

- ▶ Wincor Nixdorf uses its know-how to transfer solutions between sectors
- ▶ Services available 24/7 around the globe
- ▶ Increasingly in charge of entire business processes
- ▶ Customer base includes 18 of the world's 25 largest banks, 17 of the world's 25 largest retailers
- ▶ 7,000 visitors at our showcase "Wincor World" trade event
- ▶ Widespread trend toward more self-service solutions helps to drive business

COMPLETE SOLUTIONS FROM WINCOR NIXDORF: AUTOMATICALLY GOOD, EVERY TIME.

Consumers come into contact with the striking logo with the red stripe in the middle on an almost daily basis: it adorns the ATMs in their bank, the customer display at their local store checkout or the reverse vending system in their supermarket. In post office branches, specialist systems facilitate the package acceptance process, while in lottery sales outlets, Wincor Nixdorf terminals process the tickets. What already appears to be a very diverse product range, however, is only the most visible part of a much wider proposition.

Our capability lies not just in producing and supplying advanced IT systems but in delivering complete solutions – comprising hardware, software and associated services – which are tailored to the optimized design of processes in bank branches and retail outlets around the globe. As one of the world's leading providers of complete solutions, we help customers to streamline process costs and improve their service to consumers.

We increasingly take a cross-sector view of the challenges facing our customers, using our expertise to provide comprehensive solutions for complex processes. To take just one example, our proposition for the optimization of cash processes is designed to improve the cash cycle at all cash-points, including supermarket checkouts, safes and ATMs. We are therefore constructing a portfolio based on automated systems which simplify cash acceptance as early as at the supermarket checkout stage and software solutions that optimize cash logistics, thus ensuring the efficient, demanded management of cash cycles. In doing so, we employ our know-how from the banking and retail sectors and draw on our specific expertise in the fields of hardware, software and services.



IT SERVICES AROUND THE CLOCK, AROUND THE WORLD.

The key requirement of customers is the guaranteed high availability (up-time) of their systems and solutions. Wincor Nixdorf's portfolio within this area is all-embracing, designed to meet customer needs with an extensive range of services spanning the entire value chain.

We monitor customer systems around the world 24 hours a day via online links from our 26 customer centers. We offer traditional maintenance, remote fault rectification as well as software and network management and safeguard the security of our customers' IT networks. Our technicians are stationed in close proximity to our customers in 26 countries. What is more, we supply over one million spare parts per year worldwide from our logistics centers spread around the globe.

Banks are outsourcing the entire operation of their ATM networks, servers and PCs to us. In so doing, they are entrusting us with their cash management processes, assigning to us the task of managing processes they regard as non-core activities. In turn, we are able to reduce their costs and improve the availability of their systems.

Our state-of-the-art "eServices Platform" enables complex service processes to be conducted with greater efficiency and speed. All systems are interconnected, including those that provide key services from Wincor Nixdorf and its partners as well as the customer's equipment and applications at head office locations, branches and stores. Within

this electronically connected systems environment, equipment errors can be detected and classified automatically. Following this process, our response is initiated automatically, and the required service functions, such as the Customer Care Center (service desk), spare parts logistics or service technicians are alerted accordingly.

CUSTOMER SEGMENTS AND THE SALES FUNCTION.

In its various areas of business, Wincor Nixdorf enjoys long-standing relationships with well-known international customers including 18 of the world's 25 largest banks (based on market capitalization) and all of Europe's 25 largest financial institutions. In the retail sector, our customers include 17 of the world's top 25 retailers and 19 of the top 25 European retailers (based on sales revenue). Over the past years, we have been applying a highly focused game plan, which includes gaining momentum internationally, growing our in-house service capacity and software capability, and expanding our market share and profitability by significant margins. In Europe, we are the number two in ATMs and the market leader in programmable electronic point-of-sale systems. Worldwide, we hold the number three position in each of these markets.

Closeness to the Customer: a Business Model.

We sell our products and services primarily through our own sales organization, as well as involving sales and cooperation partners. Our customer-led business model is characterized by a high degree of proximity to the customer. We apply this model via our own subsidiaries in 34 countries and have an overall market presence in more than 90 countries.

BANKING.

We offer retail banks complete solutions for the optimization and automation of their branch-level business processes. Increasingly, these involve the provision of software and services. Furthermore, Wincor Nixdorf has developed particular expertise in combining these with hardware solutions to enable it to deploy complete solutions that meet the specific needs of bank branches.

Optimizing Branch Processes. Bank branches remain an essential sales channel. They guarantee a bank direct, personal contact with its customers and enable it to react quickly and flexibly to individual customer needs. Integrated processes and services improve their bottom line, with standard transactions increasingly migrating to self-service.

With its comprehensive range of standardization and automation solutions, Wincor Nixdorf is able to cover the entire branch process chain – from analysis and design through implementation of products and services and their operation. Our Branch Optimizer analysis software, developed in-house, simulates and analyzes the transfer of branch transaction processes to self-service systems, ultimately resulting in greater efficiency and profitability. We design intelligent, multifunctional concepts consistent with the new in-store designs implemented by many banks at branch level.

Systems for all Cash Movements. Wincor Nixdorf is one of the few providers of self-service and automation solutions covering all activities in branch banking. Our portfolio ranges from ATMs with a wide variety of features to intelligent deposit and cash recycling systems, which use deposited cash for withdrawals. Customers can conduct banking and stock market transactions on our transaction terminals. Additional products include specialist account passbook printers and bank statement printers.

These systems are also being used increasingly by public-sector organizations, large corporations and in the health industry to simplify standard processes and improve customer service, while reducing costs.



Cash Management. Increasingly, there is a requirement for solutions that enable entire business processes to be managed in a fully integrated manner. Through cash management, banks seek to optimize cash levels in ATMs, check-outs and safes in order to avoid interest losses, ensure the fluid operation of cashpoints and optimize their cash logistics. Wincor Nixdorf brings clarity to branch-level cash flows, helping to optimize the cash transportation process. ATMs capable of recycling cash shorten the cash cycle from the outset. We are also developing software solutions capable of pinpointing the most efficient replenishment intervals for ATMs and automated teller safes. In this way, cash handling and logistics costs are reined back, without compromising availability, and interest expenses reduced.

Multivendor and Multichannel. In recognition of the fact that retail bank networks are often made up of systems produced by more than one manufacturer, Wincor Nixdorf has developed a software platform which ensures that all systems connected to the network can be controlled using a single software application.

We help retail banks optimize cost structures across a wide range of sales channels and manage the process from beginning to end. Our ProClassic/Enterprise software platform allows products from different vendors to be run via a single, uniform architecture. Adjustments and feature add-ons can be managed centrally, thus lowering the total cost of ownership and allowing greater flexibility in developing new functions.

Security for Self-Service Systems. Wincor Nixdorf has developed a comprehensive security concept for IT environments in retail banking. Our solution is based on the four pillars: product security, process security, personal security and facility security. This approach involves combining innovative base technologies. We offer solutions for the distribution of electronic keys, optimize cash logistics, provide anti-virus protection for IT networks and guarantee secure data communications and anti-fraud protection for our systems. We use our know-how in the field of image recognition to improve anti-fraud protection in self-service environments and are also increasingly integrating intelligent video surveillance systems into our customers' IT environments.

RETAIL.

Faced with considerable price and operational pressures, retailers are increasingly looking to cost efficiencies, improved service and new products to differentiate themselves from their competitors. Retailers are responding to the challenges they face by automating outlet process chains and migrating them to self-service systems. Wincor Nixdorf has designed its portfolio around the store processes of retailers operating within the global arena. It ranges from sales point solutions such as checkout systems to standardized, internationally deployable payment terminals and the handling of cashless payment flows.

We support the increasing trend toward automation and process migration to self-service with solutions such as self-checkout systems, enabling customers to handle the checkout process themselves. Our automation technologies also include reverse vending systems, mobile data-recording equipment, kiosk systems, electronic advertising displays and electronic shelf labels. We are expanding our retail cash management portfolio to cover the entire cash-handling process chain, with the purpose of optimizing such procedures from the checkout to the bank credit note.

With its PC-based, open-systems architecture, our family of modular, scalable BEETLE/EPOS (electronic point-of-sale) systems forms a fundamental part of our product range.

Comprehensive Software Portfolio for Retailers.

Wincor Nixdorf supplies an internationally deployable software platform for the management of processes in retail stores. Our TP.net and TPLinux store solutions can be used with a wide range of checkout concepts – from traditional stationary checkout systems to mobile scanning – to integrate branch-level IT and therefore reduce costs. We also supply software solutions enabling the management of a wide range of terminals, plus software applications allowing the centralized analysis of many types of transactions. Our portfolio is designed to facilitate the seamless integration of IT infrastructure and business processes.

We also ensure that our software can be adapted to local conditions in a simple, straightforward manner, thus guaranteeing product availability around the globe and locally delivered expertise in each country in which our products are sold.

We are active in IT and business consulting in a number of countries, with an emphasis on SAP.

EXPANSION INTO RELATED SECTORS.

Wincor Nixdorf's extensive know-how acquired over many years in the banking and retail sectors is also in increasing demand in other sectors, such as postal and lottery companies, service stations and catering businesses. We will to convert this demand into further growth potential.

Know-how Transfer to Postal Service Companies.

The full-coverage branch networks of postal service enterprises, similar to those of banks and retailers, offer Wincor Nixdorf an opportunity to take customer processes that lend themselves to the self-service model, automate them and migrate them from the counter to self-service systems. We offer self-service systems such as ATMs with added functionality, such as the capability to issue postage stamps and weigh packages. In the area of counter systems, we offer specially adapted ePOS systems and peripherals, such as scanners and weighing scales.



Solutions for Lotteries, Service Stations and Hospitality Chains.

The Wincor Nixdorf portfolio includes complete in-store solutions for service stations, terminals for lottery sales outlets and ePOS systems for catering businesses. A number of service station operators now use sophisticated ePOS systems, running software such as "NAMOS compact," which can be used to monitor pumps and control car wash equipment.

For lottery companies, we offer a modular family of products such as sales terminals and software components to meet the widest possible variety of requirements around the world, from lottery chains in Germany to gaming companies in Asia. As is the case with hospitality products for canteens, hotels, pubs, restaurants and leisure parks, self-service terminals are now widely used in the lottery sector, allowing players to enter their numbers or waiters to type in table orders, as the case may be. The products offered to these sectors are mainly based on our BEETLE family of ePOS products used in the retail industry.

TRADE SHOW FOR RETAIL BANKING AND RETAILERS.

Taking place at the beginning of each year, "Wincor World" has established itself as an event of international repute. It provides a platform for experts from the banking and retail sectors to find out about the latest solutions for optimizing business processes. At the same time, they can take advantage of the chance to meet with their industry counterparts. Its mixture of exhibition space and accompanying presentations and symposia makes "Wincor World" a highly informative and attractive event. On the one hand, visitors are given a broad overview of the latest solutions and IT services, on the other hand, they are able to learn from the practical experience of others. Customers can discuss the use and integration of IT solutions in their business processes with other customers, with company experts and with independent consultants. Around 60% of the 7,000 visitors to Wincor World 2006 came from outside Germany, while 70 well-known companies participated as partners.

- ▶ Innovation strongly driven by customer needs and technical progress
- ▶ Steady focus on consumer service and business streamlining
- ▶ Wincor Nixdorf increasingly supports customers' entire process chains
- ▶ Trend toward cross-sector convergence solutions
- ▶ Improved security network links
- ▶ Customers inspired by optimization of IT services processes
- ▶ Successful cooperation between global production sites

INTELLIGENT CONNECTIONS AT ALL LEVELS.

Our development processes are defined essentially by our customers' requirements and the advancement of technology. Our key customer groups – banks and retailers – are faced with almost identical challenges in terms of globalization, increasing competition and ever-growing cost pressures. As a result, the demands they make on their own IT systems are equally high. There is an ongoing drive to streamline processes and procedures in both sectors. Wincor Nixdorf supports this development through innovative

products, solutions and IT services that manage not only individual business processes but, increasingly, entire process chains as well. More and more, banks and retailers are responding to future demands by implementing processes that are becoming increasingly similar in the type of technology they use. This process of convergence presents us with tremendous opportunities in a number of different fields, drawing on our technological strengths in areas such as self-service, cash deposit and recycling solutions as well as in the field of net-centric software architectures. System availability is another of our customers' major requirements. With a view to increasing availability rates and, at the same time, optimizing our own processes, we have made further



improvements in serviceability, enabling, for instance, our solutions to be maintained and supported faster and more efficiently.

Our innovation strategy is geared at all times to the business processes of our customers. Our fundamental approach to research and development is to focus, within defined limits, on a number of specific areas with potential for innovation. The results are then used to ensure the continuous improvement of customer processes.

Intelligent Deposit. One key area of innovation is our ongoing development work on intelligent deposits. Examples include intelligent cash and check deposits and the automated handling of returned empties (reverse vending) in the retail sector. Our banking solution verifies checks and cash for authenticity using the latest high-precision image processing technology and can automate the entire account-entry process, thus eliminating the need for further manual processing of cash and checks. We have already initiated a program to transfer this technology to the area of front-office operations, where automated check processing is considered an equally viable solution.

Net-centric Software. Net-centric software is used to help our customers in banking and retail further reduce their costs over entire installed lifetimes (total cost of ownership). Under this approach, the software is installed on a central server, avoiding the need to store the entire program on each ATM or ePOS system and thus reducing costs for both software distribution and maintenance. Additional functions can be added to net-centric software, allowing it to be deployed in other sectors such as postal service organizations and service stations. We are also working on the development of tried-and-tested components from the self-service field for use in the counter/checkout environment.

Monitoring and Control of Customer Systems. Another key area of innovation is the development of solutions for monitoring and controlling systems at our customers' premises. As a service provider, we design our solutions to reflect the processes in retail and business environments as closely as possible and to highlight the operational status of all network-based systems at any time. For instance, our solutions manage and control product platforms using specific diagnostic functions; they report on the operating status of equipment and monitor entire business processes within multi-vendor networks. They can even take over full operational management under an outsourcing model.



Cash Management. In the area of cash management, our aim is to optimize the cash cycle across the whole spectrum of cash transaction points in banks and retail stores, ranging from checkouts and safes to ATMs. With their cash recycling facility, our ATMs are designed to streamline the cycle right from the outset. We are also developing software solutions using mathematical optimization models that are able to identify the ideal replenishment intervals for ATMs and automated teller safes. In this way, we are able to achieve a reduction in our customers' cash logistics costs without compromising availability, while at the same time downscaling interest expenses. In the long term, we aim to combine new hardware and software solutions with intelligent IT services to develop a cross-industry cash management model that will make cash circulation as efficient, local and demand-led as possible. We refer to this development as "closed-loop" cash cycles.

Security. Security is the overriding issue for all our customers. We are working to pull together innovative base technologies in an intelligent way. Our aim is to further improve existing concepts such as the distribution of electronic keys to optimize cash logistics, anti-virus protection for IT networks, secure data communications and anti-fraud protection for our systems and solutions and to develop new security products. We are increasingly integrating video monitoring systems into our customers' IT environments, drawing on our expertise in the image recognition field to improve anti-fraud protection in the field of self-service technology.



Serviceability. Our project to improve serviceability covers a wide range of issues and offers benefits for our own processes as well as those of our customers. By developing a system to gather, process and analyze detailed information about each system's components and status, we can control service processes more efficiently, carry out preventive servicing and plan the most effective maintenance schedule.

Some 790 specialists are working on the implementation of this innovative strategy at our seven development centers in Germany, Burgdorf (Switzerland), Singapore, Jakarta, Shanghai and Boston. Our core competences are mechatronics, the development of embedded software, platform and application software, and image recognition. We also gain access to valuable know-how from our carefully selected partnerships with other leading organizations carrying out fundamental research in the technology field.

All these research and development activities form part of the entire Group's efforts to lower production costs. By ensuring it has all necessary information about suppliers' processes, the purchasing department is able to identify the most suitable method of production and thus improve the overall competitive position.

- ▶ Focus on environment, workforce and society
- ▶ Sustainable development with an international perspective
- ▶ Preventing climate change by lowering CO₂ emissions
- ▶ Closed life cycles for all product components
- ▶ Training and support for Wincor Nixdorf staff at all levels
- ▶ Developing solutions for the disabled
- ▶ Active exchange with scientific institutions

WINCOR NIXDORF AS A GLOBAL PLAYER.

Through the actions of its workforce and the impact of its products and services, Wincor Nixdorf's activities within the business arena inevitably involve the Company in a range of global, social and sociopolitical issues. We firmly believe that our continued success within this complex system depends on our adopting a sustainable approach to business. For us, that means achieving a balance between economic, environmental and social objectives – one that is indispensable if we wish to enjoy the confidence of the public over the long term. Success and wider acceptance by the society in which we operate depend in turn on creating something of value – value that cannot be achieved through activities that generate today's profits by exploiting resources on which future generations may depend. At Wincor Nixdorf, sustainability means economic growth that is accompanied by a commitment to protect our environment, foster the aspirations of our workforce and translate our social responsibility into positive action.

CARING FOR THE ENVIRONMENT.

Protecting the environment is part of our social responsibility. It is a key element of our business strategy which aims to promote long-term growth in enterprise value. We want to make a positive contribution to a secure and sustainable future by improving our own environmental performance and encouraging our staff, suppliers, and customers to do the same. The optimization and development of our processes and organizational structure lie at the center of our endeavors. Our aim is to manufacture our products as safely as possible, using a minimum of resources.

Environmental Management Systems. Wincor Nixdorf has implemented an environmental management system that is regularly audited by the German Association for the Certification of Management Systems (DQS) in line with DIN EN ISO 14001. We use this system to implement our environmental policies and to optimize all our processes with a view to improving the environmental performance of our company.



Reducing Emissions of Climate-changing Substances. Under the terms of the Kyoto Protocol, the EU is obliged to reduce its emissions of climate-changing substances. To help achieve this goal, we have been running a modern cogeneration plant at our Paderborn site for some years. The plant is based on combined heat and power (CHP) and saves around 5,000 tons of CO₂ per year. We are also involved in emissions trading.

Compliance with Statutory Environmental Protection Regulations. A key aspect of our environmental activity is for example the implementation of European Directives on the return and disposal of Waste Electrical and Electronic Equipment (WEEE) and the restricted use of certain environmentally hazardous substances in new electronic equipment (RoHS). In the year under review, we made considerable efforts to implement as quickly as possible a series of measures that will help protect the environment.

Sustainable Products. Our responsibility to the environment applies not only to the production process but also to the entire life cycle of our products – from development and production to operation and, ultimately, recycling. Right at the development stage we make every effort to manufacture products with a long life cycle, avoid the use of damaging substances, reduce the number of materials used, and, wherever possible, recycle them. To the extent that decommissioned machines or devices cannot be reused as complete systems, we aim to remove components and assemblies in order to reuse them as spare parts

FOCUS ON PEOPLE.

Last year saw an increase in the number of employees who represent Wincor Nixdorf in its dealings with customers and business partners. The company now enjoys the support of around 7,800 employees based in every continent, and it is the sum of their individual efforts that underlies our success. That is why we regard the support and development of our human resources as a key investment in our future.

Staff Development – Attracting the Most Talented People. It is the expertise, creativity and commitment of our employees that largely determine the Company's success. Wincor Nixdorf invests in the training of young people to ensure that it can continue to attract the best-qualified new entrants into the profession at every level of the Company. It is equally vital to offer ongoing training and development opportunities to ensure that employees have the skills to carry out their current duties and to qualify them for new challenges.

Wherever possible, we prefer to fill management positions with skilled personnel from within our own ranks. This allows us to make efficient use of the know-how available within the Group.

To achieve this objective, we have successfully expanded our international "Young Professionals" staff development program, which prepares employees over the medium term for management positions.



We are maintaining our "Peer Group" program in order to encourage exchanges between employees in different areas of the Company. The program makes it possible for employees involved in a range of activities to meet and share the expertise they have gained across the entire Company and to jointly develop their management skills and techniques.

Employee Benefits. Individual performance and business success are the key factors that determine the Wincor Nixdorf staff remuneration policy. We have adopted a variable, performance-based remuneration scheme that allows staff to benefit from our success, while increasing motivation and encouraging employees to identify with the Company. This allows employees to increase their contractually agreed individual incomes per annum.

In consultation with staff representatives, we have converted the current mixture of company pension schemes of some 2,500 Wincor Nixdorf International GmbH employees to a new and uniform system.

This new system reflects changing demographic trends and establishes a balance between Wincor Nixdorf's social security payments as an employer and its economic potential. By setting up a pension fund (Contractual Trust Arrangement, CTA) in Germany, we have been able to provide an even greater degree of security to cover our post-employment obligations.

Wide-ranging Dialog with Employees and the Public. Intensive communication generates trust, heightens transparency and acts as a vehicle for the transfer of knowledge. For this reason, we believe it is important to communicate openly and frequently both within and outside the organization.

Internally, among others, we place tremendous importance on making information available promptly to all employees throughout the organization. For this reason, and also to exchange information between ourselves, we decided to revise and restructure the Company's intranet during the year under review. In order to optimize internal communications and training processes across the entire Group, we also introduced the concept of "live e-training." Colleagues from different countries can meet in virtual groups to hold joint online conferences or courses and at the same time exchange knowledge and information.

The last fiscal year also saw a particular effort to consolidate and expand our communications with the public. To achieve this, we make use of a wide range of information channels at international level: we publish in online and offline media, provide appropriate press releases to journalists worldwide and ensure that we are actively represented at trade fairs and seminars.

We make full use of our extensive global sales organization to conduct an open dialog with customers, including special business events where we promote an ongoing exchange of information and experiences. Some of these



are organized by the Company itself, such as the international "Wincor World" trade fair, our "International Management Seminar" and the international "Retail Banking Conference", which is run in collaboration with the *Börsen-Zeitung* journal. Along with a number of other specialist banking conferences, these events have become an established part of our customer communication activities.

SOCIAL RESPONSIBILITY.

To be successful, Wincor Nixdorf must establish a close rapport with its workforce and partners throughout the world. For this reason, wherever we establish a presence, we endeavor to be a reliable partner and an attractive employer committed to our social responsibilities. This responsibility comprises maintaining a dialog with universities as well as academic and research institutions.

We make considerable efforts to accommodate the special needs of those with physical disabilities, and we strive to implement solutions that will make our products accessible to them.

Design for the Disabled. When designing products and systems, we ensure that they are both functional and suitable for the disabled. Example banking: With our technology, disabled people are able to manage their banking tasks independently thanks to ergonomically designed keys and controls, voice-driven menu controls, large-sized numeric keys with special embossed characters, and ATMs that can

be operated from a wheelchair. Wincor Nixdorf has received several awards for its work in this field, including the German Design Award presented by the Federal Ministry of Economics and Technology.

In collaboration with the German Society for the Blind and Visually Impaired (DBSV), we aim to design all our ATMs in such a way that blind and visually impaired customers can easily perform their own cash transactions using self-service systems. This, of course, involves complying with international standards on ergonomics and other design issues.

Collaboration with Academic Institutions. We support young academics and scientists with a variety of initiatives and projects. Working together with universities and colleges, we conduct a range of studies and ensure that we have access to the latest research in our field by awarding dissertation places, student grants and intern schemes, and by engaging in direct interaction with the academic and scientific community. We provide selected institutions with support in the form of hardware and software. Furthermore, our expert speakers give lectures and seminars at various university faculties. Some of the most outstanding examples of our work with academic institutions involve our long-standing link to the Heinz Nixdorf Institute at Paderborn University and other Universities of Applied Sciences throughout the region in the field of mechatronics, and to the Fraunhofer Institute in the development of technologies aimed at increasing ATM security.