

NEW GERMANY FUND INC
Form DEF 14A
May 18, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

THE NEW GERMANY FUND, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) **Aggregate number of securities to which transaction applies:**

3) **Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):**

4) **Proposed maximum aggregate value of transaction:**

5) **Total fee paid:**

.. Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

THE NEW GERMANY FUND, INC.

345 Park Avenue

New York, New York 10154

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 27, 2012

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the Meeting) of The New Germany Fund, Inc., a Maryland corporation (the Fund), will be held at 12:00 p.m., New York time, on June 27, 2012 at 60 Wall Street, New York, New York 10005 for the following purposes:

1. To elect three (3) Class III Directors, each to serve for a term of three years and until their successors are elected and qualify.
2. To elect one (1) Class II Director to serve for a term of two years and until his successor is elected and qualifies.
3. To ratify the appointment by the Audit Committee and the Board of Directors of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as independent auditors for the fiscal year ending December 31, 2012.
4. To transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

Only holders of record of Common Stock at the close of business on May 11, 2012 are entitled to notice of, and to vote at, this Meeting or any postponement or adjournment thereof.

By Order of the Board of Directors

John Millette

Secretary

Dated: May 18, 2012

We urge you to mark, sign, date and mail the enclosed proxy card in the postage-paid envelope provided or to record your voting instructions by telephone or via the Internet so that you will be represented at the Meeting. If you complete and sign the proxy card (or tell us how you want to vote by voting by telephone or via the Internet), we will vote it exactly as you tell us. If you simply sign the proxy card, we will vote it in accordance with the Board's recommendation on the Proposals. Your prompt return of the enclosed proxy card (or your voting by telephone or via the Internet) may prevent the necessity and expense of further solicitations. If you have any questions, please call AST Fund Solutions, LLC (AST) (formerly known as The Altman Group, Inc.), the Fund's proxy solicitor, at 1200 Wall Street West, 3rd Floor, Lyndhurst, New Jersey 07071 or at the special toll-free number we have set up for you (1-800-774-4195), or contact your financial advisor.

THE NEW GERMANY FUND, INC.

345 Park Avenue

New York, New York 10154

Annual Meeting of Stockholders

June 27, 2012

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of The New Germany Fund, Inc. (the Board of Directors or Board), a Maryland corporation (the Fund), in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders (the Meeting) to be held at 12:00 p.m., New York time, on June 27, 2012 at 60 Wall Street, New York, New York 10005. The purpose of the Meeting and the matters to be considered are set forth in the accompanying Notice of Annual Meeting of Stockholders.

If the accompanying Proxy Card is executed properly and returned, shares represented by it will be voted at the Meeting, and any postponement or adjournment thereof, in accordance with the instructions on the Proxy Card. However, if no instructions are specified, shares will be voted FOR the election of three (3) Class III directors of the Fund (Directors) nominated by the Board (Proposal 1), FOR the election of one (1) Class II director of the Fund nominated by the Board (Proposal 2), and FOR the ratification of the appointment by the Audit Committee and the Board of PricewaterhouseCoopers LLP, an independent public accounting firm, as independent auditors for the Fund (Proposal 3). A proxy may be revoked at any time prior to the time it is voted by written notice to the Secretary of the Fund, by submitting a subsequently executed and dated proxy or by attending the Meeting and voting in person.

If a stockholder owns shares of the Fund in violation of applicable law, including the Investment Company Act of 1940, as amended (the Investment Company Act), the Fund may determine that any vote attributable to such shares shall not be counted, or that such shares will not be counted for quorum purposes, or both. Under Section 12(d)(1) of the Investment Company Act, the acquisition of more than 3% of the Fund's common stock by another fund (whether registered, private or offshore) is unlawful. There is legal uncertainty about the operation of Section 12(d)(1) and about the Fund's right under federal and state law to invalidate votes cast by any person whose Fund shares are held in violation of law. The Fund, if necessary, may seek judicial resolution of the uncertainty in any particular case.

The close of business on May 11, 2012 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting. On that date, the Fund had 17,310,240.33 shares of Common Stock outstanding and entitled to vote. Each share will be entitled to one vote on each matter that comes before the Meeting. It is expected that the Notice of Annual Meeting, this Proxy Statement and the form of Proxy Card will first be mailed to stockholders on or about May 21, 2012.

A quorum is necessary to hold a valid meeting. If stockholders entitled to cast one-third of all votes entitled to be cast at the Meeting are present in person or by proxy, a quorum will be established. The Fund intends to treat properly executed proxies that are marked abstain and

broker non-votes (defined below) as present for the purposes of determining whether a quorum has been achieved at the Meeting. Under Maryland law, abstentions do not constitute a vote for or against a matter and will be disregarded in determining the votes cast on an issue. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular matter because the broker does not have discretionary voting power with respect to that matter and has not received instructions from the beneficial owner.

PROPOSAL 1 AND 2:

ELECTION OF DIRECTORS

The Fund's charter (the Charter) provides that the Board of Directors be divided into three classes of Directors serving staggered three-year terms and until their successors are elected and qualify. The term of office for Directors in Class III expires at the 2012 Annual Meeting, Class I at the next succeeding annual meeting and Class II at the following succeeding annual meeting. Three Class III nominees, Ambassador Richard R. Burt, Dr. Franz Wilhelm Hopp and Dr. Friedbert H. Malt, are proposed in this Proxy Statement for election. If elected, each of the three Class III nominees will serve a three-year term of office until the Annual Meeting of Stockholders in 2015 and until his respective successor is elected and qualifies. The Fund regrets that Mr. John H. Cannon, who made significant contributions as a Director of the Fund for more than two decades and also served as Chairman of the Audit Committee, recently passed away. The size of the Board was reduced by one Class II Director on April 27, 2012 as a result of Mr. Cannon's passing.

As a result of Mr. Werner Walbröl's retirement from the Board, each class of Directors of the Board would not be of approximate equal size if no further action were taken. Under the Fund's By-laws and the New York Stock Exchange Listed Company Manual Rule 304 (NYSE Rule 304), the classes of the Fund's board should be of approximately equal size. Accordingly, the Fund's Nominating Committee nominated Mr. Goeltz to fill a Class II vacancy created by Mr. Walbröl's retirement with Mr. Goeltz's resignation from Class I contingent upon his election to the Board as a member of Class II. If each nominee is elected, each class of Directors of the Board would be of equal size and in compliance with the requirements of the Fund's Bylaws and NYSE Rule 304.

Should any vacancy occur on the Board of Directors, the remaining Directors would be able to fill that vacancy by the affirmative vote of a majority of the remaining Directors in office, even if the remaining Directors do not constitute a quorum. Any Director elected by the Board to fill a vacancy would hold office until the remainder of the full term of the class of Directors in which the vacancy occurred and until a successor is elected and qualifies. If the size of the Board is increased, additional Directors will be apportioned among the three classes to make all classes as nearly equal as possible.

Unless authority is withheld, it is the intention of the persons named in the accompanying form of Proxy Card to vote each Proxy Card for the election of our four nominees listed above. Each nominee has indicated that he will serve as a Director if elected, but if any nominee should be unable to serve, proxies will be voted for any other person determined by the persons named in the form of Proxy Card in accordance with their discretion. The Board of Directors has no reason to believe that any of the above nominees will be unable to serve as a Director.

BOARD OF DIRECTORS INFORMATION

The management of the business and affairs of the Fund is overseen by the Board of Directors. Directors who are not interested persons of the Fund as defined in the Investment Company Act, are referred to as Independent Directors, and Directors who are interested persons of the Fund are referred to as Interested Directors. Certain information concerning the Fund's governance structure and each Director is set forth below.

Experience, Skills, Attributes, and Qualifications of the Fund's Directors. The Nominating and Governance Committee of the Fund's Board, which is composed entirely of Independent Directors, reviews the experience, qualifications, attributes and skills of potential candidates for nomination or election by the Board, and conducts a similar review in connection with the proposed nomination of current Directors for re-election by stockholders. When assessing a candidate for nomination it is the policy of the Nominating and Governance Committee to consider, amongst other criteria, whether the individual's background, skills, and experience will complement the background, skills and experience of other nominees and will contribute to the diversity of the Board. The Nominating and Governance Committee assesses the effectiveness of this policy as part of its annual self assessment. Additional information concerning the Nominating and Governance Committee's consideration of nominees appears in the description of the Committee following the table below.

The Board has concluded that, based on each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors, that each Director is qualified and should continue to serve as such. In determining that a particular Director was and continues to be qualified to serve as a Director, the Board has considered a variety of criteria, none of which, in isolation, was controlling. In addition, the Board has taken into account the actual service and commitment of each Director during his tenure (including the Director's participation in Board and committee meetings, as well as his current and prior leadership of standing and ad hoc committees) in concluding that each should continue to serve. Information about the specific experience, skills, attributes and qualifications of each Director, which in each case led to the Board's conclusion that the Director should serve (or continue to serve) as a director of the Fund, is provided in the table following the Risk Oversight section below.

The Board believes that, collectively, the Directors have balanced and diverse experience, qualifications, attributes, and skills, which allow the Board to operate effectively in governing the Fund and protecting the interests of shareholders. Among other attributes common to all Directors are their willingness and ability to commit the necessary time and attention to their duties as Directors, their ability to review critically, evaluate, question and discuss information provided to them (including information requested by the Directors), to interact effectively with each other and with Deutsche Investment Management Americas Inc., the fund's administrator (the Administrator), Deutsche Asset Management International GmbH (the Investment Adviser) and other service providers, counsel and the Fund's independent registered public accounting firm, to exercise effective business judgment in the performance of their duties as Directors. References to the qualifications, attributes and skills of Directors are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Director as having special expertise or experience and shall not be deemed to impose any greater responsibility or liability on any Director or on the Board by reason thereof.

Board Structure and Oversight Function. The Board is responsible for oversight of the Fund. The Fund has engaged the Administrator and the Investment Adviser to manage the Fund on a day-to-day basis. The Board is responsible for overseeing the Administrator and the Investment Adviser and the Fund's other service providers in the operations of each Fund in accordance with the Fund's investment objective and policies and otherwise in accordance with the requirements of the Investment Company Act and other applicable Federal, state and other securities and other laws, and the Fund's charter and bylaws. The Board meets in person at regularly scheduled meetings four times throughout the year. In addition, the Directors may meet in person or by telephone at special meetings or on an informal basis at other times. The Directors also regularly meet outside the presence of any representatives of the Administrator and the Investment Adviser. As described below, the Board has established five standing committees—the Audit, Nominating and Governance, Advisory, Valuation and Executive Committees—and may establish ad hoc committees or working groups from time to time, to assist the Board in fulfilling its oversight responsibilities. Each committee other than the Executive Committee is composed exclusively of Independent Directors. Each year the Directors evaluate the performance of the Board and its committees. The responsibilities of each committee, including its oversight responsibilities, are described further below. The Independent Directors have also engaged independent legal counsel, and may from time to time engage consultants and other advisors, to assist them in performing their oversight responsibilities.

The Chairman's duties include setting the agenda for each Board meeting in consultation with management, presiding at each Board meeting, meeting with management between Board meetings, and facilitating communication and coordination between the Directors and management. Mr. Christian Strenger, the Chairman of the Fund's Board of Directors is an Interested Director as defined in the Investment Company Act because he is a member of the Supervisory Board of a company that is affiliated with the Administrator and the Investment Adviser and because of his ownership of shares of the ultimate parent of the Administrator and the Investment Adviser. The Directors believe that it is appropriate for Mr. Strenger to serve as Chairman and that his service benefits shareholders because of his extensive knowledge of the investment management industry, the Deutsche Bank organization and the Funds and because he is a leading corporate governance expert in Germany and internationally. In addition, the Directors note that, although Mr. Strenger is an Interested Director as defined in the Investment Company Act, he is not involved in the management of the Fund and is not an officer or director of the Administrator or the Investment Adviser. The Independent Directors are satisfied that they can act independently and effectively without having an Independent Director serve as Chairman and note that a key structural component for ensuring that they are in a position to do so is for the Independent Directors to constitute a substantial majority of the Board. Mr. Goeltz, an Independent Director and Chairman of the Nominating and Governance Committee, serves as Lead Independent Director for the Fund and as such is available to act as liaison between the Independent Directors and management and to consult with the Chairman to the extent deemed appropriate.

Risk Oversight. The Fund is subject to a number of risks, including investment, compliance and operational risks. Day-to-day risk management with respect to the Fund resides with the Administrator and the Investment Adviser or other service providers (depending on the nature of the risk), subject to supervision by the Administrator. The Board has charged the Adviser and its affiliates with (i) identifying events or circumstances the occurrence of which

could have demonstrable and material adverse effects on the Fund; (ii) to the extent appropriate, reasonable or practicable, implementing processes and controls reasonably designed to lessen the possibility that such events or circumstances occur or to mitigate the effects of such events or circumstances if they do occur; and (iii) creating and maintaining a system designed to evaluate continuously, and to revise as appropriate, the processes and controls described in (i) and (ii) above.

Risk oversight forms part of the Board's general oversight of each Fund's investment program and operations and is addressed as part of various regular Board and committee activities. Each of the Administrator, the Investment Adviser, and the Fund's other principal service providers has an independent interest in risk management but the policies and the methods by which one or more risk management functions are carried out may differ from the Fund's and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. Oversight of risk management is provided by the Board and the Audit Committee. The Directors regularly receive reports from, among others, management, the Fund's Chief Compliance Officer, its independent registered public accounting firm, counsel, and internal auditors for the Administrator, as appropriate, regarding risks faced by the Fund and the Administrator's risk management programs.

Not all risks that may affect the Fund can be identified, nor can controls be developed to eliminate or mitigate their occurrence or effects. The processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of the Fund or the Administrator, its affiliates or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals.

INFORMATION REGARDING DIRECTORS AND OFFICERS

The following tables show certain information about the nominees for election as Directors and about Directors whose terms will continue, including beneficial ownership of Common Stock of the Fund, and about all officers of the Fund. All current Directors resident in the United States own Fund shares. The Fund has elected to be subject to the statutory calculation, notification and publication requirements of the German Investment Tax Act (Investmentsteuergesetz) (the Act) for the fiscal year ended December 31, 2011 and intends to elect to be subject to the Act for the fiscal year ending December 31, 2012. Absent this election, Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that is not subject to German regulation or tax reporting. In light of the Fund's election to be subject to the Act, the Board of Directors encourages all Directors of the Fund (including those who are German residents) to invest in the Fund.

Nominees Proposed for Election:

Class III Directors

(Term will Expire in 2012; Nominees for Term Expiring in 2015)

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years ⁽³⁾ | Shares of |
|------------------------------------|--------------------------|-----------------------------|--|---|--|---|
| | | | | | | Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
| Non-Interested Directors | | | | | | |
| Ambassador Richard R. Burt, 65 | Director | Since 2004 | Managing Director, McLarty Associates (international strategic advisory) (since 2007). Formerly, Chairman, Diligence, Inc. (international information and risk management firm) (2002-2007); Chairman of the Board, Weirton Steel Corp. (1996-2004); Partner, McKinsey & Company (consulting firm) (1991-1994); State Department, Chief Negotiator in charge of negotiating the Arms Treaty with Russia (1989-1991); U.S. Ambassador to the Federal Republic of Germany (1985-1989). Mr. Burt is also Director, IGT, Inc. (gaming technology) (since 1995), and HCL Technologies, Inc. (information technology and product engineering) (since 1999) and member, Textron Inc. International Advisory Council (aviation, automotive, industrial operations and finance) (since 1996). | 3 | Director of The Central Europe and Russia Fund, Inc. (since 2000) and The European Equity Fund, Inc. (since 2000). ⁽²⁾ Director, UBS family of mutual funds (since 1995). | 1,634 |

Class III Directors

(Term will Expire in 2012; Nominees for Term Expiring in 2015)

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years ⁽³⁾ | Shares of |
|------------------------------------|--------------------------|-----------------------------|---|---|---|---|
| | | | | | | Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
| Dr. Franz Wilhelm Hopp, 69 | Director | Since 1993 | Partner of Laplace Finanzconsulting GmbH (asset management). Partner of Quendo GmbH (asset management and holding for renewable energy). Former member of the Supervisory Board WAVE AG (asset management). Former member of the Board of Management of KarstadtQuelle Pension Trust e.V. (February 2007-September 2009). Member of the Supervisory Board of SGB Vemojensverwaltung Liechtenstein (asset management). | 3 | Director of The Central Europe and Russia Fund, Inc. (since 2008) and The European Equity Fund, Inc. (since 2008). ⁽²⁾ | None |
| Dr. Friedbert H. Malt, 70 | Director | Since 2007 | Vice Chairman and Member of the Executive Committee of NOL Neptune Orient Lines Ltd., Singapore (NOL) from 2002 to 2011 and Director of NOL from 2000 to 2011. He currently is a Director of TUV Rheinland of North America, Inc., a company offering independent testing and assessment services. Formerly, Dr. Malt was a Member of the Executive Board of DG Bank (now DZ Bank), Frankfurt (until 2001). | 3 | Director of The Central Europe and Russia Fund, Inc. (since 2007) and The European Equity Fund, Inc. (since 2007). ⁽²⁾ | 312 |

Class II Directors

(Nominee for Term Expiring in 2014)

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years ⁽³⁾ | Shares of Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
|------------------------------------|--------------------------|-----------------------------|---|---|--|--|
| | | | | | | |
| Non-Interested Directors | | | | | | |
| Richard Karl Goeltz, 69 | Director | Since 1990 | Retired. Formerly Vice Chairman and Chief Financial Officer of American Express Co. (financial services) (1996-2000) and previously served as chief financial officer of two other major multi-national corporations. Mr. Goeltz is a member of the Council and Court of Governors of the London School of Economics and Political Science and Trustee of the American Academy in Berlin. | 3 | Director of The Central Europe and Russia Fund, Inc. (since 2008) and The European Equity Fund, Inc. (since 2008). ⁽²⁾ Independent Non-Executive Director of Aviva plc (financial services) and The Warnaco Group, Inc. (apparel). Formerly director of Federal Home Loan Mortgage Corporation and Delta Air Lines, Inc. (air transport). | 12,581 |

Directors whose terms will continue:

| Class I Directors | | | | | | Shares of |
|--|--------------------|--------------------------------------|---|--|---|---------------------------|
| (Term will Expire in 2013) | | | | | | Common |
| | | | | | | Stock |
| | | | | | | Beneficially |
| | | | | | | Owned at |
| | | | | | | March 31, |
| Name, Address⁽¹⁾ & Age | Position(s) | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years⁽³⁾ | 2012⁽⁴⁾ |
| Non-Interested Directors | | | | | | |
| Detlef Bierbaum, 69 | Director | Since 1990 | Consultant (since 2010). He is also Vice Chairman of the Supervisory Board of Oppenheim KAG GmbH (asset management) and a member of the Supervisory Board of Deutsche Bank Österreich AG (private bank) for more than five years. Mr. Bierbaum also serves as a member of the Board or Supervisory Board of a number of non-U.S. investment companies and of companies in diverse businesses including insurance, reinsurance, real estate, and retailing. He is a former member of the Supervisory Board of Sal. Oppenheim Jr. & Cie. KGaA (private bank) (2008 to March 2010) and was formerly a partner of that firm. He is also a former member of the Supervisory Board of DWS Investment GmbH (asset management) (2005-2008). | 3 | Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986). ⁽²⁾ | 2,079 |
| Robert H. Wadsworth, 72 | Director | Since 1992 | President, Robert H. Wadsworth Associates, Inc. (consulting firm) (1983 to present). Mr. Wadsworth also has experience as an owner and chief executive officer of various businesses serving the mutual fund industry, | 108 ⁽⁶⁾ | Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986). ⁽²⁾ as well as other funds in the Fund Complex as indicated. ⁽⁶⁾ | 6,176 |

including a registered
broker-dealer and a
registered transfer agent,
and has served as a senior
executive officer of
several mutual funds.

Class I Directors

(Term will Expire in 2013)

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years ⁽³⁾ | Shares of |
|--|--------------------------|-----------------------------|---|---|---|---|
| | | | | | | Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
| Christian H. Strenger, ⁽⁵⁾ 68 | Director and Chairman | Since 1990 | Member of Supervisory Board (since 1999) and formerly Managing Director (1991-1999) of DWS Investment GmbH (investment management), a subsidiary of Deutsche Bank AG. Mr. Strenger also is Member, Supervisory Board, Evonik Industries AG (chemical, utility and property business), Fraport AG (international airport business), Hermes Equity Ownership Services Ltd. (governance advisory) and TUI AG (travel business). He also is a member of the German Government Commission on Corporate Governance and of other corporate governance organizations, and serves as Director of the Center for Corporate Governance at the Leipzig Graduate School of Management. | 3 | Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986). ⁽²⁾ | 1,039 |

Class II Directors

(Term will Expire in 2014)

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* | Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director | Other Directorships Held by Director During Past Five Years ⁽³⁾ | Shares of |
|------------------------------------|--------------------------|-----------------------------|--|---|---|---|
| | | | | | | Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
| Non-Interested Directors | | | | | | |
| Joachim Wagner, 65 | Director | Since 2009 | Chief Financial Officer, RAG Beteiligungs AG/Evonik Industries AG, Germany (mining holding company) (2006-2009). Formerly, Chief Financial Officer, Degussa AG, Germany (chemical manufacturer) (2001-2006). Mr. Wagner is also a member of the Supervisory Board of a German retail bank and a member of the advisory board of a private German bank. | 2 | Director of The European Equity Fund, Inc. (since 2009). ⁽²⁾ | 780 |

* The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes and skills relevant to each Director's qualifications to serve as a Director, which led (together with the Director's current and prior experience as a Director of other SEC reporting companies, if any, as indicated elsewhere in the table) to the conclusion that each Director should serve as a Director for the Fund.

Executive Officers⁽⁷⁾

| Name, Address ⁽¹⁾ & Age | Position(s) with Fund | Length of Time Served | Principal Occupation(s) During Past Five Years or Longer | Shares |
|--|--|-----------------------------|---|--|
| | | | | of Common Stock Beneficially Owned at March 31, 2012 ⁽⁴⁾ |
| W. Douglas Beck, CFA, 45 ⁽⁸⁾⁽⁹⁾⁽¹³⁾ | President and Chief Executive Officer | Since 2011 | Managing Director ⁽¹⁰⁾ , Deutsche Asset Management (since 2006); President of DWS family of funds and Head of Product Management, US for DWS Investments. Formerly, Executive Director, Head of Product Management (2002-2006) and President (2005-2006) of the UBS Funds at UBS Global Asset Management; Co-Head of Manager Research/Managed Solutions Group, Merrill Lynch (1998-2002). | None |
| Paul H. Schubert, 49 ⁽⁸⁾⁽⁹⁾⁽¹³⁾ | Chief Financial Officer and Treasurer | Since 2004 | Managing Director ⁽¹⁰⁾ , Deutsche Asset Management (since 2004). Formerly, Executive Director, Head of Mutual Fund Services and Treasurer for UBS Family of Funds at UBS Global Asset Management (1998-2004). | None |
| Caroline Pearson, 49 ⁽⁸⁾⁽¹²⁾ | Chief Legal Officer | Since 2012 | Managing Director ⁽¹⁰⁾ , Deutsche Asset Management. Formerly, Assistant Secretary for DWS family of funds (1997-2010). | None |
| Alexis Kuchinsky, 36 ⁽⁹⁾ | Chief Compliance Officer | Since 2009 | Vice President, Deutsche Asset Management (since 2002); Head of Compliance Program Oversight of Deutsche Asset Management. | None |
| John Caruso, 47 ⁽⁸⁾⁽⁹⁾ | Anti-Money Laundering Compliance Officer | Since 2010 | Managing Director ⁽¹⁰⁾ , Deutsche Asset Management. | None |
| Rainer Vermehren, 44 ⁽⁸⁾⁽¹¹⁾ | Vice President | Since 2010 | Director ⁽¹⁰⁾ , DWS Investment GmbH (since 2007). Fund Manager, DWS Investment GmbH (since 1997). | None |
| Melinda Morrow, 42 ⁽⁸⁾⁽⁹⁾ | Vice President | Since 2012 | Director ⁽¹⁰⁾ , Deutsche Asset Management (since 2006). | None |
| John Millette, 49 ⁽⁸⁾⁽¹²⁾ | Secretary | Since 2006 | Director ⁽¹⁰⁾ , Deutsche Asset Management (since 2002). | None |

(1) The mailing address of all directors with respect to Fund operations is c/o Deutsche Investment Management Americas Inc., 345 Park Avenue, NYC20-2799, New York, New York 10154.

- (2) The Fund Complex includes The Central Europe and Russia Fund, Inc. and The New Germany Fund, Inc., which are other closed-end registered investment companies for which Deutsche Investment Management Americas Inc. acts as administrator. It also includes 105 other open- and closed-end funds advised by wholly-owned entities of the Deutsche Bank Group in the United States.
- (3) Directorships are only for companies that file reports with the SEC.
- (4) As of March 31, 2012, all Directors, Nominees for election and Executive Officers as a group (17 persons) owned 30,749 shares, which constitutes less than 1% of the outstanding Common Stock of the Fund. Share numbers in this Proxy Statement have been rounded to the nearest whole share.
- (5) Indicates Interested Person , as defined in the Investment Company Act. Mr. Strenger is an interested Director because of his affiliation with DWS-Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), a majority-owned subsidiary of Deutsche Bank AG, and because of his ownership of Deutsche Bank AG shares.
- (6) Mr. Wadsworth oversees all 108 funds in the Fund Complex.
- (7) Each also serving as an officer of The New Germany Fund, Inc. and The Central Europe and Russia Fund, Inc. The officers of the Fund are elected annually by the Board of Directors at its meeting following the Annual Meeting of Stockholders. Each of Mr. Beck, Mr. Schubert, Mr. Millette, Mr. Caruso, Ms. Pearson and Ms. Morrow also serve as officers of the other Funds in the Fund Complex.
- (8) Indicates ownership of securities of Deutsche Bank AG either directly or through Deutsche Bank s deferred compensation plan.
- (9) Address: 60 Wall Street, New York, NY 10005.
- (10) Executive title, not a board directorship.
- (11) Address: Mainzer Landstrasse 178-190, Frankfurt am Main, Germany.
- (12) Address: One Beacon Street, Boston, Massachusetts 02108.
- (13) Serves as a director of DWS Trust Company. Mr. Schubert also is a member of the Audit Committee of DWS Trust Company.

The following table contains additional information with respect to the beneficial ownership of equity securities by each Director or Nominee in the Fund and, on an aggregated basis, in any registered investment companies overseen by the Director or Nominee within the same Family of Investment Companies as the Fund:

| Name of Director or Nominee | Dollar Range of Equity Securities in the Fund ⁽¹⁾ | Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in Family of Investment Companies ^{(1),(2)} |
|-----------------------------|--|---|
| Detlef Bierbaum | \$10,001-\$50,000 | Over \$100,000 |
| Ambassador Richard R. Burt | \$10,001-\$50,000 | Over \$100,000 |
| Richard Karl Goeltz | Over \$100,000 | Over \$100,000 |
| Dr. Franz Wilhelm Hopp | None | None |
| Dr. Friedbert Malt | \$1-\$10,000 | \$10,001-\$50,000 |
| Christian H. Strenger | \$10,001-\$50,000 | \$50,001-\$100,000 |
| Robert H. Wadsworth | Over \$100,000 | Over \$100,000 |
| Joachim Wagner | \$10,001-\$50,000 | \$10,001-\$50,000 |
| Werner Walbröl | \$10,001-\$50,000 | Over \$100,000 |

- (1) Valuation date is March 31, 2012. The Fund has elected to be subject to the statutory calculation, notification and publication requirements of the German Investment Tax Act (Investmentsteuergesetz) (the Act) for the fiscal year ended December 31, 2011 and intends to elect to be subject to the Act for the fiscal year ending December 31, 2012. Prior to December 31, 2010, Directors who are German residents would have been subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that was not subject to German regulation or tax reporting. In light of the Fund's election to be subject to the Act, the Board of Directors encourages all Directors of the Fund (including those who are German residents) to invest in the Fund.
- (2) The Family of Investment Companies consists of the Fund, The European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc., which are closed-end funds that share the same investment adviser and administrator and hold themselves out as related companies. The Board of Directors presently has five standing committees including an audit committee (the Audit Committee), an advisory committee (the Advisory Committee), an executive committee (the Executive Committee), a nominating and governance committee (the Nominating Committee) and a valuation committee (the Valuation Committee).

The Audit Committee, currently comprising Messrs. Burt, Goeltz (Chair), Wadsworth, Wagner and Walbröl and Dr. Malt, operates pursuant to a written charter. The Audit Committee charter is currently available on the Fund's website, www.dws-investments.com. The Audit Committee's organization and responsibilities are contained in the Audit Committee Report, which is included in this Proxy Statement, and in its written charter. The members of the Audit Committee are independent as required by the independence standards of Rule 10A-3 under the Securities Exchange Act of 1934. The Board of Directors has determined that each member of the Audit Committee is financially literate and has determined that Messrs. Goeltz, Wadsworth and Wagner meet the requirements for an audit committee financial expert under the rules of the Securities and Exchange Commission (SEC). Although

the Board has determined that all four meet the requirements for an audit committee financial expert, their responsibilities are the same as those of the other audit committee members. Messrs. Goeltz, Wadsworth and Wagner are not auditors or accountants, do not perform field work and are not full-time employees. The SEC has determined that an audit committee member who is designated as an audit committee financial expert will not be deemed to be an expert for any purpose as a result of being identified as an audit committee financial expert. The Audit Committee met four times during the fiscal year ended December 31, 2011.

The Advisory Committee, currently comprising Messrs. Bierbaum, Goeltz and Wadsworth (Chair) and Dr. Malt, makes recommendations to the full Board with respect to the Management Agreement between the Fund and Deutsche Investment Management Americas Inc., and the Investment Advisory Agreement between the Fund and Deutsche Asset Management International GmbH. The Advisory Committee met twice during the past fiscal year.

The Executive Committee, currently comprising Messrs. Burt, Goeltz, Strenger, Wadsworth and Walbröl, has the authority to act for the Board on all matters between meetings of the Board subject to any limitations under applicable state law. During the past fiscal year the Executive Committee did not meet.

The Valuation Committee, currently comprising Messrs. Wadsworth (Chair), Wagner and Walbröl, reviews the Fund's valuation procedures and makes recommendations with respect thereto and, to the extent required by such procedures, determines the fair value of the Fund's securities or other assets. During the past fiscal year the Valuation Committee met once.

The Nominating and Governance Committee is currently comprised of Messrs. Burt, Goeltz (Chair), Wadsworth, Wagner and Walbröl (Deputy Chair). The Board has determined that each of the members of the Nominating and Governance Committee is not an interested person as the term is defined in Section 2(a)(19) of the Investment Company Act. Generally, the Nominating and Governance Committee identifies, evaluates and selects and nominates, or recommends to the Board of Directors, candidates for the Board or any committee of the Board, and also advises the Board regarding governance matters generally and confirms that the Board and Audit Committee undertake annual self-evaluations. To be eligible for nomination as a Director a person must, at the time of such person's nomination, have Relevant Experience and Country Knowledge and must not have any Conflict of Interest, as those terms are defined in the Fund's Bylaws. The relevant portions of the Fund's Bylaws describing these requirements are included as Annex A. The Nominating and Governance Committee may also take into account additional factors listed in the Nominating and Governance Committee Charter, which generally relate to the nominee's industry knowledge, business experience, education, ethical reputation, special skills, ability to work well in group settings and the ability to qualify as an independent director. When assessing a candidate for nomination, the Nominating and Governance Committee considers whether the individual's background, skills and experience will complement the background, skills and experience of other nominees and will contribute to the diversity of the Board.

The Nominating and Governance Committee will consider nominee candidates properly submitted by stockholders in accordance with applicable law, the Fund's Charter or Bylaws, resolutions of the Board and the qualifications and procedures set forth in the Nominating and Governance Committee Charter, which is currently available on the Fund's website, www.dws-investments.com. A stockholder or group of stockholders seeking to submit a nominee

candidate (i) must have beneficially owned at least 5% of the Fund's common stock for at least two years, (ii) may submit only one nominee candidate for any particular meeting of stockholders, and (iii) may submit a nominee candidate for only an annual meeting or other meeting of stockholders at which directors will be elected. The stockholder or group of stockholders must provide notice of the proposed nominee pursuant to the requirements found in the Fund's Bylaws. Generally, this notice must be received not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. Such notice shall include the specific information required by the Fund's Bylaws. The relevant portions describing these requirements also are included as Annex A. The Nominating and Governance Committee will evaluate nominee candidates properly submitted by stockholders on the same basis as it considers and evaluates candidates recommended by other sources. The Nominating and Governance Committee met three times during the past fiscal year.

In accordance with its charter, the Nominating and Governance Committee reviews each Director's affiliations and relationships for purposes of determining whether or not the Director qualifies as an independent director. The Nominating and Governance Committee also considers each Director's independence more generally, as well as various governance best practices, including the suggestion of a non-U.S. corporate governance code that a board of directors should state its reasons if it determines that a director is independent notwithstanding that the director has served for more than nine years from the date of his first election.

The Nominating and Governance Committee has concluded that each Director other than the Chairman of the Board is an independent director, and that it was satisfied that: (i) those independent Directors who have served for more than nine years continue to be independent in character and judgment; (ii) the experience of such Directors with the Fund permit them to make extremely valuable contributions to the functioning of the Board; and (iii) the views of such Directors are not entrenched as a result of the length of service to the Funds. The Nominating and Governance Committee based its conclusion, in part, on its observation that such Directors regularly demonstrate their independence by their questioning and challenging of management at and between Board meetings.

The Nominating and Governance Committee also noted that none of the Directors serves on the board of more than three registered investment companies advised by the investment adviser, and that only one Director serves on the board of a large number of registered investment companies advised by an affiliate of the investment adviser. The Nominating and Governance Committee believes that such service provides the Director with insights that permit him to make valuable contributions to the deliberations of the Board, and noted that his independence from management has been amply and repeatedly demonstrated by his participation in meetings including by his insightful questioning of management's proposals. The Nominating and Governance Committee also believes that the receipt of compensation for service as a Director does not adversely affect the independence of any Director's character and judgment and notes that fund industry best practices encourage service on multiple boards.

All members on each of the five committees of the Board are not interested persons as the term is defined in the Investment Company Act, with the exception of Mr. Strenger, who is a member of the Executive Committee.

During the past fiscal year, the Board of Directors had four regular meetings. Each incumbent Director who served as a Director during the past fiscal year attended at least 75% of the aggregate number of meetings of the Board and meetings of Board Committees on which

that Director served. The Board has a policy that encourages Directors to attend the Annual Meeting of Stockholders, to the extent that travel to the Annual Meeting of Stockholders is reasonable for that Director. Two Directors attended the 2011 Annual Meeting of Stockholders.

To communicate with the Board of Directors or an individual Director of the Fund, a stockholder must send a written communication to the Fund's Secretary at One Beacon Street, Boston, MA 02108 (c/o The New Germany Fund, Inc.), addressed to (i) the Board of Directors of the Fund or an individual Director, and (ii) the Secretary of the Fund. The Secretary of the Fund will direct the correspondence to the appropriate parties.

The Fund pays each of its Directors who is not an interested person of the Fund, of the investment adviser or of the administrator an annual fee of \$6,000 plus \$750 for each Board and Committee meeting attended. Each such Director who is also a Director of The European Equity Fund, Inc. or The Central Europe and Russia Fund, Inc. also receives the same annual and per-meeting fees for services as a Director of each such fund. Each of the Fund, The European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc. reimburses the Directors (except for those employed by the Deutsche Bank Group) for travel expenses in connection with Board meetings. Effective January 1, 2011, the Chairman of the Audit Committee receives a \$1,000 retainer. These three funds, together with 105 other open- and closed-end funds advised by wholly owned entities of the Deutsche Bank Group in the United States, represent the entire Fund Complex within the meaning of the applicable rules and regulations of the SEC.

The following table sets forth (a) the aggregate compensation from the Fund for the fiscal year ended December 31, 2011, and (b) the total compensation from each fund in the Fund Complex that includes the Fund, for the 2011 fiscal year of each such fund, (i) for each Director who is not an interested person of the Fund, and (ii) for all such Directors as a group:

| Name of Director | Aggregate Compensation from Fund | Total Compensation from Fund Complex |
|----------------------------|--|--|
| Detlef Bierbaum | \$ 9,750 | \$ 26,774 |
| Ambassador Richard R. Burt | \$ 12,667 | \$ 38,000 |
| John H. Cannon | \$ 14,334 | \$ 42,000 |
| Richard Karl Goeltz | \$ 13,333 | \$ 40,000 |
| Dr. Franz Wilhelm Hopp | \$ 9,000 | \$ 27,000 |
| Dr. Friedbert H. Malt | \$ 12,750 | \$ 38,250 |
| Robert H. Wadsworth | \$ 13,334 | \$ 320,000 ⁽¹⁾ |
| Joachim Wagner | \$ 10,750 | \$ 21,500 |
| Werner Walbröl | \$ 13,583 | \$ 40,750 |

⁽¹⁾ Mr Wadsworth oversees all 108 funds in the Fund Complex.

No compensation is paid by the Fund to Directors who are interested persons of the Fund or of any entity of the Deutsche Bank Group or to officers.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSALS 1 AND 2.

Required Vote. Provided a quorum has been established, the affirmative vote of a majority of the votes entitled to be cast at the Meeting is required for the election of each Director. For purposes of the election of Directors, abstentions and broker non-votes will have the same effect as a vote against a Director.

PROPOSAL 3:

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has approved PricewaterhouseCoopers LLP (the Firm or PwC), an independent registered public accounting firm, as independent auditors for the Fund for the fiscal year ending December 31, 2012. A majority of members of the Board of Directors, including a majority of the members of the Board of Directors who are not interested Directors (as defined in the Investment Company Act) of the Fund, have ratified the appointment of PwC as the Fund's independent auditors for that fiscal year. Based principally on representations from the Firm, the Fund knows of no direct financial or material indirect financial interest of such Firm in the Fund. That Firm, or a predecessor firm, has served as the independent auditors for the Fund since inception.

Neither our Charter nor Bylaws require that the stockholders ratify the appointment of PwC as our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If the stockholders do not ratify the appointment, the Audit Committee and the Board of Directors will reconsider whether or not to retain PwC, but may retain such independent auditors. Even if the appointment is ratified, the Audit Committee and the Board of Directors in their discretion may change the appointment at any time during the year if they determine that such change would be in the best interests of the Fund and its stockholders. It is intended that the persons named in the accompanying form of proxy will vote for PwC. A representative of PwC will be present at the Meeting and will have the opportunity to make a statement and is expected to be available to answer appropriate questions concerning the Fund's financial statements.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 3.

Required Vote. Provided a quorum has been established, the affirmative vote of a majority of the votes cast at the Meeting is required for the ratification of the appointment by the Audit Committee and the Board of Directors of PwC as independent auditors for the Fund for the fiscal year ending December 31, 2012. For purposes of Proposal 3 abstentions will have no effect on the result of the vote.

INFORMATION WITH RESPECT TO THE FUND'S INDEPENDENT AUDITORS

The following table shows fees paid to PwC by the Fund during the Fund's two most recent fiscal years: (i) for audit and non-audit services provided to the Fund, and (ii) for engagements for non-audit services pre-approved by the Audit Committee for the Fund's investment adviser and administrator and certain entities controlling, controlled by, or under common control with the investment adviser and administrator that provide ongoing services to the Fund (collectively, the Adviser Entities), which engagements relate directly to the operations and financial reporting of the Fund. The Audit Committee of each board will review, at least annually, whether PwC's receipt of non-audit fees from the Fund, the Fund's investment adviser, the Fund's administrator and all Adviser Entities is compatible with maintaining PwC's independence.

| Fiscal Year | Audit Fees ⁽¹⁾ | Audit Related Fees ⁽²⁾ | | Tax Fees ⁽³⁾ | | All Other Fees ⁽⁴⁾ | |
|-------------|---------------------------|-----------------------------------|------------------|-------------------------|------------------|-------------------------------|------------------|
| | Fund | Fund | Adviser Entities | Fund | Adviser Entities | Fund | Adviser Entities |
| 2011 | \$ 65,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5,900 | \$ 0 |
| 2010 | \$ 63,000 | \$ 0 | \$ 7,500 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

- (1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.
- (2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under Audit Fees.
- (3) Tax Fees are the aggregate fees billed for professional services for tax compliance and tax planning.
- (4) All Other Fees are the aggregate fees billed for products and services other than Audit Fees, Audit Related Fees and Tax Fees. *Audit Committee Pre-Approval Policies and Procedures.* Generally, the Audit Committee must pre-approve (i) all services to be performed for the Fund by the Fund's independent auditors and (ii) all non-audit services to be performed by the Fund's independent auditors for the Fund's investment adviser or any Adviser Entities with respect to operations and financial reporting of the Fund. Any member of the Audit Committee may pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting. The auditors shall report to the Audit Committee at each of its regular meetings all audit or non-audit services to the Fund and all non-audit services to the Adviser Entities that relate directly to the Fund's operations and financial reporting initiated since the last such report was rendered, including a general description of the services and projected fees and the means by which such services were approved by the Audit Committee.

All Non-Audit Fees. The table below shows the aggregate non-audit fees billed by PwC for services rendered to the Fund and to the Adviser Entities that provide ongoing services to the Fund, whether or not such engagements relate directly to the operations and financial reporting of the Fund, for the two most recent fiscal years for the Fund.

| Fiscal Year | Aggregate Non-Audit Fees |
|-------------|--------------------------|
| 2011 | \$ 5,900 |
| 2010 | \$ 0 |

PwC advised the Fund's Audit Committee that it had identified one matter that it determined could be inconsistent with the SEC's auditor independence rules (Rule 2-01(c) of Regulation S-X). As part of a Global Migration Support engagement in which PwC's UK network affiliate (PwC-UK) provided assistance to Deutsche Bank AG with respect to processing internship applications for Deutsche Bank AG employees seeking short term assignments with Deutsche Bank AG in the United Kingdom, PwC-UK paid application fees on behalf of Deutsche Bank AG for six applicants at £170 each (£1,020 in total). PwC advised the Audit Committee that it believes that this matter did not affect its objectivity or its impartial judgment in conducting its audit and issuing a report on the financial statements of the Fund as the Fund's independent auditor and confirmed its independence under the SEC's auditor

independence rules. In reaching this conclusion, PwC noted that the engagement team was not aware of the payment of the application fees by PwC-UK and that DB reimbursed PwC-UK for the fees.

AUDIT COMMITTEE REPORT

The purposes of the Audit Committee are: (1) to assist the Board of Directors in its oversight of (i) the integrity of the Fund's financial statements; (ii) the Fund's compliance with legal and regulatory requirements; (iii) the independent auditors' qualifications and independence; and (iv) the retention and performance of the independent auditors; and (2) to prepare this report. The Audit Committee assists the Board of Directors in its oversight of the Fund's policies and practices with respect to accounting, financial reporting, internal control over financial reporting, independent audits, and risk management. The Audit Committee regularly discusses the Fund's most significant risk exposures and the steps management has taken to monitor and control such exposures. Each Member of the Audit Committee is independent, as required by the independence standards of Rule 10A-3 under the Securities Exchange Act of 1934. The Audit Committee operates pursuant to a written charter. As set forth in the Audit Committee Charter, management of the Fund and applicable service providers are responsible for the preparation, presentation and integrity of the Fund's financial statements and for the effectiveness of internal control over financial reporting. Management and applicable service providers are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal control over financial reporting and other procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Fund's annual financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management and the independent auditors of the Fund. The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect. The Audit Committee has also considered whether the provision of any non-audit services not pre-approved by the Audit Committee provided by the Fund's independent auditors to the Fund's investment adviser, administrator or to any entity controlling, controlled by or under common control with the Fund's investment adviser or administrator that provides ongoing services to the Fund is compatible with maintaining the auditors' independence. During the past fiscal year, no non-audit services that were not pre-approved by the Audit Committee were provided by the Fund's independent auditors. Finally, the Audit Committee has received the written disclosures and the letter from the independent auditors required by Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*, as currently in effect, and has discussed with the auditors their independence.

The members of the Audit Committee are not full-time employees of the Fund and are not performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of the Audit Committee necessarily rely on the information provided to them by management and the independent auditors. Accordingly, the Audit Committee's considerations and discussions

referred to above do not assure that the audit of the Fund's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Fund's auditors are in fact independent.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to the Board of Directors of the Fund that the audited financial statements of the Fund be included in the Fund's annual report to stockholders for the fiscal year ended December 31, 2011.

Submitted by the Audit Committee

of the Fund's Board of Directors

Richard Karl Goeltz, Chair

Richard R. Burt

Dr. Friedbert Malt

Robert H. Wadsworth

Joachim Wagner

Werner Walbröl

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of May 11, 2012, no person, to the knowledge of management, owned of record or beneficially more than 5% of the outstanding Common Stock of the Fund, other than as set forth below:

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Outstanding Common Stock |
|--|---|---|
| 1607 Capital Partners, LLC ⁽¹⁾ 4991 Lake Brook Dr., Suite 125, Glen Allen, VA 23060 | 2,265,107 shares | 12.94% |
| Lazard Asset Management LLC ⁽²⁾ 30 Rockefeller Plaza, New York, NY 10112 | 4,153,484 shares | 23.38% |
| China Investment Corporation ⁽³⁾ New Poly Plaza, No. 1 Chaoyangmen Beidajie Dong Cheng District, Beijing 100010 People's Republic of China | 886,854 shares | 5.00% |

(1) This information is based exclusively on information provided by such entity on Schedule 13G/A filed with respect to the Fund on February 14, 2012.

(2) This information is based exclusively on information provided by such entity on Schedule 13D/A filed with respect to the Fund on August 9, 2011.

(3) This information is based exclusively on information provided by such entity on Schedule 13G filed with respect to the Fund on February 13, 2012.

ADDRESS OF INVESTMENT ADVISER AND ADMINISTRATOR

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The principal office of Deutsche Asset Management International GmbH, the Fund's investment adviser, is located at Mainzer Landstrasse 178-190, D-60327 Frankfurt am Main, Federal Republic of Germany. The corporate office of Deutsche Investment Management Americas Inc., the Fund's administrator, is located at 345 Park Avenue, New York, New York 10154.

SECTION 16(a) BENEFICIAL OWNERSHIP

REPORTING COMPLIANCE

Based on a review of reports filed by the Fund's directors and executive officers, the investment adviser, officers and directors of the investment adviser, affiliated persons of the investment adviser and beneficial holders of 10% or more of the Fund's outstanding stock, and written representations by the Reporting Persons that no year-end reports were required for such persons, all filings required by Section 16(a) of the Securities and Exchange Act of 1934 for the fiscal year ended December 31, 2011 were timely.

OTHER MATTERS

No business other than as set forth herein is expected to come before the Meeting, but should any other matter requiring a vote of stockholders properly come before the Meeting, including any question as to an adjournment of the Meeting, the persons named in the enclosed Proxy Card will vote thereon according to their discretion. Abstentions and broker non-votes shall have no effect on the outcome of a vote to adjourn the Meeting.

STOCKHOLDER PROPOSALS

In order for stockholder proposals otherwise satisfying the eligibility requirements of SEC Rule 14a-8 to be considered for inclusion in the Fund's proxy statement for the 2012 Annual Meeting, the proposals must be received at The New Germany Fund, Inc., c/o Deutsche Investment Management Americas, One Beacon Street, Boston, MA 02108, Attention: Secretary, on or before January 21, 2013.

In addition, the Fund's Bylaws currently provide that if a stockholder desires to bring business (including director nominations) before the 2013 Annual Meeting that is or is not the subject of a proposal timely submitted for inclusion in the Fund's proxy statement, written notice of such business as prescribed in the Bylaws must be delivered to the Fund's Secretary, at the principal executive offices of the Fund, between January 21, 2013 and February 20, 2013. For additional requirements, the stockholder may refer to the Bylaws, a current copy of which may be obtained without charge upon request from the Fund's Secretary. If the Fund does not receive timely notice pursuant to the Bylaws, the proposal may be excluded from consideration at the meeting, regardless of any earlier notice provided in accordance with SEC Rule 14a-8.

PROXY COSTS AND SOLICITATION OF PROXIES

The cost of preparing, assembling and mailing material in connection with this solicitation will be borne by the Fund. In addition to the use of mails, proxies may be solicited personally by regular employees of the Fund or the administrator or by telephone, telegraph or Internet. Brokerage houses, banks and other fiduciaries may be requested to forward proxy solicitation materials to their principals to obtain authorization for the execution of proxies, and they will be reimbursed by the Fund for out-of-pocket expenses incurred in this connection. The Fund has also made arrangements with AST to assist in the solicitation of proxies, if called upon by the Fund, at an estimated fee of \$5,600 plus reimbursement of normal expenses (the exact cost will depend on the amount and types of services rendered). If the stockholders record votes by

telephone or through the Internet, the proxy solicitor will use procedures designed to authenti-

cate stockholders' identities, to allow stockholders to authorize the voting of their shares in accordance with their instructions and to allow stockholders to confirm that their instructions have been recorded properly.

If a stockholder wishes to participate in the Meeting, but does not wish to give a proxy by telephone or via the Internet, the stockholder may still submit the Proxy Card(s) originally sent with this Proxy Statement or attend the Meeting in person. Should stockholders require additional information regarding the proxy or replacement Proxy Card(s), they may call AST toll-free at 1-800-774-4195. Any proxy given by a stockholder is revocable until voted at the Meeting.

As the Meeting date approaches, certain stockholders of the Funds may receive a telephone call from a representative of AST if their votes have not yet been received.

One Proxy Statement may be delivered to two or more stockholders of the Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of the Proxy Statement, which will be delivered upon written or oral request, or for instructions as to how to request a single copy if multiple copies are received, stockholders should call 800-349-4281 or write to the Fund at 345 Park Avenue, New York, New York 10154.

ANNUAL REPORT DELIVERY

The Fund will furnish, without charge, a copy of its annual report for the fiscal year ended December 31, 2011 and the most recent semi-annual report, if any, to any stockholder upon request. Such requests should be directed by mail to The New Germany Fund, Inc., c/o Deutsche Investment Management Americas, 345 Park Avenue, NYC20-2799, New York, New York 10154 or by telephone to 1-800-437-6269. Annual reports are also available on the Fund's web site: www.germanyfund.com.

John Millette

Secretary

Dated: May 18, 2012

IF YOU HAVE ANY QUESTIONS CONCERNING THIS PROXY STATEMENT OR THE PROCEDURES TO BE FOLLOWED TO EXECUTE AND TO DELIVER A PROXY CARD, PLEASE CONTACT AST AT 1-800-774-4195.

STOCKHOLDERS WHO DO NOT EXPECT TO BE PRESENT AT THE MEETING AND WHO WISH TO HAVE THEIR SHARES VOTED ARE REQUESTED TO DATE AND TO SIGN THE ENCLOSED PROXY CARD AND TO RETURN IT IN THE ENCLOSED ENVELOPE, OR TO FOLLOW THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD FOR VOTING BY TELEPHONE OR THROUGH THE INTERNET.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 27, 2012:

The Notice of Meeting, Proxy Statement and Proxy Card are available at www.proxyonline.us/docs/gf2012.pdf

THE NEW GERMANY FUND, INC.

EXCERPTS OF BY-LAWS

Article II

SECTION 13. *Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals. (a) Annual Meetings of Stockholders.* (1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice provided for in this Section 13(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 13, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of mailing of the notice for the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 120th day prior to the date of mailing of the notice for such annual meeting and not later than the close of business on the later of the 90th day prior to the date of mailing of the notice for such annual meeting or the tenth day following the day on which disclosure of the date of mailing of the notice for such meeting is first made. In no event shall the public announcement of a postponement or adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such person, (B) the class and number of shares of stock of the Corporation that are beneficially owned by such person, (C) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act or pursuant to the Investment Company Act and the rules thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and (D) a statement specifying which of clauses (1)-(7) of the definition of Relevant Experience and Country Knowledge in Article III, Section 3 of the Bylaws the person being nominated satisfies, information relating to such person sufficient to support a determination that the person satisfies the specified clause or clauses of the definition and a representation that the person does not have a Conflict of Interest as defined in Article III, Section 3 of the Bylaws; (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of the business desired to be brought before the meeting, the reasons for conducting such business

at the meeting and any material interest in such business of such stockholder (including any anticipated benefit to the stockholder therefrom) and of each beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and each beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's stock ledgers and a current name and address, if different, and of such beneficial owner, and (y) the class and number of shares of each class of stock of the Corporation which are owned beneficially and of record by such stockholder and owned beneficially by such beneficial owner.

(3) Notwithstanding anything in this subsection (a) of this Section 13 to the contrary, in the event the Board of Directors increases or decreases the maximum or minimum number of directors in accordance with Article III, Section 2 of these Bylaws, and there is no public announcement of such action at least 100 days prior to the first anniversary of the date of mailing of the preceding year's annual meeting, a stockholder's notice required by this Section 13(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 13 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 13 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) *General.* (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 13 and Article III, Section 3 of these Bylaws shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance with this Section 13, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 13, (a) the date of mailing of the notice shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) public announcement shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act or the Investment Company Act.

(3) Notwithstanding the foregoing provisions of this Section 13, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the Investment Company Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13. Nothing in this Section 13 shall be deemed to affect any right of stockholders to request inclusion of proposals in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Article III

SECTION 3. *Qualifications.* Directors need not be stockholders. Each Director shall hold office until the earlier of: (a) the expiration of his term and his or her successor shall have been elected and qualifies, (b) his or her death, (c) his or her resignation, or (d) his or her removal. To be eligible for nomination as a director a person must, at the time of such person's nomination by the Board of Directors, (a) have Relevant Experience and Country Knowledge (as defined below), (b) not have any Conflict of Interest (as defined below) and (c) not be over 72 years of age; provided that clause (c) shall not apply to any person who was a Director on October 15, 1999 or to any person whom the Nominating Committee (or in the absence of such a Committee, the Board of Directors) determines to except from that clause on the basis that the person's prior public or government service or other broad-based activities in the business community make it essential that the Corporation continue to receive the benefit of the person's services as a Director. The determination described in the previous sentence shall be made on or before the time of nomination. Whether a proposed nominee satisfies the foregoing qualifications shall be determined by the Nominating Committee or, in the absence of such a Committee, by the Board of Directors, each in its sole discretion.

Relevant Experience and Country Knowledge means experience in business, investment, economic or political matters of Germany or the United States through service for 10 of the past 20 years (except where a shorter period is noted) in one or more of the following principal occupations:

(1) senior executive officer or partner of a financial or industrial business headquartered in Germany that has annual revenues of at least the equivalent of US \$500 million,

(2) senior executive officer or partner of a financial or industrial business headquartered in the United States that has annual revenues of at least the equivalent of US \$500 million and whose management responsibilities include supervision of European business operations,

(3) director (or the equivalent) for 5 of the past 10 years of one or more investment businesses or vehicles (including this Corporation) a principal focus of which is investment in Germany and that have at least the equivalent of US \$250 million in combined total assets of their own,

(4) senior executive officer or partner of an investment management business having at least the equivalent of US \$500 million in securities of German companies or securities principally traded in Germany under discretionary management for others,

(5) senior executive officer or partner (a) of a business consulting, accounting or law firm having at least 100 professionals and (b) whose principal responsibility involves or involved providing services involving European matters for financial or industrial businesses, investment businesses or vehicles or investment management businesses as described in (1) (4) above,

(6) senior official (including ambassador or minister) in the national government, a government agency or the central bank of Germany or the United States, in a major supranational agency or organization of which Germany or the United States is a member, or in a leading international trade organization relating to Germany or the United States, in each case in the area of finance, economics, trade or foreign relations, or

(7) current director or senior officer (without regard to years of service) of an investment manager or adviser of the Corporation, or of any entity controlling or under common control with an investment manager or adviser of the Corporation.

For purposes of clauses (1)-(5) of the preceding sentence and clauses (1)-(2) of the next paragraph, the term "financial or industrial business" includes a financial or industrial business unit within a larger enterprise; the term "investment businesses or vehicles" includes an investment business unit or investment vehicle within a larger enterprise; the term "investment management business" includes an investment management business unit within a larger enterprise; and the term "investment vehicle" includes an investment vehicle within a larger enterprise; but in each case only to the extent the unit satisfies the revenue, asset and other requirements specified for the business or vehicle in clauses (1)-(5) of the preceding sentence or clauses (1)-(2) of the next paragraph.

"Conflict of Interest" means the presence of a conflict with the interests of the Corporation or its operations through any of the following:

(1) current position as a director, officer, partner or employee of another investment vehicle a significant (*i.e.*, 25% or more of total assets) focus of which is securities of German companies or securities principally traded in German markets and that does not have the same investment adviser as the Corporation or an investment adviser affiliated with an investment adviser of the Corporation,

(2) current position as a director, officer, partner or employee of the sponsor or equivalent of an investment vehicle described in the previous point, or

(3) current position as an official of a governmental agency or self-regulatory body having responsibility for regulating the Corporation or the markets in which it proposes to invest.

PROXY

THE NEW GERMANY FUND, INC.

This proxy is solicited on behalf of the Board of Directors.

The undersigned stockholder of The New Germany Fund, Inc., a Maryland corporation (the Fund), hereby appoints John Millette and Caroline Pearson, or any of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of the Stockholders of the Fund to be held at 12:00 p.m., New York time, on June 27, 2012 at 60 Wall Street, New York, New York 10005, and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting, and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and of the accompanying Proxy Statement, the terms of each of which are incorporated by reference herein, and revokes any proxy heretofore given with respect to such meeting.

The votes entitled to be cast by the undersigned will be cast as instructed below. If this Proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast For each of the nominees for director and For Proposal 3, as described in the Proxy Statement and in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.

Election of Directors. The Board of Directors unanimously recommends a vote For the Class III nominees below

| | | |
|--|---|--|
| 1. FOR each of the nominees for director listed below. " | WITHHOLD AUTHORITY as to all listed nominees. " | FOR all nominees except as marked to the contrary below. " |
|--|---|--|

(Instructions: To withhold authority for any individual nominee, strike a line through the nominee's name in the list below.)

Ambassador Richard R. Burt

Dr. Franz Wilhelm Hopp

Dr. Friedbert Malt

Election of Directors. The Board of Directors unanimously recommends a vote For the Class II nominee below

| | | |
|--|---|--|
| 2. FOR each of the nominees for director listed below. " | WITHHOLD AUTHORITY as to all listed nominees. " | FOR all nominees except as marked to the contrary below. " |
|--|---|--|

(Instructions: To withhold authority for any individual nominee, strike a line through the nominee's name in the list below.)

Mr. Richard Karl Goeltz

The Board of Directors unanimously recommends a vote For Proposal 3 below

3. To ratify the appointment by the Audit Committee and the Board of Directors of PricewaterhouseCoopers LLP, an independent public accounting firm, as independent auditors for the fiscal year ending December 31, 2012.

FOR " AGAINST " ABSTAIN "

4. To vote and otherwise represent the undersigned on any other matter that may properly come before the meeting or any adjournment or postponement thereof in the discretion of the Proxy holder.

Signature

Signature, if held jointly

Please sign here exactly as name appears on the records of the Fund and date. If the shares are held jointly, each holder should sign. When signing as an attorney, executor, administrator, trustee, guardian, officer of a corporation or other entity or in another representative capacity, please give the full title under signature(s).

Dated: _____, 2012