GERMANY FUND INC
Form DEF 14A
May 14, 2003

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

Filed by the Registrant [X]

Filed by a party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary proxy statement.

[X] Definitive proxy statement.

[ ] Definitive additional materials.
[ ] Soliciting material under Rule 14a-12.

[ ] Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).

THE 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.

[ ] 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 GERMANY FUND, INC.
345 PARK AVENUE
NEW YORK, NEW YORK 10154

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
JUNE 24, 2003

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 3:30 P.M., New York time, on June 24, 2003 at the offices of Deutsche Bank Securities Inc., 31 West 52nd Street, Fifth Floor Auditorium, New York, New York 10019 for the following purposes:

1. To elect four (4) Directors, three to serve for terms of three years and one to serve for a term of two years, and until their successors are elected and qualify.

2. To ratify the appointment by the Board of Directors of PricewaterhouseCoopers LLP as independent accountants for the fiscal year ending December 31, 2003.

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 2, 2003 are entitled to notice of, and to vote at, this Meeting or any adjournment thereof.

If you have any questions or need additional 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 13, 2003

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE SIGN THE ENCLOSED PROXY AND PROMPTLY RETURN IT TO THE FUND. WE ASK YOUR COOPERATION IN MAILING IN YOUR PROXY PROMPTLY, SO THAT THE FUND DOES NOT INCUR ANY ADDITIONAL EXPENSES OF SOLICITATION OF PROXIES.

THE GERMANY FUND, INC.
345 PARK AVENUE
NEW YORK, NEW YORK 10154

ANNUAL MEETING OF STOCKHOLDERS
JUNE 24, 2003

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of 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 3:30 P.M., New York time, on June 24, 2003 at the offices of Deutsche Bank Securities Inc., 31 West 52nd Street, Fifth Floor Auditorium, New York, New York 10019. 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 four (4) directors of the Fund ("Directors") (Proposal 1) and FOR the ratification of the appointment by the Board 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 by submitting a subsequently executed proxy or by attendance at the Meeting and voting in person.

The close of business on May 2, 2003 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 16,028,781 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 will first be mailed to stockholders on or about May 13, 2003.

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 2003 Annual Meeting, Class II at the next succeeding annual meeting and Class III at the following succeeding Annual Meeting. Three Class I nominees and one Class III nominee 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 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 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 about 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 Ambassador Burt, who was elected to the Board on June 30, 2000, and Messrs. Langhammer and Voscherau, who were elected to the Board on May 9, 2003.

NOMINEES PROPOSED FOR ELECTION:

CLASS I DIRECTORS
(TERM WILL EXPIRE IN 2003; NOMINEES FOR TERM EXPIRING IN 2006)

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
NON-INTERESTED DIRECTORS					

Edward C. Schmults, 72	Director	Since 1986.	Consultant (since 1994). Senior Vice President - External Affairs and General Counsel, GTE Corporation (telecommunications) (1984-1994); Deputy Attorney General of the U.S. Department of Justice (1981-1984).	2	Director of Central Euro Equity Fund, (since 1990) Board Member Green Point Financial Co (since 1994)

CLASS I DIRECTORS
(TERM WILL EXPIRE IN 2003; NOMINEES FOR TERM EXPIRING IN 2006)

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
NON-INTERESTED DIRECTORS					
Eggert Voscherau, 606	Director	Since 2003	Vice Chairman, BASF Aktiengesellschaft (chemicals) (since 2002). Deputy Chairman, Ressort II (Europe Region) (Industrials) (1998-2002). Chairman and Chief Executive Officer and Executive Director, BASF Corporation (chemicals) (United States) (1997-1998). Executive Director, BASF Aktiengesellschaft (1996-1997), Executive Vice President, BASF Corporation (United States) and President, North American Consumer Products division (1991-1994). President, BASF Aktiengesellschaft (Germany) (1986-1991).	2	Director of Central Euro Equity Fund, (since 2003) Member, Supervisory Boards of: Dresdner Ban Lateinamerik Haftpflichtv der Deutsche Industrie V. Basell N.V. BASF Espanol S.A., BASF Schwarzheide GmbH. Presi Cefic (Europ Chemical Ind Council). President, Internationa Council of Chemical Associations Board Member BASF Aktiengesell
INTERESTED DIRECTORS(4)					
Detlef	Director	Since	Partner of Sal. Oppenheim Jr.	2	Director of

Bierbaum, 60		1986.	& Cie KGaA (investment management).		Central Euro Equity Fund, (since 1990) Member, Supe Board, ESCAD Aktiengesell (women's app Member, Supe Board, Terti Handelsbetei mbH (electro retailer). M of Superviso Board, Dougl (retailer). of Superviso Board, LVM Landwirtscha Versicherung (insurance). Member of Su Board, Moneg Member of Su Board, AXA I Managers.

CLASS III DIRECTORS
(TERM WILL EXPIRE 2003; NOMINEES FOR TERM EXPIRING 2005)

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
NON-INTERESTED DIRECTORS					
Fred H. Langhammer, 58(9)	Director	Since 2003	Chief Executive Officer, Estee Lauder Companies Inc. (manufacturer and marketer of cosmetics) (since 2000), President (since 1995); Chief Operating Officer (1985-1999); Managing Director, operations in Germany (1982-1985); President, operations in Japan (1975-1982).	2	Director of Central Euro Equity Fund, (since 2003) Director, Gi Company. Dir Inditex, S.A (fashion manufacturer retailer). Director, Cosmetics, Toiletries a

Fragrance
Association.
Director, Ge
American Cha
of Commerce,
Chairman, Am
Institute fo
Contemporary
German Studi
Johns Hopkin
University.
Senior Fello
Foreign Poli
Association.
Director, Ja
Society.

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DIRECTORS WHOSE TERMS WILL CONTINUE:

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
			NON-INTERESTED DIRECTORS		
Ambassador Richard R. Burt, 56	Director	Since 2000	Chairman, Diligence LLC, formerly IEP Advisors, Inc. (information collection, analysis, consulting and intelligence) (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). Chairman, IEP Advisor, LLP (international consulting).	68	Director of Central Euro Equity Fund, as well as o funds in the Complex as indicated;(5 Member, IGT, (gaming tech (since 1995) Board Member Hollinger Internationa (printing an publishing) (since 1995) Board Member Technologies Inc. (inform technology a product engi (since 1999)

					Member, Text Corporation Internationa Advisory Cou (aviation, automotive, industrial operations a finance) (si 1996). Direc UBS-Paine We family of Mu Funds.
Robert H. Wadsworth, 63	Director	Since 1986.	President, Robert H. Wadsworth Associates, Inc. (mutual fund consulting) (since 1982). President and Trustee, Trust for Investment Managers (1999-2002). President, Investment Company Administration, L.L.C. (1992-2001). President, Treasurer and Director, First Fund Distributors, Inc. (mutual fund distribution) (1990-2002). Vice President, Professionally Managed Portfolios (1991-2002). Vice President, Advisors Series Trust (registered investment companies) (1997-2002). President, Guinness Flight Investment Funds, Inc. (registered investment companies) (1994-1998).	69	Director, Ne Germany Fund Inc. (since and the Cent European Equ Fund (since as well as o funds in the Complex as indicated.(5

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
			INTERESTED DIRECTORS(4)		
John Bult, 66	Director	Since 1986.	Chairman of PaineWebber International (since 1985).	3	Director of New Germany

Inc. (since
and the Cent
European Fun
(since 1990)
Director, Th
France Growt
Inc. (closed
fund). Direc
The Greater
Fund, Inc. (
end fund).

CLASS III DIRECTORS
(TERM WILL EXPIRE 2005)

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
			NON-INTERESTED DIRECTORS		
Werner Walbrol, 65	Director	Since 1986.	President and Chief Executive Officer, The German American Chamber of Commerce, Inc., President and Chief Executive Officer, European American Chamber of Commerce, Inc.	2	Director, Ce European Equ Fund, Inc. (1990);(5) Di of TUV Rhein of North Ame Inc. (indepe testing and assessment services); President an Director, Ge American Partnership Program (stu exchange pro Director, AX Nordstern Ar Insurance Corporation art and coll insurer); Me Advisory Boa of Abels & G

CLASS III DIRECTORS
(TERM WILL EXPIRE 2005)

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 DIRECTORSHIP BY DIRECTO NOMINEE F DIRECTO
			INTERESTED DIRECTORS(4)		
Christian H. Strenger, 59	Director	Since 1986	Director (since 1999) and Managing Director (1991-1999), DWS Investment GmbH (investment management).	3	Director, Ne Germany Fund Inc. (since and the Cent European Fun (since 1990) Member of th Supervisory Fraport AG (internation airport busi Member of th Supervisory Metro AG (internation trading comp Board Member Incepta PLC and advertis

EXECUTIVE OFFICERS(7)

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
Richard T. Hale, 57	President and Chief Executive Officer	Year to year since 2001.	Trustee and/or President of each of the investment companies advised by Deutsche Asset Management, Inc. its affiliates. Managing Director, Deutsche Asset Management Americas. Managing Director, Deutsche Ba Securities Inc., formerly Deutsche Banc Alex Brown I Director and President, Investment Company Capital C (registered investment advisor).
Hanspeter Ackermann, 46(8)	Chief Investment Officer	Year to year since 1996.	President of Deutsche Bank Investment Management Inc Managing Director, Deutsche Bank Securities Inc. Managing Director and Senior International Equity Portfolio Manager, Bankers Trust Co. CIO, The Germa Fund, Inc. and The New Germany Fund, Inc. President Managing Partner, Eiger Asset

			Management (1993-1996), Managing Director and CIO, SBC Brinson, formerly SBC Portfolio Management International Inc. (institutional investment management) (1983-1993).
Robert R. Gambee, 60(8)	Chief Operating Officer and Secretary	Year to year since 1986	Director (since 1992), First Vice President (1987-19 and Vice President (1978-1986) of Deutsche Bank Securities Inc. Director and Secretary, Deutsche Ba AG. Director, Bankers Trust Co. Secretary, Flag Investors of Flag Investors Funds, Inc. and Deutsche Bank Investment Management, Inc. (1997-2000).
Joseph Cheung, 44	Chief Financial Officer and Treasurer	Year to year since 1997.	Vice President (since 1996), Assistant Vice Presiden (1994-1996) and Associate (1991-1994) of Deutsche Ba Securities Inc.

1 Unless otherwise indicated the address of all directors and officers is c/o Deutsche Bank Securities, Inc., 345 Park Avenue, New York, New York 10154.

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 204 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 (13 persons) owned 10,720 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.

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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; and 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 Germany Fund, Inc. and the Central European Equity Fund, Inc. are the other closed-end registered investment companies for which Deutsche Bank Securities, Inc. acts as manager. Messrs. Burt and Wadsworth also serve as Directors/Trustees of the BT Investment Funds, BT Advisor Funds, BT Pyramid Mutual Funds, BT Institutional Funds, BT Investment Portfolios, Cash Management Portfolio, Treasury Money Portfolio, International Equity Portfolio, Equity 500 Index Portfolio, Asset Management Portfolio, and Deutsche Asset Management VIT Trust. They also serve as Directors/Trustees of the Morgan Grenfell Investment Trust, Deutsche Investors Portfolios Trust, Deutsche Investors Funds, Inc., Scudder Flag Investors Value Builder Funds, Inc., Scudder Flag Investors Equity Partners Fund, Inc., Scudder Flag Investors Communications Fund, Inc., and Deutsche Bank Alex. Brown Cash Reserves Fund, Inc. They also serve as Directors/Trustees of RREEF Securities Trust, an open-end investment company, and RREEF Real Estate Fund, Inc., a closed-end investment company. These Funds are advised by either Deutsche Asset Management, Inc., Deutsche Asset Management

investment Services Limited, or Investment Company Capital Corp, each an indirect, wholly-owned subsidiary of Deutsche Bank AG.

6 Dr. Tessen von Heydebreck, a managing director of Deutsche Bank, is a member of the supervisory board of BASF AG, Mr. Voscherau's employer.

7 Each also serving as an officer of The 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.

9 In December 2001, Mr. Langhammer's two adult children borrowed $1 million from a Deutsche Bank Group company. The loan, which is secured by collateral furnished by Mr. Langhammer, bears interest at 3-month LIBOR and is of indefinite duration. As of May 9, 2003, the full principal remained outstanding.

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 EQUIT FUNDS OVERSEEN BY DIRECTOR OR N INVESTMENT COMPANIE
Detlef Bierbaum	None.	None.
John Bult	$10,001 - $50,000	$50,001 - $100,
Ambassador Richard R. Burt	$1 - $10,000	$10,001 - $50,0
Fred H. Langhammer	None.	None.
Edward C. Schmults	$10,001 - $50,000	$10,001 - $50,0
Christian H. Strenger	None.	$10,001 - $50,0
Eggert Voscherau	None.	None.
Robert H. Wadsworth	$10,001 - $50,000	$50,001 - $100,
Werner Walbrol	$10,001 - $50,000	$10,001 - $50,0

(1) Valuation date is May 2, 2003.

(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 (the "Audit Committee") composed of Messrs. Burt, Schmults, 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 three times during the fiscal year ended December 31, 2002. In addition, the Board has an advisory committee (the "Advisory Committee") composed of Messrs. Burt, Schmults, 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 twice during the past fiscal year. The Board also has an executive committee (the "Executive Committee") and a nominating committee (the "Nominating Committee"). During the past fiscal year, the Nominating Committee met once and the Executive Committee did not meet. The members of the Executive Committee are Messrs. Strenger, Burt, Schmults, Wadsworth and Walbrol. The Executive Committee has the authority to act for the Board on all matters between meetings of the Board subject to any limitations under applicable state law. 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. All members on each of the four committees of the Board are non-interested persons (except that Mr. Strenger, an interested person, is a member of the Executive Committee).

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

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 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 is 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 receives more than the annual fee of two funds. Each of the Fund, The Germany 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 204 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 Securities and Exchange Commission (the "SEC"). The following table sets forth (a) the aggregate compensation from the Fund for the fiscal year ended December 31, 2002, and (b) the total compensation from the Fund Complex that includes the Fund for the fiscal year ended December 31, 2002 and for such other funds whose fiscal year ended October 31, 2002, 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
Richard R. Burt	$15,000	$153,000
Edward C. Schmults	13,500	26,250
Robert H. Wadsworth	10,750	156,000
Werner Walbrol	15,000	29,250
Total	$54,250	$364,500

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. For purposes of the election of Directors, abstentions will have no effect on the result of the vote.

PROPOSAL 2: RATIFICATION OF APPOINTMENT
OF INDEPENDENT ACCOUNTANTS

The Audit Committee has approved PricewaterhouseCoopers LLP (the "Firm" or "PwC") as independent accountants for the Fund for the fiscal year ending December 31, 2003. 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 ratified the appointment of PwC as the Fund's independent accountants 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 accountants for the Fund since inception.

Neither our charter nor bylaws requires that the stockholders ratify the appointment 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 appointment, 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 appointment 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 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, 2003. For purposes of Proposal 2, abstentions will have no effect on the result of the vote.

INFORMATION WITH RESPECT TO THE FUND'S INDEPENDENT ACCOUNTANTS

AUDIT FEES

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, 2002 were $47,500.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

PwC did not render any information technology services to the Fund during the fiscal year ended December 31, 2002.

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, 2002, were $12,000. 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, 2002 were $5,145,790. 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, 2002 were approximately $6,574,025.

AUDIT COMMITTEE REPORT

The role of the Audit Committee is to assist the Board (i) in its oversight of the Fund's accounting and financial reporting principles and related controls, (ii) in its oversight of the Fund's financial statements and the independent audit thereof, (iii) in selecting, evaluating and replacing (if appropriate) the outside accountants and (iv) in evaluating the independence of the outside accountants. The Board of Directors has determined that all members of the Audit Committee are "independent", as required by applicable listing standards of the New York Stock Exchange. The Audit 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 Audit Committee has considered and discussed the audited financial statements with management and the independent accountants. The Audit 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 Audit Committee has 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 full-time employees of the Fund and are not performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures, or to set auditor independence standards. 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 independent 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 Audit Committee referred to above and in the Charter, the Audit 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, 2002.

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

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of May 9, 2003 no person, to the knowledge of management, owned of record or beneficially more than 5% of the outstanding Common Stock of the Fund.

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 178-190, D-60327 Frankfurt am Main, Federal Republic of Germany. The corporate office of Deutsche Bank Securities Inc., the Fund's Manager, is located at 60 Wall Street, New York, New York 10005.

SECTION 16(A) BENEFICIAL OWNERSHIP
REPORTING COMPLIANCE

During the fiscal year ended December 31, 2002, the Fund filed on a timely basis Forms 4 (Statement of Changes of Beneficial Ownership of Securities) for all Directors and Officers.

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. Abstentions and broker non-votes shall have no effect on the outcome of a vote to adjourn the meeting.

STOCKHOLDER PROPOSALS

In order for stockholder proposals otherwise satisfying the eligibility requirements of Securities Exchange Commission Rule 14a-8 to be considered for inclusion in the Fund's proxy statement for the 2004 Annual Meeting, the proposals must be received at The Germany Fund, Inc., c/o Deutsche Asset Management, 345 Park Avenue, New York, New York, 10154, Attention: Secretary, on or before January 14, 2004.

In addition, the Fund's Bylaws currently provide that if a stockholder desires to bring business (including director nominations) before the 2004

Annual Meeting that is or is not the subject of a proposal timely submitted for inclusion in the Fund's proxy statement, written notice of such business as prescribed in the Bylaws must be delivered to the Fund's Secretary, at the principal executive offices of the Fund, between January 14, 2004 and February 13, 2004. 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 fiscal year ended December 31, 2002 and the most recent semi-annual report, if any, to any stockholder upon request. Such requests should be directed by mail to The Germany Fund, Inc., c/o Deutsche Asset Management, 345 Park Avenue, New York, New York 10154 or by telephone to 1-800-437-6269. Annual reports are also available on the Fund's web site: www.germanyfund.com.

Robert R. Gambee
Chief Operating Officer
and Secretary

Dated: May 13, 2003

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 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).

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 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:

- deficiencies noted in the audit in the design or operation of related controls;
- consideration of fraud in a financial statement audit;

- detection of illegal acts;
- the outside auditor's responsibility under generally accepted auditing standards;
- significant accounting policies;
- management judgments and accounting estimates;
- adjustments arising from the audit;
- the responsibility of the outside auditor for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants;
- major issues discussed with management prior to retention of the outside auditor;
- difficulties encountered with management in performing the audit; and
- the outside auditor's judgments about the quality of the entity's accounting principles;

(iii) to meet with management and/or the outside auditors:

- to discuss the scope of the annual audit;

- to discuss the audited financial statements;
- 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;
- to review the form of opinion the outside auditors propose to render to the Board of Directors and stockholders;
- to discuss allocations of expenses between the Company and other entities;
- to discuss the Company's compliance with Subchapter M of the Internal Revenue Code of 1986, as amended;
- to discuss with management and the outside auditors their respective procedures to assess the representativeness of securities prices provided by external pricing services;
- 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 quotations are not available, management's adherence to such procedures and the adequacy of supporting documentation;
- 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
- 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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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 any of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of the Stockholders of the Fund to be held at 3:30 P.M., New York time, on June 24, 2003 at the offices of Deutsche Bank Securities Inc., 31 West 52nd Street, Fifth Floor Auditorium, New York, New York 10019, and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and of the accompanying Proxy Statement and revokes any proxy heretofore given with respect to such meeting.

THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST AS INSTRUCTED BELOW. IF THIS PROXY IS EXECUTED BUT NO INSTRUCTION IS GIVEN, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST "FOR" EACH OF THE NOMINEES FOR DIRECTOR, "FOR" PROPOSAL 2, AS DESCRIBED IN THE PROXY STATEMENT AND IN THE DISCRETION OF THE PROXY HOLDER ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE NOMINEES

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

(INSTRUCTIONS: To withhold authority for any individual nominee, strike a line through the nomin in the list below.)

Fred H. Langhammer
Christian H. Strenger
Eggert Voscherau
Werner Walbrol

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 2

2. To ratify the appointment by the Board of Directors of PricewaterhouseCoopers LLP as independent accountants for the fiscal year ending December 31, 2003

FOR AGAINST ABSTAIN

3. To vote and otherwise represent the undersigned on any other matter that may properly come before the meeting or any adjournment or postponement thereof

in the discretion of the Proxy holder.

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

Signature

Signature, if held jointly

Dated: ___________, 2003

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TD>

3,840
3,740
3,600
(4)
(4)
(4)

(1) The value shown is the number of restricted units times the closing price of LTC's common stock on the NYSE on the date the shares were granted. Restricted stock holdings as of December 31, 2005 and their fair market value based on the closing price of LTC's common stock of $21.03 on December 30, 2005 were as follows:

Name	**Number of unvested Restricted Shares**	**Value on December 31, 2005**
Andre C. Dimitriadis	94,920	$ 1,966,168
Peter G. Lyew	4,000	84,120
Clint B. Malin	4,000	84,120
Pamela Shelley-Kessler	4,000	84,120
Wendy L. Simpson	39,240	825,217

Dividends are payable on the restricted shares to the extent and on the same date as dividends are paid on our common stock. 64,920 and 9,240 restricted shares held by Mr. Dimitriadis and Ms. Simpson, respectively, at December 31, 2005, relate to an award that was modified in October 2005. The closing price of LTC's stock on the date the award was modified was $19.68. The award modification changed the vesting of the remaining unvested restricted shares to ratably over four years. 30,000 restricted shares each held by Mr. Dimitriadis and Ms. Simpson, at December 31, 2005, were granted in 2005 and vest ratably over four years on the anniversary date of the grant. The closing price of LTC's stock on the date the shares were granted was $21.69. Of the 4,000 restricted shares held by Mr. Lyew at December 31, 2005, 2,000 shares were granted in 2005 and 2,000 shares were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $17.22, respectively. Shares granted in 2005 vest ratably over four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant. Of the 4,000 restricted shares held by Mr. Malin at December 31, 2005, 2,000 were granted in 2005 and 2,000 were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $15.13, respectively. Shares granted in 2005 vest ratably over four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant. Of the 4,000 restricted shares held by Ms. Shelley-Kessler at December 31, 2005, 2,000 shares were granted in 2005 and 2,000 shares were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $17.22, respectively. Shares granted in 2005 vest ratably over four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant.

(2) Long Term Incentive Plan payouts represent 12,984 and 1,848 shares of restricted stock held by Mr. Dimitriadis and Ms. Simpson, respectively, that vested in January 2005. The closing price of LTC's stock on the date the shares vested was $19.82. The vesting for these shares was predicated on the Company reaching certain financial targets for the year ended December 31, 2004. In October 2005, the original award was modified to change the vesting for the remaining 64,920 unvested restricted shares held by Mr. Dimitriadis and 9,240 unvested restricted shares held by Ms. Simpson to ratably over four years in January. The closing price of LTC's stock on the date the award was modified was $19.68.

(3) Represents amounts paid on behalf of Mr. Dimitriadis in connection with his filing of an S-3 to sell shares of LTC common stock that he personally owns. Costs paid on his behalf include legal, accounting and printing fees.

(4) Represents the Company's match up to 3% of the individual's salary under the Company's 401(k) savings plan.

Employment Agreements

On March 26, 1999, we entered into an employment agreement with Mr. Dimitriadis. The employment agreement dated March 26, 1999 amends and restates an employment agreement dated June 30, 1998 between LTC and Mr. Dimitriadis. The March 26, 1999 employment agreement was amended effective June 30, 2000. Mr. Dimitriadis, as Chairman and Chief Executive Officer, has been provided with a four-year "ever-green" employment contract. Mr. Dimitriadis' current annual base salary is $400,000.

On April 10, 2000, we entered into an employment agreement with Ms. Simpson. This agreement was amended effective June 30, 2000. On March 9, 2004, we entered into a new employment agreement with Ms. Simpson. This new agreement provides Ms. Simpson as President, Chief Operating Officer, Chief Financial Officer and Treasurer with a two-year "ever-green" employment contract and otherwise, has identical terms and conditions as the previous amended agreement except for severance payments that would result from a change of control as disclosed below. Ms. Simpson's current base salary is $350,000.

On August 9, 2004, we entered into an employment agreement with Ms. Shelley-Kessler. Ms. Shelley-Kessler, as Vice President, Controller and Secretary, has been provided with a one-year "ever-green" employment contract.

On August 9, 2004, we entered into an employment agreement with Mr. Malin. Mr. Malin, as Vice President and Chief Investment Officer, has been provided with a one-year "ever-green" employment contract.

On August 9, 2004, we entered into an employment agreement with Mr. Lyew. Mr. Lyew as Vice President and Director of Taxes, has been provided with a one year "ever-green" employment contract.

The employment agreements provide that the base salaries may be increased at the discretion of our Board of Directors. Any increase in base salary will automatically amend each executive's respective employment agreement to provide that thereafter the executive's annual base salary will not be less than the increased base salary approved by our Board of Directors.

If the officer's employment is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason or a change in control of our company, then we will pay the officer a lump sum severance payment equal to four times base salary for Mr. Dimitriadis, two times base salary for Ms. Simpson and one times base salary for Ms. Shelley-Kessler, Mr. Malin and Mr. Lyew. Upon a change in control of our company whether or not the officer's employment is terminated, we will pay the officer a severance payment in cash equal to $5,000,000 for Mr. Dimitriadis, $1,000,000 for Ms. Simpson and one times base salary for Ms. Shelley-Kessler, Mr. Malin and Mr. Lyew. Prior to the new employment agreement entered into with Ms. Simpson on March 9, 2004, she would have received a severance payment upon a change of control, equal to two times her base salary. In addition, if any payment or benefit received by an officer from us subjects the officer to excise taxes under the "golden parachute" rules on payments and benefits, the officer will be entitled to receive an additional amount (a "gross-up payment" to make the officer whole for these excise taxes (and for all taxes on the gross-up payment). Notwithstanding the foregoing, we will have no liability if an officer's employment is terminated for cause or by voluntary resignation without a good reason. During the term of his employment by us, each officer will devote the time necessary to provide the services reasonably required by our Board of Directors and will not, without the express approval of our Board of Directors, engage for his own account or for the account of any other person or entity, in a business which competes with us.

Benefits

We provide our executive officers with employee benefits. Except for the supplemental medical insurance discussed below, the employee benefits programs in which our executive officers participate (which provide benefits such as medical, dental and vision benefits coverage, life insurance protection, and 401(k) savings plan) are generally the same programs offered to all of our full-time employees. Our officers at the level of vice president and above are eligible to participate in a supplemental medical insurance program which provides participants with reimbursements for eligible out-of-pocket medical expenses such as primary insurance co-payments, deductibles, and certain elective medical procedures not covered by the employee's primary insurance policy. During 2005, Messrs. Dimitriadis, Lyew and Malin and Mses. Simpson and Shelley-Kessler were reimbursed $2,215; $474; $1,540; $962; and $1,297, respectively, from our supplemental medical insurance plan.

OPTION GRANTS DURING FISCAL YEAR ENDED DECEMBER 31, 2005

No stock options were granted during the period ended December 31, 2005 to any of our executive officers.

AGGREGATE OPTION EXERCISES IN 2005 AND OPTION VALUES AT DECEMBER 31, 2005

During 2005, 68,600 options were exercised by our named executive officers. This table shows the number of stock options exercised by each of our named executive officers in 2005 and the number and value of their unexercised options at December 31, 2005.

			Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-The-Money Options at December 31, 2005(2)	
Name	**Shares Acquired on Exercise**	**Value Realized(1)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Andre C. Dimitriadis	20,000	$ 280,500			$	$
Peter G. Lyew	5,800	78,056	1,800	1,800	28,548	28,548
Clint B. Malin	10,000	72,600		20,000		118,000
Pamela Shelley-Kessler	8,800	116,598	16,800	1,800	251,185	28,548
Wendy L. Simpson	24,000	328,643		8,000		107,200

(1) The value realized is based on the difference between the market price of the shares issued on the exercise date and the exercise price times the number of shares covered by the exercise option.

(2) The value of unexercised options is based on the difference between the exercise price and the closing market price of LTC common stock on the NYSE on December 30, 2005, which was $21.03.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There are no "interlocks" (as defined by the rules of the Securities and Exchange Commission) with respect to any member of the Compensation Committee of the Board of Directors, and this Committee consists entirely of independent, non-employee directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

During 2005, the Compensation Committee comprised Mr. King, Chair, Mr. Hendrickson, Dr. Triche and Mr. Yellen each of whom is a "non-employee director" within the meaning of Rule 16b-3 issued by the SEC and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, as amended. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board at any time. The Compensation Committee reviews and approves the compensation of our executive officers and determines our general compensation policy. The Compensation Committee is also responsible for the administration of our 1992 Plan, 1998 Plan, 2004 Stock Option Plan, and 2004 Restricted Stock Plan. The Compensation Committee is authorized to determine the options and restricted stock awards to be granted under such plans and the terms and provisions of such options and restricted stock awards. We have two executive officers, one of which is our Chief Executive Officer.

Compensation Philosophy

The Compensation Committee endeavors to ensure that the compensation programs for our executive officers are effective in attracting and retaining key executives responsible for our company's success and are administered in appropriate fashion in the long-term interests of our company and our stockholders. The Compensation Committee seeks to align total compensation for executive management with our overall performance as well as the individual performance of each executive officer. Our compensation package, which currently is comprised of base salary, bonuses, stock options and restricted stock, is intended to reinforce management's commitment to enhancing profitability and stockholder value.

The policies of the Compensation Committee may be summarized as follows:

(1) LTC's compensation programs are designed to attract, motivate and retain qualified key executives;

(2) An executive's salary, bonuses and incentive compensation and other benefit programs should reflect both the Company's performance as a whole and the executive's individual performance and effort;

(3) LTC's compensation programs should enable the executive to have a financial interest in the Company that parallels the financial interests of the Company's stockholders.

In determining the level and composition of compensation for the executive officers, the Compensation Committee considers various corporate performance measures, both in absolute terms and in relation to similar companies, and individual performance measures. Although the Compensation Committee considers funds from operations per share as an important measure of our performance, the Compensation Committee does not apply any specific quantitative formula in making compensation decisions. The Compensation Committee also may evaluate the following factors in establishing executive compensation: (a) periodically, the comparative compensation surveys and other material concerning compensation levels and stock grants at similar companies; (b) our historical compensation levels and stock awards; (c) overall competitive environment for executives and the level of compensation necessary to attract and retain executive talent; (d) financial performance of other real estate investment trusts and its peer group relative to market condition; and (e) from time to time, the Compensation Committee may seek the advice of an independent compensation consultant in assessing its overall compensation philosophy. The Compensation Committee assigns no specific weight to any of the factors discussed above in establishing executive compensation.

Base Salaries

Base salaries are reviewed and adjusted by the Compensation Committee on an annual basis. The Compensation Committee seeks to ensure that the base salaries are established at levels considered appropriate in light of responsibilities and duties of the executive officers as well as at levels competitive to amounts paid to executive officers of its peer group. In determining an individual executive's actual base salary, the Compensation Committee also considers other factors, which may include the executive's past performance and contributions to our success. Base annual compensation for Mr. Dimitriadis in 2005 and as of January 1, 2006 was $400,000. Base annual compensation for Ms. Simpson was $300,000 through October 31, 2005 and $350,000 thereafter and for 2006.

Compensation of the Company's Chief Executive Officer

Mr. Dimitriadis is compensated pursuant to an employment agreement entered into on June 30, 1998 and amended March 26, 1999 and June 30, 2000. The agreement is described under "Employment Agreements" on page 12, and extends every March 26th for four years, subject to earlier termination under certain circumstances. Mr. Dimitriadis' employment agreement provides for an annual base salary of $400,000; bonuses, if any, are determined by the Compensation Committee.

Bonuses

Bonuses are awarded based on our overall performance and individual performance of each executive officer. The amounts awarded may vary from year to year and may be awarded to executive officers in other forms such as stock awards in lieu of cash payments.

The Compensation Committee recommended that bonuses be paid to executives in part as recognition of their efforts that resulted in the realization of the value of a $21.6 million note receivable that was paid in full during 2005. Bonuses were awarded to Mr. Dimitriadis and Ms. Simpson in the amounts of $443,000 and $300,000, respectively for fiscal 2005.

Stock Option Plans

Securities authorized for issuance under equity compensation plans as of December 31, 2005 are as follows:

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan Category	**Number of securities to be issued upon exercise of outstanding options warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders	110,200	$ 9.26	577,850
Equity compensation plans not approved by security holders			
Total	110,200	$ 9.26	577,850

We have adopted the Restated 1992 Stock Option Plan (or 1992 Plan), the 1998 Equity Participation Plan (or 1998 Plan), the 2004 Stock Option Plan and the 2004 Restricted Stock Plan under which awards may be granted including stock options (incentive or non-qualified), stock appreciation rights, restricted stock, deferred stock and dividend equivalents. We reserved 1,400,000 shares of common stock for issuance under the 1992 Plan, 500,000 shares for issuance under the 1998 Plan, 500,000 shares for issuance under the 2004 Stock Option Plan and 100,000 shares for issuance under the 2004 Restricted Stock Plan. All plans are administered by the Compensation Committee which sets the terms and provisions of the awards granted under the plans. Incentive stock options, stock appreciation rights, restricted stock, deferred stock and dividend equivalents may only be awarded to officers and other full-time employees to promote our long-term performance and specifically, to retain and motivate senior management to achieve a sustained increase in stockholder value. Non-qualified stock options, stock appreciation rights, restricted stock, deferred stock and dividend equivalents may be awarded to non-employee directors, officers, other employees, consultants and other key persons who provide services to us. The Compensation Committee reviews and evaluates the overall compensation package of the executive officers and determines the awards based on our overall performance and the individual performance of the executive officers.

No stock options were granted to named executive officers in fiscal 2005. At our December 7, 2005 Board meeting, the Compensation Committee granted 30,000 shares of restricted stock from our 2004 Restricted Stock Plan, each, to Mr. Dimitriadis and Ms. Simpson. These shares vest ratably over four years on the anniversary date of the grant.

401(k) Savings Plan

In January 2002 we implemented a 401(k) Savings Plan which is a defined contribution plan covering all of our employees. Each year participants may contribute up to 15% of pre-tax annual compensation. In 2005 the contributions may not exceed $14,000, or $18,000 if the employee is 50 years or older. Our company will match up to 3% of salaries for our three vice presidents and contribute 3% of the individual's salary for staff that open an account. We will not contribute any amount, nor match contributions for our two named executive officers.

Benefits

With limited exceptions, the Committee's policy is to provide benefits to executive officers that are substantially the same as those offered to other officers of the Company at or above the level of vice president.

Policy with Respect to Section 162(m)

Section 162(m) of the Code denies deduction for Federal income tax purposes for certain compensation in excess of $1,000,000 paid to certain executive officers, unless certain performance, disclosure, stockholder approval and other requirements are met. The Compensation Committee will continue to review the effects of its compensation programs with regard to Code Section 162(m). A substantial portion of the compensation program will be exempted from the $1,000,000 deduction limitation. The Company will continue to evaluate alternatives to ensure executive compensation is reasonable, performance-based, and consistent with the Company's overall compensation objectives. The Compensation Committee reserves the right to design programs that recognize a full range of performance criteria important to the Company's success, even where the compensation paid under such programs may not be deductible.

Interpretations of and changes in the tax laws and other factors beyond the Compensation Committee's control may affect the deductibility of certain compensation payments. The Compensation Committee will consider various alternatives to preserve the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Compensation Committee

Timothy J. Triche, M.D., Chair
Boyd W. Hendrickson, Edmund C. King and
Sam Yellen

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities to file with the Securities and Exchange Commission and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company. Officers, directors and greater than ten percent stockholders are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2005, all directors, executive officers and persons who beneficially own more than 10% of our common stock have complied with the reporting requirements of Section 16(a) except that Mr. King was delinquent in filing a Form 4 representing one transaction. The form was subsequently filed. Securities and Exchange Commission rules require us to disclose all known delinquent Section 16(a) filings by our officers, directors and ten percent stockholders.

STOCK PERFORMANCE GRAPH

This graph compares the cumulative total stockholder return on our common stock from December 31, 2000 to December 31, 2005 with the cumulative stockholder total return of (1) the Standard & Poor's 500 Stock Index and (2) the NAREIT Hybrid REIT Index. The comparison assumes $100 was invested on December 31, 2000 in our common stock and in each of the foregoing indices and assumes the reinvestment of dividends.

Total Return Stock Performance

	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
LTC Properties	100.00	178.23	198.96	464.31	658.19	753.19
NAREIT Hybrid	100.00	150.75	185.87	290.32	359.70	320.76
S&P 500	100.00	88.11	68.64	88.33	97.94	102.75

The following companies comprise the NAREIT Hybrid REIT Index: Presidential Realty Corporation (Class B), iStar Financial Inc., Capital Lease Funding Inc., BRT Realty Trust, Arizona Land Income Corporation, PMC Commercial Trust, National Health Investors Inc., and LTC Properties Inc.

The stock performance depicted in the above graph is not necessarily indicative of future performance. The stock performance graph and compensation committee report shall not be deemed incorporated by reference into any filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such Acts.

INDEPENDENT PUBLIC ACCOUNTANTS

Ernst & Young LLP audited our financial statements for the years ended December 31, 2005 and 2004 and have been our auditors since our organization in May 1992. Fees for the years ended December 31, 2005 and 2004 were:

	2005	2004
Audit Fees	$ 344,500	$ 348,500
Audit-Related Fees	31,265	53,272
Tax Fees	68,975	55,013
All Other Fees	0	0

Audit Fees

For 2005, these fees represent aggregate fees for professional services rendered for the audit of the Company's annual financial statements and internal control over financial reporting and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q. For 2004, these fees represent aggregate fees for professional services rendered for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q.

Audit-Related Fees

These fees represent aggregate fees billed for assurance and related services regarding the Company's Registration Statements filed in 2005 and 2004 and consulting on various technical issues in 2004. These services are reasonably related to the performance of the audit of the Company's annual financial statements for fiscal 2005 and 2004.

Tax Fees

These fees represent aggregate fees billed for services rendered for tax compliance and consultation, including REIT qualification matters during fiscal 2005 and 2004.

All audit, audit related and tax services were pre-approved by the Audit Committee. On an annual basis the Audit Committee pre-approves specifically described audit, audit-related and tax services to be performed by Ernst & Young LLP. The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve non-audit services to be performed by Ernst & Young LLP, provided that the Chair shall report any decision to pre-approve such non-audit services to the full Audit Committee at its next regular meeting.

In accordance with Section III, Item 6 of the Audit Committee Charter, the Audit Committee reviewed the effectiveness of Ernst & Young LLP's audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services provided. The Audit Committee concluded that the provision of the non-audit services by Ernst & Young LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

The Audit Committee of the Board of Directors comprises three independent directors as determined by the Board within the meaning of the New York Stock Exchange listing standards and operates under a written charter adopted by the Board.

The Audit Committee has direct oversight of all compliance matters having to do with financial matters, Securities and Exchange Commission reporting and auditing. Additionally, it is the Audit Committee's duty to review annually the Audit Committee Charter and the Company's Code of Business Conduct, Ethics and Corporate Governance for adequacy and recommend any changes to the Board.

The Audit Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, the integrity of the Company's financial statements, the Company's financial reporting process and the independence and performance of the independent auditors. It is the responsibility of executive management of the Company to prepare financial statements in accordance with generally accepted accounting principles and of the Company's independent auditors to audit those financial statements. The Audit Committee has the sole authority and responsibility to select, appoint, evaluate, compensate and retain, approve significant non-audit services, confirm the independence of the independent public accountants and, where appropriate, replace the independent auditors. Additionally, the Audit Committee determines the extent of funding that the Company must provide to it.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent auditors. The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended.

In addition, the Audit Committee has received the written disclosures and the letter required by the Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees), as amended, from the independent auditors and has discussed with the independent auditors the independent auditor's independence from the Company and its management. Further, the Audit Committee has considered whether the non-audit services provided by the independent auditors are compatible with maintaining the auditor's independence.

Further, the Audit Committee periodically meets with the independent auditors, without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

During the past year, the Audit Committee met with the independent auditors eight times in total and without management present four times.

Based on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and set forth in the Charter, the Audit

Committee recommended to the Board that the audited financial statements be included in the Company's 2005 Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee

Edmund C. King, Chair
Boyd W. Hendrickson, Timothy J. Triche, M.D. and
Sam Yellen

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2007 Annual Meeting must be received by the Company for inclusion in its proxy statement by December 1, 2006. To assure that a stockholder's proposal is included in the proxy statement, it will be necessary for the stockholder to comply with the regulations of the SEC governing inclusion of such proposals. Stockholder proposals received after December 1, 2006 will be considered untimely.

Stockholders may directly nominate persons for director only by complying with the procedure set forth in the Company's Bylaws. The Bylaws require that the stockholder submit the names of such persons in writing to the Secretary of the Company not less than 60 days nor more than 150 days prior to the first anniversary of the date of the preceding year's annual meeting. The nominations must set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director and as to the stockholder giving the notice (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of the Company's capital stock which are beneficially owned by such person on the date of such stockholder notice, (d) such nominee's consent to serve as a director if elected and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on the Company's books, of such stockholder to be supporting such nominees and (b) the class and number of shares of the Company's capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such nominees on the date of such stockholder notice.

Matters may be brought before the meeting by stockholders only if notice is delivered to the principal executive offices of the Company not less than 60 days nor more than 150 days prior to the anniversary of the last annual meeting of stockholders. Each such stockholder notice shall set forth (i) as to each matter the stockholder proposes to bring before the annual meeting, (a) a brief description of the matter desired to be brought before the annual meeting and the reasons for bringing such matter before the annual meeting and (b) any material interest of the stockholder in such matter; and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on the Company's books, of such stockholder and any other stockholders known by such stockholder to be supporting the bringing of such matter before the annual meeting as of the date of such stockholder notice and (b) the class and number of shares of the Company's capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholder known by such stockholder to be supporting the bringing of such matter before the annual meeting as of the date of such stockholder notice.

OTHER MATTERS

The cost of the solicitation of proxies will be borne by us. In addition to solicitation by mail, our directors and officers, without receiving any additional compensation, may solicit proxies personally, by telephone, by facsimile or electronically. We will request brokerage houses, banks, and other custodians or nominees holding stock in their names for others to forward proxy materials to their customers or principals who are the beneficial owners of common shares and will reimburse them for their expenses in doing so. We have retained the services of Georgeson Shareholder, Inc. for a fee of $7,000 plus out-of-pocket expenses, to assist in the solicitation of proxies.

WE WILL PROVIDE WITHOUT CHARGE TO ANY PERSON SOLICITED HEREBY, UPON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF OUR ANNUAL REPORT AND/OR OUR FORM 10-K (WITHOUT APPENDICES) FOR THE YEAR ENDED DECEMBER 31, 2005 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH REQUESTS SHOULD BE DIRECTED TO OUR CORPORATE SECRETARY, AT 31365 OAK CREST DRIVE, SUITE 200, WESTLAKE VILLAGE, CA 91361

ALL STOCKHOLDERS ARE URGED TO COMPLETE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED ENVELOPE.

Appendix A

LTC PROPERTIES, INC.
COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The Compensation Committee's (the "Committee") basic responsibility is to review the performance and development of Company management in achieving corporate goals and objectives and to assure that senior executives of the Company are compensated effectively in a manner consistent with the strategy of the Company, competitive practice, and the requirements of the appropriate regulatory bodies. Toward that end, the Committee will oversee, review and administer all compensation, equity and employee benefit plans and programs.

II. COMPOSITION OF THE COMPENSATION COMMITTEE

The Committee will consist of not less than 3 independent directors, each of whom will be a "non-employee director" within the meaning of Rule 6(b)3 issued by the Securities and Exchange Commission ("SEC") an "independent director" within the requirements of section 303A.02 of the New York Stock Exchange rules and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, as amended. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board of Directors (the "Board") at any time.

III. RESPONSIBILITIES AND DUTIES

In carrying out its purpose, the Committee will have the following responsibilities and duties:

1. Review annually and approve the Company's compensation strategy to ensure that employees of the Company are rewarded appropriately for their contributions to the company's performance.

2. Review annually and approve corporate goals and objectives relevant to executive compensation and evaluate performance in light of those goals.

3. Review annually and determine the individual elements of total compensation for the Chief Executive Officer and all other corporate officers, and communicate in the annual Board Compensation Committee Report to shareholders the factors and criteria on which the Chief Executive Officer and all other corporate officers' compensation for the last year was based.

4. Review and approve all special perquisites, special cash payments and other special compensation and benefit arrangements for the Company's executive officers considering all relevant factors, including the Company's performance and relative stockholder return, the added value to the Company of non-operating based transactions and the value of similar awards given in past years.

5. Review and approve compensation for non-employee members of the Board of Directors, including but not limited to the following elements: retainer, meeting fees, committee fees, committee chair fees, equity or stock compensation, benefits and perquisites.

6. With sole and exclusive authority, approve stock option grants and other discretionary awards under the Company's stock option or other equity incentive plans to all persons who are Board members or executive officers within the meaning of Rule 16(b)3 issued by the SEC.

7. Grant stock options and other discretionary awards under the Company's stock option or other equity incentive plans to all other eligible individuals in the Company's service. The Committee may delegate to one or more officers designated by the Committee the authority to make grants to eligible individuals (other than any such officer) who are not executive

officers, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule for such grants, approve the form of documentation evidencing such grants, and determined the appropriate number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any officer(s) to whom such authority is delegated shall regularly report to the Committee the grants so made. Any such delegation may be revoked at any time by the Committee.

8. Amend the provisions of the Company's stock option or other equity incentive plans, to the extent authorized by the Board, and make recommendations to the Board with respect to incentive compensation and equity-based plans.

9. Approve for submission to the shareholders stock option or other equity incentive plans or amendments thereto.

10. Oversee and periodically review the operation of all the Company's employee benefit plans, including but not limited to the Section 401(k) Plan. Responsibility for day-to-day administration, including the preparation and filing of all government reports and the preparation and delivery of all required employee materials and communications, will be performed by company personnel.

11. Review the annual incentive compensation plan to determine if it is administered in a manner consistent with the Company's compensation strategy and does not exceed amounts under IRS Code Section 162(m)

12. Review matters related to management performance, compensation and succession planning and executive development for executive staff.

13. Approve separation packages and severance benefits for executive officers to the extent that the packages are outside the ordinary plan limits.

14. Exercise, as necessary and appropriate, all of the authority of the Board of Directors with respect to the election of officers of the Company during the periods between the regular meetings of the Board.

15. Have full access to the Company's executives and personnel as necessary to carry out its responsibilities.

16. Obtain such data or other resources as it deems necessary to perform its duties, including but not limited to obtaining external consultant reports or published salary surveys, and engaging independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Company's executive officers and other key employees.

17. Have responsibility for the review and approval of all reports and summaries of compensation policies and decisions as may be appropriate for operational purposes or as may be required under applicable law.

18. Perform any other activities consistent with the Charter, the Company's Bylaws and governing law as the Committee or the Board deems necessary or appropriate.

19. Review the Committee Charter from time to time and recommend any changes to the Board.

20. Report to the Board of Directors on the major items covered at each meeting.

Notwithstanding the foregoing, any action of the Committee, other than the granting of stock options or other discretionary awards under the Company's stock option or other equity incentive plans, may be subject to Board review and may be revised, modified or rescinded by the Board.

IV. COMMITTEE MEETINGS

The Committee will meet as often as necessary to carry out its responsibilities. Meetings may be called by the Chairman of the Committee and/or by the management of the Company. Minutes of each meeting will be duly filed in the Company records. Reports of meetings of the Committee will be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board of Directors approved by the Committee.

The Committee will also meet as and when necessary to act upon any other matters within its jurisdiction under this Charter. A majority of the total number of members of the Committee will constitute a quorum at all committee meetings. A majority of the members of the Committee acting will be empowered to act on behalf of the Committee. Minutes will be kept of each meeting of the Committee.

Adopted as amended, February 22, 2006.

o Mark this box with an X if you have made changes to your name or address details above.

Annual Meeting Proxy Card

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMEND THAT YOU VOTE "FOR" ALL OF THE FOLLOWING:

A Election of Directors

1. Six directors will be elected to hold office until the 2007 Annual Meeting of Stockholders and, in each case, until their respective successors have been duly elected and qualified.

	For	Withhold
01 Andre C. Dimitriadis	o	o
02 Boyd W. Hendrickson	o	o
03 Edmund C. King	o	o
04 Wendy L. Simpson	o	o
05 Timothy J. Triche, M.D.	o	o
06 Sam Yellen	o	o

In accordance with the judgments of the Proxies, upon any other matter that may properly come before the Annual Meeting of Stockholders or any adjournment thereof.

This Proxy will be voted as directed. If no contrary direction is made, this Proxy will be voted in accordance with the Directors' recommendations.

B Issue

The Board of Directors recommends a vote FOR the following proposal.

	For	Against	Abstain
2. Ratification of the Company's Independent Auditors.	o	o	o

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

Important: Please sign your name exactly as it appears hereon. When signing as an attorney, executor, administrator, trustee or guardian, add such title in your signature.

NOTE: If you receive more than one proxy card, please date and sign each card and return all proxy cards in the enclosed envelope.

Signature 1 Please keep signature within the box	Signature 2 Please keep signature within the box	Date (mm/dd/yyyy)

Proxy LTC Properties, Inc.

**This Proxy is Solicited by the Board of Directors
for the Annual Meeting of Stockholders-May 4, 2006**

The undersigned hereby appoints: Andre C. Dimitriadis and Wendy L. Simpson, or either of them, each with the power of substitution, as Proxies, and hereby authorizes each of them to represent and vote, as designated below, the shares held of record by the undersigned at the annual meeting of stockholders of LTC Properties, Inc. to be held at the Silverado Resort, 1600 Atlas Peak Road, Napa, California 94558, on Thursday, May 4, 2006 at 10:00 A.M., or any adjournments or postponements thereof, as designated below, and in their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

PLEASE MARK, SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

YOUR VOTE IS IMPORTANT!

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