KUKA

INTERIM REPORT | 3RD QUARTER 2010

AUTOMATION BECOMES EASY

Cover photo:

Automation becomes easy! The Robotics division presents its new QUANTEC generation of industrial robots with the KR C4 robot controller and a new touch display, the KUKA smartPAD.

CONTENTS

KUKA GROUP, KEY FIGURES

€ million	9 Months 2010	9 Months 2009	Change
Orders received	862.2	673.8	28.0%
Order backlog (09/30)	676.3	564.9	19.7%
Sales revenues	754.0	655.4	15.0%
Gross profit	143.1	126.7	12.9%
in % of sales revenues	19.0%	19.3%	-
Earnings before interest and taxes (EBIT)	13.3	-28.0	-
in % of sales revenues	1.8%	-4.3%	-
Net result	-10.5	-38.3	-
Earnings per share in €	-0.36	-1.52	-
Capital expenditure	8.0	16.0	-50.0%
Equity ratio in % (09/30)	23.9%	22.7%	-
Net debts (09/30)	-64.4	-87.5	-
Employees (09/30)	5,850	5,909	-1.0%

€ million	3rd Quarter 2010	3rd Quarter 2009	Change
Orders received	314.5	206.9	52.0%
Order backlog (09/30)	676.3	564.9	19.7%
Sales revenues	273.9	217.7	25.8%
Gross profit	52.3	37.3	40.2%
in % of sales revenues	19.1%	17.1%	-
Earnings before interest and taxes (EBIT)	8.3	-5.1	-
in % of sales revenues	3.0%	-2.3%	-
Net result	-0.2	-2.3	-
Earnings per share in €	-0.01	-0.10	-
Capital expenditure	2.7	4.9	-44.9%
Employees (09/30)	5,850	5,909	-1.0%

FOREWORD

Strong growth in the third quarter

Dear shareholders,

This quarter we continued making great steps toward the goals we have set:

1. **The company is once again experiencing high double-digit growth**: Orders received rose 28 percent and sales were up 15 percent in the first nine months of the current financial year. This extraordinarily positive growth in orders received was primarily led by the Robotics division, which set an all-time high in the quarter just ended. The Systems division, which typically is not affected by trends until later cycles, still achieved substantial growth of +12 percent. Based on these developments and the high order backlog, we expect the 2010 financial year to end with sales revenues of more than EUR 1 billion.

2. **Profitability is also coming closer to our target margins for the divisions:** Robotics achieved an EBIT margin of 6.1 percent and Systems 2.8 percent in the third quarter of 2010, compared to the target margins of 10 percent and 5 percent, respectively. We expect margins to continue to improve for four reasons: First, capacity utilization will increase as sales grow. Second, we will feel the full impact of our cost reduction program by the beginning of 2011; this especially applies to the Systems division. Third, we anticipate a larger share of Robotics division's sales will come from general industry customers in the future. Fourth, the market launch of our new generation of industrial robots will have a positive impact on margins.

3. **We have expanded our business in the high growth emerging countries.** For example, we have landed major orders from Ford and Audi in Brazil, Thailand and China in the third quarter. Our strategy of moving with the large Western carmakers into these emerging countries has proven correct. In addition, we are also increasingly benefiting directly from the economic developments in these countries.

KUKA's future growth will come not only from emerging countries but also from new products such as the new generation of industrial robots and new customer segments. We have also set the organizational course and strengthened our focus to push forward with this growth strategy. One example here is the creation of Advanced Robotics, a segment within the Robotics division, which develops new applications for the health care industry and other sectors.

Much has been asked of KUKA employees across the globe to overcome the crisis and quickly realign the company for growth. On behalf of the entire Executive Board, I sincerely thank you for these efforts.

Yours truly,

Dr. Till Reuter
CEO

GROUP INTERIM REPORT

KUKA Aktiengesellschaft to September 30, 2010

OVERVIEW

Substantially higher sales and profitability in the first nine months of 2010

- **Orders received climb by 28.0 percent to EUR 862.2 million in 9M/10; Robotics division sets another record in Q3/10 with EUR 137.7 million**
- **Sales revenues up by 15.0 percent to EUR 754.0 million in 9M/10 (Q3/10: 25.8 percent)**
- **EBIT margin rises to 1.8 percent in 9M/10, and 3.0 percent in Q3/10**
- **Guidance 2010 confirmed**

KUKA GROUP FIRST NINE MONTHS 2010 BUSINESS PERFORMANCE

The general global economic recovery led to strong demand for capital goods in the current financial year, especially from Asia and the Americas and particularly from the BRIC countries. As expected, KUKA Group year-over-year financial results recovered accordingly. **Orders received** improved considerably as the economy picked up. They climbed to EUR 862.2 million in the first nine months of 2010, which represents an increase of 28.0 percent compared to the EUR 673.8 million reported in 9M/09. This resulted in further increases compared to the 17.3 percent growth achieved in the first six months of 2010.

The Robotics division's performance was particularly satisfying, which benefited from strong demand led by the automotive industry. Orders received in this division during the first nine months totaled EUR 384.1 million, which compares to EUR 227.1 million in 2009; an increase of 69.1 percent. With these numbers Robotics once again reached pre-crisis levels while simultaneously setting an all-time high for the first nine months of a year. Orders received in the Systems division also continued to grow: Systems was able to win orders worth EUR 524.6 million in 9M/10. This is an increase of 11.9 percent over last year's EUR 468.8 million in 9M/09.

The positive development in orders received was even stronger in the **third quarter of 2010** than the previous quarters. The figure achieved at the Group level was EUR 314.5 million, which represents 52.0 percent growth compared to the EUR 206.9 million in Q3/09. After the record quarter Q2/10, the Robotics division reported a strong third quarter that ended with another all-time high: EUR 137.7 million in Q3/10. Compared to the weak prior year's quarter (Q3/09: EUR 70.5 million), the division was able to nearly double its orders in the quarter just ended (+95.3 percent), while automotive sector orders even tripled (+206.1 percent). General industry (+53.8 percent) and service (+49.4 percent) also experienced a considerable increase in orders received. The Systems division's orders received rose from EUR 146.3 million in Q3/09 to EUR 195.6 million in Q3/10; an increase of 33.7 percent.

As expected, the upturn has taken some time to begin to reach this division. In view of a more balanced regional sales mix, the large orders from Thailand and Brazil stand out.

In line with significantly rising orders received, KUKA Group **sales revenues** also continued to increase, rising 15.0 percent in the first nine months from EUR 655.4 million last year to EUR 754.0 million in the current year. The Robotics division, more quickly impacted by changes in the economic cycle, once again made greater gains. Sales revenues in this division rose from EUR 244.0 million in 2009 to EUR 317.6 million in 2010; an increase of 30.2 percent. The Systems division posted a 9.6 percent increase in sales revenues in the first nine months, which came in at EUR 476.0 million compared to the previous year's EUR 434.4 million.

The development of **sales revenues in the third quarter of 2010** was similar. Sales revenues generated at the Group level grew by 25.8 percent to EUR 273.9 million from EUR 217.7 million in Q3/09. Sales revenues in the Robotics division in the current year total EUR 118.6 million, up more than fifty percent (58.1 percent) from EUR 75.0 million in Q3/09. In the same period, the Systems division posted sales revenues in the amount of EUR 172.1 million, a year-over-year plus of 13.5 percent compared to the EUR 151.6 million in Q3/09.

At 1.14, KUKA Group's book to bill ratio was unchanged compared to the first half of 2010 and was once again well above 1.

The increase in orders received correspondingly resulted in a higher **order backlog.** KUKA Group's order backlog climbed 7.2 percent from EUR 630.9 million at the end of June to EUR 676.3 million at the end of September, which represents an increase of 19.7 percent over the prior year's result at the end of September 2009. Within a period of one year, the order backlog in the Robotics division doubled, whereby longer supplier lead times due to increased orders are also responsible for the currently high order backlog. The Systems division's workload also increased, posting at EUR 527.6 million on September 30 of this year compared to EUR 489.5 million September 30, 2009. This ensures good capacity utilization for KUKA Group in both divisions well into 2011.

Thanks to the expanding sales volume and the effectively implemented measures to optimize the cost structure, KUKA Group's **earnings before interest and taxes (EBIT)** improved during the first nine months of the year and reached EUR 13.3 million. This includes special expenditures totaling EUR 4.4 million, primarily related to the holding company. In the same period the previous year, losses of EUR -28.0 million were reported as a result of the generally difficult business situation and because of special charges. Both divisions were able to generate positive results this financial year. The Robotics division achieved an EBIT of EUR 13.4 million in the first nine months of 2010 versus EUR -6.5 million in 9M/09, which represents an EBIT margin of 4.2 percent. The Systems division posted an EBIT of EUR 12.5 million in the same period compared to EUR -15.1 million in 9M/09, resulting in an EBIT margin of 2.6 percent.

KUKA Group **earnings before interest and taxes** in the **third quarter of 2010** were EUR 8.3 million versus EUR -5.1 million in Q3/09. The Robotics division generated an EBIT of EUR 7.2 million in the same period compared to the EUR -4.5 million posted in Q3/09; an EBIT margin of 6.1 percent. The Systems division's earnings contribution was EUR 4.9 million versus EUR 0.3 million in Q3/09, which resulted in an EBIT margin of 2.8 percent.

KUKA Group's **operating profit** is no longer the same as EBIT as a result of changes to the accounting rules (IAS 23R effect), as financing costs for long-term contracts must now be reported under manufacturing costs. These costs totaling EUR 3.3 million for the first nine months of 2010 are included in operating profit and not in EBIT. Operating profit in the first nine months of the current financial year is thus EUR 10.0 million, which compares to EUR -28.2 million in 9M/09.

The ongoing **cost reduction program** aims to generate EUR 65 to 70 million in recurring savings. Of this amount, savings of EUR 57.6 have already been achieved for fiscal 2009 and the first nine months of 2010 compared to the 2008 financial year. After nine months, more than 80 percent of the target has been reached and is therefore at the top end of the scheduled time frame.

The measures initiated in conjunction with the cost-cutting program comprise a significant reduction of structural and personnel costs by improving processes and organizational structures throughout the Group long term. This is apparent in the substantially lower overhead costs. For example, the entire process from order acceptance to customer payment has been reorganized and the interface between product management and product development redesigned. In addition, the purchasing functions have been restructured and the purchasing processes revised. Significant advances have also been made thanks to design-to-cost measures in the divisions.

Solid financing ensures profitable growth

KUKA used the last twelve months to streamline its structures and strengthen the Group's focus on future trends. This has created the basis for generating profitable and sustainable growth.

KUKA has been automating production processes for over 50 years. The company is now one of the world's leading suppliers of industrial robots and automation systems in all relevant markets. From its strong market position in the automotive industry, KUKA has expanded beyond this sector and into such markets as general industry. The company is active worldwide in all important industrial nations with a total of 26 sales and service companies. KUKA is a technology and innovation leader that stands for fast, customer-oriented solutions. Joining robotics expertise with project-focused plant engineering is making the company even more competitive.

KUKA has a business model based on two divisions which are active in the following markets according to their range of products and solutions:

- The Robotics division efficiently and economically manufactures industrial robots according to customer specifications (Industrial Robotics). Advanced Robotics develops innovative robot applications within and beyond the industry, i.e. for health care systems and assembly technology as well as for service robotics.
- The Systems division designs and builds highly flexible plants and systems for specific purposes, primarily for automotive body manufacturing, and is currently benefiting from its strong presence in the high-growth BRIC countries Brazil, Russia, India and China (engineering and plant construction). Demand for the division's expertise is also growing in sectors outside the automotive industry (General Industry). This segment business standardizes the expertise in plants and systems with special robot applications (Industrial Applications).

KUKA EQUITY

UPWARD TREND IN STOCK MARKETS CONTINUES

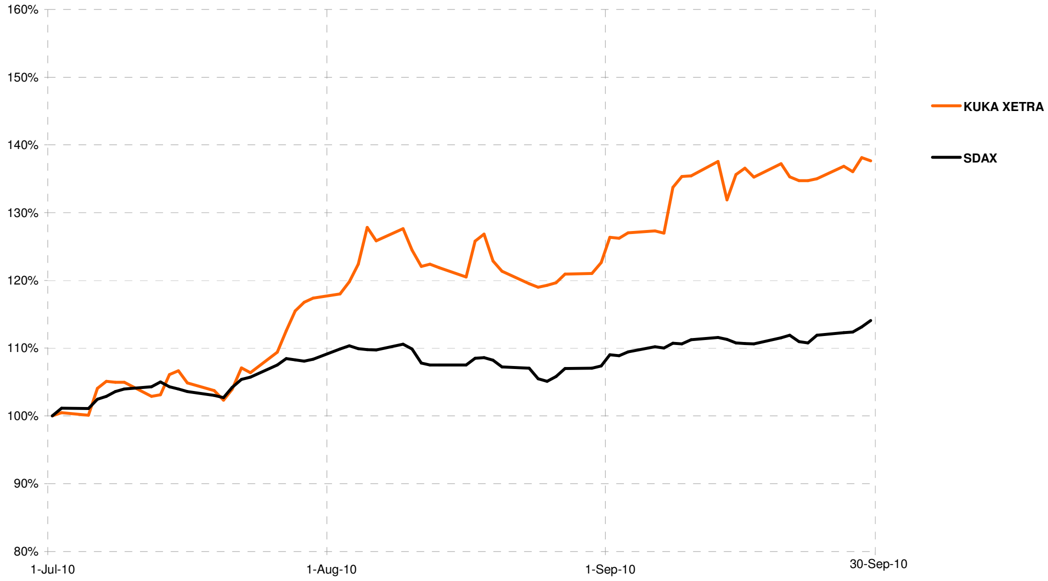
German stock markets continued their upward trend in the third quarter of 2010 in spite of worries about stability in the euro zone and a cooling down of the global economy. The DAX, the index of Germany's thirty largest listed companies, rose 4 percent in this period. Small and medium-size listed companies greatly benefited from German industry's strong recovery and made even more substantial gains in the third quarter of 2010 (MDAX: 10 percent; SDAX: 12 percent). Both of these indices experienced double-digit growth rates of 17 percent and 23 percent, respectively, in the first nine months of the year compared to the DAX's rather modest 5 percent.

KUKA SHARES OUTPERFORM

KUKA did much better in the third quarter of 2010 than the stock markets, even with their overall positive development. KUKA's share price improved in the period from July to September 2010 by around 37 percent and closed at EUR 14.00 on September 30. Some of the reasons for KUKA outperforming the SDAX were the positive impact from the successful capital increase at the end of June 2010 – a milestone for the extension of financing – and the raising of guidance on July 28, which sent the share price soaring. Whereas until now only a positive EBIT (before special items) was expected for the current financial year, thanks to the significantly improved business situation, the new outlook raised in the second quarter of this year now forecasts an EBIT (before special items of up to EUR 10 million) of EUR 20 to 30 million. KUKA's share price also rose sharply over the course of the year, and increased by approximately 17 percent (SDAX: 23 percent) in the first nine months of 2010.

The peer group of listed mechanical engineering companies also delivered very positive results and made considerable gains in the third quarter of 2010. The share prices of these peer group companies were up between +3 percent and +44 percent.

KUKA's share price performance from July to September 2010



GENERAL CONDITIONS

According to the International Monetary Fund's (IMF) latest World Economic Outlook, the economic recovery of the global economy continued in summer 2010 – even though the speed of recovery varied in large regions. With the exception of Germany, the large industrial nations in Europe and North America are suffering as a result of high national debt and weak consumption, while the emerging countries of Asia, South America and especially China have continued to grow dynamically.

This situation has created a new wave of demand for German exports, especially capital goods. In their fall reports, leading economic research institutes estimate that this will result in a year-over-year GDP growth rate of at least 3.5 percent for the current year; the last time Germany experienced growth of this magnitude was after reunification 20 years ago. This compares with economic recovery in euro zone that is expected to be only half as strong, with a growth rate forecast of 1.6 percent. Yet experts expect that the demand for exports will also decline in Germany as government incentive programs expire and also because of the strong Euro. This could bring GDP growth down to 2.0 percent in 2011. Even so, Germany's economic output will likely have reached pre-crisis levels by the end of 2011.

With the global demand for cars, the **automotive industry** is on the road to recovery. The largest growth impulses in this sector are coming from Asia, Russia and the United States. The European market is beginning to return to a more normal level after government car scrapping incentives have expired. Overall, in the words of German Automotive Industry Association (VDA) president Matthias Wissmann, the German automotive industry has been able to return to its pre-crisis production levels much more quickly than expected for these reasons.

By far, the greatest demand for cars at present is from China. According to the VDA, more than eight million vehicles have been sold in China since the beginning of the year. This represents a 38 percent increase over the previous year. Car sales also rose sharply in India (+32 percent), Japan (+20 percent) and Russia (+18 percent) in the first nine months of the current year. In the United States, car and light truck sales were still up 10 percent compared to last year, while demand from Western Europe and Eastern European countries dropped by 3 percent and 10 percent, respectively, in the same period compared to the previous year's high level. With exports up, the German automotive sector increased domestic production by 14 percent over the course of the year to 4.1 million vehicles, which is now just under the previous record level set in 2008.

The German **mechanical plant and engineering** sector is also benefiting from the speedy recovery of the world economy, especially from the current demand from emerging countries. According to the German Engineering Federation (VDMA), this was the reason for the 34 percent increase (price adjusted) in orders received by this industry in the first nine months of 2010 compared to the same period last year. At the same time, the expected production value for the current year was adjusted upward from quarter to quarter. In contrast to a stagnating value expected at the beginning of the year, the growth forecast was revised to 3 percent after the first six months, and again to 6 percent after the first nine months.

The **robotics and automation** sector experienced growth well above the average, with orders received skyrocketing 61 percent (price adjusted) in the first nine months of the current year according to VDMA. Sales at Japanese competitors rose 93 percent in the same period, but were still far below the pre-crisis levels of 2008 due to last year's dramatic slump. KUKA Robotics already exceeded pre-crisis levels in the first six months of 2010.

EARNINGS, FINANCIAL AND ASSETS SITUATION

In the **first nine months of 2010**, KUKA Group's consolidated sales revenues reached EUR 754.0 million; 15.0 percent more than the EUR 655.4 million generated in 9M/09. At 19.0 percent, gross margin, i.e. gross profit as a percent of sales revenues, remained at the same level as in the first six months of 2010 and the first nine months of 2009. Gross margin in the Robotics division was lower than the same period the previous year primarily due to the large share of sales from the automotive business in 2010 and special items in Q1/09. The Systems division's gross margin of 11.0 percent remained at the prior year's level; however, adjusted for IAS 23R, gross margin in the first nine months just ended was 11.7 percent. Overall, KUKA Group generated earnings before interest and taxes (EBIT) of EUR 13.3 million in the first nine months of 2010. This was due to higher sales revenues and success in the cost reduction program, while the preceding year's result was still influenced by extraordinary one-time expenses and capacity underutilization in the Robotics division (9M/09: EUR -28.0 million). The operating result, including financing costs for long-term orders, came in at EUR 10.0 million versus EUR -28.2 million in 9M/09.

KUKA Group's consolidated sales revenues in the **third quarter of 2010** totaled EUR 273.9 million; 25.8 percent higher than the EUR 217.7 million reported at the end of the third quarter of 2009. At 19.1 percent, gross margin remained at about the same level as the first half of 2010. In contrast, the gross margin of 17.1 percent reported at the end of the third quarter of 2009 was most negatively influenced by the underutilization in the Robotics division. Led by higher gross profit, KUKA Group generated earnings before interest and taxes (EBIT) in the third quarter of 2010 totaling EUR 8.3 million, which compares to the EUR -5.1 million posted in the same quarter the previous year.

The **net interest expense** of EUR -15.1 million in the first nine months of 2010 was EUR 11.8 million below the number for the same period in 2009, mainly due to the costs of the Syndicated Senior Facilities Agreement and higher interest rates for both cash and credit lines than last year. The net interest expense includes the interest expenses for the convertible bond in the amount of EUR 3.9 million, interest on pensions of EUR 2.6 million and interest income in connection with the finance lease associated with the KTPO pay-on-production contract in the United States.

Earnings before taxes (EBT) in the first nine months of the current financial year totaled EUR -5.1 million. This compares to EUR -31.5 million in 2009. As was the case in the second quarter of 2010, EBT was again positive in the third quarter, posting at EUR 0.6 million versus the negative EBT of EUR -5.9 million reported in the third quarter of 2009. The tax expense in the period under review was EUR 5.4 million, compared to EUR 6.8 million in 9M/09, and was primarily driven by earnings subject to taxation in the United States. **Earnings after taxes** in the first nine months totaled EUR -10.5 million, versus EUR -38.3 million in 9M/09.

In KUKA Group's **balance sheet**, non-current assets are EUR 7.1 million lower as of September 30, 2010 than on December 31, 2009. The lower capital expenditure in 2010 is a factor here. The increased business volume is reflected in the increase in **working capital**. Inventories rose accordingly, by EUR 53.3 million. Compared to the prior quarter, this represents a further increase of EUR 20.8 million. Trade receivables were also influenced by the expanding sales volume and increased by EUR 19.8 million compared to the end of the previous year. In parallel, the net difference in receivables and payables from manufacturing orders as of September 30, 2010 increased, to EUR 105.3 million versus EUR 69.7 million as of December 31, 2009. These factors were offset by higher down payments, which rose EUR 23.0 million, and trade payables, which were up EUR 42.9 million. The increase in other assets is due to higher value added tax receivables and accrued expenses in connection with the extension of the Syndicated Senior Facilities Agreement. The change in other liabilities is mainly attributable to higher liabilities during the year in the personnel area (e.g. vacation entitlements) and the valuation of foreign currency hedging transactions. The decline in other accruals from EUR 111.1 million to EUR 92.2 million largely reflects that implementation of the restructuring program is on schedule. As of September 30, 2010, there are still accruals totaling EUR 8.3 million. On December 31, 2009, these accruals amounted to EUR 22.7 million.

The **equity ratio** rose from 22.1 percent on December 31, 2009 to 23.9 percent, primarily because of the net capital increase of EUR 42.0 million implemented in June 2010. Currency effects, particularly the exchange rate difference between the US dollar and the Euro, had a positive impact of EUR 4.8 million on equity. Earnings after taxes of EUR -10.5 million for the first nine months and the actuarial losses of EUR -6.4 recognized in equity associated with pension obligations had a negative impact. Overall, equity rose from EUR 160.8 million on December 31, 2009 to EUR 191.5 million as of September 30, 2010.

The Group's **net debt**, i.e. liquid assets minus current and non-current financial liabilities, was EUR 64.4 million as of September 30, 2010. Also included in this are accrued financing costs totaling EUR 7.0 million in connection with the Syndicated Senior Facilities Agreement. On December 31, 2009, net debt was EUR 48.5 million. The higher net debt is largely attributable to the increase in working capital resulting from the increased order volume. Payments totaling EUR 17,9 million associated with one-time expenses including restructuring measures also led to a corresponding reduction of liability items in working capital.

Cash flow from operating activities was EUR -39.1 million, which, in spite of being a significant improvement, was still below the EUR -17.7 million reported for the first nine months of 2009. This is primarily due to the financing of working capital that was necessary because of business performance. Operating cash flow also includes payments totaling EUR 17.9 million (cf. last paragraph). Excluding these payments, cash flow from operating activities is EUR -20.6 million.

Taking into account the much lower cash flow from investments totaling EUR -6.6 million, which compares to EUR -15.9 million at the end of 9M/09, **free cash flow** came in at EUR -45.7 million, versus EUR -33.6 million the same period last year. **Cash flow from financing activities** was reported at EUR 24.3 million, compared to EUR 36.3 the same period in 2009. This result reflects the capital increase and the drop in current liabilities.

EMPLOYEES

The number of **persons employed** by KUKA Group compared to the previous year was influenced by the cost reduction program and by the significant improvement in the order situation in the prior quarter. As of September 30, 2010, the company had 5,850 employees. This is 59 persons less than the prior year's corresponding period end date, and 76 persons more than the period ending June 30, 2010. The improved order situation is also reflected in the increased utilization of temporary workers; their number grew from 667 to 753 in the third quarter. Of these temporary workers, 344 are active at US companies.

The change in the number of persons employed by the two divisions varied greatly. Within the scope of the ongoing cost reduction program, the Systems division reduced staff levels at the Augsburg location in a socially responsible manner and increased capacities in Asia and the United States to handle the higher number of orders received in these regions. As of September 30, 2010, this division had 3,409 employees, 242 less than at the close of 2009. Of these, 144 left the company as a result of the sale/closure of the French locations.

The staff structure in the Robotics division as well recognizably changed. Administrative staff was reduced as part of the cost reduction program and increased in manufacturing in line with the changing demand. In Hungary, the number of employees increased by 267 to 700 in control cabinet assembly alone compared to the end of last year. Altogether, the Robotics division had added 240 employees by September 30, 2010 compared to the end of 2009, and 194 compared to the same date a year earlier. At the end of September 2010, there were 2,249 employees in this division.

DEVELOPMENTS IN THE DIVISIONS

ROBOTICS, KEY FIGURES

€ million	9 Months 2010	9 Months 2009	Change
Orders received	384.1	227.1	69.1%
Order backlog (09/30)	165.3	82.6	100.1%
Sales revenues	317.6	244.0	30.2%
Gross profit	85.2	75.3	13.1%
in % of sales revenues	26.8%	30.9%	-
Earnings before interest and taxes (EBIT)	13.4	-6.5	-
in % of sales revenues	4.2%	-2.7%	-
Employees (09/30)	2,249	2,055	9.4%

€ million	3rd Quarter 2010	3rd Quarter 2009	Change
Orders received	137.7	70.5	95.3%
Order backlog (09/30)	165.3	82.6	100.1%
Sales revenues	118.6	75.0	58.1%
Gross profit	32.3	19.4	66.5%
in % of sales revenues	27.2%	25.9%	-
Earnings before interest and taxes (EBIT)	7.2	-4.5	-
in % of sales revenues	6.1%	-6.0%	-
Employees (09/30)	2,249	2,055	9.4%

KEY FIGURES, 9 MONTHS: ROBOTICS

Business performance was particularly satisfying in the Robotics division, which is more quickly affected by changes in the economic cycle and benefited from strong demand led by the automotive sector. Orders received in this division during the first nine months of 2010 totaled EUR 384.1 million compared to last year's EUR 227.1 million. This is an increase of 69.1 percent and represents an all-time high for Robotics in the first nine months of 2010. Once again, most of the increase is attributable to blanket orders from European carmakers such as Audi.

Higher orders received in the first half year of 2010 had a positive effect on sales revenues, which were up 30.2 in the first nine months from EUR 244.0 million in 2009 to EUR 317.6 million in 2010. The book to bill ratio was again at a high level, up from 0.93 last year to 1.21 in the first nine months of this year, guaranteeing high capacity utilization for the next few quarters.

As of September 30, 2010, the Robotics division's order backlog reached a high of EUR 165.3 million and was 12.8 percent higher than on the prior quarter's closing date and 100.1 percent above last year's level. Part of the reason for the high order backlog are the longer supplier lead times due to increased orders.

Robotics generated earnings before interest and taxes (EBIT) of EUR 13.4 million in the first nine months of the current year versus EUR -6.5 million last year. The significant improvement in the earnings position compared to last year is attributable to the substantially higher sales volume this year, which has led to considerably better production capacity utilization in the division, but it is also a result of the ongoing cost reduction program. The division's gross margin is still at 26.8 percent as a result of the relatively high share of automotive sector orders and special items in Q1/09. Last year gross margin was at 30.9 percent. With the growing share of orders from general industry, the gross margin is expected to improve once again in the coming year. Moreover, after the launch of the new Quantec generation of industrial robots, with new controllers and mechanics starting in 2011, further manufacturing cost advantages and performance improvements are expected, which should have a positive effect on margins. In the first nine months of 2010, Robotics had an EBIT margin of 4.2 percent versus -2.7 percent the year prior.

Please refer to the discussion in the section on employees concerning the changed staff structure in the Robotics division.

Q3 KEY FIGURES: ROBOTICS

The Robotics division's **orders received** in the third quarter of 2010 reached another all-time high at EUR 137.7 million after the record set in Q2/10 of EUR 131.7 million and nearly doubled (+95.3 percent) compared to the weak prior year's third quarter. This delightful development is primarily due to the significantly higher demand from the automotive industry as European manufacturers continued to place major blanket orders. General industry and service also took in more orders compared to last year.

The rising orders received continued to drive the Robotics division's **sales revenues** up, which grew in the third quarter from EUR 75.0 million the previous year to EUR 118.6 million the current year. This is an increase of 58.1 percent over last year and 5.1 percent over the EUR 112.8 million generated in the second quarter of this year. The book to bill ratio remained unchanged at the high level of 1.16 versus 0.94 reported for Q3/09. The order backlog rose even higher as a result.

The Robotics division's **order backlog** was EUR 165.3 million as of September 30, 2010. This is up 12.8 percent compared to the previous quarter and 100.1 percent higher than the EUR 82.6 posted on the same period end date last year. The order backlog in this division thus doubled within a period of one year.

The Robotics division generated **earnings before interest and taxes (EBIT)** of EUR 7.2 million in the third quarter of 2010, once again corresponding to an EBIT margin of 6.1 percent. EBIT generated in the third quarter of 2009 was EUR -4.5 million. Gross profit increased year-over-year for the first time both in absolute and relative terms.

ORDERS RECEIVED BY SEGMENT: ROBOTICS

€ million	9 Months 2010	9 Months 2009	Change
Automotive	170.7	66.6	156.3%
General Industry	144.2	104.6	37.9%
Service	69.2	55.9	23.8%
Total Robotics	**384.1**	**227.1**	**69.1%**

€ million	3rd Quarter 2010	3rd Quarter 2009	Change
Automotive	60.3	19.7	206.1%
General Industry	52.6	34.2	53.8%
Service	24.8	16.6	49.4%
Total Robotics	**137.7**	**70.5**	**95.3%**

Orders received from the automotive industry by the Robotics division more than doubled year-over-year in the first nine months of 2010. This represents growth of 156.3 percent, from EUR 66.6 million the previous year to EUR 170.7 million in the current year. The division benefited from strong capital spending, particularly by the automotive industry for new vehicle models and manufacturing systems after the end of the economic crisis. General industry, where orders were not nearly as negatively affected by the economic downturn, also placed an increasing number of orders.

In a comparison of quarters, order growth in the individual market segments was – as in the prior quarter – very impressive. A strong third quarter 2010 with a record order value of EUR 137.7 million once again compares with a weak prior year's third quarter where the respective figure was EUR 70.5 million.

KEY FIGURES: SYSTEMS

€ million	9 Months 2010	9 Months 2009	Change
Orders received	524.6	468.8	11.9%
Order backlog (09/30)	527.6	489.5	7.8%
Sales revenues	476.0	434.4	9.6%
Gross profit	52.3	48.3	8.3%
in % of sales revenues	11.0%	11.1%	-
Earnings before interest and taxes (EBIT)	12.5	-15.1	-
in % of sales revenues	2.6%	-3.5%	-
Employees (09/30)	3,409	3,651	-6.6%

€ million	3rd Quarter 2010	3rd Quarter 2009	Change
Orders received	195.6	146.3	33.7%
Order backlog (09/30)	527.6	489.5	7.8%
Sales revenues	172.1	151.6	13.5%
Gross profit	17.8	17.8	0.0%
in % of sales revenues	10.3%	11.7%	-
Earnings before interest and taxes (EBIT)	4.9	0.3	-
in % of sales revenues	2.8%	0.2%	-
Employees (09/30)	3,409	3,651	-6.6%

KEY FIGURES, 9 MONTHS: SYSTEMS

The Systems division's **orders received** rose by 11.9 percent in the first nine months, from EUR 468.8 million in 2009 to EUR 524.6 million in 2010. This division also benefited from strong capital spending coming from the automotive sector, among other things, on new manufacturing systems in the emerging countries of Asia and South America. The car body assembly line business, car body production for the Jeep Wrangler in the United States (KTPO) and press tools were most affected by the satisfying business situation. The general industry business was awarded the first contract from Canada to build a number of assembly lines to produce solar modules.

The Systems division's **sales revenues** increased in the period under review, continuing the previous quarter's trend. Overall, the division's sales revenues came in at EUR 476.0 million in the first nine months of 2010, which is an increase of 9.6 percent compared to the previous year's EUR 434.4 million. Compared to last year's book to bill ratio of 1.08, the book to bill ratio in this period rose to 1.1 and remained well above 1. The division's order backlog rose accordingly.

The Systems division's **order backlog** was EUR 527.6 million at the end of September of this year. The division's workload grew by 5.7 percent compared to the previous quarter; compared to the same period end date last year on September 30, 2009, it increased 7.8 percent from EUR 489.5 million.

In the first nine months of 2010, the division generated **earnings before interest and taxes (EBIT)** of EUR 12.5 million. The prior year's negative EBIT of EUR -15.1 million was still strongly impacted by special accruals for the closure/sale of two French locations. The Systems division achieved an EBIT margin of 2.6 percent in the first nine months of the current year.

Please refer to the discussion in the section on employees concerning the changed staff structure in the Systems division.

Q3 KEY FIGURES: SYSTEMS

Orders received by the Systems division climbed in the third quarter from EUR 146.3 million last year to EUR 195.6 million this year. This represents a year-over-year increase of 33.7 percent. As expected, the upturn has taken some time to begin to reach the Systems division. In view of a more balanced regional sales mix, the large orders from Thailand and Brazil stand out.

The division's **sales revenues** reached EUR 172.1 million in the third quarter of this year, 13.5 percent higher than the EUR 151.6 generated in Q3/09. The book to bill ratio rose in the reporting period to 1.14, whereas this was under 1 last year with a ratio of 0.97 reported for Q3/09.

The Systems division generated **earnings before interest and taxes (EBIT)** of EUR 4.9 million, which compares to the very slightly positive results for Q3/09 of EUR 0.3 million. The EBIT margin increased accordingly to 2.8 percent.

RESEARCH AND DEVELOPMENT, CAPITAL EXPENDITURES

KUKA Group's **research and development** expenses for the first nine months of 2010 were down to EUR 22.1 million from the prior year's EUR 27.5 million, mainly because of a reduction in third-party services. It is important to KUKA to retain the research expertise that resides with its employees, in spite of any necessary cost adjustments. The decline in spending was also due to the fact that a number of projects related to the development of the new generation of industrial robots were completed with the launch. Spending on research and development will begin to increase again as new applications are targeted and new markets penetrated. Some examples here include applications based on lightweight robots for assembly and applications in the health care sector. By far the largest share of R&D expenses is attributable to the Robotics division, which accounts for 95 percent of these. The Systems division does the majority of its development work to satisfy customer orders.

KUKA Group's **capital expenditures** declined in the first nine months of 2010 as a result of the successful implementation of optimization measures. The company spent EUR 8.0 million on property, plant and equipment and intangible assets – primarily as part of capital spending on replacements – in the first three quarters; EUR 4.1 million of this was spent on the Systems division and EUR 3.4 million went to the Robotics division. A total of EUR 16.0 million was spent in the first nine months of the previous year.

RISK MANAGEMENT

In the third quarter of 2010, the Group's financial risk compared to the end of 2009 was reduced after it successfully completed the capital injection required by the agreement on the extension of financing.

There were no material differences in other risks compared to the end of 2009.

OUTLOOK

The 2010 financial year is one of transformation for KUKA. Continued cost structure optimization and further development of the corporate strategy will be the basis for generating sustainable profitable growth.

Based on the business growth in the first nine months of 2010, the Group is expecting to surpass the threshold of EUR 1 billion in sales in 2010 overall, provided general conditions remain stable. As a result, EBIT is expected to come in at between EUR 20 and 30 million, although currently it is estimated that restructuring expenses of about EUR 10 million will have to be deducted from this result.

INTERIM REPORT (CONDENSED)

GROUP CONSOLIDATED INCOME STATEMENT

€ million	9 Months 2010	9 Months 2009
Sales revenues	**754.0**	**655.4**
Cost of sales	-610.9	-528.7
Gross profit	**143.1**	**126.7**
Selling expenses	-59.5	-59.0
Research and development expenses	-22.1	-27.5
General and administrative expenses	-57.5	-55.4
Other operating income	30.5	13.2
Other operating expenses	-24.5	-26.2
Result from operating activities	**10.0**	**-28.2**
Reconciliation to earnings before interest and taxes (EBIT)		
Financing costs included in cost of sales	3.3	0.2
Earnings before interest and taxes (EBIT)	**13.3**	**-28.0**
Net interest income	**6.7**	8.1
Net interest expense	-21.8	-11.4
Financial results	**-15.1**	**-3.3**
Earnings before tax	**-5.1**	**-31.5**
Taxes on income	-5.4	-6.8
Net result	**-10.5**	**-38.3**
thereof minority interests in profits	0.0	-0.1
thereof shareholders of KUKA AG	-10.5	-38.2
Earnings per share (diluted/undiluted)	**-0.36**	**-1.52**

COMPREHENSIVE INCOME

€ millions	9 Months 2010	9 Months 2009
Earnings after taxes	**-10.5**	**-38.3**
Translation adjustments	4.8	-3.1
Changes of actuarial gains and losses	-8.1	-6.2
Deferred taxes on changes of acturial gains and losses	1.7	1.9
Other comprehensive income	**-1.6**	**-7.4**
Comprehensive income	**-12.1**	**-45.7**
of which: attributable to minority interests	0.0	-0.1
of which: attributable to shareholders of KUKA AG	-12.1	-45.6

GROUP CONSOLIDATED INCOME STATEMENT

€ million	3rd Quarter 2010	3rd Quarter 2009
Sales revenues	**273.9**	**217.7**
Cost of sales	-221.6	-180.4
Gross profit	**52.3**	**37.3**
Selling expenses	-20.2	-18.9
Research and development expenses	-7.3	-7.5
General and administrative expenses	-20.3	-17.2
Other operating income	5.0	5.7
Other operating expenses	-2.9	-4.6
Result from operating activities	**6.6**	**-5.2**
Reconciliation to earnings before interest and taxes (EBIT)		
Financing costs included in cost of sales	1.7	0.1
Earnings before interest and taxes (EBIT)	**8.3**	**-5.1**
Net interest income	2.2	3.4
Net interest expense	-8.2	-4.1
Financial results	**-6.0**	**-0.7**
Earnings before tax	**0.6**	**-5.9**
Taxes on income	-0.8	3.6
Net result	**-0.2**	**-2.3**
thereof minority interests in profits	0.0	0.0
thereof shareholders of KUKA AG	-0.2	-2.3
Earnings per share (diluted/undiluted)	**-0.01**	**-0.10**

COMPREHENSIVE INCOME

€ millions	3rd Quarter 2010	3rd Quarter 2009
Earnings after taxes	**-0.2**	**-2.3**
Translation adjustments	-9.0	-3.0
Changes of actuarial gains and losses	-3.1	-2.8
Deferred taxes on changes of acturial gains and losses	0.8	1.2
Other comprehensive income	**-11.3**	**-4.6**
Comprehensive income	**-11.5**	**-6.9**
of which: attributable to minority interests	0.0	0.0
of which: attributable to shareholders of KUKA AG	-11.5	-6.9

CONSOLIDATED CASH FLOW

€ million	9 Months 2010	9 Months 2009
Net result	**-10.5**	**-38.3**
Depreciation/amortization on intangible assets	**5.7**	5.3
Depreciation/amortization on tangible assets	11.3	13.0
Other non-payment-related income	-6.8	-1.7
Other non-payment-related expenses	11.0	7.5
Cash Earnings	**10.7**	**-14.2**
Result on the disposal of assets	-0.2	-0.4
Changes in provisions	-20.8	-9.3
Changes in current assets and liabilities:		
Changes in inventories	-51.8	15.7
Changes in receivables and deferred charges	-32.4	97.5
Changes in liabilities and deferred charges (without debts)	55.4	-107.0
Cash flow from operating activities	**-39.1**	**-17.7**
Payments from disposals of fixed assets	1.4	1.0
Payments for capital expenditure on tangible and intangible assets	-1.8	-5.9
Payments for investments in financial assets	-6.2	-10.1
Payments for the acquisition of a finance lease receivable	0.0	-0.9
Cash flow from investing activities	**-6.6**	**-15.9**
Free cash flow	**-45.7**	**-33.6**
Payment for capital increase	42.8	0.0
Payment for repaying liabilities due to banks and liabilities similiar to bonds	-18.5	36.3
Cash flow from financing activities	**24.3**	**36.3**
Payment-related change in cash and cash equivalents	**-21.4**	**2.7**
Exchange-rate-related and other changes in cash and cash equivalents	1.7	-0.1
Change in cash and cash equivalents	**-19.7**	**2.6**
Cash and cash equivalents at the beginning of the period (01/01)	61.2	41.3
Cash and cash equivalents at the end of the period (09/30)	**41.5**	**43.9**

CONSOLIDATED BALANCE SHEET

ASSETS

€ million	09/30/2010	12/31/2009
Non-Current assets		
Fixed assets		
Intangible assets	75.4	79.2
Tangible assets	85.4	90.2
Financial investments and investments in associates	1.0	1.0
	161.8	**170.4**
Long-term finance lease receivables	**77.1**	**75.8**
Long term tax receivables	**10.7**	**10.3**
Other long-term receivables and other assets	**10.6**	**10.0**
Deferred taxes	**25.0**	**25.8**
	285.2	**292.3**
Current assets		
Inventories	**157.1**	**103.8**
Receivables and other assets		
Trade receivables	134.0	114.2
Receivables from construction contracts	141.2	124.3
Current finance lease receivables	4.0	3.5
Current tax receivables	3.6	9.8
Other assets, prepaid expenses and deferred charges	34.7	17.1
	317.5	**268.9**
Cash and cash equivalents	**41.5**	**61.2**
	516.1	**433.9**
	801.3	**726.2**

EQUITY AND LIABILITIES

€ million	09/30/2010	12/31/2009
Equity	**191.5**	**160.8**
Non-current liabilities, provisions and accruals		
Non-current financial liabilities	65.8	63.8
Other non-current liabilities	13.6	16.0
Pensions and similiar obligations	76.9	70.1
Deferred taxes	14.1	18.8
	170.4	**168.7**
Current liabilities		
Current financial liabilities	40.1	45.9
Trade payables	116.2	73.3
Advances received	50.1	27.1
Liabilities from construction contracts	35.9	54.6
Accounts payable to affiliated companies	0.0	0.1
Other current liabilities and deferred income	15.6	14.9
Provision for taxes	89.3	69.7
Other provisions	92.2	111.1
	439.4	**396.7**
	801.3	**726.2**

CHANGES TO GROUP EQUITY

	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Revenue reserves: Translation gains/ losses in € millions	Revenue reserves: Actuarial gains and losses in € millions	Revenue reserves: Annual net income and other revenue reserves in € millions	Equity to shareholders in € millions	Minority interests in € millions	Total in € millions
01/01/2010	**27,932,650**	**76.1**	**47.0**	**-27.9**	**-9.9**	**2.1**	**72.0**	**159.4**	**1.4**	**160.8**
Comprehensive income					4.8	-6.4	-10.5	-12.1	0.0	-12.1
Capital increase	4,655,441	12.1	29.9					42.0		42.0
Employees' share programme							0.8	0.8		0.8
Other changes						**1.2**	-1.2	0.0		0.0
09/30/2010	**32,588,091**	**88.2**	**76.9**	**-27.9**	**-5.1**	**-3.1**	**61.1**	**190.1**	**1.4**	**191.5**

	Number of shares outstanding	Subscribed capital in € millions	Capital reserve in € millions	Treasury stock in € millions	Revenue reserves: Translation gains/ losses in € millions	Revenue reserves: Actuarial gains and losses in € millions	Revenue reserves: Annual net income and other revenue reserves in € millions	Equity to shareholders in € millions	Minority interests in € millions	Total in € millions
01/01/2009	**25,272,660**	**69.2**	**26.5**	**-27.9**	**-8.5**	**6.9**	**145.8**	**212.0**	**1.5**	**213.5**
Comprehensive income					-3.1	-4.3	-38.2	-45.6	-0.1	-45.7
Capital increase								0.0		0.0
Employees' share programme							0.3	0.3		0.3
Other changes							-0.1	-0.1		-0.1
09/30/2009	**25,272,660**	**69.2**	**26.5**	**-27.9**	**-11.6**	**2.6**	**107.8**	**166.6**	**1.4**	**168.0**

NOTES ON THE QUARTERLY REPORT (CONDENSED)

GROUP SEGMENT REPORT

	Robotics		Systems		KUKA AG and other companies		Reconciliation and consilidation		Group	
€ million	9 Months 2010	9 Months 2009	9 Months 2010	9 Months 2009	9 Months 2010	9 Months 2009	9 Months 2010	9 Months 2009	9 Months 2010	9 Months 2009
Group external sales revenues	278.5	222.6	474.9	432.3	0.6	0.5	0.0	0.0	754.0	655.4
as a % of Group sales revenues	36.9%	34.0%	63.0%	66.0%	0.1%	0.1%	0.0%	0.0%	100.0%	100%
Intra-Group sales	39.1	21.4	1.1	2.1	6.8	6.4	-47.0	-29.9	-	-
Sales revenue by division	**317.6**	**244.0**	**476.0**	**434.4**	**7.4**	**6.9**	**-47.0**	**-29.9**	**754.0**	**655.4**
Result from operating activities	**13.4**	**-6.5**	**9.2**	**-15.3**	**-18.7**	**-6.3**	**6.1**	**-0.1**	**10.0**	**-28.2**
Financing costs included in cost of sales	-	-	3.3	0.2	-	-	-	-	3.3	0.2
Earnings before interest and taxes (EBIT)	**13.4**	**-6.5**	**12.5**	**-15.1**	**-18.7**	**-6.3**	**6.1**	**-0.1**	**13.3**	**-28.0**
EBIT as a % of sales revenues of the division	4.2%	-2.7%	2.6%	-3.5%	-	-	-	-	1.8%	-4.3%
EBIT as a % of Group external sales revenues	4.8%	-2.9%	2.6%	-3.5%	-	-	-	-	1.8%	-4.3%
Assets (9/30/2010 / 12/31/2009)	261.3	199.9	471.9	436.3	218.4	170.2	-227.6	-177.5	724.0	628.9
Payroll (9/30)	2,249	2,055	3,409	3,651	192	203	-	-	5,850	5,909

IFRS/IAS ACCOUNTING STANDARDS

KUKA Aktiengesellschaft, headquartered in Augsburg, elected to prepare condensed interim financial statements for the period ending September 30, 2010 in line with the IAS 34 Interim Financial Reporting guidelines as adopted by the European Union. The condensed interim report should be read in conjunction with the Group's consolidated financial statements to December 31, 2009.

The consolidated financial statements for 2009 were prepared according to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) as well as the International Financial Reporting Interpretation Committee (IFRIC). The applied accounting principles were applicable and approved by the European Union and were stipulated in Article 315a, paragraph 1 of the German Commercial Code (HGB).

SCOPE OF CONSOLIDATION

The Group interim report contains forty-four companies, the same as on the December 31, 2009 period end. In addition to KUKA Aktiengesellschaft, it includes six companies registered inside Germany and thirty-seven firms domiciled outside Germany, for which KUKA Aktiengesellschaft either directly or indirectly holds majority voting rights.

ACCOUNTING AND VALUATION POLICIES

The same valuation methodology and accounting principles as those used for the consolidated financial statements for the business year ending 2009 were applied in preparing this consolidated interim report, with the exception of the changes described in the following. For further information, please refer to the consolidated financial statements dated December 31, 2009, which form the basis of the interim report presented here. The consolidated financial statements for the business year 2009 are also available on the Internet at www.KUKA.com.

CHANGES TO ACCOUNTING AND VALUATION POLICIES

Due to the way the corporation is internally managed and to increase transparency compared to the 2009 consolidated financial statements, the structure of the income statement has been changed to provide a bridge from operating profit to earnings before interest and taxes (EBIT). The line item "Financing costs included in sales" applies to accrued financing expenses as outlined in IAS 23R. The prior year's numbers were shown accordingly.

The following new standards and interpretations have become mandatory since the start of the 2010 financial year:

- IFRS 3 (rev. 2008) – business combinations and IAS 27 (2008) – consolidated and separate financial statements
- IFRS 1 (rev. 2008) – first-time adoption of IFRSs (revised)
- Amendment to IAS 39 – financial instruments: recognition and measurement – eligible hedged items
- IFRIC 12 – service concession arrangements
- IFRIC 15 – agreements regarding the construction of properties
- IFRIC 16 – hedging a net investment in a foreign business operation
- IFRIC 17 – distribution of non-cash assets to owners
- IFRIC 18 – transferring assets from customers
- Amendment to IFRS 1 – additional exemptions for first-time adopters
- Amendment to IFRS 2 – group cash-settled share-based remuneration
- Improvements to IFRSs (2009)**
- Improvements to IFRSs (2010)*,***

* conditional upon endorsement by the European Union

** affects the following standards: IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16

*** affects the following standards: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13

The new standards and interpretations are not applicable to or have little impact on KUKA's consolidated statements.

SHARE-BASED COMPENSATION

KUKA employees of the German companies were able to acquire KUKA shares as part of an employee share program. Based on a staggered holding period of one, three and five years, employees are credited with a bonus share for every ten KUKA shares purchased. In addition to the subscribed shares, employees were granted additional 50 percent shares as an incentive. The number of incentive shares was limited to 75,000 for all employees. KUKA employees acquired a total of 150,195 shares.

EARNINGS PER SHARE

Undiluted/diluted earnings per share break down as follows:

		9 Months 2010	9 Months 2009
Net result attributable to shareholders of KUKA AG	in € millions	-10.5	-38.2
Weighted average number of shares outstanding	shares	29,570,676	25,272,660
Earnings per share	**in €**	**-0.36**	**-1.51**

Undiluted earnings per share are calculated on the basis of Group consolidated net result and the weighted average number of shares outstanding for the year, in accordance with IAS 33.

In the first nine months of 2009, the weighted average number of shares in circulation was 25.3 million. The capital increase in November 2009 and June 2010 increased the weighted average number of shares outstanding in the first nine months 2010 to 29.6 million.

CAPITAL INCREASE IN NOVEMBER 2009 AND JUNE 2010

In November 2009 the share capital of KUKA Aktiengesellschaft was raised under exclusion of shareholder subscription rights by means of a partial utilization of authorized capital in the amount of EUR 6,915,974.00 to EUR 76,075,974.00 in exchange for cash contributions. 2,659,990 bearer shares were issued at the issue price of EUR 2.60 per share and at the offer price of EUR 10.50 per share. The difference between the offer price and issue price is reported in the capital reserve, taking into account commissions and taxes.

In June 2010, a rights issue consisting of 4,655,441 shares was placed. KUKA Aktiengesellschaft's equity is thus now EUR 88,180,120.60. The recapitalization was implemented by issuing rights with a ratio of 6:1. At an issue price of EUR 2.60 per share, the subscription price was EUR 9.75. The difference between the subscription price and issue price is reported in the capital reserve, taking into account commissions and taxes. Including directly attributable transaction costs the capital injected as a result of the capital increase was EUR 42.8 million.

The total capital injected as a result of the capital increases was EUR 73.3 million.

The share capital is subclassified into 33,915,431 no-par value bearer shares. Each share is equal to one vote. The company bought back 1,327,340 shares in 2008. There are thus 32,588,091 shares in circulation as of September 30, 2010.

IAS 19 EMPLOYEE BENEFITS

The balance sheet employee benefits account rate of return of 5.4 percent p.a. effective December 31, 2009 was adjusted to 4.3 percent p.a. for German companies as of September 30, 2009 in accordance with IAS 19, which resulted in actuarial losses totaling EUR 7.4 million. The account rate of return of 5.75 percent p.a. effective December 31, 2009 was adjusted to 5.0 percent p.a. for the North American companies as of September 30, 2010. The actuarial result was reported under equity as an income-neutral sum of EUR 6.4 million in consideration of deferred taxes.

RESTRUCTURING

In 2009, the company decided upon and announced an extensive restructuring plan that will affect the entire Group. Execution of the plan started in 2009 and continued as planned during the first nine months of 2010. Financial obligations related to the restructuring program as of December 31, 2009 totaled EUR 22.7 million. As of September 30, 2010, the financial obligations total EUR 8.3 million, of which EUR 6.9 million are allocated to the Systems division and EUR 1.0 million to the Robotics division.

SYNDICATED SENIOR FACILITIES AGREEMENT

In March 2010, KUKA Aktiengesellschaft successfully concluded an agreement on amending the Syndicated Senior Facilities Agreement totaling EUR 336.0 million, of which EUR 146.0 million is a cash credit line and EUR 190.0 million a working capital guarantee. The contract includes various covenants and conditions. This includes successfully implementing KUKA Group's restructuring plan, refinancing the existing convertible bond and honoring various financial and non-financial covenants. Another condition was the injection of equity or capital similar to equities. This condition was fulfilled after completion of the recapitalization.

Key covenants relate to earnings before interest, taxes and depreciation (EBITDA), debt and equity. The extension of the Syndicated Senior Facilities Agreement resulted in a number of expenses, which are recognized in the financial result. Expenses directly associated with the new contract were accrued for at the time of the contract extension and will be recognized in the financial result over the expected lifetime.

The receivables of the bank syndicate related to the financing agreement are collateralized by KUKA companies. Among other things, the collateral package includes a registered land charge on the industrial site in Augsburg totaling EUR 70.0 million, charges on business interests and KUKA's treasury shares, patent and trademark rights, property located in Germany, corporate income tax imputation credits, as well as other assets including blanket assignments and transfers by way of securities.

SEGMENT REPORTING

The internal reporting and organizational structure subdivides KUKA into the KUKA Robotics and KUKA Systems segments. Key financial indicators are determined for both segments. Earnings before interest and taxes (EBIT) is used as the key indicator in regard to managing segment profits.

KUKA Nordic AB, Västra Frölunda, Sweden, is allocated to the Robotics segment as of 2010 due to its sales structure. This does not impair comparability with the previous year.

The main elements of the segment reports are contained in the management report on the operating business divisions Robotics and Systems, as well as in the tables at the beginning of the notes to the quarterly report.

CASH FLOW STATEMENT

The cash flow statement shows changes to KUKA Group's liquidity position in accordance with IAS 7. The amount recognized as cash and cash equivalents comprises bank balances, checks and cash on hand.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There has been no material change in other financial obligations and contingent liabilities since December 31, 2009.

RELATED PARTIES

There have been no changes in dealings with related persons or companies since December 31, 2009.

In total, the value of goods and services supplied to related parties in the first nine months of the financial year was EUR 5.5 million. The goods and services received by the Group from related parties were worth EUR 11.3 million. As of September 30, 2010, receivables totaled EUR 2.0 million and liabilities EUR 1.8 million. The market oriented transfer prices are in accordance with the "dealing at arm's length" principle.

EVENTS OF MAJOR IMPORTANCE AFTER THE END OF THE REPORTING PERIOD

There were no events of material significance after the close of the reporting period.

Augsburg, November 5, 2010

The Executive Board

Dr. Till Reuter Dr. Walter Bickel Stephan Schulak

Note:

The Group interim report contains forward-looking statements based on assumptions and estimates made by the management of KUKA Aktiengesellschaft. Although management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results could deviate significantly from these assumptions and estimates due to a variety of different factors. Some of these factors could, for example, include a change in the overall economic climate, exchange rates and interest rates, as well as changed conditions in the markets themselves. KUKA Aktiengesellschaft makes no guarantees that future developments and actual future results will align with the assumptions and estimates contained in this report, nor does it accept any liability for same.

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