

Report of the Executive Board concerning Agenda Item 5 pursuant to article 71 para. 1 no. 8, article 186 para. 4 sentence 2 AktG

The Executive Board has put together a written report concerning Agenda Item 5 pursuant to article 71 para. 1 no. 8 sentence 5 in conjunction with article 186 para. 4 sentence 2 AktG outlining the reasons for the authorization proposed in Agenda Item 5 for the purchase of treasury shares under partial limitation of the equality principle and a possible right of shareholders to tender their shares as well as the reasons for the authorization proposed in Agenda Item 5 for the disposal of treasury shares by means other than the open market or under observation of the equality principle and at the proposed issue price. The report shall be available for shareholders to view, starting from the day of the convening of the Annual General Meeting, at the business premises of Company as well as on the Internet at www.kuka-ag.de. On request, every shareholder will be sent this report without delay and at no charge. The report shall be announced as follows:

Agenda Item 5 encompasses a proposal to authorize the Company to acquire treasury shares in the amount of up to 10 percent of the share capital existing at the time the resolution is adopted. According to article 71 para. 1 no. 8 AktG, treasury shares may also be purchased or sold by means other than the typical case of a purchase or sale on the open market. In addition to purchases on the open market, the Company shall also be granted the option of purchasing treasury shares by means of a public offer (tender process). The consideration per share paid by the Company may not exceed or fall short of – by more than 10 percent excluding incidental costs – the average closing price of the shares of the Company in the XETRA trading system of Deutsche Börse AG (or a comparable successor system) on the last five trading days before the purchase of treasury shares or, in the case of a public tender offer, from the eighth to the fourth trading day (each inclusive) before the day of publication of the public tender offer.

In a public tender offer, any shareholder willing to sell can decide how many shares he wishes to offer and, in the case of the setting of a price range, at what price he wishes to offer them. If the volume of tenders at the set price exceeds the number of shares the Company wishes to purchase, there must be, with a partial exclusion in this connection of any right of the shareholders to tender their shares, an allocation of acceptances to the tenders. As part of this process it shall be possible, once again with a partial exclusion in this connection of any right of the shareholders to tender their shares, to give priority to the acceptance of small-lot tenders or smaller portions of tenders. This possibility is designed to avoid odd numbers when determining the pro-rata shares to be purchased, as well as small residual amounts, thereby simplifying the technical execution. Moreover, the scaling can occur according to the tender rate instead of the holding rate, as the acquisition process is then technically concluded in an economically reasonable fashion. Ultimately, a rounding according to business principles for the avoidance of fractions of shares is intended. In this respect, the acquisition rate and the number of shares to be acquired from individual tendering shareholders can be rounded as required to technically represent the acquisition of whole shares. The Executive Board

finds an exclusion of any additional shareholder tender rights justified as well as appropriate vis-à-vis the shareholders.

The resale of treasury shares after purchase shall be possible subject to the exclusion of the subscription right of the shareholders in the following cases explained here.

By this means, the Executive Board shall be put in a position of having treasury shares available in order to be able – subject to the approval of the Supervisory Board – to offer these as consideration in connection with company mergers or the acquisition of companies, or parts of companies, or participations in companies, or other assets (including liabilities of the Company to third parties). In transactions of this kind, this form of consideration is demanded in various cases. The authorization here proposed is therefore intended to give the Company the flexibility needed in order to be able to take advantage of emerging opportunities in connection with company mergers or the acquisition of companies, or parts of companies, or participations in companies, or other assets (including liabilities of the Company to third parties) in a quick and flexible manner. When specifying the valuation relationship, the Executive Board will ensure that the interests of the shareholders are appropriately safeguarded. If liabilities of the Company are transferred to the Company in exchange for treasury shares, these are then extinguished and the equity capital is simultaneously increased for accounting purposes. When assessing the value of the shares granted as a counter-consideration, the Executive Board will take the market price of the KUKA shares as a guide. The Executive Board will report any use of this authorization to the Annual General Meeting.

The proposed resolution also encompasses the authorization to dispose of the acquired treasury shares subject to the exclusion of the subscription right by means other than the open market and in cases other than those connected with company mergers or the acquisition of companies, or parts of companies, or participations in companies, or other assets. A sale under exclusion of the subscription right is subject to the condition of the shares being sold for cash at a price that is not substantially lower than the stock market price of Company shares at the time of the sale. However, this authorization shall only be effective subject to the proviso that the shares sold subject to the exclusion of the subscription right pursuant to article 186 para. 3 sentence 4 AktG may not, in total, exceed 10 percent of the share capital, and in fact do not do so either on the date that this authorization becomes effective or on the date on which it is exercised. Shares to be counted against this limit of 10 percent include those shares

- issued in order to service warrant or convertible bonds, participation rights or participating bonds or a combination of these instruments, provided that these instruments have been issued on the basis of an authorization resolved at the Annual General Meeting on April 29, 2010 according to the appropriate application of article 186 para. 3 sentence 4 AktG; or
- issued subject to the exclusion of the subscription right pursuant to article 186 para. 3 sentence 3 AktG by use of an authorization to issue new shares under

authorized capital that is in effect at the date on which this authorization becomes effective, or by use of an authorization resolved at this Annual General Meeting.

The interests of the shareholders with respect to their assets and voting rights are properly protected by this limitation and by the fact that the issue price is guided by the market price. The authorization is in the interest of the Company because it allows greater flexibility. In particular, it makes it possible to issue shares in a targeted fashion to partners in cooperative ventures or to financial investors.

The authorization further opens up the possibility of using treasury shares for the introduction on foreign stock exchanges on which KUKA Aktiengesellschaft has not been listed to date. This makes it possible to broaden the shareholder base outside of Germany and to make the stock more attractive as an investment. The price at which the Company's shares will be launched on foreign stock exchanges will be based on the stock exchange price of the Company's shares and will not be substantially lower than this.

KUKA Aktiengesellschaft faces strong competition on the international capital markets. Adequate equity capital and the possibility of raising capital on the market at appropriate terms and conditions are of special importance in fast changing markets and given the existing pressure to expand. KUKA Aktiengesellschaft will endeavor to broaden its shareholder base and to make investment in the stock of the Company attractive. Accordingly, the authorization proposed here is designed to afford KUKA Aktiengesellschaft the necessary freedom of movement.

The Executive Board, i.e. Supervisory Board should also have the option of paying the variable compensation elements for the 2010 financial year and/or the 13th monthly salary in the 2010 financial year of KUKA Group employees (including the members of the Executive Board of KUKA Aktiengesellschaft as well as the members of the management boards of KUKA Group companies), which would be paid in the 2010, i.e. 2011 financial year, in the form of Company shares. The option of offering KUKA Group employees Company shares should, among other things, provide that

- in the event of conversion of the 13th monthly salary in the 2010 business year, employees – subject to regulations concerning collective agreements – must declare their binding participation in the conversion within a period of four weeks following the respective notice of the Company;
- in the event of conversion of variable salary components for the 2010 financial year in the 2011 financial year, employees must declare their binding participation in the conversion within a period of four weeks following the respective notice of the Company;
- employees must hold acquired shares for a period of four years.

Moreover, instead of being paid a certain amount of their salary components (variable compensation elements and/or the 13th monthly salary), employees should be able to acquire the shares at a price that is not substantially lower than the quoted stock market price of Company shares at the time of the purchase. A conversion of salary components of employees not subject to the regulations of collective agreements can only occur on the basis of a voluntary agreement with these employees. A conversion of salary components for employees subject to the regulations of collective agreements shall occur under consideration of the collective agreements. The option of conversion of compensation elements into Company shares is intended to ease the liquidity of the Company and to increase the commitment of employees to the KUKA Group as potential shareholders.

The interests of the shareholders with respect to their assets and voting rights are properly protected by this limitation and by the fact that the acquisition price for the shares to be purchased by employees is guided by the market price.

The Company shall be empowered to cancel treasury shares even without a renewed resolution by the Annual General Meeting.

This authorization for the acquisition of treasury shares, as well as the resale or cancellation of such shares, may be used once or several times, and also in part.