

**Report
of the Supervisory Board
of ZUMTOBEL AG
on 26 June 2009 for the 2008/2009 financial year**

Dear Shareholders,

During the past financial year we performed the duties required by law and the articles of association. We regularly supervised the Management Board in the direction of the Company and monitored the management of ZUMTOBEL AG. The Management Board provided regular, timely and extensive verbal and written reports on major events, the position of the Company and the general development of business. Moreover, the Management Board provided the Chairman of the Supervisory Board with information on a continuous basis. Experts were invited to provide in-depth information on various points of the agenda. Current topics and decisions were discussed by the Chairmen of the Management and Supervisory Boards. Therefore, the Supervisory Board was able to meet the obligations defined by law and the articles of association.

Meetings of the Supervisory Board

The Supervisory Board met four times during the 2008/09 financial year. All members were present at all meetings.

The major topics discussed at these meetings were as follows:

As a reaction to the global economic crisis, we held extensive consultations with the Management Board on strategies and measures to reduce costs and adjust capacity. The Supervisory Board shared the responsibility for the difficult decisions connected with the long-term successful development of the ZUMTOBEL Group, which also involved a reduction in the workforce, and provided the Management Board with key support in its efforts to master the crisis. Furthermore, the Supervisory Board fulfilled the duties required by law and regularly made decisions related to the approval of significant resolutions by the Management Board.

As the Supervisory Board of a listed company, we requested and obtained regular information on compliance with legal requirements as well as the evaluations and opinions of analysts who cover the ZUMTOBEL share. We used this information as the basis for coordinating the capital market communication strategy with the Management Board. The result is the proactive and wide-ranging information policy of ZUMTOBEL AG that is followed by the Investor Relations Department.

In the first meeting of the financial year on 27 June 2008, we extensively analysed the audited annual financial statements and the management report for 2007/08 as well as the consolidated financial statements and the group management report for 2007/08. We accepted these documents and approved the annual financial statements for 2007/08 in accordance with a recommendation made by the Audit Committee of the Supervisory Board. Moreover, we accepted the recommendation for the distribution of profit for the 2007/08 financial year and discussed the dividend policy.

We monitored the financial management of the Company, and also requested and received comprehensive information on the development of business. At this meeting the report of the Supervisory Board to the Annual General Meeting was also approved and the activity report of the compliance officer in accordance with the Austrian Regulation on Compliance for Issuers ("Emittenten Compliance Verordnung") was accepted after evaluation by the Audit Committee of the Supervisory Board. 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.

In addition to decisions on transactions requiring the approval of the Supervisory Board, we were provided by the Management Board with information above all on cost reduction measures and adjustments in the individual areas of business. We also discussed the accelerated budgeting process and the strategic direction of the Company with the Management Board.

The meeting of the Supervisory Board in October 2008 dealt with the organisational changes to this corporate body, which were made necessary by the amendments to the articles of association that were approved by the Annual General Meeting on 27 July 2008. Hero Brahms was elected second Vice-Chairman of the Supervisory Board after his election to this corporate body by the Annual General Meeting. Mr. Brahms was also elected to the Committee for Management Board Matters and the Audit Committee of the Supervisory Board. We also received information from the Management Board on the development of

business during the first quarter of 2008/09 and the development of strategy in the LED business as well as adjustments to the LIP bonus programme as a consequence of the economic crisis and the MSP Matching Stock Programme. The report of the Audit Committee of the Supervisory Board was also discussed. Consultations with the Management Board concentrated above all on appropriate reactions to the apparent continuation of the economic downturn and alternatives to realise the necessary cost savings.

The meeting of the Supervisory Board in January 2009 focused on six-month results for 2008/09 as well as strategic planning for 2009/10 and the following years. The planning process was analysed with a special focus on the possible effects of the economic crisis and various scenarios were developed on this basis. Discussions on transactions that require the approval of the Supervisory Board included, among others, the acceptance of a report from the Committee for Management Board Matters and information on the current status of the Spennymoor property sale. An amended foreign exchange hedging policy was also approved. We discussed the articles of association of ZUMTOBEL AG and would like to bring the following proposed amendment to the attention of the Annual General Meeting:

- Replacements to the Supervisory Board shall be elected for the maximum possible term of office and no longer for the term of office of the member to be replaced, so that the terms of office for all members do not end on the same date.

An amendment to the rules of procedures for the Management Board was also approved at this meeting.

The main topics of the meeting in April 2009 were the report on the third quarter of 2008/09 and the outlook for the 2008/09 financial year. Subsequent consultations by the Supervisory Board were directed to the effects of the economic crisis on the operating business as well as strategic and mid-term planning. In particular, extensive discussions were held on the scenario analysis and related measures for the stabilisation of earnings that were presented by the Management Board, and the necessary resolutions were passed. Market opportunities and general conditions for the expansion of the LED business were also considered. In connection with a report by the Committee for Management Board Matters, the LIP bonus programme for 2009/10 was approved.

Committees of the Supervisory Board

The Supervisory Board has established two committees. The members of these committees are listed 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. This committee met three times during the 2008/09 financial year. Furthermore, the members exchanged information on current developments before or after the official meetings of the Supervisory Board. Activities focused on the development of the organisation and incentive systems for key employees, in particular on share-based and other bonus programmes. In order to evaluate these subjects, the Committee for Management Board Matters commissioned expert opinions and made comparisons with other corporations. After analysing these opinions together with the experts, several conference calls were held to coordinate various points between the members of the Committee for Management Board Matters.

The Audit Committee is responsible for the audit as well as 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 evaluates the corporate governance report and indicates whether the results of these audits provided any material grounds for objections. In addition, this committee prepares a recommendation for the election of the auditor. The Audit Committee held two meetings during the 2008/09 financial year, both of which were attended by all members. Other members of the Supervisory Board also attended these meetings as guests. Other important topics were the interim report by the Corporate Internal Audit Department, the reports of the auditor and Corporate Accounting Department on accounting and the audit process, the evaluation of the risk management system by the auditor and the optimisation of work processes and procedures. The management letter from the auditor, changes in International Financial Reporting Standards and the focal points of the audit for the 2008/09 financial statements were also discussed.

Annual Financial Statements

The annual financial statements with the management report as well as the consolidated financial statements and the group management report for the 2008/09 financial year were audited by KPMG Austria GmbH, which was elected as the auditor by the Annual General Meeting. These documents were awarded an unqualified opinion.

Representatives of KPMG Austria GmbH took part in the meeting of the Audit Committee of the Supervisory Board as well as the meeting of the Supervisory Board that dealt with these financial statements, and provided the necessary explanations. Since the audit did not provide any material grounds for objection, we agreed with the results of the audit – after extensive analysis of the annual financial statements with the management report, the consolidated financial statements and the group management report as well as the recommendation of the Management Board for the distribution of profit – and stated our agreement with the recommendation for the distribution of profit. In addition, the examination of the corporate governance report did not reveal any material grounds for objection.

We approved the annual financial statements that were prepared by the Management Board, which are now considered authorised in accordance with § 125 (2) of the Austrian Stock Corporation Act. The consolidated financial statements and group management report were accepted.

The Supervisory Board would like to thank the Management Board and all employees of ZUMTOBEL AG and its subsidiaries for their significant personal commitment during the past financial year.

For the Supervisory Board

Jürg Zumtobel
Chairman of the Supervisory Board

Dornbirn, 26 June 2009