CORPORATE GOVERNANCE REPORT

The Executive Board reports on corporate governance at KUKA on its own behalf and on behalf of the Supervisory Board in accordance with section 3.10 of the German Corporate Governance Code (GCGC) as follows:

The Executive Board and Supervisory Board of KUKA Aktiengesellschaft have examined the requirements of the GCGC in detail in its current version as of June 24, 2014. Responsible and transparent corporate governance is one of KUKA's core principles. This also applies to the interaction between the Executive and Supervisory Boards.

DECLARATION OF COMPLIANCE

The declarations of compliance of the Executive Board and the Supervisory Board that have been issued for every financial year starting in 2002, have in each case been made available on the company's website at www.kuka-ag.de.

The identical declarations of the Executive Board dated January 20, 2015 and of the Supervisory Board dated February 6, 2015 in accordance with article 161, clause 1, sentence 1 of the German Stock Corporation Act (AktG) and the German Corporate Governance Code ("DCGK") read as follows:

"Since issuing the latest declarations of compliance of the Executive Board (February 3, 2014) and of the Supervisory Board (February 12, 2014), KUKA Aktiengesellschaft has complied with, and continues to comply with, the recommendations of the Government Commission on the German Corporate Governance Code as on June 24, 2014, which were published in the Bundesanzeiger (German Federal Gazette) dated September 30, 2014, subject to the following exceptions:

1. KUKA Aktiengesellschaft does not follow the recommendation for the Supervisory Board outlined in section 3.8, clause 5 of the DCGC. The Group D & O insurance policy does not provide for a deductible for members of the Supervisory Board. In KUKA Aktiengesellschaft's view, the deductible for Supervisory Board members is not required to ensure they properly fulfill their monitoring role.

2. KUKA Aktiengesellschaft does not follow the recommendation for the Execution Board outlined in section 4.2.3 paragraph 2, clause 5 of the DCGK. This is due to the fact that currently running Phantome Share-Programmes, which are a part of the variable Executive Board's remuneration, have no defined maximum limits. In addition to the maximum limits as to the fix and variable remuneration, it is now agreed that future Phantome Share-Programmes, which will be issued as of 2015 and will be settled as of 2018, shall also be limited. Thus, the complete remuneration will then be capped in future. A subsequent implementation of maximum limits (total remuneration and variable parts of remuneration) would be a contract modification which cannot be implemented by the Supervisory Board unilaterally, and does not seem to be appropriate with regard to a trustful cooperation between Executive Board and Supervisory Board (as expected by the DCGK).

KUKA Aktiengesellschaft adheres to nearly all other proposals contained in the code."

The identical declarations of the Executive Board and Supervisory Board have been available on the company's website at www.kuka-ag.de since February 20, 2015.

CORPORATE AND MANAGEMENT STRUCTURE

KUKA Group consists of KUKA Aktiengesellschaft – the Group's managing holding company – and the divisions Robotics, Systems and Swisslog. With just a few exceptions, all Group companies are allocated to these divisions and are – in most cases – 100 percent held by the management companies of the individual divisions directly or indirectly. At the beginning of 2014, KUKA Aktiengesellschaft acquired a 51 percent stake in Reis Group, owned by Reis Group Holding GmbH & Co. KG. Reis Group has been allocated to the management company KUKA Systems GmbH. In addition, KUKA Aktiengesellschaft acquired about 91.80 percent of the shares in Swisslog Holding AG, which is listed on the Swiss stock exchange, within a public tender, and about 2.32 percent of the shares in subsequent purchases after conclusion of the takeover offer. Taking account of the shares held by Swisslog Holding AG itself, the stake of KUKA Aktiengesellschaft in Swisslog Holding AG as of December 31, 2014 comes to about 94.5 percent of the quoted Swisslog shares.

Similarities between the business divisions in terms of markets and production areas, customers, and geographic focus are identified, and intense efforts are made to further develop these similarities. However, the divisions are responsible for their business and thus also for their earnings. Moreover, as in the past, project and risk managers monitor implementation of the established targets by focusing intensively on key indicators, as well as developing executive staff and maintaining brand strategy.

EXECUTIVE BOARD AND SUPERVISORY BOARD

As a German stock corporation, the statutory rules impose on KUKA Aktiengesellschaft a dual management system comprising the Executive Board and Supervisory Board. The Executive Board is responsible for managing the company. The members of the Executive Board share this responsibility for company management. The Chairman of the Executive Board and Chief Executive Officer coordinates the work of the entire Board; he is responsible for representing and leading the Board in its cooperation with the Supervisory Board and its members. The Supervisory Board appoints, monitors and advises the Executive Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

RESPONSIBLE COOPERATION BETWEEN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The common goal of the Executive Board and Supervisory Board is to sustainably increase shareholder value. To this end, the Executive Board and Supervisory Board work closely together in the interest of the company. No former Executive Board members belong to the Supervisory Board. The Executive Board reports to the Supervisory Board regularly, in a timely manner, and comprehensively regarding all matters relevant to the company with respect to planning, business development, risk exposure, risk management and any corresponding action taken. The Executive Board also addresses any deviations in the business results from the established plans and targets and explains the causes of such deviations. The Executive Board also reports to the Supervisory Board regarding corporate compliance. The Articles of Association and the Supervisory Board's Rules of Procedure contain provisions ensuring the right of the Supervisory Board to withhold its consent on significant transactions. Further information on cooperation between the Executive Board and the Supervisory Board can be found in the Supervisory Board Report on pages 2 to 5.

In fiscal 2014, no consulting or other contracts for work or services existed between Supervisory Board members and the company.

In fiscal 2014, conflicts of interest of members of the Executive and Supervisory Boards were notified to the company. For the details and resolution of these conflicts of interest, please refer to the Supervisory Board Report (pages 2 to 5).

EXECUTIVE BOARD

The Executive Board of KUKA Aktiengesellschaft consists of two persons: the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). KUKA Aktiengesellschaft's Articles of Association expressly state that the Executive Board may consist of two persons (section 6 para. 1 of the Articles of Association).

In fiscal 2014, the responsibilities of the members of the Executive Board were assigned as follows:

Dr. Till Reuter, Chief Executive Officer (CEO), is responsible for (i) investor relations, (ii) strategic corporate development, (iii) public relations, (iv) senior Group executives, (v) internal audit, (vi) personnel and (vii) legal affairs/compliance. Dr. Reuter is also director of industrial relations at KUKA Aktiengesellschaft.

Mr. Peter Mohnen, Chief Financial Officer (CFO), is responsible for (i) finances and controlling, which includes the financial accounting, controlling, treasury and tax departments, (ii) risk management, (iii) IT and (iv) facility management.

The Executive Board members normally convene at least every fourteen days, and otherwise keep in constant close contact.

In accordance with the recommendations of the GCGC (section 4.1.5), the Executive Board takes diversity into consideration when filling managerial positions in the company and, in particular, aims for an appropriate consideration of women. The "Female Inspiration" initiative aims to permanently increase the number of women in management positions at KUKA Group. The "SMT" Office (personnel department for the Senior Management Team) places particular emphasis on promoting women.

EXECUTIVE BOARD COMPENSATION

Executive Board compensation is outlined in the Compensation Report.

SUPERVISORY BOARD

The Supervisory Board is composed pursuant to the German Act on Company Co-determination and consists of twelve members; six members are elected by the shareholders and six by the employees.

The election of employee representatives to the Supervisory Board was held on April 18, 2013. The results of the vote were published in the Federal Gazette (Bundesanzeiger) on April 24, 2013. A new election of Supervisory Board shareholder representatives was held at the Annual General Meeting on June 5, 2013.

The term of office of the Supervisory Board employee and shareholder representatives ends upon adjournment of the Annual General Meeting in 2018. This also applies to one employee representative who was appointed to the Supervisory Board by order of the local court of Augsburg dated September 10, 2013.

When a member of the Supervisory Board steps down prior to the end of his or her term of office, the term of office of the newly elected or newly appointed Supervisory Board member is until the end of the original term of office of the Supervisory Board member who stepped down (section 10 para. 4 sent. 1 of the Articles of Association).

The Supervisory Board established the following targets for its future makeup to address the requirement regarding diversity in section 5.4.1 of the GCGC, which are also to be taken into account when recommending candidates to the shareholders at the Annual General Meeting:

(i) At least two Supervisory Board members shall have sector-specific experience.

(ii) At least one Supervisory Board member shall have considerable career experience abroad.

(iii) At least two Supervisory Board members shall not be on executive or supervisory bodies of, employed by, or consultants for customers, suppliers, lenders, or other business partners of the company.

(iv) At least two Supervisory Board members to be elected at the Annual General Meeting shall be independent in terms of section 5.4.2 of the GCGC.

(v) Normally, Supervisory Board members shall be no younger than 35 and no older than 72 years of age at the time of their election.

(vi) Appropriately qualified women shall be reviewed as candidates. Within two election periods, at least two Supervisory Board members shall be female.

To the extent that members of the Supervisory Board held or hold key positions with important business partners, transactions with them were subject to the standard terms and conditions for arm's length transactions.

Given the criteria for independence outlined under section 5.4.2 of the GCGC, Mr. Minning, Chairman of the Supervisory Board, addressed a letter to the Deputy Chairman of the Supervisory Board in 2012 referring to his known association with the major shareholder Grenzebach Maschinenbau GmbH and the latter's business relations with KUKA Group companies. In November 2014, Grenzebach Maschinenbau GmbH sold its shares to J.M. Voith GmbH & Co. Beteiligungen KG. From this date onwards, Mr. Minning therefore again fulfills the independence criteria set out in the GCGC. Mention of Mr. Minning's son's stake in KBee AG, the robot development company, has already been included in the Supervisory Board Report (pages 2 to 5). Also reported there in connection with the takeover of Swisslog Holding AG by KUKA Aktiengesellschaft are Mr. Minning's role as managing director of Grenzebach Maschinenbau GmbH and as member of the administrative board of Swisslog Holding AG, as well as the resolution of the potential conflict of interest (page 4). On execution of the public purchase offer on December 15, 2014 Mr. Minning stepped down from the administrative board of Swisslog Holding AG.

All other members of the Supervisory Board fully comply with the independence criteria.

The Supervisory Board formed six committees consisting of Supervisory Board members. These are:

(i) the Mediation Committee as per section 27 para. 3 of the MitbestG (German Act on Company Co-determination),
(ii) the Personnel Committee,
(iii) the Audit Committee (section 5.3.2 GCGC),
(iv) the Nomination Committee (section 5.3.3 GCGC),
(v) the Strategy and Development Committee, and
(vi) the Technology and Production Committee.

In accordance with the provisions of the Corporate Governance Code, the Supervisory Board or the Audit Committee dealt with compliance issues, and the Executive Board or Chief Compliance Officer reported to this committee accordingly.

It has been agreed with the independent auditor that the independent auditor will immediately report to the Supervisory Board any material findings or occurrences related to the Supervisory Board's work that arise in the course of auditing the financial statements. Finally, it was also agreed with the independent auditor that the independent auditor will inform the Supervisory Board and/or note in its audit report any finding of facts during the performance of the audit indicating that the declarations issued by the Executive Board and the Supervisory Board with respect to the Code are in any way incorrect (section 7.2.3 GCGC). As stipulated in the audit contract, the auditor reviewed the interim report as of June 30, 2014.

The Supervisory Board regularly reviews the efficiency of its activities (section 5.6 GCGC). It reviewed the "Best Practice Scenarios" presented to it in 2014 and decided to have an initial analysis of the situation carried out in fiscal 2015. The last efficiency check carried out over several years ("High Performance Boards – Quality and Efficiency on Supervisory Board Committees") was completed in April 2011.

SUPERVISORY BOARD COMPENSATION

Supervisory Board compensation is also outlined in the Compensation Report.

SHAREHOLDINGS

All the members of the Executive Board and Supervisory Board hold less than one percent of the shares in circulation. The overall investment in KUKA shares held by all the members of the Executive and Supervisory Boards is also less than one percent of the shares in circulation.

Members of the Executive and Supervisory Boards or related parties are obliged according to section 15a of the Securities Trading Act (WpHG) to disclose the purchase or sale of shares in KUKA Aktiengesellschaft, or financial instruments relating thereto, if the value of these transactions within one calendar year reaches or exceeds the sum of €5,000. The transactions by persons with management roles or their related parties reported to KUKA Aktiengesellschaft in fiscal 2014 were duly published and can be examined on the company website at www.kuka-ag.de.

CORPORATE COMPLIANCE

KUKA has always applied a high standard of ethical principles. Essential components are strict obedience to the law and value-oriented conduct. These form the basis of the Corporate Compliance Program adopted by the Executive Board in November 2007 and approved by the Supervisory Board in December 2007, which took effect throughout the Group on February 1, 2008. The key contents of the Corporate Compliance Program are contained in the Corporate Compliance Handbook, which comprises several compliance-related guidelines. The Corporate Compliance Handbook was revised and updated in fiscal 2010. It was again reviewed and updated in fiscal 2013 and the version now applicable is dated April 1, 2013.

The Executive Board passed a resolution making the CEO ultimately responsible for the Corporate Compliance Program. A Compliance Committee consisting of persons employed by the Group was established to steer, implement, monitor, and develop the Corporate Compliance Program. In addition, a Chief Compliance Officer was appointed and compliance officers were established at the Group companies for the individual divisions and regions. The compliance officers are intended to be the employees' direct and (first) point of contact for compliance-related issues. The position of external ombudsman was also established.

For KUKA, regular training of its employees and continuous development of the existing compliance system are key to anchoring our value-based standards in the company and avoiding any violations of law. For example, since 2011, all KUKA employees have participated in online compliance training based on an in-house e-learning program designed especially for this purpose. The e-learning program was progressively expanded to include the foreign Group companies and is currently being updated. In 2013, a survey related to the online compliance training was issued to measure the acceptance and understanding of the compliance program at KUKA Group. The company also held a series of seminars on selected topics.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting will take place in Augsburg on Wednesday, June 10, 2015.

Each shareholder is entitled to one vote. No-par-value shares have been issued and global certificates created. The shares are bearer shares. The Executive Board makes it easier for shareholders to exercise their voting rights at the Annual General Meeting by offering them the right to issue powers of attorney to proxies who are appointed by the company and bound by the instructions of the shareholder. The proxies appointed by the company are also available at the Annual General Meeting to the shareholders who are present. In addition, powers of attorney may be issued to financial institutions, shareholder associations, or other third parties.

ACCOUNTING AND ANNUAL AUDITING

Since 2004, the annual financial statements of KUKA Group have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) as adopted by the European Union. An independent auditor elected at the Annual General Meeting audits the annual financial statements and the consolidated financial statements. At the recommendation of the Supervisory Board, shareholders at the 2013 Annual General Meeting chose KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the annual financial statements and Group auditor for fiscal 2014 as well as for a potential review of the half-year report for fiscal 2014. The half-year report for fiscal 2014 was reviewed by the auditor based on the aforementioned resolution.

In accordance with the provisions of the Corporate Governance Code, the Supervisory Board's Audit Committee reviewed the independence of the auditor, commissioned the auditor to carry out the audit, determined the key audit points and agreed on the fee.

OPPORTUNITY AND RISK MANAGEMENT, CONTROLLING

Opportunity and risk management at KUKA Group is described in the risk report included in the annual report on pages 45 to 49. In accordance with legal requirements, the aim of risk management is early identification of any risk that could jeopardize the existence of KUKA Group and its operating companies as going concerns to enable measures to minimize, transfer, or avoid risk to be taken. The risk strategy and risk policy is guided in particular by business risks, financial risks (including currency risks), and the specific risks of the divisions – in each case from a short, intermediate and long-term perspective. Controlling in particular is an essential tool for efficient risk management at KUKA Group.

KUKA further optimized opportunity and risk management in 2014. The Executive Board is tasked with adapting opportunity and risk management to changes in the business environment on an ongoing basis.

FINANCIAL PUBLICATIONS

The company informs its shareholders, participants in the capital markets, and the media of its position and of significant business events, in particular by publishing quarterly financial reports, a half-year financial report, and a business report, holding a financial statements press conference on the annual financial statements, and conducting the Annual General Meeting each year. In addition, it issues ad-hoc releases under section 15 of the German Securities Trading Act (WpHG), notices under section 15a of the WpHG (directors' dealings) and under section 26 of the WpHG (disclosure of notifications by shareholders and holders of certain financial instruments), holds conferences with analysts, meets with analysts and investors in Germany and abroad and issues other press releases.

All information is published in both German and English and is also available on the company's website from the time of publication. All regular financial reporting dates are published in the company's financial calendar, which can be found on the back cover page of the annual report and on the website at www.kuka-ag.de.

DECLARATION REGARDING CORPORATE MANAGEMENT

The management declaration as per section 289 a of the German Commercial Code (HGB) is posted on the company's website at www.kuka-ag.de.