

Corporate Governance report

I. Carl Zeiss Meditec AG conforms to all recommendations of the Government Commission on the German Corporate Governance Code with just two exceptions

Objective of corporate governance

The Management Board and Supervisory Board of Carl Zeiss Meditec AG are committed to responsible corporate governance and control that is geared to increasing the value of the Company in the long term. At the same time, the Management Board and Supervisory Board have made it their goal to ensure the best-possible transparency for all German and international interest groups, and firmly believe that this is the way to lay an important foundation for sustainably increasing the confidence of shareholders, business partners, employees and the public.

Further development and declaration of conformity

In financial year 2011/2012 the Management Board and Supervisory Board of Carl Zeiss Meditec AG focused intensively on corporate governance, particularly on the amendments to the Code in its applicable version dated 15 May 2012. At the meeting of the Company's Supervisory Board on 29 November 2012, both bodies adopted the declaration of conformity pursuant to Section 161 *AktG*, which has been made permanently accessible to the shareholders on the Company's website. This declaration states that the Company complies fully with the recommendations of the Government Commission on the German Corporate Governance Code with just two exceptions.

Section 5.4.1 of the German Corporate Governance Code stipulates that the Supervisory Board shall set specific targets regarding its composition, which – taking the company-specific situation into account – shall consider the Company's international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2, an age limit to be defined for Supervisory Board members, and diversity. These targets should, in particular, also include the appointment of a reasonable number of women to the Supervisory Board.

The Supervisory Board of Carl Zeiss Meditec is of the opinion that the composition of the Supervisory Board should, first and foremost, be geared to the interests of the Company, and must ensure efficient consulting with and monitoring of the Management Board. When appointing the Supervisory Board of Carl Zeiss Meditec AG, the priority shall therefore be to ensure that the members have the necessary capabilities, skills and specialist qualifications to properly fulfill their duties, and to ensure their independence. A leading global enterprise such as Carl Zeiss Meditec must also consider aspects such as internationality and the appropriate participation of women when appointing its Management and Supervisory Boards. Carl Zeiss Meditec has always endeavored to comply with these principles up until now, and shall also take them into account in future decisions when appointing the members of its executive bodies.

Section 5.4.6 of the Code in its version dated 15 May 2012 provides, for the first time, for a variable remuneration promised to the members of the Supervisory Board to be tied to the sustainable success of the Company.

The provisions for the remuneration of the Supervisory Board members were reformulated by way of a resolution of the Annual General Meeting dated 12 April 2011. These provisions stipulate a variable

remuneration, which is dependent on the Company's earnings per share and is limited to no more than the fixed remuneration (including the fixed remuneration for advisory activities). The detailed regulations are contained in Art. 19 of Carl Zeiss Meditec AG's Articles of Association.

The Supervisory Board shall address the amended recommendations for the performance-related remuneration of Supervisory Board members – pursuant to the revised version of the German Corporate Governance Code dated 15 May 2012 – in good time before the next Annual General Meeting planned for March 2013.

Carl Zeiss Meditec AG complies fully with the other new or amended recommendations of the Code added in 2012. These include the specifications for proxy voting (Section 2.3.3), amended requirements for the corporate governance report (Section 3.10), the recommended nominating power of the Personnel Committee in the Supervisory Board (Section 4.2.2), the specification of the recommendations on the severance payment cap (Section 4.2.3), the regular contact maintained between the Management Board and Supervisory Board regarding certain issues, including between meetings (Section 5.2), and the specification of the duties of the Audit Committee (Section 5.3.2). The basic principles of the remuneration system shall in future be presented within the remuneration report in the consolidated management report (Section 4.2.5) and, after an overall presentation has been given once, the Chairman of the Supervisory Board shall in future only report amendments to the Annual General Meeting (Section 4.2.3). Carl Zeiss Meditec shall also present additional information on stock option programs or similar securities-based incentive schemes in the remuneration report within the management report, if these are of relevance for the Company (Section 7.1.3). In addition, the remuneration of the members of the Supervisory Board shall continue to be presented on an itemized basis in the management report (Section 5.4.6).

The Chairman of Carl Zeiss Meditec AG's Supervisory Board is not simultaneously the Chairman of the Audit Committee – regardless of whether, as was the case to date, this was a discretionary provision of the Code, or if it has now been raised to the rank of a recommendation (Section 5.2).

Pursuant to the new recommendation in Section 3.6, the Supervisory Board is free, at any time, to convene without the Management Board, if necessary. In the past financial year there no cause on the part of the Supervisory Board to exclude the Management Board from a meeting. However, the General and Personal Committee of the Supervisory Board met to discuss matters pertaining to the Management Board contracts and excluded the Management Board. In future, the Supervisory Board shall also disclose the personal and business relationships candidates may have with the Company, the Company's executive bodies or with a major shareholder of the Company (Section 5.4.1) when making its candidate proposals at the Annual General Meeting. Carl Zeiss Meditec AG also conforms to the full extent to the new and now more specifically formulated requirements under Section 5.4.2 of the Code concerning the number of independent members on the Supervisory Board. The composition of the Supervisory was already in line with these requirements in the past, in terms of independent control and auditing.

Shareholders and Annual General Meeting

Around 150 shareholders and guests participated in the Annual General Meeting on 9 March 2012 in Weimar. The calculated presence amounted to more than 81 % of the total voting share capital, and was thus 4 percentage points higher in comparison with the previous year. The Annual General Meeting

accepted all agenda items for resolution. The detailed voting results from the most recent Annual General Meeting can be inspected in each case on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "IR Calendar and Events".

Carl Zeiss Meditec AG arranges for the appointment of a proxy to exercise the shareholders' voting rights according to their instructions. This proxy can be reached during the entire event. The Company thus helped its shareholders once again in 2012 to personally exercise their rights, and assists them with voting by proxy.

Cooperation between the Supervisory Board and Management Board

As a company under German law, Carl Zeiss Meditec AG has a dual management system consisting of the Supervisory Board and the Management Board, which each have specific competencies and are strictly separate from each other in terms of their membership. Further elements of their collaboration, such as their objectives and organization, are outlined in the declaration on corporate governance at www.meditec.zeiss.com in the "Investor Relations" section under "Corporate Governance". Specific information on the content and scope of the collaboration between the Supervisory Board and Management Board in financial year 2011/2012 can be found in the Report of the Supervisory Board (page 32).

Management Board

As previously, the Management Board of Carl Zeiss Meditec AG has three members in the period under review.

The rules of procedure for the Management Board of Carl Zeiss Meditec AG, which have been inspected and approved by the Supervisory Board, regulate, among other things, the departmental responsibilities of the individual members of the Management Board, matters reserved for the Management Board as a whole, and the majorities required to pass Management Board resolutions. No changes were made to the rules of procedure in the past financial year.

Both the Supervisory Board and the other members of the Management Board must be informed immediately of any conflicts of interest of a Management Board member. There were no conflicts of interest in the past financial year. In addition, a member of the Management Board may only pursue secondary employment with the consent of the Supervisory Board, particularly in the case of a position on the Supervisory Board of companies outside the Group. In the past financial year none of the members of the Management Board were engaged in any ancillary activities.

Supervisory Board

As of 30 September 2012 the Supervisory Board of Carl Zeiss Meditec AG had a total of six members. The composition of Carl Zeiss Meditec AG's Supervisory Board conforms to the German One-Third Participation Act. Accordingly, the Supervisory Board is composed of four shareholder representatives and two employee representatives. There were no changes in the composition of the Supervisory Board in terms of its members from the capital side in the past financial year. Representatives from the employee side, Ms. Cornelia Grandy and Mr. Jörg Heinrich, were elected as new members of this body on 11 October 2011. The previous employee representatives, Mr. Wilhelm Burmeister and Mr. Franz-Jörg Stündel, stepped down.

In its own estimation, the Supervisory Board has a sufficient number of independent members, with Dr. Guthoff and Dr. Reim, who have no business or personal relationship with Carl Zeiss Meditec AG or the Management Board. There were no conflicts of interest on the Supervisory Board in financial year 2011/2012.

To fulfill its duties, the Supervisory Board has formed three permanent committees, each of which has three members: the General and Personnel Committee, the Audit Committee and the Nominating Committee. The Chairman of the Supervisory Board is Chairman of the General and Personnel Committee. Information on the work of the individual committees can be found in the Report of the Supervisory Board (page 32) and on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "Explanation on Corporate Management".

Remuneration of the Management Board and Supervisory Board

The remuneration of the Management Board and the Supervisory Board is uniformly presented and published in a remuneration report within the management report. To avoid duplication, please refer to the management report in this Annual Report (page 50) for more information.

Relationship with shareholders, transparency and communication

For selected press releases and price-related news – so-called ad hoc disclosures – Carl Zeiss Meditec uses electronic distribution channels, which ensure that these disclosures are distributed simultaneously worldwide in German and English. In the past financial year the Company published 18 press releases. Out of these, four press releases – taking precedence over the development of business in the individual quarters of the financial year – and two ad hoc disclosures on the anticipated preliminary sales figures for financial year 2010/2011 and in the first six months of financial year 2011/2012, were published via Thomson Reuters' international distribution system, as being particularly relevant for the capital market.

The Company website at www.meditec.zeiss.com/ir publishes, in German and English, the mandatory publications such as the Company's interim and annual financial statements, among other things, as well as additional information, such as corporate governance, presentations, share price data, press releases, a calendar of events, and much more, for the various interest groups. Telephone conversations, conferences and regular visits to the Company with or by investors, during which the Company explains its philosophy, the development of its business and its strategy, serve as additional channels of communication for the Company.

Directors' dealings and holdings

In the past financial year no member of the Management Board, but two members of the Supervisory Board, executed a notifiable securities transaction pursuant to Section 15a German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

On 10 January 2012, Supervisory Board Member Dr Wolfgang Reim sold 5,000 shares with a total value of € 82,150.00. In addition, Supervisory Board member Dr. Michael Kaschke and his wife, Sylvia Kaschke, each sold 500 shares with a total value of € 9,424.37 and € 9,403.86, respectively, on 3 April 2012, and 500 shares each with a total value of € 10,030.00 and € 10,025.00, respectively, on 20 April 2012.

The details of all securities transactions executed by members of the Management Board and Supervisory Board are published immediately after their disclosure on the Company's website at www.meditec.zeiss.com in the "Investor Relations" section under "Corporate Governance" in accordance with the prevailing legal requirements of Section 15b *WpHG*.

No member of the Management Board or Supervisory Board alone holds shares or related financial instruments that directly or indirectly exceed one percent of the issued shares of Carl Zeiss Meditec AG. The total holdings of all members of the executive bodies also total less than one percent.

Announcements on voting rights thresholds

In the past financial year Carl Zeiss Meditec AG received two reports from shareholders stating that the notifiable voting rights thresholds pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) had been reached, exceeded, or had fallen below the lower limit. In March, Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA reported that the voting rights share of MM Asset Management Holding LLC, Springfield, Massachusetts, USA, had exceeded the threshold of 3 % of the voting rights. In May Legg Mason & Co (UK) Limited, London, United Kingdom, reported that the share of The Royce Fund, Wilmington, Delaware, USA, in Carl Zeiss Meditec AG had fallen below the threshold of 3 %. Also in May Legg Mason & Co (UK) Limited, London, United Kingdom, reported that the share of Royce & Associates LLC, New York, NY, USA, and the share of Legg Mason Inc., Baltimore, Maryland, USA, in Carl Zeiss Meditec AG had fallen below the threshold of 3 %. The exact wording of all these disclosures can be found on the Company's website.

Accounting and auditing

The legally prescribed single-entity financial statements of Carl Zeiss Meditec AG, which are relevant for the dividend payment, are prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch, HGB*) and the German stock corporation act (*Aktiengesetz, AktG*). The annual consolidated financial statements and the interim reports of the Carl Zeiss Meditec Group have been prepared by the Management Board since 2005 in accordance with the principles of the International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union. The financial statements are audited and approved by the Supervisory Board. The annual financial statements prepared in accordance with German commercial law are thus adopted.

KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the consolidated financial statements for 2011/2012, as prepared in accordance with the provisions listed above, and issued them with an unqualified audit certificate. This also applies for the annual financial statements for financial year 2011/2012 prepared by Carl Zeiss Meditec AG in accordance with the provisions of the German Commercial Code (HGB).

The Annual General Meeting on 9 March 2012 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditor for the annual financial statements of Carl Zeiss Meditec AG and the consolidated financial statements for financial year 2011/2012, after the Supervisory Board had first obtained a declaration confirming the auditor's independence.

The Supervisory Board agreed with the auditor that the Chairmen of the Supervisory Board and the Audit Committee shall be immediately informed of any disqualification or bias issues that may arise during the audit, if these cannot be remedied. The requirements concerning the internal rotation of the auditors (Section 319a (1) sentence 1 No. 4 HGB) shall be complied with.

It was also agreed that the auditor shall promptly report all findings and events of relevance to the responsibilities of the Supervisory Board that may arise during the course of the audit. In addition, the auditor shall inform the Chairman of the Supervisory Board and the Audit Committee, or make a note in the audit report, if it discovers circumstances during the course of the audit that could cause an inaccuracy in the declaration on the German Corporate Governance Code submitted by the Management Board and the Supervisory Board.

II. Discretionary provisions of the German Corporate Governance Code

In accordance with its voluntary commitment to good corporate governance, Carl Zeiss Meditec AG implements not only the recommendations of the Code – with just two exceptions – but also observes any relevant “discretionary provisions” of the Code.

The following table gives an overview of these provisions.

Table 1: Implementation status of discretionary provisions of the Code by Carl Zeiss Meditec AG in financial year 2011/2012

No.	Discretionary provision	Compliance by the Company
2.2.4	The meeting chairman should ensure that the annual general meeting proceeds quickly. He should follow the guideline that an ordinary general meeting should last no longer than 4 to 6 hours.	✓
2.3.3	Proxies nominated by the company should also be contactable during the annual general meeting (AGM).	✓
2.3.4	The company should allow shareholders to follow the AGM via modern communication media (e.g. the Internet).	✗ Experiences of other companies show that very few shareholders have taken advantage of such opportunities to date, resulting in an unfavorable cost/benefit ratio. Carl Zeiss Meditec shall monitor current developments and respond quickly to any fundamental changes.
3.7	An extraordinary general meeting should be held during a takeover offer, where appropriate.	✗ This will be reviewed, if required. However, the necessity did not arise in financial year 2011/2012.
3.10	The company should comment on the Code's discretionary provisions in its corporate governance report..	✓
5.1.2	When new management board members are appointed, the maximum possible term of office of five years should not be the general rule.	✓
6.8	Company publications should also be produced in English.	✓

Declaration by the Management Board and Supervisory Board of Carl Zeiss Meditec AG on the German Corporate Governance Code in accordance with Art. 161 AktG

Pursuant to Section 161 AktG the Management and Supervisory Boards of Carl Zeiss Meditec AG are obliged to submit an annual declaration that the recommendations of the *Regierungskommission Deutscher Corporate Governance Kodex* (Government Commission on the German Corporate Governance Code) have been complied with. This declaration must be made permanently accessible to shareholders.

The Management Board and Supervisory Board declare that since the last declaration of conformity dated 5 December 2011, Carl Zeiss Meditec AG has conformed to all the recommendations of the Government Commission on the German Corporate Governance Code in its version dated 26 May 2010, as published by the German Federal Ministry of Justice in the official section of the electronic Federal Gazette, with just one exception (section 5.4.1). In addition, the Management Board and Supervisory Board of Carl Zeiss Meditec AG declare that all recommendations of the Code in its amended version dated 15 May 2012 were and are being complied with, with just two exceptions.

The following exceptions apply:

Section 5.4.1 of the German Corporate Governance Code stipulates that the Supervisory Board shall set specific targets for its composition, which – taking the company-specific situation into account – shall consider the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2, an age limit to be defined for Supervisory Board members, and diversity. These targets should also, in particular, include a reasonable number of women on the Supervisory Board.

The Supervisory Board of Carl Zeiss Meditec is of the opinion that the composition of the Supervisory Board should, first and foremost, be geared to the interests of the Company, and must ensure efficient consulting with and monitoring of the Management Board. When appointing the Supervisory Board of Carl Zeiss Meditec AG, the priority shall therefore be to ensure that the members have the necessary capabilities, skills and specialist qualifications to properly fulfil their duties, as well as their independence. A leading global enterprise such as Carl Zeiss Meditec must also consider aspects such as internationality and the appropriate participation of women when appointing its Management and Supervisory Boards. Carl Zeiss Meditec has always endeavored to comply with these principles up until now, and shall also take them into account in future decisions when appointing the members of its executive bodies.

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The Supervisory Board shall address the amended recommendations for the performance-related remuneration of Supervisory Board members – pursuant to the revised version of the German Corporate Governance Code dated 15 May 2012 – in good time before the next Annual General Meeting planned for March 2013.

Jena, 29 November 2012

For the Supervisory Board
(Dr. Michael Kaschke)

For the Management Board
(Dr. Ludwin Monz)

Explanatory report of the Management Board of Carl Zeiss Meditec AG on the disclosures pursuant to Art. 289 Section 4 and 315 Section 4 HGB

As an introduction please refer to the disclosures pursuant to Art. 289 Section 4 and 315 Section 4 HGB in the consolidated management report for financial year 2011/2012, which are self-explanatory. In addition to these disclosures, the Management Board of Carl Zeiss Meditec AG is issuing the following explanatory report:

Classes of shares other than those described in the disclosures of the consolidated management report for financial year 2011/2012 as mentioned above do not exist. Nor are there restrictions on behalf of Carl Zeiss Meditec AG concerning the voting rights or transfer of shares. Furthermore, the Management Board is not aware of any other agreements concluded, for example, between individual shareholders.

The voting rights announcement last issued by Carl Zeiss AG pursuant to Art. 21 Section 1, Art. 22 Section 1 Sentence 1 No. 1 German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*) is dated 15 February 2006. Another voting rights announcement in connection with Germany's Transparency Directive Implementation Act (*Transparenzrichtlinie-Umsetzungsgesetz, TUG*) by 20 January 2007 was not required due to Art. 41 Section 4a Sentence 2. The voting rights announcement pursuant to Section 21 (1), Section 24 WpHG, which was issued by Carl Zeiss AG on behalf of Carl Zeiss Inc., is dated 27 October 2006. All voting rights announcements can be inspected on the Company's website at www.meditec.zeiss.com/ir, "Corporate Governance – Vote Rights Disclosures".

The Company did not issue shares with special rights that grant supervisory powers.

The legal provisions concerning the appointment and dismissal of members of the Management Board are set forth in Section 84 and Section 85 AktG. In compliance with this, Art. 6 (2) of the Articles of Association of Carl Zeiss Meditec AG stipulates that the Supervisory Board shall be responsible for appointing and dismissing the members of the Management Board. Pursuant to statutory provisions, a member of the Management Board may only be dismissed for compelling reasons. The Supervisory Board is responsible for concluding and terminating contracts of employment with the members of the Management Board.

Further details on the authorization of the Management Board to repurchase own shares can be found in the Invitation to the Annual General Meeting 2010 under Agenda item 6 "Resolution on authorization to purchase Company's own shares" and the related report of the Management Board. The invitation is available on the Company's website at: "Annual General Meeting 2010".

The Company has not entered into any significant agreements contingent upon a change of control following a takeover bid.

Nor has the Company concluded any compensation agreements with the members of the Management Board or employees for the event of a takeover offer.