

**Report
of the Supervisory Board
of ZUMTOBEL AG
on 22 June 2011 for the 2010/2011 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 met five times during the 2010/11 financial year, whereby one meeting took the form of an organisational session after the annual general meeting. Only one member of the Supervisory Board was absent from one meeting.

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

We monitored the financial management of the company and received extensive reports on issues related to the development of business.

As the Supervisory Board of a listed company, we requested and received regular reports on compliance with legal requirements as well as the evaluations and opinions of analysts on the company's share. We coordinated the capital market communications strategy with the Management Board. The active and extensive information policy followed by ZUMTOBEL AG

through the investor relations department remains a fixed element of corporate communications.

The Supervisory Board meeting on 25 June 2010 focused on the 2009/10 annual financial statements and consolidated financial statements of Zumtobel AG.

We analysed the audited annual financial statements and management report for 2009/10 as well as the consolidated financial statements and group management report for 2009/10 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 2009/10 financial year. In addition, we accepted the recommendation for the distribution of profits for the 2009/10 financial year and recommended the payment of a EUR 0.15 dividend per share. There were no material objections to the annual financial statements and management report, to the consolidated financial statements and group management report or to the corporate governance report.

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 also approved. The focal points for 2010/11 were presented and included, among others, the significance of controls & systems and revenue targets for the LED business. Moreover, transactions requiring the consent of the Supervisory Board were approved. The Board then discussed the efficiency of its activities as required by Rule 36 of the Austrian 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. This review also covered the coming changes on the Board following the annual general meeting in July 2010.

On 24 September 2010 the Supervisory Board dealt with the management report on the first quarter of 2010/11 and, in particular, with the procedures for the strategic medium-term planning process. After a detailed report on the latest technological and product-related developments, the planning process for the new medium-term strategy was presented and approved. The operational and strategic focal points for the coming years were discussed and defined with the Management Board. Due to the scope and complexity of these issues, the Supervisory Board decided to hold a workshop on the Group's strategy together with the Management Board. This daylong workshop took place on 22 November 2010, whereby the strategic focal points for the Lighting Segment and Components Segment were presented to and subsequently approved by the Supervisory Board.

With respect to the variable remuneration system for employees, the development of the recently implemented bonus-index model was explained at the meeting on 24 September 2010. This model formed the basis for determining bonus payments for the 2010/11 financial year.

The main topics of the meeting on 14 January 2011 included the management report on the first six months of 2010/11 and the outlook for the 2010/11 financial year as well as the further development of the Zumtobel Group's strategy. The Supervisory Board approved the strategic focal points for organic growth that were defined by the Management Board and key employees in previous months. In addition, measures to realise the targeted growth were acknowledged. The issues that required reporting to or approval by the Supervisory Board included steps and measures in the area of cash pooling in the Zumtobel Group as well as Ledon Lamp GmbH.

The Supervisory Board meeting on 15 April 2011 focused on the management report for the third quarter of 2010/11 and the budget for 2011/12 as well as the detailed medium-term planning for the period up to 2014/15. The management report was accepted and the budget for 2011/12 was approved. The medium-term plan defined in the earlier strategy discussions was presented to and approved by the Supervisory Board. The Management Board also presented the global organisational structure that took effect on 1 May 2011. Reports were provided on the latest technological developments in the lighting branch as well as the related challenges and measures for research and development in the Zumtobel Group. The issues that required reporting to or approval by the Supervisory Board included, among others, the approval of amendments to the articles of association of Zumtobel Lighting GmbH.

Committees of the Supervisory Board

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

The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board. In 2010/11 this committee held two meetings and one telephone conference.

This committee dealt with a variety of issues in 2010/11. The meeting on 24 June 2010 addressed the Matching Stock Programme (MSP) and related reporting requirements as well as details connected with the resignation of Thomas Spitzenfeil as chief financial officer. Prior to the meeting, a number of preparatory conference calls were held with the committee members and the members of the Management Board.

Numerous discussions were held with global executive search companies over the following weeks, and a firm was engaged in August to assist in the search for a new chief financial officer. This led to a series of interviews with candidates in September and October.

In a meeting on 24 September 2010, the Committee for Management Board Matters narrowed the list of 12 candidates and invited the last five (internal and external) to a further hearing with members of the Supervisory Board (Hero Brahms, Fritz Zumtobel and Stephan Hutter) on 18 October 2010 in Frankfurt. Mathias Dähn was nominated as the successor to Thomas Spitzenfeil in the meeting on 18 October. As of 1 February 2011 Mr. Dähn took over the position as chief financial officer of the Zumtobel Group.

The duties of the Audit Committee are defined in § 92 (4a) of the Austrian Stock Corporation Act. This committee is responsible, among others, for examining and preparing the following documents for approval: the annual financial statements and the management report, the recommendation for the distribution of profit and the consolidated financial statements and group management report. Furthermore, this committee evaluates the corporate governance report and indicates whether this review provided any grounds for material objections. The Audit Committee also prepares a recommendation for the nomination of an auditor. The committee met twice during 2010/11, and all members were present at both meetings.

The 24 June 2010 meeting concentrated on the 2009/10 annual financial segments. Due to the importance of this topic, a preparatory conference call was held on 18 June 2010. In both the meeting and the conference call, 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. 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. The committee also received the corporate governance report and the report by the compliance officer. A resolution for the appointment of the auditor was approved and passed on to the Supervisory Board.

In the meeting on 14 January 2011 the Audit Committee dealt with the six-month financial statements as of 31 October 2010 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 the management letter issued in April 2010. In preparation for the 2010/11 financial statements, the audit approach and auditor's focal points were presented and new and amended accounting standards (IFRS) were discussed. Status reports were presented 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.

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 2010/11 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, which was elected to perform this engagement by the annual general meeting, and were awarded an unqualified opinion.

Representatives of KPMG Austria GmbH 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, 22 June 2011