

**Report
of the Supervisory Board
of ZUMTOBEL AG
on 26 June 2012 for the 2011/2012 Financial Year**

Dear Shareholders,

During the past financial year, we performed the duties and met the obligations required by law and the articles of association. Our oversight functions covered the regular monitoring and control of the Management Board in their direction of ZUMTOBEL AG. The Management Board provided us with regular, timely and comprehensive written and verbal reports on major events, the position of the company and the general development of business. Moreover, the Management Board ensured a continuous flow of information to the chairman of the Supervisory Board. In connection with specific points on the agenda of the Supervisory Board meetings, experts were invited to supply additional information. Individual issues and decisions were dealt with in separate discussions between the chief executive officer and the chairman of the Supervisory Board. These processes allowed the Supervisory Board to meet the obligations required by law and the articles of association.

Meetings of the Supervisory Board

The Supervisory Board held four scheduled meetings during the 2011/12 financial year: on 22 June 2011, 23 September 2011, 13 January 2012 and 19 April 2012. In addition, a closed conference covering strategic issues was held on 14 December 2011. One, respectively two members were absent at two meetings.

The major topics dealt with at these meetings are summarised below:

The Supervisory Board meeting on 22 June 2011 focused, in particular, on the annual financial statements and the consolidated financial statements of Zumtobel AG for the 2010/11 financial year. We analysed the audited annual financial statements and the management report for 2010/11 as well as the consolidated financial statements and the group management report for 2010/11 in detail, accepted these documents and, in agreement with a recommendation by the Audit Committee of the Supervisory Board,

approved the annual financial statements for the 2010/11 financial year. The Supervisory Board agreed with the Management Board's recommendation to distribute a dividend of EUR 0.50 per share. The Supervisory Board's report to the annual general meeting was also discussed and approved.

The report by the compliance officer, which is based on the Austrian Issuer Compliance Guideline, was approved. At this meeting, the Supervisory Board also approved a proposal to the annual general meeting for the election of an auditor. Based on a recommendation by the Audit Committee, a proposal was made to the annual general meeting in July 2011 calling for the election of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, as the auditor. After extensive discussion, a recommendation was prepared for the annual general meeting to request the approval of authorised capital at an amount equalling up to 10% of share capital with the possible exclusion of subscription rights. The Supervisory Board then discussed the efficiency of its activities as required by Rule 36 of the Corporate Governance Code. Based on the results of a self-evaluation questionnaire, opportunities for improving the organisation and work processes of the Supervisory Board were considered.

In a meeting on 23 September 2011 the Supervisory Board dealt with the report on the first quarter of 2011/12. Changes in internal reporting were also discussed on the basis of detailed reports. Transactions that required and received the approval of the Supervisory Board included the expansion of the luminaire plant in Dornbirn, which will increase production capacity starting in mid-2013, as well as the conclusion of refinancing for the consortium credit agreement in the near future.

The Supervisory Board and the Management Board met in a closed conference in Lemgo, Germany, on 14 December 2011 for an in-depth discussion of strategic issues. Strategic alternatives for action were explained by Management Board and the resulting management decisions were discussed with the Supervisory Board. The focal points included, among others, strategic measures to support the sustainable positive development of the Thorn brand and current challenges in the Components Segment.

The main topics of the Supervisory Board meeting on 13 January 2012 included the management report on the first six months of 2011/12 and the outlook for the full financial year. Special attention was given to the risks associated with developments in the Components Segment. The Supervisory Board approved a revised bonus system for managers, which was previously dealt with by the Committee for Management Board Matters

and will take effect beginning with the 2012/13 financial year. Organisational changes in the Group (management changes at Tridonic and Zumtobel USA) as well as the extension of the Management Board contract with Martin Brandt were also approved.

The Supervisory Board meeting on 19 April 2012 was held at the Light+Building industry trade fair in Frankfurt, Germany. In addition to the presentation of the consolidated financial statements for the third quarter of 2011/12, the budget for 2012/13 and the related detailed medium-term planning for the following financial years were also discussed. The budget and medium-term planning were approved by the Supervisory Board. Personnel changes resulting from the reorganisation of individual processes in the Lighting Segment and the Components Segment were reviewed. The Supervisory Board then studied the latest product developments and presentations by the Zumtobel Group brands during a tour of the trade fair.

The Supervisory Board | Committees

The Supervisory Board of Zumtobel AG has established two committees. The members of these committees are disclosed in the annual financial report.

The duties and responsibilities of the Audit Committee are defined in § 92 (4a) of the Austrian Stock Corporation Act. This committee is responsible, among others, for the audit and preparations for the approval of the annual financial statements and consolidated financial statements, the management report and the recommendation for the distribution of profit. It also examines the corporate governance report and indicates whether the results of this analysis provided grounds for material objections. In addition, the Audit Committee nominates the auditor for approval by the annual general meeting; the auditor is then commissioned by the chairman of the Supervisory Board.

The Audit Committee is responsible for the monitoring of accounting processes and the work of the auditor as well as the internal control system, the risk management system and internal audit.

These responsibilities were met in full during the 2011/12 financial year. At each meeting the responsible managers report to the committee on the current status of these systems and processes. The chairman of the Audit Committee also meets twice each year with the head of corporate internal audit.

The Audit Committee met three times during 2011/12, whereby all members were present at these meetings.

The meetings on 21 and 22 June 2011 concentrated on the annual financial statements for 2010/11. Due to the scope of this topic, a preparatory conference call was held with the committee members on 17 June 2011. At the meetings, the auditor and company staff supplied the Audit Committee with detailed information on the consolidated financial statements and individual financial statements of Zumtobel AG as well as accounting processes and major accounting principles. Irregularities in the previous financial statements of an English subsidiary were also analysed; a general approach to solving the problem and various measures were then developed together with the auditor. This subject was addressed in detail in the annual financial report for 2010/11. The Audit Committee has designated these improvement measures as a point for regular reporting and now monitors their implementation.

The recommendation by the Management Board for the distribution of profit was accepted. Additionally, the reports on the internal control system, the risk management system and the activities of corporate internal audit were discussed and accepted. Risk management was put through an external review by the auditor, and the results were presented to the Audit Committee.

The committee also received the corporate governance report and the report by the insider compliance officer. A resolution for the appointment of the auditor was approved and passed on to the Supervisory Board.

In the meeting on 12 January 2012 the Audit Committee the Audit Committee dealt with the six-month financial statements as of 31 October 2011 and accepted the related reports by the auditor and corporate staff. The accounting process and related steps were discussed in detail. Another point of discussion was a status report on the management letter for the 2010/11 financial year. In preparation for the 2011/12 financial statements, the audit approach and auditor's focal points were presented and the new and amended IFRS requirements were discussed.

Status reports were provided on the internal control system, the risk management system and the activities of corporate internal audit and the most important results of the individual audits were discussed. The Audit Committee was informed of the amendments to the

Corporate Governance Code that took effect in January 2012 as well as the planned application of these amendments.

The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board. It corresponds to the remuneration committee required by Rule 43 of the Corporate Governance Code and also fulfils the duties required of a nominating committee under Rule 41. As one of the related duties, the committee developed and approved a job profile and nomination process for the Management Board in accordance with Rule 38.

In 2011/12 the Committee for Management Board Matters held six meetings as well as 11 preparatory sessions and telephone conferences at which at least one committee member prepared the discussion agenda. The most important issue for the reporting year involved the revision of the remuneration scheme for the Management Board and key managers. Together with Fehr Advice, Zurich, a modern incentive system was developed to measure the economic success of management and the sustainable success of the company. In connection with the development of this new system, the MSP programme was discontinued and a new long-term incentive plan (LTI) was introduced.

Under the LTI, bonuses will no longer be paid out during the next financial year. They will be tied to success factors over the following three years and paid out over this time period. We firmly believe the LTI is the right incentive system for management and will represent an effective means of supporting the sustainable and profitable growth of the Zumtobel Group. During the reporting year, the Committee for Management Board Matters also extended the term of office for Martin A. Brandt up to 30 April 2015. To underscore management continuity and demonstrate the confidence of the Supervisory Board in the CEO of the Zumtobel Group, Harald Sommerer, his contract was extended in advance to 30 April 2016.

Annual Financial Statements

The annual financial statements and the management report as well as the consolidated financial statements and the group management report for the 2011/12 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Vienna), which was elected to perform this engagement by the annual general meeting, and were awarded an unqualified opinion.

Representatives of KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Vienna) took part in the meetings of the Audit Committee and Supervisory Board that dealt with these financial statements and provided all necessary explanations. Since the audit did not provide grounds for any material objections, we agreed with the results of the audit – after extensive evaluation of the annual financial statements and the management report, the consolidated financial statements and the group management report as well as the recommendation by the Management Board for the distribution of profits – and formally stated our agreement with the recommendation for the distribution of profits. Furthermore, the review of the corporate governance report did not provide grounds for any material objections.

We approved the annual financial statements prepared by the Management Board, which are therefore considered finalised pursuant to § 125 (2) of the Austrian Stock Corporation Act. The consolidated financial statements and the group management report were accepted.

The Supervisory Board would like to thank the Management Board as well as the employees of ZUMTOBEL AG and its affiliated companies for their strong personal commitment during the past financial year.

In conclusion, we would like to thank the shareholders of ZUMTOBEL AG for their confidence.

For the Supervisory Board

Jürg Zumtobel
Chairman of the Supervisory Board

Dornbirn, 26 June 2012