

GERMANY FUND INC  
Form DEF 14A  
May 14, 2002

THE GERMANY FUND, INC.  
31 West 52nd Street  
New York, New York 10019

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
June 13, 2002

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To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of The Germany Fund, Inc., a Maryland corporation (the "Fund"), will be held at 3:00 P.M., New York time, on June 13, 2002 at the offices of Deutsche Bank, 31 West 52nd Street, 5th Floor, New York, New York for the following purposes:

1. To elect two Directors.
2. To ratify the selection by the Board of Directors of PricewaterhouseCoopers LLP as independent accountants for the fiscal year ending December 31, 2002.
3. To transact such other business as may properly come before the meeting.

Only holders of record of Common Stock at the close of business on May 10, 2002 are entitled to notice of and to vote at this meeting or any adjournment thereof.

If you have any questions or need further information, please contact Morrow & Co., Inc., the Fund's proxy solicitors, at 445 Park Avenue, New York, New York 10022, or 1-800-662-5200.

By Order of the Board of Directors

Robert R. Gambee  
Chief Operating Officer  
and Secretary

Dated: May 14, 2002

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE SIGN THE ENCLOSED PROXY AND PROMPTLY RETURN IT TO THE FUND. IN ORDER TO AVOID THE ADDITIONAL EXPENSE TO THE FUND OF FURTHER SOLICITATION, WE ASK YOUR COOPERATION IN MAILING IN YOUR PROXY PROMPTLY.

THE GERMANY FUND, INC.  
31 West 52nd Street  
New York, New York 10019

Annual Meeting of Stockholders  
June 13, 2002

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PROXY STATEMENT

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This proxy statement is furnished by the Board of Directors of The Germany Fund, Inc., 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 3:00 P.M., New York time, on June 13, 2002 at the offices of Deutsche Bank, 31 West 52nd Street, 5th Floor, New York, New York. 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 form of Proxy is executed properly and returned, shares represented by it will be voted at the Meeting in accordance with the instructions on the Proxy. However, if no instructions are specified, shares will be voted FOR the election of Directors (Proposal 1) and FOR the ratification of the appointment by the Board of Directors of PricewaterhouseCoopers LLP as independent accountants 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 or a subsequently executed proxy or by attendance at the Meeting and voting in person.

The close of business on May 10, 2002 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 16,574,081 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, Proxy Statement and form of Proxy will first be mailed to stockholders on or about May 14, 2002.

The Board of Directors of the Fund has nominated two Directors for election at the Meeting (Proposal 1) and approved the selection of PricewaterhouseCoopers LLP as independent accountants to the Fund for the fiscal year ending December 31, 2002, for ratification by the stockholders at the Meeting (Proposal 2).

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. The term of office for Directors in Class III expires at the 2002 Annual Meeting, Class I at the next succeeding Annual Meeting and Class II at the following succeeding Annual Meeting. Two Class III nominees are proposed in this Proxy Statement for election.

Should any vacancy occur on the Board of Directors, the remaining Directors would be able to fill such 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 qualified. If the size of

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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 to vote each proxy for the election of the nominees listed below. 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 in accordance with their discretion.

Information Regarding Directors and Officers

The following table shows certain information about the nominees for election as Directors and Directors whose terms will continue, including beneficial ownership of Common Stock of the Fund. Each has served as a Director of the Fund since the Fund's inception in 1986, except for Mr. Storr and Ambassador Burt, who were elected to the Board on June 20, 1997, and June 30, 2000, respectively.

Nominees Proposed for Election:

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Class III Directors					
(Term will Expire in 2002; Nominees for Term Expiring in 2005)					
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Name, Address(1) & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex(2) Overseen by Director or Nominee for Director	Other by Di f
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Non-Interested Director					
Werner Walbrol, 64	Director	Since 1986.	President and Chief Executive Officer of the German American Chamber of Commerce, Inc. and the European American Chamber of Commerce, Inc. (more than five years).	3	Directo Europea Inc. (5) Rheinla America and Dir America Program Nordste Corpora Advison Grey.

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Class III Directors					
(Term will Expire in 2002; Nominees for Term Expiring in 2005)					
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Name, Address(1) & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex(2) Overseen by Director or Nominee for Director	Other by Di f
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Interested Director(4)

Christian H. Strenger, 58	Chairman and Director	Since 1986.	Director of DWS Investment GmbH (investment management) (since 1999). Managing Director of DWS - Deutsche Gesellschaft fuer Wertpapiersparen mbH (1991-1999). Chairman of Deutsche Fund Management, Inc. (1997-2000).	3	Director Germany Central Fund, I the Sup Fraport
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Directors whose term will continue:

Class I Directors  
(Term will Expire in 2003)

Name, Address(1) & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex(2) Overseen by Director or Nominee for Director	Other by Di f
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Non-Interested Directors

Edward C. Schmulds, 71	Director	Since 1986.	Consultant (since 1994). Senior Vice President - External Affairs and General Counsel of GTE Corporation (1984-1994); Deputy Attorney General of the U.S. Department of Justice (1981-1984).	3	Director Europea Inc.; (5 Boardof Point F Chairma Trustee McConne Foundat
Hans G. Storr, 70	Director	Since 1997.	Consultant (since 1997). Chief Financial Officer of Philip Morris Companies, Inc. (1979-1996); Member of the Board of Directors of Philip Morris	2	Director Europea Inc. (5) Member AG.

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Companies, Inc.  
(1982-1996).

Interested Director (4)

Detlef Bierbaum, 59	Director	Since 1986.	Partner of Sal. Oppenheim Jr. & Cie. KGaA (banking) (since 1991).	2	Director Europea Inc. (5) Supervi ESCADA Tertia beteili mbH, Do Landwir Versich Monega Investm
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Class II Directors  
(Term will Expire in 2004)

Name, Address(1) & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex(2) Overseen by Director or Nominee for Director	Other by Di f
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Non-Interested Directors

Ambassador Richard R. Burt, 55	Director	Since 2000.	Chairman, Diligence LLC, formerly IEP Advisors, Inc. (information services firm) (since 1998); Chairman of the Board, Weirton Steel Corp. (since 1996); Partner, McKinsey & Company (1991-1994); U.S. Ambassador to the Federal Republic of Germany (1985-1989).	12	Directo Europea Inc. (5) Board, Holling Inc. HC Inc., A Directo Funds ( Hutchin and Mem Corpora Adviso
Dr. Juergen F. Strube, 62(6)	Director	Since 1986.	Chairman of the Board of Executive Directors of BASF AG (chemicals) (since 1990).	2	Directo Europea Inc.; (5) Supervi Allianz Lebensv

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					Bertels Commerz Hapag-L AG and
Robert H. Wadsworth, 62	Director	Since 1986.	President, Robert H. Wadsworth Associates, Inc. (consulting firm) (since 1982); President and Trustee, Trust for Investment Managers (registered investment company) (since 1999); Formerly President, Investment Company Administration, L.L.C. (1992-July 2001) and President, Treasurer and Director, First Fund Distributors, Inc. (1990-January 2002); Vice President, Professionally Managed Portfolios (1992-2002) and Advisors Series Trust (1997-2002) (registered investment companies); President, Guinness Flight Investment Funds, Inc. (registered investment companies) (1994-1998).	13	Director Germany Central Fund, I
			Interested Director (4)		
John Bult, 65	Director	Since 1986.	Chairman of PaineWebber International (financial services) (since 1985).	3	Director Germany Central Fund, I The Fra Inc. an Fund, I

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Executive Officers(7)  
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Name, Address(1) & Age	Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
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Richard T. Hale,	President	Year to	Trustee and/or President of each of the investment

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56(8)	and Chief Executive Officer	year since 2001.	by Deutsche Asset Management, Inc. or its affiliate Director, Deutsche Asset Management; Managing Director Securities Inc.; Director and President, Investment Corp.
Hanspeter Ackermann, 45(8)	Chief Investment Officer	Year to year since 1996.	President of Deutsche Bank Investment Management I Director of Deutsche Bank Securities Inc., Managing Senior International Equity Portfolio Manager of B CIO of The Central European Equity Fund, Inc. and Fund, Inc.; President and Managing Partner of Eige (1993-1996), Managing Director and CIO of SBC Port International (1983-1993).
Robert R. Gambee, 59(8)	Chief Operating Officer and Secretary	Year to year since 1986.	Director (since 1992), First Vice President (1987- President (1978-1986) of Deutsche Bank Securities Deutsche Bank AG, Director, Bankers Trust Co., Sec Investors of Flag Investors Funds, Inc., and Deuts Management, Inc. (1997-2000).
Joseph Cheung, 43(8)	Chief Financial Officer and Treasurer	Year to year since 1997.	Vice President (since 1996), Assistant Vice President Associate (1991-1994) of Deutsche Bank Securities

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- (1) Unless otherwise indicated the address of all directors and officers is c/o Deutsche Bank Securities, Inc., 31 W. 52nd Street, NY, NY 10019.
- (2) Includes The Central European Equity Fund, Inc. and The New Germany Fund, Inc., which are the other closed-end registered investment companies for which Deutsche Bank Securities Inc. acts as manager. It also includes the following open-end investment companies advised by Investment Capital Corp, an indirect wholly-owned subsidiary of Deutsche Bank AG : Deutsche Investors Portfolios Trust, Deutsche Investors Funds, Inc., Deutsche Bank Alex. Brown Cash Reserve Fund, Inc; Deutsche Flag Investors Communication Fund, Inc.; Deutsche Flag Investors Series Funds, Inc.; Deutsche Emerging Growth Fund, Inc.; Deutsche Short-Intermediate Income Fund, Inc.; Deutsche Flag Investors Value Builder Fund, Inc.; Deutsche Real Estate Securities Fund, Inc.; and Deutsche Flag Investors Equity Partners Fund, Inc. Further, it also includes Deutsche Asset Management VIT Funds, which is advised by Deutsche Asset Management, Inc.
- (3) All Directors and Executive Officers as a group (13 persons) owned 16,535 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) Indicates "Interested Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). Mr. Bierbaum is an "interested" Director because of his affiliation with Sal. Oppenheim Jr. & Cie. KGaA, which is the parent company of a registered broker-dealer; Mr. Bult is an "interested" Director because of his affiliation with U.B.S. PaineWebber Incorporated, a registered broker-dealer; and Mr. Strenger is an "interested" Director because of his affiliation with DWS-Deutsche Gesellschaft fur Wertpapiersparen mbH ("DWS"), a majority-owned subsidiary of Deutsche Bank and because of his ownership of Deutsche Bank shares.
- (5) The New Germany Fund, Inc. and the Central European Equity Fund, Inc. are

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the other closed-end registered investment companies for which Deutsche Bank Securities, Inc. acts as manager.

- (6) During the period from February 2000 through April 12, 2002, Dr. Strube beneficially owned shares of Deutsche Bank AG valued at under \$55,000, and Dr. Strube was thereby an interested person of the Fund during that period. Dr. Tessen von Heydebreck, a managing director of Deutsche Bank, is a member of the supervisory board of BASF AG, Dr. Strube's employer. In 2000 and 2001, Deutsche Bank AG owned more than 5% of the outstanding shares of BASF AG (between 6% and 7% at reporting points in 2000 and 2001), but as of December 31, 2001, ceased to be the beneficial owner of more than 5%.
- (7) Each officer also serves as an officer of The New Germany Fund, Inc. and The Central European Equity Fund, Inc. The officers of the Fund are elected annually by the Board of Directors at its meeting following the Annual Meeting of Stockholders.
- (8) Indicates ownership of securities of Deutsche Bank either directly or through Deutsche Bank's deferred compensation plan.

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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.
John Bult	\$10,001 - \$50,000	\$50,001 - \$100,000
Ambassador Richard R. Burt	\$1 - \$10,000	\$10,001 - \$50,000
Edward C. Schmults	\$10,001 - \$50,000	\$10,001 - \$50,000
Hans G. Storr	\$50,001 - \$100,000	Over \$100,000
Christian H. Strenger	None.	\$50,001 - \$100,000
Dr. Juergen F. Strube	None.	None.
Robert H. Wadsworth	\$10,001 - \$50,000	\$50,001 - \$100,000
Werner Walbrol	\$10,001 - \$50,000	\$10,001 - \$50,000

(1) Valuation date is May 10, 2002.

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

The Board of Directors presently has an Audit Committee composed of Messrs. Burt, Schmults, Storr, Wadsworth and Walbrol. The Audit Committee makes recommendations to the full Board with respect to the engagement of independent accountants and reviews with the independent accountants the plan and results of the audit engagement and matters having a material effect upon the Fund's financial operations. The Audit Committee met four times during the fiscal year



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ended December 31, 2001. In addition, the Board has an Advisory Committee composed of Messrs. Burt, Schmults, Storr, Wadsworth and Walbrol. The Advisory Committee makes recommendations to the full Board with respect to the Management Agreement between the Fund and Deutsche Bank Securities Inc. ("DBSI") and the Investment Advisory Agreement between the Fund and Deutsche Asset Management International GmbH ("DeAM"). The Advisory Committee met once during the past fiscal year. The Board also has an Executive Committee and a Nominating Committee. During the past fiscal year, the Executive and Nominating Committees did not meet (the function of the latter having been served by the full Board in 2001). The members of the Executive Committee are Messrs. Strenger, Burt, Schmults, Storr, Wadsworth and Walbrol. The Executive Committee has the authority to act for the Board on all matters between meetings of the Board. The members of the Nominating Committee are Messrs. Burt, Wadsworth and Walbrol. The Nominating Committee makes recommendations to the full Board with respect to the selection of candidates to fill vacancies on the Board of Directors intended to be filled by persons not affiliated with DBSI or DeAM, and the Nominating Committee evaluates the qualifications of all nominees for directorship pursuant to the director qualification provisions in the Fund's Bylaws. The Nominating Committee will consider suggestions from stockholders submitted in writing to the Secretary of the Fund that comply with the requirements for such proposals contained in the Fund's bylaws.

During the past fiscal year, the Board of Directors had four regular meetings, and each incumbent Director, with the exception of Messrs. Burt, Storr and Strube, attended at least 75% of the aggregate number of meetings of the Board and meetings of Board Committees on which that Director served. Each incumbent Director, with the exception of Dr. Strube, attended at least 75% of the number of regular meetings of the Board.

The Fund pays each of its Directors who is not an interested person of the Fund, the Investment Adviser or the Manager an annual fee of \$7,500 plus \$750 for each meeting attended. Each such Director who is also a Director of The New Germany Fund, Inc. or The Central European Equity Fund, Inc. also receives the same annual

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and per-meeting fees for services as a Director of each such fund. Effective as of April 24, 2002, no Director of all three funds will be paid for attending more than two funds' board and committee meetings when meetings of the three funds are held concurrently, and, effective as of January 1, 2002, no such Director will receive more than the annual fee of two funds. Each of the Fund, The Central European Equity 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 Deutsche Investors Portfolios Trust, Deutsche Investors Funds, Inc., Deutsche Bank Alex. Brown Cash Reserve Fund, Inc., Deutsche Flag Investors Communication Fund, Inc., Deutsche Flag Investors Series Funds, Inc., Deutsche Emerging Growth Fund, Inc., Deutsche Short-Intermediate Income Fund, Inc., Deutsche Flag Investors Value Builder Fund, Inc., Deutsche Real Estate Securities Fund, Inc., Deutsche Flag Investors Equity Partners Fund, Inc., and Deutsche Asset Management VIT Funds, represent the entire Fund Complex within the meaning of the applicable rules and regulations of the Securities and Exchange Commission. The following table sets forth the aggregate compensation from the Fund for the fiscal year ended December 31, 2001, and from the Fund and such other funds for the year ended December 31, 2001, for each Director who is not an interested person of the Fund, and for all such Directors as a group:

Name of Director	Aggregate Compensation From Fund	Total Compensation From Fund Complex
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Richard R. Burt	\$11,250	\$ 85,750
Edward C. Schmults	14,250	47,750
Hans G. Storr	12,000	24,000
Dr. Juergen F. Strube	9,000	18,000
Robert H. Wadsworth	14,250	104,500
Werner Walbrol	15,000	48,750
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Total	\$75,750	\$328,750
	=====	=====

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

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.

PROPOSAL 2: APPOINTMENT OF INDEPENDENT ACCOUNTANTS

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 1940 Act) of the Fund, have appointed PricewaterhouseCoopers LLP (the "Firm" or "PwC") as independent accountants for the Fund for the fiscal year ending December 31, 2002. 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 accountants for the Fund since inception.

Neither our Charter nor by-laws requires that the stockholders ratify the selection of PwC as our independent accountants. We are doing so because we believe it is a matter of good corporate practice. If the stockholders do not ratify the selection, the Board of Directors and the Audit Committee will reconsider whether or not to retain PwC, but may retain such independent accountants. Even if the selection is ratified, the Board of Directors and the Audit Committee in their discretion may change the appointment at any time during the year if they determine

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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 Board of Directors of PwC as independent accountants for the Fund for the fiscal year ending December 31, 2002.

INFORMATION WITH RESPECT TO THE FUND'S INDEPENDENT ACCOUNTANTS

Audit Fees

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The aggregate fees billed by PwC for professional services rendered for the Audit of the Fund's annual financial statements for the fiscal year ended December 31, 2001 were \$47,500.

### Financial Information Systems Design and Implementation Fees

PwC did not render any information technology services to the Fund, DBSI or DeAM during the fiscal year ended December 31, 2001.

### All Other Fees

The aggregate fees billed by PwC for tax services rendered to the Fund, other than the services described above under "Audit Fees" for the fiscal year ended December 31, 2001, were \$11,733. The aggregate fees billed by PwC for audit and other services to registered investment companies advised or managed by companies within the Deutsche Bank group for the fiscal year ended December 31, 2001 were \$1,959,750. In addition, the aggregate fees billed by PwC for services rendered to the U.S. asset management business within the Deutsche Bank group, including DBSI, for the fiscal year ended December 31, 2001 were approximately \$5,091,880.

### AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board in its oversight of the Fund's financial reporting process. The Board of Directors has determined that all members of the Committee are "independent," as required by applicable listing standards of the New York Stock Exchange. The Committee operates pursuant to an Audit Committee Charter that was last amended and restated by the Board on April 20, 2001, a copy of which is attached as Exhibit A to this proxy statement. As set forth in the Audit Committee Charter, management of the Fund is responsible for the preparation, presentation and integrity of the Fund's financial statements, the Fund's accounting and financial reporting principles, and internal controls designed to assure compliance with accounting standards and applicable laws and regulations. The independent accountants are responsible for auditing the Fund's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Committee has considered and discussed the audited financial statements with management and the independent accountants. The Committee has also discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently modified or supplemented. Finally, the Committee has

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received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, has discussed with the independent accountants the accountants' independence from the Fund and its management, and has considered whether the provision of non-audit services to the Fund's investment manager and adviser and their affiliated persons by the independent accountants is compatible with maintaining the independent accountants' independence.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not employed by the Fund for accounting, financial management or internal control purposes. Members of the Committee rely without independent verification on the information provided to them and on the representations made by management and the independent

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accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles and policies, or internal control and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, 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 accountants 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 Committee referred to above and in the Charter, the Committee recommended to the Board that the audited financial statements be included in the Fund's Annual Report for the fiscal year ended December 31, 2001.

Submitted by the Audit Committee  
of the Fund's Board of Directors

Ambassador Richard R. Burt  
Edward C. Schmults  
Hans G. Storr  
Robert H. Wadsworth  
Werner Walbrol

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of May 10, 2002 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
Mira, L.P.(1) ..... One Chase Manhattan Plaza, 42nd Floor New York, NY 10005	1,330,352(1)	8.0%

(1) This information is based exclusively on information provided by such person on Schedule 13D dated December 7, 1999 and December 22, 2000. Such person also reported that (a) as the general partner of Mira, L.P., Zurich Capital Markets Inc. may be deemed to beneficially own an aggregate of 1,330,352 shares of Common Stock of the Fund and (b) the power to vote and dispose of the 1,330,352 shares of Common Stock of the Fund held by Mira, L.P. is shared by Mira, L.P. and Zurich Capital Markets Inc. as its general partner. To the knowledge of management, no other Schedules 13D or 13G had been filed with respect to the Fund as of May 10, 2002.

ADDRESS OF INVESTMENT ADVISER AND MANAGER

The principal office of Deutsche Asset Management International GmbH, the Fund's Investment Adviser, is located at Mainzer Landstrasse 16, D-60325 Frankfurt am Main, Federal Republic of Germany. The corporate office of Deutsche Bank Securities Inc., the Fund's Manager, is located at 31 West 52nd Street, New York, New York 10019.

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### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During the fiscal year ended December 31, 2001 and current year to date the Fund did not file on a timely basis the following monthly reports on Form 4 (Statement of Changes of Beneficial Ownership of Securities) (the "Monthly Reports"): on behalf of Messrs. Schmults, Storr and Walbrol four Monthly Reports covering five, five and four transactions, respectively, and; on behalf of Messrs. Burt and Wadsworth five Monthly Reports covering five and six transactions, respectively. Each of the covered transactions were part of an automatic investment program in which the director's committee meeting fee is applied to open market purchases of Fund shares. All filings are now current.

### 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 will vote thereon according to their discretion.

### STOCKHOLDER PROPOSALS

In order for stockholder proposals otherwise satisfying the eligibility requirements of Securities Exchange Commission Rule 14a-8 to be considered for inclusion in the Fund's proxy statement for the 2003 Annual Meeting, the proposals must be received at The Germany Fund, Inc., 31 West 52nd Street, New York, New York, 10019, Attention: Secretary, on or before January 14, 2003.

In addition, the Fund's Bylaws currently provide that if a stockholder desires to bring business (including director nominations) before the 2003 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 received by the Fund's Secretary between January 14, 2003 and February 13, 2003. 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 Securities Exchange Commission Rule 14a-8.

### EXPENSES OF PROXY SOLICITATION

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 Manager or by telephone or telegraph. 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 Morrow & Co., Inc. to assist in the solicitation of proxies, if called upon by the Fund, at an estimated fee of \$6,000 plus reimbursement of normal expenses.

### ANNUAL REPORT DELIVERY

The Fund will furnish, without charge, a copy of its annual report for the

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fiscal year ended December 31, 2001 to any stockholder upon request. Such requests should be directed by mail to The Germany Fund, Inc., 31 West 52nd Street, New York, New York 10019 or by telephone to 1-800-GERMANY. Annual reports are also available on the Fund's web site: [www.germanyfund.com](http://www.germanyfund.com).

Robert R. Gambee  
Chief Operating Officer  
and Secretary

Dated: May 14, 2002

STOCKHOLDERS WHO DO NOT EXPECT TO BE PRESENT AT THE MEETING AND WHO WISH TO HAVE THEIR SHARES VOTED ARE REQUESTED TO DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT TO THE FUND.

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EXHIBIT A

THE GERMANY FUND, INC.  
(the "Company")

### AUDIT COMMITTEE CHARTER

- I. Composition of the Audit Committee: The Audit Committee comprises at least three directors, each of whom shall have no relationship to the Company, its investment manager, its investment adviser or its custodian (including sub-custodians) that may interfere with the exercise of his or her independence from management and the Company and, as to his or her relationship to the Company, shall otherwise satisfy the applicable membership requirements under the rules of the New York Stock Exchange, Inc., as such requirements are interpreted by the Board of Directors in its business judgment. Copies of the relevant requirements are attached hereto.
- II. Purposes of the Audit Committee: The purposes of the Audit Committee are to assist the Board of Directors:
1. in its oversight of the Company's accounting and financial reporting principles and policies and related controls and procedures maintained by or on behalf of the Company;
  2. in its oversight of the Company's financial statements and the independent audit thereof;
  3. in selecting, evaluating and, where deemed appropriate, replacing the outside auditors (or nominating the outside auditors to be proposed for stockholder approval in the proxy statement); and
  4. in evaluating the independence of the outside auditors.

The function of the Audit Committee is oversight. The management of the Company, including the service providers so contractually obligated, are responsible for the preparation, presentation and integrity of the Company's financial statements. Management and applicable service providers are responsible for maintaining appropriate accounting and financial reporting principles and policies and related controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The outside auditors are responsible for planning and carrying out a proper audit of the Company's annual financial

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statements. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing, including in respect of auditor independence. 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, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors), and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the auditors to the Company, to the Company's investment manager, investment adviser or any entity controlling, controlled by or under common control with the investment manager or investment adviser ("Manager/Adviser Control Affiliate"), or to the Company's custodian (including sub-custodians).

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The outside auditors for the Company are ultimately accountable to the Board of Directors (as assisted by the Audit Committee). The Board of Directors, with the assistance of the Audit Committee, has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the outside auditors (or to nominate the outside auditors to be proposed for stockholder approval in the proxy statement).

The outside auditors shall submit to the Company annually a formal written statement delineating all relationships between the outside auditors and the Company ("Statement as to Independence"), addressing each non-audit service provided to the Company and at least the matters set forth in Independence Standards Board No. 1.

The outside auditors shall submit to the Company annually a formal written statement of the fees billed for each of the following categories of services rendered by the outside auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year; (ii) information technology consulting services for the most recent fiscal year, in the aggregate and by each service (and separately identifying fees for such services relating to financial information systems design and implementation); and (iii) all other services rendered by the outside auditors for the most recent fiscal year, in the aggregate and by each service. The statement as to (ii) and (iii) should include (and separately disclose) fees billed for the indicated services to (a) the Company, (b) the Company's investment manager, investment adviser and Manager/Adviser Control Affiliates that provide services to the Company, (c) Manager/Adviser Control Affiliates that do not provide services to the Company, and (d) the custodian (including sub-custodians).

- III. Meetings of the Audit Committee: The Audit Committee shall meet as often as may be required to discuss the matters set forth in Article IV. In addition, the Audit Committee should meet separately at least annually with management and the outside auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee may request any officer or employee of the Company or any service provider, outside counsel to the Company or the independent directors or the Company's outside auditors to

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attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

IV. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. with respect to the outside auditor,
  - (i) to provide advice to the Board of Directors in selecting, evaluating or replacing outside auditors;
  - (ii) to review the fees charged by the outside auditors for audit and non-audit services;
  - (iii) to ensure that the outside auditors prepare and deliver annually a Statement as to Independence (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement), to discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's outside auditors and to recommend that the Board of Directors take appropriate action in response to this Statement to satisfy itself of the outside auditors' independence;
  - (iv) if applicable, to consider whether the outside auditors' provision of (a) information technology consulting services relating to financial information systems design and implementation and (b) other non-audit services to the Company, the Company's investment manager, investment adviser or Manager/Adviser Control Affiliates or the custodian (including sub-custodians) is compatible with maintaining the independence of the outside auditors; and
  - (v) to instruct the outside auditors that the outside auditors are ultimately accountable to the Board of Directors and Audit Committee;
2. with respect to financial reporting principles and policies and related controls and procedures,
  - (i) to advise management and the outside auditors that they are expected to provide or cause to be provided to the Audit Committee a timely analysis of significant financial reporting issues and practices;
  - (ii) to consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in SAS 61 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to:
    - o deficiencies noted in the audit in the design or operation of related controls;

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- o consideration of fraud in a financial statement audit;
  - o detection of illegal acts;
  - o the outside auditor's responsibility under generally accepted auditing standards;
  - o significant accounting policies;
  - o management judgments and accounting estimates;
  - o adjustments arising from the audit;
  - o the responsibility of the outside auditor for other information in documents containing audited financial statements;
  - o disagreements with management;
  - o consultation by management with other accountants;
  - o major issues discussed with management prior to retention of the outside auditor;
  - o difficulties encountered with management in performing the audit; and
  - o the outside auditor's judgments about the quality of the entity's accounting principles;
- (iii) to meet with management and/or the outside auditors:
- o to discuss the scope of the annual audit;
  - o to discuss the audited financial statements;
  - o to discuss any significant matters arising from any audit or report or communication referred to in item 2(ii) above, whether raised by management or the outside auditors, relating to the Company's financial statements;
  - o to review the form of opinion the outside auditors propose to render to the Board of Directors and shareholders;
  - o to discuss allocations of expenses between the Company and other entities;
  - o to discuss the Company's compliance with Subchapter M of the Internal Revenue Code of 1986, as amended;
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- o to discuss with management and the outside auditors their respective procedures to assess the representativeness of securities prices provided by external pricing services;
  - o to discuss with outside auditors their conclusions as to the reasonableness of procedures employed to determine the fair value of securities for which readily available market

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quotations are not available, management's adherence to such procedures and the adequacy of supporting documentation;

- o to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the outside auditors or management; and
- o to inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks; and
- (iv) to discuss with the Company's legal advisors any significant legal matters that may have a material effect on the financial statements; and

3. with respect to reporting, recommendations and other matters,

- (i) to provide advice to the Board of Directors in selecting the principal accounting officer of the Company;
- (ii) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement;
- (iii) to review this Charter at least annually and recommend any changes to the full Board of Directors; and
- (iv) to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

V. Resources and Authority of the Audit Committee: The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants.

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[LOGO]

PROXY

THE GERMANY FUND, INC.

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

The undersigned stockholder of The Germany Fund, Inc, a Maryland corporation (the "Fund"), hereby appoints Richard T. Hale, Robert R. Gambee and Joseph Cheung, or either 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 3:00 P.M., New York time, on June 13, 2002 at the offices of Deutsche Bank, 31 West 52nd Street, 5th Floor, New York, New York, 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

