

NEW GERMANY FUND INC
Form DEFC14A
April 30, 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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

THE NEW GERMANY 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):

- x No fee required.
- o 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:
- o Fee paid previously with preliminary materials.
- o 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.

April 30, 2007

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders (the "Meeting") of The New Germany Fund, Inc. to be held at 9:30 a.m., New York time, on June 25, 2007 at the offices of Deutsche Bank, 345 Park Avenue, New York, New York 10154. Your Board of Directors and management look forward to greeting personally those stockholders able to attend.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the Meeting. As you may be aware, despite the continued strong performance of your Fund (2006 total return of 44.13%, based on market value), a group of hedge funds that are dissident stockholders of the Fund have announced their intention to solicit proxies against the nominees of your Board of Directors and in support of a proposal that is strongly opposed by the Board and the Fund.

Please do not sign any proxy card sent to you by or on behalf of the dissident hedge fund group led by Phillip Goldstein and his hedge fund, Opportunity Partners L.P. (also known as "Bulldog Investors"), Karpus Investment Management and Laxey Partners Limited. These hedge funds may also be using the misleading name, "The Coalition For Shareholder Democracy." Please be assured that your Board of Directors, which manages the Fund for the benefit of all stockholders, is the true advocate for shareholder democracy. Your Board of Directors will continue to act in the best interest of all Fund stockholders.

Your vote is important regardless of the number of shares you own. We urge you to complete, sign, date and mail the enclosed *White* Proxy Card as soon as possible, even if you currently plan to attend the Meeting. If you hold your shares in a brokerage or bank account, your broker or bank may allow you to vote your shares by telephone or internet. Please consult the materials you receive from your broker or bank prior to voting by telephone or internet.

On behalf of your Board of Directors, thank you for your continued interest and support.

Sincerely,

DAVID GOLDMAN

Secretary

THE NEW GERMANY 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 New Germany Fund, Inc., a Maryland corporation (the "Fund"), will be held at 9:30 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 four (4) Directors, each to serve for a term of three years 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 act upon, if properly presented, a stockholder proposal.
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 April 20, 2007 are entitled to notice of, and to vote at, this Meeting or any postponement or adjournment thereof.

This Meeting is extremely important in light of the announcement by a dissident stockholder, Mr. Philip Goldstein, who controls the hedge fund Opportunity Partners, L.P. ("Opportunity Partners", which may go by the name "Bulldog Investors"), of its intention to solicit proxies against the nominees of your Board of Directors (the "Board"). Opportunity Partners has also made known its intention to support a stockholder proposal that is strongly opposed by the Board.

Your vote is very important. Whether or not you plan to attend the Meeting, and regardless of the number of shares you own, we urge you to vote FOR your Board's nominees (proposal 1) and AGAINST the dissident stockholder proposal (proposal 3) by promptly completing, signing, dating and returning the enclosed *White* Proxy Card. We strongly urge you not to sign any proxy card that may be sent to you by Philip Goldstein and the other hedge fund dissidents, even to vote against their nominees. If you have previously returned any proxy card sent to you by Mr. Goldstein, you may change any vote you may have cast in favor of Opportunity Partners' nominees, and vote instead for the election of the Board's nominees and against the dissident stockholder proposal by completing, signing and returning the enclosed *White* Proxy Card in the accompanying envelope. If you hold your shares in a brokerage or bank account (in "street name"), your broker or bank cannot vote your shares this year unless you complete, sign and return the enclosed *White* proxy voting form. In addition, you may be able to vote your shares by telephone or internet. Please consult the materials you receive from your broker or bank prior to voting by telephone or internet.

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, or toll-free by telephone at 1-800-884-5101.

By Order of the Board of Directors

DAVID GOLDMAN

Secretary

Dated: April 30, 2007

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

proxies.

THE NEW GERMANY 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 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 9:30 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.

THIS IS A VERY IMPORTANT ANNUAL MEETING OF STOCKHOLDERS OF THE FUND. Despite the continued strong performance of your Fund 2006 total return of 44.13% and first quarter 2007 total return of 55.56% (annualized) based on market value a group of dissident hedge funds led by Phillip Goldstein and his hedge fund, Opportunity Partners L.P. (now calling themselves "Bulldog Investors"), along with hedge fund operators Karpus Investment Management and Laxey Partners Limited, have announced their intention to once again solicit proxies against the nominees of your Board of Directors, and in favor of a proposal that is strongly opposed by the Board.

Your Board strongly believes that the Board's nominees for re-election as Directors are far better qualified and meet the director qualification requirements in the Fund's Bylaws, which require experience in relevant business, investment, economic or political matters. The Board's nominees will better serve the interests of all stockholders. In contrast, by their own admission, the nominees supported by the dissident hedge funds are not qualified to serve as directors in accordance with the Fund's Bylaws. Accordingly, they may not be nominated or elected to serve as directors of the Fund.

The Board of Directors strongly urges you to complete, sign, date and mail promptly the **White** Proxy Card accompanying this Proxy Statement. If you hold your shares in a brokerage or bank account (in "street name"), your broker or bank cannot vote your shares this year (as it has in past routine annual meetings) unless you complete, sign, date and mail promptly the enclosed **White** Proxy Card. In addition, you may be able to vote your shares by telephone or internet.

If the accompanying **White** 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 **White** Proxy Card. However, if no instructions are specified, shares will be voted:

FOR the election of four (4) directors of the Fund ("Directors") nominated by the Board (Proposal 1),

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) and

AGAINST the self-tender offer proposal (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 is prepared, if necessary, to seek judicial resolution of the uncertainty in any particular case.

The close of business on April 20, 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 24,804,697.59 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 White Proxy Card will first be mailed to stockholders on or about May 4, 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 I expires at the 2007 Annual Meeting, Class II at the next succeeding annual meeting and Class III at the following succeeding annual meeting. Four Class I nominees are proposed in this Proxy Statement for election. The four Class I nominees, Ambassador Richard R. Burt, Mr. Richard Karl Goeltz, Mr. Christian H. Strenger and Mr. Robert H. Wadsworth, are the only persons nominated by your Board of Directors for election at this Meeting and, if elected, each will serve a three-year term of office until the Annual Meeting of Stockholders in 2010 and until his respective successor is elected and qualifies. The interests of the Fund and the stockholders are best served when its Directors have experience in matters relevant to the Fund's investment business. Accordingly, the Bylaws provide that a nominee must have Relevant Experience and Country Knowledge and must not have any Conflict of Interest. The relevant portions of the Fund's Bylaws describing these requirements are included as Annex B to this Proxy Statement. The Nominating Committee (excluding Messrs. Burt, Goeltz and Wadsworth, who excused themselves from its deliberations and vote) concluded that each of the four Class I nominees satisfies these requirements. An overview of the experience and current duties of each of the Board's nominees is therefore appropriate.

Richard R. Burt. Ambassador Burt is currently a senior advisor with Kissinger McLarty Associates, an international strategic advisory firm. He was formerly the Chairman of Diligence, Inc., an international information and risk management firm and, prior to that, Chairman of IEP Advisors, LLP, an information services firm. Ambassador Burt served as the U.S. Ambassador to the Federal Republic of Germany from 1985 to 1989. He has been a director of the Fund since 2004, and serves on the Fund's Audit and Nominating Committees. Since 2000, he has been a director and a member of the Audit Committee, the Nominating Committee and the Executive Committee of the European Equity Fund, Inc. and Central Europe and Russia Fund, Inc., both of which are part of the Fund's Complex.

Richard Karl Goeltz Mr. Goeltz was for over eight years the chief financial officer of the large financial services companies American Express Company and National Westminster Bank Plc. Prior to that, Mr. Goeltz served as a senior financial officer of The Seagram Company Ltd. for more than 15 years. Mr. Goeltz since 2000 has been a consultant and has served on the board of directors of various companies including Aviva plc, the Federal Home Loan Mortgage Corp. and the Warnaco Group Inc., as well as being a Member of the Court of Governors and the Council of the London School of Economics and Political Science. He has been a director of the Fund since its inception and currently serves on the Executive Committee, the Nominating Committee and the Special Committee on Shareholder Initiatives.

Christian H. Strenger Mr. Strenger is a former Managing Director of DWS Investment GmbH, one of the largest German mutual fund companies, a position he held from 1991 to 1999. Since 1999, he has been a Member of DWS Investment GmbH's Supervisory Board. Mr. Strenger is the Chairman of the Board of the Fund, and serves in the same capacity for the European Equity Fund and Central Europe and Russia Fund. He serves on the Executive Committee of all three funds.

Robert H. Wadsworth For over 20 years, Mr. Wadsworth has been the president of his consulting firm, Robert H. Wadsworth Associates, which advises on all aspects of the U.S. regulated funds business. During that time, Mr. Wadsworth has also served in leadership positions for various registered investment companies. He has been a director of the Fund since 1992 and serves on all committees of the Board, including serving as a Chairman of the Valuation Committee of the Fund and as a designated Audit Committee financial expert. Mr. Wadsworth is also a member of the board of directors of the European Equity Fund and Central Europe and Russia Fund, and serves on all committees of both funds. In addition, Mr. Wadsworth is a director or trustee for more than 55 other open-end and close-end investment companies within the Fund Complex.

Your Board strongly believes that its nominees are better qualified, meet the director qualification requirements in the Fund's Bylaws, and will better serve the interests of all stockholders. Accordingly, we unanimously recommend a vote "For" each of Messrs. Burt, Goeltz, Strenger and Wadsworth.

As discussed above, Philip Goldstein has announced his intention to solicit proxies against the nominees of your Board of Directors and for the purported nominees of his hedge fund, Opportunity Partners. Based on the information provided to date by Opportunity Partners regarding its nominees and on Opportunity Partner's own admission that its nominees do not meet the qualification of the Bylaws, your Board's Nominating Committee confirmed that none of the persons Opportunity Partners intends to propose is qualified in accordance with the Fund's Bylaws to serve as a director of the Fund. Your Board believes that through their qualifications and experience, Ambassador Burt and Messrs. Goeltz, Strenger and Wadsworth will serve the interests of all stockholders better than the nominees of Opportunity Partners. The contribution of Opportunity Partners' nominees for director will not, in the opinion of the Board, in any way compare with the value the four Board nominees have contributed and will continue to contribute to the Fund as a result of their extensive background in German business and political affairs:

The Board nominees of the Fund provide distinct and ongoing resources for your Board of Directors, especially given their experience in the markets in which the Fund invests.

On the other hand, the business backgrounds of Opportunity Partners' potential nominees do not indicate any experience in the markets in which the Fund invests. **Your Board strongly believes that the Board's nominees for re-election as Directors are far better qualified and will better serve the interests of all stockholders.**

We believe that the agenda being pursued by Opportunity Partners and the hedge fund dissidents is to install a minority of directors who will continue to pressure the Fund to conduct tender offers, open-end, or liquidate. Our reasons for believing that certain of those actions are not in the interests of Fund stockholders are discussed at Proposal 3.

While the three dissident-supported candidates cannot become directors under the Fund's Bylaws, and the Fund will not treat votes for the individuals as "votes cast" for purposes of determining which individuals received a plurality of votes cast, we urge stockholders to vote "**FOR**" our nominees to send an important message.

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 White Proxy Card to vote each White Proxy Card for the election of our four Class I nominees listed above. Each of our Class I nominees is currently a member of the Board of Directors. Each Class I 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 White 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.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 1
TO ELECT THE BOARD'S FOUR NOMINEES AS CLASS I DIRECTORS.**

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 and broker non-votes will have no effect on the result of the vote.

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 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 for more than five years, many since the Fund's inception in 1990, except for Ambassador Burt and Mr. Walbröl, who for many years have been directors of other funds in the Fund Complex and were elected to the Board in 2004.

Nominees Proposed for Election:

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

Name, Position(s) of Address ⁽¹⁾ & Age	Length of Time Fund 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 (1985-1991).	3	Director of The Central Europe and Russia Fund, Inc. (since 2000) and The European Equity Fund, Inc. (since 2000). 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).	1,342
Richard Karl Goeltz, 64	Director Since 1990	Consultant. Retired Vice Chairman and Chief Financial Officer of American Express Co. (financial services) (1996-2000). Former Chief Financial Officer of National Westminster Bank Plc (1992-1996). Former Executive Vice President-Finance (1986-1991) and Vice President-Finance (1976-1986) of The Seagram Company Ltd.	1	Independent Non-Executive Director of Aviva plc (financial services); Director of Federal Home Loan Mortgage Corporation (Freddie Mac) and The Warnaco Group, Inc. (apparel); Member of the Court of Governors and the Council of the London School of Economics and Political Science.	11,616
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 European Equity Fund, Inc. (since 1986) and The Central Europe and Russia Fund, Inc. (since 1990), as well as other funds in the Fund Complex as indicated. ⁽⁴⁾	10,405

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

Name, Position(s) of Address ⁽¹⁾ & Age Fund Served Interested Director ⁽⁵⁾	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⁾
Christian H. Strenger, 63	Director Since and 1990 Chairman	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 European Equity Fund, Inc. (since 1986) 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

Directors whose terms will continue:

Class II Directors
(Term will Expire in 2008)

Name, Position(s) of Address ⁽¹⁾ & Age Fund Served Non-Interested Directors	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⁾
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 European Equity Fund, Inc. (since 2004) and The Central Europe and Russia Fund, Inc. (since 2004). ⁽²⁾	5,331
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 European Equity Fund, Inc. (since 1986). ⁽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).	1,489

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Name, Position(s) of Address ⁽¹⁾ & Age	Length of Time Fund 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					
Peter Zühlsdorff, 66	Director Since 1997	Managing Director of DIH Deutsche Industrie Holding (holding company) (1997). Managing Director of DSD Duales System Deutschland AG (recycling) (2004). Managing Director of Tengelmann Unternehmensgruppe (food and specialty retailing) (1998-2003). Managing Director of Bewerbungskomitee Leipzig 2012 GmbH (Olympic bid committee) (2004) and Managing Director of PZ Sportpark GmbH (since 1996).	1	Chairman of the Supervisory Board, Sinn Leffers AG (retail) and Escada AG (fashion); Kaisers Tengelmann AG (food and specialty retailing); Member of the Advisory Board, Tengelmann Verwaltungs-und Beteiligungsgesellschaft GmbH (food and specialty retailing) and DSD-Duales System Deutschland GmbH.	None
Interested Director⁽⁵⁾					
John Bult, 71	Director Since 1990	Chairman, PaineWebber International (asset management) (since 1985).	3	Director of The European Equity Fund, Inc. (since 1986) and The Central Europe and Russia Fund, Inc. (since 1990). ⁽²⁾ Director of The Greater China Fund, Inc. (closed-end fund).	2,871

Class III Directors
(Term will Expire in 2009)

Name, Address ⁽¹⁾ & Age	Position(s) of Fund Served	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						
Dr. Franz Wilhelm Hopp, 64	Director	Since 1993	Former Member of the Boards of Management of ERGO Insurance Group AG, ERGO Europa Beteiligungs-gesellschaft AG, and ERGO International AG (insurance) (over five years until 2004). Former Member of the Boards of Management of VICTORIA Holding; VICTORIA Lebensversicherung AG (life insurance); VICTORIA Versicherung AG (insurance); VICTORIA International; VICTORIA Rückversicherung AG (reinsurance) and D.A.S. Versicherungs-AG. (insurance).	1	Chairman of the Supervisory Board of Ideenkapital Media Finance (investments and finance). Member of the Supervisory Boards of Jenoptik, AG (environmental systems and other technologies); TMW Immobilien AG (real estate); Oesterreichische Volksbanken (bank); KarstadtQuelle Bank GmbH; GFKL Financial Services AG; MEAG Munich ERGO Kapitalanlagegesellschaft mbH (asset management); Internationales Immobilieninstitut GmbH (real estate); TMW Real Estate Group L.P.; and Victoria Volksbanken, Oesterreich (bank). Member of the Administrative Boards of Frankfurter Volksbank (bank) and HSBC Trinkaus & Burkhardt (bank). Member of the Advisory Boards of Dresdner Bank AG; EnBW Energie Baden-Wuerttemberg AG (energy); Falke Bank AG; Landeskreditbank Baden-Wuerttemberg; Millenium Entertainment Partners L.P. (real estate) and MPE Hotel, LLC (real estate).	None

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Name, Position(s) of Address ⁽¹⁾ with Time & Age Fund Served		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						
Ernst-Ulrich Matz, 73	Director	Since 1995	Consultant. Vice Chairman of the Supervisory Boards of Bopp & Reuther AG (valve, control, measurement and safety technology) (1990-2001). Chief Financial Officer and member of the Board of Directors of IWKA Aktiengesellschaft (management holding company - manufacturing and engineering) (1978 - 2000). Member of the Supervisory Boards of Ex-Cell-O AG (machine tool and system manufacturer) (1996-2001) and ARO SA (1978-2000) (resistance welding).	1	Member of the District Advisory Board of Gerling-Konzern (until 2002); Chairman of the Rumanian Group in the German East-West Trade Committee (until 2002); Member of the Advisory Council of Herder GmbH & Co. KG (publishing) (2001-2007); Member of the Supervisory Board of Photon AG (laser engineering). Member of the District Advisory Board of Deutsche Bank AG, Mannheim (until 1999).	None
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 Central Europe and Russia Fund, Inc. (since 2005) and The European Equity Fund, Inc. (since 2005). ⁽²⁾	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
Brett D. Rogers, 31	Chief Compliance Officer	Since 2007	Vice President, Deutsche Asset Management (2005-present). 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 European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc., which are the other closed-end registered investment companies for which Deutsche Investment Management Americas Inc. acts as manager. It also includes 143 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 (17 persons) owned 33,054 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 Dreman Value Income Edge Fund, 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. Bult is an "interested" Director because of his affiliation with PaineWebber International, an affiliate of UBS Securities L.L.C., a registered broker-dealer; and Mr. Strenger is an "interested" Director because of his affiliation with DWS-Deutsche Gesellschaft für Wertpapiersparen mbH ("DWS"), a subsidiary of Deutsche Bank AG, and because of his ownership of Deutsche Bank AG shares.

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

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(7) Each also serving as an officer of The European Equity 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 Messrs. Clark, Schubert, Goldman, Millette and Rogers, and Ms. Metzger also serves as an officer of 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)}
John Bult	\$10,001 - \$50,000	Over \$100,000
Ambassador Richard R. Burt	\$10,001 - \$50,000	Over \$100,000
John H. Cannon	\$50,001-\$100,000	Over \$100,000
Richard Karl Goeltz	Over \$100,000	Over \$100,000
Dr. Franz Wilhelm Hopp	None	None
Ernst-Ulrich Matz	None	None
Christian H. Strenger	None	\$ 50,001 - \$100,000
Dr. Frank Trömel	None	None
Robert H. Wadsworth	Over \$100,000	Over \$100,000
Werner Walbröl	\$10,001-\$50,000	Over \$100,000
Peter Zühlsdorff	None	None

(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 of 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 European Equity 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, Trömel, Wadsworth and Walbröl, 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