Report by the Management Board to the Annual General Meeting

Report by the Management Board on the exclusion of subscription rights under point 5 of the agenda

Under point 5 of the agenda, the Management Board and the Supervisory Board are proposing that the annual general meeting approve the creation of new 2011 authorised capital of up to EUR 10,875,000 through the issue of up to 4,350,000 new zero par value bearer shares at a minimum issue price equalling 100% of the proportional amount of share capital in exchange for cash or contributions in kind.

ZUMTOBEL AG (hereafter also referred to as the "Company") must, in the interest of its shareholders, be able to react quickly and flexibly to changing market conditions at any time. The Management Board therefore considers it an obligation to ensure that the Company – independent of any specific plans – always has the necessary capital procurement instruments at its disposal. Since decisions on covering capital requirements must generally be made on short-term notice, it is important that the Company not be dependent on the 12-month annual general meeting cycle. Lawmakers have addressed this requirement by creating authorised capital as a financing instrument.

The subscription rights of shareholders can be excluded on capital increases in exchange for contributions in kind. This will allow the Management Board, subject to the consent of the Supervisory Board, to use the Company's shares in appropriate cases that include business combinations as well as the acquisition of companies, investments in companies, parts of companies, receivables due from the Company or other assets. Negotiations can also result in a need to provide compensation not in a monetary form, but in shares. The possibility of offering shares in the Company as compensation creates an advantage in the competition for interesting acquisition targets as well as the necessary flexibility to utilise opportunities for the acquisition of companies, investments or other assets while, at the same time, protecting liquidity. The granting of shares can also be practical from the standpoint of maintaining an optimal financing structure. The Company will not be placed at a disadvantage because the issue of shares in exchange for a contribution in kind assumes the value of the contribution is appropriately related to the value of the shares.

The subscription rights of shareholders can also be excluded, with the approval of the Supervisory Board, when the new shares are issued in a capital increase for cash at a price that is not significantly below the market price. This authorisation will allow the Company to quickly and flexibly utilise market opportunities in its various fields of business and to cover the resulting capital requirements, also over the short-term if necessary, without drawing on existing bank credit lines. The exclusion of subscription rights will not only permit timely actions, but also the placement of the shares at a near-market price, i.e. without the discount that normally accompanies the issue of subscription rights. This generally results in higher proceeds for the Company. A placement of this type can also be used to attract new institutional (also strategic) shareholders. In using this authorisation, the Management Board will hold the discount as low as possible in accordance with the prevailing market conditions at the time of the placement.

The shares issued under the exclusion of subscription rights will not exceed 10% of share capital. Given the near-market issue price for the new shares and the limited volume of the subscription-free issue, every shareholder can purchase the additional shares needed to maintain his or her proportional holding at comparable conditions over the stock exchange. Shareholder interests in assets and voting rights are therefore appropriately protected by the utilisation of this 2011 authorised capital under the exclusion of subscription rights, while the Company is provided with greater flexibility in the interest of all shareholders.

The Management Board will examine each case carefully before deciding on the use of this authorisation to increase capital under the exclusion of shareholders' subscription rights. The authorisation will only be used when the Management Board and the Supervisory Board consider this step to be in the interests of the Company and its shareholders.

Dornbirn, June 2011

The Management Board of ZUMTOBEL AG