

EUROPEAN EQUITY FUND, INC / MD
Form DEF 14A
May 21, 2007
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 the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

THE EUROPEAN EQUITY FUND, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

THE EUROPEAN EQUITY FUND, INC.

**345 Park Avenue
New York, New York 10154**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 25, 2007

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of The European Equity Fund, Inc. (formerly The Germany Fund, Inc.), a Maryland corporation (the "Fund"), will be held at 11:30 a.m., New York time, on June 25, 2007 at the offices of Deutsche Bank, 345 Park Avenue, New York, New York 10154 for the following purposes:

1. To elect three (3) Directors, each to serve until the expiration of the applicable term and until their successors are elected and qualify.
2. 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, 2007.
3. 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, 2007 are entitled to notice of, and to vote at, this Meeting or any postponement or adjournment thereof.

If you have any questions or need additional information, please contact The Altman Group, Inc., the Fund's proxy solicitors, at 1200 Wall Street West, Lyndhurst, New Jersey 07071.

By Order of the Board of Directors

DAVID GOLDMAN

Secretary

Dated: May 18, 2007

Whether or not you expect to attend the Meeting, please sign the enclosed Proxy Card and promptly return it to the Fund. We ask your cooperation in mailing in your Proxy Card promptly, so that the Fund can avoid additional expenses of solicitation of proxies.

THE EUROPEAN EQUITY FUND, INC.

**345 Park Avenue
New York, New York 10154**

Annual Meeting of Stockholders

June 25, 2007

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of The European Equity Fund, Inc. (formerly The 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 11:30 a.m., New York time, on June 25, 2007 at the offices of Deutsche Bank, 345 Park Avenue, New York, New York 10154. 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) directors of the Fund ("Directors") nominated by the Board (Proposal 1) 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 2). 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 is prepared, if necessary, to seek judicial resolution of the uncertainty in any particular case.

The close of business on May 11, 2007 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 11,821,544.02 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 22, 2007.

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: 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 II expires at the 2007 Annual Meeting, Class III at the next succeeding annual meeting and Class I at the following succeeding annual meeting. Three Class II nominees, Mr. John A. Bult, Ambassador Richard R. Burt and Mr. Robert H. Wadsworth, are proposed in this proxy statement for election. If elected, each of the three Class II nominees will serve a three-year term of office until the Annual Meeting of Stockholders in 2010 and until his successor is elected and qualifies.

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 three nominees listed above. Each of our nominees is currently a member of the Board of Directors. Each nominee has indicated that he will continue to 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 continue to serve as a Director.

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 all officers of the Fund. All Directors resident in the United States own Fund shares. 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. Each Director has served as a Director of the Fund since the Fund's inception in 1986, except for Ambassador Burt, who was elected to the Board on June 30, 2000, Mr. Cannon, who was elected to the Board on April 23, 2004, Dr. Bock, who was elected to the Board on May 5, 2004 and Dr. Trömel, who was elected to the Board on July 17, 2005.

Nominees Proposed for Election:

Class II Directors
(Term will Expire in 2007; Nominees for Term Expiring in 2010)

Name, Position(s) of Address ⁽¹⁾ & Age	Length of Time Served	Principal Occupation(s) During Past Five Years (or longer)	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock Beneficially Owned at March 30, 2007 ⁽³⁾
Non-Interested Directors					
Ambassador Richard R. Burt, 60	Director Since 2004	Senior Advisor, Kissinger McLarty Associates (international strategic advisory) (since 2007). Chairman, Diligence LLC (international information collection and risk-management firm) (2002-2007). Chairman, IEP Advisors LLP (information services firm) (1998- 2001). Chairman of the Board, Weirton Steel Corp. (1996-2004). Formerly, Partner, McKinsey & Company (consulting firm) (1991-1994). U.S. Ambassador to the Federal Republic of Germany (1985-1989).	3	Director of The Central Europe and Russia Fund, Inc. (since 2000) and The New Germany Fund, Inc. (since 2004). ⁽²⁾ Board Member, IGT, Inc. (gaming technology) (since 2001). Board Member, HCL Technologies, Inc. (information technology and product engineering) (since 1999). Member, Textron Inc. International Advisory Council (aviation, automotive, industrial operations and finance) (since 1996). Director, UBS family of mutual funds (since 1998).	4,656
Robert H. Wadsworth, 67	Director Since 1992	President, Robert H. Wadsworth Associates, Inc. (consulting firm) (May 1983 to present). Formerly President and Trustee, Trust for Investment Managers (registered investment companies) (April 1999-June 2002).	58	Director of The New Germany Fund, Inc. (since 1992) and The Central Europe and Russia Fund, Inc. (since 1990), as well as other funds in the Fund Complex as indicated. ⁽⁴⁾	5,409
Interested Director⁽⁵⁾					
John Bult, 71	Director Since 1990	Chairman, PaineWebber International (asset management) (since 1985).	3	Director of The Central Europe and Russia Fund, Inc. (since 1990) and The New Germany Fund, Inc. (since 1990). ⁽²⁾ Director of The Greater China Fund, Inc. (closed-end fund).	3,107

Directors whose terms will continue:**Class I Directors
(Term will Expire in 2009)**

Name, Position(s) of Address⁽¹⁾ & Age Fund Served	Term of Office and Length	Principal Occupation(s) During Past Five Years (or longer)	Number of Portfolios in Fund Complex⁽²⁾ Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock Beneficially Owned at March 30, 2007⁽³⁾
Dr. Frank Trömel, 71 ⁽⁶⁾	Director Since 1990	Deputy Chairman of the Supervisory Board of DELTON AG (strategic management holding company operation in the pharmaceutical, household products, logistics and power supply sectors) (2000-2006). Member (since 2000) and Vice-President (2002-2006) of the German Accounting Standards Board.	3	Director of The New Germany Fund, Inc. (since 1990) and The Central Europe and Russia Fund, Inc. (since 2005). ⁽²⁾	None
John H. Cannon, 65	Director Since 1990	Consultant (since 2002). Vice President and Treasurer, Venator Group / Footlocker Inc. (footwear retailer) (1982-2001).	3	Director of The New Germany Fun, Inc. (since 1990) and The Central Europe and Russia Fund, Inc. (since 2004). ⁽²⁾	1,115

Edgar Filing: EUROPEAN EQUITY FUND, INC / MD - Form DEF 14A

Name, Position(s) of Address ⁽¹⁾ with Time & Age Fund Served Interested Director ⁽⁵⁾	Term of Office and Length	Principal Occupation(s) During Past Five Years (or longer)	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock Beneficially Owned at March 30, 2007 ⁽³⁾
Detlef Director Since 1990 Bierbaum, 64	Since 1990	Partner of Sal. Oppenheim Jr. & Cie KGaA (investment management) (over five years).	2	Director of The Central Europe and Russia Fund, Inc. (since 1990). ⁽²⁾ Member of Supervisory Board, Tertia Handelsbeteiligungs-gesellschaft mbH (electronics retailer). Member of Supervisory Board, Douglas AG (retailer). Member of Supervisory Board, LVM Landwirtschaftlicher Versicherungsverein (insurance). Member of Supervisory Board, Monega KAG. Chairman of Supervisory Board, Oppenheim Kapitalanlagegesellschaft mbH (investment company). Chairman of Administrative Board, Oppenheim Prumerica Asset Management S.a.r.l. (investment company). Member of Supervisory Board, Atradius N.V. (insurance company). Member of the Supervisory Board of DWS Investment GmbH. Member of the Board of Duindee REIT, Toronto.	None

Class III Directors
(Term will Expire 2008)

Name, Position(s) of Address ⁽¹⁾ & Age	Fund Served	Term of Office and Length	Principal Occupation(s) During Past Five Years (or longer)	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock Beneficially Owned at March 30, 2007 ⁽³⁾
Dr. Kurt W. Bock, 48	Director	Since 2004	Member of the Board of Executive Directors and CFO, BASF Aktiengesellschaft (chemicals) (since 2003); President, Logistics and Information Services, BASF Aktiengesellschaft (2000-2003); Chief Financial Officer, BASF Corporation (1998-2000). Managing Director, Robert Bosch Ltda. (automotive and industrial products) (1996-1998); Senior Vice President, Finance and Accounting, Robert Bosch GmbH (1994-1996); Senior Vice President, Finance, Robert Bosch GmbH (1992-1994); Head of Technology, Planning and Controlling, Engineering Plastics division, BASF Aktiengesellschaft (1991-1992); Executive Assistant to BASF's Chief Financial Officer (1987-1991).	2	Director of The Central Europe and Russia Fund, Inc. (since 2004). ⁽²⁾ Member of the Supervisory Boards of Wintershall AG (since 2003), Wintershall Holding AG (since 2006) and BASF Coatings AG (since 2006). Member of the Advisory Boards of Landesbank Baden-Württemberg (since 2003), Initiative D21 (since 2003), DBW ("Die Betriebswirtschaft") (since 2003), and Gesellschaft für Unternehmensplanung (IUP) (since 2004). Member of the Boards of Deutsches Rechnungslegungs Standards Committee ("DRSC") (since 2003), Schmalenbachgesellschaft (since 2004) and Jacob Gould Schurman Stiftung (since 2004). Member of the Trustees of Arbeitskreis Evangelischer Unternehmer ("AEU") (since 2003). Member of the Regional Advisory Board Europe of Deutsche Bank AG (since June 2004). Member of the Advisory Board of Gebr. Röchling KG (since May 2004).	None

Name, Position(s) of Address ⁽¹⁾ with Time & Age Fund Served			Term of Office and Length	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director or Nominee for Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock Beneficially Owned at March 30, 2007 ⁽³⁾
Non-Interested Director							
Werner Walbröl, 69	Director	Since 2004	President and Chief Executive Officer, The European American Chamber of Commerce, Inc. (since 2004). Formerly, President and Chief Executive Officer, The German American Chamber of Commerce, Inc. (until 2003).	3	Director of The Central Europe and Russia Fund, Inc. (Since 1990) and The New Germany Fund, Inc. (since 2004) ⁽²⁾ Director, TÜV Rheinland of North America, Inc. (independent testing and assessment services). Director, The German American Chamber of Commerce, Inc. President and Director, German-American Partnership Program (student exchange programs). Director, AXA Art Insurance Corporation (fine art and collectible insurer).	5,455	
Interested Director⁽⁴⁾							
Christian H. Strenger, 63	Director and Chairman	Since 1986	Member of supervisory board (since 1999) and formerly Managing Director (1991-1999) of DWS Investment GmbH (investment management), a subsidiary of Deutsche Bank AG.	3	Director of The New Germany Fund, Inc. (since 1990) and The Central Europe and Russia Fund, Inc. (since 1990). ⁽²⁾ Member, Supervisory Board, Fraport AG (international airport business) and Hermes Focus Asset Management Europe Ltd. (asset management).	None	

Executive Officers⁽⁷⁾

Name, Address ⁽¹⁾ & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Shares of Common Stock Beneficially Owned at March 30, 2007 ⁽³⁾
Michael G. Clark, 41 ⁽⁸⁾	President and Chief Executive Officer	Since 2006	Managing Director, Deutsche Asset Management (since 2006); President of DWS family of funds; formerly, Director of Fund Board Relations (2004-2006) and Director of Product Development, Merrill Lynch Investment Managers (2000-2004).	None
Paul H. Schubert, 44 ⁽⁸⁾	Treasurer and Chief Financial Officer	Since 2004	Managing Director, 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
David Goldman, 33 ⁽⁸⁾	Secretary	Since 2006	Vice President, Deutsche Asset Management (since 2002).	None
John Millette, 44 ⁽⁸⁾	Assistant Secretary	Since 2006	Director, Deutsche Asset Management (since 2002).	None
Elisa D. Metzger, 44	Chief Legal Officer	Since 2005	Director, Deutsche Asset Management (since Sept. 2005); Counsel, Morrison and Foerster LLP (1999-2005).	None
Brent Rogers, 31	Chief Compliance Officer	Since 2007	Vice President, Deutsche Asset Management (since 2005). Formerly, Assistant Vice President, Deutsche Asset Management.	None

(1) The mailing address of all directors and officers 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 the other closed-end registered investment companies for which Deutsche Investment Management Americas Inc. acts as manager. It also includes 141 other open- and closed-end funds advised by wholly-owned entities of the Deutsche Bank Group in the United States.

(3) All Directors and Executive Officers as a group (15 persons) owned 19,741 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.

(4) Mr. Wadsworth serves as a Director/Trustee of the following investment companies: DWS Blue Chip Fund, DWS Equity Trust, DWS High Income Series, DWS State Tax-Free Income Series, DWS Strategic Income Fund, DWS Target Fund, Cash Account Trust, Investors Cash Trust, Investors Municipal Cash Fund, Tax-Exempt California Money Market Fund, DWS Technology Fund, DWS Balanced Fund, DWS U.S. Government Securities Fund, DWS Value Series Inc., DWS Variable Series II, and DWS Money Funds. Mr. Wadsworth also serves as a Trustee of the following closed-end investment companies: DWS High Income Trust, DWS Multi-Market Income Trust, DWS Municipal Income Trust, DWS Strategic Income Trust, and DWS Strategic Municipal Income Trust. These funds are advised by Deutsche Investment Management Americas Inc., a wholly-owned subsidiary of Deutsche Bank AG.

(5) Indicates "Interested Person", as defined in the Investment Company Act. Mr. Bierbaum is an "interested" Director because of his affiliation with Sal. Oppenheim Jr. & Cie. KGaA, which engages in brokerage transactions with the Fund and other accounts managed by the Fund's investment adviser and manager. Mr. Bult is an "interested" Director because of his affiliation with PaineWebber International, an affiliate of UBS Securities L.L.C., a registered broker-dealer. 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.

Edgar Filing: EUROPEAN EQUITY FUND, INC / MD - Form DEF 14A

(6) Dr. Trömel's son has been employed since March 1, 2002 by an indirect subsidiary of Deutsche Bank AG.

(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. Clark, Mr. Schubert, Mr. Millette, Mr. Rogers, Mr. Goldman and Ms. Metzger 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.

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	None	None
Dr. Kurt W. Bock	None	None
John Bult	\$10,001 - \$50,000	Over \$100,000
Ambassador Richard R. Burt	\$50,001-\$100,000	Over \$100,000
John H. Cannon	\$10,001 - \$50,000	Over \$100,000
Christian H. Strenger	None	\$50,001 - \$100,000
Dr. Frank Trömel	None	None
Robert H. Wadsworth	\$50,001-\$100,000	Over \$100,000
Werner Walbröl	\$50,001-\$100,000	Over \$100,000

(1) Valuation date is March 30, 2007. Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside Germany, such as the Fund, that is not subject to German regulation or tax reporting.

(2) The Family of Investment Companies consists of the Fund, The New Germany Fund, Inc. and The Central Europe and Russia Fund, Inc., which are closed-end funds that share the same investment adviser and manager and hold themselves out as related companies.

The Board of Directors presently has six standing committees including an audit committee (the "Audit Committee"), an advisory committee (the "Advisory Committee"), an executive committee (the "Executive Committee"), a nominating committee (the "Nominating Committee"), a valuation committee (the "Valuation Committee") and a special committee on shareholder initiatives (the "Special Shareholder Initiatives Committee").

The Audit Committee, comprising Messrs. Burt, Cannon, Wadsworth, Walbröl and Dr. Trömel, operates pursuant to a written charter. 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 each of Messrs. Cannon and Wadsworth meets the requirements for an audit committee financial expert under the rules of the Securities and Exchange Commission ("SEC"). Although the Board has determined that these individuals meet the requirements for an audit committee financial expert, their responsibilities are the same as those of the other audit committee members. They 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 five times during the fiscal year ended December 31, 2006.

The Advisory Committee, comprising Messrs. Bierbaum, Burt, Wadsworth and Walbröl, 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 ("DeAM"). The Advisory Committee met two times during the past fiscal year, in connection with the annual continuance of those agreements.

The Executive Committee, comprising Messrs. Burt, 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, comprising Messrs. Cannon, Trömel, Wadsworth and Walbröl, monitors the valuation of portfolio securities and other investments. During the past fiscal year, the Valuation Committee did not meet.

The Special Shareholder Initiatives Committee, comprising Messrs. Bult, Burt, Cannon, Wadsworth and Walbröl, has the authority to act for the Board on all matters relating to stockholder initiatives. The Special Shareholder Initiatives Committee met four times during the past fiscal year.

The Nominating Committee comprises of Messrs. Burt, Cannon, Trömel, Wadsworth and Walbröl. The Board has determined that each of the members of the Nominating Committee is not an "interested person" as the term is defined in Section 2(a)(19) of the Investment Company Act. Generally, the Nominating Committee identifies, evaluates and selects and nominates, or recommends to the Board of Directors, candidates for the Board or any committee of the Board. 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 B. The Nominating Committee may also take into account additional factors listed in the Nominating 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."

The Nominating 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 Committee Charter set forth in Annex A and this proxy statement. 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 are included as Annex B. The Nominating 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 Committee met two times during the past fiscal year.

All members on each of the six committees of the Board are not "interested persons" as the term is defined in the Investment Company Act (except that Mr. Strenger, an interested person, is a member of the Executive Committee; Mr. Bierbaum, an interested person, is a member of the Advisory Committee; and Mr. Bult, an interested person, is a member of the Special Shareholder Initiatives 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, with the exception of Mr. Bierbaum, 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. Three Directors attended the 2006 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 principal office at 345 Park Avenue, NYC20-2799, New York, New York 10154 (c/o The European Equity 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 manager an annual fee of \$7,500 plus \$750 for each Board and Committee meeting attended. Each such Director who is also a Director of The New Germany 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. No Director of all three funds is paid for attending more than two funds' board and committee meetings when meetings of the three funds are held concurrently, and no such Director receives more than the annual fee of two funds. Each of the Fund, The Central Europe and Russia Fund, Inc. and The New Germany Fund, Inc. reimburses the Directors (except for those employed by the Deutsche Bank Group) for travel expenses in connection with Board meetings. These three funds, together with 159 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, 2006, and (b) the total compensation from each fund in the Fund Complex that includes the Fund, for the 2006 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
Dr. Kurt W. Bock	\$ 10,500	\$ 21,000
Ambassador Richard R. Burt	10,000	32,000
John H. Cannon	9,667	36,250
Dr. Frank Trömel	8,500	32,000
Robert H. Wadsworth	10,834	228,250
Werner Walbröl	10,417	34,750
Total	\$ 59,918	\$ 384,250

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 PROPOSAL 1.

Required Vote. Provided a quorum has been established, the affirmative vote of a plurality of the votes cast at the Meeting is required for the election of each Director. For purposes of the election of Directors, abstentions will have no effect on the result of the vote.

PROPOSAL 2: 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, 2007. 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 requires 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 2.

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, 2007. For purposes of Proposal 2, 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 manager and investment adviser and certain entities controlling, controlled by, or under common control with the manager and investment adviser 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 manager, the Fund's investment adviser 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
2006	\$	57,600						