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MAR 22 2004

BOSTON

March 19, 2004

BRUSSELS

Filing Desk  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

CHARLOTTE

FRANKFURT

HARRISBURG

Re: Filing Pursuant to Section 33 of the Investment Company Act of 1940, as amended

HARTFORD

Dear Sir/Madam:

LONDON

LUXEMBOURG

On behalf of Aberdeen Australia Equity Fund, Inc. ("Fund"), I enclose a proposed stipulation of dismissal with prejudice of a purported, but never certified, class action filed in the United States District Court in Newark, New Jersey by Full Value Partners, L.P., a Fund shareholder. We filed the complaint in this case with the SEC on June 27, 2003.

MUNICH

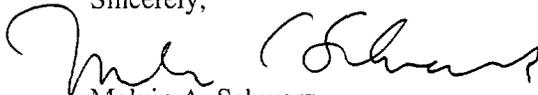
NEW YORK

Please acknowledge receipt of this filing by date-stamping the enclosed copy of this letter and returning it in the envelope provided. If you have any questions, please contact me at 202-261-3305.

NEWPORT BEACH

PALO ALTO

Sincerely,

  
Melvin A. Schwarz

PARIS

PROCESSED

MAR 24 2004

PHILADELPHIA

THOMSON FINANCIAL

PRINCETON

SAN FRANCISCO

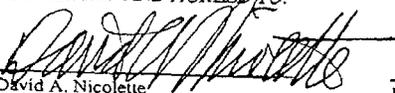
WASHINGTON



(2) the Complaint in this action and all causes of action set forth therein are dismissed as against all parties with prejudice pursuant to Fed. R. Civ. P. 41(a). Fees and costs shall be borne by each party except to the extent provided in the parties' settlement agreement.

The parties note that, although plaintiff alleged in its complaint that this action should be certified as a class action by the Court, no such motion for class certification has been filed by plaintiff (because Aberdeen filed a motion to dismiss) or granted by the Court, and defendants' motion to dismiss the complaint is pending. In such circumstances, no notice to the alleged class is required by Fed. R. Civ. P. 23(c) (as recently amended). The parties note in addition that the fact that the Fund is putting certain matters relating to the bylaws at issue in the Lawsuit to a vote of the Fund's stockholders in connection with the Fund's 2004 annual meeting of stockholders, and that the Fund has reinstated its managed distribution policy, as well as the material terms of the settlement agreement among the parties, will in any event be disclosed in public filings by the defendant Fund.

STIPULATED AND AGREED TO:



David A. Nicolette  
Nicolette & Perkins  
3 University Plaza, 5<sup>th</sup> Floor  
Hackensack, NJ 07601  
(201) 488-9080

Of counsel:  
Gregory E. Keller  
Harnes & Keller LLP  
964 Third Avenue, 7th Floor  
New York, NY 10022  
(212) 755-0022

Attorneys for Plaintiff Full  
Value Partners, LP.

DATED:



John J. Sullivan  
Joyce Chen Shueh  
DECHERT LLP  
A Pennsylvania Limited Liability Partnership  
Princeton Pike Corporate Center  
P.O. Box 5218  
Princeton, NJ 08543-5218  
(609) 620-3200

Of counsel:  
Melvin A. Schwarz  
DECHERT LLP  
1775 I St. NW  
Washington, DC 20006  
(215) 261-3300

Attorneys for Defendant Aberdeen Australia  
Equity Fund, Inc.

DATED: