



Corporate Governance

Declaration of conformity by the Executive Board and the Supervisory Board of JENOPTIK AG in fiscal year 2012.

Under § 161, Paragraph 1, Sentence 1 of the German Stock Corporation Act (AktG) the Executive Board and the Supervisory Board of a stock-listed company are required to issue a declaration once a year that the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) have been and are complied with or to advise which recommendations have not been or are not applied and why not.

The JENOPTIK AG Executive Board and Supervisory Board support the recommendations of the "Government Commission on the German Corporate Governance Code" and state that pursuant to § 161 Paragraph 1 Sentence 1 of the German Stock Corporation Act:

The recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated May 26, 2010 have been followed with the following exception stated under 1. and will be followed in the version dated May 15, 2012 with the following exceptions.

1. In accordance with Point 4.2.3. Paragraph 4 of the Code care shall be taken in concluding Executive Board contracts to ensure that payments made to an Executive Board member on premature termination of his contract including fringe benefits do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full fiscal year and if appropriate also the expected total compensation for the current fiscal year.

This recommendation **has not been followed since the last declaration of conformity and will also not be followed in future**. It has been found that this type of regulation on severance payments contradicts the principle of concluding the contracts with members of the Executive Board regularly for the full term of their office which has been applied by Jenoptik in accordance with the German Stock Corporation Act (Aktengesetz). A premature termination of a contract as a principle requires a serious cause. In this case, no severance payment will be made. In the case of a mutually agreed termination of the contract; it would be difficult for the company to unilaterally enforce a severance payment cap; it could also not be ensured that the specific circumstances for the premature termination would be sufficiently taken into account. The idea behind the regulation of Point 4.2.3 Paragraph 4 of the Code will be taken into account by ensuring that the compensation will be appropriate in the event of a premature termination of the contract by mutual agreement. Therefore, the Supervisory Board applied a grandfathering clause when renewing the contract with the Chairman of the Executive Board. However, the recommendation was taken into account in the employment contract with the new chief financial officer.

2. In accordance with Point 5.4.6. Paragraph 2 of the Code the compensation of the Members of the Supervisory Board shall be oriented toward sustainable growth of the enterprise if they are promised performance-related compensation.

This recommendation **will not be followed in the future**. The Executive Board and the Supervisory Board take the view that the performance-related compensation as stipulated in the Articles of Association is appropriate. This performance-related compensation of 10,000 euros or 20,0000 euros respectively will only be paid if group earnings before tax exceed 10 percent or 15 percent of the group shareholders' equity at the end of the fiscal year. If the return on equity is lower than 10 percent there is no right to compensation in addition to the fixed compensation.

The code itself does not define what is meant by a sustainable development of the company. If the term was to be understood following § 87 Paragraph 1 Sentence 2 and 3 of the German Stock Corporation Act (AktG) performance-related components should always have a calculation basis which is several years long. As this is not the case at Jenoptik, we disclose a deviation from Point 5.4.6 paragraph 2 Sentence 2 of the code due to uncertainty of the definition as a purely precautionary measure. The members of the Supervisory Board are obliged to serve the interests of the company and are not affected in their decision-making process by the opportunity to get a variable remuneration and its amount. They, just as the members of the Executive Board, employees and shareholders profit from a general sustainable development of the company. The return on equity of 10% or 15 % respectively which triggers the payment of the variable remuneration is ambitious enough and was decided by the Annual General Meeting in June 2012 with almost 98% of the votes.

December 13, 2012