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LR 13.3.1(1),
(3), (4)

A copy of this document, which comprises a circular prepared in accordance with the Listing Rules and issued by the Companies in connection with the Proposals, has been filed with the FSA in accordance with rule 9.6.1 of the Listing Rules.

If you have sold or otherwise transferred all your Shares, please send this document, together with the accompanying Form(s) of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

LR 13.3.1(6)

Intelli Corporate Finance, which is authorised and regulated in the United Kingdom by the FSA, is acting solely for the Companies and for no one else, including any recipient of this document, in connection with the Proposals and will not be responsible to anyone other than the Companies for providing the protections afforded to clients of Intelli Corporate Finance or for affording advice in relation to the Proposals or any other matter referred to in this document.

ABERDEEN DEVELOPMENT CAPITAL PLC

*(Incorporated in Scotland under the Companies Act 1985 with registered number SC098542)
(An investment company under section 266 of the Companies Act 1985)*

ADC ZEROS 2010 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number SC285064)

ADC ZEROS 2012 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number SC285067)

RECOMMENDED PROPOSALS FOR THE FUTURE OF THE ADC GROUP

AND

NOTICES OF SHAREHOLDER MEETINGS

Notices convening the Shareholder Meetings are set out in Parts 6 to 10 (inclusive) of this document. All of the Meetings will be held at Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen AB10 1YG, on Friday, 3 August 2007 commencing at 11.00 a.m.

The accompanying Form(s) of Proxy for use by Shareholders in relation to the relevant Meeting(s) should be completed and returned in accordance with the instructions printed on such form(s) as soon as possible and, in any event, so as to be received by not later than 48 hours before the time of the relevant Meeting(s).

The accompanying Letter(s) of Direction for use by Savings Plan Participants in relation to the relevant Meeting(s) should be completed and returned in accordance with the instructions printed on such letter(s) as soon as possible and, in any event, so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.

Your attention is drawn to the section headed "Risk Factors" in Part 2 of this document, which sets out the risk factors associated with the Proposals. However, this document should be read in its entirety.

LR 13.3.1(1)

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EXPECTED TIMETABLE

2007

Latest time and date for receipt of Letters of Direction for Meetings	6.00 p.m. on Monday, 30 July
Latest time and date for receipt of white Forms of Proxy for ADC EGM	11.00 a.m. on Wednesday, 1 August
Latest time and date for receipt of blue Forms of Proxy for 2010 ZDP Shareholders' Class Meeting	11.01 a.m. on Wednesday, 1 August
Latest time and date for receipt of pink Forms of Proxy for ADC Zeros 2010 EGM	11.02 a.m. on Wednesday, 1 August
Latest time and date for receipt of green Forms of Proxy for 2012 ZDP Shareholders' Class Meeting	11.03 a.m. on Wednesday, 1 August
Latest time and date for receipt of yellow Forms of Proxy for ADC Zeros 2012 EGM	11.04 a.m. on Wednesday, 1 August
ADC Extraordinary General Meeting	11.00 a.m. on Friday, 3 August
2010 ZDP Shareholders' Class Meeting	11.01 a.m. ¹ on Friday, 3 August
ADC Zeros 2010 EGM	11.02 a.m. ² on Friday, 3 August
2012 ZDP Shareholders' Class Meeting	11.03 a.m. ³ on Friday, 3 August
ADC Zeros 2012 EGM	11.04 a.m. ⁴ on Friday, 3 August
Capital Reductions approved by Court	October/November
Special capital reserves created for returning capital to Shareholders under Capital Return Scheme and funding repurchases of Shares under Buy Back Programme ⁵	October/November

Notes:

¹ Or, if later, such time as the ADC EGM shall have concluded or been adjourned.

² Or, if later, such time as the 2010 ZDP Shareholders' Class Meeting shall have concluded or been adjourned.

³ Or, if later, such time as the ADC Zeros 2010 EGM shall have concluded or been adjourned.

⁴ Or, if later, such time as the 2012 ZDP Shareholders' Class Meeting shall have concluded or been adjourned.

⁵ Subject to Court approval of the Capital Reductions.

PART 1

LETTER FROM THE CHAIRMAN

ABERDEEN DEVELOPMENT CAPITAL PLC

*(Incorporated in Scotland under the Companies Act 1985 with registered number SC098542)
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ADC Zeros 2010 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number SC285064)

ADC ZEROS 2012 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number SC285067)

Directors:

John R Milligan (*Chairman*)
Martin J Gilbert (*Alternate – Hugh W M Little*)
Willie C H Phillips
Charles M Scott

Registered Office:

10 Queen's Terrace
Aberdeen AB10 1YG

LR 13.6.1(b)
(Annex I: 5.1.4)

11 July 2007

To Shareholders and Savings Plan Participants

Dear Shareholder and/or Savings Plan Participant

LR 13.3.1(1)

RECOMMENDED PROPOSALS FOR THE FUTURE OF THE ADC GROUP

Introduction

On 5 January 2007, the Board announced that it was commencing a comprehensive review of options regarding ADC's future in consultation with its advisers and Shareholders. The Board has now concluded that review and, following consultation with the largest Shareholders, announced, on 15 June 2007, proposals for the future of the ADC Group. In summary, the Proposals comprise:

- changing ADC's investment objective and policy with a view to realising ADC's assets in a manner which maximises value for Ordinary Shareholders;
- reducing the Companies' capital by reducing the nominal value of the Ordinary Shares and cancelling the share premium accounts created from premiums paid on the Shares to create special capital reserves out of which returns of capital can be paid to Shareholders and buy backs of Shares can be funded;
- returning surplus cash to Shareholders over time through a combination of *ad hoc* returns of capital and buying back Shares through the market; and
- substantially reducing the Group's running costs, principally by revising ADC's fee arrangements with its Manager.

The Board believes the principal benefits of the Proposals to be as follows:

- they will enable an orderly realisation of ADC's private equity investments with the objective of maximising the exit values from those investments;
- the Shares will continue to be traded on the London Stock Exchange, and ADC will continue to conduct its affairs so as to qualify as an investment trust, during the realisation process;
- returning surplus cash to Shareholders should mitigate any drag effect from ADC's liquid assets (that is, cash and near cash);
- the proposed scheme for *ad hoc* returns of capital to Shareholders is more flexible and cost effective than other methods of returning capital;
- the new fee arrangements with AAM will align AAM's interests more closely with those of Ordinary Shareholders; and
- all Shareholders will benefit from the substantial reduction in the Group's running costs.

Following a number of realisations, ADC currently has Liquid Assets of approximately £12.7 million. It is intended that at least £9.5 million will be returned to Shareholders through a combination of a return of capital and buying back Shares through the market as soon as practicable after the Capital Reductions have become effective (which is expected to occur in October or November 2007). Thereafter, returns of capital will be paid and Shares may be bought back through the market whenever ADC has sufficient Liquid Assets for the purpose.

The purpose of this document is to provide you with details of the Proposals, which are conditional on, amongst other things, the approval by Shareholders of the resolutions to be proposed at extraordinary general meetings of ADC, ADC Zeros 2010 and ADC Zeros 2012 and separate general meetings of 2010 ZDP Shareholders and 2012 ZDP Shareholders, all of which have been convened for Friday, 3 August 2007. The notices convening these meetings are set out in Parts 6 to 10 (inclusive) of this document.

LR 13.3.1(2)

The proposal to amend the Manager's fee arrangements with ADC constitutes a related party transaction for the purpose of the Listing Rules. Accordingly, only independent Ordinary Shareholders (being Ordinary Shareholders who are neither the Manager nor parties associated with the Manager) may vote on the resolution to be proposed at the ADC EGM approving such amendment (being resolution 2 in the ADC EGM Notice).

LR 13.6.1(a)
(Annex I:
5.1.1), (3)

ADC has received letters of intent to vote in favour of the resolutions to be proposed at the Meetings in respect of, in aggregate, 62.0 per cent. of the issued Ordinary Shares (in relation to resolution 1 in the ADC EGM Notice), 52.1 per cent. of the issued Ordinary Shares (in relation to resolution 2 in the ADC EGM Notice), 46.5 per cent. of the issued 2010 ZDP Shares and 47.6 per cent. of the issued 2012 ZDPs.

Your Board is recommending that you vote in favour of the resolution(s) to be proposed at the relevant Meeting(s). The procedure for voting at the relevant Meeting(s) is set out under the heading "Action to be Taken" on pages 12 and 13 of this document.

Background to, and Reasons for, the Proposals

The Board announced on 5 January 2007 that it had made a full provision against the carrying value of ADC's then largest investment, trailer rental business Transrent Holdings, after that business had experienced a downturn in its marketplace and attempts to achieve a financial restructuring of Transrent Holdings had been unsuccessful. That provision resulted in a 14.3p reduction in the net asset value per Ordinary Share. In light of that loss in Ordinary Shareholder value, the Board decided that it was in Shareholders' interests to conduct a comprehensive review of options regarding the Group's future. In conducting that review, the Board and its advisers had regard to a broad range of factors, including:

- ADC's small size and the low trading volume of the Ordinary Shares;
- the Group's commitment to repay the final capital entitlement of the 2010 ZDPs in 2010 and the final capital entitlement of the 2012 ZDPs in 2012;
- the illiquid nature of private equity investments;
- the current prospects for refinancing the Group at the time of the repayment of the ZDPs;
- ADC's substantial, and growing, Liquid Assets following a number of realisations;
- the respective interests of Ordinary Shareholders and ZDP Shareholders; and
- the views of the largest Shareholders, who were consulted by ADC's advisers as part of the review process.

The Board has concluded that it is in the best interests of Shareholders as a whole to convert ADC into a realisation fund. Furthermore, the Board believes that the realisation of optimum value for ADC's private equity investments will be achieved through an orderly process of realisation made by ADC's investment manager.

ADC currently has Liquid Assets of approximately £12.7 million and, on the assumption that ADC is converted into a realisation fund, that amount is expected to increase as further realisations occur in the future. Liquid Assets have limited capital growth potential and are expected to yield, in current market conditions, less than the accruing capital entitlement, at the rate of 6.5 per cent. per annum, of the ZDPs. That being the case, ADC's growing Liquid Assets may become a significant drag on the potential overall returns from ADC's assets (being its private equity investments and its Liquid Assets), thereby reducing the assets available to meet the final capital entitlements of the ZDPs and adversely affecting the total returns to Ordinary Shareholders. To address this potential drag effect, the Directors believe that it is important that the Group is able to return capital to Shareholders as and when the Board considers it appropriate, taking into account the Group's running costs and the potential requirement for follow-on capital for existing investments.

The Board has reviewed the Group's running costs in light of the proposals to convert ADC into a realisation fund and return capital to Shareholders over time. The Directors have concluded that, if Shareholders approve those proposals, substantial savings in the Group's running costs can be achieved, in particular through revised fee arrangements with the Manager.

As a result of its strategic review, the Board has formulated the Proposals described under the heading "Details of the Proposals" below.

Details of the Proposals

The Proposals envisage:

- ***Changing ADC's investment objective and policy***

ADC's current investment objective is to optimise total returns for its Ordinary Shareholders principally by investing development capital in private companies throughout the UK. The Board is proposing that the investment objective should be restated as follows:

"To conduct an orderly realisation of the assets of the Company, to be effected in a manner which seeks to maximise value for Ordinary Shareholders."

The Board believes that ADC's portfolio will require careful investment management in order to achieve ADC's proposed new investment objective. This will involve a continuing evaluation of the portfolio in order to assess the most appropriate realisation strategy to be pursued in relation to each investment. The Manager expects that, while some investments may be realised in the shorter term, other investments may be held for a longer period to enable their inherent value to be successfully realised.

ADC will not make any new private equity investments. However, ADC may add to existing private equity investments where the Manager considers this to be appropriate with the objective of protecting or enhancing the value of those existing investments.

- ***Reducing the nominal value of the Ordinary Shares and cancelling the share premium accounts created from premiums paid on the Shares***

None of the Companies currently has profits or reserves out of which returns of capital can be paid to their respective Shareholders and buy backs of their respective Shares can be funded. Accordingly, it is proposed to reduce the nominal value of the Ordinary Shares from 10p to 1p per Ordinary Share and to cancel the share premium accounts created from premiums paid on the Shares to create special capital reserves out of which such returns of capital can be paid and repurchases can be funded. Such cancellations are expected to create special capital reserves of:

- in the case of ADC, approximately £17.3 million;
- in the case of ADC Zeros 2010, approximately £8.8 million, representing around 71 per cent. of the aggregate final capital entitlement of the 2010 ZDPs currently in issue; and
- in the case of ADC Zeros 2012, approximately £8.8 million, representing around 63 per cent. of the aggregate final capital entitlement of the 2012 ZDPs currently in issue.

It should be noted that, as buy backs of shares may only be made out of profits available for that purpose, the amount of the special capital reserve (which, subject to the Capital Reductions being sanctioned by the Court, will be treated as profits available for that purpose) out of which buy backs can be funded will be reduced by the relevant Company's realised losses (if any).

- ***Returning capital to Shareholders through a combination of a capital return scheme and a Share buy back programme***

In order to address the growing liquidity in ADC's assets resulting from realisations of its private equity investments, it is proposed that surplus cash should be returned to Shareholders through a combination of a capital return scheme and a Share buy back programme.

At the time of the issue of the ZDPs, ADC entered into loan arrangements with each of ADC Zeros 2010 and ADC Zeros 2012, the effect of which was to lend the proceeds of the issue of the ZDPs to ADC at a compound interest rate of 6.5 per cent. per annum, mirroring the capital entitlement of the ZDPs. As at the date of this document, ADC owed £9,944,389 to each of ADC Zeros 2010 and ADC Zeros 2012 under these arrangements. It is proposed that ADC enter into amendment agreements with each of ADC Zeros 2010 and ADC Zeros 2012 to permit early repayment of these loans in part or in full to finance the return of capital to ZDP Shareholders by ADC Zeros 2010 and ADC Zeros 2012 through the Capital Return Scheme and the Buy Back Programme. Further details of these amendment agreements are set out at paragraphs 4.2.2 to 4.2.5 of Part 4 of this document.

LR 13.8.4

▲ *Capital Return Scheme*

Under the Capital Return Scheme, returns of capital are expected to be made on an *ad hoc* basis whenever ADC has sufficient Liquid Assets for the purpose. On each occasion on which returns of capital are made under the Capital Return Scheme:

- all ZDP Shareholders will be entitled to receive a return of capital per ZDP calculated in accordance with the following formula (rounded down to the nearest whole pence):

$$\frac{A \times (B \times 125\%)}{C}$$

- save in the circumstances described below, all Ordinary Shareholders will be entitled to receive a return of capital per Ordinary Share calculated in accordance with the following formula (rounded down to the nearest whole pence):

$$\frac{A - D}{E}$$

where:

“A” is the maximum cash proposed to be returned under the Capital Return Scheme on the relevant occasion;

“B” is the percentage of the Group’s net assets attributable to the ZDP Shareholders as at the date of the last published net asset value per Ordinary Share prior to the announcement of the proposed return of capital;

“C” is the aggregate number of ZDPs in issue at the latest practicable date prior to the announcement of the proposed return of capital;

“D” is the aggregate value of the cash to be returned to ZDP Shareholders (calculated in accordance with the above formula) on the relevant occasion; and

“E” is the aggregate number of Ordinary Shares in issue at the latest practicable date prior to the announcement of the proposed return of capital.

Following each return of capital under the Capital Return Scheme, the capital entitlements of the ZDPs will be adjusted. This will be achieved by deducting from the accrued capital entitlement of the ZDPs at the date on which the relevant return of capital is made the amount of such return of capital per ZDP; thereafter, the capital entitlement per ZDP will continue to accrue at the rate of 6.5 per cent. per annum, based on the adjusted capital entitlement.

The Directors believe that there will come a time when the costs of maintaining the Group’s split capital structure are no longer in the interests of Shareholders as a whole. Accordingly, no return of capital will be made to Ordinary Shareholders if, immediately following such return of capital, the adjusted capital entitlement on the ZDPs would be less than 25p per ZDP (and, for the avoidance of doubt, in that event, returns of capital will continue to be made to ZDP Shareholders under the Capital Return Scheme whenever ADC has sufficient Liquid Assets, and ADC Zeros 2010 and ADC Zeros 2012 have sufficient available reserves, for the purpose).

▲ *Buy Back Programme*

At present, none of the Companies has authority to repurchase any of its Shares through the market. Each of the Companies intends to seek authority from its Shareholders to repurchase up to 14.99 per cent. of their respective Shares and to renew those authorities annually (or more frequently, if required).

Although there may be occasions when the Companies are precluded from making purchases of their respective Shares because they are in possession of unpublished price sensitive information relating to ADC or the Companies are in a close period (as defined in the Listing Rules), it is intended that the Companies will repurchase their respective Shares, through the market, whenever the Shares are trading at a sufficient discount to their underlying net asset value and ADC has sufficient Liquid Assets available for the purpose. The maximum price (excluding expenses) that may be paid by any of the Companies when repurchasing their respective Shares though the market will be the higher of:

- 105 per cent. of the average market value of the relevant Share for the five business days prior to the day the purchase is made; and
- the value of the relevant Share calculated on the basis of the higher of (i) the last independent trade of any number of the relevant Shares on the London Stock Exchange or (ii) the highest current independent bid for any number of the relevant Shares on the London Stock Exchange.

LR 13.7.1(1)
(a), (b)

LR 13.7.1(1)(e)

The minimum price (excluding expenses) that may be paid by any of the Companies when repurchasing their respective Shares though the market will be the nominal value of the relevant Share. LR 13.7.1(1)(e)

The aim will be to buy back 2010 ZDPs and 2012 ZDPs in equal proportions. Ordinary Shares will only be bought back if the resulting ratio of the aggregate number of issued Ordinary Shares to issued ZDPs is greater than 2:1.

All Shares bought back will be cancelled. LR 13.7.1(1)(c)

The rate at which returns of capital are paid under the Capital Return Scheme and any Shares are repurchased under the Buy Back Programme will depend on, in particular, the rate at which ADC's investments are realised. The decision to pay any such returns of capital or make any such repurchases will be at the sole discretion of the Board.

Each of the Companies will pay returns of capital to its Shareholders under the Capital Return Scheme and fund any repurchases of its Shares under the Buy Back Programme out of its special capital reserve to be created upon the Capital Reductions becoming effective. Each of the Companies will only be able to pay such returns of capital to the extent of the amount standing to the credit of its special capital reserve from time to time and will only be able to make Share buy backs to the extent of the aggregate amount standing to the credit of its special capital reserve and any other distributable reserves less any accumulated realised losses (if any) from time to time.

In the event of the special capital reserves of ADC Zeros 2010 and ADC Zeros 2012 having been exhausted when there remain any outstanding capital entitlements on the ZDPs, the remaining capital entitlements will be paid on liquidation of ADC Zeros 2010 and ADC Zeros 2012. In that event, the Directors will seek to place both ADC Zeros 2010 and ADC Zeros 2012 in members' voluntary liquidation as soon as practicable after ADC has sufficient Liquid Assets available for the purpose of repaying in full such remaining capital entitlements.

As described in the section headed "Amending the articles of association of ADC Zeros 2010 and ADC Zeros 2012" below, if the resolutions to be proposed at the Shareholder Meetings are passed, in the event that the special capital reserves of ADC Zeros 2010 and/or ADC Zeros 2012 are exhausted and the Company has sufficient Liquid Assets available for repaying in full the then accrued capital entitlement of all of the ZDPs in issue, the directors of each of ADC Zeros 2010 and ADC Zeros 2012 will be obliged to proceed to convene an extraordinary general meeting of their company to propose a resolution to put the relevant company into voluntary liquidation, in which event weighted voting rights shall be applicable such that the resolution to put the company into voluntary liquidation will be passed.

Similarly, if the resolutions to be proposed at the Shareholder Meetings are passed, in the event that the accrued capital entitlement of the 2010 ZDPs and/or 2012 ZDPs is reduced to nil, as a result of the Capital Return Scheme or otherwise, the directors of ADC Zeros 2010 or ADC Zeros 2012, as the case may be, will be obliged to proceed to convene an extraordinary general meeting to propose a resolution to put the company into voluntary liquidation and weighted voting rights shall be applicable such that the resolution to put the company into voluntary liquidation will be passed.

- ***Amending the articles of association of ADC Zeros 2010 and ADC Zeros 2012***

LR 13.8.10(1)

The articles of association of both ADC Zeros 2010 and ADC Zeros 2012 currently provide that, on a winding-up or other return of assets of the relevant company, the holders of the ZDPs in that company (2010 ZDP Shareholders or 2012 ZDP Shareholders respectively), after payment of all debts and satisfaction of all liabilities of the relevant company but before payment to any ordinary shareholders of the relevant company, have the right to be paid an amount equal to 100p per share, increased at the rate of 6.5 per cent. per annum with effect from 30 June 2005, such increases to be compounded daily and calculated to the date of winding-up or earlier return of assets.

As described under the sub-heading "Capital Return Scheme" above, it is proposed that, following each return of capital under the Capital Return Scheme, the capital entitlements of the ZDPs will be adjusted by deducting from the accrued capital entitlement of the ZDPs, at the date on which the relevant return of capital is made, the amount of such return of capital per ZDP and that, thereafter, the capital entitlement per ZDP will continue to accrue at the rate of 6.5 per cent. per annum compounded on a daily basis, based on the adjusted capital entitlement. The resolution in the notices of extraordinary general meetings of ADC Zeros 2010 and ADC Zeros 2012 in Parts 8 and 10 respectively of this document will, if passed, amend the articles of association of ADC Zeros 2010 and ADC Zeros 2012 respectively to incorporate this adjustment to the accruing capital entitlement of the ZDPs.

It is proposed to amend the articles of association of both ADC Zeros 2010 and ADC Zeros 2012 so that, in the event that the special capital reserves of ADC Zeros 2010 and/or ADC Zeros 2012 are exhausted and the Company has sufficient Liquid Assets available for repaying in full the then accrued capital entitlement of all of the ZDPs in issue, the directors of the relevant company will be obliged to proceed to convene an extraordinary general meeting to be held within three months of the obligation arising to propose a resolution to put the company into voluntary liquidation and, provided the directors of the relevant company are satisfied that (absent unforeseen circumstances) the remaining accrued capital entitlements of all of the ZDPs will be satisfied in full upon liquidation of ADC Zeros 2010 and ADC Zeros 2012, weighted voting rights shall be applicable such that the resolution to put the relevant company into voluntary liquidation will be passed.

It is also proposed to amend the articles of association of both ADC Zeros 2010 and ADC Zeros 2012 so that, in the event that the accrued capital entitlement of the 2010 ZDPs and/or the 2012 ZDPs is reduced to nil, as a result of the Capital Return Scheme or otherwise, the directors of the relevant company will be obliged to proceed to convene an extraordinary general meeting to be held within three months of the obligation arising to propose a resolution to put the relevant company into voluntary liquidation and weighted voting rights shall be applicable such that the resolution to put the company into voluntary liquidation will be passed.

- ***Changing ADC's fee arrangements with AAM***

LR 13.6.1(3)

ADC currently pays AAM a basic management fee of 1.25 per cent. per annum of ADC's gross assets. In addition, AAM is currently entitled to an incentive management fee of 0.1 per cent. of ADC's gross assets for each 1.0 per cent. by which the total return on ADC's net assets, on an annual basis, exceeds a hurdle rate of 8.0 per cent., subject to a maximum total management fee of 2.0 per cent. of ADC's gross assets. The basic management fee is payable monthly in arrears and the incentive fee is payable annually in arrears.

The Board and AAM have agreed that the management fee arrangements should be amended so as to align AAM's interests more closely with those of Ordinary Shareholders in the event of the proposals to convert ADC into a realisation fund and return capital to Shareholders over time being implemented. Accordingly, if Shareholders approve those proposals, the current basic management fee will be replaced with a fixed basic management fee of £100,000 (excluding irrecoverable VAT, if any) per annum, which will reduce to £60,000 (excluding irrecoverable VAT, if any) per annum with effect from 1 July 2010. The fixed basic management fee will be reduced by any management fees or priority profit share payable to AAM by other members of the ADC Group.

In addition, the existing incentive management fee will be replaced with a new incentive management fee whereby AAM will be entitled to:

- 20 per cent. of the amount by which the aggregate returns of capital per Ordinary Share, whether under the Capital Return Scheme, on ADC's liquidation or otherwise, paid on or before 31 December 2012 exceed 35p multiplied by the number of Ordinary Shares in issue at the time of the relevant return of capital exceeding the 35p target; and
- 20 per cent. of the amount by which the repurchase price of an Ordinary Share under the Buy Back Programme exceeds the targeted return, being 35p less any returns of capital paid in respect of that Ordinary Share under the Capital Return Scheme up to a maximum of 35p, multiplied by the number of Ordinary Shares bought back on the relevant occasion.

The prices at which Ordinary Shares are bought back will take into account any incentive management fee that may be payable to AAM as a result of that buy back, thereby ensuring that continuing Ordinary Shareholders are not disadvantaged.

Furthermore, and subject to the resolutions to be proposed at the Meetings being passed, AAM has agreed to waive the fees payable to it by ADC in connection with the Group's participation in the Savings Plans (these fees amounted to approximately £14,000 in the year ended 31 May 2007). In addition, a director's fee is no longer payable to Martin Gilbert, AAM's representative on the Board.

- ***Reducing the size of the Board***

As ADC will not make any new investments if it converts into a realisation fund, the Directors believe that it is appropriate to reduce the size of the Board. Accordingly, if the resolutions to be proposed at the Meetings are passed, Willie Phillips intends to retire as a Director at ADC's next annual general meeting (which is expected to be held in September 2007) and will not offer himself for re-election.

Once substantially all of ADC's private equity portfolio has been realised, the Directors will convene an extraordinary general meeting of ADC at which a resolution or resolutions will be put forward for the voluntary winding up or reconstruction of ADC for approval by Ordinary Shareholders.

Benefits of the Proposals

The Board considers the principal benefits of the Proposals to be as follows:

- converting ADC into a realisation fund, rather than placing it in liquidation immediately, should enable the Manager to maximise the exit values from ADC's private equity investments;
- the Shares will continue to be traded on the London Stock Exchange, and ADC will continue to conduct its affairs so as to qualify as an investment trust under section 842 of the Income and Corporation Taxes Act 1988, whilst ADC's private equity investments are realised;
- the Capital Return Scheme and Buy Back Programme should mitigate any drag effect from ADC's Liquid Assets;
- the Capital Return Scheme is more flexible and cost effective than other methods of returning capital (for example, a tender offer);
- the new fee arrangements with AAM will align AAM's interests more closely with those of Ordinary Shareholders; and
- all Shareholders will benefit from the substantial reduction in the Group's running costs.

Conditions of the Proposals

The proposed changes to ADC's investment objective and policy, Capital Reductions, return of capital to Shareholders through a combination of the Capital Return Scheme and the Buy Back Programme and amendments to the articles of association of ADC Zeros 2010 and ADC Zeros 2012 are conditional on Shareholders approving them at the relevant Meetings. In addition, the proposed changes to ADC's management fee arrangements with AAM are conditional on Independent Ordinary Shareholders approving them at the ADC EGM.

The Capital Return Scheme and the Buy Back Programme are also conditional on the Court sanctioning the Capital Reductions.

Once the Capital Return Scheme has been approved by Shareholders and the Capital Reductions have been sanctioned by the Court, the Companies should be in a position to make returns of capital to Shareholders in accordance with the Capital Return Scheme without convening any further Shareholder meetings and incurring any associated costs.

Costs of Implementing the Proposals

The costs of implementing the Proposals payable by the Group have been capped at an amount equal to 2 per cent. of Ordinary Shareholders' funds as Aberdeen Asset Management PLC has agreed to pay any costs in excess of that cap. A proportion of these costs will be incurred regardless of whether the Proposals are implemented. As a consequence of the respective income and capital rights of the Ordinary Shares and the ZDPs, the costs payable by the Group will be funded out of the income and capital attributable to the Ordinary Shareholders.

Taxation

A summary of the tax consequences of the Proposals for Shareholders is set out in Part 3 of this document. If you are in any doubt as to your tax position or the impact of the Proposals on you, you are recommended to consult your professional adviser.

Future Dividends

In the absence of unforeseen circumstances, ADC will continue to pay dividends to Ordinary Shareholders on a quarterly basis, all in the form of interim dividends. Each year ADC will continue to distribute, by way of dividend, substantially all of its distributable profits available for the purpose (as an investment trust, ADC is prohibited from distributing as dividend surpluses arising from the realisation of investments and the special capital reserve created on the reduction of the nominal value of the Ordinary Shares and cancellation of ADC's share premium account will not be treated as distributable profits available for the purpose of paying dividends).

The changes in ADC's investment objective and policy, in conjunction with the returns of capital to Shareholders through the combination of the Capital Return Scheme and the Buy Back Programme are expected to impact adversely the level of ADC's distributable profits available for the purpose of paying dividends in the future. The Directors intend to use ADC's revenue reserves to minimise such impact on the level of dividends payable on the Ordinary Shares (having taken into account any returns of capital) to that extent that ADC has revenue reserves to do so. As at 30 November 2006 (being end of the last financial period of ADC for which interim financial information has been published), ADC had revenue reserves of approximately £790,000, equivalent to cover of approximately 0.9 times the four interim dividends paid in respect of the 12 months ended 30 November 2006.

Shareholder Meetings

ADC EGM

The proposed changes to ADC's investment objective and policy and the Capital Reduction, Capital Return Scheme and Buy Back Programme, in each case in relation to ADC, are conditional on, among other things, the approval of Ordinary Shareholders and the proposed changes to ADC's management fee arrangements with AAM are conditional on, among other things, the approval of the Independent Ordinary Shareholders. Accordingly, an extraordinary general meeting of ADC is being convened for Friday, 3 August 2007 at 11.00 a.m. at which the following resolutions will be proposed:

- *Resolution 1, which will be proposed as a special resolution:* to approve the proposals described under the heading "Details of the Proposals" above and, in particular:
 - to approve the changes to ADC's investment objective and policy described under the sub-heading "Changing ADC's investment objective and policy" above;
 - subject to the approval of the Court, to reduce the nominal value of the Ordinary Shares from 10p to 1p per Ordinary Share and to cancel ADC's entire share premium account and to authorise the application of the resulting special capital reserve to return capital to Ordinary Shareholders and to fund purchases of Ordinary Shares; and
 - to grant authority to ADC to purchase up to 14.99 per cent. of its own Ordinary Shares on the basis described under the sub-heading "Buy Back Programme" above, such authority to expire on the date 18 months following the passing of the resolution.
- *Resolution 2, which will be proposed as an ordinary resolution:* to approve the amendment of the Management Agreement so as to provide for the revised management fee arrangements referred to under the sub-heading "Changing ADC's fee arrangements with AAM" above.

The ADC EGM will be held at 10 Queen's Terrace, Aberdeen AB10 1YG. The notice convening the ADC EGM is set out in Part 6 of this document.

Each of the resolutions to be proposed at the ADC EGM is conditional on the other resolution being passed and on all of the resolutions to be proposed at the other Shareholder Meetings being passed.

In order to be passed, a special resolution requires at least 75 per cent. of the votes cast to be in favour of it. For an ordinary resolution to be passed, more than 50 per cent. of the votes cast must be in favour of it. The quorum requirement for the ADC EGM is not less than two Ordinary Shareholders present in person or by proxy (or, in the case of a corporation, by a duly appointed representative).

Under the Listing Rules, AAM is regarded as a related party of ADC as a consequence of being ADC's investment manager. The proposed amendments to the Management Agreement constitute a related party transaction between ADC and the Manager. That proposal therefore requires the approval of the requisite majority of the Independent Ordinary Shareholders. Neither the Manager nor any of its associates (as defined in the Listing Rules) holds any Ordinary Shares. However, as at the date of this document, discretionary clients of AAM and its associates held 9.73 per cent. of the issued Ordinary Shares. AAM has undertaken to abstain, and to take all reasonable steps to ensure that its associates abstain, from voting on behalf of such discretionary clients on resolution 2 to be proposed at the ADC EGM.

LR 13.6.1(3)
LR 13.6.1(6)

2010 ZDP Shareholders' Class Meeting and 2012 ZDP Shareholders' Class Meeting

The proposed changes to ADC's investment objective and policy, Capital Reductions, return of capital to Shareholders through a combination of the Capital Return Scheme and the Buy Back Programme and amendments to the articles of association of ADC Zeros 2010 and ADC Zeros 2012 constitute amendments to the rights attached to the ZDPs and, therefore, require to be approved at separate general meetings of holders of 2010 ZDP Shares and of 2012 ZDP Shares. Accordingly, separate general meetings of holders of 2010 ZDP Shares and of 2012 ZDP Shares are also being convened for Friday, 3 August 2007 at which extraordinary resolutions will be proposed sanctioning the Proposals and all resulting variations to the rights attached to the 2010 ZDP Shares and the 2012 ZDP Shares respectively.

The Class Meetings will be held at 10 Queen's Terrace, Aberdeen AB10 1YG, on Friday, 3 August 2007, with the 2010 ZDP Shareholders' Class Meeting being held at 11.01 a.m. (or such later time as the ADC EGM shall have concluded or been adjourned) and the 2012 ZDP Shareholders' Class Meeting being held at 11.03 a.m. (or such later time as the ADC Zeros 2010 EGM shall have concluded or been adjourned). The notices convening the Class Meetings are set out in Parts 7 and 9 respectively of this document.

In order to be passed, an extraordinary resolution requires at least 75 per cent. of the votes cast to be in favour of it. The quorum requirement for each of the Class Meetings is not less than two holders of the relevant class present in person or by proxy (or, in the case of a corporation, by a duly appointed

representative) and representing at least one-third in nominal amount of the issued shares of the relevant class (but at any adjourned meeting of such holders where a quorum is not present those holders of the relevant class who are present in person or by proxy or, in the case of a corporation, by a duly appointed representative shall be a quorum).

ADC Zeros 2010 EGM and ADC Zeros 2012 EGM

The proposed Capital Reductions, Capital Return Scheme, Buy Back Programme and proposed amendments to the articles of association, in each case in relation to ADC Zeros 2010 and ADC Zeros 2012, require a special resolution of all shareholders (i.e. ordinary shareholders and ZDP Shareholders) of ADC Zeros 2010 and ADC Zeros 2012 respectively. The resolution to be proposed at each of the ADC Zeros 2010 EGM and the ADC Zeros 2012 EGM is conditional on all of the resolutions to be proposed at the other Shareholder Meetings being passed.

The ADC Zeros 2010 EGM and the ADC Zeros 2012 EGM will be held at 10 Queen's Terrace, Aberdeen AB10 1YG, on Friday, 3 August 2007, with the ADC Zeros 2010 EGM being held at 11.02 a.m. (or such later time as the 2010 ZDP Shareholders' Class Meeting has concluded or been adjourned) and the ADC Zeros 2012 EGM being held at 11.04 a.m. (or such later time as the 2012 ZDP Shareholders' Class Meeting has concluded or been adjourned). The notices convening the ADC Zeros 2010 EGM and the ADC Zeros 2012 EGM are set out in Parts 8 and 10 respectively of this document.

In order to be passed, a special resolution requires at least 75 per cent. of the votes cast to be in favour of it. The quorum requirement for the ADC Zeros 2010 EGM and the ADC Zeros 2012 EGM is, in each case, not less than two members entitled to vote present in person or by proxy (or, in the case of a corporation, by a duly appointed representative).

Letters of Intent

ADC has received letters of intent to vote in favour of the resolutions to be proposed at the Meetings in respect of, in aggregate, 62.0 per cent. of the issued Ordinary Shares (in relation to resolution 1 in the ADC EGM Notice), 52.1 per cent. of the issued Ordinary Shares (in relation to resolution 2 in the ADC EGM Notice), 46.5 per cent. of the issued 2010 ZDPs and 47.6 per cent. of the issued 2012 ZDPs.

Additional Information

Your attention is drawn to the risk factors set out in Part 2 of this document and to the additional information set out in Part 4 of this document. You should read the whole of this document and not just rely on the information provided in this letter.

Action to be Taken

Introduction

Before taking any action, you are recommended to read the further information set out in this document. **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately or, if you are in a country outside the United Kingdom, another appropriately authorised independent financial adviser.**

To Vote at the ADC EGM

If you are an Ordinary Shareholder, you will find enclosed with this document a white Form of Proxy for use at the ADC EGM. If you hold Ordinary Shares through the Savings Plans, you will find enclosed with this document a white Letter of Direction for use at the ADC EGM.

If you are an Ordinary Shareholder and/or hold Ordinary Shares through the Savings Plans, please complete the white Form of Proxy and/or white Letter of Direction (as appropriate) and return them by post to the address set out on such form and/or letter as soon as possible and in any event so as to be received, in the case of the white Form of Proxy, not later than 11.00 a.m. on Wednesday, 1 August 2007 and, in the case of the white Letter of Direction, not later than 6.00 p.m. on Monday, 30 July 2007.

The completion and return of a Form of Proxy will not prevent an Ordinary Shareholder from attending the ADC EGM and voting in person if they wish to do so.

To Vote at the 2010 ZDP Shareholders' Class Meeting and the ADC Zeros 2010 EGM

If you are a 2010 ZDP Shareholder, you will find enclosed with this document:

- a blue Form of Proxy for use at the 2010 ZDP Shareholders' Class Meeting; and
- a pink Form of Proxy for use at the ADC Zeros 2010 EGM.

If you hold 2010 ZDPs through the Savings Plans, you will find enclosed with this document:

- a blue Letter of Direction for use at the 2010 ZDP Shareholders' Class Meeting; and
- a pink Letter of Direction for use at the ADC Zeros 2010 EGM.

If you are a 2010 ZDP Shareholder and/or hold 2010 ZDPs through the Savings Plans, please complete the blue and pink Forms of Proxy and/or blue and pink Letters of Direction (as appropriate) and return them by post to the address set out on such form and/or letter as soon as possible and in any event so as to be received, in the case of the blue Form of Proxy, not later than 11.01 a.m. on Wednesday, 1 August 2007, in the case of the pink Form of Proxy, not later than 11.02 a.m. on Wednesday, 1 August 2007 and, in the case of the blue and pink Letters of Direction, not later than 6.00 p.m. on Monday, 30 July 2007.

The completion and return of a Form of Proxy will not prevent a 2010 ZDP Shareholder from attending the 2010 ZDP Shareholders' Class Meeting and/or the ADC Zeros 2010 EGM and voting in person if they wish to do so.

To Vote at the 2012 ZDP Shareholders' Class Meeting and the ADC Zeros 2012 EGM

If you are a 2012 ZDP Shareholder, you will find enclosed with this document:

- a green Form of Proxy for use at the 2012 ZDP Shareholders' Class Meeting; and
- a yellow Form of Proxy for use at the ADC Zeros 2012 EGM.

If you hold 2012 ZDPs through the Savings Plans, you will find enclosed with this document:

- a green Letter of Direction for use at the 2012 ZDP Shareholders' Class Meeting; and
- a yellow Letter of Direction for use at the ADC Zeros 2012 EGM.

If you are a 2012 ZDP Shareholder and/or hold 2012 ZDPs through the Savings Plans, please complete the green and yellow Forms of Proxy and/or green and yellow Letter of Direction (as appropriate) and return them by post to the address set out on such form and/or letter as soon as possible and in any event so as to be received, in the case of the green Form of Proxy, not later than 11.03 a.m. on Wednesday, 1 August 2007, in the case of the yellow Form of Proxy, not later than 11.04 a.m. on Wednesday, 1 August 2007 and, in the case of the green and yellow Letter of Direction, not later than 6.00 p.m. on Monday, 30 July 2007.

The completion and return of a Form of Proxy will not prevent a 2012 ZDP Shareholder from attending the 2012 ZDP Shareholders' Class Meeting and/or the ADC Zeros 2012 EGM and voting in person if they wish to do so.

Recommendation

The Board, which has been advised by Intelli Corporate Finance, considers the Proposals to be in the best interests of Shareholders and Savings Plan Participants as a whole. Furthermore, the Board (excluding for this purpose Martin Gilbert, who is a director of the Manager and, therefore, has abstained from the Board's consideration the proposed changes to the Management Agreement), which has been so advised by Intelli Corporate Finance, considers that the proposed changes to the Management Agreement are fair and reasonable as far as Shareholders and holders of Shares through the Savings Plans are concerned. In providing advice to the Directors, Intelli Corporate Finance has taken into account the Directors' own commercial assessment of the Proposals.

The Board recommends that you vote in favour of the resolutions to be proposed at the relevant Meeting(s). The Directors intend to vote in favour of the resolutions to be proposed at the ADC EGM in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 350,752 Ordinary Shares (representing approximately 0.95 per cent. of the Ordinary Shares in issue). The Directors do not hold any ZDPs.

Yours faithfully



John R Milligan
Chairman

LR 13.3.1(5)
LR 13.6.1(5)
LR 13.6.2

PART 2

RISK FACTORS

Shareholders should consider carefully the specific risks described below, in addition to the other information set out in this document, when considering the Proposals. The following risks are those risks which the Directors consider to be material as at the date of this document (based on the assumption that the Proposals are implemented). If any of the adverse events described below actually occur, the Group's business, financial condition or results or prospects could be materially and adversely affected. Additional risks and uncertainties which were not known to the Directors at the date of this document or that the Directors considered at the date of this document to be immaterial (based on the assumption that the Proposals are implemented) may also materially and adversely affect the Group's business, financial condition or results or prospects.

1. Investment Objective

There is no guarantee that the changes to ADC's investment policy will provide the returns sought by Shareholders. There can be no guarantee, therefore, that ADC will achieve its new investment objective.

2. Risks Relating to the Shares

- 2.1 The market value and the net asset value of the Shares, and dividends payable on the Ordinary Shares, may go down as well as up. The market value of the Shares at any particular time may vary significantly and not reflect their underlying net asset value. Shareholders may not get paid the amount they originally invested on a sale of their Shares or on a liquidation of the relevant Company (even after taking into account returns of capital under the Capital Return Scheme).
- 2.2 The marketability of the Shares may be limited. The trading volume of the Shares may be even lower following the implementation of the Proposals as returns of capital under the Capital Return Scheme will result in a corresponding reduction in the underlying net asset value of the Shares and repurchases of Shares under the Buy Back Programme will reduce the numbers of Shares in issue.
- 2.3 Returns of capital under the Capital Return Scheme may only be made to the extent that the relevant Company has sufficient funds available for distribution in its special reserve created upon the Capital Reduction becoming effective. Repurchases of Shares under the Buy Back Programme may only be made to the extent of the aggregate amount standing to the credit of its special capital reserve created upon the relevant Capital Reduction becoming effective and any other distributable reserves less any accumulated realised losses (if any) from time to time.
- 2.4 No assurance can be given that all cash received on future realisations of ADC's investments will be returned as capital under the Capital Return Scheme or used to fund repurchases of Shares under the Buy Back Programme.
- 2.5 Returns generated by investments may be insufficient to repay in full the final capital entitlement of the ZDPs in issue on the date on which such shares are required to be repaid in accordance with the respective articles of association of ADC Zeros 2010 or ADC Zeros 2012 (as appropriate).
- 2.6 The underlying net asset value of the Ordinary Shares will be geared to the performance of the Group's assets relative to the pre-determined capital entitlements of the ZDPs.
- 2.7 ADC can only pay dividends on the Ordinary Shares to the extent that it has distributable profits available for that purpose. Therefore, ADC's ability to pay dividends on the Ordinary Shares will depend primarily on the level of income received from its investments and the timing of receipt of such income by ADC. The level of income received from the Company's investments is expected to fluctuate and to reduce over time. Accordingly, the amount of dividends paid to Ordinary Shareholders may fluctuate and is expected to reduce over time.

3. Risks Associated with ADC's Investments

- 3.1 The securities of ADC's portfolio companies and the ability of such companies to pay debts could be adversely affected by interest rate movements, changes in the general economic or political climate, changes in the economic factors affecting a particular industry, changes in tax law or specific developments within such companies.

- 3.2 ADC's investments include companies whose capital structures have significant leverage. Although ADC seeks to invest in portfolio companies whose leverage is believed to be appropriate to that company, the leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry.
- 3.3 ADC holds a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies.
- 3.4 ADC's ability to realise its unquoted investments will depend on the Manager's ability to find purchasers for such investments. The availability of any means of exit (whether by way of a sale to a trade purchaser or venture capitalist or through an initial public offering (IPO) or share buy-back by an investee company) will be dependent upon the market conditions prevailing at the proposed time of realisation. Any material adverse change affecting market conditions in general or the private equity market in particular could seriously limit the exit opportunities available to the Group in respect of its investments. The proceeds of portfolio realisations may be considerably below current valuations.
- 3.5 As a result of converting ADC into a realisation fund, the number of investments in its portfolio will reduce over time and, as a consequence, the aggregate return on the remaining investments will become increasingly geared by the performance, favourable or unfavourable, of the remaining individual investments.
- 3.6 The value of the investments comprised in ADC's portfolio and any income derived from them may go down as well as go up.
- 3.7 ADC's investments are valued by the Directors after due consideration of the most recent financial information issued by those entities in which ADC invests. ADC's investment valuation method is reliant on financial information that may be issued relatively infrequently and there is potential for inconsistency in the valuation methods adopted by and the financial information issued by such companies. Accordingly, whilst the Directors believe that ADC's valuation procedures are reliable, they should be viewed in this context. The realisation value of an investment may not match its valuation by ADC.

4. Taxation

- 4.1 ADC intends to continue to conduct its affairs so as to qualify as an investment trust, but there is no guarantee that such status will be maintained. If ADC fails to meet the qualifying requirements, this could result in loss of tax relief in relation to corporation tax on capital gains made by ADC.
- 4.2 The general guide on taxation in the United Kingdom set out in Part 3 of this document is based on current UK legislation and what is understood to be HM Revenue and Customs practice as at the date of this document. The current legislation and practice may change and/or HM Revenue and Customs may not follow such practice and any such event may affect the taxation liabilities of Shareholders in relation to returns of capital under the Capital Return Scheme.
- 4.3 No clearance has been sought or is intended to be sought under section 701 of ITA 2007 that section 698 of ITA 2007 shall not apply in respect of the Buy Back Programme.

5. General

Past performance is not necessarily a guide to future performance.

PART 3

TAXATION

The information in this Part 3, which is intended as a general guide only, is based on current legislation and practice regarding United Kingdom taxation and may be subject to change, summarises advice received by the Directors as to the position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold their Shares as an investment. The information in this Part 3 does not constitute legal or tax advice to any Shareholders. Accordingly, Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom or may hold their Shares otherwise than as an investment, are strongly recommended to consult their professional adviser.

1. The Companies

ADC has obtained approval as an investment trust under section 842 of ICTA 1988 up to and including the financial year ended 31 May 2006. The Directors consider that ADC has conducted its affairs since that date, and will continue to do so, to enable it to be so approved in future years.

The Directors have been advised that the manner in which it is proposed to return capital to Shareholders through the combination of the Capital Return Scheme and the Buy Back Programme should not affect the status of ADC as regards its ability to apply annually to HMRC and to be granted approval under section 842 of ICTA 1988 as an investment trust.

2. Shareholders

2.1 *Capital Return Scheme*

Payments by the Companies under the Capital Return Scheme will fall to be taxed in accordance with the rules relating to the taxation of chargeable gains, rather than income.

In relation to individual and corporate Shareholders who are UK resident, other than dealers in securities, the capital returns will be treated, subject to what is said in the following paragraph, under TCGA 1992 as the proceeds of a part disposal of the holding of Shares.

A UK resident Shareholder will generally be required to calculate the chargeable gain (or allowable loss) arising on any such part disposal. For UK resident individual Shareholders, indexation allowance and taper relief may be available to reduce the amount of any taxable gain. For UK resident corporate Shareholders, indexation allowance may be available to reduce the amount of any taxable gain.

The Directors believe that, in certain circumstances, sums paid by way of a capital return to Shareholders will be "small" for the purpose of TCGA 1992. The receipt by a Shareholder of a capital return which is "small" will not be treated as a disposal, or part disposal, of an asset and no UK tax will be due on receipt of the capital return. Instead, an amount equal to the amount received will fall to be deducted from the tax base cost of the Shareholder's holding of Shares. This treatment will only apply where, and to the extent that, the holding of Shares from which the capital return is derived has a positive base cost against which to offset the capital receipt. Where this is not the case, the receipt of a capital return may fall to be treated as a part disposal. A capital return treated as "small" is not required to be included on any self-assessment tax return. An individual Shareholder's annual exempt amount for capital gains tax purposes will not be affected by this treatment.

No tax credit will be available for individual Shareholders on the receipt of a capital return.

2.2 *Buy Back Programme*

A Shareholder who sells their Shares on the market through an intermediary as part of the Buy Back Programme should be treated, for the purposes of UK taxation, as though the Shareholder had sold them in the normal way to a third party. Accordingly, any such Shareholder who is resident or ordinarily resident in the UK for tax purposes may, depending on that Shareholder's personal circumstances, be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of any gain arising on such sale.

Shareholders who are neither resident nor ordinarily resident in the UK for tax purposes and who do not hold their Shares for the purposes of a trade, profession or vocation carried on by them through a branch or agency in the UK or for the purposes of such a branch or agency will not normally be liable to UK taxation on chargeable gains in respect of any disposal of their Shares. Individual Shareholders who are temporarily neither resident nor ordinarily resident in the UK for tax purposes may be liable to capital gains tax under anti-avoidance legislation.

In certain circumstances, HMRC may apply section 698 of ITA 2007 where they have reason to believe generally that a person obtains a tax advantage in consequence of a "transaction in securities". No clearance application has been or is to be sought by the Companies from HMRC to the effect that it will not apply section 698 as mentioned above. However, in the opinion of the Companies and their taxation advisers, the Buy Back Programme is such that section 698 should not apply to Shareholders who sell their Shares on the market through an intermediary as part of the Buy Back Programme.

3. Stamp Duty

3.1 *Capital Return Scheme*

There are no stamp duty implications.

3.2 *Share Buy Back Programme*

Stamp duty at the rate of 0.5 per cent. of the purchase price of any Shares (rounded up to the nearest £5) bought back by any of the Companies will be payable by the relevant Company.

PART 4

ADDITIONAL INFORMATION

1. Shares

- 1.1 As at 11 July 2007, 36,919,225 Ordinary Shares, 8,750,000 2010 ZDPs and 8,750,000 2012 ZDPs were in issue.
- 1.2 As at 30 April 2007 (being the last date prior to publication of this document as at which the unaudited net asset value per Share has been announced), the unaudited net asset value per Ordinary Share was 30.22p and per ZDP was 112.25p.

2. Substantial Share Interests

As at 10 July 2007 (being the latest practicable date prior to the publication of this document), the only persons known to the Companies who, directly or indirectly, were interested in at least 3.0 per cent. of one or more of the classes of Share were as follows:

LR 13.6.1 (1)(c)
(Annex I: 18.1)

Shareholder	Ordinary Shares		2010 ZDPs		2012 ZDPs	
	No.	% ¹	No.	% ¹	No.	% ¹
Aberdeen City Council						
Pension Fund	1,512,500	4.10	–	–	–	–
Capital Gearing Trust	–	–	1,687,054	19.28	1,687,054	19.28
Clients of AAM	3,671,043	9.94	–	–	–	–
Clients of BFS	–	–	290,072	3.32	390,072	4.46
Clients of Carr Shepherd Crosthwaite	–	–	513,405	5.87	474,405	5.42
Clients of Brewin Dolphin	–	–	1,047,217	11.97	1,127,742	12.89
Clients of Transact	–	–	510,657	5.84	67,340	0.77
Dartmoor Investment Trust	3,150,000	8.53	–	–	–	–
ISIS Progressive Growth Fund	–	–	272,858	3.12	272,858	3.12
Jupiter Asset Management	2,424,927	6.57	–	–	–	–
Merseyside Pension Fund	5,197,042	14.08	–	–	–	–
Midas Capital Partners	7,190,000	19.47	–	–	–	–
New Star Asset Management	4,500,000	12.19	1,399,100	15.99	1,399,100	15.99
Premier Absolute Growth Fund	–	–	350,000	4.00	400,000	4.57
UBS (as market maker)	1,290,596	3.50	–	–	–	–
Winterflood Securities (as market maker)	–	–	4,130	0.05	410,506	4.69

Note: ¹ Of issued shares of relevant class

3. Resolutions Passed by Holder of Ordinary Shares of ADC Zeros 2010 and ADC Zeros 2012 in Connection with Proposals

- 3.1 ADC is the beneficial owner of the entire issued ordinary share capital of each of ADC Zeros 2010 and ADC Zeros 2012.
- 3.2 In order to meet certain of the expenses payable by ADC Zeros 2010 in connection with the Proposals, by a written resolution of the ordinary shareholders of ADC Zeros 2010 dated 11 July 2007, it was resolved, conditional on all of the resolutions to be proposed at the Meetings being passed, that:
- (i) in addition to any existing power under section 80 of the Companies Act 1985 (as amended), and without prejudice to the exercise of any such authority prior to the date of the resolution, the directors of ADC Zeros 2010 be generally and unconditionally authorised in accordance with section 80 of the Companies Act to exercise all the powers of ADC Zeros 2010 to allot ordinary shares in ADC Zeros 2010 up to an aggregate nominal amount of £100,000, such authority to expire on 3 August 2008; and
 - (ii) in substitution for any existing power under section 95 of the Companies Act, the directors of ADC Zeros 2010 be generally and unconditionally empowered pursuant to section 95 of the Companies Act to allot equity securities (within the meaning of section 94(2) of the Companies Act) for cash pursuant to the authority referred to in sub-paragraph (i) above as if section 89(1) of the Companies Act did not apply to any such allotment, such power to expire on 3 August 2008.

- 3.3 In order to meet certain of the expenses payable by ADC Zeros 2012 in connection with the Proposals, by a written resolution of the ordinary shareholders of ADC Zeros 2012 dated 11 July 2007, it was resolved, conditional on all of the resolutions to be proposed at the Meetings being passed, that:
- (i) in addition to any existing power under section 80 of the Companies Act, and without prejudice to the exercise of any such authority prior to the date of the resolution, the directors of ADC Zeros 2012 be generally and unconditionally authorised in accordance with section 80 of the Companies Act to exercise all the powers of ADC Zeros 2012 to allot ordinary shares in ADC Zeros 2012 up to an aggregate nominal amount of £100,000, such authority to expire on 3 August 2008; and
 - (ii) in substitution for any existing power under section 95 of the Companies Act, the directors of ADC Zeros 2012 be generally and unconditionally empowered pursuant to section 95 of the Companies Act to allot equity securities (within the meaning of section 94(2) of the Companies Act) for cash pursuant to the authority referred to in sub-paragraph (i) above as if section 89(1) of the Companies Act did not apply to any such allotment, such power to expire on 3 August 2008.

4. Material Contracts

LR 13.6.1(e)
(Annex I: 22)

- 4.1 Summaries of the following material contracts which were included in the 2005 Prospectus are incorporated by reference into this document:

<i>Nature</i>	<i>Description of Agreement</i>		<i>Location of Summary of Agreement in 2005 Prospectus</i>	
	<i>Parties</i>	<i>Date</i>	<i>Page No.</i>	<i>Para. No.</i>
Management agreement (as amended)	ADC and AAM	04.06.99 and 07.06.99 (amended 30.01.03 and 26.08.04)	63	7(iii)
Investment management and secretarial agreement	ADC Zeros 2010 and AAM	25.05.05 and 26.05.05	62	6.1
Investment management and secretarial agreement	ADC Zeros 2012 and AAM	25.05.05 and 26.05.05	62	6.2
Loan note subscription agreement	ADC and ADC Zeros 2010	25.05.05	63-64	7(iv)
Loan note subscription agreement	ADC and ADC Zeros 2012	25.05.05	65-66	7(vi)
Subscription agreement	ADC and ADC Zeros 2010	25.05.05	64-65	7(v)
Subscription agreement	ADC and ADC Zeros 2012	25.05.05	66-67	7(vii)
Ranking agreement	ADC, ADC Zeros 2010 and ADC Zeros 2012	25.05.05	67	7(viii)
Amendment agreement to a subscription agreement	ADC and ADC Zeros 2005 plc	25.05.05	67-68	7(ix)

A copy of the 2005 Prospectus is available for inspection at the address set out in paragraph 6 of this Part 4.

- 4.2 Conditional on all of the resolutions to be proposed at the Meetings being passed, members of the Group will enter into the following agreements in connection with the Proposals.

4.2.1 A supplemental management agreement between ADC and AAM (the “**Supplemental Management Agreement**”) whereby, conditional on the Proposals being approved by Shareholders, the provisions of the management agreement between ADC and AAM dated 4 and 7 June 1999 (as amended by side letter on 30 January 2003, 26 August 2004 and 24 February 2006) in relation to the fees payable to AAM will be amended to provide as follows:

- (i) AAM will be entitled to a fixed basic management fee of £100,000 per annum (excluding irrecoverable VAT, if any), which will reduce to £60,000 per annum (excluding irrecoverable VAT, if any) with effect from 1 July 2010, in each case less any management fees or priority profit share (excluding irrecoverable VAT, if any) receivable by AAM under its management or other agreements with other members of the ADC Group; and

- (ii) AAM will be entitled to an incentive management fee whereby it will be paid:
 - (a) 20 per cent. of the amount by which the aggregate returns of capital per Ordinary Share, whether under the Capital Return Scheme, on ADC's liquidation or otherwise, paid on or before 31 December 2012 exceed 35p multiplied by the number of Ordinary Shares in issue at the time of the relevant return of capital exceeding the 35p target; and
 - (b) 20 per cent. of the amount by which the repurchase price of an Ordinary Share under the Buy Back Programme exceeds the targeted return, being 35p less any returns of capital paid in respect of that Ordinary Share under the Capital Return Scheme up to a maximum of 35p, multiplied by the number of Ordinary Shares bought back on the relevant occasion.

Under the Supplemental Management Agreement, the total management fees receivable by AAM in respect of any financial year of ADC may not in any case exceed the higher of (1) 2.0 per cent. of ADC's gross assets as at the latest practicable date prior to calculation of the incentive management fee and (2) 24.99 per cent. of ADC's market capitalisation on the first business day in that financial year.

4.2.2 A supplemental agreement (the "**Supplemental 2010 Loan Note Agreement**") to the instrument constituting the £4,694,923.72 subordinated loan note 2010 dated 29 June 2005 (the "**2010 Loan Note**"), pursuant to which ADC and ADC Zeros 2010 agree provisions for early repayments of the whole or part of the 2010 Loan Note to facilitate repayments of capital and buy backs of 2010 ZDPs by ADC Zeros 2010 under the Capital Return Scheme and the Buy Back Programme respectively. Under the Supplemental 2010 Loan Note Agreement, in the event of such a proposed repayment of capital or share buy back (as agreed between ADC and ADC Zeros 2010) an amount equal to the amount proposed to be returned to 2010 ZDP Shareholders by way of capital return or share buy back is to be paid by ADC to ADC Zeros 2010 (but not being more than the total amount of principal and interest outstanding at that time and subject to the existing cap on the maximum amount repayable, being the net assets of ADC) and that amount (to the extent it is not deducted from the 2010 Scheme Loan Note) shall be deducted from the amount outstanding under the 2010 Loan Note. The amount remaining outstanding under the 2010 Loan Note after the prepayment shall then accrue interest as normal at the rate of 6.5 per cent. per annum compounded daily going forward.

4.2.3 A supplemental agreement (the "**Supplemental Scheme 2010 Loan Note Agreement**") to the instrument constituting the £4,055,076.28 subordinated scheme loan note 2010 dated 29 June 2005 (the "**2010 Scheme Loan Note**"), pursuant to which ADC and ADC Zeros 2010 agree provisions for early repayments of the whole or part of the 2010 Scheme Loan Note to facilitate repayments of capital and buy backs of 2010 ZDPs by ADC Zeros 2010 under the Capital Return Scheme and the Buy Back Programme respectively. Under the Supplemental Scheme 2010 Loan Note Agreement, in the event of such a proposed repayment of capital or share buy back (as agreed between ADC and ADC Zeros 2010) an amount equal to the amount proposed to be returned to 2010 ZDP Shareholders by way of capital return or share buy back is to be paid by ADC to ADC Zeros 2010 (but not being more than the total amount of principal and interest outstanding at that time and subject to the existing cap on the maximum amount repayable, being the net assets of ADC) and that amount (to the extent it is not deducted from the 2010 Loan Note) shall be deducted from the amount outstanding under the 2010 Scheme Loan Note. The amount remaining outstanding under the 2010 Scheme Loan Note after the prepayment shall then accrue interest as normal at the rate of 6.5 per cent. per annum compounded daily going forward.

4.2.4 A supplemental agreement (the "**Supplemental 2012 Loan Note Agreement**") to the instrument constituting the £4,694,923.72 subordinated loan note 2012 dated 29 June 2005 (the "**2012 Loan Note**"), pursuant to which ADC and ADC Zeros 2012 agree provisions for early repayments of the whole or part of the 2012 Loan Note to facilitate repayments of capital and buy backs of 2012 ZDPs by ADC Zeros 2012 under the Capital Return Scheme and the Buy Back Programme respectively. Under the Supplemental 2012 Loan Note Agreement, in the event of such a proposed repayment of capital or share buy back (as agreed between ADC and ADC Zeros 2012) an amount equal to the amount proposed to be returned to 2012 ZDP Shareholders by way of capital return or share buy back is to be paid by ADC to ADC Zeros 2012 (but not being more than the total amount of principal and interest outstanding at that time and subject to the existing cap on the maximum amount repayable, being the net assets of ADC) and

that amount (to the extent it is not deducted from the 2012 Scheme Loan Note) shall be deducted from the amount outstanding under the 2012 Loan Note. The amount remaining outstanding under the 2012 Loan Note after the prepayment shall then accrue interest as normal at the rate of 6.5 per cent. per annum compounded daily going forward.

4.2.5 A supplemental agreement (the "**Supplemental Scheme 2012 Loan Note Agreement**") to the instrument constituting the £4,055,076.28 subordinated scheme loan note 2012 dated 29 June 2005 (the "**2012 Scheme Loan Note**"), pursuant to which ADC and ADC Zeros 2012 agree provisions for early repayments of the whole or part of the 2012 Scheme Loan Note to facilitate repayments of capital and buy backs of 2012 ZDPs by ADC Zeros 2012 under the Capital Return Scheme and the Buy Back Programme respectively. Under the Supplemental Scheme 2012 Loan Note Agreement, in the event of such a proposed repayment of capital or share buy back (as agreed between ADC and ADC Zeros 2012) an amount equal to the amount proposed to be returned to 2012 ZDP Shareholders by way of capital return or share buy back is to be paid by ADC to ADC Zeros 2012 (but not being more than the total amount of principal and interest outstanding at that time and subject to the existing cap on the maximum amount repayable, being the net assets of ADC) and that amount (to the extent it is not deducted from the 2012 Loan Note) shall be deducted from the amount outstanding under the 2012 Scheme Loan Note. The amount remaining outstanding under the 2012 Scheme Loan Note after the prepayment shall then accrue interest as normal at the rate of 6.5 per cent. per annum compounded daily going forward.

4.3 Save for the agreements referred to in paragraph 4.1 and 4.2 of this Part 4, no member of the Group has:

- (i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document; or
- (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

5. General

5.1 ADC issued the following trading up-date through an RIS on 5 January 2007:

"Ahead of the publication of interim results for the six months ended 30 November 2006, which is scheduled for 29 January 2007, the board of Aberdeen Development Capital PLC ("ADC" or "the Company") wishes to advise shareholders of developments at two portfolio companies.

Firstly, as explained in the Annual Report earlier this year, the Company's largest investment by value, trailer rental business Transrent Holdings, has been experiencing a significant downturn in its marketplace, resulting in lower utilisation and more especially lower rental rates from its trailer fleet. Despite remaining very profitable at the EBITDA line, the level of debt in the business means that the company would suffer from increasing cash flow difficulties in the absence of either a significant recovery in its market, of which there is currently little sign, or a financial restructuring. Despite a substantial amount of effort by the Manager, it has not been possible to complete such a refinancing, despite a number of proposals, all of which would have secured the company's future, reaching advanced stages of negotiation over recent days and weeks. In light of this, and if additional funding cannot now be found, the company will be unable to continue trading. The Board has decided that it is now therefore appropriate to make a full provision against the carrying value of this investment, representing 14.3p per Ordinary Share, of which 12.7p relates to capital value and 1.6p relates to income accrued within debtors.

Secondly, since the half year end, the sale of EIG Investments (formerly known as Cox Insurance) to Insurance Australia Group has been announced, with the transaction expected to complete during January. The Company will receive proceeds of £2.22 million, compared with a cost and carrying value of £1 million, representing an uplift in net asset value equivalent to some 3.3p per Ordinary Share.

In light of the net loss in shareholder value, the Board will with immediate effect begin a comprehensive review of options regarding the future of the Company in consultation with its advisors and shareholders."

5.2 ADC issued an announcement through an RIS on 15 June 2007 which included the following trading up-date:

"Since the Board announced that it was commencing a comprehensive review of options regarding ADC's future, ADC has made a number of profitable realisations.

First, in March 2007, investee company Norson Group completed the sale of its PPU division to US company BJ Services in a deal which valued ADC's holding at approximately £3.78 million, which compared with the previous carrying value of £2.36 million at the date of the last published net asset value prior to the sale. Under the terms of that sale, £2.66 million in cash has been received, £79,000 of value has been retained in the continuing business for a 23 per cent. stake and the remaining deferred proceeds of up to £1.04 million will be held in escrow, payable in instalments over the next 15 months subject to any warranty claims by the purchaser. Although it is anticipated that a full recovery of the deferred consideration proceeds will occur, for the sake of prudence it will not be recognised as an asset until it is received by ADC. Proceeds including income over the 10 year lifetime of the investment are expected to total £5.21 million against a cost of £1.10 million, representing a cash multiple of 4.7x and an IRR of 21.3 per cent.

During April 2007, ADC disposed of its interest in ABZ Group, an Aberdeen-based business concerned with the design, manufacture and sale of specialised cabins for the energy sector. ADC received cash proceeds of £1.48 million compared with a cost of £550,000 and a carrying value of £955,000 at the date of the last published net asset value prior to the sale. In addition, income proceeds over the period of investment since May 2005 totalled £100,000, giving a cash exit multiple of 2.87x and an IRR of 74.8 per cent.

Finally, in May 2007, ADC sold its stake in Plaxton, the Yorkshire-based coach manufacturer. ADC received cash proceeds of £1.02 million compared with a cost of £21,000 and a carrying value of £689,000 at the date of the last published net asset value prior to the sale. In addition, income proceeds over the period of investment since May 2004 totalled £159,000 and a redemption of loan stock and equity in July 2006 realised a further £775,000. As a result, the investment generated a cash multiple of 2.6x on the original cost of £750,000 and an IRR of 46.3 per cent.

No new private equity investments have been made since the Board announced that it was reviewing options regarding ADC's future."

- 5.3 On 28 June 2007, the European Court of Justice ruled that the management fees payable by investment trusts should be exempt from VAT. In the event that UK law is brought into line with this ruling, the Companies may no longer have to pay VAT on their management fees and may be able to reclaim certain VAT paid in the past. It is understood that the matter will now be referred back to the UK VAT and Duties Tribunal for consideration. This will not affect the current Proposals.
- 5.4 Save as disclosed in paragraphs 5.1, 5.2 and 5.3 of this Part 4, there has been no significant change in the financial or trading position of the Group which has occurred since 30 November 2006, being the date to which the Company's latest unaudited interim financial statements were prepared. LR 13.6.1(d)
(Annex I: 20.9)
- 5.5 Intelli Corporate Finance has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear. LR 13.3.1(10)
LR 13.6.1(9)

6. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) from the date of this document until the close of business on Friday, 3 August 2007 at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX: LR 13.6.1(1)(f)
(Annex I: 24)

- (i) the articles of association of each of the Companies as at the date of this document;
- (ii) the articles of association of ADC Zeros 2010 and ADC Zeros 2012 as proposed to be amended, blacklined to show the changes proposed as summarised under the sub-heading "Amending articles of association of ADC Zeros 2010 and ADC Zeros 2012" in Part 1 of this document;
- (iii) the agreements referred to in paragraph 4.1 of this Part 4;
- (iv) drafts of the agreements referred to in paragraph 4.2 of this Part 4;
- (v) the annual report and accounts of the Group for the two years ended 31 May 2006 and the unaudited interim report of the Group for the six months ended 30 November 2006;
- (vi) the consent letter referred to in paragraph 5.5 of this Part 4; and
- (vii) the 2005 Prospectus.

In addition, copies of the articles of association of each of the Companies referred to in sub-paragraph (ii) above will also be available at the place of the Meetings for at least 15 minutes prior to the Meetings and during the Meetings. LR 13.8.10(2)
(a), (b)

PART 5

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2005 Prospectus”	the prospectus relating to each of ADC Zeros 2010 and ADC Zeros 2012 dated 27 May 2005
“2010 ZDPs”	zero dividend preference shares of 0.001p each in the capital of ADC Zeros 2010
“2010 ZDP Shareholders”	holders of 2010 ZDPs
“2010 ZDP Shareholders’ Class Meeting”	the separate general meeting of 2010 ZDP Shareholders to be held on Friday, 3 August 2007 at 11.01 a.m. (or such later time as the ADC EGM shall have concluded or been adjourned) (or any adjournment of such separate general meeting), notice of which is set out in Part 7 of this document
“2012 ZDPs”	zero dividend preference shares of 0.001p each in the capital of ADC Zeros 2012
“2012 ZDP Shareholders”	holders of 2012 ZDPs
“2012 ZDP Shareholders’ Class Meeting”	the separate general meeting of 2012 ZDP Shareholders to be held on Friday, 3 August 2007 at 11.03 a.m. (or such later time as the ADC Zeros 2010 EGM shall have concluded or been adjourned) (or any adjournment of such separate general meeting), notice of which is set out in Part 9 of this document
“ADC”	Aberdeen Development Capital PLC
“ADC EGM”	the extraordinary general meeting of ADC to be held on Friday, 3 August 2007 at 11.00 a.m. (or any adjournment thereof), notice of which is set out in Part 6 of this document
“ADC EGM Notice”	the notice convening the ADC EGM set out in Part 6 of this document
“ADC Zeros 2010”	ADC Zeros 2010 PLC, a subsidiary of ADC
“ADC Zeros 2010 EGM”	the extraordinary general meeting of ADC Zeros 2010 to be held on Friday, 3 August 2007 at 11.02 a.m. (or such later time as the 2010 ZDP Shareholders’ Class Meeting shall have concluded or been adjourned) (or any adjournment of such extraordinary general meeting), notice of which is set out in Part 8 of this document
“ADC Zeros 2012”	ADC Zeros 2012 PLC, a subsidiary of ADC
“ADC Zeros 2012 EGM”	the extraordinary general meeting of ADC Zeros 2012 to be held on Friday, 3 August 2007 at 11.04 a.m. (or such later time as the 2012 ZDP Shareholders’ Class Meeting shall have concluded or been adjourned) (or any adjournment of such extraordinary general meeting), notice of which is set out in Part 10 of this document
“Board” or “Directors”	the directors of ADC, ADC Zeros 2010 and/or ADC Zeros 2012 (as the context may require)
“Buy Back Programme”	buy backs of Shares through the market on the basis described under the sub-heading “Returning capital to Shareholders through a combination of a capital return scheme and a Share buy back programme” in Part 1 of this document

LR 13.6.1(a)
(Annex I: 5.1.1)

“Capital Reductions”	the reduction in the nominal value of the Ordinary Shares from 10p to 1p per Ordinary Share and the cancellation of the share premium accounts created from premiums paid on the Shares
“Capital Return Scheme”	the proposed <i>ad hoc</i> returns of capital to be paid to Shareholders on the basis described under the sub-heading “Returning capital to Shareholders through a combination of a capital return scheme and a Share buy back programme” in Part 1 of this document
“Class Meetings”	the 2010 ZDP Shareholders’ Class Meeting and/or 2012 ZDP Shareholders’ Class Meeting (as the context may require)
“Companies”	ADC, ADC Zeros 2010 and/or ADC Zeros 2012 (as the context may require)
“Companies Act”	the Companies Act 1985
“Court”	the Court of Session in Scotland
“Form(s) of Proxy”	the white, blue, pink, green and/or yellow form(s) of proxy issued by the Companies for use by Shareholders in connection with the ADC EGM, the 2010 ZDP Shareholders’ Class Meeting, the ADC Zeros 2010 EGM, the 2012 ZDP Shareholders’ Class Meeting and/or the ADC Zeros 2012 EGM respectively (as the context may require)
“FSA”	Financial Services Authority
“Group” or “ADC Group”	ADC and its subsidiary undertakings from time to time, including ADC Zeros 2010, ADC Zeros 2012 and ADC Fund Limited Partnership
“HMRC”	HM Revenue & Customs
“ICTA 1988”	the Income and Corporation Taxes Act 1988
“ITA 2007”	the Income Tax Act 2007
“Independent Ordinary Shareholders”	Ordinary Shareholders who are not the Manager or parties associated with the Manager or discretionary clients of the Manager or any such parties
“Intelli Corporate Finance”	Intelli Corporate Finance Limited
“Letter(s) of Direction”	the white, blue, pink, green and/or yellow letter(s) of direction issued by the Savings Plan Manager for use by Savings Plan Participants in connection with the ADC EGM, the 2010 ZDP Shareholders’ Class Meeting, the ADC Zeros 2010 EGM, the 2012 ZDP Shareholders’ Class Meeting and/or the ADC Zeros 2012 EGM respectively (as the context may require)
“Liquid Assets”	cash and near cash investments (being investments which can be converted into cash quickly and with very low cost)
“Listing Rules”	the listing rules made by the FSA under section 73A of the Financial Services and Markets Act 2000
“London Stock Exchange”	London Stock Exchange plc or, where appropriate, its market for larger and established companies
“Manager” or “AAM”	Aberdeen Asset Managers Limited
“Management Agreement”	the management agreement between ADC and AAM dated 4 and 7 June 1999 (as amended by letters dated 30 January 2003, 26 August 2004 and 24 February 2006)

LR 13.6.1(3)

“Meetings” or “Shareholder Meetings”	the ADC EGM, the 2010 ZDP Shareholders’ Class Meeting, the ADC Zeros 2010 EGM, the 2012 ZDP Shareholders’ Class Meeting and/or the ADC Zeros 2012 EGM (as the context may require)
“Ordinary Shareholders”	holders of Ordinary Shares
“Ordinary Shares”	ordinary shares of 10p (or, following the Capital Reduction, 1p) each in the capital of ADC
“Proposals”	the proposals for the future of the ADC Group described under the heading “Details of the Proposals” in Part 1 of this document
“RIS”	a regulatory information service that is on the list of regulatory information services maintained by the FSA
“Savings Plan Manager”	Aberdeen Asset Managers Limited
“Savings Plan Participants”	persons who beneficially own Shares through the Savings Plans
Savings Plans”	the share plan, ISAs and/or PEPs operated by the Savings Plan Manager and through which Shares may be acquired and held
“Shareholders”	Ordinary Shareholders, 2010 ZDP Shareholders and/or 2012 ZDP Shareholders (as the context may require)
“Shares”	Ordinary Shares, 2010 ZDPs and/or 2012 ZDPs (as the context may require)
“TCGA”	the Taxation of Chargeable Gains Act 1992
“ZDPs”	2010 ZDPs and/or 2012 ZDPs (as the context may require)
“ZDP Shareholders”	2010 ZDP Shareholders and/or 2012 ZDP Shareholders (as the context may require)

PART 6

NOTICE OF EXTRAORDINARY GENERAL MEETING OF ADC

ABERDEEN DEVELOPMENT CAPITAL PLC

*(Incorporated in Scotland under the Companies Act 1985 with registered number 98542)
(An investment company under section 266 of the Companies Act 1985)*

Notice is hereby given that an extraordinary general meeting of Aberdeen Development Capital PLC (the "**Company**") will be held on Friday, 3 August 2007 at 11.00 a.m. at 10 Queen's Terrace, Aberdeen AB10 1YG, for the purposes of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution.

Special Resolution

1. Subject to the passing of resolution 2 set out in the notice convening this meeting and the passing of the resolutions set out in the notices convening the 2010 ZDP Shareholders' Class Meeting, the ADC Zeros 2010 EGM, the 2012 ZDP Shareholders' Class Meeting and the ADC Zeros 2012 EGM (in each case as defined in the circular issued by the Company, ADC Zeros 2010 PLC and ADC Zeros 2012 PLC dated 11 July 2007 of which this notice forms part (the "**Circular**")):
 - 1.1 That the amendment of the Company's investment objective to be "To conduct an orderly realisation of the assets of the Company, to be effected in a manner which seeks to maximise value for Ordinary Shareholders" and the changes to the Company's investment policy described under the sub-heading "Changing ADC's investment objective and policy" in Part 1 of the Circular be and is approved.
 - 1.2 That, subject to the confirmation of the Court, the share capital of the Company be reduced by:
 - (i) reducing the nominal value of each ordinary share in the capital of the Company from 10 pence to one penny; and
 - (ii) cancelling the Company's entire share premium account.
 - 1.3 That, subject to any undertaking required by the Court, the credit thereby arising in the Company's books of account from the share capital reduction in paragraph 1.2 above be applied in crediting a distributable reserve (to be designated the "**Special Capital Reserve**") to be established in the Company's books of account which shall be able to be applied (i) in any manner in which the Company's profits available for distribution (as determined in accordance with section 263(3) of the Companies Act 1985) are able to be applied, except by way of dividend, including the making of buy backs by the Company of Ordinary Shares, and/or (ii) in the making of capital returns to holders of Ordinary Shares, in each case subject to any applicable restrictions in paragraphs 1.4 and 1.5 below.
 - 1.4 That any return of capital to a holder of Ordinary Shares (otherwise than on a liquidation, reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Capital Return Scheme.
 - 1.5 That any buy back of Ordinary Shares (otherwise than on a reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Buy Back Programme.
 - 1.6 That the Company be and is hereby, subject to paragraph 1.5 above but otherwise generally and unconditionally, authorised to make market purchases on the London Stock Exchange of Ordinary Shares, provided that:
 - (i) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 5,534,190 (representing approximately 14.99 per cent. of the Company's issued ordinary share capital);
 - (ii) the minimum price which may be paid for an Ordinary Share is one penny;
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of:

- (a) 105 per cent. of the average market value (taken from the Daily Official List of the London Stock Exchange) of an Ordinary Share for the five business days immediately preceding the day the purchase is made; and
- (b) the value of an Ordinary Share calculated on the basis of the higher of (1) the last independent trade of any number of Ordinary Shares on the London Stock Exchange or (2) the highest current independent bid for any number of Ordinary Shares on the London Stock Exchange;
- (iv) unless previously renewed, varied, or revoked, the authority hereby conferred shall expire on the date 18 months after this resolution is passed; and
- (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of such contract or contracts.

Words and expressions defined in the Circular shall have the same meanings when used in this resolution unless the context otherwise requires.

Ordinary Resolution

2. That, subject to the passing of resolution 1 set out in the notice convening this meeting and the passing of the resolutions set out in the notices convening the ADC Zeros 2010 EGM, the ADC Zeros 2012 EGM, the 2010 ZDP Shareholders' Class Meeting and the 2012 ZDP Shareholders' Class Meeting, the Supplemental Management Agreement between the Company and AAM in the form produced to the meeting and initialled by the Chairman for the purpose of identification (the effect of which is to amend, with effect from 1 August 2007, the management agreement between the Company and AAM dated 4 and 7 June 1999 (as already amended by letters dated 30 January 2003, 26 August 2004 and 24 February 2006) to provide for the revised management fees described under the sub-heading "Changing ADC's fee arrangements with AAM" in Part 1 of the circular issued by the Company, ADC Zeros 2010 PLC and ADC Zeros 2012 PLC dated 11 July 2007 of which the notice of this meeting forms part) be and it is hereby approved and words and expressions defined in such circular shall have the same meanings when used in this resolution.

By order of the Board
Aberdeen Asset Management PLC
Secretary

Registered Office
10 Queen's Terrace
Aberdeen AB10 1YG

11 July 2007

Notes:

1. Any Ordinary Shareholder entitled to attend and vote at the ADC EGM may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of ADC.
2. Ordinary Shareholders will find a white Form of Proxy for use at the ADC EGM enclosed with this document. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power of attorney or other authority must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (or, in the case of the white Form of Proxy, to the address printed on it) so as to be received by not later than 48 hours before the time for holding the ADC EGM.
3. Investors holding Ordinary Shares through the Savings Plans will find a white Letter of Direction for use at the ADC EGM enclosed with this document. To be valid, the Letter of Direction, duly completed and signed, must be returned to the address printed on it so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.
4. Completion and return of a form of proxy will not prevent an Ordinary Shareholder from attending and voting at the ADC EGM should they so wish.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, ADC has specified that only those Ordinary Shareholders registered in ADC's register of members 48 hours prior to the ADC EGM shall be entitled to attend and vote at the ADC EGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the ADC EGM.
6. Only Independent Shareholders shall be entitled to attend and vote on resolution 2 at the ADC EGM.

PART 7

NOTICE OF SEPARATE GENERAL MEETING OF 2010 ZDP SHAREHOLDERS

ADC ZEROS 2010 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number 285064)

Notice is hereby given that a separate general meeting of holders of zero dividend preference shares of 0.001p each in the capital of ADC Zeros 2010 PLC (the "**Company**") will be held on Friday, 3 August 2007 at 11.01 a.m. (or such later time as the extraordinary general meeting of Aberdeen Development Capital PLC convened for 11.00 a.m. on the same day shall have concluded or been adjourned) at 10 Queen's Terrace, Aberdeen AB10 1YG, for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution.

Extraordinary Resolution

That:

- (i) the Proposals in relation to, *inter alia*, the changes to ADC's investment objective and policy, the share capital reductions of ADC, the Company and ADC Zeros 2012, the implementation of the Capital Return Scheme and the Buy Back Programme and the amendments to the articles of association of the Company and ADC Zeros 2012 as set out in the circular issued by Aberdeen Development Capital PLC, the Company and ADC Zeros 2012 PLC dated 11 July 2007 of which the notice of this meeting forms part (the "**Circular**");
- (ii) those matters set out in the resolutions in the notice convening the ADC EGM in Part 6 of the Circular;
- (iii) those matters set out in the resolutions in the notice convening the Company's EGM in Part 8 of the Circular;
- (iv) those matters set out in the resolutions in the notice convening the ADC Zeros 2012 EGM in Part 10 of the Circular;
- (v) those matters set out in the written resolution of the ordinary shareholders of the Company (summarised at paragraph 3.2 of Part 4 of the Circular), being the granting of authority to allot ordinary shares under section 80 of the Companies Act 1985 and the disapplication of pre-emption rights in relation to those ordinary shares under section 95 of the Companies Act 1985; and
- (vi) the entering into of those agreements set out in paragraphs 4.2.1 to 4.2.5 of Part 4 of the Circular,

be and are hereby approved and sanctioned along with any variation, modification or abrogation and/or deemed variation, modification or abrogation of the rights attaching to the zero dividend preference shares resulting therefrom. Words and expressions defined in the Circular shall have the same meanings when used in this resolution unless the context otherwise requires.

By order of the Board
Aberdeen Asset Management PLC
Secretary

Registered Office
10 Queen's Terrace
Aberdeen AB10 1YG

11 July 2007

Notes:

1. Any 2010 ZDP Shareholder entitled to attend and vote at the 2010 ZDP Shareholders' Class Meeting may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of ADC Zeros 2010.
2. 2010 ZDP Shareholders will find a blue Form of Proxy for use at the 2010 ZDP Shareholders' Class Meeting enclosed with this document. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (or, in the case of the blue Form of Proxy, to the address printed on it) so as to be received by not later than 48 hours before the time for holding the 2010 ZDP Shareholders' Class Meeting.
3. Investors holding 2010 ZDPs through the Savings Plans will find a blue Letter of Direction for use at the 2010 ZDP Shareholders' Class Meeting enclosed with this document. To be valid, the Letter of Direction, duly completed and signed, must be returned to the address printed on it so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.
4. Completion and return of a form of proxy will not prevent a 2010 ZDP Shareholder from attending and voting at the 2010 ZDP Shareholders' Class Meeting should they so wish.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, ADC Zeros 2010 has specified that only those 2010 ZDP Shareholders registered in ADC Zeros 2010 register of members 48 hours prior to the 2010 ZDP Shareholders' Class Meeting shall be entitled to attend and vote at the 2010 ZDP Shareholders' Class Meeting in respect of the number of 2010 ZDPs registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the 2010 ZDP Shareholders' Class Meeting.

PART 8

NOTICE OF EXTRAORDINARY GENERAL MEETING OF ADC ZEROS 2010

ADC ZEROS 2010 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number 285064)

Notice is hereby given that an extraordinary general meeting of ADC Zeros 2010 PLC (the “**Company**”) will be held on Friday, 3 August 2007 at 11.02 a.m. (or such later time as the separate class meeting of holders of zero dividend preference shares of 0.001p each in the capital of the Company convened for 11.01 a.m. on the same day shall have concluded or been adjourned) at 10 Queen’s Terrace, Aberdeen AB10 1YG, for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

Special Resolution

Subject to the passing of the resolutions set out in the notices convening the ADC EGM, the 2010 ZDP Shareholders’ Class Meeting, the 2012 ZDP Shareholders’ Class Meeting and the ADC Zeros 2012 EGM (in each case as defined in the circular issued by Aberdeen Development Capital PLC, the Company and ADC Zeros 2012 PLC dated 11 July 2007 of which this notice forms part (the “**Circular**”)):

1. That, subject to the confirmation of the Court, the share capital of the Company be reduced by cancelling the Company’s entire share premium account.
2. That, subject to any undertaking required by the Court, the credit thereby arising in the Company’s books of account from the cancellation of the share premium account in paragraph 1 above be applied in crediting a distributable reserve (to be designated the “**Special Capital Reserve**”) to be established in the Company’s books of account which shall be able to be applied (i) in any manner in which the Company’s profits available for distribution (as determined in accordance with section 263(3) of the Companies Act 1985) are able to be applied, except by way of dividend, including the making of buy backs by the Company of 2010 ZDPs, and/or (ii) in the making of capital returns to holders of 2010 ZDPs, in each case, subject to any applicable restrictions in paragraphs 3 and 4 below.
3. That any return of capital to a holder of 2010 ZDPs (otherwise than on a liquidation, reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Capital Return Scheme.
4. That any buy back of 2010 ZDPs (otherwise than on a reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Buy Back Programme.
5. That the Company be and is hereby, subject to paragraph 4 above but otherwise generally and unconditionally, authorised to make market purchases on the London Stock Exchange of 2010 ZDPs, provided that:
 - (i) the maximum aggregate number of 2010 ZDPs hereby authorised to be purchased is 1,311,625 (representing approximately 14.99 per cent. of the Company’s issued zero dividend preference share capital);
 - (ii) the minimum price which may be paid for a 2010 ZDP is 0.001p;
 - (iii) the maximum price (exclusive of expenses) which may be paid for a 2010 ZDP shall be the higher of:
 - (a) 105 per cent. of the average market value (taken from the Daily Official List of the London Stock Exchange) of a 2010 ZDP for the five business days immediately preceding the day the purchase is made; and
 - (b) the value of a 2010 ZDP calculated on the basis of the higher of (1) the last independent trade of any number of 2010 ZDPs on the trading venue where the purchase is carried out or (2) the highest current independent bid for any number of 2010 ZDPs on such trading venue;

- (iv) unless previously renewed, varied, or revoked, the authority hereby conferred shall expire on the date 18 months after this resolution is passed; and
 - (v) the Company may make a contract or contracts to purchase 2010 ZDPs under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of 2010 ZDPs in pursuance of such contract or contracts.
6. That article 4.2 of the articles of association of the Company be deleted and replaced in its entirety with the following:
- “4.2 Capital
- On a winding-up or other return of assets of the Company (other than a capital return under the Capital Return Scheme described in the circular issued by Aberdeen Development Capital PLC, the Company and ADC Zeros 2012 PLC dated 11 July 2007 (a “**Designated Capital Return**”)) the assets of the Company available for distribution to the holders of Ordinary Shares and holders of the ZDP Shares after payment of all debts and satisfaction of all liabilities of the Company (including the costs of winding-up, if appropriate) will be applied as follows:
- (i) first, there shall be paid to the holders of the ZDP Shares an amount equal to 100p per ZDP Share, as increased at the rate of 6.5 per cent. per annum with effect from the date of Admission (such increases to be compounded daily and calculated to the date of winding up or earlier return of assets) except that, in the event of any Designated Capital Return being made in respect of any ZDP Share, the amount of the Designated Capital Return made on that ZDP Share shall be deducted from the accrued capital entitlement of that ZDP Share on the date of the Designated Capital Return and thereafter the capital entitlement of the ZDP Share shall continue to accrue as set out above based on the adjusted capital entitlement; and
 - (ii) second, there shall be paid to the holders of the Ordinary Shares all remaining surplus assets of the Company available for distribution, *pari passu*, according to the amounts paid up, or reckoned as paid up, on the Ordinary Shares held by them respectively.”
7. That the following articles be added to the articles of association of the Company immediately after article 164.6:
- “164.7 In the event of:
- (a) the Court confirming the reduction of share capital and the creation of the “Special Capital Reserve” substantially on the terms set out in the notice of extraordinary general meeting of the Company incorporated in the circular to shareholders published by Aberdeen Development Capital PLC, the Company and ADC Zeros 2012 PLC dated 11 July 2007; and
 - (b) the amount standing to the credit of that Special Capital Reserve at any time being exhausted and Aberdeen Development Capital PLC having sufficient liquid assets available for funding the repayment in full of the then accrued capital entitlement of all of the ZDP Shares and zero dividend preference shares of ADC Zeros 2012 PLC in issue, the Directors will be obliged to convene an extraordinary general meeting of the Company to be held within three months of the obligation arising to propose a resolution or resolutions to wind up the Company voluntarily. On any vote or votes on such resolution or resolutions, provided the Directors are satisfied that (absent unforeseen circumstances) the remaining accrued capital entitlements of the ZDP Shares and zero dividend preference shares of ADC Zeros 2012 PLC will be satisfied in full upon liquidation, the provisions of Article 164.2 shall apply *mutatis mutandis* as if the resolution or resolutions were a Liquidation Resolution.

164.8 In the event of the accrued capital entitlement of the ZDP Shares under Article 4.2 being reduced to zero, the Directors will be obliged to convene an extraordinary general meeting of the Company to be held within three months of the obligation arising to propose a resolution or resolutions to wind up the Company voluntarily. On any vote or votes on such resolution or resolutions, the provisions of Article 164.2 shall apply *mutatis mutandis* as if the resolution or resolutions were a Liquidation Resolution."

Words and expressions defined in the Circular shall have the same meanings when used in this resolution unless the context otherwise requires.

By order of the Board
Aberdeen Asset Management PLC
Secretary

Registered Office
10 Queen's Terrace
Aberdeen AB10 1YG

11 July 2007

Notes:

1. Any member of ADC Zeros 2010 entitled to attend and vote at the ADC Zeros 2010 EGM may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of ADC Zeros 2010.
2. 2010 ZDP Shareholders will find a pink Form of Proxy for use at the ADC Zeros 2010 EGM enclosed with this document. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (or, in the case of the pink Form of Proxy, to the address printed on it) so as to be received by not later than 48 hours before the time for holding the ADC Zeros 2010 EGM.
3. Investors holding 2010 ZDPs through the Savings Plans will find a pink Letter of Direction for use at the ADC Zeros 2010 EGM enclosed with this document. To be valid, the Letter of Direction, duly completed and signed, must be returned to the address printed on it so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.
4. Completion and return of a form of proxy will not prevent a member of ADC Zeros 2010 from attending and voting at the ADC Zeros 2010 EGM should they so wish.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, ADC Zeros 2010 has specified that only those members registered in ADC Zeros 2010's register of members 48 hours prior to the ADC Zeros 2010 EGM shall be entitled to attend and vote at the ADC Zeros 2010 EGM in respect of the number of shares in ADC Zeros 2010 registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the ADC Zeros 2010 EGM.

PART 9

NOTICE OF SEPARATE GENERAL MEETING OF 2012 ZDP SHAREHOLDERS

ADC ZEROS 2012 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number 285067)

Notice is hereby given that a separate general meeting of holders of zero dividend preference shares of 0.001p each in the capital of ADC Zeros 2012 PLC (the "**Company**") will be held on Friday, 3 August 2007 at 11.03 a.m. (or such later time as the extraordinary general meeting of ADC Zeros 2010 PLC convened for 11.02 a.m. on the same day shall have concluded or been adjourned) at 10 Queen's Terrace, Aberdeen AB10 1YG, for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution.

Extraordinary Resolution

That:

- (i) the Proposals in relation to, *inter alia*, the changes to ADC's investment objective and policy, the share capital reductions of ADC, ADC Zeros 2010 and the Company, the implementation of the Capital Return Scheme and the Buy Back Programme and the amendments to the articles of association of ADC Zeros 2010 and the Company as set out in the circular issued by Aberdeen Development Capital PLC, ADC Zeros 2010 PLC and the Company dated 11 July 2007 of which the notice of this meeting forms part (the "**Circular**");
- (ii) those matters set out in the resolutions in the notice convening the ADC EGM in Part 6 of the Circular;
- (iii) those matters set out in the resolutions in the notice convening the ADC Zeros 2010 EGM in Part 8 of the Circular;
- (iv) those matters set out in the resolutions in the notice convening the Company's EGM in Part 10 of the Circular;
- (v) those matters set out in the written resolution of the ordinary shareholders of the Company (summarised at paragraph 3.3 of Part 4 of the Circular), being the granting of authority to allot ordinary shares under section 80 of the Companies Act 1985 and the disapplication of pre-emption rights in relation to those ordinary shares under section 95 of the Companies Act 1985; and
- (vi) the entering into of those agreements set out in paragraphs 4.2.1 to 4.2.5 of Part 4 of the Circular,

be and are hereby approved and sanctioned along with any variation, modification or abrogation and/or deemed variation, modification or abrogation of the rights attaching to the zero dividend preference shares resulting therefrom. Words and expressions defined in the Circular shall have the same meanings when used in this resolution unless the context otherwise requires.

By order of the Board
Aberdeen Asset Management PLC
Secretary

Registered Office
10 Queen's Terrace
Aberdeen AB10 1YG

11 July 2007

Notes:

1. Any 2012 ZDP Shareholder entitled to attend and vote at the 2012 ZDP Shareholders' Class Meeting may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of ADC Zeros 2012.
2. 2012 ZDP Shareholders will find a green Form of Proxy for use at the 2012 ZDP Shareholders' Class Meeting enclosed with this document. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (or, in the case of the green Form of Proxy, to the address printed on it) so as to be received by not later than 48 hours before the time for holding the 2012 ZDP Shareholders' Class Meeting.
3. Investors holding 2012 ZDPs through the Savings Plans will find a green Letter of Direction for use at the 2012 ZDP Shareholders' Class Meeting enclosed with this document. To be valid, the Letter of Direction, duly completed and signed, must be returned to the address printed on it so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.
4. Completion and return of a form of proxy will not prevent a 2012 ZDP Shareholder from attending and voting at the 2012 ZDP Shareholders' Class Meeting should they so wish.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those 2012 ZDP Shareholders registered in the Company's register of members 48 hours prior to the 2012 ZDP Shareholders' Class Meeting shall be entitled to attend and vote at the 2012 ZDP Shareholders' Class Meeting in respect of the number of 2012 ZDPs registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the 2012 ZDP Shareholders' Class Meeting.

PART 10

NOTICE OF EXTRAORDINARY GENERAL MEETING OF ADC ZEROS 2012

ADC ZEROS 2012 PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number 285067)

Notice is hereby given that an extraordinary general meeting of ADC Zeros 2012 PLC (the **"Company"**) will be held on Friday, 3 August 2007 at 11.04 a.m. (or such later time as the separate general meeting of holders of zero dividend preference shares of 0.001p each in the capital of the Company convened for 11.03 a.m. on the same day shall have concluded or been adjourned) at 10 Queen's Terrace, Aberdeen AB10 1YG, for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

Special Resolution

Subject to the passing of the resolutions set out in the notices convening the ADC EGM, the 2010 ZDP Shareholders' Class Meeting, the 2012 ZDP Shareholders' Class Meeting and the ADC Zeros 2010 EGM (in each case as defined in the circular issued by Aberdeen Development Capital PLC, ADC Zeros 2010 PLC and the Company dated 11 July 2007 of which this notice forms part (the **"Circular"**):

1. That, subject to the confirmation of the Court, the share capital of the Company be reduced by cancelling the Company's entire share premium account.
2. That, subject to any undertaking required by the Court, the credit thereby arising in the Company's books of account from the cancellation of the share premium account in paragraph 1 above be applied in crediting a distributable reserve (to be designated the **"Special Capital Reserve"**) to be established in the Company's books of account which shall be able to be applied (i) in any manner in which the Company's profits available for distribution (as determined in accordance with section 263(3) of the Companies Act 1985) are able to be applied, except by way of dividend, including the making of buy backs by the Company of 2012 ZDPs, and/or (ii) in the making of capital returns to holders of 2012 ZDPs, in each case subject to any applicable restrictions in paragraphs 3 and 4 below.
3. That any return of capital to a holder of 2012 ZDPs (otherwise than on a liquidation, reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Capital Return Scheme.
4. That any buy back of 2012 ZDPs (otherwise than on a reconstruction or scheme of arrangement of the Company) out of the Special Capital Reserve may only be made in accordance with the terms of the Buy Back Programme.
5. That the Company be and is hereby, subject to paragraph 4 above but otherwise generally and unconditionally, authorised to make market purchases on the London Stock Exchange of 2012 ZDPs, provided that:
 - (i) the maximum aggregate number of 2012 ZDPs hereby authorised to be purchased is 1,311,625 (representing approximately 14.99 per cent. of the Company's issued zero dividend preference share capital);
 - (ii) the minimum price which may be paid for a 2012 ZDP is 0.001p;
 - (iii) the maximum price (exclusive of expenses) which may be paid for a 2012 ZDP shall be the higher of:
 - (a) 105 per cent. of the average market value (taken from the Daily Official List of the London Stock Exchange) of a 2012 ZDP for the five business days immediately preceding the day the purchase is made; and
 - (b) the value of a 2012 ZDP calculated on the basis of the higher of (1) the last independent trade of any number of 2012 ZDPs on the trading venue where the purchase is carried out or (2) the highest current independent bid for any number of 2012 ZDPs on such trading venue;

- (iv) unless previously renewed, varied, or revoked, the authority hereby conferred shall expire on the date 18 months after the passing of this resolution; and
 - (v) the Company may make a contract or contracts to purchase 2012 ZDPs under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of 2012 ZDPs in pursuance of such contract or contracts.
6. That article 4.2 of the articles of association of the Company be deleted and replaced in its entirety with the following:
- “4.2 Capital
- On a winding-up or other return of assets of the Company (other than a capital return under the Capital Return Scheme described in the circular issued by Aberdeen Development Capital PLC, ADC Zeros 2010 PLC and the Company dated 11 July 2007 (a “**Designated Capital Return**”)) the assets of the Company available for distribution to the holders of Ordinary Shares and holders of the ZDP Shares after payment of all debts and satisfaction of all liabilities of the Company (including the costs of winding-up, if appropriate) will be applied as follows:
- (i) first, there shall be paid to the holders of the ZDP Shares an amount equal to 100p per ZDP Share, as increased at the rate of 6.5 per cent. per annum with effect from the date of Admission (such increases to be compounded daily and calculated to the date of winding up or earlier return of assets) except that, in the event of any Designated Capital Return being made in respect of any ZDP Share, the amount of the Designated Capital Return made on that ZDP Share shall be deducted from the accrued capital entitlement of that ZDP Share on the date of the Designated Capital Return and thereafter the capital entitlement of the ZDP Share shall continue to accrue as set out above based on the adjusted capital entitlement; and
 - (ii) second, there shall be paid to the holders of the Ordinary Shares all remaining surplus assets of the Company available for distribution, *pari passu*, according to the amounts paid up, or reckoned as paid up, on the Ordinary Shares held by them respectively.”
7. That the following articles be added to the articles of association of the Company immediately after article 164.6:
- “164.7 In the event of:
- (a) the Court confirming the reduction of share capital and the creation of the “Special Capital Reserve” substantially on the terms set out in the notice of extraordinary general meeting of the Company incorporated in the circular to shareholders published by Aberdeen Development Capital PLC, ADC Zeros 2010 PLC and the Company dated 11 July 2007; and
 - (b) the amount standing to the credit of that Special Capital Reserve at any time being exhausted and Aberdeen Development Capital PLC having sufficient liquid assets available for funding the repayment in full of the then accrued capital entitlement of all of the ZDP Shares and zero dividend preference shares of ADC Zeros 2010 PLC in issue, the Directors will be obliged to convene an extraordinary general meeting of the Company to be held within three months of the obligation arising to propose a resolution or resolutions to wind up the Company voluntarily. On any vote or votes on such resolution or resolutions, provided the Directors are satisfied that (absent unforeseen circumstances) the remaining accrued capital entitlements of the ZDP Shares and zero dividend preference shares of ADC Zeros 2010 PLC will be satisfied in full upon liquidation, the provisions of Article 164.2 shall apply *mutatis mutandis* as if the resolution or resolutions were a Liquidation Resolution.

164.8 In the event of the accrued capital entitlement of the ZDP Shares under Article 4.2 being reduced to zero, the Directors will be obliged to convene an extraordinary general meeting of the Company to be held within three months of the obligation arising to propose a resolution or resolutions to wind up the Company voluntarily. On any vote or votes on such resolution or resolutions, the provisions of Article 164.2 shall apply *mutatis mutandis* as if the resolution or resolutions were a Liquidation Resolution.”

Words and expressions defined in the Circular shall have the same meanings when used in this resolution unless the context otherwise requires.

By order of the Board
Aberdeen Asset Management PLC
Secretary

Registered Office
10 Queen’s Terrace
Aberdeen AB10 1YG

11 July 2007

Notes:

1. Any member of ADC Zeros 2012 entitled to attend and vote at the ADC Zeros 2012 EGM may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of ADC Zeros 2012.
2. 2012 ZDP Shareholders will find a yellow Form of Proxy for use at the ADC Zeros 2012 EGM enclosed with this document. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must be returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (or, in the case of the yellow Form of Proxy, to the address printed on it) so as to be received by not later than 48 hours before the time for holding the ADC Zeros 2012 EGM.
3. Investors holding 2012 ZDPs through the Savings Plans will find a yellow Letter of Direction for use at the ADC Zeros 2012 EGM enclosed with this document. To be valid, the Letter of Direction, duly completed and signed, must be returned to the address printed on it so as to be received by not later than 6.00 p.m. on Monday, 30 July 2007.
4. Completion and return of a form of proxy will not prevent a member of ADC Zeros 2012 from attending and voting at the ADC Zeros 2012 EGM should they so wish.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, ADC Zeros 2012 has specified that only those members registered in ADC Zeros 2012’s register of members 48 hours prior to the ADC Zeros 2012 EGM shall be entitled to attend and vote at the ADC Zeros 2012 EGM in respect of the number of shares in ADC Zeros 2012 registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the ADC Zeros 2012 EGM.

