

Annual Report 2001/2002



CARL ZEISS MEDITEC

Report of the Supervisory Board

The fiscal year ended on 30 September 2002 was characterized by the merging of the corporation with the Ophthalmology Division of Carl Zeiss to form Carl Zeiss Meditec AG. This was approved by the corporation's shareholders at the General Meeting held on 28 May 2002 and came into effect on 4 July 2002.

The merger involved new appointments to the Supervisory Board. During the General Meeting the following new members were appointed to the corporation's Supervisory Board:

- Dr. Michael Kaschke
- Dr. Franz-Ferdinand von Falkenhausen
- Dr. Manfred Fritsch

Dr. Nikolaus Reinhuber resigned from office on 4 July 2002, and Prof. Michael Ungethüm on 8 July 2002.

In the meeting of the Supervisory Board held on 8 July 2002 Mr. von Witzleben stepped down from his post as Chairman. Dr. Kaschke was elected as the new Chairman of the Supervisory Board. On a voluntary basis, the corporation extended the membership of the Supervisory Board by two representatives of the workforce, Mr. Jürgen Dömel and Mr. Franz-Jörg Stündel, by appointment of the court, effective 16 August 2002.

In its different compositions, the Supervisory Board fulfilled the duties incumbent upon it by law and by the articles of incorporation prior and subsequent to the merger, and regularly monitored the work of and advised the Board of Management during the past fiscal year. In four regular meetings the Supervisory Board received detailed reports on the situation of the corporation and on the course of business.

Urgent decisions were made in a writing between the meetings of the Supervisory Board. The Supervisory Board approved the business which is subject to its consent. Beyond the meetings of the Supervisory Board, its Chairmen (Mr. von Witzleben until 8 July 2002, Dr. Kaschke from 8 July 2002) were regularly provided by the Board of Management with information on essential business processes and decisions, and discussed important individual processes with it.

The focus of the topics treated in the Supervisory Board was the merger of the corporation with the activities of the Carl Zeiss Ophthalmology Division. This undertaking, which is of outstanding importance for the corporation, was accompanied intensively by the Supervisory Board in close contact with the Board of Management. Within the framework of the merger process, the Supervisory Board convened for an extraordinary meeting on 18 November 2001 in order to make all the decisions required for the merger.

In addition, valuation issues relevant to the merger process with regard to the corporation's future development potential and matters associated with the balance sheet were treated in great detail and subsequently incorporated in the quarterly statement of accounts on 30 June 2002.

The newly appointed Supervisory Board has set up a General as well as a Staff Committee. The General Committee met twice in the last quarter of the 2001/2002 fiscal year, the Staff Committee once.

The annual financial statements presented by the Board of Management on 30 September 2002, along with a Management Report for the corporation for the fiscal year, have been audited by the auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, Germany, appointed by the General Meeting. The auditors have ruled that the annual financial statements and the Management Report comply with the generally accepted accounting principles, legal provisions and the articles of incorporation, and have established that the Management Report has appropriately displayed the risks of future development. They confirmed this opinion in an unqualified auditor's certificate.

The financial statements and the Management Report were submitted to all members of the Supervisory Board and discussed in detail during the balance sheet meeting of the Supervisory Board in the presence of the auditor in accordance with the requirements of German stock corporation law § 171 Paragraph 1 Clause 2. In addition, the proposal of the Board of Management regarding the use of net earnings was submitted to the Supervisory Board.

After detailed examination, the Supervisory Board finally came to the conclusion that it had no objections to the content or auditing of the corporation's financial statements and the



**Dr. Michael
Kaschke**

Chairman of the Supervisory Board

Management Report. The Supervisory Board approved the annual financial statements presented by the Board of Management on 30 September 2002. The annual financial statements have now therefore been passed. The Supervisory Board has accepted the Board of Management's proposal to carry forward the deficit of 2001/2002 financial year to new account.

The Supervisory Board's examination also included the consolidated financial statements and Management Report. The consolidated financial statements presented by the Board of Management on 30 September 2002 along with a consolidated Management Report for the fiscal year, have been audited by the auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, Germany, appointed by the General Meeting. The consolidated financial statements were prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP). The auditors have ruled that the annual financial statements and the Management Report comply with the generally accepted accounting principles, legal provisions and the articles of incorporation, and have established that the Management Report has appropriately displayed the risks of future development. They confirmed this in an audit opinion. This contains a qualification to the effect that the auditors and the Board of Management are of different opinions concerning the definition of the Measurement Date in the preparation of the financial statements. As no definitive regulations exist in this regard, the Supervisory Board endorses the opinion of the Board of Management despite this qualification and has no objections to the consolidated financial statements or the Management Report. For further details about this issue we refer to the statements of the Company under point (2) *Company acquisitions/Purchase of shareholdings* at the Notes to the consolidated financial statements,

As a consolidated company of the Carl Zeiss Group, Carl Zeiss Meditec AG has prepared a report on its relations with affiliated companies in the 2001/2002 fiscal year in accordance with § 312 of the German stock corporation law. This report was audited by the auditor of the corporation. Both the dependence report and the corresponding auditor's report were submitted to the Supervisory Board. The examination of the documents by the Supervisory Board pursuant to § 314 of the German stock corporation law did not lead to any objections to the statement of the Board of Management.

Jena, 6 December 2002
For the Supervisory Board

Dr. Michael Kaschke