

RESPONSIBILITY STATEMENT.

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Paderborn, November 19, 2008

Wincor Nixdorf Aktiengesellschaft, Paderborn



Heidloff
President and
Chief Executive Officer



Auerbach
Executive Vice President



Dr. Wunram
Executive Vice President

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WINCOR NIXDORF AG GROUP MANAGEMENT REPORT.

COMPANY PROFILE.

Wincor Nixdorf has established itself as one of the world's leading players in the market for IT-based solutions geared towards the branch operations of retail banks and retailers. The task of optimizing the related business and IT processes lies at the heart of our activities. Our aim is to allow our customers to operate in as customer-friendly, efficient and international a way as possible.

Our portfolio of services focuses both on process automation and on the migration of standard and support processes over to self-service systems. We also strive to support our customers when it comes to implementing specific changes within the Company. As a result, the professional advice, customized products and on-site implementation and integration services we provide are rapidly gaining in importance.

Solutions for Change in the Banking and Retail Industries. We measure our hardware, software and services against tough, best-in-class criteria. We increasingly combine our products and services into solution packages for our customers that cover every single stage of a business process. Examples of this approach are our automated solutions for check deposit/processing and reverse vending; our portfolio also includes cash management, which encompasses the entire cash cycle at branches of retail banks and retailers, and global concepts for the operation of branch network IT systems. Furthermore, given our expertise in the field, we are extremely well placed to act as a one-stop service provider.

If our customers decide they want to concentrate on their own core competencies, we even go one step further and take over full or partial responsibility for the running of the company's branch IT infrastructure and other business operations, such as the processing of card transactions. We ensure the operational readiness of our systems throughout the entire product life cycle and even offer these services for IT systems produced by other manufacturers.

It is not only retail banks and retailers that maintain branches and branch networks. We successfully apply our know-how to other industries that have similar structures and face the same challenges. As a result, our customers also include postal operators as well as gas station and restaurant chains.

Global Markets – Worldwide Operations. Our head office is located in Germany. Nevertheless, Wincor Nixdorf is an international Group. We have now established a presence in around 100 countries, of which 37 are home to one of our subsidiaries. Our international business accounts for approx. 75% of net sales. Over half of our 9,460 total headcount is employed outside Germany and every fifth in the Asia/Pacific/Africa region. Our main production sites are located in Germany, Singapore and China.

In recent years, we have continually expanded our international operations and systematically opened up new markets. Thanks to our global production, logistics and development networks, we are always able to supply hardware flexibly and competitively with regard to quality, time and cost. We maintain close contact with our customers throughout the world, and a strong sales force as well as a tight service network ensure that we are able to manage our international operations both successfully and efficiently.

Further information on developments in our markets, our competitive position and our products and services can be found in the sections on "Strategy, Targets and Value Management at Wincor Nixdorf" on page 76 et seq. and "Segment Performance" on page 88 et seq.

MANAGEMENT AND CONTROL OF THE COMPANY BY THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD.

Board of Directors. Since the Annual General Meeting of Shareholders (AGM) on January 28, 2008, Wincor Nixdorf AG has been run by a Board of Directors comprising three members: the Chairman Eckard Heidloff (President and Chief Executive Officer), Stefan Auerbach and Dr. Jürgen Wunram.

The Board of Directors is responsible for managing the joint stock company. It ensures that business is conducted in accordance with legal requirements, the German Corporate Governance Code, Wincor Nixdorf AG's Articles of Association and the Rules of Procedure of the Board of Directors. The aim of all decisions and actions is to protect the interests of the Company. All resolutions of the Board of Directors are taken by simple majority. Where the votes are split, e.g., if only two members of the Board of Directors are present at a meeting or if one member abstains, the vote of the President & Chief Executive Officer is counted twice.

It is the role of the Board of Directors to determine the strategic direction of Wincor Nixdorf AG in conjunction with the Supervisory Board, and then to implement it in a responsible manner. In doing so, the Board of Directors also monitors the effectiveness and efficiency of the management tools used throughout the Company. Wincor Nixdorf's two main aims are to provide a level of service to its customers that exceeds that of its competitors and to achieve sustained growth in enterprise value. The planning, control and risk management systems by means of which the Company's operations are controlled are consequently given a high management priority.

The Board of Directors maintains regular, prompt and detailed contact with the Supervisory Board on all key issues related to planning, business trends and the current risk situation. All departures from agreed plans or established targets are reported and explained to the Supervisory Board.

Supervisory Board. The role of the Supervisory Board is to monitor the work of the Board of Directors. Its powers are prescribed by law, the German Corporate Governance Code, the Articles of Association of Wincor Nixdorf AG, the Rules of Procedure for the Supervisory Board and any resolutions of the Supervisory Board itself. The Supervisory Board and the Board of Directors work together on the basis of mutual trust in the best interests of the Company.

In accordance with the Codetermination Act (1976), the Supervisory Board of Wincor Nixdorf AG is made up of twelve members, six of whom represent the shareholders and six the employees.

Decisions of the Supervisory Board are adopted by resolution. These are passed by a simple majority of the votes cast, except where the law stipulates a different majority requirement. The voting procedure is as follows: If the votes are split and a second vote on the same proposal is also split, the Chairman's vote is counted twice.

Committees. The Supervisory Board has established a Mediation Committee, pursuant to Section 27 (3) of the Codetermination Act, a Personnel Committee, an Audit Committee and a Nominations Committee, all of which are made up of members of the Supervisory Board. The Chairman of each committee reports back to the Supervisory Board on a regular basis (no later than the next full meeting) on the key results of the committees' discussions.

The function of the Personnel Committee is to prepare the ground for decisions of the Supervisory Board in relation to human resources, in particular, the appointment and removal of members of the Board of Directors and the nomination of the President & Chief Executive Officer. The Personnel Committee may itself decide on certain transactions instead of the Supervisory Board. In such cases, it must have due regard for the requirements of the law and the provisions of the Supervisory Board's Rules of Procedure. The Personnel Committee is made up of four members – two representatives of the shareholders and two representatives of the employees. The Chairman of the Personnel Committee is Karl-Heinz Stiller.

The Audit Committee prepares the decisions of the Supervisory Board with regard to the approval of the annual accounts and adoption of the Group financial statements. It conducts a prior check of planning, the annual accounts, Group financial statements, management reports and the proposal for the appropriation of profit. It also supports the Supervisory Board in monitoring the activities of the Board of Directors and monitors observance of the risk and opportunity management system as well as the compliance system. The Audit Committee is also made up of four members, i.e., two representatives of the shareholders and two representatives of the employees. The Audit Committee is chaired by Hero Brahms.

The role of the Nominations Committee is to propose suitable candidates to the Supervisory Board whom the latter can then propose, in turn, to the AGM for election to the Supervisory Board. Afterwards, all such candidates can be elected by shareholders at the AGM. The Nomination Committee, which comprises three members, is composed exclusively of shareholder representatives. The Chairman of the Nominations Committee is Karl-Heinz Stiller.

Compensation. Members of the Supervisory Board receive fixed annual compensation payable at the end of the fiscal year. Further details of Supervisory Board compensation as well as the remuneration of the Board of Directors can be found in the Compensation Report. This forms part of the Group Management Report and is presented in this Annual Report in the section entitled Corporate Governance.

STRATEGY, TARGETS AND VALUE MANAGEMENT AT WINCOR NIXDORF.

Focused Business Model. Our business activities are centered around the banking and retail industries, with a particular emphasis on their branch operations and the related processes and procedures.

Both industries currently face complex challenges, and information technology plays an increasingly important role in meeting them. It is some time since IT was limited to the job of merely boosting cost-efficiency; nowadays, it acts as an instrument without which firms cannot hope to achieve and drive forward competitive growth. It is modern information technology that sets the pace of change, making it a crucial element of the operating business.

At the same time, IT processes are also becoming increasingly complex and the scope for change management is expanding – from the analysis of current procedures to entirely new processes, and from the integration of new information technology into existing infrastructures through to the partial or complete outsourcing of operational management.

Against this background of change, Wincor Nixdorf has consistently expanded its own activities. From its starting point as a hardware manufacturer, it has gradually moved into other related fields, allowing it step by step to increase its share of the value chain as customers strive to introduce change and new innovations.

Enhancing our Customers' Competitiveness. As part of our strategic development, we aim to play an active part globally in the drive to bring change to retail banks and retailers. We want to make our customers fit for competition by helping to structure their processes and procedures in the most innovative, efficient and customer-friendly way possible. As "partners in change," we see it as our role to take over the more complex tasks on behalf of our customers, who can rely on us for all the services and expertise they need in a single provider. This also has benefits for Wincor Nixdorf, as we are

then able to bundle our strengths, offer a competitive service and expand our skills base in systematic form. Another strategic advantage of this focus on our core business, the branch operations of banks and retailers, is that we have established a deep-rooted understanding of our customers' processes. Our portfolio is geared solely towards the optimization of those processes.

A common objective of all our work is to maximize customer utility, to create added value for banks and retailers through our services – and by doing so, of course, to retain their business over the long term.

Growth Strategy. In order to meet and secure our growth targets over the next few years, we have identified four strategic approaches: Growth through global expansion, growth through innovation, growth through high-end services and growth through business in related industries. All four levers are closely linked and complement each other extremely well. However, each one individually can be used to exploit potential new growth.

1. Growth through Global Expansion. In the past, our international expansion has been driven by our position as market leader in Germany. We now generate approx. 80% of net sales in Europe (including Germany).

We are making every effort to consolidate our position as the clear market leader in Germany and to establish ourselves as the leading European player within our market segments.

Asia/Pacific/Africa and the Americas together account for around two thirds of the global market. Further expansion in these regions is therefore a logical consequence of our internationalization strategy.

We see our strength in Europe as an excellent stepping stone for this continued global growth. The extremely competitive nature of business in our target industries gives us a vital impetus in the ongoing development of complex, high-end solutions.

We aim to earn a place among the top providers in both our business segments in the Asia/Pacific/Africa region.

Our aim in the Americas is to strengthen our market position in Banking and Retail by a significant margin.

"Emerging countries" play an important role in the global expansion of our operations.

2. Growth through Innovation. The strength of our market presence is largely determined by our ability to innovate. It is for this reason that we now employ around one tenth of our headcount in Research and Development (R&D). Every year, we invest roughly 4.5% of net sales in R&D projects.

We intend to maintain a high level of spending on R&D and to keep expanding continuously our activities in this field.

Our development work is focused particularly on:

- ▮ further advances in the convergent base technologies that can be used as components for the optimization of both banking and retail processes
- ▮ improvements to the serviceability of our hardware and software to reduce the cost to customers of running our solutions
- ▮ software as the key to improving the overall process chains that characterize the branch operations of retail banks and retailers

3. Growth through Expansion of an All-embracing, High-quality Services Portfolio. We are considerably expanding our services portfolio in order to increase our share in the value chain created by the optimization of our customers' business processes.

We now offer a range of specialized maintenance and repair services that we are continually expanding to include innovative components. At the same time, we are expanding the worldwide network of resources we have developed to provide our services and to support high levels of growth in these areas.

We see considerable potential for further growth in highly complex services and therefore devote particular attention to these as part of our growth strategy.

We are expanding our portfolio of complex activities such as Managed Services, Outsourcing and Professional Services. We will target these services in areas where we can identify attractive potential for further growth.

Managed Services and Outsourcing. Here, the added value to our customers lies in our taking over some or all of those functions that do not form part of their core business. Our aim is to ensure the best possible and most efficient operation of the bank's or retailer's branch IT infrastructure. We offer Managed Services, a standardized operating concept that can be implemented rapidly and smoothly, or we can provide support for ongoing process transformation in the form of an Outsourcing project, where we assume responsibility for the running of the entire branch-related IT infrastructure.

Professional Services. Other attractive growth areas include consulting, IT integration and adaptation as well as staff training. By providing this support, we can help our customers to respond to changes in their companies more efficiently and more rapidly.

4. Growth through Business in Related Industries. The expertise Wincor Nixdorf has gained in the branch operations of retail banks and retailers can also be applied to other industries as long as they have similar customer processes or distinct branch networks. We believe there are particularly attractive prospects for growth in the postal industry and among gas station operators and restaurant chains. All of these present an opportunity for us to apply our expertise as an instrument of exploiting further potential for growth. These branches also need to structure and optimize their processes

in an efficient and customer-friendly way – with the help of IT solutions. In many cases, this will involve migrating functions and operations to self-service or automated system concepts.

Our aim is to exploit these potential synergies to attract new orders from related industries without, however, losing sight of our principal focus on Banking and Retail.

Group-wide Programs to Implement Growth Strategy. In order to support our growth targets in the most effective way possible, and integrate them even more efficiently into our everyday business, we have initiated and continue to develop a number of Group-wide programs. By defining success factors right at the start, we can facilitate the process of implementing and reviewing these measures and developing new ones.

The task of achieving our market objectives is effectively supported by our "Road to the Top" growth program, while earnings targets are underpinned by our successful "Prolmprove" program, aimed at boosting profitability. Our established "Innovation and Quality" program aims to assure a high level of these essential factors. Furthermore, since we regard the culture of our organization ("People with Spirit") as indispensable to our past and future success, we have initiated our own program to help us maintain, carry forward and develop that culture.

ACHIEVING SUSTAINED GROWTH IN VALUE.

Wincor Nixdorf's primary goal is and remains that of achieving sustained growth in enterprise value. The criteria we use to measure whether we have achieved this goal are continued gains in profitability, innovative products and solutions, increasing returns and the creation of new and secure jobs. All our actions and processes are geared towards assuring profitable growth of the Group and in doing so achieving continued growth in net sales and profits above the industry average. The performance-based remuneration system that we have implemented across much of the Group at all hierarchical levels as an important tool to help us achieve these goals.

Financial and Non-financial Performance Indicators. The Group's operating and non-operating business activities are both controlled using a series of carefully chosen financial and non-financial indicators that feed into a central indicator control system at Group level. We measure the success of our Banking and Retail segments, of each region, of our subsidiaries and associated companies and of our Hardware and Software/Services business streams. Production, Development and Central Administration are also integrated into the system.

The indicators we use to determine the performance of regions, sales companies and the core segments are based on growth in net sales and profit, operating margin and cash flow. Other Group control indicators include gross profits and margins, selling, general and administration expenses and working capital.

In addition to those indicators that measure the efficient use of resources, we also evaluate and optimize our global production and development network on the basis of quality, supplier reliability and stock turn indicators. Our central administration departments endeavor to offset increases in their own input costs by productivity gains and economies of scale.

Control indicators have also been established for our non-operating business. Value-based indicators, such as the financial result and the Group's effective tax rate, allow us to evaluate the degree of success achieved.

Differentiated Multi-year Planning for all Levels and Business Areas. The starting point for all management and control processes is a rolling annual strategic plan, which also determines the Group's long-term investment focus. This plan is used in turn to establish medium-term objectives for the Banking and Retail segments and for the different units and functions within the Group.

Budget targets are drawn up in response to the multi-year plan. They flow into each business unit's operational planning, which then serves as a basis for the preparation of detailed budget targets and measures.

Operational planning also involves conducting a review of our risk and opportunities portfolio. This forms the basis of risk and opportunity management at Wincor Nixdorf and of the risk-based planning conducted for the internal audit team. Monthly forecasts are produced in response to current profits and developments. This allows us to identify any departures from agreed targets at an early stage and to take prompt measures to ensure that those targets are still met.

IT systems are used to track all planning, control and reporting processes. The ongoing development and comprehensive integration of these information systems ensure the continuous management and control of all the Group's business areas.

BUSINESS ENVIRONMENT.

Global Economic Downturn. The crisis in the U.S. real estate and mortgage market also had a negative impact on the international financial markets during the year under review. This was accompanied by recessionary trends in the U.S. economy, rising commodity prices and record oil prices. Together, these negative factors led to weaker levels of aggregate growth worldwide.

The outlook for the global economy has taken a significant turn for the worse in recent months. Many experts point to risk factors such as the turbulence on the financial markets, the weakness of the U.S. economy and high levels of inflation in many countries. Overall, the International Monetary Fund (IMF) expects the world economy to grow by 3.7% in 2008 compared to 5.0% in the previous year. In their "Joint Economic Forecast Autumn 2008," leading economic research institutes (Joint Economic Forecast Project Group) revised downwards their forecasts, taking a more unfavorable view of the global economy. They now project significantly lower growth in global production of just 2.5% in 2008.

According to the Project Group, the German economy is also increasingly feeling the impact of these developments. For 2008, the Project Group anticipates real growth in gross domestic product (GDP) of 1.8% and believes there is a significantly greater risk of recession. Some experts are even of the opinion that Germany's economy is already in recession.

With regard to the eurozone, the Project Group's growth forecast for 2008 lies at approx. 1.0%. In its report it observes that a large number of factors – the situation on the real estate and financial markets and trends in exchange rates and commodity prices – are currently acting as a drag on economic growth, with the result that the eurozone is likely, in its view, to slip into recession.

In its assessment of prospects for Asia, the Kiel Institute for the World Economy (IfW) expects in its report "World Economy in Autumn 2008" published at the beginning of September,

to see real GDP growth of 7.6% in 2008 – slightly below the 5-year average. It believes growth in China and India will slow down but, nevertheless, remain at a high level, although there are risks here, too, such as rising inflation in many countries.

The U.S. economy continued to suffer from the impact of the real estate crisis during the year under review. To stabilize the markets, the U.S. Federal Reserve cut its prime rate in several stages to 1.0%. The IMF expects the U.S. economy to grow by just 1.4% in 2008.

Unstable Currency Developments. The fiscal year under review was marked by a very weak dollar against the euro. At the outbreak of the U.S. real estate crisis and at the beginning of fiscal 2007/2008, the euro stood at USD 1.42. As the crisis deepened, the exchange rate rose to a new high of around USD 1.60 by mid-July 2008, driven by interest rate differences between the United States and the eurozone. However, by the end of the fiscal year, the euro had lost most of these gains to reach its lowest point of the year on September 11 at below USD 1.39. At the end of the fiscal year it stood at USD 1.43.

Developments in the Banking Industry. Despite the atmosphere of crisis on the international financial markets, **Retail Banking** – banking services to private clients – once again proved its resilience. At no point during the last fiscal year was there any significant impact from the international financial crisis on willingness to invest – either within the established markets in terms of investment in performance measures or within the emerging markets, where banks continued to expand their branch networks and other sales channels.

Market research firm Pierre Audoin Consultants (PAC) conducted a survey to identify a number of developments such as the medium-term trend in global spending on IT for banks' various sales channels (self-service, branches, call centers,

mobile, Internet, other). According to the results, between 2008 and 2011 worldwide investment in hardware is set to rise by an average of roughly 6% p.a. With regard to software and services, PAC anticipates global investment across the different sales channels to grow by 7% p.a.

Another study presented in the Capgemini "World Retail Banking Report 2007" shows that growth is the most common priority of the retail banks surveyed (40%), followed by service optimization (24%) and cost reduction (14%). Retail banks also pointed to sales optimization as the most important factor in achieving growth. Here, as well as customer acquisition and retention, the crucial factors are improved operational control and greater customer focus in front- and back-office business processes. "Industrialization" of the financial services industry is also given high priority, and in this regard the more widespread use of IT in process optimization and automation is expected to lead to further efficiency gains.

Wincor Nixdorf's own growth strategies are in line with the developments and forecasts described by trend and market researchers.

Branch Operations Maintain High Priority. Despite the increasing importance of other sales channels, branches, which act as the banks' personal customer interface, remain their most important point of contact and sales channel. Especially in established markets such as Germany, Europe and North America, the banks continue to invest in the expansion and modernization of their branch networks. This is where efforts to retain existing customers and attract new ones are concentrated. The overriding objectives are to boost sales performance and enhance processes. Alongside these, mall concepts, multipurpose branches, pure consultancy branches and exclusive target group branches (specialized banking facilities for senior citizens, young people, etc.) are being tested as a means of boosting customer retention and positioning customer-specific services. In many emerging countries, the retail banks are expanding their presence both

through their branches and through new self-service products.

Greater Importance Attached to Multichannel Selling. Communications media such as the Internet and the cell phone have changed the behavior of bank customers, who are now much more price-sensitive, flexible and better informed. They make use of their freedom to choose the best deal from among the wide range of offers available. The banks are responding by developing the best possible strategic mix of sales channels, making their products available through a range of such channels and adapting them to suit each one.

For the IT industry, the challenge is to transform customer data across the different channels and the processes themselves into useful information, and to give permanent access to that information.

Further Advances in Automation. The retail banks are increasingly moving over to automated processes. First and foremost, this helps to speed up the service provided to customers, e.g., when processing requests; at the same time, however, the banks are automating standard processes as a means of exploiting further potential for rationalization.

Trends in Self-service: New Services and Advertising. Banks all around the world are turning to self-service technology. As well as automating standard transactions such as deposits and withdrawals, they are increasingly improving the efficiency of their existing self-service networks by implementing new products and services. In many countries, for example, bank customers can now use ATMs to buy tickets for events, pay bills and deposit cash or checks. More and more, self-service systems are also being used for advertising purposes. In conjunction with Customer Relationship Management (CRM) systems, such advertising can even be customized to appeal to individual target groups.

Cost Pressure, Takeovers and Mergers leading to Standardization of IT Infrastructures. IT infrastructures can be expensive to maintain, especially when they are based on proprietary software solutions. For this reason, banks are increasingly making use of service-oriented software architectures that can be implemented throughout the organization. In terms of cost, these are proving to be a more appropriate response to the challenges created by the constant updating and expansion of sales channels and functions. Such architectures also help to reduce complexity in relation to internationalization projects and the bank takeovers and mergers that have become more frequent, especially in the wake of the financial and banking crisis.

Out-tasking and Outsourcing. Many banks are shifting the management and operation of their installed IT infrastructure to external service providers in order to concentrate fully on their core business and reduce operating costs. This is also increasingly the case for retail banks, which are handing over tasks such as the running of their self-service systems or branch IT operations to outside providers.

Developments in the Retail Industry. Within the established markets of Europe and the United States, the year under review saw a cautious approach to new investment in fundamentally new automation technology in response to gloomier economic prospects. Nevertheless, intense pressure between competitors meant that new investment included the introduction of next-generation software and hardware as a way of exploiting further potential for operational streamlining. The major international retail groups continued to expand in the emerging markets. In most cases, they take their proven business models with them, although increasingly they are being challenged in these new markets by innovative and fast-growing local providers.

The general trend towards differentiation between types of operation and product ranges continued throughout the world. In parallel, many retailers are developing new service concepts, with investment in modern POS systems playing a key role. Market research firm PAC anticipates average yearly growth in spending on branch hardware of 4% for the years 2007 to 2011. With regard to spending on branch software/services, it forecasts an average increase of approximately 6% p.a.

Developments among retail groups during the year under review can be summarized in the following list of key trends:

Optimization of Customer Services and Process Efficiency. Against a background of tough competition in the retail industry, efforts to reduce costs while adopting a more customer-friendly profile to stand out from rivals have emerged as important investment criteria.

Checkout: One of the main areas of innovation in retail branch operations has been the process of recording and paying for the purchased goods (checkout process). At present, almost all the major retail groups worldwide are looking at new concepts for the checkout area, with potential solutions ranging from pure self-service concepts to staff-operated systems and various combinations thereof. To achieve a more customer-friendly system, the emphasis is on reducing waiting times at the checkout, extending opening times and offering more advisory services – all with the same level of staffing. Likewise, modified checkouts also need to cut process costs, while improving the generation of data and its integration into the group's IT system. As a more conservative investment option, many retail groups are replacing their previous ePOS systems with new and more versatile solutions that, when combined with the right software, help bring about significant improvements in process management at branch level.

Automation: There is considerable scope for improving the handling of cash in retail branches and in the corresponding back office. Automatic reverse vending systems also provide a major boost to process efficiency, while at the same time appealing to customers. We are also seeing a greater prevalence of kiosk and “visual merchandising” solutions (electronic advertising boards for product presentation, special offer notices or as advertising media) as a means of increasing sales performance.

IT-based Customer Services: Increasingly, retailers are looking to new, IT-based service concepts to help them stand out from the competition. One example is mobile shopping technology that allows customers to scan their own purchases at the supermarket using small handheld devices. For shoppers, this ensures a consistent level of cost transparency and speeds up the checkout process. Mobile terminals can also be used by service staff for tasks such as reordering. Further examples of the use of modern technology are electronic advertising and information displays. This technology depends on being connected to a central system to ensure a constant exchange of data.

Advances in IT Standardization. Multinational retailers in particular are increasingly putting their faith in internationally standardized hardware and software and in services that can be applied across their entire organization. Consequently, for all their branches they are choosing to implement uniform software platforms that need only be adapted for the country in question. However, if such systems are to stand the test of time, it is vital that the software can support a range of applications – mobile, stationary, self-service or staff-operated. Furthermore, it is important that the branch software can be integrated into a central system.

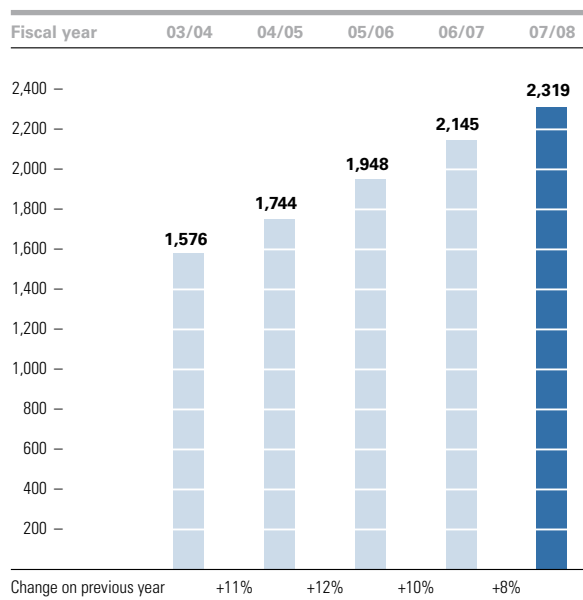
GROUP BUSINESS PERFORMANCE.

At the start of the fiscal year under review, Wincor Nixdorf forecast growth of 8% in net sales and of 10% in earnings. Despite a marked downturn in the economic situation, this forecast remained in place throughout the year.

Encouraging Level of Growth in Net Sales. Net sales rose 8% for fiscal 2007/2008 to reach €2,319 million (2006/2007: €2,145 million). Adjusted for currency fluctuations between the euro and the U.S. dollar, this is equivalent to an increase of 11%.

Net Sales History.

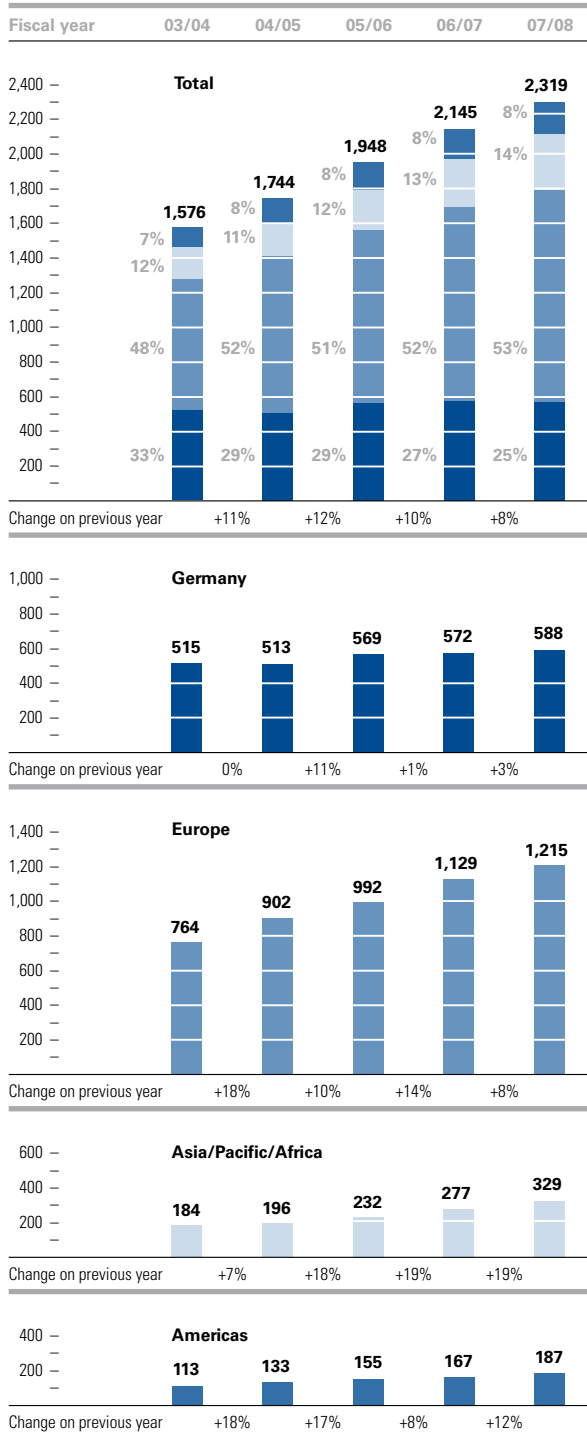
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Regional Performance. Once again, our international operations were particularly successful in the year under review and contributed substantially to growth at Group level. The increase in net sales was also driven by our expansion in high-growth regions.

Changes in Regional Sales Trend.

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In Germany, we can look back on a modest rise in business, with net sales up 3% (2006/2007: 1%). Net sales totaled €588 million (2006/2007: €572 million), equivalent to 25% of our global net sales (2006/2007: 27%).

In Europe (excluding Germany), net sales were up 8% (2006/2007: 14%) to €1,215 million (2006/2007: €1,129 million). This region accounted for the biggest share of total Group sales at 53% (2006/2007: 52%).

Business in the Asia/Pacific/Africa region was again exceptional. Reckoned in U.S. dollars, net sales were up 34% on the previous year (2006/2007: 30%). In euro terms, net sales rose 19% to €329 million (2006/2007: €277 million), equivalent to 14% of total Group sales (2006/2007: 13%).

Net sales in the Americas ended the fiscal year up 27% in USD (2006/2007: 17%); calculated in euros, this corresponds to a rise of 12% to €187 million (2006/2007: €167 million). This region's share in total Group sales remained at 8%.

Performance by Business Stream. Measured in terms of net sales, our **Hardware business** grew by 7% over the reporting period to €1,346 million (2006/2007: €1,254 million). This business stream thus accounted for 58% of total net sales, the same as in the preceding year. There was a substantial rise in sales of high-end systems such as, e.g., multifunctional ATMs and automated checkout systems.

In the light of worldwide cost pressure and competition, Wincor Nixdorf set up its own global production network some years ago. This allows us to respond rapidly and flexibly to market requirements. The production network includes our German sites in Paderborn and Ilmenau as well as our locations in Singapore, Shanghai (China) and São Paulo (Brazil). Within this network, our German factories continue to act as the suppliers for higher-end mechatronic components and for recycling and deposit systems.

Efficiency and quality also lie at the heart of our manufacturing systems. During the year under review, for example, we commissioned a new painting unit at our Paderborn site. This new facility meets the highest environmental and manufacturing standards. In February 2008, we moved into the new building complex at Ilmenau, where we develop and produce reverse vending systems and the related software. Sales, customer support and service for this business are also managed from here.

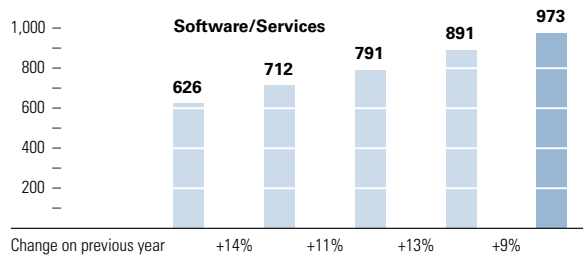
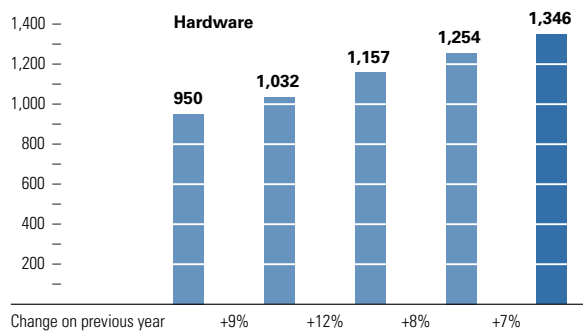
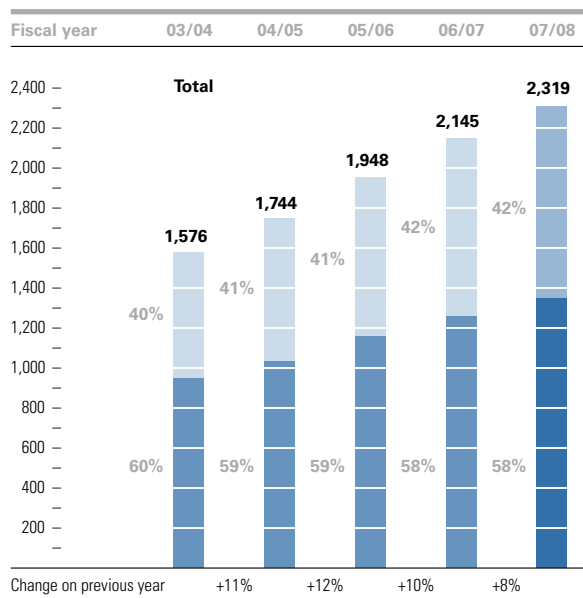
We expanded our production site in Shanghai back in 2006/2007. During the year under review, we strengthened it to prepare for the production of ATMs, especially for the Chinese market, in addition to other products for the retail industry. However, Singapore remains the hub of all our activities in the Asia/Pacific/Africa region and acts as head office for production in this market.

Wincor Nixdorf has organized its global production network on a decentralized basis according to the "local for local" principle. As far as possible, our production sites in Singapore, Shanghai and São Paulo cover the requirements of their own markets themselves. Where this can be achieved through process innovation, this also applies to our German production sites and deliveries to Europe. The "local for local" principle allows us to respond more rapidly and flexibly to customer needs and, as a result, to take greater advantage of growth in different regions. Another benefit is that by increasing the level of production and purchasing in local markets we can diminish the impact of currency fluctuations.

In fiscal 2007/2008, we made further progress in the standardization and optimization of processes at all our sites. The introduction, for example, of a uniform global IT manufacturing control platform enabled us once again to boost productivity. We also made further improvements to our worldwide supplier management system and to the planning and control of purchasing volumes and site capacities. At the same time, Wincor Nixdorf has started to introduce lean production principles at all its sites.

Net Sales Split: Hardware and Software/Services.

€m



Net sales for **Software/Services** climbed 9% in the fiscal year to €973 million (2006/2007: €891 million). This business stream covers all the service-oriented elements of our portfolio: the sale of software licenses, providing advice to customers on all aspects of new solutions and on-site implementation and integration ("Professional Services"). It also includes all those services whose purpose it is to assure the smooth, cost-efficient operation of our customers' installed IT systems.

The proportion of total net sales accounted for by our Software/Services business remained at the same level as the previous year on 42%. The substantial increase in net sales demonstrates the ongoing expansion of services. The fact that its share of total sales remained stable is due to equally strong growth in our Hardware operations.

Wincor Nixdorf successfully expanded its position as a leading innovator in the **Software** business:

In the banking segment, it was particularly our Retail Banking Solution Suite (ProClassic/Enterprise) that met with the greatest interest. Its role is to bring together the main retail banking processes (sales and marketing/service and support) into channel, IT integration and customer areas, and to control overlapping processes. The banks benefit from the simpler and faster integration of sales channels and improvements in the analysis of data from other channels. In the retail segment, the year under review saw the redevelopment of our TP Application Suite, now equipped with many new functions to support the standardization of processes throughout the value chain – from logistics to the checkout – and across national boundaries.

No software without implementation: Wincor Nixdorf's integration services also performed well over the last year and we are keen to expand this area significantly in the next few years alongside our consultancy business.

Our **Services** division maintained its unbroken upward trend, driven by buoyant performance in the banking segment. Here, the biggest and fastest-growing area in terms of busi-

ness volume is **Product-related Services**. In general, these involve contracts extending over several years for the installation, maintenance and repair of customer systems.

Wincor Nixdorf's **Managed Services** involve our taking over the running of specific tasks within a customer's IT infrastructure. This reduces the overall burden of operating its installed IT base and helps to optimize its business processes. We were particularly successful in this field with our standardized service packages. These include network-based remote monitoring, inventorization and software distribution.

Outsourcing, our most comprehensive service and one that we provide, above all, to banks, involves our taking over part or all of the running of branch-level IT infrastructures and applications, including self-service devices and networks. This means we are responsible for the technical and operational processes related to ATMs and for the control and monitoring of the cash cycle – in short, the entire running of self-service applications and their infrastructures. During the year under review, we further expanded our activities in this field in Germany and the United Kingdom (see also "Banking segment").

The technological basis for the control and delivery of our entire service portfolio is the "eServices Platform." It lies at the heart of the remote monitoring and control of customer systems and devices, guaranteeing stable and consistently high-quality processes. It records any disruption centrally, automatically initiates the appropriate action and resolves the issue following a standardized procedure. In addition, the customer can monitor the operational status of its systems at any time via a portal as well as checking their availability through reports and obtaining information on current inventory levels.

With regard to our Logistics services, during the year under review we set up a rollout center in Germany that is also intended to support other European countries in the future with major rollout projects. Over the same period, our new logistics center in Singapore also commenced operation.

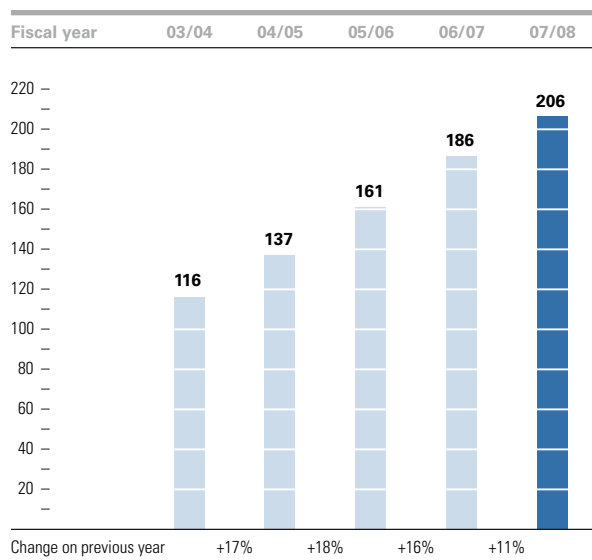
Costs. In fiscal 2007/2008, Wincor Nixdorf again strove to improve its cost structure with the help of the Group-wide "ProImprove" program. The gross margin from net sales before profit charges arising from the carve-out fell slightly by 0.2 percentage points to 27.4% (2006/2007: 27.6%).

Research and development expenses during the year under review were up €8 million to €105 million (2006/2007: €97 million), an increase of 8% on the previous year. The R&D ratio remained steady at 4.5%.

Thanks to strict cost management, the ratio of selling, general and administration expenses to net sales fell 0.4 percentage points to 14.0% (2006/2007: 14.4%). Selling, general and administration expenses, including other operating income and expenses, amounted to €325 million (2006/2007: €308 million).

EBITA History.

€m



Profit. Wincor Nixdorf again achieved ongoing improvements to profitability thanks to very positive net sales figures and efficient cost management. Earnings before interest, taxes and amortization of product know-how (EBITA) rose by 11% to reach €206 million (2006/2007: €186 million). The EBITA margin was up 0.2 percentage points to 8.9% (2006/2007: 8.7%).

Profit before income taxes climbed €20 million to €181 million (2006/2007: €161 million). This is equivalent to a rise of 12%. The Group's effective tax rate fell to 30% (2006/2007: 32%), primarily as a result of a cut in the level of German corporation tax.

Profit for the period was €127 million, up €18 million or 17% on the corresponding figure of €109 million for the previous year. This meant a higher return on net sales of 5.5% (2006/2007: 5.1%).

The Group's enhanced earnings performance is also reflected in profit for the period before profit charges arising from the carve-out. It climbed 14% to €135 million (2006/2007: €118 million).

Dividend. Wincor Nixdorf will continue to pursue its previous dividend policy. On this basis, the dividend to be paid to shareholders is calculated as being equivalent to approximately half of the Group profit for the period before charges arising from the carve-out.

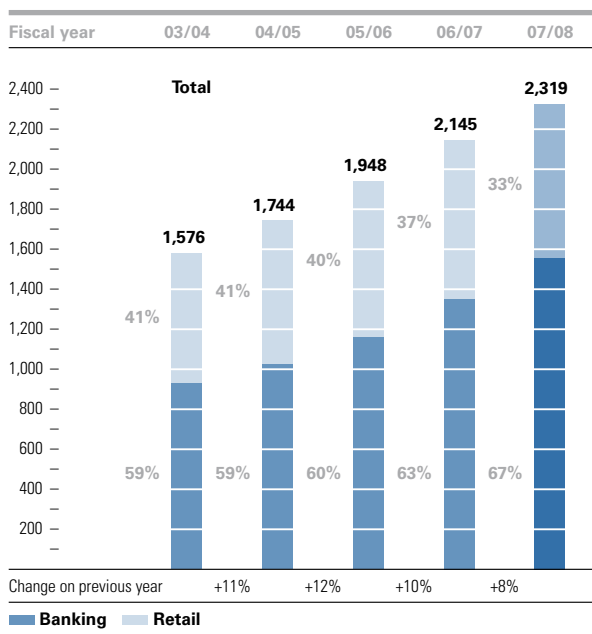
For the reporting period, this corresponds to a dividend of around €2.13 per share, an increase of 13% on the basic dividend of €1.88 paid out in the preceding year. In 2006/2007, an extra dividend of €0.90 per share was also paid out.

As of September 30, 2008, the consolidated profit of Wincor Nixdorf AG amounted to €151,753k. A dividend of €2.13 per share will be proposed to the Supervisory Board and the AGM. This corresponded to a total distribution of €67,444k on the date on which the Group financial statements are released by the Board of Directors. The remaining amount will be carried forward. The dividend will be paid out on January 20, 2009 subject to the approval of the AGM.

SEGMENT PERFORMANCE.

During fiscal 2007/2008, growth in net sales and operating profit at Group level was primarily due to the excellent performance of the Banking segment, which increased its share of total net sales to 67% (2006/2007: 63%). The Retail segment accounted for 33% (2006/2007: 37%).

Net Sales Split: Banking and Retail.

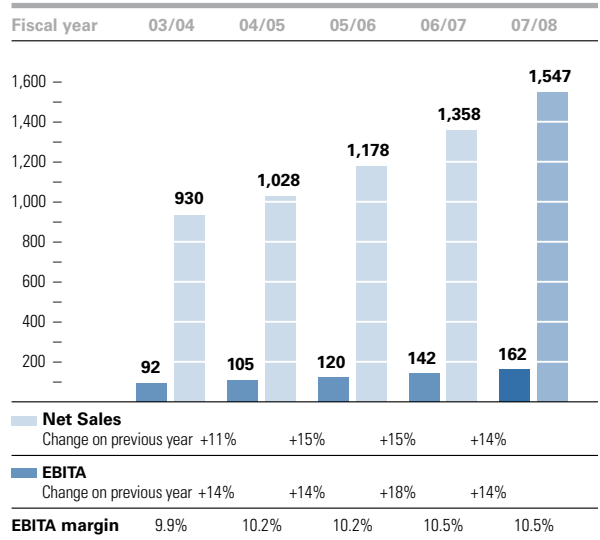


BANKING SEGMENT.

Net sales in the Banking segment showed another substantial rise in 2007/2008 to end the fiscal year up 14% at €1,547 million (2006/2007: €1,358 million). Both our Hardware and Software/Services business streams recorded an increase. Thanks to strict cost management, this growth in net sales also boosted the corresponding figure for segment EBITA by 14% to €162 million (2006/2007: €142 million). As in the previous year, the EBITA margin remained unchanged at 10.5%.

Net Sales and EBITA History: Banking.

€m



A crucial factor in the success of this segment is the ongoing development of our portfolio. Our aim is to make continuous improvements to the processes in bank branches and related fields in the retail banking industry by supplying perfectly coordinated hardware, software and services.

Automating Processes and Migrating to Self-service.

A growing number of standard transactions are being moved over to a self-service basis – a trend that Wincor Nixdorf supports with a portfolio that also extends the functionality of existing systems. Examples include multifunctional systems that allow customers not only to deposit banknotes, coins and checks, but also to pay invoices. Banks can generate additional income by providing other self-service functions such as cell phone card top-ups or ticket sales. New software modules and the integration of CRM software mean that self-service systems can also be used for targeted advertising.

Service and Outsourcing. Wincor Nixdorf is well placed to take advantage of attractive opportunities for growth in the provision of services for branch-related IT systems. As well as product-related services, Managed Services, too, open up good prospects for growth in response to cost pressures in the retail banking industry. These services take the form of innovative packages that increase availability levels while reducing costs and involve the outsourcing of IT operations that were previously carried out in-house. Other promising services include Transaction Processing, which makes it possible for customers to reduce their vertical structures and likewise outsource cost-intensive branch processes to external providers.

Software for Consistent Data Use and Integration. One of the principal demands made of IT systems is that they should transform customer data for the different sales channels – branches, self-service, Internet and mobile banking – into useful information to which users must then have permanent access. It is for this reason that more and more banks are combining their sales channels onto a single software platform and standardizing their applications across all those channels and a range of terminals. This integration not only improves bank services and sales opportunities at the customer-bank interface (self-service and branch); it also makes it possible to create a uniform IT infrastructure. As a form of service-oriented architecture (SOA), the software is designed on the net-centric principle. Once a new function has been developed for one channel, it can be used for all the others and recycled.

Expansion in Professional Services for Banks. 2007/2008 saw the expansion of our portfolio of Professional Services to include software-related areas. Banks need to adopt individual IT solutions but do not wish to dispense with standard components. We can help resolve these discordant requirements by drawing on the different elements in our software portfolio. The standard software we supply performs

a range of key functions. Building on these, we develop individual applications that are tailor-made in response to the processes and requirements of our customers, who can choose from a range of specialized services such as strategic IT consultancy, the design and implementation of appropriate solutions and the maintenance and updating of these applications. In addition, we offer the specialist consultancy services required as part of the development of these individual applications. At present, our particular areas of expertise are sales and service processes, cash management, transaction processing, security and IT infrastructure.

Holistic Branch Development and Management. Wincor Nixdorf has created a new, all-embracing concept that allows banks to boost the productivity, efficiency and sales focus of their branches. It covers everything from the analysis of branch processes and assuming responsibility for planning, project management and implementation work through to the turnkey handover of a new branch. One module involves training packages that are designed to improve the advisory and selling skills of employees, while another covers the entire operation of the IT branch infrastructure and systems.

Security across the Entire Process Chain. In the year under review, we expanded our portfolio to cover an even greater range of tasks from system and facility security to protection for cash-related logistical processes. In addition, Wincor Nixdorf supports its customers throughout the entire process chain from the analysis, development and final preparation of a new solution to its operation.

Managing the Cash Cycle. During the reporting year, we also further expanded our banking expertise in the field of cash processes. As a service provider, our role is to optimize cash flows in both directions on behalf of our customers. We analyze all the processes involved both as part of the entire bank-customer-central bank cycle and at system level. Thanks

to a new module in our Retail Banking Solution Suite, we can optimize cash levels not only at individual cash points but across the entire branch network.

Regional Performance. Our banking operations in **Germany** grew, with particular interest in branch process automation and the migration of standard transactions to self-service technology. There was demand for solutions aimed at the standardization of IT infrastructures and Outsourcing services, while our Professional Services business also saw the launch of several major new projects.

Growth in **Europe** continued at a high level. In the countries of Western Europe, the banks invested predominantly in the automation of their branches and in innovative software. Additionally, Hardware recorded strong demand for solutions aimed at optimizing the cash cycle, driven in particular by business in the western region of Europe. The products most in demand were intelligent self-service deposit-only and combined deposit/withdrawal systems (recycling). Eastern Europe also reported a good level of growth.

In the **Asia/Pacific/Africa** region, it was our self-service deposit/withdrawal systems that fared best. Especially in the Asian countries, which are still dominated by cash transactions with a large number of "small" notes in circulation, the banks are interested in combined deposit/withdrawal units to simplify cash handling. In Australia, our systems were certified, allowing us access to the market.

Business performance in the **Americas** was very positive despite the financial markets crisis. Intelligent deposit systems, ATMs and automated teller safes were all in greater demand. In the United States, systems designed for the automatic recognition and acceptance of banknotes and checks played a major role. At the same time, we received other substantial orders from large Canadian banks. Demand from well-known banks in Latin America also strengthened our market position.

Performance by Business Stream. Our successful performance in the **Hardware business** at the Banking segment was primarily driven through sales of **cash deposit/withdrawal systems** (cash-in, cash-out and recycling systems). Demand was excellent both for high-end systems and for the simpler mono-functional systems we produce in greater volume. The principal motors for growth in our worldwide operations were new system installations and, increasingly, replacement investment for older systems.

Wincor Nixdorf's success in the field of ATMs was highlighted in a survey conducted by British market research firm Retail Banking Research (RBR). The results show that Wincor Nixdorf increased the annual shipments and therefore its global share of the ATM supplier market from 18% in 2006 to 21% in 2007, taking the Company to the No. 2 position worldwide. As recently as 1994 it stood at number 12, before moving into third place in the year 2000.

Wincor Nixdorf was the first to provide intelligent cash/check deposit systems and to date has installed over 17,000 around the world. We are now supplying a fourth generation of our cash/check deposit module that can automatically accept up to 50 checks or banknotes (bundled).

The marked trend towards counter-less branches with automatic teller safes again led to a strong increase in demand.

Self-service banking facilities are also expanding in the emerging markets. This has a positive impact on our business with high-volume mono-functional cash systems.

There was an increase in sales of **non-cash products** for integration into bank terminals. Our solutions for employee self-service were again successful. They are being used by an ever greater number of industrial companies and allow all staff members to access personnel information via a kiosk terminal without the need for Intranet access.

Demand for **receipt and document printers** also remained buoyant.

Substantial Growth in Software/Services. Our Software/Services business stream within the Banking segment reported another significant increase in sales, with sustained growth across the entire **Software** portfolio given further impetus by new developments to existing concepts. The basis of our success in the self-service market is our ProClassic software family.

Building on our experience with ProClassic, we brought the different elements of our portfolio together under the Retail Banking Solution Suite (ProClassic/Enterprise), which was further developed. The software family was presented at the beginning of the calendar year. It met with a very positive response, showing that our development strategy is on the right track. Many customers in Germany and Western Europe have already decided to add new modules to their ProClassic/Enterprise solutions or to introduce the software on a completely new basis. By way of example, the number of systems using the monitoring component rose to over 100,000. Another promising development is our direct marketing module, with more and more banks seeing an opportunity to exploit self-service systems for communications purposes, too, and therefore investing in the corresponding software component.

Our **Services business** produced strong growth driven particularly by product-related services in Europe and Asia. We were able to expand the business considerably in the Americas and also made good progress in the operation of IT infrastructures. Managed Services, i.e., standardized service packages for self-service systems, performed especially well in Europe and Asia.

Wincor Nixdorf's Outsourcing business was particularly successful in the year under review. In Germany, our focus lay on the Sparkassen (savings banks) given their clear position as market leaders in the retail banking industry. We took a majority interest in a joint venture of two major savings banks. This project involves running large parts of the IT operations

of both banks and will also offer its services to other savings banks. We also expanded in the United Kingdom, where we have many years' experience in the field of Outsourcing.

In September 2008, in order to strengthen its position in the field of consultancy services for German banks, Wincor Nixdorf acquired a majority share in Bankberatung Organisations- und IT-Beratung für Banken AG. This firm's main activities include the provision of specialized banking analysis, the planning, design and optimization of processes in transaction banking, banking control systems and the migration of bank applications. It also offers project management services for manufacturer-independent solutions projects. The Company's headcount of over 50 has extensive experience in the introduction of SAP and Kordoba banking software, and in the introduction and integration of data warehousing solutions.

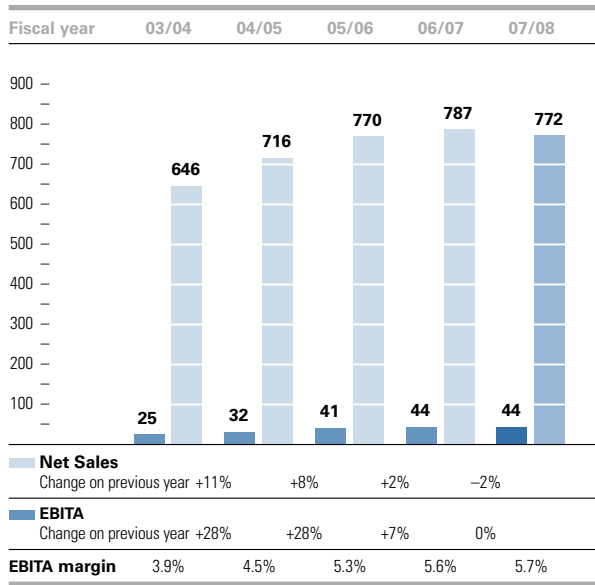
Following this acquisition, Wincor Nixdorf is now in a position to cover every single project phase in the change-related processes of retail banks. Our portfolio ranges from specialized bank consultancy, process design and IT solutions consultancy/integration through to IT systems operation and Outsourcing. We also expect the expertise of Bankberatung AG to contribute to innovative new solutions at Wincor Nixdorf.

RETAIL SEGMENT.

Our business with the retail industry remained slightly below the previous year's level (-2%) with net sales of €772 million (2006/2007: €787 million).

Nevertheless, we were able to boost profitability in this segment thanks to a strict approach to cost and portfolio management. Despite a fall in net sales, EBITA remained at €44 million (2006/2007: €44 million), giving an improved EBITA margin of 5.7% (2006/2007: 5.6%).

Net Sales and EBITA History: Retail. €m



Further Developments in the Checkout Process.

The checkout is one of the central processes in the retail industry. This area offers great potential as a data and IT interface at both branch and group level. Another important consideration is that every single shopper has to pass through the checkout area, so customer-friendly systems are an absolute must.

Wincor Nixdorf can draw on a flexible and modular portfolio covering all the relevant hardware and software components needed for the checkout. Consequently, one of the main aspects of our work with customers during the year under review was the further development of the checkout.

Cutting-edge Programmable Electronic Point of Sale (ePOS) Systems: Given the high level of demand for new and replacement investment, we pushed ahead in 2007/2008 with new developments to expand our market position.

Customized Checkout Solutions for Individual Scenarios: Each retailer has its own view of what the checkout area should be like, and based on this view it will have a specific set of needs. Our strength – one that we further consolidated over the last year – lies in being able to offer a superbly coordinated portfolio of solutions. We are guided in all cases by the different requirements of each type of retail outlet. In the case of discounters, for example, these might be large trolleys and rapid progress through the checkout; in DIY/furniture stores there may need to be provision for bulky objects. All these store requirements – as well as those of the consumer – are incorporated into our solutions portfolio. There are a number of possible scenarios, one of which, for example, might involve the shopper scanning the goods using a mobile device as they are placed in the trolley and then paying for them at an unstaffed payment terminal in cash or by card. Combinations of retail type and checkout scenario are also possible within the same branch.

Simple Individual Implementation of Standardized Solutions: As part of the ongoing development of our solutions portfolio, the focus here lay on enabling retailers to handle different checkout scenarios as simply as possible.

Boosting Process Efficiency through an Open IT

Infrastructure: To avoid a situation where each type of checkout requires its own IT infrastructure with its own software platform to process sales and customer data, Wincor Nixdorf has developed a consistent, comprehensive solution. Given the different requirements involved, this means a substantial saving in IT costs. Our TP Application Suite can be used to control all types of checkout – including those of other manufacturers – regardless of whether they are equipped with cash or non-cash components. Furthermore, this global approach also leads to a high level of efficiency in the analysis of all transactions.

Fast and Simple Procedures for Cash Float Supply/Disposal and Daily Closing:

Our brand new, standardized modular cash handling solution for every conceivable checkout concept offers one very important advantage: Whatever the checkout scenario, the upstream and downstream procedures for retail staff are always the same. As a result, the same coin and note recyclers can be equally well integrated into both conventional, non-automated checkout processes and modern self-service systems. This kind of integrated IT support also gives staff a permanent overview of cash levels and notifies them when systems need to be resupplied or emptied.

Security for Staff and Money: This is a very important aspect of the checkout process. It is vital, for example, to take proper account of the legal framework, the processes of cash-in-transit security firms and the need to ensure that details of all staff contact with the cash are traceable.

Greater Transparency in Branch Management.

During the year under review, our focus here was on the expansion of our software portfolio to meet the needs of global

retailers. This included the integration into the TP Application Suite of new functions for the central control and administration of all systems. In response to different requirements, this makes it possible, for example, to obtain decision-critical information at any time, such as the sales figures for individual ranges or locations, campaign follow-up data or the detection of potentially fraudulent activities.

Regional Performance. Results for our Software/Services business in **Germany** were stable, while Hardware sales showed only a retained development.

Overall, business in **Europe** was again positive. Growth here was driven in part by the increasing use of automated checkout systems in retail branches.

Results in the **Asia/Pacific/Africa** region were significantly up on the previous year with a particularly good performance in Software/Services.

Despite difficult market conditions in the **Americas**, we were able to maintain the same level of sales as in the previous year.

Performance by Business Stream. **Hardware business** was marked by an increase in sales of high-end systems and, in contrast, a slight fall in sales of electronic checkout systems (ePOS). Combined with the general decline in prices for traditional POS systems, this led to a lower set of results overall.

The increase in sales of high-end systems such as self-service and automated checkouts is a reflection of trends in the retail market. Thanks to its product developments in this area during the reporting year, Wincor Nixdorf improved its prospects for participating in this growth trend.

Throughout the world, ePOS systems continue to provide retailers with important data and information. These systems often act as an interface for the representation and control of

branch processes. In addition, at Wincor Nixdorf they are the basis for kiosk systems, for example, and are also used as components for self-checkout and reverse vending systems. Accordingly, we took steps to promote new developments in this area to ensure that we can maintain our traditionally strong position.

Current developments in base systems are predominantly geared towards improving levels of serviceability. This covers operational readiness, customer service and maintenance issues. The aim is to further reduce operating costs throughout the entire product life cycle (total cost of ownership). With regard to environmental considerations, we are currently working on "green" IT products that combine top performance with low energy consumption. Ongoing improvements to logistical and production processes also help to boost sales and counter falling prices.

Results in the **Software/Services business** were at the level of the previous year.

The main driver of sales in the **Software business** was our TP Application Suite branch software, which enables retail groups to use the same software in all their international branches even given the variations between tax regimes.

In the year under review, we made targeted improvements to our Namos software platform for international gas station networks and implemented the system for several big-name customers. The software's major advantage is that it comprehensively covers business processes.

In the **Services business**, we further expanded our global network, allowing us to provide across-the-board support for the international operations of our retail customers. In this way, and through the use of standardized modules, we were able to expand our range of product-related services. In Europe, above all, we attracted a number of high-profile retail customers. We also supply retailers who use systems from other manufacturers (multi-vendor). Demand for Managed POS services rose by a substantial margin, especially in Europe.

During the last year, we successfully developed innovative new services for retail groups. These take the form of concepts that allow us to provide targeted support to those wishing to open new branches in other countries. Our portfolio of services includes preparing the entire IT infrastructure for the opening and subsequent operation of new branches. This enables the retailers themselves to focus completely on setting up and opening each branch.

ACQUISITIONS AND NEW COMPANIES.

Wincor Nixdorf continues its strategic expansion. In Germany, we strengthened our position as a specialized provider of IT services for retail banks in the field of Outsourcing. With effect of January 1, 2008, we acquired a majority interest (51%) in and operational control of Prosystems IT GmbH in Bonn. At the end of the fiscal year, as a means of widening our portfolio of services to retail banks, we acquired 51% of the shares in Bankberatung Organisations- und IT-Beratung für Banken AG in Wedemark (a region of Hanover), a consultancy firm in the field of organization and solutions.

Outside Germany, we set up new subsidiaries: in Norway, where together with a partner (Wincor Nixdorf owns 50% of the shares), we founded a joint venture company to compete in the Banking Services industry, and in India, where the aim is to expand our sales operations.

All changes affecting the composition of the consolidated Group are explained in the Notes to the Group Financial Statements under the heading "Consolidation Group."

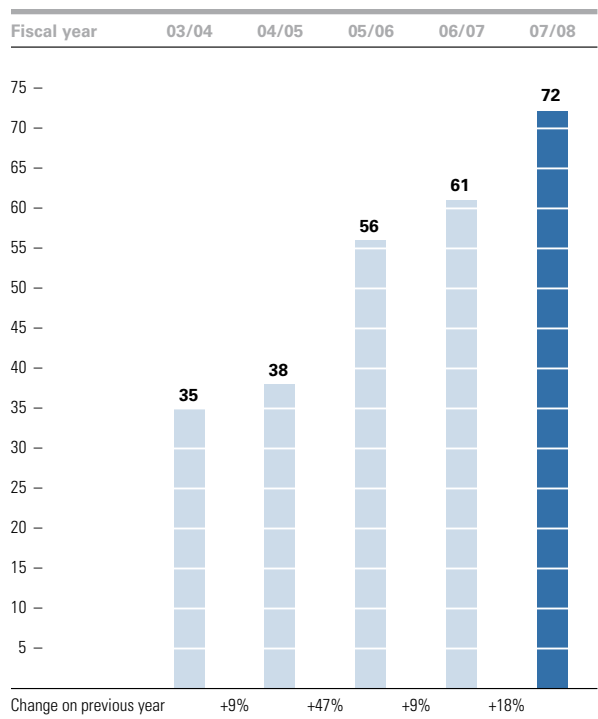
CAPITAL EXPENDITURES.

In the year under review, Wincor Nixdorf again invested heavily in capital projects to increase capacity, streamline Company processes (and therefore boost productivity), promote innovation and enhance the quality of our hardware, software and services.

In fiscal 2007/2008, we invested €72 million (2006/2007: €61 million) primarily in software and data processing systems, specialist tools and production facilities, other fixed assets, office equipment and reworkable service parts.

We spent €19 million alone (2006/2007: €16 million) on the expansion of our Outsourcing business in Germany.

Capital Investment History.



PERFORMANCE, FINANCIAL POSITION AND ASSETS.

Performance. Wincor Nixdorf was able to improve profit for the period up to €18 million, or 17%, at €127 million (2006/2007: €109 million).

Reconciliation of Result from Business Operations (EBITDA).

	2007/2008	2006/2007
Profit for the period	127	109
+ Income taxes	54	52
+ Financial result	13	10
+ Amortization of product know-how (exceptional item)	12	15
EBITA before amortization of product know-how	206	186
+ Amortization/depreciation of tangible fixed assets and licenses	46	42
+ Write-down of reworkable service parts	8	5
EBITDA before amortization of product know-how	260	233

Net sales rose 8% to €2,319 million (2006/2007: €2,145 million). In fiscal 2007/2008, sales growth was again driven predominantly by the Banking segment. Around 75% of net sales revenue was generated outside Germany.

The gross margin on net sales before exceptional items resulting from the amortization of product know-how showed a slight fall to 27.4% (2006/2007: 27.6%).

In fiscal 2007/2008, we again increased our expenses for research and development activities. Total expenses in this area was €105 million (2006/2007: €97 million), equivalent to a rise of 8%. The R&D ratio remained constant at 4.5%.

Thanks to strict cost management as part of our "Prolmprove" profitability program, the ratio of selling, general and administration expenses to net sales fell by 0.4 percentage points to 14.0% (2006/2007: 14.4%). Selling, general and administration expenses, including other operating income and expenses, amounted to €325 million (2006/2007: €308 million).

As a result, EBITDA climbed €27 million, or 12%, to reach €260 million (2006/2007: €233 million). Accordingly, the EBITDA margin rose 0.3 percentage points to 11.2% (2006/2007: 10.9%).

EBITA also benefited from these developments to end the fiscal year up €20 million, or 11%, at €206 million (2006/2007: €186 million). The EBITA margin was up 0.2 percentage points at 8.9% (2006/2007: 8.7%).

Financial Position. The 9% rise in cash flow from operating activities again shows the continued positive financial position during the last fiscal year. Compared to the previous year, cash flow was up €16 million to €196 million (2006/2007: €180 million). As in the previous year, this was largely due to an increase in EBITDA of 12% to €260 million (2006/2007: €233 million). The main cash outflows were interest payments of €13 million (2006/2007: €9 million), income tax payments

of €56 million (2006/2007: €37 million) and a reduced figure for accruals of €6 million (2006/2007: rise of €36 million). A slight fall of €3 million in working capital (2006/2007: up €40 million) and a reduction of €10 million in other assets and liabilities (2006/2007: up €4 million) helped support this increase in cash flow from operating activities.

Cash outflows from investing activities amounted to €72 million (2006/2007: €66 million). Cash outflow for investments in intangible assets and property, plant and equipment was €67 million (2006/2007: €52 million). As in previous years, the main focus of this investment activity was on other fixed assets and office equipment and on the Outsourcing business. Investments in reworkable service parts almost remained unchanged. We further expanded our Outsourcing business by acquiring an interest in Prosystems IT GmbH. This acquisition resulted in a net cash outflow of €2 million. In September 2008, we acquired a share in Bankberatung Organisations- und IT-Beratung für Banken AG in order to strengthen our consultancy activities in the Banking segment. This deal produced an increase of €1 million in cash and cash equivalents, since the purchase price of €5 million was not paid until the beginning of October 2008. In total, acquisitions accounted for a net cash outflow of €2 million (2006/2007: €10 million).

At €116 million, cash flow from financing activities remained at almost the same level as the previous year (2006/2007: €119 million). The dividend paid out to shareholders was €88 million (2006/2007: €46 million), and we spent €43 million on the repurchase of our own shares (treasury shares) (2006/2007: €44 million). Borrowings rose by €16 million, whereas in the preceding year €21 million of borrowings were repaid.

The Group's net debt (bank liabilities less cash and cash equivalents) increased to €194 million (2006/2007: €182 million), roughly corresponding to net cash from operating activities in the year under review.

Cash flow.	€m	
	2007/2008	2006/2007
EBITDA	260	233
Cash flow from operating activities	196	180
Cash flow from investment activities	-72	-66
Cash flow from financing activities	-116	-119
= Change in liquidity	8	-5
Cash and cash equivalents at the beginning of the period	-11	-6
Cash and cash equivalents at the end of the period	-3	-11

Mainly on account of its positive cash flow from operating activities, Wincor Nixdorf Group was, and remains, in a position to meet its payment obligations at any time, and does therefore not see a need to commission a rating.

Assets. Compared to the previous year, the balance sheet total was up €49 million, or 4%, to €1,274 million (2006/2007: €1,225 million). Both non-current and current assets showed a small increase, especially with regard to tangible assets and current receivables and other assets. On the liabilities side, the main rises were in non-current financial liabilities and current trade payables.

The figure for intangible assets is almost unchanged year on year, with a carrying amount of €363 million (2006/2007: €367 million). The amortization of product know-how of €12 million (2006/2007: €15 million) and the amortization of commercial patents and licenses of €10 million (2006/2007: €9 million) were partly compensated for by investment in software, especially for Outsourcing projects, in the amount of €6 million (2006/2007: €8 million). In addition, intangible assets rose by a total of €12 million as a result of the acquisitions of Prosystems IT GmbH and Bankberatung Organisations- und IT-Beratung für Banken AG.

The carrying amount of property, plant and equipment is up €28 million on the previous year at €143 million (2006/2007: €115 million). Capital expenditure on property, plant and equipment amounted to €60 million (2006/2007: €47 million). The principal investments made here were in data processing equipment, specialist tools and plant and machinery. Depreciation in the year under review amounted to €36 million (2006/2007: €33 million).

There was a small decline of €6 million to €45 million in non-current receivables and other assets (2006/2007: €51 million). This was largely due to the lower surplus of plan assets over pension obligations. The surplus totaled €7 million compared to €13 million in fiscal 2006/2007. This item also

Assets.

€m

	Sept.30,2008	Sept.30,2007
Assets		
Intangible assets	363	367
Tangible assets and financial assets	144	116
Non-current receivables and other assets	45	51
Non-current assets	552	534
Inventories	278	294
Current receivables and other assets	428	373
Cash and cash equivalents	16	24
Current assets	722	691
Total assets	1,274	1,225
Equity and Liabilities		
Equity (incl. minority interest)	276	278
Pension accruals and other accruals	51	50
Financial liabilities	186	170
Other liabilities	3	2
Non-current liabilities	240	222
Other accruals	171	175
Trade payables	271	234
Other current liabilities	316	316
Current liabilities	758	725
Total equity and liabilities	1,274	1,225

includes reworkable service parts, whose carrying amount was €14 million (2006/2007: €16 million).

Inventories declined by €16 million to €278 million (2006/2007: €294 million). Current trade receivables rose to €363 million (2006/2007: €317 million). Other current assets rose to €65 million (2006/2007: €56 million).

Current bank deposits fell by €8 million to €16 million (2006/2007: €24 million) and current bank liabilities by €12 million to €23 million (2006/2007: €35 million).

Equity, including minority interest, was down by €2 million to €276 million (2006/2007: €278 million). Reductions caused by the payment of dividends worth €88 million (2006/2007: 46 million) and the further repurchasing of our own shares to the value of €43 million (2006/2007: €44 million) were almost entirely compensated for by profit for the period of €127 million (2006/2007: €109 million). Equity movements are described in the table entitled "Changes in Equity."

Non-current financial liabilities rose by €16 million to €186 million (2006/2007: €170 million), mainly as a result of new borrowings totaling €15 million from the revolving facility. Under the terms of this revolving facility, Wincor Nixdorf Group was granted a credit line of €350 million by a consortium of banks for a period of seven years up to August 2, 2012. Borrowings are subject to interest based on the EURIBOR plus a margin. The entire credit line is still available until expiry of the agreement without an obligation to make principal repayments before that time.

Other current accruals fell back slightly by €4 million to €171 million (2006/2007: €175 million). This was mainly the result of a fall in other miscellaneous accruals by €12 million and a simultaneous increase in personnel-related obligations of €4 million, and warranty obligations of €6 million. From the present perspective, the recognized accruals sufficiently cover all of the Group's probable obligations.

Compared to the previous year, other current liabilities remained unchanged at €316 million.

The Group also has future non-balance sheet liabilities in relation to tenancies, leasing agreements, long-term purchase contracts and purchase commitments totaling €108 million (2006/2007: €90 million).

Overall Assessment of Economic Position. Overall, the Board of Directors believes the economic position of the Wincor Nixdorf Group to be sound on the date on which the Group Management Report was prepared. This assessment is based, in part, on the very good results achieved in the year under review, with record figures for both net sales and profit. Looking ahead at the medium term, in the light of established trends in the retail banking and retail industries and our own current position, which improved during the year under review, the Board of Directors regards the prospects for the Group as positive. Given the information available on the date of this report, in the current fiscal year the Board of Directors expects to follow on from the very good performance of 2007/2008 and to maintain approximately the same level of business. However, the Board does not exclude a short-term deterioration in business as a consequence of the financial market crisis and is therefore pushing ahead with internal measures to provide the Group with flexible options on which it can act as the need arises.

DISCLOSURES PURSUANT TO SECTION 315 (4) HGB AND EXPLANATORY NOTES.

As the parent company of the Wincor Nixdorf Group, Wincor Nixdorf AG utilizes an organized market as defined by Section 2 (7) Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) through the Company's issued shares with voting rights and, therefore, reports pursuant to Section 315 (4) HGB.

Capital Structure. The subscribed capital of Wincor Nixdorf AG is €33,084,988.00 as of September 30, 2008, and is divided into 33,084,988 shares ("Stückaktien" governed by German law). In accordance with Section 16 (1) of the Articles of Association, each individual share entitles the holder to a vote at the AGM.

Shareholders' Rights and Obligations. Each share is furnished with the same rights and obligations. Shareholders are entitled to property and administrative rights. The main property rights include the right to participate in profits (Section 58 (4) AktG – German Stock Corporation Act) and to any liquidation proceeds (Section 271 AktG), as well as the right to subscribe to shares in the event of capital increases (Section 186 AktG). Each shareholder's entitlement to a share in the profits of the Company is determined by his/her share in the subscribed capital (Section 60 AktG). The administrative rights include the right to attend AGMs and the right to speak, submit questions and motions, and exercise voting rights at such meetings. A shareholder may, in particular, assert these rights through actions for disclosure (Section 132 AktG) and actions for rescission (Section 246 AktG). Pursuant to Section 4 (4) of the Articles of Association, shareholders are not entitled to the individual certification of their shares.

Equity Interests, Restrictions on Voting Rights, Shares Granting Special Rights and Control over Voting Rights. The Company is not aware of any direct or indirect equity interests that exceed 10% of the voting rights. It is equally unaware of any restrictions affecting voting rights or the transfer of shares, even though they may arise as a result of agreements between shareholders. The shares do not confer any special rights with controlling powers. The Company is not aware of any control over voting rights in the event that employees hold a share in the equity and do not exercise their control rights.

Composition of Board of Directors and Amendment of Articles of Association. Rules for the appointment and removal of members of the Board of Directors are laid out in Sections 84 and 85 AktG, which stipulate that members of the Board of Directors shall be appointed by the Supervisory Board for a maximum period of five years. Members may subsequently be reappointed or their period of office extended for a further period of five years. According to Section 5 of the Articles of Association, the number of members of the Board of Directors is determined by the Supervisory Board, and it must consist of at least two persons. The Board of Directors of Wincor Nixdorf AG is made up of three members, including the Chairman (President and CEO), who currently also holds the position of Labor Relations Director as required by the Mitbestimmungsgesetz (Codetermination Act).

The Articles of Association may only be amended by the AGM (Section 179 (1) Sentence 1 AktG). Pursuant to Section 13 of the Articles of Association, the Supervisory Board may only amend and decide on the wording of the Articles of Association. In accordance with Section 18 (1) of the Articles of Association, resolutions of the AGM may be passed by a simple majority of the votes cast in the absence of a mandatory provision of the law stipulating otherwise. In cases where the

law requires a majority of the subscribed capital represented at the time of voting, a simple majority of the subscribed capital represented will suffice in the absence of a mandatory provision of the law stipulating otherwise.

Authorization of the Board of Directors to Issue and Buy Back Shares.

1. Authorized Capital I pursuant to Section 4 (5) of the Articles of Association: The Board of Directors has been authorized to increase the Company's subscribed capital, with the Supervisory Board's approval, by up to €1,654,249.00 (Authorized Capital I 2004) through the issue for cash of new bearer shares under single or multiple initiatives up to May 13, 2009. Shareholders must be granted a right of subscription. However, subject to the consent of the Supervisory Board, the Board of Directors is authorized to exclude fractional amounts from a shareholder's right of subscription. The Board of Directors is also entitled, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights where the issue price does not lie significantly below the current stock market trading price. This authorization shall only apply subject to the condition that the total shares issued without shareholder subscription rights, in accordance with Section 186 (3) Sentence 4 AktG, may not exceed 10% of the subscribed capital at the time of the resolution. In calculating this 10% limit, an allowance shall be made for the grant of option or conversion rights for Company shares subsequent to this authorization, i.e., after May 14, 2004, if the grant excludes subscription rights, in accordance with Section 186 (3) Sentence 4 AktG, and for any sale of the Company's treasury shares excluding subscription rights, in accordance with Section 186 (3) Sentence 4 AktG. The Board of Directors is also authorized, with the consent of the Supervisory Board, to determine the additional rights attaching to the shares and the terms and conditions of the share issue.

2. Authorized Capital II pursuant to Section 4 (6) of the Articles of Association: The Board of Directors has also been authorized to increase the Company's subscribed capital, with the Supervisory Board's approval, by up to €6,616,997.00 (Authorized Capital II 2004) through the issue, for cash and/or non-cash contributions, of new bearer shares under single or multiple initiatives up to May 13, 2009. When issuing shares for non-cash contributions in connection with direct or indirect acquisitions of companies, parts of companies or equity interests, the Board of Directors is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights. Otherwise, the shareholders shall be granted subscription rights. However, the Board of Directors is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. The Board of Directors is also authorized, with the consent of the Supervisory Board, to determine the additional rights attaching to the shares and the terms and conditions of the share issue.

3. Contingent capital increase in accordance with Section 4 (7) of the Articles of Association: The subscribed capital is conditionally increased by up to €2,812,224.00 divided into a maximum of 2,812,224 bearer shares (Contingent Share Capital I). This Contingent Capital increase is to be used exclusively to cover stock options issued to members of the Company's Board of Directors, board members of subordinate associated companies within and outside of Germany and to other executives and employees of the Company and its subordinate associated companies as detailed in the provisions of the authorization resolved by the AGM on May 14, 2004, as amended by the supplemental resolution of the AGM on February 21, 2006, as amended by the amendment resolution of the AGM on January 29, 2007, and as amended by the amendment and supplemental resolution of the AGM on January 28, 2008. This shall only be implemented to the extent that these share options are taken up

and the Company does not provide the consideration in cash or with its own shares. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued. Should the issue take place before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well.

4. Contingent capital increase in accordance with Section 4 (8) of the Articles of Association: The share capital is conditionally increased by up to €10,000,000.00 (in words: ten million euros), divided into up to 10,000,000 bearer shares (Contingent Share Capital II). The Conditional Capital increase to create Contingent Share Capital II shall be carried out only insofar as the holders of option or conversion rights or the parties who have conversion/option obligations from participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds that are issued or guaranteed up to January 27, 2013, by the Company or a dependent Group company of the Company within the meaning of section 17 German Stock Corporation Act (AktG), pursuant to the authorization adopted by the AGM on January 28, 2008, make use of their option or conversion rights or, if they have conversion/option obligations, fulfill their conversion/option obligation. The new shares shall be issued at the option or conversion price to be defined in accordance with the above authorization adopted. The new shares shall carry dividend rights from the beginning of the fiscal year in which they are issued pursuant to the exercise of option and conversion rights or fulfillment of option or conversion obligations. If they are issued before the ordinary AGM, the new shares shall be entitled to dividends for the previous fiscal year as well. The Board of Directors is authorized, with the consent of the Supervisory Board, to define the further details of the Conditional Capital Increase.

5. Authorization to acquire and use the Company's own shares, in accordance with Section 71 (1) no. 8 AktG, and to exclude subscription rights:

a) The Board of Directors was authorized by the AGM on January 28, 2008, to purchase the Company's own shares up to a total of 10% of the current share capital in the period from January 29, 2008, up to and including July 28, 2009. The Company may not trade in its own shares. The Company may purchase the shares on the stock exchange or by means of a public offering extended to all shareholders. The shares may also be acquired by the Company's dependent Group companies within the meaning of Section 17 German Stock Corporation Act (AktG) or, for its or their account, by third parties. The consideration paid by the Company for the purchase of these shares (excluding ancillary purchase fees) must not be greater than 10% above or below their trading price on the stock market. In the event the shares are purchased through the stock market, the definitive trading price shall, for this purpose, be taken to be the average trading price of the Company's shares in the closing auction of Xetra trading (or its successor) on the Frankfurt securities exchange over the last ten days of trading prior to the purchase of the shares. If the shares are to be purchased by means of a public offer to all shareholders, the figure shall be determined by the average trading price of the Company's shares in the closing auction of Xetra trading (or its successor) on the Frankfurt securities exchange over the last ten days of trading prior to the announcement of the public offer. If the shares are to be purchased through a public offer to all shareholders, the volume of the offer may be restricted. If the total take-up of the offer exceeds this volume, the shares must be purchased in the ratio of the shares offered.

b) The Board of Directors is further authorized to use the shares for all legally permissible purposes, in particular with the consent of the Supervisory Board to effect a sale of the Company's own shares in a manner other than through the

stock exchange or by making a public offering to all shareholders, provided the acquired own shares are sold for cash, for a price not substantially lower than the stock market price for Company shares of the same class with the same rights on the date of such sale. However, this authorization shall only apply under the condition that the shares so sold may not exceed an aggregate of 10% of the Company's share capital at the time of such resolution. In calculating this 10% limit, an allowance shall be made for the issuance of shares after this authorization from authorized capital excluding subscription rights in accordance with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG), and for the granting of option or conversion rights for Company shares after this authorization if the grant excludes subscription rights in accordance with Section 186 (3) Sentence 4 German Stock Corporation Act (AktG).

c) In addition, the Board of Directors is also authorized to use the acquired own shares in whole or in part as full or partial consideration for third parties as part of mergers or direct or indirect acquisitions of companies, parts of companies or equity interests.

d) The Board of Directors is also authorized to use the own shares acquired on the basis of this authorization to fulfill obligations in connection with stock options (subscription rights) that have been or are granted to members of the Board of Directors, other executives and employees of the Company and/or its subordinate associated companies in accordance with this authorization, as resolved in the AGM held on May 14, 2004, as well as by respective supplementary resolutions of the AGM. The Supervisory Board shall have exclusive authority to issue such shares to members of the Board of Directors.

e) The Board of Directors is further authorized, with the consent of the Supervisory Board, to use the own shares acquired pursuant to this authorization to fulfill conversion rights or obligations from participatory certificates with warrants and/or convertible participatory certificates and/or con-

vertible bonds and/or bonds with warrants and/or income bonds issued by the Company, or by the Company's independent Group companies, within the meaning of Section 17 German Stock Corporation Act (AktG).

f) Finally, the Board of Directors is, with the consent of the Supervisory Board, also authorized to redeem the Company's own shares acquired on the basis of this authorization. No additional resolution of the AGM is required for redemption or the implementation thereof.

g) The above authorizations may be exercised once or several times, in whole or in part, individually or jointly; however, the acquisition of the Company's own shares may not exceed the limitations set out in sub-clause a).

h) Shareholders' subscription rights with respect to the Company's own shares shall be excluded to the extent that the shares are used pursuant to the authorizations specified above in sub-clauses b), c), d) and e).

6. Authorization to issue participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants and/or income bonds (or combinations of these instruments) and to exclude the subscription right:

The Board of Directors was authorized by the AGM on January 28, 2008, with the consent of the Supervisory Board, once or several times up to January 27, 2013,

- to issue bearer participatory certificates (i) to which bearer participatory certificates with warrants are attached or (ii) that are attached to a conversion right for the holder for a maximum term of 20 years as of their issue, and to grant option rights to the holders of participatory certificates with warrants and conversion rights to the holders of convertible participatory certificates to bearer shares in the Company, as detailed by the conditions of the participatory certificates with warrants or convertible participatory certificates

and instead of or in addition

■ to issue bearer bonds with warrants and/or bearer convertible bonds and/or bearer income bonds (hereinafter referred to jointly as "bonds with warrants and/or convertible bonds") with a maximum term of 20 years and to grant option rights to the holders of bonds with warrants and conversion rights to the holders of convertible bonds to bearer shares in the Company, as detailed by the conditions of the bonds with warrants or convertible bonds.

The aggregate principle amount of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to be issued under this authorization shall not exceed €500,000,000.00. Option rights or conversion rights shall only be issued for Company shares that account for a maximum total of €10,000,000.00 of the share capital.

The participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds can also be issued in the legal currency of an OECD country – limited to the corresponding value in euros – in addition to in euros. They can also be issued by a dependent Group company of the Company within the meaning of Section 17 German Stock Corporation Act (AktG); in this case, the Board of Directors is authorized, with the consent of the Supervisory Board, to give a guarantee for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds on behalf of the Company, and to grant option rights or conversion rights to bearer shares in the Company to holders of participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds. The bonds with warrants and/or convertible bonds can also be issued in exchange for contributions in kind or the granting of rights.

The participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds shall be offered for subscription to

the shareholders. They can also be assumed by a bank or a consortium of banks, linked to the obligation to offer them for subscription to the shareholders. Companies operating in accordance with Section 53 (1) Sentence 1 or Section 53b (1) Sentence 1 or (7) of the German Banking Law (KWG) are equivalent to banks. If participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds are issued by dependent Group companies of the Company within the meaning of Section 17 German Stock Corporation Act (AktG), the Company shall ensure that shareholders of the Company are granted the statutory subscription right in accordance with the above sentences. The Board of Directors is authorized, with the consent of the Supervisory Board,

■ to exclude fractions from the subscription right of shareholders and also to exclude the subscription right insofar as this is necessary so that holders of previously issued option or conversion rights can be granted a subscription right to new participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds to the extent to which they would be entitled after exercising the option or conversion rights as shareholders;

■ to exclude the subscription right of shareholders for all participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds with an option or conversion right or an option or conversion obligation to shares, if the issue price of the participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants is not significantly below the theoretical market value of the participatory certificates and/or bonds as determined by acknowledged mathematical methods used in finance; in this case, conversion and/or option rights to shares of up to 10% of the share capital only shall be granted on the participatory certificates with warrants and/or convertible participatory certificates and/or

bonds with warrants and/or convertible bonds issued with the exclusion of the subscription right of shareholders; in calculating the above maximum amount, allowance shall be made for all shares that are issued on the basis of other existing authorizations or authorizations adopted by this AGM to issue shares in the Company with the exclusion of the subscription right pursuant to, or in application mutatis mutandis, of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG);

- to exclude the subscription right of shareholders if and insofar as the participatory certificates with warrants and/or convertible participatory certificates and/or convertible bonds and/or bonds with warrants are issued in exchange for contributions in kind to acquire companies, parts of companies or equity interests (including an increase in the stake) or for carrying out a merger.

The above authorizations to decide on exclusion of the subscription right of shareholders shall be granted independently of each other.

Conversion and/or option rights to shares up to a total of 20% of the share capital only shall be granted on the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds issued on the basis of one of the above authorizations with exclusion of the subscription right of shareholders; in calculating the above maximum amount, allowance shall be made for all shares that are issued on the basis of other existing authorizations or authorizations adopted by this AGM to issue shares in the Company with the exclusion of the subscription right pursuant to, or in application mutatis mutandis, of Section 186 (3) German Stock Corporation Act (AktG).

Moreover, the above authorizations to decide on excluding the subscription right of shareholders shall not affect the authorization to issue the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds with granting

of a subscription right to shareholders or to a bank or a consortium of banks, linked to the obligation to offer them for subscription to shareholders.

If participatory certificates with warrants and/or bonds with warrants are issued, each participatory certificate or each bond shall have attached one or more warrants that authorize the holder to subscribe to bearer shares in the Company as detailed by the option conditions to be defined by the Board of Directors. For participatory certificates with warrants and/or bonds with warrants denominated in euros and issued by the Company or by dependent Group companies of the Company within the meaning of Section 17 German Stock Corporation Act (AktG), the option conditions can stipulate that the option price may also be settled by the transfer of participatory certificates or bonds and, if applicable, an additional cash payment. In this case, the pro-rate amount of the share capital for shares to be subscribed to for each participatory certificate or bond shall not exceed the principal amount of the participatory certificate with warrants or bond with warrants. The price at which the shares are acquired shall correspond to at least 90% of the arithmetical mean of the closing prices of shares in the Company in Xetra trading (or a comparable successor) on the last five days of stock market trading before the resolution by the Board of Directors on defining the option price. If there are fractions of new shares, it is possible to stipulate that these fractions can be added up in accordance with the option conditions, if applicable with an additional cash payment, so that full shares can be acquired.

If convertible participatory certificates and/or convertible bonds are issued, the holders shall obtain the non-retractable right to convert the participatory certificates or bonds into bearer shares in the Company in accordance with the conversion conditions to be defined by the Board of Directors. The conversion ratio shall be derived by dividing the principal amount or the issue amount below the principal amount of a participatory certificate or bond by the set conversion price for a share in the Company and can be rounded up or down

to a full number; in addition, an additional cash payment and pooling of or compensation for fractions that cannot be converted can be defined. The conversion price shall correspond to at least 90% of the arithmetical mean of the closing prices of shares in the Company in Xetra trading (or a comparable successor) on the last five days of stock market trading before the resolution by the Board of Directors on defining the conversion price.

Notwithstanding Section 9 (1) German Stock Corporation Act (AktG), the option or conversion price can be reduced pursuant to a dilution protection clause as detailed in the conditions for the participatory certificates with warrants and/or convertible participatory certificates or the conditions for the convertible bonds or bonds with warrants if, during the option of conversion period, the Company increases the share capital and grants an exclusive subscription right to its shareholders, or by means of a capital increase from Company funds or issues further participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds or grants or guarantees option or conversion rights or obligations and the holders of existing option or conversion rights or obligations are not granted thereto any subscription right as they would be entitled to after exercising the option or conversion right or fulfilling the option or conversion obligation. Reduction of the option or conversion price can also be effected by a cash payment when the option or conversion right is exercised or when the option or conversion obligation is fulfilled, or by reducing the additional payment. The conditions of the option rights or obligations or participatory certificates with warrants or convertible participatory certificates or bonds with warrants or convertible bonds can also stipulate adjustment of the option or conversion rights or option or conversion obligations in the event of a capital reduction, restructuring, extremely high dividends, a third party gaining control of the Company or comparable measures. In all these cases, the adjustment shall be made in conformity to Section 216 (3) German Stock Corporation Act

(AktG) so that the economic value of the conversion or option rights or obligations following the adjustment essentially corresponds to the economic value of the conversion or option rights or obligations directly before the measures that initiated the adjustment. If a third party gains control of the Company, adjustment of the option or conversion price in line with market practice can be provided for.

The bond or option conditions can stipulate that the Company has the right not to grant new shares when the conversion or option right is exercised or the conversion or option obligation is fulfilled, but to pay a cash amount for the number of shares that would otherwise have to be provided that corresponds to the mean closing price of shares in the Company, not weighted by volume, in Xetra trading on the Frankfurt Stock Exchange or a comparable successor over the last ten days of stock market trading before notice of exercise of the conversion or option right or fulfillment of the conversion or option obligation is given. The conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds can also stipulate that the participatory certificates with warrants and/or convertible participatory certificates or bonds with warrants or convertible bonds can, at the discretion of the Company, be converted to existing shares instead of new shares of the Company from Conditional Capital or that the option right or option obligation can be fulfilled by providing such shares.

The conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds may also provide for a conversion or option obligation at the end of the term or at another time or give the Company the right, upon final maturity of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds, to grant the participatory certificate and/or bond creditors shares in the Company in full or in part instead of payment of the due cash amount. In the latter case,

the option or conversion price can correspond to the mean price of the Company's shares, not weighted by volume, in the closing auction in electronic trading on the Frankfurt Stock Exchange over the last five days of stock market trading before the final maturity date, as detailed by the conditions for participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds. Section 9 (1) in conjunction with Section 199 (2) German Stock Corporation Act (AktG) shall be observed.

The interest on the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds may be variable. In addition, it can be dependent on key profit ratios of the Company and/or the Group (including the net income or the dividend for Company shares set by the resolution on appropriation of the net income). In this case, the participatory certificates and/or bonds must not be assigned a conversion and/or option right. Moreover, a subsequent payment for benefits/payments not provided in previous years can be specified.

The Board of Directors was authorized, with the consent of the Supervisory Board, to define the further details of the issue and rights of the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds, in particular the rate of interest, issue price, term and denomination, the option or conversion period and the option and conversion price or in agreement with the boards of the associated company of the Company that issues the participatory certificates with warrants and/or convertible participatory certificates and/or bonds with warrants and/or convertible bonds.

With regard to the issue price of shares resulting from contingent share capital, the authorization specifies the principles applying to the determination of the minimum issue price in respect of new shares. In view of recent court rulings in Germany, legislators are planning to amend Section 193 (2) No. 3 of the German Stock Corporation Act, the aim being to

clarify that the act of determining a minimum issue price or specifying the principles for the determination of a minimum issue price upon issuance of new shares from contingent share capital for the purpose of servicing option and conversion rights shall be sufficient (cf. Referentenentwurf des Gesetzes zur Umsetzung der Aktionärsrechterichtlinie "ARUG" as of: May 6, 2008).

Significant Agreements in the Event of a Take-over Offer. Wincor Nixdorf AG has not entered into any significant agreements, which are contingent on a change of control of the Company following a takeover offer. The sole exception is a credit agreement between Wincor Nixdorf AG, together with its subsidiary Wincor Nixdorf International GmbH, and WestLB, together with other participating banks. The agreement provides for a revolving facility and expires on August 2, 2012. The participating banks are entitled to revoke their agreement to provide credit in the event that over 50% of the shares in Wincor Nixdorf AG are held directly or indirectly by one person, or a group of persons acting jointly, as defined by Section 2 (5) of the WpÜG (Securities Trading and Takeover Act). The banks are also entitled to cancel the agreement if this person or group of persons can determine over half of the members of the Board of Directors or of the shareholders' representatives on the Supervisory Board, or if Wincor Nixdorf AG is included in the Group financial statements of this person or group of persons. There are currently no agreements between Wincor Nixdorf AG and members of the Board of Directors or employees for the payment of compensation in the event of a takeover offer.

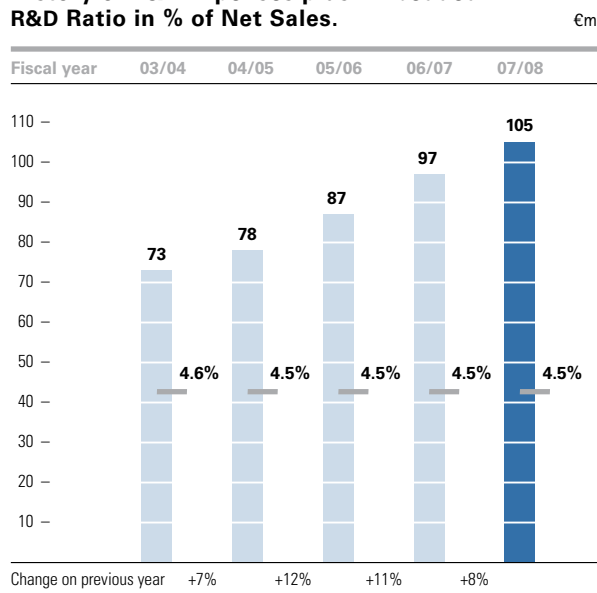
RESEARCH AND DEVELOPMENT.

For high-tech providers such as Wincor Nixdorf, Research and Development (R&D) is more than just the basis of future success; our ability to innovate also helps to boost the competitiveness of our customers. With this firmly in mind, we increased global R&D expenses in fiscal 2007/2008 by 8% to €105 million (2006/2007: €97 million), leaving the R&D ratio (R&D expenses as a proportion of net sales) unchanged at 4.5%. In order to maintain our strong high-tech profile and allow us to drive forward research that will benefit our customers, we also took on additional staff in this area during the year under review, bringing the headcount of R&D personnel at the reporting date to 945 (2006/2007: 843), equivalent to 10% of the total headcount. They are based at our development sites in Germany, Switzerland, Brazil, Singapore and China. In Asia, we have combined our research and development resources at two sites in Shanghai and Singapore. Our strategy has proven to be very successful. Over the last 12 months our developers have been producing innovative concepts on a grand scale with 94 new patent applications worldwide (2006/2007: 75). The total number of active patents now stands at 1,045 (2006/2007: 1,028).

Main Focus of R&D Activities. During the last fiscal year, our R&D activities focused predominantly on three areas:

- the development of convergent base technologies for our core business activities in retail banking, the retail industry and new branches
- improvements to the serviceability of our hardware and software with a view to reducing the cost to customers of operating our solutions
- software as the key to optimizing the overall branch process chains of retail banks and retailers

History of R&D Expenses plus Embedded R&D Ratio in % of Net Sales.



Innovative Base Technologies for our Core Business and New Markets. The clearest example of how we implement convergent base technologies and provide holistic solutions lies in the Cash Cycle Management products and services that we offer across all our segments. Options range from the automated acceptance of cash at checkouts to account entry and cash recycling. With the aim of combining cash processes from the retail and retail banking industries at the point of sale, we made specific developments in our Retail Cash Management portfolio in order to meet the needs of the gas station business. Another key area was the integration of hardware and software components into our own Managed Services processes. This relates to functions such as remote monitoring and controlling and the provision of data for downstream processes including cash logistics.

Our intelligent deposit and recycling systems are another example of the use of convergent technologies. Designed to accept reverse vending items or cash/checks, we adapted these systems to the needs of new, strategically important markets. The CCDM intelligent deposit module can now accept and process combinations of notes and checks in unsorted form, as a result of which we have been able to extend our competitive lead especially in the U.S. market. With regard to reverse vending, our focus lay on developing hardware and software upgrades to enhance the processing speed and user-friendliness of existing systems.

Turning to self-service checkout systems, we expanded our modular portfolio to include cash recycling know-how for coins and notes from our banking portfolio. Piloting in the retail industry has demonstrated the advantages of cash recycling, even in self-service checkout environments, with the very first installations giving an improved return on investment through a reduction in staffing costs, optimized cash use and a higher level of system availability. In collaboration with European retailers, we developed an automated scanning system that can scan product barcodes from all four sides around twice as fast as checkout staff. The presentation of a development study was met with considerable interest. In addition, we are working on a mobile self-scanning system that will allow users to scan goods themselves before placing them in their shopping trolley.

Over the last fiscal year we adapted both our hardware and software portfolios to meet the requirements of postal operators in relation to self-service processes and branch operations. The family of software products we have developed for this target group incorporates elements of our branch software for retailers and others from the net-centric software used by our retail banking customers.

We were able to supply suitably adapted systems rapidly for a large number of markets. By way of example, we added specific functions to our ATM portfolio for use in the casino market and expanded our portfolio in the area of coin processing.

Improved Serviceability. Maintenance-friendly products and solutions help to reduce our customers' operating costs and therefore remain an important focus of our development work. One major improvement involves the introduction of a uniform interface for the remote management of IT systems (CIM) and the rectification of faults using an image-based diagnostic system. Investment in the modular structure of our ATM range pays off, and all our systems have now been converted to support USB interface technology.

We improved our family of POS systems to include new processor and storage technology. In fiscal 2007/2008, our technology partner Intel awarded us its prize for the most innovative embedded design for POS systems with new Active Management Technology (AMT). To meet the requirements of the retail trade, Wincor Nixdorf uses specially selected processors that are designed to ensure long-term availability and allow remote maintenance of the systems.

Key Role of Software. We also upgraded our portfolio of software solutions for retailers and banks. We further expanded our net-centric software platform (ProClassic/Enterprise) and presented our road map for a comprehensive Retail Banking Solution Suite to the market. Alongside solutions to control large self-service networks, we improved the basic functionality of our branch processes in the field of counter and self-service checkout systems, which we then successfully marketed. Other elements of the Retail Banking Solution Suite are designed to optimize cash management at different cash points (ATMs, cash recyclers, teller safes, etc.), facilitate the

monitoring of all components and boost system availability within the network. Still further components allow continuous check processing and personalized marketing via self-service systems.

With regard to software for the retail industry, we made further improvements to elements of our TP.net branch software, which is designed to allow centralized control (TPAdmin) and to assess and analyze transactions (TPAnalyze) in real time for all branches, so that it can be used by international retailers. The main focus here was on campaign management and the related on-line evaluation of advertising measures. We also supplied web-based modules for the centralized management of vouchers and the processing of returns. Towards the end of the fiscal year, we completed work on a branch stock management component. We adapted TP.net for use in the North American market by ensuring it meets the complex requirements of taxation law in the United States and Canada.

In terms of the development of overall security solutions, our primary focus lay on the integration of video security technology, which enables the user to respond automatically to incidents at branch level or possible cases of ATM manipulation. We intensified our collaboration with national and international bodies in relation to the standardization of electronic transactions (EMV) and hardware and software interfaces (PCI). This means improved security standards for transactions made using our ATMs.

QUALITY.

End-to-End Availability in Sight. Thanks to its activities in the field of Research and Development, Wincor Nixdorf has established itself as a leading innovator in many areas. In this context, we strive to ensure that our solutions are extremely dependable and that they offer maximum availability and back-up security in the end-to-end chain offered by our customers to their own customers. We believe it is only reasonable that our customers should expect top quality from the hardware, software and services we develop and supply.

Accordingly, during the reporting year we implemented a series of measures with a view to further enhancing the reliability of our hardware products. By way of example, we ensure that the latest developments in technology are always incorporated into individual components and modules and into the design of product and solutions concepts. At the same time, we place great importance on improving the fail-safe characteristics of our systems. The experience we gain is constantly fed back into the manufacturing process for existing products and into the processes of our suppliers and partners. Where it makes sense, we may even use this experience to update previously installed systems.

With regard to software, reliability depends crucially on the stability of the respective applications. We adopt a preventive approach to solving problems that may arise at a customer's premises. To this end, we continuously review our development processes, with a particular focus on the early stages. By conducting thorough tests, we can identify and rectify faults prior to installation. In doing so, we ensure that these integration tests are carried out in an environment matching the conditions in which the product will be operated. In the event that we identify problems after installation, internal processes are in place to make sure they are rectified quickly and permanently.

To assure the maximum on-site availability for end customers of the reliable hardware and software solutions we install, we have developed processes to avoid system downtime as far as possible. Our specially designed "eServices Platform" allows us to identify potential disruption before it happens and to intervene remotely using specific techniques during actual operation. Should a system nevertheless fail, our highly qualified technicians are on hand, guided by an efficient service process, to rectify the problem immediately.

Finally, in some specific customer environments, we take over responsibility for the entire IT infrastructure. Here, too, we make use of the latest technology to ensure that the end customer can enjoy maximum availability of our solutions.

Our Professional Services portfolio is also geared towards assuring an extremely high level of availability. For example, the more effective and robust our customers' processes, the more they will contribute to the goal of achieving end-to-end availability. We can help to bring this about through our targeted process and branch consulting services, which are based, in turn, on our thorough understanding of the industry. During the year under review, we expanded this consulting expertise into specialist areas of banking (see also page 91).

PURCHASING, PRODUCTION AND LOGISTICS.

Ongoing Improvement Process Shows Results.

Wincor Nixdorf is expanding globally. During the year under review, we made further improvements to the effectiveness and efficiency of our worldwide purchasing, production and logistics infrastructure. The policy of working closely with our suppliers is paying off, and we are pleased to report that the materials and components required by our expanding global production network were provided without a hitch.

The strategic focus of this production network is geared towards achieving cost-efficiency and flexibility in the supply chain. The global application of standardized best practice processes helps to improve our cost position. Our "local for local" production strategy – decentralized production in proximity to the customer in order to supply local markets – ensures that we can react more quickly to the needs of our customers in the high-growth Asia-Pacific and Americas regions, thus allowing Wincor Nixdorf to significantly expand its position in these markets.

Wincor Nixdorf's "Commodity Teams" are a key element of our purchasing system. These teams are made up of employees from Research and Development, Production, Logistics, Marketing and Purchasing. Their task is to obtain the best deal out of every purchase – top quality and the best technology at the lowest possible cost. The teams are increasingly international in composition, so that they are better placed to identify global technology and market trends and incorporate them into our agreements with suppliers. The success of this policy is already evident, and we have been able, in large measure, to mitigate the impact of global price increases for materials such as steel and plastics.

Our policy of continuous improvement is showing results. We have now signed special quality assurance agreements with 80% of our suppliers, resulting in an improvement of over 50% in the quality of goods supplied to us. Our suppliers have also benefited, since they have been able to optimize their

processes with our help. We intend to pursue a strategy of intensive collaboration with our suppliers in order to further optimize quality, costs and logistics. To this end, one of the Group's long-term objectives is to invite the best-performing suppliers around the world to act as our strategic partners.

Exploiting Global Competition. Of course, we also have to procure other materials in addition to those needed directly for production. These cover information technology, services and capital expenditure. Here, too, we exploited the opportunities offered by global competition to gradually bundle and renegotiate the purchase of high-volume product groups. We anticipate further potential for optimization in this area over the coming years. In addition, we aim to intensify our work with key strategic suppliers.

We have already achieved one of our most important goals – Wincor Nixdorf increased the volume of materials it purchased in U.S. dollars by a substantial margin. This was made possible by a series of measures, including the addition of a greater number of Asian suppliers to our network. We also boosted production volume at our manufacturing sites in Asia and the Americas. As a result, we were able to reduce our exposure to currency fluctuations on the purchasing side.

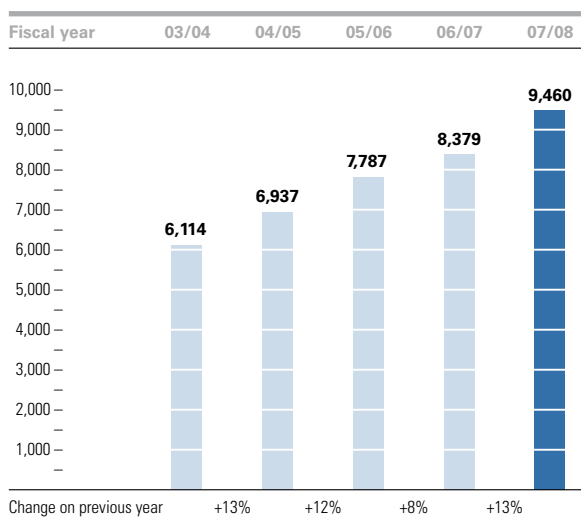
Wincor Nixdorf also benefits from production in countries with lower cost structures. This helps, in part at least, to offset rises in commodity and energy prices.

EMPLOYEES.

Additional Recruitment in Growth Markets. The size of our global headcount once again increased during the year under review, to reach 9,460 employees as at the reporting date on September 30 (2006/2007: 8,379), 1,081 up on the previous year. As part of our strategy of international expansion, the number of employees recruited outside Germany – especially in the Asia/Pacific/Africa region and the Americas – again rose significantly to 5,264 (2006/2007: 4,569), although there was also a further substantial increase of 386 in the size of our German headcount, taking it to 4,196 (2006/2007: 3,810).

These new employees will strengthen our global service resources. By contrast, the increase in Germany is primarily due to the acquisition of majority shares in the service providers Prosystems IT GmbH and Bankberatung Organisations- und IT-Beratung für Banken AG, and the associated takeover of personnel. Additional staff were also recruited to sales posts in our high-growth markets and to positions in Research and Development and Production. In Asia we made a number of new appointments in preparation for the planned expansion of production capacity in this region.

Development of Headcount.



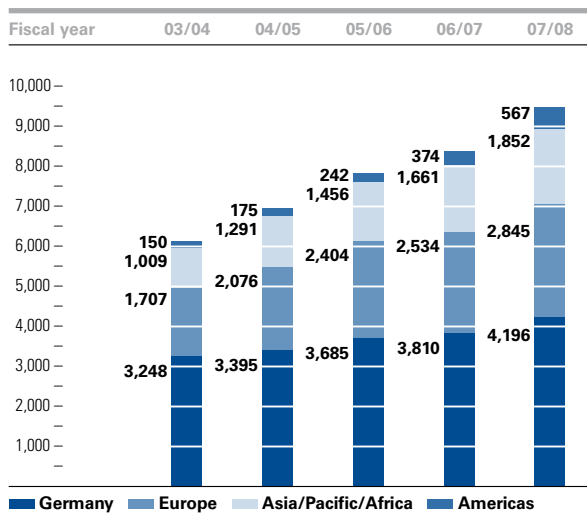
Knowledge Transfer and Best Practice. Against a background of international competition, highly qualified staff are critical to our success. In particular, we see a commitment to life-long learning as essential to the dynamic IT industry. Opportunities to gain further qualifications and the cross-border networking of our employees' knowledge therefore play an increasingly important role at Wincor Nixdorf. The main focus here is on the exchange of experiences in relation to processes and solutions at international level. To help achieve this objective, we have built up a global quality network with the goal of improving processes and quality in the area of production through the implementation of standard procedures, instruments and examples of best practice at all our sites.

Knowledge is the key to progress. With this in mind, we again expanded our training opportunities for all staff during the year under review. There was particular interest in the training courses offered in hardware and software products, sales, management and soft skills.

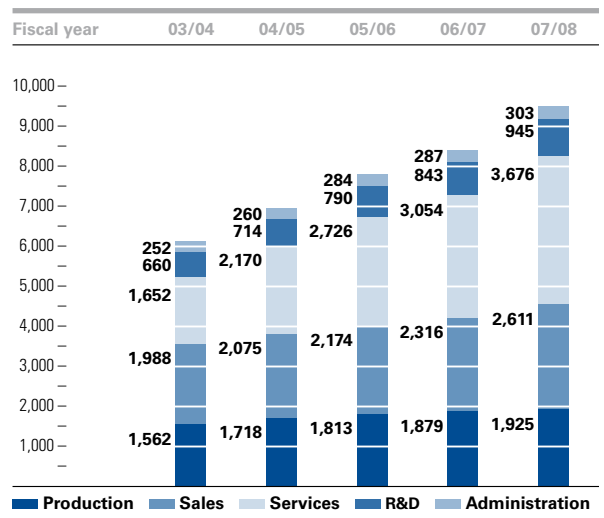
The focus was also on our central project management system, launched in 2007 to establish a standardized, professional approach to project management across the Group and significantly expanded in recent months. As a result, Wincor Nixdorf has now set up training activities and targeted initiatives at international level with a number of aims, including that of creating a global project management community.

Competition for the Best. Wincor Nixdorf believes in taking a proactive approach to the challenges of global competition – including that of attracting the best people. Throughout the entire Group, we attach great importance to the recruitment and retention of outstanding employees, the integration of newly appointed staff and maintaining the enthusiasm and commitment of long-serving staff. To this end, over the last fiscal year we invested massively in strategic personnel development. We see this as laying the foundations for our global program of preparing future leaders and promoting talent.

Development of Headcount by Regions.



Development of Headcount by Functions.



A cornerstone of our policy is to ensure that Wincor Nixdorf employees participate in the success of the Group. During the year under review, in addition to basic pay, our remuneration package for employees included an amount based on individual performance, Group performance and the success of the organization. Overall, employees achieved above-average earnings at all levels of the organization.

We further strengthened our commitment to socially and ethically responsible conduct through the development and implementation of appropriate guidelines.

As part of our compliance program, we brought together the rules applying to all staff worldwide and made them available online.

As planned, the framework pay agreement signed by IG Metall and the Confederation of Employers will be implemented at Wincor Nixdorf International GmbH on October 1, 2008. All the necessary preparations were finalized during the year under review in consultation with employee representatives. This means that a uniform and modern pay system is now in place, superseding the previous system, which had lasted for over thirty years.

IMPACT OF LEGAL AND ECONOMIC FACTORS ON THE BUSINESS DURING THE YEAR UNDER REVIEW.

In relation to prohibited and waste materials, during the year under review Wincor Nixdorf continued the process of implementing the measures in response to the requirements of European Directives 2002/95/EC dated January 27, 2003, (RoHS), and 2002/96/EC dated January 27, 2003, (WEEE), as well as the corresponding national legislation (for Germany the ElektroG Act of March 16, 2005). These measures have been initiated in fiscal 2005/2006 and implemented in fiscal 2006/2007.

A project group set up in fiscal 2006/2007 assessed the impact of the reform of European chemicals legislation. The acronym REACH refers to the European Union Regulation on the Registration, Evaluation and Authorization of Chemicals (1907/2006/EC). Wincor Nixdorf implements any measures that have become necessary as a result of REACH on an ongoing basis.

An important circular was issued by the German Federal Financial Supervisory Authority (BaFin) on October 30, 2007, and affects a large part of the Outsourcing business conducted by Wincor Nixdorf on behalf of banks in Germany. It sets out minimum risk management requirements that constitute BaFin's binding specifications for the structure of risk management at German banks. The circular refines the provisions set out in Section 25a (1) of the German Banking Act (Kreditwesengesetz – KWG), which has been mandatory since January 1, 2008, and replaces previous circulars.

Details of the economic factors that currently affect, or may in future affect, our activities can be found in the Risk Report.

RISK REPORT.

I. Risk management.

At Wincor Nixdorf AG, risk management is seen as a key element of its overall management system and therefore plays a central role in all decisions and business processes. It is incorporated into operating processes by means of specifically defined management structures and Group-wide risk management standards as well as reporting and information systems. This allows us to identify potential risks at an early stage. In this context, the role of risk management is to identify and limit these risks. The associated control procedures implemented at Wincor Nixdorf enable us to promptly identify, isolate and limit both general and specific risks.

However, the purpose of risk management at Wincor Nixdorf is not only to avoid risk, but also to highlight opportunities that may arise. We see risk management as a means of evaluating and taking advantage of opportunities that may arise, with due regard for any heightened risk potential. Accordingly, new areas of business such as Professional Services or decisions to open up new markets are approached with the issue of risk in mind. Group-wide policies and checklists provide the basis for this approach and contain descriptions of procedures, such as the identification of quantitative thresholds for approval processes, that provide a structured analysis at all levels and enable us to highlight potential risks and opportunities alike.

Corporate Risk Management is responsible for defining Group-wide risk standards and methods of control. Organizationally, it forms part of Group Controlling and is implemented on two levels. At subsidiary and division level, local risks are identified by evaluating key business performance indicators or through analysis of our projects. At the same time, by means of the Investment and Group Controlling we identify risks that may affect the entire Group and develop short-, medium- and long-term strategic approaches to manage those risks.

Risk management is also integrated into our controlling and financial reporting systems. It includes an annual risk management report, monthly forecast reporting and deviation analyses as well as project- and business-specific variance analyses.

Compliance, Operational Efficiency and Security.

The Group internal audit function regularly reviews the internal control systems and business processes, both of subsidiaries and head office functions, for compliance, operational efficiency and security. Internal audit checks the respect of regulations, organizational security measures, profit-and-loss data, balance sheet indicators and contracts. Furthermore, internal audit draws up proposals for the optimization of process efficiency. The Group internal audit function reports as an independent body directly to the Board of Directors and the Audit Committee of the Supervisory Board.

II. Macroeconomic Risks.

Any further decline in the macroeconomic situation could present significant risks to the future results of the Wincor Nixdorf Group. Recent changes in the financial markets in the wake of the U.S. mortgage crisis could create an even greater impact. There is a risk, too, in the form of high prices for energy and raw materials, with further increases possible. Changes in individual countries' tax and customs legislation may also have a negative impact on our business. In addition, we perceive an increased risk to our customers and ourselves from unanticipated events such as natural disasters and terrorist attacks. However, at present, we do not believe that the macroeconomic situation poses a risk to the future existence of the Wincor Nixdorf Group.

III. Corporate Strategy Risks.

In all its business dealings, the Group strives for profitable growth. Investment and acquisition decisions are continually assessed against this criterion. At present, we do not perceive any substantial risks that could have a negative effect on our performance, financial position or our assets.

Wincor Nixdorf's Outsourcing activities, which have been successfully introduced onto the market in recent years and involve our assuming responsibility for a wide range of related business processes on behalf of our customers, are now a fully integrated part of our business operations. However, the highly complex nature of outsourcing projects brings with it a higher degree of risk. We seek to counter this risk by conducting preemptive risk analyses and ongoing risk management. By concentrating the risk process within a team of specialists and making good use of our experience from previous successful projects, we are able to minimize the risk to which these processes are exposed to the benefit of both ourselves and our customers. In addition, we take out appropriate insurance and use other back-up measures to minimize disruption and potential risk.

Financial Risks. Wincor Nixdorf's business is exposed to currency, interest rate, liquidity and credit risks. The Group treasury function and efforts to limit financial risk are to a large extent managed centrally.

The risk of a change in interest rates arises from taking up credit tied to the market rate. Interest expenses are mainly linked to the short-term variable market interest rate (EURIBOR) plus a margin. This margin can be subject to change depending on certain financial ratios. Being tied to a market interest rate, therefore, means that we are exposed to an interest rate risk as soon as that rate increases. We have entered

into interest rate derivatives in the amount of €100 million to hedge these risks. As a result, the effective interest rate on our corresponding financial debt (plus margin) – in the same amount – fluctuates between 1.75% and 5.0%. We have also negotiated a fixed interest swap at 3.797% on €50 million, as a hedge against rising money market interest rates.

The global nature of the Group generates payments in both directions in a range of currencies. Incoming and outgoing payments in individual currencies are netted off against each other. Thus, by selecting suitable suppliers and making appropriate location-related decisions, we actively seek to create a natural hedging effect to the greatest extent possible. The netted-off amounts represent our remaining exchange rate risk, which is then hedged up to 100% (depending on volume and currency) on a rolling 12-month basis by means of suitable financial instruments.

Since the companies making up the Wincor Nixdorf Group are largely refinanced centrally, there is a risk that liquidity reserves may be insufficient to settle financial obligations at the correct time. Wincor Nixdorf has provided for this eventuality by establishing reserves in the form of unused credit lines and by treating cash flow as one of the Group's key control indicators and to a monthly review.

We reduce credit default risks by consistently obtaining credit reports, setting credit limits and running a proactive debtor management function, including a payment reminder system and active debt collection. Letters of credit are used to secure receivables from countries classified as presenting a credit risk.

Details of each of the above financial risk areas can be found in the Notes to the Group Financial Statements on page 164.

Capital Market as a Risk to Pension Commitments and Corresponding Plan Assets. Share, bond, property and other markets are subject to fluctuations in value that can also have an effect on our plan assets. Equally, changes in rate of return can affect our pension commitments. Other considerations, which may also lead to an increase or reduction in pension and other commitments, include income trends, the ratio of those contributing to pension schemes and those receiving benefits from them, mortality rates, increases in health care costs and other factors. We aim to mitigate the impact of these factors by assuring that assets are distributed in a balanced and flexible manner. However, such changes can have a negative impact on pension expenses, future contributions and equity. As such, it is possible that future pension expenses and contributions may have a negative impact on the financial position and profitability of Wincor Nixdorf.

Market and Competition Risks. Banks and retailers operate in markets characterized by intense competition. This can result in price pressure for our hardware, software and services – pressure that we expect to increase still further in the current fiscal year. In addition to the competitive pressures facing our customers, we also see a risk to our business through increasing internationalization and competition, coupled with diminishing barriers to entry for potential competitors. Increased competition in the market may have a negative impact on future profitability.

Purchasing and Productivity Risks. As a manufacturing company, Wincor Nixdorf is dependent on the supply of a wide range of raw and processed materials. As such, the major risks we face involve price increases, quality problems and supplier failure. We aim to counter the problem of supplier failure through careful management of our supplier base. The quality assurance process ensures compliance with quality standards.

Price increases for energy and raw materials present a major risk to Wincor Nixdorf. We minimize these risks by purchasing in greater volume and we aim to reduce costs through purchasing management. Nevertheless, a possible increase in the price of raw materials may mean that we cannot meet our cost-reduction targets for the components and assemblies we require.

It is also possible that changing framework conditions within the labor market in Germany, in conjunction with higher costs, will have an adverse effect on expense structures.

Technology and Quality Risks. Wincor Nixdorf works in an industry that is characterized by innovation and an international environment that demands a constant stream of competitive products and services. Thanks to an intensive process of innovation and development, we are well able to meet the high demands of customers with regard to product and service quality. Furthermore, the range of these demands increases as new business areas are opened up. In order to meet these new demands and to deploy applications at an early stage, we endeavor to work closely with our key customers in the fields of hardware, software and solutions. Benefit of these endeavors are innovative business ideas and customer-specific hardware, software and services.

Wincor Nixdorf's leading position within the areas of innovation and quality allows us to differentiate ourselves effectively from the competition. Our key goal is to maintain and build on our technological lead over our competitors. In order to achieve this goal, we need to quickly identify any weak points in our products and services and rectify them as soon as possible. To this end, we constantly strive to deliver greater innovation and quality. Risks that might result from quality shortfalls are minimized through our quality and environmental management system. In concrete terms, this means that risks are minimized through preventive integration of risk analysis at all development stages, a rigorous approach to product releases and suitable insurance cover.

IT Risks. IT is naturally a very important aspect of Wincor Nixdorf's business environment. Any shortfall in the availability levels of our IT systems not only makes it more difficult to meet our internal productivity targets; it can also lead to compensation claims from our business partners. We have to deal with repeated outside attacks on our IT systems, especially from viruses and trojans, and these attacks are likely to continue. As a result, we constantly strive to optimize our systems with regard to information security.

As part of our information security management system, we make ongoing improvements to existing systems by conducting specific evaluations of security requirements. To prevent operational disruptions caused by external factors, such as viruses penetrating the computer system, we always deploy the latest hardware and software solutions available on the market. In addition, our IT systems and architectures are regularly audited by independent experts. To ensure this level of protection remains in place at all times, the departments concerned work strictly to TÜV/ISO standards and are ISO 27001-certified.

Legal Risks. We are not presently aware of any actual or potential legal disputes that could affect the financial position of the Group to any significant extent. However, Wincor Nixdorf is exposed to risks in connection with possible legal disputes in the future. Legal disputes may arise in the ordinary course of business, for instance, with regard to claims of incorrect provision of products and services, product liability, product defects, quality issues or industrial property right infringements. There can be no guarantee that the outcome of such or other legal disputes will not be detrimental to the business activities or the reputation of Wincor Nixdorf. Claims of this nature and legal disputes, some of which with a significant impact on the Group's financial situation, cannot be ruled out entirely for the future.

Personnel Risks. Employee performance is essential for Wincor Nixdorf's future development and growth. We are in competition with other businesses for highly qualified specialists and managers. In order to attract and retain qualified people in the long term, we offer attractive employment conditions in addition to extensive training and development opportunities. We do not see any issues that may pose a risk to the recruitment of specialists or managers we need in line with our growth objectives.

Overall Risk. At present, and in the foreseeable future, we perceive no individual risks that could pose a danger to the continued existence of Wincor Nixdorf. Moreover, the sum of risks does not show Wincor Nixdorf to be in any jeopardy.

EVENTS AFTER THE BALANCE SHEET DATE.

There are no events subject to mandatory inclusion in this report.

REPORT ON EXPECTED DEVELOPMENTS.

Future Economic Situation.

Recessionary Trends in the Global Economy. The outlook for the global economy took a significant turn for the worse in the autumn of 2008.

The turbulence affecting the international financial system in the wake of the U.S. mortgage crisis reached new heights in October 2008. All around the world, governments and central banks were compelled to take concerted financial action on an unprecedented scale. At the beginning of fiscal 2008/2009, it is as yet unclear how far these measures will help to mitigate the effects of the financial markets crisis. Likewise, the extent to which the crisis will affect the real economy cannot yet be evaluated with any certainty. It remains to be seen, therefore, whether the forecasts available in November will need to be adjusted further downwards.

The International Monetary Fund (IMF) expects the global economy to weaken significantly in 2009, with global growth at 2.2%. In their "Joint Economic Forecast Autumn 2008," leading economic research institutes (Joint Economic Forecast Project Group) revised downwards the forecasts, taking a more unfavorable view of the global economy. They anticipate a relatively long period of weakness in the global economy and believe there is a risk of recession in many industrialized countries, with slower growth, too, in the emerging countries. Overall, the Project Group anticipates an increase in global production of just 1.8% in 2009.

According to the Project Group, real GDP in **Germany** is likely to increase by as little as 0.2% in 2009, compared to the 1.8% it still expects for 2008. The forecast therefore sees Germany on the edge of recession. In a risk scenario it even expects a fall of real GDP by 0.8%. Some economic researchers are even of the opinion that Germany's economy is already in recession.

For **Europe**, which it expects to grow by around 1.0% in 2008, the Project Group believes 2009 will be a year of stagnation. According to the forecast, there are many indicators that suggest Europe is heading for a recession.

According to the report "World Economy in Autumn 2008" of the IfW, the previously booming economies of **Asia** are likely to continue expanding at a high level in 2009 (6.7%), albeit at a slightly slower rate than in 2008 (7.6%).

The IMF expects the GDP in the **USA** diminish by 0.7% in 2009, the lowest figure for the last ten years, as a result of weaker demand from private consumers and a drop in corporate investment. With regard to 2008, the IMF forecasts growth of 1.4% in the U.S. economy.

Outlook for Retail Banking and the Retail Industry. During the global banking and financial market crisis, the **Retail Banking** industry has proven to be a relatively stable factor within a banking portfolio that at times has shown considerable volatility. As a result, in the medium term at least, we can expect a stimulation of business in this industry, which has now been experiencing a renaissance for some years. Many retail banks are preparing themselves for continued and equally strong competition and to expand their customer base, or at least use it as a platform for further growth. In this context, it is likely to see a particular emphasis on the "cost" factor. In the view of many banks, these developments will be accelerated as a result of mergers and takeovers in the bank-

ing industry, especially in the wake of the financial market crisis. Nevertheless, it is possible that this industry will also be affected in the short term by the negative situation in the banking industry as a whole and by a possible slowdown in the real economy.

In the medium term, we can also expect that competition for customers and the necessity to reduce costs will continue to determine the **Retail Industry** in the established markets. On past evidence, too, this industry reacts much more sensitively to economical mitigations as regards readiness to invest. This can also happen at short notice. It is conceivable that with consumers less inclined to spend, the impact on the home improvement and clothing sectors, for example, may be greater than that on food sales.

In most of the emerging countries, it is expected, at least in the medium term, that increasing prosperity will lead to an expansion of the branch networks of banks and retailers despite weaker economic growth.

Medium-term Outlook for the Wincor Nixdorf Group. When we went public, we set ourselves the target of outperforming our markets year on year. Through continued sales growth and even higher growth in profit, our aim is to achieve a sustained increase in enterprise value for our shareholders. At that time, we established targets of 6% for annual growth in net sales and of 8% for EBITA. This maxim still applies to the medium term, although in the short term there is a possibility of a deterioration in the business given the global impact of the financial market crisis.

This positive medium-term assessment is supported by the view that existing trends within our target industries will lead to continued investment, even against a background of slower economic growth. In this respect, the relative stability of retail banking and the continuing and possibly even more intense

competition in the industry offer additional opportunities for Wincor Nixdorf. These are all the more likely to arise since the need to make cost-savings increases in line with the intensity of competition, and Wincor Nixdorf's portfolio of solutions is specifically geared towards providing its customers with a competitive advantage in this area.

Our growth strategy, based on four key levers, is still in place, and involves growth through global expansion, through innovation, through high-end services and through our operations in related industries.

As part of our global expansion strategy, we will take advantage of interesting opportunities to make smaller acquisitions as they arise – especially with a view to expanding our activities in the fields of software development, IT system management and Professional Services.

Another factor contributing to this improved business outlook in the medium term is the fact that Wincor Nixdorf's recent activities have created a more favorable basis for new business. During the year under review, the Group drove ahead with its global expansion strategy and was thus able to reduce its dependence on individual customers and the development of single national economies. Innovative new solutions were added to our portfolio and are already providing significant cost and service benefits in relation to the business processes of banks and retailers. Wincor Nixdorf has also expanded its activities in the fields of Consultancy, Software Integration, Managed Services and Outsourcing. As is the case with product-related services, these generally involve contracts that run for several years, thus helping to generate a stable contribution to revenue. In addition, by focusing on the transfer of know-how, we are successfully transferring our expertise in the branch and self-service business to other industries as a means of exploiting additional potential growth in these areas.

Fiscal 2008/2009. With regard to fiscal 2008/2009, both the medium-term trends in the retail banking and retail industries and further improvements in our position at the start of the year provide Wincor Nixdorf with opportunities to benefit from the looming difficulties in the wider economy. On the basis of the information available in November 2008, the Group therefore expects to follow up the very good performance of 2007/2008 and maintain approximately the same high level of business.

Despite this rather positive forecast, Wincor Nixdorf also takes into account that at present it is not possible to predict with any certainty whether and when the financial market crisis can be contained and what its economic repercussions will be. This applies equally to both the established and emerging markets. Depending on the intensity of the impact on finance and the real economy, we cannot exclude the possibility that retail banks and retailers will temporarily cut back their investment budgets. With this in mind, Wincor Nixdorf is preparing itself so that it can react appropriately to all the conceivable challenges that might face the organization. The top priority here is to create flexible cost structures that help to protect our margins. To this end, Wincor Nixdorf is taking appropriate measures in Production, Sales and Service, among other areas, to ensure it is ready to meet any unforeseeable developments.

Segment Performance. While net sales in both our Banking and Retail segments will depend on the impact of the financial market crisis on these industries, Wincor Nixdorf is increasingly benefiting from the demand for high-end hardware and software in areas such as process automation.

Turning to our business streams. Our view is that there will be a continued high level of growth in the Hardware business, driven by increased demand for our high-end systems, which we hope to make even more attractive by incorporating new developments.

We aim to expand our Software/Services business, too. In the Software area, we will be relying, above all, on further improvements to our Retail Banking Solution Suite and the extension of our TP Application Suite for use by retail groups.

We see considerable potential for exploiting synergies in both segments in relation to consulting and integration services. With regard to maintenance and IT systems operation, we intend to expand our business by offering a range of attractive new services to banks and retailers. We are also planning to further extend our Outsourcing business.

Costs and Profit. In order to streamline our cost structures, we shall continue our efforts to boost productivity and flexibility, both in terms of our global production network and orders for product-related services. We anticipate a substantial contribution to profit from the sale of complex high-end software and hardware and from consulting and integration services.

These targets are backed up by the new measures we have taken to reduce costs and boost profitability, such as our highly successful ProImprove program, with a particular focus on product costs and selling, general and administration expenses. We have already cut the ratio of these costs to total net sales to a relatively low level for our sector.

We expect the **Group tax rate** for fiscal 2008/2009 to remain at the same level as the previous year at around 30%.

Assuming fiscal 2008/2009 develops in line with our expectations and despite a much greater level of uncertainty, we expect to maintain a profit distribution policy that provides for a reliable dividend. In line with our announcement at the time of our IPO in 2004, we aim, once again, to distribute around 50% of profit for the period in the form of a **dividend**. At the time of our IPO, we identified profit for the period before profit charges arising from the carve-out as the reference figure for the calculation of dividends. In fiscal 2008/2009, these profit charges will be relatively insignificant and from 2009/2010 they will no longer apply. From fiscal 2008/2009, therefore, dividends will be calculated on the basis of profit for the period.

Capital Expenditures to Remain High. We plan to maintain the level of capital expenditures with total investments again exceeding the figure for depreciation. Overall, our capital investment structure will remain balanced, as we intend to invest in the extension of our service and sales activities, our Outsourcing business as well as in the expansion of our global production network.

Financial Position and Assets Remain Stable. As one of our main priorities, we will continue to focus on the management of our working capital. We aim to maintain the ratio of working capital to net sales at a comparable level to that of the year under review.

We intend to keep a low level of **net debt**. Thanks to the secure terms we have negotiated for any future borrowings, we can remain sufficiently flexible as the need arises. Under the terms of this revolving facility, the Wincor Nixdorf Group was granted a credit line of €350 million by a consortium of banks for a period of seven years up to the beginning of August 2012. Borrowings are subject to interest based on the EURIBOR plus a margin. The entire credit line is still available until expiry of the agreement without an obligation to make principal repayments before that time.

In the short term, this financing structure allows us to provide sufficient liquidity for our operating business and smaller acquisitions.

Increased Level of Risk. At the beginning of fiscal 2008/2009, it is difficult to predict further developments on the financial markets. This presents Wincor Nixdorf with a degree of insecurity and risk in its business with retail banks and retailers. For this reason – and equally in the light of other extraneous factors – we intend to make further improvements to our opportunity and risk management. This approach is backed up by our compliance management system, which also helps to strengthen our business position.

We believe there are opportunities for us to benefit from the sustained sales and rationalization pressure on both the retail banks and retailers.

Research and Development within our International Network. The main focus and aims of our research and development activities over the last fiscal year will remain in place for 2008/2009. In recent years, we have established ourselves as a leading innovator in many areas such as software suites and intelligent deposit and in doing so have gradually strengthened our market position. In order to maintain and build on this position, we intend to make further sustained investments in our research and development activities during the course of the current fiscal year. Our aim is to boost investment by at least as much as the increase in net sales. Our aim is to maintain an R&D ratio of 4.5%.

In line with recent years, we anticipate that around one in ten Group employees will be assigned to development tasks. At the same time, we shall continue to implement the internal initiatives we have launched to enhance the qualifications of R&D staff.

Our development work will continue to focus on the following **key areas:**

- further advances in the convergent base technologies that can be used as components for the optimization of both banking and retail processes
- improvements to the serviceability of our hardware and software to reduce the cost to customers of running our solutions
- software as the key to optimizing the overall process chains that characterize the branch operations of retail banks and retailers

We aim to create a **global network** in research and development along the lines of our production network. This will allow us to achieve maximum progress in development using the best available knowledge at the lowest possible cost. To this end, in fiscal 2008/2009 we intend to intensify our links with external development partners and research institutes both in Europe and overseas. At the same time, we shall further expand our development capacity at both our sites in Singapore and Shanghai and systematically examine ways in which we can optimize our research development work across the Group.

With the help of a process management system, we are continuously enhancing the effectiveness of our research and development activities. In fiscal 2008/2009, we shall place even greater emphasis on projects that drive forward our innovation strategy, Group-wide technology architecture, global development network and process improvements.

Optimization of Purchasing, Production and Logistics. We anticipate that our selling prices will again decline. We shall make every effort to mitigate the impact of such falls by improving our Group-wide **purchase management system**. Together with our partners and suppliers, we are working on ways of further reducing our costs. In this context, we have had particular success with our Prolmprove program.

As a means of reducing costs, we bundle our requirements and place orders through our purchase management system. One of the most important considerations in this respect is to focus on the best-performing suppliers and to continuously increase their proportion of purchases. We judge suppliers on their ability to innovate and maintain a consistently high level of quality and performance. We also support our partners by working with them to define, develop and optimize targets, methods and processes.

We continue to internationalize our purchasing activities by increasingly obtaining the materials we need directly in the provider's own country. This also reduces our exposure to fluctuations in the U.S. dollar. Here, too, in line with our general purchasing policy, we act in accordance with a defined code of conduct and monitor compliance with this code as part of our supplier management system.

With regard to **production**, we shall again exploit all the opportunities for flexibility offered by our global production network in order to compensate for the impact of higher materials prices on the purchasing side and lower sales prices on the market side. In particular, we aim to push ahead with the expansion of our production site in Shanghai. Another way in which we are able to boost efficiency is through the increasing use of platforms and the integration of modules and standard components in the manufacturing process. This enables us to keep production costs down and make additional savings through standardization on the purchasing side.

In the area of **logistics**, too, we shall endeavor to make further improvements to our own processes and those of our contractual suppliers. One of the means of achieving this will be to link more suppliers to our ERP system.

Staff Recruitment. In fiscal 2008/2009, our human resources policy will be geared towards the ongoing transformation of our Company into a solutions provider: to this end, we plan to make a number of new appointments, albeit only in the areas of consulting and solutions integration and in the processing of new outsourcing contracts. As in previous years, we expect to appoint more new staff at our foreign subsidiaries than in Germany.

Another important aspect of our human resources policy in 2008/2009 will be the intensification of our staff development program. This will provide new momentum for the organization and help ensure our future success. We are introducing new programs designed to boost individual performance and qualifications, prepare future managers and develop talent. Our goal remains that of recruiting as many of our future technical and managerial leaders as possible from our own ranks.

Overall Assessment of Economic Position for Fiscal 2008/2009 and 2009/2010. Looking ahead at **fiscal 2008/2009** and on the basis of the information available in November 2008, Wincor Nixdorf expects to be able to follow on from the very good performance of the previous year and to maintain a similarly buoyant level of business.

However, we cannot exclude the possibility that the crisis on the financial markets will have a significant and detrimental impact on finance and the real economy. Given this possibility of a temporary downturn in our business, we intend to prepare ourselves to respond quickly and appropriately to any worsening of the situation.

Assuming fiscal 2008/2009 develops in line with our expectations, our dividend proposal will again reflect the policy we announced on our IPO in 2004, with around 50% of profit for the period being allocated for distribution. We see this as a key element of our corporate policy which is geared at reliance.

Our expectations of medium- to long-term growth of 6% in net sales and 8% in EBITA remain in place despite the possibility of a short-term decline in business in the wake of the financial market crisis. This positive medium-term outlook is based on the view that industry trends will themselves continue to drive investment in retail banking and the retail industry regardless of the slowdown in the wider economy.

The degree to which this confident outlook asserts itself in **fiscal 2009/2010** will depend primarily on the intensity and duration of the financial market crisis.

Our medium-term strategy is geared towards achieving profitable and predominantly organic growth. However, we do not exclude the possibility of further small-scale acquisitions, as long as they support our international expansion or our operations in the fields of Software, Professional Services or IT System Management (Managed Services, Outsourcing).

We are also determined to maintain our position as a leading innovator and, as a result, to grow at a faster rate than our competitors. We shall continue to produce best-in-class hardware, software and services and use them to optimize our customers' processes. In the future, too, our approach will be to gear all our activities completely towards our customers' needs. We want them to be even more successful. After all, their success is the basis for our own.

Disclaimer. The statements made in the report on expected developments are based on current assumptions and assessments made by the Board of Directors of Wincor Nixdorf AG. They are not intended to be taken as guarantees that these expectations will prove to be correct. The future performance and actual results achieved by Wincor Nixdorf AG and its affiliated companies depend on a series of risks and uncertainties and may, therefore, vary considerably from the forecasts made. Many of these factors, such as the future of the economy and the actions of our competitors and other market players, are outside the control of Wincor Nixdorf and cannot be predicted with any degree of certainty. There are no plans to update the forecasts made in this section. Wincor Nixdorf does not accept any specific obligation in respect of the forecasts in this report.