

EUROPEAN EQUITY FUND, INC / MD  
Form N-Q  
November 25, 2009  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

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Investment Company Act file number 811-4632

The European Equity Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154-0004

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 12/31

Date of reporting period: 9/30/09

**ITEM 1. SCHEDULE OF INVESTMENTS**

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THE EUROPEAN EQUITY FUND, INC.  
SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2009 (unaudited)

Shares	Description	Value(a)
<b>INVESTMENTS IN GERMAN SECURITIES 34.2%</b>		
	<b>COMMON STOCKS 31.2%</b>	
	<b>AIRLINES 3.3%</b>	
187,000	Deutsche Lufthansa	\$ 3,309,669
	<b>AUTOMOBILES 3.1%</b>	
60,000	Daimler	3,016,975
	<b>BUILDING PRODUCTS 1.0%</b>	
16,000	HeidelbergCement	1,034,508
	<b>CHEMICALS 5.1%</b>	
22,000	Linde	2,381,894
17,000	Wacker Chemie	2,648,282
		5,030,176
	<b>DIVERSIFIED TELECOMMUNICATION 3.3%</b>	
240,000	Deutsche Telekom	3,272,591
	<b>ELECTRIC UTILITIES 3.2%</b>	
75,000	E.ON	3,176,570
	<b>INDUSTRIAL CONGLOMERATES 3.9%</b>	
22,000	Rheinmetall	1,300,911
27,500	Siemens	2,543,302
		3,844,213
	<b>INSURANCE 2.0%</b>	
16,000	Allianz	1,996,292
	<b>INTERNET SOFTWARE &amp; SERVICES 1.7%</b>	
110,000	United Internet*	1,657,487
	<b>PHARMACEUTICALS 3.3%</b>	
47,000	Bayer	3,252,495
	<b>SOFTWARE 1.3%</b>	
15,000	Software	1,271,505
	Total Common Stocks (cost \$25,394,233)	30,862,481
	<b>PREFERRED STOCKS 2.9%</b>	
	<b>HOUSEHOLD PRODUCTS 2.9%</b>	
68,000	Henkel (cost \$2,623,587)	2,923,818
<b>INVESTMENTS IN FRENCH COMMON STOCKS 16.4%</b>		
	<b>RIGHTS 0.1%</b>	
	<b>BUILDING PRODUCTS 0.1%</b>	
16,000	HeidelbergCement (Expiration Date 10/7/2009)* (cost \$0)	\$ 86,053
	Total Investments in German Securities (cost \$28,017,820)	33,872,352

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	<b>COMPUTERS &amp; PERIPHERALS 1.2%</b>	
25,000	Gemalto*	1,164,267
	<b>DIVERSIFIED FINANCIAL SERVICES 1.3%</b>	
16,000	Societe Generale	1,286,120
	<b>ELECTRICAL EQUIPMENT 1.8%</b>	
24,000	Alstom	1,749,240
	<b>FOOD PRODUCTS 1.9%</b>	
30,876	Danone	1,858,259
	<b>INSURANCE 2.4%</b>	
90,000	AXA	2,433,397
	<b>MULTI UTILITIES 1.3%</b>	
28,623	GDF Suez	1,269,408
	<b>OIL, GAS &amp; CONSUMABLE FUELS 1.9%</b>	
32,000	Total	1,899,015
	<b>HEALTHCARE EQUIPMENT &amp; SUPPLIES 0.9%</b>	
15,000	Essilor International S.A.	853,772
	<b>AUTO COMPONENTS 0.9%</b>	
11,000	Michelin	861,861
	<b>ENERGY EQUIPMENT &amp; SERVICES 0.5%</b>	
22,000	Geophysique-Veritas*	512,680
	<b>TEXTILES, APPAREL &amp; LUXURY GOODS 2.3%</b>	
23,000	LVMH Moet Hennessy Louis Vuitton	2,310,324
	Total Investments in French Common Stocks (cost \$14,794,304)	16,198,343

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Shares	Description	Value(a)
<b>INVESTMENTS IN SPANISH</b>		
<b>COMMON STOCKS 14.9%</b>		
	<b>COMMERCIAL BANKS 5.7%</b>	
350,000	Banco Santander	\$ 5,626,775
	<b>DIVERSIFIED</b>	
	<b>TELECOMMUNICATION 4.3%</b>	
157,000	Telefonica	4,326,384
	<b>ELECTRIC UTILITIES 2.5%</b>	
250,000	Iberdrola	2,449,839
	<b>ENERGY EQUIPMENT &amp; SERVICES 1.4%</b>	
25,000	Tecnicas Reunidas	1,365,041
	<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS 1.0%</b>	
200,000	Iberdrola Renovables*	982,128
	Total Investments in Spanish Common Stocks (cost \$10,297,706)	14,750,167
<b>INVESTMENTS IN DUTCH</b>		
<b>COMMON STOCKS 8.0%</b>		
	<b>CONSTRUCTION &amp; ENGINEERING 1.0%</b>	
38,000	Grontmij	1,027,435
	<b>DIVERSIFIED FINANCIAL SERVICES 4.7%</b>	
260,000	ING Groep*	4,635,878
	<b>FOOD PRODUCTS 2.3%</b>	
80,000	Unilever	2,302,739
	Total Investments in Dutch Common Stocks (cost \$6,321,895)	7,966,052
<b>INVESTMENTS IN ITALIAN</b>		
<b>COMMON STOCKS 7.1%</b>		
	<b>COMMERCIAL BANKS 4.1%</b>	
1,036,792	UniCredit	\$ 4,045,775
	<b>ENERGY EQUIPMENT &amp; SERVICES 3.0%</b>	
100,000	Saipem	3,007,767
	Total Investments in Italian Common Stocks (cost \$4,570,293)	7,053,542
<b>INVESTMENTS IN SWEDISH</b>		
<b>SECURITIES 3.1%</b>		
	<b>HOUSEHOLD DURABLES 1.1%</b>	
47,000	Electrolux*	1,071,480
	<b>CONSTRUCTION &amp; ENGINEERING 0.9%</b>	
65,000	Skanska	950,417
	<b>COMMERCIAL BANKS 0.9%</b>	

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95,000	Swedbank*	902,964
	Total Common Stocks	
	(cost \$2,662,050)	2,924,861
	<b>RIGHTS 0.2%</b>	
	<b>COMMERCIAL BANKS 0.2%</b>	
	Swedbank (10/6/2009)*	
95,000	(cost \$170,828)	186,703
	Total Investments in Swedish	
	Securities	
	(cost \$2,832,878)	3,111,564
<b>INVESTMENTS IN LUXEMBOURG</b>		
<b>COMMON STOCKS 3.0%</b>		
	<b>METALS &amp; MINING 3.0%</b>	
80,000	ArcelorMittal	2,987,306
	Total Investments in Luxembourg	
	Common Stocks	
	(cost \$1,778,606)	2,987,306

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Shares	Description	Value(a)
<b>INVESTMENTS IN SWISS</b>		
<b>COMMON STOCKS 2.8%</b>		
	<b>CHEMICALS 1.0%</b>	
710	Sika	\$ 957,111
	<b>INSURANCE 1.8%</b>	
2,500	Helvetia Holding	838,312
4,000	Zurich Financial Services	950,087
	Total Investments in Swiss Common Stocks (cost \$1,799,339)	1,788,399  2,745,510
<b>INVESTMENTS IN IRISH</b>		
<b>COMMON STOCKS 2.6%</b>		
	<b>COMMERCIAL BANKS 1.2%</b>	
260,000	Allied Irish Bank*	1,218,628
	<b>CONSTRUCTION MATERIALS 1.4%</b>	
50,000	CRH	1,381,483
	Total Investments in Irish Common Stocks (cost \$2,061,946)	  2,600,111
<b>INVESTMENTS IN GREEK</b>		
<b>COMMON STOCKS 2.1%</b>		
	<b>COMMERCIAL BANKS 2.1%</b>	
110,000	Alpha Bank*	2,025,639
	Total Investments in Greek Common Stocks (cost \$1,557,468)	  2,025,639
<b>INVESTMENTS IN PORTUGUESE</b>		
<b>COMMON STOCKS 1.7%</b>		
	<b>OIL, GAS &amp; CONSUMABLE FUELS 1.7%</b>	
100,000	Galp Energia	1,727,493
	Total Investments in Portuguese Common Stocks (cost \$2,304,198)	  1,727,493
<b>INVESTMENTS IN DANISH</b>		
<b>COMMON STOCKS 0.8%</b>		
	<b>ELECTRICAL EQUIPMENT 0.8%</b>	
11,000	Vestas Wind Systems*	\$ 793,856
	Total Investments in Danish Common Stocks (cost \$677,115)	  793,856
<b>INVESTMENTS IN NORWEGIAN</b>		
<b>COMMON STOCKS 0.6%</b>		
	<b>ENERGY EQUIPMENT &amp; SERVICES 0.6%</b>	
27,000	Seadrill Ltd.*	560,380
	Total Investments in Norwegian Common Stocks (cost \$504,763)	  560,380

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		Total Investments in Common and Preferred Stocks 97.4%	
		(cost \$77,518,331)	96,392,315
<b>SECURITIES LENDING</b>			
<b>COLLATERAL 0.9%</b>			
		Daily Assets Fund Institutional, 0.29%	
	837,500	(cost \$837,500) <sup>(b)(c)</sup>	837,500
<b>CASH EQUIVALENTS 0.2%</b>			
		Cash Management QP Trust, 0.18% <sup>(c)</sup>	
	205,381	(cost \$205,381)	205,381
		Total Investments 98.4%	
		(cost \$78,561,212)**	97,435,196
		Other Assets and Liabilities, Net 1.6%	1,568,643
		<b>NET ASSETS 100.0%</b>	<b>\$ 99,003,839</b>

*For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.*

\* Non-income producing securities.

\*\* The cost for federal income tax purposes was \$78,561,212. At September 30, 2009, net unrealized appreciation for all securities

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based on tax cost was \$18,873,984. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$24,600,619 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$5,726,635.

All or a portion of these securities were on loan. The value of all securities loaned at September 30, 2009 amounted to \$795,641, which is 0.8% of net assets.

- (a) Values stated in US dollars.
- (b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.
- (c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.



**Fair Value Measurements**

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant unobservable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of September 30, 2009 in valuing the Fund's investments.

Category	Level 1	Level 2	Level 3	Total
Common Stocks and/or Other Equity Investments <sup>(d)</sup>				
Germany	\$ 33,872,352	\$ 0	\$ 0	\$ 33,872,352
France	16,198,343	0	0	16,198,343
Spain	14,750,167	0	0	14,750,167
Netherlands	7,966,052	0	0	7,966,052
Italy	7,053,542	0	0	7,053,542
Sweden	3,111,564	0	0	3,111,564
Luxembourg	2,987,306	0	0	2,987,306
Switzerland	2,745,510	0	0	2,745,510
Ireland	2,600,111	0	0	2,600,111
Greece	2,025,639	0	0	2,025,639
Portugal	1,727,493	0	0	1,727,493
Denmark	793,856	0	0	793,856
Norway	560,380	0	0	560,380
Short-Term Instruments	837,500	205,381 <sup>(e)</sup>	0	1,042,881
<b>Total</b>	<b>\$ 97,229,815</b>	<b>\$ 205,381</b>	<b>\$ 0</b>	<b>\$ 97,435,196</b>

(d) See Investment Portfolio for additional detailed categorizations.

(e) Investment in Cash Management QP Trust, an affiliated fund, is reflected as Level 2 since it is only available to affiliated funds.

**ITEM 2. CONTROLS AND PROCEDURES**

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

**ITEM 3. EXHIBITS**

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: The European Equity Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: The European Equity Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

By: /s/Paul Schubert

Paul Schubert

Chief Financial Officer and Treasurer

Date: November 19, 2009