to be voted at the Annual Meeting of Stockholders of the Fund (Meeting) to be held at Dryden Hall, 7th Floor, Plaza Building, 751 Broad Street, Newark, New Jersey, on Tuesday, April 15, 2003, at 1:45 p.m. (Eastern time). The approximate mailing date for this Proxy Statement is February 21, 2003 or as soon as practicable thereafter.

All properly executed proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked on the proxy card. Unless instructions to the contrary are marked, proxies submitted by holders of the Fund's common stock will be voted **FOR** Proposals 1 and 3, and proxies submitted by holders of the Fund's preferred stock will be voted **FOR** Proposals 2 and 3. The persons named as proxy holders will vote in their discretion on any other business that may properly come before the 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 the Secretary of the Fund (addressed to the Secretary at the principal executive office of the Fund, Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102), or by attending the Meeting and voting in person.

The presence at the Meeting, in person or by proxy, of the stockholders 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 the Meeting, abstentions 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.

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Approval of Proposal 1 (Election of Class III Directors to the Board of Directors) will require the affirmative vote of a majority of the shares of common stock present in person or by proxy at the Meeting and entitled to vote thereon. Approval of Proposal 2 (Election of Preferred Directors to the Board of Directors) will require the affirmative vote of a majority of the shares of preferred stock present in person or by proxy at the Meeting and entitled to vote thereon. Approval of Proposal 3 (Amendment and restatement of the Fund's charter) will require the affirmative vote of a majority of the shares of common and preferred stock voting together as a single class. An abstention as to Proposals 1, 2 and 3 will be treated as present and will have the effect of a vote against that proposal. 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 not be voted with respect to Proposal 3, and will have the effect of a vote against Proposal 3.

In the event that the necessary quorum to transact business at the Meeting is not obtained or a quorum is present at the Meeting but sufficient votes to approve the proposals are not received, the proxy holders may propose one or more adjournments of the Meeting to permit further solicitation of proxies. Any adjournment will require the affirmative vote of a majority of those shares cast at the Meeting in person or by proxy. If the necessary quorum is not obtained, the persons named as proxy holders will vote in favor of the adjournment. If a quorum is present, the proxy holders will vote those proxies required to be voted for a proposal with respect to which insufficient votes for approval have been received, in favor of such adjournment, and will vote those proxies required to be voted against a proposal, against adjournment. A stockholder vote may be taken on any proposal prior to adjournment if sufficient votes have been received for approval of that proposal.

The following table indicates which class of the Fund's stockholders is being solicited with respect to each Proposal to be considered at the Meeting.

	<u>Solicitation of Vote of Common Stockholders</u>	<u>Solicitation of Vote of Preferred Stockholders (Series A-I)</u>
Proposal 1:		
Election of Class III Directors	ü	
Proposal 2:		
Election of Preferred Directors		ü
Proposal 3:		
Amendment and Restatement of the Fund's charter	ü	ü

The Board of Directors has fixed the close of business on January 31, 2003 as the record date (Record Date) for the determination of stockholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Stockholders on the Record Date will be entitled to one vote for each share held. As of January 31, 2003, the Fund had outstanding 264,654,000 shares of common stock, par value \$0.01 per share; 3,000 shares of Auction Market Preferred Stock, Series A, par value \$0.01 per share; 3,000 shares of Auction Market Preferred Stock, Series B, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series C, par value \$0.01 per share; 4,000 shares of Auction Market Preferred Stock, Series D, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series E, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series F, par value \$0.01 per share; 3,000 shares of Auction Market Preferred Stock, Series G, par value \$0.01 per share; 2,500 shares of Auction Market Preferred Stock, Series H, par value \$0.01 per share; and 2,500 shares of Auction Market Preferred Stock, Series I, par value \$0.01 per share.

The Board of Directors of the Fund knows of no other business that will be presented for consideration at the Meeting. If any other matter is properly presented, it is the intention of the persons named on the enclosed proxy card to vote in accordance with their discretion.

The Fund will furnish, without charge, a copy of the Fund's annual report for its fiscal year ended October 31, 2002, and any more recent reports, to any Fund stockholder upon request. To request a copy, please call or write to Aberdeen Asset Management Investor Relations, 45 Broadway, 31st Floor, New York, New York 10006, Telephone: 1-800-522-5465.

PROPOSAL 1: ELECTION OF CLASS III DIRECTORS

The Fund's bylaws provide that the Board of Directors to be elected by holders of the Fund's common stock is divided into three classes, as nearly equal in number as possible, each of which will serve for three years and until their successors are duly elected and qualify, 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 (1940 Act) of the Fund, the Investment Manager or the Investment Adviser, are referred to in this Proxy Statement as Interested Directors. Directors who are not interested persons as described above are referred to in this Proxy Statement as Independent Directors.

The Board of Directors of the Fund, including the Independent Directors, upon the recommendation of the Fund's Nominating Committee, which is composed entirely of Independent Directors, has nominated David L. Elsum, Martin J. Gilbert, Peter J. O'Connell, and William J. Potter to serve as Class III Directors for three-year terms, to expire at the Annual Meeting of Stockholders to be held in 2006, and until their successors are duly elected and qualify. Messrs. Elsum, O'Connell and Potter were elected by stockholders to serve until the 2003 Annual Meeting. Mr. Gilbert was elected to the Board by the Board of Directors, including the Independent Directors, upon the recommendation of the Fund's Nominating Committee which is composed entirely of Independent Directors, to fill a vacancy on the Board of Directors. The nominees have indicated an intention to serve if elected and have consented to be named in this Proxy Statement.

It is the intention of the persons named on the enclosed proxy card to vote for the election of the persons indicated above to serve as Class III Directors for a three-year term. The Board of Directors of the Fund knows 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 Board of Directors may recommend.

The names of the Fund's nominees for election as Class III Directors, and each other Director of the Fund, and their addresses, ages and principal occupations during the past five years are provided in the table below.

<u>Name, Address and Age</u>	<u>Position(s) Held With the Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Funds in Fund Complex* Overseen by Director or Nominee</u>	<u>Other Directorships Held by Director or Nominee</u>
Class III					
(Current Directors and Nominees for a Term expiring at the Annual Meeting to be held in 2006)					
Interested Director					
Martin J. Gilbert** One Albyn Place Aberdeen, AB10 1YG United Kingdom Age: 47	Chairman of the Board; Class III Director	Current term expires 2003; Director since 2001	Mr. Gilbert is the Chief Executive and an Executive Director of Aberdeen Asset Management PLC, which was established in 1983 and is the parent company of the Fund's Investment Manager and Investment Adviser. He is one of the founding directors of Aberdeen Asset Management PLC and has been involved in the investment management industry since 1982, after he qualified as a chartered accountant. He has been Chairman of the Board of the Fund and of Aberdeen Global Income Fund, Inc. since 2001. He has been a Director of Aberdeen Asset Management Limited (the Fund's Investment Adviser) and Aberdeen Asset Managers (C.I.) Limited (the Fund's Investment Manager) since 2001.	2	Aberdeen Global Income Fund, Inc., Aberdeen Asia-Pacific Income Investment Company Limited. Mr. Gilbert is also a Director of foreign funds advised by entities affiliated with the Investment Manager and the Investment Adviser.
Independent Directors					
David L. Elsum, A.M. 9 May Grove South Yarra, Victoria 3141 Australia Age: 65	Class III Director	Current term expires 2003; Director since 1986	Mr. Elsum has over 20 years of experience in investment and insurance markets. He was a member of the Corporations and Securities Panel of the Australian Securities	3	Aberdeen Australia Equity Fund, Inc.; Aberdeen Global Income Fund, Inc.; Aberdeen Asia-Pacific Income

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
<p>Peter J. O Connell</p> <p>Level 37, Chifley Tower</p> <p>Two Chifley Square</p> <p>Sydney, NSW 2000 Australia</p> <p>Age: 49</p>	<p>Class III Director</p>	<p>Current term expires 2003; Director since 1999</p>	<p>Commission until 2000, a member of the Australian Federal Government Administrative Appeals Tribunal until 2001, Chairman of Audit Victoria (government statutory authority) from 1997 to 2000, and has been a member of the State of Victoria Regulator General Appeal Panel since 2001. Mr. Elsum is Chairman of Stodart Investment Pty. Ltd. He was founding Managing Director of Capel Court Investment Bank, and has served as Chief Executive of several major public companies, including The MLC Limited (insurance) and President of the State of Victoria Superannuation Fund (pension fund management).</p> <p>Mr. O Connell is involved in modern technology developments, has extensive business experience in the Asian region, and has served as an international mergers and acquisitions lawyer in this region. Mr. O Connell is admitted as a solicitor in Australia and he has been Chief Executive Officer of Smart Device Marketing Company since 2001. Mr. O Connell has also served as Chief Executive Officer of Lang Holdings (Aust) Pty. Ltd. (technology consulting)</p>	<p>2</p>	<p>Investment Company Limited; Melbourne Wholesale Fish Market Pty. Ltd.; Queen Victoria Market Pty. Ltd. (municipal market); Financial Planning Association Limited (industry association); Aberdeen Leaders Limited (investment company).</p> <p>Aberdeen Australia Equity Fund, Inc.</p>

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
<p>William J. Potter ° 236 West 27th Street 3rd Floor New York, NY 10001</p> <p>Age: 54</p>	Class III Director	Current term expires 2003; Director since 1986	<p>since 2001; and Chief Executive Officer of Ten Ventures Pty. Ltd. (establishment of media-based internet businesses) from 1999 until 2000. Mr. O'Connell was Chief of Operations of Consolidated Press Holdings Pty. Limited (supervision of private equity investments) from 1997 to 1999; Chief Executive Officer (from 1994 to 1996) and Director (from 1994 to 1999) of Hargrave Consultants Pty. Ltd., (technology consulting).</p> <p>Mr. Potter has extensive experience in investment banking and fund management. Mr. Potter has held senior positions with Toronto Dominion Bank, Barclays Bank PLC, and Prudential Securities, Inc., as well as board of director positions with investment funds involving over \$20 billion in assets since 1983. Mr. Potter has been involved in the Australian capital markets since 1974, including management and board of director positions with a noted Australian brokerage house. Mr. Potter is President of a U.S. investment bank and has securities licenses in both the U.S. and Canada. Mr. Potter also has extensive securities underwriting</p>	3	<p>Aberdeen Australia Equity Fund, Inc.; Aberdeen Global Income Fund, Inc.; Aberdeen Asia-Pacific Income Investment Company Limited; National Foreign Trade Counsel (trade association); Alexandria Bancorp (banking group in Cayman Islands); E.C. Power, Inc. (energy company); Alexandria Funds.</p>

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
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experience in various capital markets with an emphasis on natural resources.

Mr. Potter is currently President of Ridgewood Group International Ltd., an international consulting and merchant banking company, and President of Ridgewood Capital Funding, Inc., a private placement securities firm.

Class I Directors
(Term expiring at the Annual Meeting to be held in 2004)

Interested Director

<p>Beverley Hendry** 300 Las Olas Place 300 S.E. 2nd Street, Suite 820 Fort Lauderdale, FL 33301</p>	<p>Class I Director; Assistant Treasurer</p>	<p>Term as Director expires 2004; Director since 2001</p>	<p>Mr. Hendry has served as Chief Executive Officer of Aberdeen Fund Managers, Inc. (affiliate of the Fund's Investment Manager and Investment Adviser) since 1995. Mr. Hendry has been a Director of Aberdeen Asset Managers (C.I.) Limited (the Fund's Investment Manager) since 2001. He also served as Executive Director of Aberdeen Asset Management PLC (parent company of the Fund's Investment Manager and Investment Adviser) from 1991 to 2002. Mr. Hendry is currently a member of the Executive Management Committee of Aberdeen Asset Management PLC.</p>	<p>1</p>	<p>Aberdeen Investment Services S.A. (since 1998); Aberdeen Fund Managers Ireland Limited (since 2000); Phoenix Aberdeen International Advisors LLC (since 1996); Aberdeen Asset Managers Ireland Limited (since 1999).</p>
<p>Age: 49</p>					

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
Independent Directors					
<p>Anthony E. Aaronson</p> <p>110 E. 9th Street</p> <p>Suite 721B</p> <p>Los Angeles, CA 90079</p> <p>Age: 66</p>	Class I Director	Term expires 2004; Director since 1986	<p>Mr. Aaronson is owner of Tony Aaronson Textiles. He was a Director of the Textile Association of Los Angeles from 1997 to 2000. Mr. Aaronson has extensive experience in the management of private investments. He served as Chairman of the Audit Committee of the Fund from the inception of the Fund until 2000.</p>	2	Aberdeen Australia Equity Fund, Inc.
<p>Neville J. Miles °</p> <p>2 Paddington Street</p> <p>Paddington, NSW 2021 Australia</p> <p>Age: 56</p>	Class I Director	Term expires 2004; Director since 1996	<p>Mr. Miles has over 20 years of international investment banking experience. He was formerly head of Corporate Treasury at Westpac Banking Corporation and Managing Director of Ord Minnett Securities Limited (stockbrokers). Mr. Miles has extensive experience in the areas of corporate acquisitions and equity offerings.</p> <p>Mr. Miles is currently an investor and real estate developer. He has served, for over five years, as a Director of Ballyshaw Pty. Ltd. (investing/consulting) and Dawnglade Pty. Ltd. (real estate investment), and has served as a Director of Villepen Pty. Ltd. (real estate investment company) since 1999; Sonic Communications Pty. Ltd. since 2000, and Commsecure Limited since 2002.</p>	3	<p>Aberdeen Australia Equity Fund, Inc.;</p> <p>Aberdeen Global Income Fund, Inc.;</p> <p>Aberdeen Asia-Pacific Income Investment Company Limited; Aberdeen Leaders Limited (investment company).</p>

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
Class II Directors (Term expiring at the Annual Meeting to be held in 2005)					
Interested Director					
Brian M. Sherman** 2 Paddington Street Paddington, NSW 2021 Australia Age 59	Class II Director	Term expires 2005; Director since 1986	<p>Mr. Sherman has 36 years experience in international funds management, stockbroking, and in particular, 24 years in the funds management industry in Australia, managing money in equities and bonds. He was Chairman of the Fund from 2000 to 2001 and President of the Fund to 2001. Until December 2000, he was Chairman and Joint Managing Director of the Funds Investment Adviser, and a Director of the Funds Investment Manager.</p> <p>Mr. Sherman was also Vice President and a Director from 1992 to 2000, and Chairman from 1995 to 2000, of Aberdeen Global Income Fund, Inc.; President from 1985 to 2001 and Director from 1985 to 2000 of Aberdeen Australia Equity Fund, Inc.; Joint Managing Director from 1986 to 2001 and Chairman from 1995 to 2001 of Aberdeen Asia-Pacific Income Investment Company Limited; Joint Managing Director from 1988 to 2000 of EquitiLink Limited (holding company); and a Director of Equitilink E Link Ltd. from 1998 to 2002</p>	1	Aberdeen Asia-Pacific Income Investment Company Limited; EquitiLink Holdings Pty. Limited (holding company); Aberdeen Leaders Limited (investment company); Ten Network Holdings Limited (television network); Kirman Pty. Limited; Kirman Holdings Pty. Limited; Hestian Pty. Limited; EIML Australia Pty. Limited.

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
Independent Directors			(listed investment company). Mr. Sherman was a Director of the Sydney Olympic Games Organizing Committee (SOGOC) from 1996 until 2000. He is currently Chairman of Sherman Group Limited, an investment company; Chairman of Sonic Communications Pty. Limited; and Chairman of Pulse International Pty. Limited. Mr. Sherman has also been President of the Australian Museum Trust (since 2000).		
Howard A. Knight 421 Glenbrook Road, #2 Stamford, CT 06906 Age: 60	Class II Director	Term expires 2005; Director since 1993	Mr. Knight has over 30 years of experience in financial markets and has been actively involved in the Australian financial markets for more than 25 years. From 1991 to 1994, he served as President of Investment Banking, Equity Transactions and Corporate Strategy at Prudential Securities. From 1996 to 2001, Mr. Knight served as Vice Chairman and Chief Operating Officer of SBS Broadcasting SA (European television and radio broadcasting), where he was actively involved in investment management and capital markets. Mr. Knight is currently an independent director and management adviser.	2	Aberdeen Australia Equity Fund, Inc.; Lions Gate Entertainment Corp. (film production and distribution); Agaton Fitness AG.

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
<p>P. Gerald Malone</p> <p>861 Coronation Road</p> <p>Park Royal</p> <p>London NW 107PT United Kingdom</p> <p>Age: 52</p>	Class II Director	Term expires 2005; Director since 2001	<p>Mr. Malone has been chairman or a director of several companies in the health care industry since 1998. He has been Chairman since 2000 and a Director since 1999 of Regent GM Laboratories Ltd. (generic pharmaceutical manufacturer); Director of Chiltern Invadex plc (manufacturers of patient handling and showering equipment) since 1999; a Director of Ultrasis plc (developers of health care software) since 2000, a Director of European Growth and Income Trust plc (investment trust) since 2000, a Director of Quinta dos Pinhios Limited (real estate) since 2001; and a Director of Sense-Sonic Limited. Mr. Malone was Minister of Health between 1994 and 1997, and a Member of Parliament from Winchester between 1992 and 1997. Mr. Malone was the Executive Editor of The European in 1998.</p>	1	<p>Aberdeen Asia-Pacific Income Investment Company Limited.</p>
<p>Peter D. Sacks</p> <p>445 King Street West</p> <p>4th Floor</p> <p>Toronto, Ontario M5V 1K4 Canada</p> <p>Age: 57</p>	Class II Director	Term expires 2005; Director since 1993	<p>Mr. Sacks is currently Managing Partner of Toron Capital Markets, Inc., a company he established in 1988 to design and manage customized equity, fixed income and currency portfolios for individual and corporate clients. Mr. Sacks serves on the Boards of</p>	3	<p>Aberdeen Australia Equity Fund, Inc.; Aberdeen Global Income Fund, Inc.; Aberdeen Asia-Pacific Income Investment Company Limited; Aberdeen G7 Trust; First Horizon Holdings</p>

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
			Directors of Toron Capital Markets, Inc. (portfolio management), Toron Capital Management, Ltd. and Toron Asset Management, Inc.		LTD; First Horizon Capital Corp.; Cirrus Financial Concepts Inc.

- * Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc. have a common Investment Manager and Investment Adviser with the Fund, and may thus be deemed to be part of the same Fund Complex as the Fund.
- ** Mr. Sherman is deemed to be an interested person because of his ownership of securities of Aberdeen Asset Management PLC, the parent company of the Fund's Investment Manager and Investment Adviser. Messrs. Gilbert and Hendry are deemed to be interested persons because of their affiliation with the Fund's Investment Manager and Investment Adviser. Messrs. Elsum, Miles and Potter are members of the Contract Review Committee. Messrs. Aaronson and Sacks are members of the Audit and Valuation Committee.
- o Messrs. Miles and Potter are members of the Nominating Committee.

Please also see the information contained below under the heading Further Information Regarding Directors and Officers.

The Board of Directors recommends that holders of common stock vote FOR the election of the Fund's four nominees as Class III Directors to the Fund's Board of Directors.

PROPOSAL 2: ELECTION OF PREFERRED DIRECTORS

The Fund has outstanding 3,000 shares of Auction Market Preferred Stock, Series A, par value \$0.01 per share; 3,000 shares of Auction Market Preferred Stock, Series B, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series C, par value \$0.01 per share; 4,000 shares of Auction Market Preferred Stock, Series D, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series E, par value \$0.01 per share; 2,000 shares of Auction Market Preferred Stock, Series F, par value \$0.01 per share; 3,000 shares of Auction Market Preferred Stock, Series G, par value \$0.01 per share; 2,500 shares of Auction Market Preferred Stock, Series H, par value \$0.01 per share; and 2,500 shares of Auction Market Preferred Stock, Series I, par value \$0.01 per share.

Section 18 of the 1940 Act requires that the holders of any preferred shares, voting separately as a single class without regard to series, have the right to elect at least two Directors at all times. The Board of Directors of the Fund, including the Independent Directors, upon the recommendation of the Fund's Nominating Committee, which is composed entirely of Independent Directors, has nominated Dr. Anton E. Schrafl and John T. Sheehy to serve as Preferred Directors until the Annual Meeting of Stockholders to be held in 2004 and until their successors are duly elected and qualify. The nominees have indicated an intention to continue to serve if elected and have consented to be named in this Proxy Statement.

It is the intention of the persons named on the enclosed proxy card to vote in favor of the election of the persons indicated above to serve as Preferred Directors. The Board of Directors of the Fund knows of no reason why either 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 holders of preferred stock shall recommend, and if no such recommendations are made, such substituted nominees as the Board of Directors may recommend.

The names of the Fund's nominees for election as Preferred Directors, their addresses, ages and principal occupations during the past five years are provided in the table below. Both of the nominees are Independent Directors.

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director or Nominee	Other Directorships Held by Director or Nominee
Dr. Anton E. Schrafl Wiesenstrasse 7 8008 Zurich Switzerland Age: 70	Preferred Stock Director	Current term expires 2003; Director since 1998	Dr. Schrafl was Deputy Chairman of Holcim Limited, a global manufacturer and distributor of cement and allied products until May 2002. He currently serves as Chairman of the Board of Directors of Dynavest, AG, a corporation focusing on investments. Dr. Schrafl is also on the Board of Directors of Organogenesis, Inc., a medical products company involved in biotechnological tissue engineering, and Apogee Technology Inc., a manufacturer of digital amplifiers.	2	Aberdeen Global Income Fund, Inc.; Aberdeen Asia-Pacific Income Investment Company Limited.
John T. Sheehy ° 560 Sylvan Avenue Englewood Cliffs, NJ 07632 Age: 60	Preferred Stock Director	Current term expires 2003; Director since 1986	Mr. Sheehy has over 30 years experience in investment banking with companies such as J.P. Morgan & Company and Bear, Stearns & Co. Inc. His specialty areas include securities valuation, public offerings and private placements of debt and equity securities, mergers and acquisitions and management buyout transactions. He has been Senior Managing Director of B.V. Murray and Company (investment banking) since 2001, and Managing Member of The Value Group LLC (private equity) since 1997.	3	Aberdeen Australia Equity Fund, Inc.; Aberdeen Global Income Fund, Inc.; Aberdeen Asia-Pacific Income Investment Company Limited.

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- * Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc. have a common Investment Manager and Investment Adviser with the Fund, and may thus be deemed to be part of the same Fund Complex as the Fund.
 - Mr. Sheehy is a member of the Audit and Valuation Committee.
 - Mr. Sheehy is a member of the Nominating Committee.

Please also see the information contained below under the heading Further Information Regarding Directors and Officers.

The Board of Directors recommends that holders of preferred stock vote FOR the election of the Fund's two nominees as Preferred Directors to the Fund's Board of Directors.

PROPOSAL 3: AMENDMENT AND RESTATEMENT OF THE FUND'S CHARTER

The Fund's charter currently consists of Articles of Amendment and Restatement, various Articles of Amendment and various Articles Supplementary (Charter). The Fund currently has nine series of Auction Market Preferred Stock (AMPS), designated Series A through Series I. Each of these series was created by Articles Supplementary, which form part of the Fund's Charter. Consistent with their terms, the Articles Supplementary creating each series of the AMPS have been amended from time to time since they were adopted either by action of the Board of Directors of the Fund (Board) or by action of the stockholders.

The Board has proposed that the Fund's Charter, including each of the Articles Supplementary creating the Fund's Series A through I AMPS, as amended from time to time (collectively, the Articles Supplementary), be further amended and then restated by means of filing Articles of Amendment and Restatement with the Maryland Department of Assessments and Taxation (Articles of Amendment and Restatement). The Articles of Amendment and Restatement will restate all of the provisions of the Charter currently in effect. As part of the amendment and restatement, it is proposed that each of the separate Articles Supplementary be consolidated into a single Article of the Charter. In addition, the Board is proposing that stockholders approve, at this time, additional amendments to the text of the Charter that now appears as separate Articles Supplementary and which will comprise Article Sixth of the proposed Articles of Amendment and Restatement. The Fund has received assurances from Standard & Poor's Rating Service (S&P) and Moody's Investors Service, Inc. (Moody's) that none of the amendments proposed will adversely affect the current ratings of the AMPS if approved by stockholders and implemented by the Fund. Other than the proposed amendments to the Articles Supplementary, no other amendments to the Charter are being proposed. The terms of the Charter, other than those contained in the Articles Supplementary, will simply be restated in the Articles of Amendment and Restatement.

As more fully described below, the proposed amendments to the Articles Supplementary, subject to stockholder approval, would:

Increase the maximum allowable rate of distributions to be paid to the holders of the AMPS from 150% of the AA Composite Commercial Paper Rate to the greater of (a) 200% of the AA Composite Commercial Paper Rate or (b) 200 basis points plus the AA Composite Commercial Paper Rate;

Permit the Fund to have a Special Dividend Period consisting of a number of days or years (up to five years), rather than its current regular dividend period of seven or 28 days, depending on the series of AMPS in question;

Allow the Fund to use derivatives to the fullest extent previously approved by stockholders, subject to any limitations imposed by S&P or Moody's in order for the Fund to maintain the current ratings of the AMPS;

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Codify prior Board interpretations regarding certain provisions of the Articles Supplementary creating the Series A through I AMPS;
and

Consolidate each of the separate Articles Supplementary establishing and setting the terms for each of the nine series of AMPS, Series A through Series I, into a single Article Sixth of the Fund's Charter and conform the language of proposed Article Sixth to a similar Article of the charter of another Aberdeen fund that also has auction market preferred stock.

The full text of the proposed Articles of Amendment and Restatement, including the amendments described above, is annexed as Exhibit A. If this Proposal 3 is approved, the Fund will file for record with the State Department of Assessments and Taxation of Maryland the proposed Articles of Amendment and Restatement.

The various modifications proposed for the terms of the AMPS are inextricably intertwined. Taken together, these proposed modifications (discussed in detail below) will reconstitute the terms of each share of AMPS (*i.e.*, each share of preferred stock) of the Fund. Common and preferred stockholders should vote FOR this Proposal 3 if they agree with all of the proposed modified terms of the AMPS, as presented herein. The Board of Directors unanimously recommends a vote FOR this Proposal 3. However, if a stockholder does not approve of any one or more of the proposed modifications set forth in this Proposal 3, the stockholder should consider whether, taken as a whole, the stockholder approves of this Proposal 3, in which case the stockholder should vote FOR Proposal 3, or whether the stockholder's disagreement with any element of the proposed modifications is such that the stockholder should consider voting against this Proposal 3.

Unless the context otherwise requires, the capitalized terms used but not defined in the discussion below will have the meaning ascribed to those terms in the proposed Articles of Amendment and Restatement. The discussion below is qualified in its entirety by reference to the proposed Articles of Amendment and Restatement included as Exhibit A.

Increasing the Maximum Rate of Distributions to Preferred Stockholders

Summary. The Articles Supplementary currently provide a cap on the rate of distributions that may be paid to the holders of the AMPS. The maximum rate of distributions is currently calculated as 150% of the AA Composite Commercial Paper Rate. Because of recent record low commercial paper rates, and the variability of other competing cash management investment yields, there have been several times in recent months when distribution rates set in the auction process have nearly reached the maximum distribution rate. If the rate set at auction had exceeded the maximum distribution rate allowed, the AMPS would have been considered illiquid until the next reset date. In order to maintain liquidity of the AMPS, the Board is proposing that the formula for calculating the maximum rate of distributions to be paid to the holders of the AMPS be changed from 150% of the AA Composite Commercial Paper Rate to the greater of (a) 200% of the AA Composite Commercial Paper Rate or (b) 200 basis points plus the AA Composite Commercial Paper Rate.

Discussion. Generally, the rate of distributions paid on each series of the AMPS is set pursuant to a Dutch auction process. This means that the lowest bid received during an auction of a series of the AMPS that allows Sufficient Clearing Bids is the one that determines the actual rate of distributions paid on that series of the AMPS during any given Dividend Period. However, distributions on the AMPS may not exceed the Maximum Applicable Rate. Thus, under normal market conditions, if there are Sufficient Clearing Bids received in any given auction, the distribution rate will be less than the Maximum Applicable Rate, which is calculated as the product of the AA Composite Commercial Paper Rate (*i.e.*, the Reference Rate) and the applicable percentage (as shown in the table below):

Credit Ratings		Applicable Percentage of Reference Rate
Moody's	S&P	
aa3 or higher	AA- or higher	150%

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a3 to a1	A- to A+	175%
baa3 to baal	BBB- to BBB+	250%
Below baa3	Below BBB-	300%

Since the AMPS were first issued in June of 1989 and through January 15, 2003, the average rate at which the AMPS have been bid is 4.837% which is the equivalent of 99% of the average AA Composite Commercial Paper Rate for that period. Following the announcement by the Federal Reserve of a 50 basis point easing in interest rates on November 6, 2002, the AMPS auction rates dropped by a similar magnitude. However, during the period from November 8, 2002 through early 2003, the auction rates have come under steady upward pressure due to unusual market conditions and have risen as high as 149.77% of the AA Composite Commercial Paper Rate. As of January 15, 2003, the AMPS were bid at a rate of 1.49% which was the equivalent of 118% of the AA Composite Commercial Paper Rate on that date.

Common stockholders have generally benefited from the Fund's issuance of the AMPS. Since the fiscal quarter beginning August 1, 1997, there have been periods during which the shrinking yield differential between Australia and U.S. rates and a depreciating Australian dollar have resulted in the AMPS having a negative impact on returns to holders of common stock. During the 12 months prior to January 31, 2003, the key investment trend was an end to the unilateral strength of the U.S. dollar. The Australian dollar and most Asian currencies strengthened against the U.S. dollar over the period, with the Australian dollar rising 15.62%. Further, with U.S. interest rates at historic lows, the differential between the cost of the AMPS and the rates at which the Fund invests has been positive in recent months.

As mentioned above, last November the Federal Reserve abruptly lowered the Federal Funds rate to historic lows, dragging down the commercial paper rates to abnormally low levels. The AMPS, which compete with a large number of short-term tax-exempt offerings, did not decline as much as the more liquid commercial paper rates. This widened the spreads in yields between commercial paper rates and AMPS to levels nearly precluding the normally recurring AMPS auctions that provide essential investor liquidity.

Bids to purchase shares of the AMPS that exceed the Maximum Applicable Rate are not accepted. As a result, if there are not enough purchase or hold orders submitted at a rate below the Maximum Applicable Rate for all shares to be cleared, Sufficient Clearing Bids have not been obtained. If there are not Sufficient Clearing Bids made during any given auction, the auction is said to have failed. Under these circumstances, the distribution rate on the AMPS for that Dividend Period will be equal to the Maximum Applicable Rate. The holders of the AMPS during the Dividend Period immediately prior to the failed auction will continue to hold the AMPS until the next regularly scheduled auction at which Sufficient Clearing Bids are obtained. Under these circumstances, there may be limited liquidity in an AMPS investment.

In order to maintain the liquidity of the AMPS, the Board has determined that it is in the best interests of the Fund to increase the Maximum Applicable Rate. It is anticipated that, once market conditions return to their historically normal state, the average applicable rate will once again be well below the current Maximum Applicable Rate.

The Board considered the possibility of redeeming the AMPS in the event that the Maximum Applicable Rate is reached and sustained for any length of time. However, the Board rejected this option on the grounds that the AMPS have for the most part contributed positively over the years to the returns received by the holders of the Fund's common stock. In addition, the Board considered that in order to redeem the AMPS, portfolio securities may need to be sold by the Fund at inopportune times and significant unrealized foreign exchange losses might have to be realized, lowering the amount of income available for distribution to holders of the Fund's common stock. The Board also considered the fact that reissuing the AMPS at a later date would be costly. After balancing these potential costs against the costs to common stockholders of raising the Maximum Applicable Rate (including the cost of this proxy solicitation), the Board determined that this proposed amendment should be presented to stockholders for a vote as part of the Amendment and Restatement.

The proposed amendment would change the calculation of the Maximum Applicable Rate to the product of the Reference Rate and the greater of (a) the applicable percentage of the Reference Rate or (b) the Applicable Spread plus the Reference Rate (as shown in the table below):

Credit Ratings		Applicable Percentage of Reference Rate	Applicable Spread Plus Reference Rate
Moody's	S&P		
aa3 or higher	AA- or higher	200%	200 bps
a3 to a1	A- to A+	210%	210 bps
baa3 to baa1	BBB- to BBB+	300%	300 bps
Below baa3	Below BBB-	325%	325 bps

Assuming the Fund continues to maintain a Aa/AA rating on the AMPS, the practical effect of this change is shown in the table below:

Reference Rate	Max. Rate Using the Applicable Percentage	Max. Rate Using the Applicable Spread	Method Used to Determine Maximum Applicable Rate
1%	2%	3%	Spread
2%	4%	4%	Either
3%	6%	5%	Percentage

Special Dividend Period Mechanism

Summary. A Dividend Period is the number of days that will elapse between resets of the distribution rate on the AMPS. Currently, the Series A, Series B, Series C and Series D AMPS have a Regular Dividend Period of 28 days, meaning that the distribution rates on those series are currently reset every 28 days. The Series E, Series F, Series G, Series H and Series I AMPS currently have a Regular Dividend Period of seven days, meaning that the distribution rates on those series is currently reset every seven days. If Proposal 3 is approved by stockholders, the Fund would be able to request that the next Dividend Period for any of Series A through I be a Special Dividend Period. Special Dividend Periods could consist of a specified number of days (other than the number included in the applicable Regular Dividend Period) evenly divisible by seven, and not fewer than seven nor more than 364 or a specified number of whole years not greater than five years. Thus, the next reset of the distribution rate would be at the end of the number of days specified in the Special Dividend Period.

In order to be able to utilize the Special Dividend Period mechanism, the Fund will be required to get the prior approval of S&P and Moody's, the Fund's Auction Agent and each Broker-Dealer that has entered into a Broker-Dealer Agreement with the Auction Agent. Those entities may only approve the use of the Special Dividend Period mechanism after the consideration of a specified set of factors, which are listed in the third bullet point below. Any Dividend Period following a Special Dividend Period would automatically be a Regular Dividend Period, unless the Fund seeks the prior approval described above for such subsequent Dividend Period.

Discussion. Cumulative cash dividends may be paid on shares of AMPS when, as, and if declared by the Board. Such dividends on shares of AMPS are paid in preference to and in priority over any dividends declared and payable on the Fund's common stock. The Fund has established a Regular Dividend Period for each of the nine series of AMPS. The Regular Dividend Period with respect to the Series A, Series B, Series C and Series D AMPS consists of 28 days. The Regular Dividend Period with respect to the Series E, Series F, Series G, Series H and Series I AMPS consists of seven days.

Under certain market conditions, it may be advantageous for the Fund to be able to reset the number of days that are in a given Dividend Period. For example, depending on then-current interest rates, the Fund may be able to lock in a relatively low interest rate on the AMPS through the use of an interest rate swap and may be able to maximize the benefit of that swap by setting a Dividend Period that corresponds to the cash flows from that swap.

If adopted as proposed, Article Sixth, paragraph 3(c)(iii) of the proposed Articles of Amendment and Restatement will provide for a Special Dividend Period, as follows:

A Special Dividend Period would include (i) a Dividend Period consisting of a specified number of days (other than the number included in the applicable Regular Dividend Period) evenly divisible by seven, and not fewer than seven nor more than 364 (a Short Term Dividend Period); or (ii) a Dividend Period consisting of a specified number of whole years not greater than five years (a Long Term Dividend Period).

The Fund may, at its sole option and to the extent permitted by law, by telephonic and written notice to the Fund's Auction Agent and to each Broker-Dealer with which the Auction Agent has entered into a Broker-Dealer Agreement, request a Special Dividend Period, provided that the Fund may not give a Request for a Special Dividend Period unless (i) the Fund has received written confirmation from S&P and Moody's that such action would not impair the ratings then assigned to the AMPS, (ii) Sufficient Clearing Bids were made in the last occurring Auction, and (iii) full cumulative dividends and any amounts due with respect to redemptions payable prior to such date have been paid in full.

Upon receiving the Fund's request for a Special Dividend Period, the Broker-Dealers have to jointly determine whether, given the following factors, it is advisable that the Fund declare a Special Dividend Period. In making such determination the Broker-Dealers must consider (A) existing short term and long term market rates and indices of such short term and long term rates, (B) existing market supply and demand for short term and long term securities, (C) existing yield curves for short term and long term securities comparable to the AMPS, (D) industry and financial conditions which may affect the AMPS, (E) the investment objective of the Fund, and (F) the Dividend Periods and dividend rates at which current and potential beneficial holders of the AMPS would remain or become beneficial holders.

A Special Dividend Period will not be effective for the AMPS unless Sufficient Clearing Bids exist at an Auction with respect to such Special Dividend Period. If Sufficient Clearing Bids do not exist at such Auction, a Regular Dividend Period will commence on the Business Day succeeding such Auction, and the holders of the outstanding AMPS prior to such Auction will be required to continue to hold such shares for the Regular Dividend Period.

The Fund may not give a Notice of Special Dividend Period or, if the Fund has given a Notice of Special Dividend Period for the AMPS, the Fund will be required to give a Notice of Revocation in respect thereof, if (i) either the 1940 Act AMPS Asset Coverage Requirement is not satisfied or the Fund fails to satisfy the AMPS Basic Maintenance Amount, in each case on each of the two Valuation Dates immediately preceding the Business Day prior to the related Auction Date for the AMPS; (ii) sufficient funds for the payment of dividends payable on the immediately succeeding Dividend Payment Date have not been irrevocably deposited with the Auction Agent by the close of business on the third Business Day preceding the related Auction Date; or (iii) the Broker-Dealers have given the Fund notice that it is not advisable to hold an Auction with respect to a Special Dividend Period. In such event, the next succeeding Dividend Period will be a Regular Dividend Period.

It is possible that, during certain interest rate climates, the holders of the AMPS could be adversely affected by this change since resets of the distribution rate will generally be less frequent. However, those Broker-Dealers who have entered into Broker-Dealer Agreements with the Auction Agent with respect to the Fund would presumably object to the declaration of a given Special Dividend Period if market conditions were such that the AMPS would be adversely affected by a longer period between resets of the distribution rate. If Broker-Dealers object to the declaration of a Special Dividend Period, the Fund may not declare a Special Dividend Period.

Use of Certain Derivatives

Summary. Despite the fact that stockholders have previously approved the Fund's use of derivatives, there is currently a provision of the Articles Supplementary that limits the Fund's ability to hedge certain portfolio securities and limits the Fund's ability to enter into futures and options with respect to certain portfolio securities. If Proposal 3 is approved, those restrictions would be removed. However, the Fund will still have to seek the written approval of S&P and Moody's prior to utilizing any types of derivatives not previously approved in writing by S&P and Moody's.

Discussion. In May 1998, the Fund's stockholders approved a series of proposals allowing the Fund, among other things, to use derivatives to manage currency and interest rate risk, as well as to replicate or substitute for physical securities, such as bonds, bills, cash and foreign exchange securities. In June 2001, the Fund's stockholders voted to expand the categories of permissible derivatives. However, the Fund's use of derivatives continues to be limited by certain provisions of its Articles Supplementary. Therefore, the proposed Amendment and Restatement includes amendments that would allow the Fund to make better use of derivative instruments. The use of derivatives would still be subject to any restrictions imposed by S&P or Moody's in order for the Fund to maintain its current ratings.

The proposed amendments would remove paragraph 9(f) of the Articles Supplementary which currently reads:

(f) So long as any shares of AMPS are outstanding, the Corporation will not engage in short sales or hedging or enter into future contracts or option contracts (other than Forward Contracts) with respect to the Eligible Portfolio Property.

If Proposal 3 is approved, paragraph 9(f) would be repealed but the following would be added to paragraph 3(d)(v) of Article Sixth of the proposed Articles of Amendment and Restatement:

(v) For so long as the AMPS shall be rated by S&P or Moody's, the Corporation shall not: . . . (C) engage in short sales of securities or reverse repurchase agreements.

The proposed amendments would also modify paragraph 7(d) of the Articles Supplementary which currently reads:

(d) Other Permitted Assets. In addition to Eligible Portfolio Property, the Corporation may own Other Permitted Assets and may also own other securities, if the inclusion of any such type of other securities is deemed by the Board of Directors to be in the best interest of the Corporation. Other Permitted Assets and such other securities may be included in Eligible Portfolio Property if the Rating Agencies have advised the Corporation in writing that the inclusion of such Other Permitted Assets or other securities in Eligible Portfolio Property would not adversely affect their respective then-current ratings of the shares of AMPS.

to read in paragraph 7(d) of Article Sixth of the proposed Articles of Amendment and Restatement as follows:

(d) Other Permitted Assets.

(i) In addition to Eligible Portfolio Property, the Corporation may own Other Permitted Assets and may also own other securities, if the inclusion of any such type of other securities is deemed by the Board of Directors to be in the best interest of the Corporation.

(ii) Other Permitted Assets and such other securities may be included in Eligible Portfolio Property if the Rating Agencies have advised the Corporation in writing that the inclusion of such Other Permitted Assets or other securities in Eligible Portfolio Property would not adversely affect their respective then-current ratings of the shares of AMPS.

(iii) The Fund may engage in transactions in Derivatives, subject to any limitations imposed by the Rating Agencies. Derivatives may be included in a Rating Agency's Eligible Portfolio Property if such Rating Agency has advised the Corporation in writing that the inclusion of such assets or securities in Eligible Portfolio Property would not adversely affect its respective then-current ratings of the shares of AMPS. With respect to options, the Fund may purchase and sell (write) options, subject to any limitations imposed by the Rating Agencies.

The proposed amendments would also add the following definition to paragraph 1(a) of Article Sixth of the Articles of Amendment and Restatement:

Derivatives include options, options on currency, futures (including, but not limited to, U.S. Treasury Bond futures), options on futures, forward contracts (including, but not limited to, Forward Contracts), forward currency contracts, interest rate swaps, currency swaps, other types of swaps (including, but not limited to, swaps on securities, financial commodities and indices), caps, collars, floors and currency-linked notes.

Finally, the proposed amendments would modify the definition of Other Permitted Assets in paragraph 1(a) of Article Sixth of the Articles of Amendment and Restatement to add the word Derivatives.

It should be noted that nothing contained in the proposed Articles of Amendment and Restatement would eliminate the need for the Fund to seek the written approval of S&P and Moody's prior to utilizing any types of derivatives not previously approved in writing by S&P and Moody's.

Codifications of Prior Board Interpretations of Certain Provisions of the Articles Supplementary

Summary. In directing the management of the business and affairs of the Fund, the Fund's Board of Directors has been required from time to time to interpret the terms of the Articles Supplementary for the Fund to take certain actions. The amendments proposed have the purpose of incorporating two of those interpretations into the terms of the Charter.

Discussion. There are two principal ways in which the Board has from time to time interpreted the terms of the Articles Supplementary. The first involves the Board's power to make modifications to the definitions contained in paragraph 1 of the current Articles Supplementary when S&P and Moody's have from time to time approved additional types of securities as Eligible Portfolio Property. The Board has taken the interpretive position that various provisions of the Articles Supplementary allow such modifications to be made to the definitions in paragraph 1. The second involves the effect that events such as September 11, 2001 have on Auction procedures. New paragraph 8(f) of Article Sixth of the proposed Articles of Amendment and Restatement simply incorporates in the form of a Charter provision the interpretation the Board made in the days following September 11, 2001 when the auction that was regularly scheduled for that week did not occur.

The Board's Power to Modify Paragraph 1(a) of Article Sixth of the Proposed Articles of Amendment and Restatement. Currently, various provisions of the Articles Supplementary authorize the Board to adjust, modify, alter, change, add or delete from time to time the types of securities (and/or the characteristics thereof) included in certain definitions (e.g., Corporate Bonds, Discount Factors, Eligible Portfolio Property) if S&P and Moody's advise the Fund in writing that such change or specification will not adversely affect their then-current rating of the AMPS. Paragraph 1(b) of Article Sixth of the proposed Amendment and Restatement centralizes this authorization into a single provision but does not change the scope of the current authorization to modify the definitions in paragraph 1.

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However, under the new paragraph 1(b) of Article Sixth of the proposed Articles of Amendment and Restatement the Board would be authorized to adjust, modify, alter and change from time to time the definitions included in paragraph 1(a) of Article Sixth of the proposed Articles of Amendment and Restatement and the restrictions and guidelines set forth

thereunder. The Board would also be authorized to add additional definitions or delete definitions if, where relevant to the rating accorded by S&P or Moody's, S&P or Moody's, respectively, advises the Fund in writing that such adjustment, modification, alteration, change, addition or deletion will not adversely affect its then current rating of the AMPS. This means, for example, that as S&P and Moody's agree that certain types of portfolio securities in which the Fund invests are eligible to be included in the definition of Eligible Portfolio Property, the Board may approve adjustments, modifications, alterations, changes, additions or deletions to the definitions in paragraph 1(a) of Article Sixth of the Articles of Amendment and Restatement and that those modifications will have the same effect as if they were included in the Charter itself.

The modifications made to the definitions contained in paragraph 1 of the current Articles Supplementary by the Board of Directors pursuant to its power under the current Articles Supplementary and Maryland law have been filed as exhibits to the Fund's registration statement on Form N-2 from time to time. In order for the Charter of the Fund to accurately reflect the current meanings of the definitions in the Articles Supplementary, the Articles of Amendment and Restatement restate those definitions as previously modified by the Board.

Force Majeure. New paragraph 8(f) of Article Sixth of the proposed Articles of Amendment and Restatement provides that in the event that an Auction does not occur on a regular auction date because of any act of God, strike, riot, act of war, act of terrorism, equipment failure, power failure or damage or other causes reasonably beyond the control of the Fund or the Auction Agent, each Existing Holder as of that auction date will continue to hold the shares of AMPS held by that Existing Holder until the next regularly scheduled auction date. The Applicable Rate for any Dividend Period during which Existing Holders continue to hold such shares of AMPS by operation of the force majeure provision will be the same Applicable Rate as applied during the last Dividend Period following an Auction at which there were Sufficient Clearing Bids prior to the applicability of the force majeure provision.

Restatement, Consolidation and Conforming Amendments

Summary. If approved, the proposed Articles of Amendment and Restatement will consolidate each of the separate Articles Supplementary creating all nine series of AMPS, and the terms and definitions used to create such series of AMPS, into a new Article Sixth of the Charter. In addition, the proposed Articles of Amendment and Restatement include a variety of changes designed to conform the terms governing the Series A through I AMPS to the terms governing the AMPS issued by Aberdeen Global Income Fund, Inc., another closed-end investment company in the same fund complex as the Fund. Such changes do not affect the contract rights of stockholders or the risk profile of the Fund. All of these changes are meant to make interpretation and administration easier.

Discussion. The Series A through Series I AMPS were created at different times over the course of more than eight years. The table below shows the inception date of each Series.

<u>Series</u>	<u>Date Created</u>
Series A, B and C	January 17, 1989
Series D	July 26, 1989
Series E	December 21, 1992
Series F	December 16, 1993
Series G	July 25, 1995
Series H and I	September 9, 1996

Over the course of those eight years, S&P and Moody's refined their requirements for the maintenance of the current rating of the Fund's AMPS. Specifically, in later series of the AMPS, S&P and Moody's did not require certain administrative provisions related to the maintenance of the ratings that had been previously required in the Articles

Supplementary with respect to the earlier series. When this happened, S&P and Moody's advised the Fund that it no longer needed to perform the calculations or take the ministerial steps required by those administrative provisions with respect to the earlier series. However, those provisions currently remain in the Articles Supplementary for the early series even though the administrative activities contemplated by those provisions are no longer required. For housekeeping purposes, those provisions have been removed in the process of integrating the terms of all nine series of AMPS into Article Sixth of the proposed Articles of Amendment and Restatement. Substantive differences among the series that continue to apply have been preserved in Article Sixth of the proposed Amendment and Restatement.

In addition, the terms and conditions of the auction market preferred stock issued by Aberdeen Global Income Fund, Inc., another closed-end investment company in the same complex as the Fund, are similar to those of the Articles Supplementary in many respects. However, there are differences in the way certain terms and conditions are phrased, even though the substance of the provisions is the same. In order to make interpretations easier and more uniform within the complex, the proposed Articles of Amendment and Restatement include a variety of amendments designed to conform the provisions of these documents to the extent practicable without otherwise changing the substance of the provisions.

Amendments to the names of service providers that have changed over the years are also included in the proposed Articles of Amendment and Restatement.

The attached Articles of Amendment and Restatement integrate (i) a restatement (without amendments) of the Fund's current Charter, including the original Articles of Amendment and Restatement, (ii) each previously filed Articles of Amendment, (iii) each previously filed Articles Supplementary not affecting the terms of Article Sixth of the proposed Articles of Amendment and Restatement, and (iv) those amendments described in Proposal 3.

The Board of Directors recommends that common and preferred stockholders vote FOR Proposal 3.

FURTHER INFORMATION REGARDING DIRECTORS AND OFFICERS

Officers of the Fund

The names of the officers of the Fund who are not Directors, their addresses, ages and principal occupations during the past five years are provided in the table below:

Name, Address and Age	Position(s) Held With the Fund*	Term of Office** and Length of Time Served	Principal Occupation(s) During Past Five Years
Hugh Young 21 Church Street #01 01 Capital Square Two	President	Since 2001	Managing Director of Aberdeen Asset Management PLC (parent company of the Fund's Investment Manager and Investment Adviser) (from 1991 to 2002); Managing Director of Aberdeen Asset Management Asia Limited (affiliate of the Fund's Investment Manager and Investment Adviser) (since 1992); Managing Director of Aberdeen International Fund Managers Limited (affiliate of the Fund's Investment Manager)

Singapore 049480

and Investment Adviser) (since 2000); Director of the Investment Manager and the Investment Adviser (since 2001); Chairman of the Board of Directors of Aberdeen Australia Equity Fund, Inc.

Age: 44

Name, Address and Age	Position(s) Held With the Fund*	Term of Office** and Length of Time Served	Principal Occupation(s) During Past Five Years
<p>Christian Pittard</p> <p>P.O. Box 641</p> <p>One Seaton Place</p> <p>St. Helier, Jersey JE4 8YJ</p> <p>Channel Islands</p> <p>Age: 29</p>	<p>Treasurer and Assistant Secretary</p>	<p>Since 2001</p>	<p>Managing Director of the Fund's Investment Manager (since 2001); Managing Director of Aberdeen Private Wealth Management (affiliate of the Fund's Investment Manager and Investment Adviser); Chartered Accountant, KPMG (from 1994 to 1998) and Quorum Trust Group (1998).</p>
<p>Michael Karagianis</p> <p>One Bow Churchyard</p> <p>London EC4M 9HH</p> <p>United Kingdom</p> <p>Age: 39</p>	<p>Vice President</p>	<p>Since 2002</p>	<p>Vice President (since 2002) and Assistant Vice President (from 2001 to 2002) of the Fund; Director of Economics and Investment Strategy of the Fund's Investment Adviser (since 1999); Director of Portfolio Investment of County Investment Management (from 1995 to 1999).</p>
<p>Roy M. Randall</p> <p>Level 40, Chifley Tower</p> <p>Two Chifley Square</p> <p>Sydney, NSW 2000</p> <p>Australia</p> <p>Age: 66</p>	<p>Secretary</p>	<p>Since 1986</p>	<p>Consultant to The Seidler Law Firm, Australian counsel to the Fund (since 2003); Partner of Stikeman, Elliott, Australian counsel to the Fund (from 1997 through 2002).</p>

* The named officer holds the same position(s) with Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc., both of which may be deemed to be part of the same Fund Complex as the Fund.

** Officers hold their positions with the Fund until a successor has been duly elected and qualify. Officers are generally elected annually at the meeting of the Board of Directors next following the annual meeting of stockholders. The officers were last elected on June 19, 2002.

Ownership of Securities

As of December 31, 2002, the Fund's Directors and executive officers, as a group, owned less than 1% of the Fund's outstanding shares of common stock, and no shares of the Fund's preferred stock. The information as to ownership of securities which appears below is based on statements furnished to the Fund by its Directors and executive officers.

As of December 31, 2002, the dollar range of equity securities owned beneficially by each Director in the Fund and in any registered investment companies overseen by the Director within the same family of investment companies as the Fund is as follows:

Interested Directors

<u>Name of Director</u>	<u>Dollar Range of Equity Securities in the Fund</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies *</u>
Martin J. Gilbert	\$1 to \$10,000	\$10,001 to \$50,000
Beverley Hendry	\$1 to \$10,000	\$1 to \$10,000
Brian M. Sherman	\$10,001 to \$50,000	\$10,001 to \$50,000

Independent Directors

Name of Director	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies *
Anthony E. Aaronson	\$1 to \$10,000	\$10,001 to \$50,000
David L. Elsum	\$1 to \$10,000	\$10,001 to \$50,000
Howard A. Knight	\$1 to \$10,000	\$10,001 to \$50,000
P. Gerald Malone	\$1 to \$10,000	\$1 to \$10,000
Neville J. Miles	\$1 to \$10,000	\$10,001 to \$50,000
Peter J. O'Connell	\$1 to \$10,000	\$10,001 to \$50,000
William J. Potter	\$1 to \$10,000	\$10,001 to \$50,000
Peter D. Sacks	\$1 to \$10,000	\$10,001 to \$50,000
Dr. Anton E. Schrafl	\$1 to \$10,000	\$10,001 to \$50,000
John T. Sheehy	\$1 to \$10,000	\$10,001 to \$50,000

* Aggregate Dollar Range shown includes equity securities of the Fund, and of Aberdeen Global Income Fund, Inc. and Aberdeen Australia Equity Fund, Inc., both of which have a common Investment Manager and Investment Adviser with the Fund, but which do not hold themselves out to investors as related companies to the Fund for purposes of investment and investor services.

Messrs. Hugh Young and Christian Pittard serve as executive officers of the Fund. As of December 31, 2002, the executive officers of the Fund owned no shares of the Fund's common stock or preferred stock.

Committees and Board of Directors Meetings

The Board of Directors has a standing Audit and Valuation Committee, composed entirely of Independent Directors. Each member is also independent within the meaning of the American Stock Exchange (AMEX) listing standards. The Audit and Valuation Committee pre-approves and reviews both the audit and non-audit work of the Fund's independent accountants, submits recommendations to the Board of Directors as to the selection of independent accountants and reviews compliance of the Fund with regulations of the U.S. Securities and Exchange Commission (SEC) and the Internal Revenue Service, and other related matters.

The Board of Directors has adopted an Audit Charter and a Valuation Charter for its Audit and Valuation Committee. A copy of the Fund's Audit Charter is attached to this Proxy Statement as Exhibit A. The Audit and Valuation Committee has received the written disclosures and the letter required by Independence Standards Board Standard No. 1 from PricewaterhouseCoopers LLP (PwC), the Fund's independent accountants, and has discussed with PwC its independence. The Audit and Valuation Committee has also reviewed and discussed the audited financial statements with Fund management and PwC, and discussed certain matters with PwC required to be discussed by Statement on Auditing Standards No. 61. Based on the foregoing, the Audit and Valuation Committee recommended to the Board of Directors that the Fund's audited financial statements be included in the Fund's Annual Report to Stockholders for the fiscal year ended October 31, 2002. The members of the Fund's Audit and Valuation Committee are Messrs. Anthony E. Aaronson, Peter D. Sacks and John T. Sheehy.

The Board of Directors also has a standing Contract Review Committee, composed entirely of Independent Directors. The Contract Review Committee reviews and makes recommendations to the Board of Directors with respect to entering into, renewal or amendment of the Fund's management agreement, advisory agreement, administration agreement, investor relations services agreement and other agreements. The members of the Fund's Contract Review Committee are Messrs. David L. Elsum, Neville J. Miles and William J. Potter.

The Board of Directors also has a standing Nominating Committee, composed entirely of Independent Directors. The Nominating Committee considers candidates for service as Fund Directors and remuneration to be paid to Fund Directors. The Nominating Committee does not consider nominees recommended by security holders. The members of the Fund's Nominating Committee are Messrs. Neville J. Miles, William J. Potter and John T. Sheehy.

During the Fund's fiscal year ended October 31, 2002, the Board of Directors held four meetings, the Audit and Valuation Committee held two meetings, the Contract Review Committee held no meetings, and the Nominating Committee held three meetings. Each of the Directors then in office attended at least 75% of the aggregate number of meetings of the Board of Directors and of all the Committees of the Board on which he served.

Compensation of Directors and Certain Officers

The following table sets forth information regarding compensation of Directors by the Fund and by the fund complex of which the Fund is a part for the fiscal year ended October 31, 2002. Officers of the Fund and Directors who are interested persons of the Fund do not receive any compensation directly from the Fund or any other fund in the fund complex for performing their duties as officers or Directors, respectively. In the column headed "Total Compensation From Fund and Fund Complex Paid to Directors," the number in parentheses indicates the total number of boards in the fund complex on which the Director serves or served at any time during the fiscal year ended October 31, 2002. Directors are paid a fee of \$21,000 per year. Members of the Fund's Audit and Valuation Committee, Contract Review Committee, and Nominating Committee receive a fee of \$500 per committee meeting attended, and the Chairman of each of these Committees receives an additional fee of \$500 per committee meeting attended.

Compensation Table

Fiscal Year Ended October 31, 2002

Name of Director	Aggregate Compensation From Fund	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated	Total Compensation From Fund and Fund Complex Paid to Directors
			Annual Benefits Upon Retirement	
Anthony E. Aaronson	\$ 21,000	N/A	N/A	\$ 37,000(2)
David L. Elsum	\$ 20,500	N/A	N/A	\$ 52,000(3)
Martin J. Gilbert	\$ 0	N/A	N/A	\$ 0(2)
Beverley Hendry	\$ 0	N/A	N/A	\$ 0(1)
Howard A. Knight	\$ 20,000	N/A	N/A	\$ 35,000(2)
P. Gerald Malone	\$ 20,000	N/A	N/A	\$ 20,000(1)
Neville J. Miles	\$ 25,500	N/A	N/A	\$ 66,500(3)
Peter O. Connell	\$ 20,000	N/A	N/A	\$ 35,000(2)
William J. Potter	\$ 23,000	N/A	N/A	\$ 61,500(3)
Peter D. Sacks	\$ 21,500	N/A	N/A	\$ 55,000(3)
Brian M. Sherman	\$ 0	N/A	N/A	\$ 0(3)
Preferred Directors:				
Dr. Anton E. Schrafl	\$ 22,000	N/A	N/A	\$ 22,000(2)
John T. Sheehy	\$ 24,500	N/A	N/A	\$ 63,000(3)

Mr. Sherman is paid consulting fees by the Fund's Investment Manager equal to the fees paid to the Fund's Independent Directors of funds in the fund complex of which Mr. Sherman is a director. For the fiscal year ended October 31, 2002, the amount of the consulting fees paid to Mr. Sherman was \$21,000.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 30(h) of the 1940 Act, as applied to the Fund, require the Fund's 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 the Fund's outstanding securities (Reporting Persons), to file reports of ownership of the Fund's securities and changes in such ownership with the SEC and the AMEX. 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, the Fund believes that during the fiscal year ended October 31, 2002, its Reporting Persons complied with all applicable filing requirements. Mr. Brian Sherman inadvertently filed a Form 4 Statement of Changes in Beneficial Ownership subsequent to the period specified in the Form.

Relationship of Directors or Nominees with the Investment Adviser and the Investment Manager. Aberdeen Asset Managers (C.I.) Limited serves as investment manager to the Fund (the Investment Manager) and Aberdeen Asset Management Limited serves as investment adviser to the Fund (the Investment Adviser) pursuant to a management agreement dated December 22, 2000 and an advisory agreement dated December 22, 2000, respectively. The Investment Manager is a Jersey, Channel Islands corporation organized in October 1985 with its registered office located at 17 Bond Street, St. Helier, Jersey, Channel Islands. The Investment Adviser is a wholly-owned subsidiary of Aberdeen Asset Management Holdings Limited (AAMHL), an Australian corporation. The registered offices of the Investment Adviser and AAMHL are located at Level 6, 201 Kent Street, Sydney, NSW, Australia. Both the Investment Manager and AAMHL are wholly-owned subsidiaries of Aberdeen Asset Management PLC, a United Kingdom corporation. The registered offices of Aberdeen Asset Management PLC are located at One Albyn Place, Aberdeen, Scotland AB10 1YG.

Mr. Martin Gilbert, a Director of the Fund, also serves as a director of the Investment Manager and the Investment Adviser and as the Chief Executive and an Executive Director of Aberdeen Asset Management PLC, the parent company of the Investment Manager and the Investment Adviser. Mr. Gilbert is also a stockholder of Aberdeen Asset Management PLC. Mr. Beverley Hendry, a Director of the Fund, also serves as a director of the Investment Manager and the Investment Adviser.

Under the terms of an Investor Relations Services Agreement, Aberdeen Fund Managers, Inc. (doing business under the name Aberdeen Asset Management Inc.), an affiliate of the Investment Manager and the Investment Adviser, provides investor relations services to the Fund for a monthly retainer of \$10,000, plus out-of-pocket expenses.

On December 22, 2000, all of the shares of the Investment Manager, of the parent of the Investment Adviser, and of EquitiLink International (Channel Islands) Limited (EICIL) were transferred to Aberdeen Asset Management PLC, pursuant to a Share Sale Agreement between Aberdeen on the one side, and entities of which Messrs. Laurence S. Freedman and Brian M. Sherman are the principal stockholders, and the stockholders of EICIL, on the other side. Total consideration for the sale was US \$80 million, subject to certain adjustments. The consideration was paid in a combination of cash and preference shares issued by Aberdeen. At the time of the execution of the Share Sale Agreement, Messrs. Freedman and Sherman were Directors and the principal stockholders of the Investment Manager, and also served as, respectively, Joint Managing Director, and Joint Managing Director and Chairman, of the Investment Adviser. In connection with this sale, Messrs. Freedman and Sherman resigned as Joint Managing Directors of the Investment Adviser and as Directors of the Investment Manager.

INFORMATION REGARDING INDEPENDENT ACCOUNTANTS

The Board of Directors of the Fund, upon recommendation of the Audit and Valuation Committee, has selected PricewaterhouseCoopers LLP, independent accountants, to audit the financial statements of the Fund for the fiscal year ending October 31, 2003. During the fiscal year ended October 31, 2002, the fees for services rendered by PwC were:

Audit Fees	Financial Information Systems Design and Implementation Fees	All Other Fees*
\$128,385	None	\$70,700

* This amount includes fees for services rendered by PwC to the Fund, the Investment Manager and Investment Adviser, and entities controlling, controlled by, or under common control with, the Investment Manager and Investment Adviser that provide services to the Fund.

The Audit and Valuation Committee of the Fund has reviewed information presented by the Fund's independent accountants that addressed the matters set forth in Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and considered whether the provision of non-audit services to the Fund and of professional services to the Fund's Investment Adviser and to entities controlling, controlled by, and under common control with, the Fund's Investment Adviser that provide services to the Fund is compatible with maintaining the independence of the Fund's independent accountants. The Fund knows of no direct or indirect interest of PwC in the Fund.

Representatives from PwC are expected to be present at the Meeting and will have the opportunity to respond to questions from stockholders and to make a statement if they so desire.

ADDITIONAL INFORMATION

Administrator. The Fund's administrator is Prudential Investments LLC, Gateway Center 3, 100 Mulberry Street, Newark, NJ 07102.

Expenses. The expense of preparation, printing and mailing of the enclosed proxy card and accompanying Notice and Proxy Statement will be borne by the Fund. The Fund will reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of the shares of the Fund. In order to obtain the necessary quorum at the 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 or State Street Bank and Trust Company, the Transfer Agent of the Fund. Georgeson Shareholder Communications, Inc. (Georgeson) will be retained to assist in the solicitation of proxies. Georgeson will be paid a project fee of \$45,000 by the Fund, and the Fund will reimburse Georgeson for its related expenses. Total payments to Georgeson are expected to be between \$180,000 and \$220,000.

Solicitation and Voting of Proxies. Solicitation of proxies is being made primarily by the mailing of this Proxy Statement with its enclosures on or about February 21, 2003. As mentioned above, Georgeson will be engaged to assist in the solicitation of proxies. As the meeting date approaches, certain stockholders of the Fund may receive a call from a representative of Georgeson if the Fund has not yet received their proxy. Authorization to permit Georgeson to execute proxies may be obtained by telephonic or electronically transmitted instructions from stockholders

of the Fund. Proxies that are obtained telephonically will be recorded in accordance with procedures that Management of the Fund believes are reasonably designed to ensure that the identity of the stockholder casting the vote is accurately determined and that the voting instructions of the stockholder are accurately determined.

Any proxy given by a stockholder is revocable. A stockholder may revoke the accompanying proxy at any time prior to its use by submitting a properly executed, subsequently dated proxy, giving written notice to the Secretary of the Fund, or by attending the Meeting and voting in person.

Beneficial Ownership. To the best of the Fund's knowledge, based upon filings with the SEC as of January 31, 2003, no persons or group beneficially owned more than 5% of the voting securities of the Fund.

Stockholder Proposals. If a stockholder intends to present a proposal at the Annual Meeting of Stockholders of the Fund to be held in 2004 and desires to have the proposal included in the Fund's proxy statement and form of proxy for that meeting, the stockholder must deliver the proposal to the Secretary of the Fund at the office of the Fund, Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102, and such proposal must be received by the Secretary no later than October 24, 2003.

Stockholders wishing to present proposals at the Annual Meeting of Stockholders of the Fund to be held in 2004 which they do not wish to be included in the Fund's proxy materials must send written notice of such proposals to the Secretary of the Fund at the office of the Fund, Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102, and such notice must be received by the Secretary no sooner than December 17, 2003 and no later than January 16, 2004 in the form prescribed in the Fund's bylaws.

OTHER BUSINESS

The Board of Directors knows of no business to be brought before the Meeting other than as set forth above. If, however, any other matters properly come before the Meeting, it is the intention of the persons named on the enclosed proxy card to vote such proxies on such matters in accordance with their best judgment.

By Order of the Board of Directors,

Roy M. Randall, *Secretary*

Gateway Center 3

100 Mulberry Street

Newark, New Jersey 07102

February 19, 2003

ABERDEEN ASIA-PACIFIC INCOME FUND, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

1. Aberdeen Asia-Pacific Income Fund, Inc., a Maryland corporation, desires to amend and restate its Charter as currently in effect and as hereinafter amended.

2. The following provisions are all the provisions of the Charter currently in effect and as hereinafter amended:

FIRST: I, Richard S. Seltzer, whose post office address is 477 Madison Avenue, New York, New York 10022, being at least eighteen years of age do, under and by virtue of the General Laws of the State of Maryland authorizing the formation of corporations, associate myself as incorporator with the intention of forming a corporation.

SECOND: The name of the corporation is Aberdeen Asia-Pacific Income Fund, Inc. (the Corporation).

THIRD: Corporate Purposes.

(a) The purposes for which the Corporation is formed are to act as a closed-end, non-diversified management investment company registered as such with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940, and to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporations by the General Laws of the State of Maryland now or hereafter in force, including:

(1) To hold, invest and reinvest the funds of the Corporation, and to purchase, subscribe for or otherwise acquire, to hold for investment or otherwise, to trade and deal in, sell, assign, negotiate, transfer, exchange, lend, pledge or otherwise dispose of or turn to account or realize upon, securities (which term securities shall, for the purpose of these Articles, include stocks, shares, bonds, debentures, bills, time notes and deposits, any other evidence of indebtedness and futures contracts; and any certificates, receipts, warrants, options or other instruments representing rights or obligations to receive, purchase, subscribe for or sell the same, or evidencing or representing any other rights or interest, including all rights of equitable ownership therein or in any property or assets; and all negotiable or non-negotiable instruments and money market instruments, including bank certificates of deposit, finance paper, commercial paper, bankers acceptances and all kinds of repurchase and reverse repurchase agreements) of any corporation, association, trust, firm or other organization however and wherever established or organized, as well as securities issued by any government of any state, municipality or other political subdivision or any other governmental or quasi-governmental agency or instrumentality thereof.

(2) To enjoy all rights, powers and privileges of ownership or interest in all securities held by the Corporation and to do all acts for the preservation, protection, improvement and enhancement in value of all such securities.

(3) To issue and sell shares of its own capital stock and securities convertible or exchangeable, with or without the payment of additional consideration, into such capital stock in such amounts and on such terms and conditions, for such purposes and for such amount or kind of consideration (including securities) now or hereafter permitted by the laws of the State of Maryland and by the charter (the Charter), as its Board of Directors may, and which is hereby authorized to, determine.

(4) To purchase or otherwise acquire, hold, dispose of, resell, transfer, reissue or cancel shares of its capital stock, in any manner and to the extent now or hereafter permitted by the laws of the State of Maryland and by the Charter.

(5) To conduct and carry on its business, or any part thereof, to have one or more offices, and to exercise any or all of its corporate powers and rights, in the State of Maryland and in any other states, territories, districts and dependencies of the United States, and in any foreign countries.

(6) In general, to carry on any other business in connection with or incidental to its corporate purposes, to do everything necessary, suitable or proper for the accomplishment of such purposes or for the attainment of any object or the furtherance of any power hereinbefore set forth, either alone or in association with others, to do every other act or thing incidental or appurtenant to or growing out of or connected with its business or purposes, objects or powers, and, subject to the foregoing, to have and exercise all the powers, rights and privileges conferred upon corporations by the laws of the State of Maryland as in force from time to time.

(b) The foregoing clauses (1)-(6) inclusive shall be construed both as objects and powers, and the enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Corporation, except as set forth in this Article Third.

(c) Incident to meeting the purposes specified above, the corporation also shall have the power:

(1) To acquire (by purchase, lease or otherwise) and to hold, use, maintain, develop and dispose (by sale or otherwise) of any property, real or personal, and any interest therein.

(2) To borrow money and, in this connection, issue notes or other evidences of indebtedness.

(3) Subject to any applicable provisions of law, to buy, hold, sell and otherwise deal in and with foreign exchange, including the purchase and sale of futures contracts.

FOURTH: Address and Resident Agent.

The post office address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, whose post office address is 300 East Lombard Street, Baltimore, Maryland 21202.

FIFTH: Capital Stock.

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 500,000,000 shares with an aggregate par value of \$5,000,000 divided into two classes, of 400,000,000 shares of Common Stock, \$.01 par value per share (Common Stock), and of 100,000,000 shares of Preferred Stock, \$.01 par value per share (Preferred Stock), consisting of (i) 3,000 shares of each of Auction Market Preferred Stock, Series A; Auction Market Preferred Stock, Series B; Auction Market Preferred Stock, Series C and Auction Market Preferred Stock, Series G; (ii) 2,000 shares of Auction Market Preferred Stock, Series F; and (iii) 4,000 shares of each of Auction Market Preferred Stock, Series D; Auction Market Preferred Stock, Series E; Auction Market Preferred Stock, Series H and Auction Market Preferred Stock, Series I.

The Board of Directors may classify and reclassify any unissued shares of stock of any class by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption of such shares of stock.

The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, of the Common Stock and the Preferred Stock are as follows:

(a) Common Stock

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(i) Dividends. Subject to law and to the preferences of the Preferred Stock, the holders of the Common Stock shall be entitled to receive dividends at such time and in such amounts as may be determined by the Board of Directors.

(ii) Voting. Except as provided by law and in or pursuant to this Article Fifth, each outstanding share of Common Stock is entitled to one vote on each matter submitted to a vote of the stockholders of the Corporation.

(iii) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and the preferential amounts to which the holders of the Preferred Stock shall be entitled upon liquidation, the holders of the Common Stock shall be entitled to share in the remaining assets of the Corporation according to their respective interests.

(b) Preferred Stock

(i) Authority of the Board of Directors to issue in one or more series. All shares of any one series of Preferred Stock shall be identical except as to the respective dates of their issue, the dates from which dividends on shares of the series issued on different dates shall cumulate, dividend rates, dividend periods and dividend payment dates. Authority is expressly granted to the Board of Directors to authorize the issue of one or more series of Preferred Stock, and to fix by resolution or resolutions providing for the issue of each such series the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemptions, of such series, to the full extent now or hereafter permitted by law and subject to this Article Fifth, including but not limited to the following:

(A) The number of shares of such series, which may subsequently be increased (except as otherwise provided by the resolution or resolutions of the Board of Directors providing for the issue of such series) or decreased (to a number not less than the number of shares then outstanding) by resolution or resolutions of the Board of Directors, and the distinctive designation of the series;

(B) The rates or amounts, the periods, and the times or payment, of dividends on shares of such series;

(C) The voting powers, if any, of the holders of such series in addition to the voting powers provided by law and in this Article Fifth;

(D) The terms and conditions, if any, upon which the shares of such series shall be convertible into or exchangeable for shares of any other series, class or classes, or any other securities, to the full extent now or hereafter permitted by law;

(E) The time or times during which, the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed by the Corporation;

(F) The terms of any sinking fund to be applied to the purchase or redemption, or both, of shares of such series, and the terms and amount of any sinking fund payments and the manner of their application; and

(G) The amount which the holders of each series shall be entitled to receive in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

All shares of Preferred Stock, regardless of series, shall be of equal rank, and there shall be no priority of one series over any other series in any payment of dividends nor upon any distribution of assets.

(ii) Dividends. The holders of Preferred Stock of each series shall be entitled to receive, when and as declared by the Board of Directors, cumulative cash dividends at the rates or amounts, for the periods, and at the times, determined as, or in the manner, specified for such series by the Board of Directors as authorized in the preceding part (i).

(iii) Voting. At any meeting of stockholders of the Corporation at which Directors are to be elected, the holders of Preferred Stock of all series, voting separately as a single class, shall be entitled to elect two members of the Board of Directors, and the holders of Common Stock, voting separately as a single class, shall be entitled to elect the balance of the members of the Board of Directors.

If at any time dividends on any outstanding Preferred Stock of any series shall be unpaid in an amount equal to two full years' dividends, the number of Directors constituting the Board of Directors shall automatically be increased by the smallest number that, when added to the number of Directors then constituting the Board of Directors, shall together with the two Directors elected by the holders of Preferred Stock pursuant to the preceding paragraph, will constitute a majority of such increased number; and at a special meeting of stockholders, which shall be called and held as soon as practicable, and at all subsequent meetings at which Directors are to be elected, the holders of Preferred Stock of all series voting separately as a single class shall be entitled to elect the smallest number of additional Directors of the Corporation who, together with the two Directors elected by the holders of Preferred Stock pursuant to the preceding paragraph, will constitute a majority of the total number of Directors of the Corporation so increased. The terms of office of the persons who are Directors at the time of that election shall continue. If the Corporation thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all outstanding shares of Preferred Stock of all series for all past dividend periods, the voting rights stated in this paragraph shall cease, and the terms of office of all additional Directors elected by the holders of Preferred Stock (but not of the Directors elected by the holders of Common Stock or the two Directors regularly elected by the holders of Preferred Stock) shall terminate automatically. At all subsequent meetings of stockholders at which Directors are to be elected, the holders of shares of Preferred Stock and of Common Stock shall have the right to elect the members of the Board of Directors as stated in the preceding paragraph, subject to the reversion of the rights of the holders of the Preferred Stock as provided in the first sentence of this paragraph in the event of any subsequent arrearage in the payment of two full years' dividends on the shares of Preferred Stock of any series.

Any vacancy in the office of any Director elected by the holders of shares of Preferred Stock may be filled by the remaining Directors (or Director) so elected or, if not so filled, by the holders of shares of Preferred Stock of all series, voting separately as a single class, at any meeting of stockholders for the election of Directors held thereafter.

In addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of any outstanding shares of Preferred Stock of all series, voting separately as a single class, shall be required to (a) adopt any plan of reorganization that would adversely affect holders of the Preferred Stock, or (b) take any action requiring a vote of security holders pursuant to Section 13 (a) of the Investment Company Act of 1940, including, among other things, changes in the Corporation's investment objective or changes in its fundamental investment restrictions.

(iv) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Preferred Stock of each series shall be entitled to receive only such amount or amounts, including accumulated and unpaid dividends, as shall have been fixed by the Charter or by the resolution or resolutions of the Board of Directors providing for the issue of such series. If, upon any such liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the assets of the Corporation available for distribution among the holders of all outstanding shares of Preferred Stock of all series should be insufficient to permit the payment in full to such holders of the amounts to which they are

entitled, then such available assets shall be distributed among the holders of shares of Preferred Stock ratably in any such distribution of assets according to the respective amounts that would be payable on all such shares if all amounts thereon were paid in full. A consolidation or merger of the Corporation with or into one or more other corporations or a sale, lease or exchange of all or substantially all of the assets of the Corporation shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up, within the meaning of this Article Fifth.

(c) All stock

No preemptive rights. No holder of shares of the Corporation, whether now or hereafter authorized, shall be entitled as of right to acquire from the Corporation any shares of the Corporation, whether now or hereafter authorized.

SIXTH: The preferences, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, of the shares of the following series of Preferred Stock are:

DESIGNATION

SERIES A: A series of up to 3,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series A. Each share of Auction Market Preferred Stock, Series A shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of February 14, 1989; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series A shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series A shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES B: A series of up to 3,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series B. Each share of Auction Market Preferred Stock, Series B shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of February 22, 1989; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series B shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series B shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES C: A series of up to 3,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series C. Each share of Auction Market Preferred Stock, Series C shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of February 28, 1989; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series C shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series C shall be identical except as provided in paragraph 3 of this Article Sixth.

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SERIES D: A series of up to 4,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series D. Each share of Auction Market Preferred Stock, Series D shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of August 22, 1989; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series D shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series D shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES E: A series of up to 4,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series E. Each share of Auction Market Preferred Stock, Series E shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of January 5, 1993; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the

Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series E shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series E shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES F: A series of up to 2,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series F. Each share of Auction Market Preferred Stock, Series F shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of January 10, 1994; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series F shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series F shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES G: A series of up to 3,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series G. Each share of Auction Market Preferred Stock, Series G shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of August 9, 1995; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series G shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series G shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES H: A series of up to 4,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series H. Each share of Auction Market Preferred Stock, Series H shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of September 19, 1996; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series H shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series H shall be identical except as provided in paragraph 3 of this Article Sixth.

SERIES I: A series of up to 4,000 shares of preferred stock, par value \$.01 per share, liquidation preference \$25,000 per share, plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) thereon, is hereby designated Auction Market Preferred Stock, Series I. Each share of Auction Market Preferred Stock, Series I shall be issued on the Date of Original Issue (as herein defined); have an Initial Dividend Payment Date (as herein defined) of September 20, 1996; and have such other preferences, limitations and relative voting rights, in addition to those required by applicable law or set forth in the Corporation's Charter applicable to preferred stock of the Corporation, as are set forth in this Article Sixth. The Auction Market Preferred Stock, Series I shall constitute a separate series of preferred stock of the Corporation, and each share of Auction Market Preferred Stock, Series I shall be identical except as provided in paragraph 3 of this Article Sixth.

1. Definitions.

(a) Capitalized terms not defined in this paragraph 1 shall have the respective meanings specified in this Article Sixth. In this Article Sixth, unless the context or use indicates another or different meaning or intent, the following terms shall have the following meanings, whether used in the singular or plural:

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AA Composite Commercial Paper Rate, on any Valuation Date, means (i) the Interest Equivalent of the rate on commercial paper placed on behalf of issuers whose corporate bonds are rated AA by S&P or Aa by Moody's, or the equivalent of such rating by another nationally recognized rating agency, as such rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date, or (ii) in the event that the Federal Reserve Bank of New York does not make available such a rate, then the arithmetic average of the Interest Equivalent of the rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent on a discount basis or otherwise by the Commercial Paper Dealers for the close of business on the Business Day immediately preceding such date. If any Commercial Paper Dealer does not quote a rate required to determine the AA Composite Commercial Paper Rate, the

AA Composite Commercial Paper Rate will be determined on the basis of the quotation or quotations furnished by any Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers selected by the Corporation to provide such rate or rates not being supplied by the Commercial Paper Dealer. If the number of Dividend Period Days shall be (i) 7 or more but fewer than 49 days, such rate shall be the Interest Equivalent on the 30-day rate on such commercial paper; (ii) 49 or more but fewer than 70 days, such rate shall

be the Interest Equivalent of the 60-day rate on such commercial paper; (iii) 70 or more days but fewer than 85 days, such rate shall be the arithmetic average of the Interest Equivalent on the 60-day and 90-day rates on such commercial paper; (iv) 85 or more days but fewer than 99 days, such rate shall be the Interest Equivalent of the 90-day rate on such commercial paper; (v) 99 or more days but fewer than 120 days, such rate shall be the arithmetic average of the Interest Equivalent of the 90-day and 120-day rates on such commercial paper; (vi) 120 or more days but fewer than 141 days, such rate shall be the Interest Equivalent of the 120-day rate on such commercial paper; (vii) 141 or more days but fewer than 162 days, such rate shall be the arithmetic average of the Interest Equivalent of the 120-day and 180-day rates on such commercial paper; and (viii) 162 or more days but fewer than 183 days, such rate shall be the Interest Equivalent of the 180-day rate on such commercial paper.

Accountant's Confirmation has the meaning set forth in paragraph 7(b)(iii) of this Article Sixth.

Administrator shall mean Prudential Investments, LLC or any successor administrator to the Corporation who acts in such capacity.

Affiliate shall mean any Person known to the Auction Agent to be controlled by, in control of, or under common control with, the Corporation.

Agent Member means the member of the Securities Depository that will act on behalf of a Beneficial Owner or a Potential Beneficial Owner.

AMPS means (i) the Auction Market Preferred Stock, Series A, (ii) the Auction Market Preferred Stock, Series B, (iii) the Auction Market Preferred Stock, Series C, (iv) the Auction Market Preferred Stock, Series D, (v) the Auction Market Preferred Stock, Series E, (vi) the Auction Market Preferred Stock, Series F, (vii) the Auction Market Preferred Stock, Series G, (viii) the Auction Market Preferred Stock, Series H, or (ix) the Auction Market Preferred Stock, Series I, and where appropriate, any other series of the Corporation's Auction Market Preferred Stock.

AMPS Basic Maintenance Amount means, as of any Valuation Date, the dollar amount equal to the sum of (i) the product of the number of shares of AMPS outstanding on such Valuation Date multiplied by the sum of (A) \$25,000 and (B) any applicable redemption premium attributable to the designation of a Premium Call Period; (ii) the aggregate amount of cash dividends (whether or not earned or declared) that will have accumulated for each share of AMPS Outstanding, in each case, to (but not including) the end of the current Dividend Period that follows such Valuation Date; (iii) the aggregate Projected Dividend Amount; (iv) the aggregate principal amount of any then-outstanding indebtedness of the Corporation for money borrowed; (v) the amount of anticipated expenses of the Corporation for the 90 days subsequent to such Valuation Date; and (vi) the greater of \$50,000 or the Corporation's current liabilities as of such Valuation Date not otherwise reflected in any of (i) through (v) above.

AMPS Basic Maintenance Cure Date, with respect to the failure by the Corporation to maintain the AMPS Basic Maintenance Amount (as required by paragraph 7(b) of this Article Sixth) as of a given Valuation Date, means the fifth Business Day following such Valuation Date.

AMPS Basic Maintenance Report means a report executed by the Corporation with respect to the valuation (in U.S. dollars) of the Eligible Portfolio Property, as described in paragraph 7(b) of this Article Sixth; provided, that all or any portion of any such report may be prepared by the Custodian, Aberdeen Asset Management Limited, the Administrator and/or Aberdeen Asset Managers (CI) Limited; provided further that such AMPS Basic Maintenance Report may be delivered to the Auction Agent and the Rating Agencies in summary form, however, the Corporation shall retain a copy of the full AMPS Basic Maintenance Report in its files and make such report available to its Independent Accountants and the Rating Agencies upon their request.

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AMPS Interest Rate Swap means a contractual agreement whereby the Corporation contracts with an Eligible AMPS Interest Rate Swap Counterparty to engage, for a period of time not to exceed two years, in an interest rate swap with a notional value of up to one-third of the value of the aggregate liquidation preference of all of the AMPS (in any and all series) Outstanding at the time the interest rate swap commences. If the Corporation fails to maintain the AMPS Basic Maintenance Amount (as required by paragraph 7(b) of this Article Sixth) as of each Valuation Date, and will not be able to cure such failure by the AMPS Basic Maintenance Cure Date, the Corporation must terminate any then-outstanding AMPS Interest Rate Swaps by the close of business on the AMPS Basic Maintenance Cure Date.

ANNIE MAEs are securities issued against mortgage pools by Australian National Mortgage Pool Agency Ltd., an affiliate of Security Pacific National Bank.

Applicable Percentage has the meaning set forth in paragraph 8(a)(vii) of this Article Sixth.

Applicable Rate means the rate per annum at which cash dividends are payable on the AMPS for any Dividend Period, which rate, after the Initial Dividend Period, shall be determined by the Auction Agent in accordance with paragraph 8(d) of this Article Sixth.

Applicable Spread has the meaning set forth in paragraph 8(a)(vii) of this Article Sixth.

Asian Yankee Bonds means, in the case of Moody's, Yankee Bonds that are issued by companies from China, Hong Kong, India, Indonesia, Korea, Malaysia, Thailand and The Philippines and such other countries as are approved in writing by Moody's from time to time, and, in the case of S&P, Yankee Bonds that are (i) issued by issuers from China, Hong Kong, India, Indonesia, Korea, Malaysia, Thailand and The Philippines and such other countries as are approved in writing by S&P from time to time, and (ii) are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

Auction means each operation of the Auction Procedures.

Auction Agent means Deutsche Bank Trust Company Americas unless and until another commercial bank, trust company or other financial institution appointed by a resolution of the Board of Directors of the Corporation or a duly authorized committee thereof enters into an agreement with the Corporation to follow the Auction Procedures for the purpose of determining the Applicable Rate and to act as transfer agent, registrar, paying agent and redemption agent for the AMPS.

Auction Date has the meaning specified in paragraph 8(a) of this Article Sixth.

Auction Procedures means the procedures for conducting Auctions set forth in paragraph 8 of this Article Sixth.

Australian Bank Bills means bills of exchange (as defined in the Bills of Exchange Act of the Commonwealth of Australia) issued, accepted or endorsed by Australian banks with (x) in the case of S&P (i) a rating from S&P at least as high as S&P's then-current rating for the AMPS or (ii) in the case of any Bank Bill with a remaining term to maturity from the Valuation Date of 365 days or less, a rating from S&P at least as high as S&P's short term rating comparable to its then-current rating for the AMPS and (y) in the case of Moody's (i) a long term foreign currency debt rating from Moody's of at least Aa2 or (ii) in the case of any Bank Bill with a remaining term to maturity from the Valuation Date of 180 days or less, a rating from Moody's of Prime-1 or (iii) any other rating as Moody's shall approve in writing.

Australian Convertible or Exchangeable Eurobonds means securities which are denominated in Australian Currency issued by the New South Wales Treasury Corporation or the Queensland Treasury Corporation which confer upon the holder an option to exchange such securities for,

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respectively, a like principal amount of New South Wales Treasury Inscribed Stock or Queensland Treasury Corporation Inscribed Stock of identical maturity and coupon.

Australian Corporate Bonds means debt obligations of Australian corporations (other than Australian Government Securities, Australian Semi-Government Securities, Australian Bank Bills, Australian Eurobonds, Australian Exchangeable Eurobonds and Australian Short Term Securities) provided, that such debt obligations shall not be deemed to be Eligible Portfolio Property by S&P unless they have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly traded, (c) the security is non-callable, or, if the security is callable, the basis for pricing is to the call date, (d) the security has a Tender Panel, (e) the maturity date of the security is not later than the 10th anniversary of the Valuation Date of such security and (f) the security is issued by one of the following issuers:

(i) Issuers with a public long term S&P rating or whose parent has a public long term rating and there is an explicit guarantee backing the subsidiary's debt service payments (Guaranteed Australian Corporate Bonds). These issuers currently include:

FANMAC Premier Trust Co. No. 1-22 and any subsequent issues rated by S&P Australian Ratings

Ford Credit Australia

National Australia Bank

Commonwealth Bank of Australia

Telstra Corp. Limited

(ii) Issuers, which shall be designated in writing from time to time by S&P, without a public long term S&P rating but whose parent has a long term S&P rating but has not explicitly guaranteed the subsidiary's debt service payments (Non-Guaranteed Corporate Bonds).

In addition, if the determination is being made for S&P, (a) not more than 10% of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Corporate Bonds issued by a single issuer, (b) not more than 50% (if the issue is rated AAA by S&P) or 33.3% (if the issue is rated AA or A by S&P) or 20% (if the issue is rated BBB by S&P) of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Corporate Bonds from issues representing a single industry, (c) not more than 5% of the then-outstanding principal amount of any one issue can be included in Eligible Portfolio Property, (d) not more than 20% of the outstanding aggregate principal amount of the Australian Corporate Bonds held by the Corporation and included in Eligible Portfolio Property shall be comprised of securities with a then-outstanding issue size of less than A\$100 million, and (e) such corporate debt obligations are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

Australian Currency means such coin or currency of Australia as at the time shall be legal tender for payment of public and private debts, as well as cash deposits with Offshore Banking Units of Banque Nationale de Paris.

Australian Eurobonds means, in the case of Moody's, debt securities (including Australian Exchangeable Eurobonds) which are denominated in Australian Currency and which have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly traded, (c) the security is non-callable, and (d) 90% or more of the Australian Eurobonds meeting the qualifications of clauses (a) and (b) are rated at least Aa2 by Moody's; and in the case of S&P, debt securities (including guaranteed and non-guaranteed Eurobonds) which are denominated in Australian Currency, and which have the following characteristics: (a) the principal amount outstanding on the Valuation Date is at least equal to A\$50 million, (b) the security is publicly tradable, (c) the security is non-callable, or, if the security is callable, the basis for pricing is to the call date, (d) the maturity date of the security is not later than the 10th anniversary of the Valuation Date of such security, and (e) the security is issued by one of the following issuers:

(i) Issuers with a public long term S&P rating or whose parent has a public long term S&P rating and there is an explicit guarantee backing the subsidiary's debt service payments (Guaranteed Australian Eurobonds). These issuers currently include:

ABN Amro Australia Ltd.	Mobil Australia Finance Company Inc.
ANZ Banking Group	National Australian Bank
Australian Industry Development Corp.	New South Wales Treasury Corp.
Australian Telecom	Primary Industry Bank Australia Ltd.
Barclays Bank Plc	Prudential Funding Corp.
Coca Cola Amatil Ltd.	Rural & Industry Bank of Western Australia
Commerzbank US Finance Inc.	South Australia Government Financing Authority
Commonwealth Bank of Australia	SBC Warburg Australia Holdings Ltd.
Ekspartfinas A/S	Shell Australia Ltd.
Eurofina	State Bank of New South Wales

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European Investment Bank
Export Finance & Insurance Corp.
Federal Airports Corp.
Finnish Export Credit Corp.
General Electric Capital Corp.
GG Securities Ltd.
Guinness Finance BV
International Bank for Reconstruction and Development
McDonald's Australia Ltd.

State Bank of South Australia Ltd.
State Electricity of Victoria
Sweden (Kingdom of)
Swedish Export Credit Corp.
Tasmanian Public Finance Corp.
Toronto Dominion Australia Ltd.
Toyota Finance Australia Ltd.
Treasury Corporation of Victoria
Western Australian Treasury Corp.

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(ii) Issuers, which shall be designated in writing from time to time by S&P, without a public long term S&P rating but whose parent has a long term S&P rating but has not explicitly guaranteed the subsidiary's debt service payments (Australian Non-Guaranteed Eurobonds).

In addition, if the determination is being made by S&P, (a) not more than 10% of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Eurobonds from a single issuer, (b) not more than 50% (if the issue is rated AAA by S&P) or 33.3% (if the issue is rated AA or A by S&P) or 20% (if the issue is rated BBB by S&P) of the aggregate Discounted Value of the Eligible Portfolio Property of the Corporation can consist of Australian Eurobonds from issues representing a single industry, (c) not more than 5% of the then outstanding principal amount of any one issue can be included in Eligible Portfolio Property, (d) not more than 20% of the outstanding aggregate principal amount of the Australian Eurobonds held by the Corporation and included in Eligible Portfolio Property shall be comprised of securities with an outstanding issue size of less than A\$50 million, and (e) such Australian Eurobonds are subject to the following ratings limitations (which are cumulative):

Rating	% of total Discounted Value of Eligible Portfolio Property allowed at each ratings level
Aa3/AA- or better	100%
Below Aa3/AA-	50%
Below A3/A-	25%
Below BBB3/BBB-	10%

Australian Government Securities means, in the case of S&P, all publicly traded securities issued and guaranteed by the Government of the Commonwealth of Australia with fixed maturities (*i.e.*, no perpetuals) and in the case of Moody's, any publicly traded security which is (i) either issued by the Government of the Commonwealth of Australia and is rated Aa by Moody's or is guaranteed by the Government of the Commonwealth of Australia, (ii) is denominated and payable in Australian Currency or is convertible into a security constituting Eligible Portfolio Property by Moody's, and (iii) is not a variable rate, index-linked, zero coupon or stripped security.

Australian Ratings means Australian Ratings Pty. Ltd. or its successors.

Australian Securities means ANNIE MAEs, Australian Bank Bills, Australian Convertible or Exchangeable Eurobonds, Australian Corporate Bonds, Australian Eurobonds, Australian Government Securities, Australian Semi-Government Securities, Australian Short Term Securities, MMSs, MTCs and NMMC Securities.

Australian Semi-Government Securities means publicly traded semi-government securities with a fixed maturity (*i.e.*, no perpetuals) issued by the following entities which, except as indicated are explicitly guaranteed by the Government of the Commonwealth of Australia or the respective Australian State and which, in the case of S&P, include Australian Exchangeable Eurobonds and in the case of Moody's are (i) either rated Aa by Moody's or are guaranteed by either the Commonwealth of Australia and rated Aa or any semi-sovereign Australian entity whose domestic long term debt is rated Aa by Moody's, (ii) are denominated and payable in Australian currency or are convertible into a security constituting Eligible Portfolio Property by Moody's, and (iii) are not a variable rate, index-linked, zero coupon or stripped security.

(1) Electricity Trust of South Australia, a body established under the Electricity Trust of South Australia Act 1946 (South Australia).

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- (2) New South Wales Treasury Corporation, a corporation constituted under section 4 of the Treasury Corporation Act of 1983 (New South Wales), including its Australian Convertible Eurobond issues, in the case of S&P.
- (3) A Territory authority being an authority within the meaning of that term under section 43 of the Northern Territory (Self Government) Act (Commonwealth) provided that the specific issue is guaranteed by the Treasurer of the Commonwealth of Australia.
- (4) Queensland Treasury Corporation, a corporation established under the Treasury Corporation Act 1988 (Qld), including its Australian Convertible Eurobond issues, in the case of S&P.
- (5) South Australian Government Financing Authority, an authority established under the Government Financing Authority Act 1982 (South Australia).
- (6) State Electricity Commission of Victoria, a commission established under the State Electricity Commission Act 1958 (Victoria).
- (7) The Australian Telecommunications Commission, a commission established under section 4 of the Telecommunications Act 1975 (Commonwealth).

(8) (with respect to S&P only) and without any guarantee by the Commonwealth of Australia or the respective Australian State: Australian and Overseas Telecommunications Corporation, Limited.

(9) Victorian Public Authorities Finance Agency, an agency constituted under section 3 of the Victorian Public Authorities Act 1984 (Victoria).

(10) Australian Industry Development Corporation, a body established under section 5 of the Australian Industries Development Corporation Act (Commonwealth).

(11) The Western Australian Treasury Corporation.

(12) Tasmanian Public Finance Corp.

(13) (with respect to S&P only) FANMAC Premier Trust Co. (Nos. 1-22) and any subsequent issues rated by S&P Australian Ratings.

(14) (with respect to S&P only) Australian Wool Corporation.

(15) Commonwealth Bank of Australia.

(16) State Bank of New South Wales.

(17) Securities issued by the Australian State Government of Victoria through the Treasury Corporation of Victoria.

Australian Short Term Securities means promissory notes and other short term commercial paper issued by Australian institutions which, for purposes of S&P, are rated A-1+ by S&P or have a long term rating from S&P at least as high as their then-current comparable rating of AMPS and, for purposes of Moody's, are rated Prime-1 by Moody's or have a long term foreign currency debt rating from Moody's of at least Aa3 and a maturity of less than 270 days in the case of commercial paper.

Authorized Newspaper means The Wall Street Journal, or if not published on such date, The New York Times, or if neither of such papers is published on such date, a newspaper, printed in the English language, of general circulation in the Borough of Manhattan, the City of New York, that carries financial news and is customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays.

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Beneficial Owner means a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of shares of AMPS or a Broker-Dealer that holds AMPS for its own account.

Board of Directors means the Board of Directors of the Corporation or, except as used in paragraphs 3(a) and 6 of this Article Sixth, any duly authorized and empowered committee thereof, including the AMPS Pricing Committee.

Brady Bonds means debt obligations, generally denominated in U.S. dollars, issued under the framework of the Brady Plan that are rated A- or better by S&P.

Broker-Dealer shall mean any broker-dealer, or other entity permitted by law to perform the functions required of a Broker-Dealer in paragraph 8 of this Article Sixth, that has been selected by the Corporation and has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

Broker-Dealer Agreement shall mean an agreement between the Auction Agent and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures specified in paragraph 8 of this Article Sixth.

Business Day means a day on which the New York Stock Exchange is open for trading and which is not a Saturday, Sunday or other day on which it is authorized or obligated by law to close.

Cash means such coin or currency of the United States of America as at the time shall be legal tender for payment of public and private debts.

Code means the Internal Revenue Code of 1986, as amended.

Commercial Paper Dealers means Merrill Lynch, Pierce, Fenner & Smith Incorporated and such other commercial paper dealer or dealers as the Corporation may from time to time appoint, or, in lieu of any thereof, their respective affiliates or successors.