

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 17, 2009

Wincor Nixdorf Aktiengesellschaft, Paderborn



Heidloff
President and
Chief Executive Officer



Auerbach
Executive Vice President



Dr. Wunram
Executive Vice President

CONTENTS GROUP MANAGEMENT REPORT.

Company Profile	76
Management and Control of the Company by the Board of Directors and the Supervisory Board	77
Strategy, Targets and Value Management at Wincor Nixdorf	78
Achieving Sustained Growth in Value	81
Business Environment	82
Group Business Performance	88
Net Sales	88
Regional Performance	88
Performance by Business Stream	89
Costs	91
Profit	92
Dividend	92
Segment Performance	92
Banking Segment	93
Retail Segment	97
Acquisitions and New Companies	101
Capital Expenditures	101
Performance, Financial Position and Assets	102
Disclosures Pursuant to Section 315 (4) HGB and Explanatory Notes	105
Research and Development	113
Quality	116
Purchasing, Production and Logistics	116
Employees	117
Impact of Legal and Economic Factors on the Business during the Year under Review	119
Risk Report	120
Events after the Balance Sheet Date	125
Report on Expected Developments	125

WINCOR NIXDORF AG GROUP MANAGEMENT REPORT.

COMPANY PROFILE.

Wincor Nixdorf offers IT-based solutions for retail banks as well as retailers and their branch operations. Our focus lies on optimizing the associated business and IT processes, so that our clients can concentrate in turn on their own end customers and work as efficiently and internationally as possible.

Our portfolio brings together process automation and the migration of standard or support processes to self-service systems. Within this framework, an increasing part of our work involves consulting, tailoring IT solutions to individual customer requirements and on-site implementation and integration.

Solutions for Companies Undergoing Change. Increasingly, we design complete solutions for our customers covering entire business processes. Examples of these solutions include automation solutions for check and cash deposit/processing, cash handling at bank/retail branch level and reverse vending systems. Thanks to our expertise, Wincor Nixdorf is superbly placed to act as a one-stop provider for IT solutions.

Wherever our customers wish to concentrate on their own core competencies, we can take full or partial responsibility for the running of the company's branch IT infrastructure, while ensuring the operational readiness of the systems we install across the entire product life cycle.

It is not only retail banks and retailers that maintain branches and branch networks. Our target group and customer base extend to other applications geared, for example, towards companies with similar structures facing the same challenges, such as postal operators and service station chains. They, too, can benefit from our know-how.

Global Group Based in Germany. Wincor Nixdorf is a global group based in Germany. We have now established a presence in around 100 countries, of which 41 are home to one of our subsidiaries. Our international business accounts for approximately three-quarters of net sales. Over half of our 9,000-plus workforce is employed outside Germany – one in five in the Asia/Pacific/Africa region. Outside Germany, our main production sites are located in Singapore and China.

In recent years, we have expanded our international operations to make us one of the world's leading providers of IT solutions and services for retail banks and retailers. We have opened up new markets and created a global development, production and logistics network that allows us, at all times, to supply our products flexibly and competitively with regard to quality, time and cost. We maintain close contact with our customers throughout the world, while our strong sales force and comprehensive service network contribute to our international success.

Further information on our markets, our competitive position and our solutions can be found in the sections on "Strategy, Targets and Value Management at Wincor Nixdorf" on page 78 et seq. and "Segment Performance" on page 92 et seq.

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

Board of Directors. Wincor Nixdorf AG is run by a Board of Directors comprising three members: the Chairman Eckard Heidloff (President and Chief Executive Officer) as well as the two other members of the Board of Directors Stefan Auerbach and Dr. Jürgen Wunram.

The Board of Directors is responsible for managing the joint stock corporation. 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. Within this context, all decisions and actions are focused on protecting 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. The Rules of Procedure for the Board of Directors include details of specific transactions that require the approval of the Supervisory Board.

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 prior objectives are to provide customers with solutions superior to those of the competition and to achieve sustained growth in enterprise value. Therefore, the planning, control and risk management systems by means of which the Company's operations are controlled are given a high management priority.

The Board of Directors informs the Supervisory Board regularly, promptly and in a detailed manner 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. It performs these duties in accordance with statutory provisions, 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. Resolutions are passed by a simple majority of the votes cast, with the exception of those cases in which the law specifies 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, as well as 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, as well as with regard to the Company's compensation structure and the issue of determining and reviewing total compensation for the respective members of the Board of Directors. 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 handles issues relating to the supervision of accounting processes, the efficacy of the internal control system, the risk management system and the internal auditing system, as well as financial statements auditing, in particular with regard to the issuing of the audit mandate to the auditor, the independence of the auditor, the determination of auditing focal points and the fee agreement, as well as other services performed by the auditor. The Audit Committee also supports the Supervisory Board in monitoring the activities of the Board of Directors and monitors observance of the risk and opportunity management system. Additionally, it handles issues relating to the assessment of 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 Annual General Meeting (AGM) for election to the Supervisory Board. Subsequently,

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.

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

Both industries face increasingly complex challenges. This has led to a rapidly expanding role for information technology, which is no longer regarded simply as a means of ensuring cost-efficiency; nowadays, it acts as a driving force for competitive growth, setting the pace for change within companies. Against this backdrop, information technology has established itself as a key element of our customers' strategic planning and operating business.

IT processes are becoming increasingly complex. Alongside these processes, the role of change management is also expanding to cover the analysis of existing procedures, conceptual planning for entirely new processes, the integration of new information technology into existing infrastructures and the partial or complete outsourcing of operational management.

These developments are also reflected in our portfolio. Wincor Nixdorf has continually expanded, evolving from a dedicated hardware manufacturer to a specialist capable of embracing related business areas. This has allowed us to gradually increase our share of the value chain created by the drive for change and innovation among our customers.

Enhancing our Customers' Competitiveness. Our strategic aim is to drive and support the process of change among retail banks and retailers throughout the world. By designing processes and procedures that are as innovative, efficient and customer-friendly as possible, we can help to make our customers fit for competition and for the future. Above all, as "partners in change," we can reduce the complexity of the tasks facing our customers by providing the full range of solutions and know-how they need from a single source. This also has benefits for Wincor Nixdorf, as we are then able to pool our strengths, offer new and competitive services and expand our skills base in a systematic form. Furthermore, our primary focus on the branch operations of banks and retailers has given us a wide-ranging and deep-rooted understanding of our customers' processes. Our goal and the challenge we set ourselves is to optimize these processes. The guiding principle of all our work is to maximize customer utility, to create added value for banks and retailers, and in doing so, retain their business over the long term.

Growth Strategy.

Over the next few years, we aim to drive growth and boost our performance by means of four strategic levers: global expansion, innovation, comprehensive high-end services and the expansion and transfer of our branch and self-service know-how to other applications. All four levers complement each other, and each can be used to exploit potential new growth.

Global Expansion. Building on our position as market leader in Germany, we have pushed ahead with a vigorous program of internationalization focused initially on continued expansion among our close neighbors in Europe. We now generate 75% of net sales in this region.

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 business segments.

Our strength in Europe provides a springboard for continued global growth. Above all, it is the extremely competitive nature of business in our target industries here that gives us a vital impetus in the ongoing development of complex, high-end solutions.

Asia/Pacific/Africa and the Americas together account for around two-thirds of the global market. As a logical consequence of our internationalization strategy, it makes sense for us to expand further and step up our efforts in these regions.

In the Asia/Pacific/Africa region, we aim to earn a place among the top providers in both of our business segments. Our aim in the Americas is to strengthen our market position by a significant margin.

With retail banks and retailers expanding their own operations in line with economic growth in emerging markets, these regions are of increasing importance to us, and we are well placed to support this process with our experience and know-how.

Innovation. Our strength depends on our ability to innovate. It is for this very reason that we now employ almost a thousand staff in Research and Development (R&D). Every year, we invest roughly 4.5% of net sales in R&D projects. This level of spending is considered essential when it comes to underpinning our aspirations within the area of innovation leadership. We also aim to further shorten development times and bring new products to the market even more quickly, while of course maintaining the same extremely high level of efficiency and quality.

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

Our Research and Development work is focused particularly on:

- further advances in the application of convergent base technologies to optimize both banking and retail processes, e.g., for the recognition and handling of banknotes in cash-based processes
- improvements to the serviceability of our hardware and software to further enhance their availability and cost-efficiency across the entire life cycle
- software as the key to optimizing process chains in the branch operations of retail banks and retailers; our focus here is on the development of hardware-independent software
- high-end solutions with corresponding hardware and software as a means of achieving significant growth in these areas.

All-embracing, High-quality Services Portfolio.

Smooth and efficient business processes are crucial to the success of our customers and help them gain an edge over their competitors. In this respect, the portfolio of services offered by Wincor Nixdorf is an important contributory factor.

With a view to optimizing further business processes in the value chains of our customers within the banking and retail industries, we are vigorously expanding our range of high-end services.

We regularly add new components to the portfolio of innovative services we have developed to boost availability and process quality. At the same time, in order to support strong growth in these areas, we are expanding the global network of resources we use to deliver our services.

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

Managed Services and Outsourcing. 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. Our portfolio of services helps customers to achieve sustainable competitive cost structures and to convert fixed costs into variable costs. By taking end-to-end responsibility for the company's IT systems, we can reduce our customers' operating risks to a minimum.

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. The term "Professional Services" covers the full portfolio of services we provide in this area, ranging from process redesign and solutions planning and implementation to the maintenance and updating of these applications.

We place increasing emphasis on the expansion of complex services such as Managed Services, Outsourcing and Professional Services.

Expansion and Transfer of Branch and Self-service Know-how to other Applications.

Wincor Nixdorf is not only expanding at a regional level; it is also opening up new and related areas of business with similar branch structures and hence similar IT infrastructure requirements. These areas include the branch offices of postal operators and service stations. Here, too, there is a need to design efficient and customer-friendly processes – with the help of suitable IT solutions. In many cases, this will involve migrating functions and operations to self-service or automated system concepts.

Our aim is to exploit potential synergies by attracting new orders from related areas of business without losing sight of our principal focus on Banking and Retail.

Ancillary Programs in Support of Corporate Goals. In order to support the Company's targets in the most effective way possible, and integrate them even more efficiently into 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 income levels are underpinned by our "ProImprove" program, which aims to ensure continuous improvements in profitability. Our established "Innovation and Quality" program helps to maintain 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 put in place the requisite foundations that will help us maintain, carry forward and develop that culture.

During the year under review, Wincor Nixdorf launched a Group-wide program entitled "ProFuture," in order to conduct a fundamental review of existing procedures and structures. The aim is not only to lead the Company through the present difficulties in the wider economy, but also to put it in a strong position for the future and encourage renewed growth. Rather than substituting our existing growth and efficiency programs, ProFuture is intended to act in a supporting role. The primary goal is to implement permanent structural and process-related changes as a means of boosting overall performance and efficiency.

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 solutions consisting of hardware, software and services, 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 is 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. 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. 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 Downturn Bottoms Out. For Wincor Nixdorf, fiscal 2008/2009 began only a few weeks after the bankruptcy of the U.S. investment bank Lehman Brothers. At first, the scale of the impact this event was to have on the global financial sector was not foreseeable; by the middle of our fiscal year, however, the dramatic consequences were becoming increasingly evident and finally led to the most severe global economic crisis since 1929.

Economic research institutes and other market experts are forecasting a downturn in overall economic output in 2009, although there is no consensus as to the actual severity of the downturn and the speed and durability of any recovery in the global economy. While the International Monetary Fund (IMF) expects global GDP to contract by 1.1% in 2009, a number of leading German economic research institutes (the "Joint Diagnosis Project Group") have published a more pessimistic forecast in their "Fall 2009 Joint Diagnosis," in which they predict a decline of 2.5% in world production. According to this report, economic output in the industrialized countries is set to contract by around 3.5%, and this in turn will hold back any recovery in the developing countries. In the view of the Project Group, it is this group of countries that is likely to provide the initial impetus to the global economy.

For Germany, the IMF anticipates an even sharper downturn of 5.3%. According to the Project Group, Germany is experiencing its worst recession since the creation of the Federal Republic. It expects the German economy to contract by 5.0% in 2009, with falling global demand for investment goods having a severe impact on the export industry. The crisis has spread to the entire German economy over the year, although there are now signs that it may be leveling out. Based on data released by the Project Group, the German economy recorded a slightly stronger increase in production in the third quarter of 2009 compared with the second quarter of 2009.

According to the IMF, the eurozone economy will contract by 4.2% in 2009. The Project Group predicts a fall of 3.9%. However, there are many indicators that suggest the region emerged from the lowest point of the downturn in the summer.

The IMF takes a more optimistic view for 2009 in Asia, where it expects economic growth of 6.2%, with China and India likely to record increases of 8.5% and 5.4%, respectively. In the assessment of the Project Group, Asian GDP has been experiencing a strong recovery since the spring of 2009. The research institutes therefore anticipate that China will more or less reach its government target of 8% growth and that India will see an increase in production of 6%.

Looking at the United States, the IMF sees a decline of 2.7% for 2009, while the Project Group forecasts a decline in GDP of 2.6%, albeit with signs of an end to the recession. During the reporting year, the U.S. Treasury implemented a historic cut in interest rates. The prime rate was lowered from the previous level of 1.0% to fluctuate between 0 and 0.25%.

Currency Instability. Fiscal 2008/2009 was again marked by severe exchange rate fluctuations. The euro started as it had ended the last fiscal year at the high level of USD 1.41. After falling to USD 1.24 in November 2008, it climbed back to over USD 1.40 at the end of 2008, only to drop back to below USD 1.30 by the beginning of March 2009. In September 2009 it reached a new high for the year of over USD 1.46. At the end of fiscal 2008/2009, the euro stood at USD 1.46.

General Developments in Retail Banking and the Retail Industry. Although it was not possible to predict at the beginning of the fiscal year that the financial crisis, which was initially restricted to the U.S., would evolve into a global crisis for the real economy, Wincor Nixdorf's own assessments of the trends within retail banking and the retail industry largely proved to be correct, with the situation in both indus-

tries deteriorating and prompting a general reluctance to invest. However, it was the scale of this downturn in investment that we could not foresee at the beginning of the reporting year. Despite this, the fundamental trends in both industries are still in place, and both banks and retailers remain determined to make additional, ongoing cost reductions in all their business processes while striving to be even more customer-friendly. As a result, those companies in a stronger financial position did continue to invest. Irrespective of investment, the market for IT services proved to be more resistant to the crisis than many parts of the hardware business. According to a survey conducted by the American market research firm Gartner for 2009, net sales from global IT services are expected to decline by "only" 5.6% compared to 2008. Service contracts, which usually run over several years, are also an important factor in stabilizing this market. (Gartner, IT Spending Forecast; 2Q 2009 Update, June 2009).

Developments in Retail Banking. The global financial crisis has left a significant mark on the banking industry, not least through the collapse of a number of banks throughout the world and a subsequent move towards consolidation within the industry. As a consequence, overall readiness to invest also fell, although there were some exceptions depending on the financial strength of individual banks.

Throughout 2009, the consequences of the financial crisis spread out from North America and Western Europe to affect Central Europe and Asia, a situation that is likely to continue into 2010. This is the view of a survey by the market research firm Datamonitor, looking at the negative impact of the financial crisis on investment in IT (Impact of the Financial Crisis on Technology Spending in Banking, January 2009). According to Datamonitor, this is likely to increase the pressure to reduce capital expenditure on IT in the corporate and retail banking segments, leading to a contraction of 2.0% in the global banking IT market.

In the hardware sector, the general impact of this investment downturn on total spending was particularly noticeable in terms of sales of automated teller machines (ATM). A study carried out by British market researchers Retail Banking Research (RBR) predicts a 14% drop worldwide in the number of ATMs in 2009 (RBR, Banking Automation Bulletin, Issue 266, 2009).

The Predominant IT-related Trends in the Banking Industry, such as continued process optimization and standardization to boost the bank's productivity and earnings, remained unchanged. In an IT survey conducted by IDC and Capgemini in Germany, for example, 56% of the bankers who responded regarded these targets as important.

Among those surveyed, measures to increase the degree of automation through IT were almost as important (49%), while other priorities included action to intensify sales through cross- and up-selling (40%) and the full or partial outsourcing of business processes (19%). Given this scenario, the survey concludes that planned spending for 2009 was likely to go ahead, although at many banks investment decisions would be looked at more thoroughly than before. What measures are planned to optimize business processes? At present, according to the survey, the banks intend to improve data and information management (48%), introduce business process management (40%) and standard software (37%), redesign existing applications (31%) and introduce a service-oriented architecture (SOA) (26%).

Multichannel Selling as Service and Communications Platform. More and more banking customers are using a range of channels to perform financial transactions. According to a 2008 survey by Steria Mummert Consulting, in a market such as Germany the branch remains the most fre-

quent point of contact for customers (89%), followed by Internet banking (84%) and self-service systems (68%). Banks are responding to emerging new customer requirements by providing a finely tuned strategic combination of different sales channels.

At the same time, there is an increasing emphasis on communications with customers as a means of strengthening customer retention. In this respect, the role of IT is to prepare appropriate customer data for individual sales channels and to make this data available for general use at branch level, on the Internet or for other channels such as mobile banking. In response to the financial crisis, many banks are striving to enhance communications with their customers as a means of counteracting the widely perceived loss of confidence.

Branch Transformation – Focus on Intensifying Contact with Customers.

In recent months, the branch has reinforced its importance for many banks as a platform for communications with their customers. In the established markets, above all, banks have therefore invested in the modernization of their branches with a particular emphasis on issues such as customer proximity, the intensification of sales and the provision of individually targeted advice. This trend has had a marked impact on layout and the technical equipment to be found at branch level. The banks are aiming to boost customer loyalty by adopting a more forceful and more emotional approach. As a result, the optimization of branch processes through IT continues to enjoy a high priority. Banks are investing, for example, in information and communications technology for their advisers' workstations. Increasingly, self-service systems installed at branches are being used for the purpose of promoting specific offers and initiating one-to-one communication with banking staff.

Mobile Banking Sees Rapid Global Expansion. In both Europe and Asia, a growing number of banking transactions are being carried out via cell phone. Indeed, in some developing countries mobile banking is expanding even faster than in the developed markets. The growing popularity of this sales channel is predominantly due to the massive global availability of cell phones. Mobile banking offers customers the convenience of being able to perform a transaction wherever they happen to be and at any time. According to the survey conducted by Steria Mummert Consulting, in Germany alone around half of all banks are planning to invest in mobile banking by 2011.

Fraud Protection Gains Higher Priority. The number of attempts at fraud and manipulation in areas such as ATM use has increased substantially. In 2008, according to a survey by the European Network and Information Security Agency (ENISA), in the EU there were more reported cases of ATM fraud than ever before. Figures from ENISA relating to 2008, point to a 150% increase in criminal activity on the previous year, with the associated damage totaling nearly €500 million. Banks are reacting to this development by investing in comprehensive security solutions to protect their IT systems and branches, their staff and customers and, ultimately, their reputation.

Automating Standard Processes and Using Self-service Technology to Generate New Business. This is the philosophy behind the efforts of the retail banking industry to drive ahead with the automation of a wide range of products. We are seeing an increasing migration to self-service machines, above all with the aim of processing standard transactions such as cash disbursement, receipt printing and, in many countries, the paying in of checks and the automated settlement of invoices. In particular, the automation of these standard processes opens up attractive prospects for

rationalization. According to ibi research at the University of Regensburg, however, as self-service systems are a widely used sales channel, the trend is increasingly towards self-service concepts that also aim to increase customer loyalty through a proactive appeal to customers and cross-selling (The Self-service Sales Channel, 2008).

Outsourcing. Many banks are now transferring the management and operation of their infrastructure to external service providers as a means of reducing their operating costs. Retail banks are predominantly using this approach to outsource tasks such as the operation of their self-service or branch IT systems.

Developments in the Retail Industry. During periods of crisis, retailers also tend to keep a tighter rein on investment in modern IT systems, with the result that in the year under review spending on new and upgrade technology was frequently postponed. A noticeable increase in competitive pressure reinforced the demand for process automation and optimization concepts as well as the standardization of system platforms that contribute to further rationalization. As regards investment, demand was focused primarily on projects that offer a demonstrably fast return, such as automated checkouts in the checkout area. Generally speaking, retailers adopt retail formats and structure their product ranges in such a way as to stand out from their global competitors. The result is a continuous stream of new concepts whose goal is to boost process efficiency, reduce costs and, at the same time, improve customer service. At the development stage, both systems and concepts are increasingly geared towards the requirements of customers and operational necessity. As a result of the crisis, retailers have clearly put the brakes on their expansion into emerging markets.

Trends in the EPOS Business: Global Downturn in Deliveries – Market Demands Greater Computing Power and Lower Energy Use. The hardware segment was particularly hard hit by falling investment. British market researchers RBR predicts a year-on-year decline of around 10% in the number of EPOS (Electronic Point of Sale) systems supplied to the retail industry in 2009. If we break down this figure geographically, the biggest downturn will be in the markets of Western Europe and North America, whereas the Asia/Pacific and Latin America regions are likely to show modest growth (RBR 2009 Global EPOS and Self-Checkout, Food/Non-Food/General Merchandise).

The traditional checkout is increasingly being transformed into a multifunction, high-performance checkout system. From displaying video camera pictures and planning staff rotas to handling customer loyalty program discounts and coupons and linked payment systems, a modern checkout system has to be able to deal with several applications simultaneously without any loss of service or performance. For retailers, this means investing in systems with greater computing power but a lower energy profile. Increasingly, POS computers are being converted to run on energy-saving technology. Peripheral devices with a lower energy profile are also in demand.

As a result of this increased computing power, multifunctional flat-screen monitors are now coming to dominate the checkout area. The great advantage here is that they offer a much more flexible user interface and allow efficient and intuitive operation. We are also seeing the increasing deployment of customer-directed displays that extend the dialog with customers and boost customer loyalty.

Transforming Checkout Processes – Various Scenarios for Automation and Self-service Solutions.

Encouraged by a positive response from their customers and driven by a pressure to rationalize, more and more retailers are investing in self-checkout systems. The British market researchers RBR anticipates considerable growth in this market segment, with global sales of automated checkout systems set to rise by 15% on the previous year. Leading this expansion are the European markets where investment in this field is now taking off after lengthy test phases. According to analysts, the number of automated checkout systems in place by the year 2012 is likely to triple (RBR 2009 Global EPOS and Self-Checkout, Food/Non-Food/General Merchandise).

Automation of the checkout procedure, which accounts for roughly a quarter of average branch process costs, reduces expenditure and improves customer satisfaction by offering more guidance. A further boost to customer loyalty comes from shorter waiting times at the checkout and the opportunity for customers to control the checkout process themselves, giving the retailer a potentially valuable competitive edge. The increasing acceptance of this innovative technology among consumers is apparent from the overall use of self-service systems, which can be as high as 60% in those branches that have already been equipped with the technology.

A wide range of checkout systems is available with different scenarios for different types of retail outlet including traditional staffed checkouts, mobile self-scanning while shopping and fixed payment terminals operated by the customer. Checkout areas increasingly contain a combination of systems, while standard software platforms with open architectures create the basis for a smooth interplay between varying solutions and facilitate problem-free integration into the retail customer's existing IT infrastructure. Their role is also to ensure that sales and customer data can be made available rapidly and securely.

Alongside the trend towards self-service systems, there is a growing interest in mobile devices that can be used by customers to display additional product information, including the price of an item. Retailers are increasingly attracted by these solutions, as they increase the level of interactive communication with branch customers and therefore help to strengthen customer loyalty.

Streamlining of Cash Handling and Retail Cash Management. There is still enormous potential to improve efficiency at retail branch level by optimizing the extremely time-consuming cash processes that are still predominantly carried out by hand. With this in mind, more and more retailers are prioritizing the automation of processes ranging from checkout payment to the consolidation of cash deposits in the cash office.

Investment in Software and Solutions Relatively Unscathed. According to a survey conducted in June 2009 by Pierre Audoin Consultants (PAC), global investment by the retail industry is set to end the year down by around 4%. International retailers are turning more frequently to globally standardized software platforms that are centrally managed and configured. The primary focus here is on providing the simplest possible support for existing solutions and ensuring the smooth installation of new solutions within existing IT structures. This standardization also helps retail groups to maintain a constant overview of developments in their branches and allow them to access the corresponding data centrally via a web service from any location.

Managed Services. Growing economic pressure on the retail industry is leading an ever greater number of companies to seek a way of outsourcing technology and business processes to an IT service provider. The main benefit is clear – a significant reduction in costs (Datamonitor Retailing in a Recession: The Opportunities for Outsourcing, April 2009).

GROUP BUSINESS PERFORMANCE.

At the start of the reporting year, the prospects were still positive. Based on the information and knowledge available to us in November 2008, it was our view that Wincor Nixdorf could build on the excellent results achieved in 2007/2008, although there were already some signs of a deterioration in business performance. At the time, we qualified our assessment by noting that it was not yet clear how events would unfold.

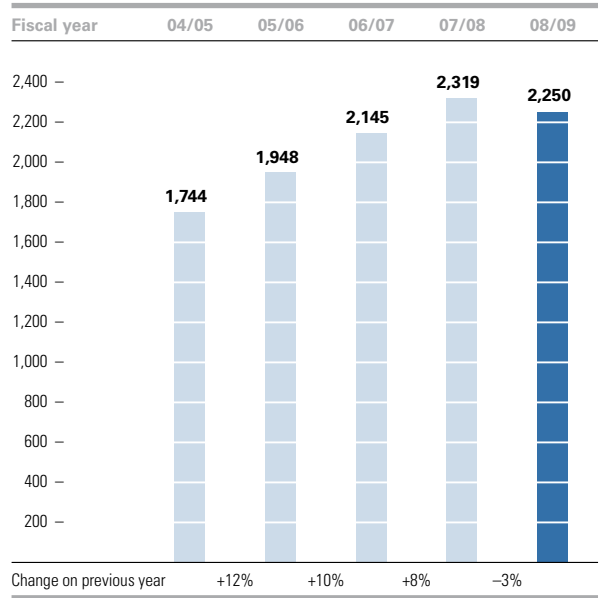
At the end of the fiscal year, despite a dramatic deterioration in the overall economic situation, we were roughly able to meet our expectations of net sales thanks to a relatively stable performance in the first six-month period. However, operating profit was down significantly on the previous year, above all as a result of pressure on our gross margin.

Net Sales. Group sales for fiscal 2008/2009 declined by 3% to €2,250 million (2007/2008: €2,319 million). Adjusted for currency fluctuation between the euro and the U.S. dollar, net sales were down 5%. However, the exchange rate impact of a resurgent U.S. dollar was largely offset by the weakening of other currencies.

Regional Performance. Results from the different regions were inconsistent. Business was not only affected by the performance of the corresponding national economies but also depended upon the extent to which individual banks or retailers and their readiness to invest were hit by the global financial crisis. Although business in Germany and in the strategic growth regions of Asia and the Americas continued to expand, demand in the rest of Europe fell.

Net Sales History.

€m



In Germany, total net sales rose 7% to around €627 million (2007/2008: €588 million). As a result, the country's contribution to total Group sales increased to 28% (2007/2008: 25%).

In Europe (excluding Germany), net sales were down 12% to €1,064 million (2007/2008: €1,215 million). As well as a downturn in business in some Western European countries, the main factor here was the particularly severe impact of the economic crisis on the countries of Eastern Europe. At 47% (2007/2008: 53%), Europe (excluding Germany) accounted for the largest share of total Group sales.

Results in the **Asia/Pacific/Africa** region ended the fiscal year on a positive note. Net sales expressed in euros recorded a substantial 9% rise to €359 million (2007/2008: €329 million), taking the region's share of total Group sales to 16% (2007/2008: 14%).

Net sales in the **Americas** were down 4% in U.S. dollars. When converted into euros, however, this was equivalent to growth of 7% to €200 million (2007/2008: €187million), with the result that the region's share of total Group sales rose to 9% (2007/2008: 8%).

Performance by Business Stream. The global downturn in the supply of ATMs and EPOS systems led to a significant fall in **Hardware** sales at Wincor Nixdorf. Accordingly, the Company found itself confronted by additional pressure on its prices and a corresponding reduction of its margins. Unfortunately, it was not possible to exploit economies of scale on the same level as the previous year.

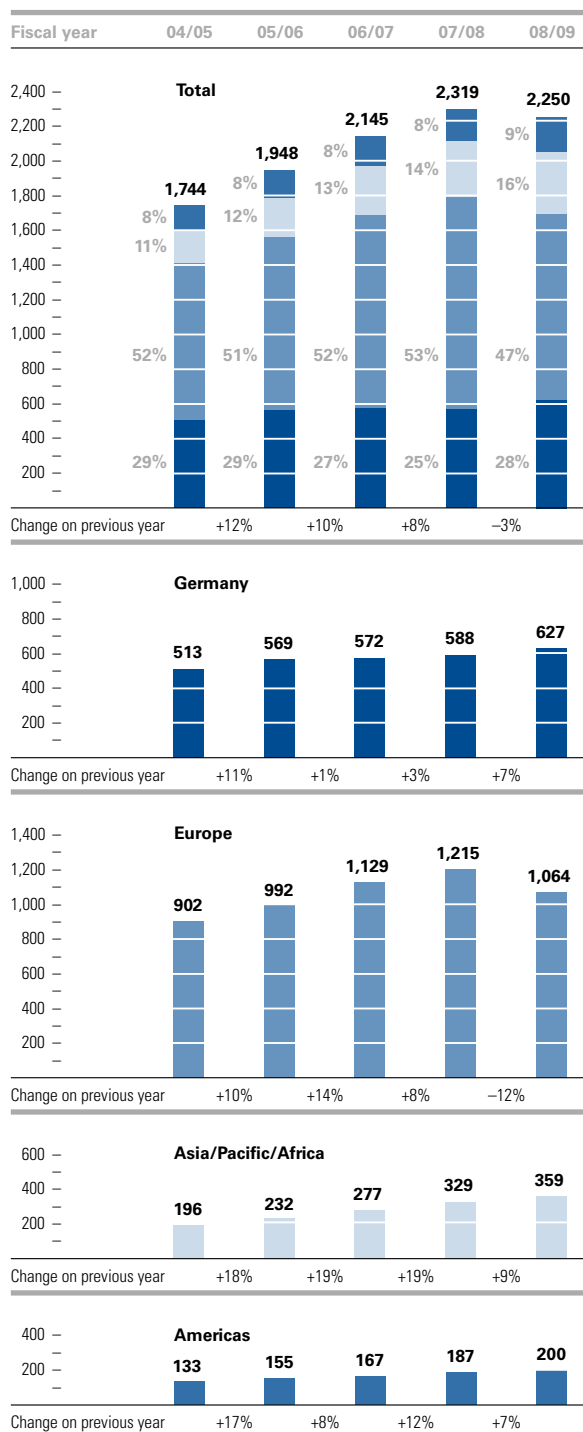
Overall revenue from the Hardware business declined 9% in the year under review to €1,224 million (2007/2008: €1,346 million). As a result, the contribution to total Group sales made by the Hardware business ended the fiscal year down at 54% (2007/2008: 58%).

During the reporting period, we made continuous developments to our hardware portfolio in the light of changes in the nature of our banking and retail customers' IT processes. One particular area affecting both segments is the introduction of automated cash handling technology, which enables banks and retailers to exploit further potential for rationalization. In both segments, we drove ahead with our initiatives and programs aimed at reducing manufacturing costs, starting as early as the system development stage, in order to alleviate pressure on margins and ensure that we remain competitive.

Software/Services performed well in the year under review, underlining its importance as part of our growth strategy. This business stream covers all the service-oriented elements of the Company's portfolio. These comprise the sale of software licenses, the provision of advice to customers and on-site implementation and integration ("Professional Services"). They also include the full range of services, such as Managed Services and Outsourcing, whose purpose is to ensure the efficient operation of our customers' IT systems.

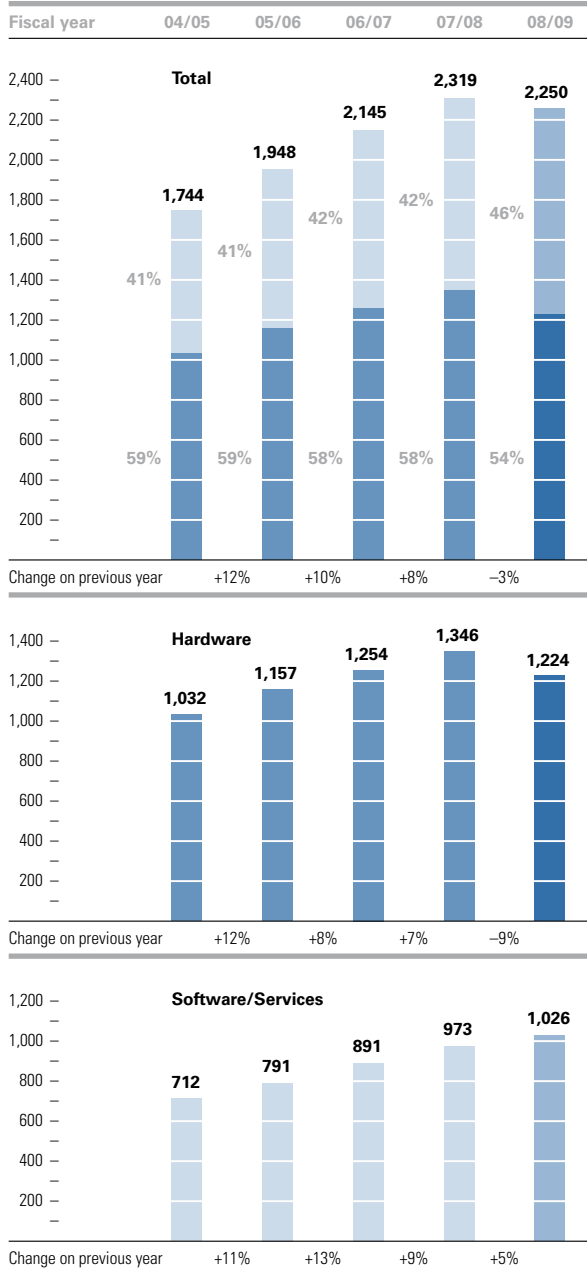
Changes in Regional Sales Trend.

€m



Net Sales Split: Hardware and Software/Services.

€m



Total net sales for Software/Services in the reporting year rose 5% to €1,026 million (2007/2008: €973 million), reflecting the importance of this business stream, especially in the current financial crisis, as a stable foundation for generating Group revenue. At the same time, this success feeds into the implementation of our corporate strategy, which provides for the continuous expansion of these activities.

In the reporting year, the Software/Services business increased its contribution to total Group sales to 46% (2007/2008: 42%). We also maintained our efforts in the field of software development with a view to expanding our existing portfolio to include a number of new functions.

Wincor Nixdorf's ProClassic/Enterprise Retail Banking Solution Suite ("PC/E Suite") provides its users with a platform that makes it possible to integrate and comprehensively manage the full spectrum of sales channels and key customer-oriented processes (Sales and Marketing/Service and Support). This ensures, for example, that data is used in a consistent way so that each sales channel can be used not only to perform a specific task for the bank's customers, but also to market additional services based on the same information. The service-oriented architecture also simplifies IT integration and updating, thus contributing to the reduction of IT operating costs. In addition, the platform is regularly expanded to provide greater functionality in response to new requirements, e.g., integration of the mobile banking sales channel.

For retailers, Wincor Nixdorf's TP Application Suite can be used to manage the entire range of branch and related processes. The software can also be amended to accommodate company- or country-specific additions or adaptations. This is particularly useful for global retail groups that wish to standardize their IT and process infrastructure around the world. This makes it possible, for example, to standardize business processes throughout the value chain across national boundaries – from enterprise resource planning to checkout operations.

During the reporting year, we took steps to further expand our portfolio of Professional Services, e.g., in the field of software integration and adaptation, as well as our capacity with regards to consulting services. In doing so, Wincor Nixdorf was vigorously pursuing its strategic aim of generating further growth in these high-margin, high-growth areas, even in the present difficult economic situation. At Group level, around 700 people were employed within the area of Professional Services in the period under review.

In the field of IT Services, we achieved further growth in Product Related Services, Managed Services and Outsourcing. As well as benefiting from the relative stability of this business during the crisis, since most service agreements with our customers run over several years, we were able to make further improvements in our competitiveness and therefore attract a number of new customers.

Product Related Services continue to form the lion's share of our portfolio of IT Services. Generally speaking, they involve contracts to install, maintain and repair customer systems. These contracts are sometimes marketed in the form of new services such as "Support Packs," standardized services that we offer at a fixed price. We also proved ourselves in a number of large rollout projects that we were able to implement successfully even on very tight schedules. In terms of performance by region, Services saw particular growth in the Americas, where we expanded our network comprising our own resources and those of our regional partners.

There was also an encouraging level of growth in Managed Services, where we gained several new customers. This involves taking over the operation of their branch IT infrastructure in the form of standardized and scalable services. These have been designed with a modular structure and can simply be incorporated by the customer as needed. For the first time, we are also taking over the running of software applications for some customers. During the year under review, we expanded the geographical range of our Managed Services portfolio to cover the United States, Spain and Portugal.

In fiscal 2008/2009, we expanded our Outsourcing business in a number of West European countries, and in others we prepared the ground for their future launch. We offer tailored management concepts and operating models to suit the specific requirements of our customers. For banks in particular, we can take over the partial or complete operation of branch IT infrastructures and applications, including self-service appliances and networks.

The technical basis for managing and providing all our services is Wincor Nixdorf's eServices Platform, which was regularly updated during the reporting year to meet even more demanding requirements. This platform acts as the nerve centre for the remote monitoring and control of customer systems.

Costs. Once again this year, our aim was to improve our cost structure with the help of the Group-wide "Prolmprove" program. Despite our efforts, however, in fiscal 2008/2009 the gross margin from net sales before profit charges arising from the carve-out fell 1.5 percentage points to 25.9% (2007/2008: 27.4%). This decline in our margin was due to the disproportionately high fall in prices triggered by lower global demand.

Research and Development costs over the reporting period were down €2 million to €103 million (2007/2008: €105 million), equivalent to a fall of 2% on the previous year. By contrast, the R&D ratio rose to 4.6% (2007/2008: 4.5%). This underlines the importance that we attach to the development of innovations as part of our business strategy.

Thanks to strict cost management, the ratio of selling, general and administration expenses to net sales fell 0.7 percentage points to 13.3% (2007/2008: 14.0%). Selling, general and administration expenses, including other operating income and expenses, amounted to €300 million (2007/2008: €325 million).

Profit. Earnings before interest, taxes and amortization of product know-how (EBITA) were down 13% to €179 million (2007/2008: €206 million). The EBITA margin fell 0.9 percentage points to 8.0% (2007/2008: 8.9%).

Profit before income taxes declined by €18 million or 10% to €163 million (2007/2008: €181 million). At 30%, the Group's effective tax rate was unchanged from the previous year (2007/2008: 30%).

Profit for the period fell to €114 million, €13 million or 10% below the comparable figure of €127 million for the previous year. This meant a lower return on net sales for the period of 5.1% (2007/2008: 5.5%).

Profit for the period before profit charges arising from the carve-out was down 13% to €117 million (2007/2008: €135 million) due to lower profit charges arising from the carve-out in the reporting year.

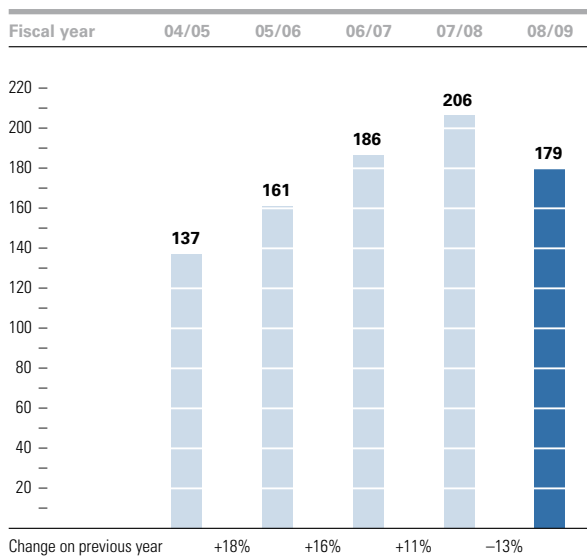
Dividend. Wincor Nixdorf remains committed to the existing dividend policy: as regards the dividend for fiscal 2008/2009, profit for the period before profit charges arising from the carve-out in the amount of €117,135k will again form the basis for dividend calculations. The aim is to distribute around 50% of this amount to shareholders in the form of a dividend.

For the reporting period, this corresponds to a dividend of €1.85 per qualifying share, a decrease of 13% on the dividend of €2.13 paid out in the preceding year.

As of September 30, 2009, the consolidated profit of Wincor Nixdorf AG amounted to €188,749k. A dividend of €1.85 per qualifying share will be proposed to the Supervisory Board. This corresponded to a total distribution of €58,578k on the date on which this report was released by the Board of Directors. The remaining amount will be carried forward. The dividend will be paid out on January 26, 2010, subject to the approval of the AGM.

EBITA History.

€m



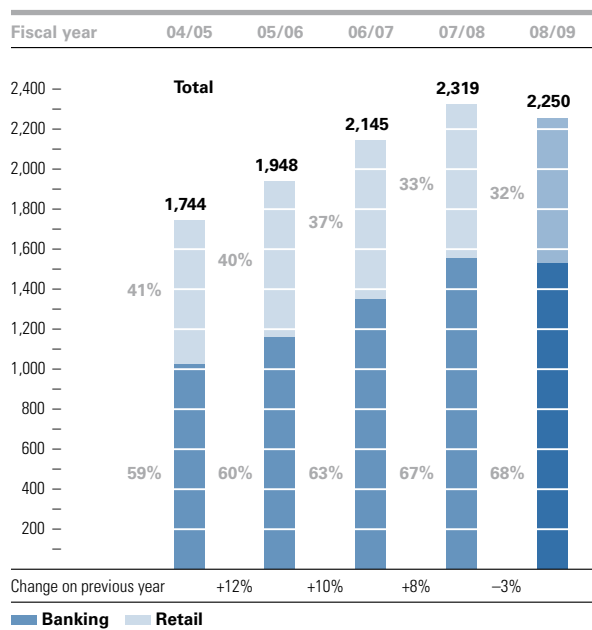
SEGMENT PERFORMANCE.

There were differences in the performance of our business segments in fiscal 2008/2009. While net sales in Banking were only slightly down on the previous year, the Retail segment reported a more pronounced downturn. As a result, there was a modest shift in their relative contributions to overall Group sales with Banking accounting for 68% (2007/2008: 67%) and Retail for 32% (2007/2008: 33%).

Group Management Report

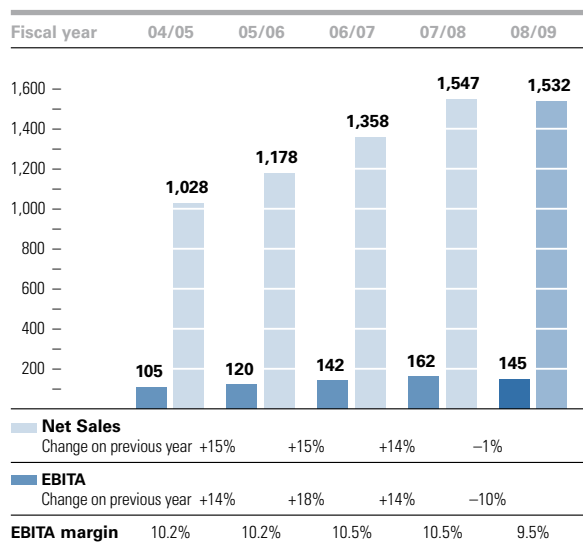
Net Sales Split: Banking and Retail.

€m



Net Sales and EBITA History: Banking.

€m



BANKING SEGMENT.

Net sales in the Banking segment were 1% down on the previous year (2007/2008: €1,547 million) at €1,532 million. EBITA fell 10% to €145 million (2007/2008: €162 million) and the EBITA margin to 9.5% (2007/2008: 10.5%).

The reporting year was marked by the partly conflicting trends affecting our individual markets. On the one hand, the financial crisis triggered a global decline in demand for ATMs that also hit Wincor Nixdorf. This reduced our economies of scale, while at the same time, increasing pressure on our profit margin. On the other hand, we did see further growth as a result of continuous developments in Software and Services and in end-to-end solutions for business processes.

In terms of business and development, our main focus was on the following areas:

Exploiting Further Opportunities for Rationalization of Cash Handling for Customers through Automation. Our aim is to optimize and pursue the further automation of cash processes while improving security and compliance with auditing requirements along the entire cash supply chain – using innovative new technology. To meet these goals, we continued to develop our hardware portfolio and our analysis and consulting resources and also strengthened our Software and Services capability.

Supporting Customer Branch Operations. During the year under review, we successfully added a number of new services to our portfolio that help our retail banking customers to design and manage their branches in the most efficient

and sales-oriented way possible. This portfolio covers everything from planning and opening through to ongoing branch operation. The concept met with a positive response from our customers, who showed particular interest in the modernization of existing branches. Another new element in the portfolio provides a comprehensive analysis of branch networks, consolidating a range of parameters into a single performance indicator.

Bundling Sales Channels on a Single Software Platform. We have now bundled together all those elements of our software portfolio that concentrate on the banks' front-office sales and service processes under the umbrella of our PC/E Suite. In particular, we implemented the software required to manage the different sales channels on a single platform in a number of other large-scale projects. As this software was designed with a service-oriented architecture (SOA), once a new function has been developed, it can be re-used for all the sales channels. This paves the way for the rapid and cost-efficient introduction of new functions into our customers' systems.

New Software for the Mobile Sales Channel. In the year under review, we expanded our PC/E Suite to allow banks to offer their customers mobile banking portals as a communications platform. The new software uses the bank's existing IT infrastructure, e.g., for Internet banking, and processes the data for display on a cell phone. This makes it possible to offer mobile banking without an additional, redundant infrastructure while providing familiar Internet banking services and a high level of security to mobile devices. The software has been available since August 2009. Another new software application allows end users to make cash transfers and cardless cash payments via cell phone. The bank's custom-

ers can order payments of a specific amount for themselves or another person. The transaction can be initiated through a large number of sales channels such as self-service terminals, the Internet or the counter/checkout. There is particular interest in this solution from customers in countries where many people do not have their own bank accounts.

Expanding Professional Services. We are continuing to expand our portfolio and resources in the field of Professional Services. By way of example, we can take individual software components from our own portfolio, tailor them to meet specific requirements and integrate them into our customers' IT environments. This service ranges from strategic IT consulting and conceptual planning through to the maintenance and updating of applications. At the same time, we expanded our portfolio of specialist banking services, such as process consulting and migration for core banking systems. We completed a number of successful projects on behalf of banking clients, such as the restructuring of credit processing procedures. Internationally, we can now call on a sufficient number of employees working in cross-border teams in the field of Professional Services for banks, giving us sufficient resources to handle larger-scale consulting projects throughout the world.

Managed Services and Outsourcing. Due to the increasing pressure on costs created by lower earnings, there was a good response to our upgraded portfolio of Managed Services, which involve our taking over specified tasks or processes as part of a customer's IT operations. As well as making further developments in this area, we also expanded our Outsourcing capacity.

New Security Concepts. Fiscal 2008/2009 saw the successful launch of our restructured security portfolio under the name ProTect. Beginning with an analysis of potential risks, it covers hardware, software and services in order to protect banking processes. It also allowed us to start marketing consultancy packages and tailored security solutions for retail banks. In the product area, we enjoyed considerable success with our anti-skimming modules and with customer projects on biometric authentication procedures.

Regional Performance. The Banking business in **Germany** performed very well despite the financial crisis, thanks to the expansion of our Outsourcing services, the continued trend towards the automation of branch processes in the retail banking industry and the migration of standard transactions to self-service technology. In addition, we secured a number of orders from major banks to install new self-service systems as replacements for existing products in their national networks. By contrast, there was increased competition among producers of cash recycling systems. We strengthened our market position in the field of Professional Services.

Business in **Europe** experienced a sharp downturn. It was strongly marked by a reluctance to invest on the part of the major global banks. At the same time, there was a slowdown in the banks' decision-making processes. In Eastern Europe, investment in the retail banks' branch IT systems fell heavily as West European lenders, in particular, put the brakes on their financing activities. However, we had some success in Western Europe, e.g., with our PC/E Suite in France, with Professional Services in Spain and in the field of Outsourcing in the U.K.

We expanded our banking operations in the **Asia/Pacific/Africa** region and were particularly successful with self-service deposit/payment products that simplify cash handling. Competition was more intense, however, especially in Asia,

where in addition to our international competitors, we see the emergence of local providers. In Africa, our hardware business experienced a decline.

There was further growth in the **Americas** despite the crisis affecting the financial markets. One factor here was the continued expansion of our business in North America. In the United States, for example, we again had considerable success with our self-service systems, which offer a wide range of functions, including, in particular, a facility for the automated acceptance and account posting of cash and checks. A key element of our success lay in the technical improvements we made to deposit systems with regard to stability and availability. We also expanded the geographical coverage of our product support organization in order to promote our business in the U.S. In Canada, we won several orders from major banks.

Performance by Business Stream. **Hardware** sales in the Banking segment were sharply down on the previous year. Sales of cash systems reflected the global downturn in supplies of ATMs in the wake of the financial crisis, although we were able to mitigate the impact of this downturn on our own business. The focus of demand was on compact and high-end systems that offer extended functionality, such as coin deposit and payment, savings book processing and statement printing.

In Western Europe, we successfully introduced a new self-service system for postal operators that allows the user to calculate and pay the postal charge for a delivery and print the required stamp.

Sales of non-cash products benefited from investment in the exchange of older transaction terminals and receipt and document printers. They were also driven by software innovations that facilitate the rapid integration into IT environments. By incorporating these systems into their sales and customer service portals, banks can offer value-added services that might include features such as ticket sales.

We successfully piloted a kiosk system that supports the introduction of Germany's health card and allows users to view their electronic medical file. We also began to market our self-service solutions to pharmacies, health care insurers and hospitals.

Software/Services. The expansion of our Software/Services business in the Banking segment proceeded according to schedule in the year under review, with a substantial increase in sales.

Underpinning our success in the **Software** business is our ProClassic software family. This served as the basis for development of our PC/E Suite, which concentrates on sales and service processes in banks' front office environment. During the year under review, a number of our customers in Germany and Western Europe took the decision to expand their existing installations, and there was great interest in the additional software functions developed by Wincor Nixdorf that support mobile banking and cardless transactions at the ATM via cell phone.

Following a significant rise in attacks, there was also strong demand for software developed by the Company to protect against viruses and data theft at ATMs.

Our **Services** business recorded an encouraging level of growth in the Banking segment, partly as a result of improved sales of Product Related Services. This growth was achieved despite the downturn in Hardware sales. The main contributory factor was that in addition to existing service agreements, most of which run over several years, some systems were given an extended life, necessitating an extension to maintenance agreements. We also won a number of new customer

orders, including a major project in Germany involving the installation of over 18,000 counter/checkout systems within a short period.

A large number of banks were attracted by our Managed Services – modular, flexible combinations of IT operating services – with the result that business in this area grew significantly, especially in Europe. Customers benefit from complete cost transparency and planning certainty with regard to their spending for each system. This makes it easier for many banks to outsource the complete management and operation of their self-service systems to Wincor Nixdorf. In the year under review, in addition to well-known international banks, our customer base in Germany included over 80 savings banks (Sparkassen).

Another successful component of our portfolio of Outsourcing services in the field of IT operations was "Self-Service Channel Management," which attracted orders from banks in a number of European countries. This involves Wincor Nixdorf taking over responsibility for the operation and management of the self-service infrastructure and applications software as well as management of the entire cash cycle as part of a multi-year project. The expected cost savings are contractually fixed and regularly monitored. In Germany, acting through the joint venture companies Wincor Nixdorf Portavis GmbH and Prosystems IT GmbH, in which we hold majority shares, we have taken over operation of the centralized and decentralized IT infrastructure for banks within the Sparkassen Financial Group – from networks and IT workstations through to telecommunications systems.

With links to our Software portfolio, Professional Services performed very well, and we went ahead with the scheduled expansion of our resources. At the same time, in Germany we realigned the existing consulting and integration business led by Wincor Nixdorf Banking Consulting GmbH. Results from our specialist banking consultancy arm, Bankberatung Organisations- und IT-Beratung für Banken AG, in which we hold a majority interest, remained stable.

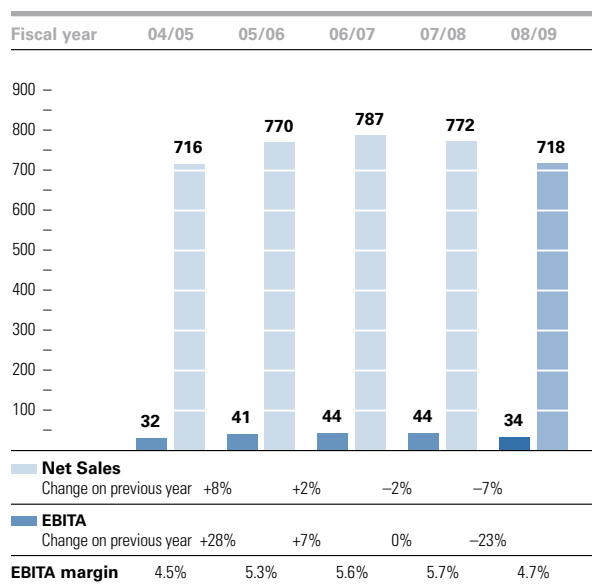
RETAIL SEGMENT.

Net sales in the Retail segment reached €718 million, down 7% on the previous year (2007/2008: €772 million). EBITA fell 23% to €34 million (2007/2008: €44 million), with a corresponding decline in the EBITA margin to 4.7% (2007/2008: 5.7%).

Hardware sales in the Retail segment suffered from the global downturn in demand for EPOS systems. Unfortunately, as this area accounts for a substantial proportion of overall sales in the Retail segment, it was not possible to make up for this slide despite achieving success in other areas, such as our high-end business in self-service and automation solutions or the software and Professional Services business.

Net Sales and EBITA History: Retail.

€m



During the year under review, the main business and development news in the Retail segment was as follows:

“Greener,” More Efficient EPOS Systems. During the reporting year, Wincor Nixdorf made further technical improvements to the portfolio to include new types of system that meet the increased demands of our retail customers for a combination of greater efficiency and lower environmental impact. Using cutting-edge processor technology, we produced the first ever systems that require much less energy and generate less heat. These new systems can also be configured with a solid state disk instead of a hard disk. A solid state disk is a storage medium. It works in a comparable way to a conventional magnetic hard disk but has no mechanical components and is therefore more robust. In turn, this reduces operating costs by a significant margin and increases system availability rates. Another example is our checkout systems, which have been equipped for the first time with new Intel Active Management Technology (AMT). AMT improves remote diagnosis and online fault resolution as well as allowing access to systems that have been switched off or blocked. This leads to a major reduction in downtime and in the frequency with which technical staff need to be deployed on site.

Automated Checkout – Different Scenarios. During the year under review, there was a marked increase in the number of invitations to tender for automated self-checkout solutions, especially in Europe. An increasing number of test installations also moved forward into larger-scale rollouts.

Wincor Nixdorf came out on top in a number of large-scale international invitations to tender, allowing it to expand the already strong position in the European market. In collaboration with our customers, we implemented tailored checkout solutions at retail branch outlets in over 30 projects and more than 20 countries. The systems were configured individually to take account of different payment methods, size

of shopping basket and customer frequency. By way of example, in one project for a large international furnishing company, Wincor Nixdorf converted half of the traditional checkouts to self-checkout systems.

Optimizing Branch Cash Processes. In the year under review, we made further targeted improvements to our retail cash management portfolio, the aim of which is to optimize cash processes wherever they occur at branch level – from the checkout to crediting the account of the retailer. Thanks to cash management solutions for the checkout, staff are no longer required to perform routine tasks and retailers can cut their substantial process costs. Our solutions also minimize inventory differences by protecting against incorrect payments in and out. They also provide efficient protection against theft, robbery and fraud. There was particular demand from larger retail environments for automated solutions in the cash office that consolidate cash receipts in a central system (cash point): this removes the need for time-consuming counting and consolidation of cash holdings.

Further Improvements to Software Portfolio for International Retail Groups. Fiscal 2008/2009 saw the renewed expansion of our software portfolio, designed to control and manage processes at branch level, the aim being to focus even more closely on the challenges facing international retailers. We added a number of functions to our TP Application Suite, including a component designed to personalize contact with customers and win their loyalty. Retailers are given an overview of the structure and purchasing behavior of their customers through the use of loyalty cards and bonus points and a variety of segmenting and evaluation mechanisms. At branch level, an ERP component was upgraded to provide continuous, up-to-date information on stock levels at all branches. There was particular demand in the reporting year from international fashion groups.

Outstanding Portfolio for Service Station Operators. During the year under review, we expanded our range of solutions aimed at the operators of service station networks. As a result, we were able to win several new customers in the form of international petroleum groups.

Professional Services for Tailored Customer Solutions. With a particular focus on tailoring checkout solutions to individual customers, the approach adopted by Wincor Nixdorf takes into account the entire process chain and specific features of each branch to develop and implement the most appropriate solutions. Following the expansion of these combined "Professional Services" in the year under review, our portfolio now ranges from process and IT consulting and the implementation and integration of solutions into the customer's IT landscape to software application control. We provide ongoing support to international customers from over thirty competence centers.

Regional Performance. In **Germany**, we achieved modest growth despite the difficult market situation and can report an encouraging level of success in a number of areas, including reverse vending systems and automated checkouts.

Net sales in **Europe** fell sharply on account of the crisis-related downturn in investment activity by retailers. Particularly hard hit was our sluggish EPOS business, with a good deal of replacement investment being postponed, in particular. By contrast, our automated checkout solutions business delivered some positive results, especially in Western Europe, and we succeeded in entering the market in other European countries such as Lithuania and Latvia. Sales of our automated cash processing solutions were equally positive, e.g., in Sweden, Belgium and Norway. In Eastern Europe, where the impact of the economic crisis was particularly severe, investment by retailers collapsed, strongly undermining our EPOS business. Unlike in other regions, very little could be done here to make up for this downturn through sales of new automated solutions.

EPOS sales were also down in the **Asia/Pacific/Africa** region, although here we nevertheless recorded a pleasing increase in revenue. **Software/Professional Services** performed particularly well in China and India.

Overall, our Retail business in the **Americas** was down. We improved our position in the Canadian market by means of an acquisition involving the takeover of a majority share in Connections Canada Inc. (CCi), which specializes in information technology for retail firms.

Performance by Business Stream. Net sales in the **Hardware** business ended the year lower. One reason here was a significant fall in orders for EPOS systems, reflecting a slide in the market as a whole, with customers often delaying new and replacement investment in view of the economic crisis. In addition, sales volume was under pressure from the decline in prices caused by excess supply in the market.

On the other hand, sales of high-end retail systems were excellent, with the self-service and automated checkout business even recording a substantial increase on the previous year.

Wincor Nixdorf also managed to exploit further potential at an international level with specific solutions for individual retail sectors, e.g., electronic goods chains and DIY stores. The key to our success lies in concentrating on the needs of consumers when designing an extremely wide range of solutions for different retail formats from discounters to specialist outlets. These solutions range from express checkouts for small-scale purchases to self-service terminals for larger purchases, from mobile product scanning to systems involving physically separate scan and payment procedures. Dedicated solutions, e.g., for handling bulky or heavy items, are also available.

Again in the high-end area, sales of reverse vending systems were also very good. Wincor Nixdorf won over half the orders for which tenders had been invited in Germany, and we also significantly improved our market position in other coun-

tries. Thanks to our broadly based portfolio of automated solutions, we are well placed to benefit from growing worldwide demand for systems of this kind.

There was considerable market interest, too, in our retail cash management systems. This was led by growing demand for our technology, which enhances the efficiency and security of cash management between the branch checkout and the retailer's cash office. In the year under review, we therefore drove ahead with developments in this field in order to improve our already strong market position. By way of example, as part of a project for the German branches of an international service station chain and in partnership with a bank, we presented a system that combines the checkout function with an option to withdraw cash.

Sales of **Software/Services** in the Retail segment showed a slight fall in the year under review.

The main focus here lies on the development and provision of **software** and services for all the procedures and processes that make up, or are related to, retail branch operations. In most cases, this includes a link to Professional Services such as consulting or the modification of software to meet a company's specific requirements. Drawing on the abilities of our subsidiary Wincor Nixdorf Retail Consulting GmbH, we succeeded in further cementing our key strength centered around the introduction of SAP software for retailers.

Wincor Nixdorf's development activities focused mainly on our TP Application Suite software platform, which allows retail groups to use the same software at all their branches throughout the world. The demands made of this software, which controls the full range of retail-specific processes, are becoming increasingly complex – from managing bonus programs and the use of touchscreens through to the integration of modern services such as self-scanning and self-checkout. Another important requirement is that the branch's software can be integrated into central systems.

Our Namos software aimed at international service station network operators was also thoroughly updated to meet customer requirements, with features including pump and car wash control at individual stations, the initial processing and evaluation of all data for the head office, as well as management and accounting for service stations and convenience branches, including decentralized and centralized ERP data. Thanks to its open, multilayered architecture, the software can be used in a global network regardless of the business model and also allows the fast and problem-free integration of new functions.

The **Services** business recorded a slight fall.

We extended the network of service specialists for international retail groups that we had built up in previous years. As a result, we won a number of new international customers for our Product Related Services. We also introduced our portfolio of standardized, fixed-price services into other countries. In Germany, following sales of our reverse vending systems, we signed multi-year service agreements to provide ongoing support.

Results from Managed Services remained positive, thanks, for example, to the above-mentioned project with a major international service station chain and its banking partner in Germany. Alongside other functions, our software controls the processing and onward transmission of service station payment data and of the data used for the processing of disbursements. We also generate information about cash levels and cash movements for the bank. This data can then be used to optimize secure cash transports.

We attracted new customers in several countries such as China with our dedicated service concepts for international retail chains that wish to expand their branch network worldwide ("New Store Opening"). Introduced with considerable success the previous year, our service involves providing support for the opening of new branch outlets. In many cases, we support these customers in their domestic markets and help them to expand internationally. Depending on the structure of each contract, Wincor Nixdorf can take over all the tasks involved in opening a new branch – from the installation of POS systems and control of the sub-contractors helping to prepare the new sales premises to operation of the IT infrastructure.

ACQUISITIONS AND NEW COMPANIES.

We continued to expand globally in the period under review, both through corporate acquisitions and newly established companies. In Canada, we acquired the majority interest in Connections Canada Inc. (CCI), an enterprise specializing in information technology tailored to the requirements of the retail industry. In the Philippines, we completed the acquisition of a business unit previously owned by Siemens Inc., thereby further strengthening our presence in the Asia-Pacific region. This unit operates in the areas of Banking and Retail.

Alongside the above-mentioned acquisitions, we established a number of separate subsidiaries over the course of the fiscal year just ended. A case in point is our newly incorporated company in Australia, focusing mainly on business within the Banking segment. In establishing a new enterprise in Ukraine, we have paved the way for enhanced sales activities in Eastern Europe.

All changes affecting the composition of the consolidated Group are explained in the notes to the Group financial statements under the section "Consolidation Group."

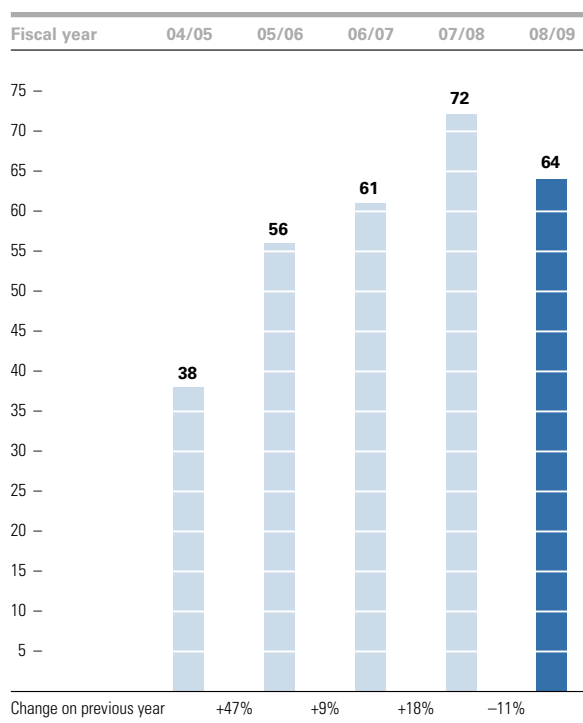
CAPITAL EXPENDITURES.

In the year under review, Wincor Nixdorf adjusted the level of capital expenditure in line with the performance of the business. We invested 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 2008/2009, we invested €64 million (2007/2008: €72 million) primarily in software and data processing systems, specialist tools and production facilities, other fixed assets, office equipment and reworkable service parts. The 11% decline in investment was mainly achieved by a normalized spending on the Outsourcing business in Germany, although this area nevertheless attracted €13 million and remained a key focus of our investment activity.

Capital Expenditures History.

€m



PERFORMANCE, FINANCIAL POSITION AND ASSETS.

Performance. In the year under review, Wincor Nixdorf's profit for the period fell 10% to €114 million (2007/2008: €127 million).

Reconciliation of Result from Business Operations (EBITDA).

	€m	
	2008/2009	2007/2008
Profit for the period	114	127
+ Income taxes	49	54
+ Financial result	11	13
+ Amortization of product know-how (exceptional item)	5	12
EBITA before amortization of product know-how	179	206
+ Amortization/depreciation of tangible fixed assets and licenses	50	46
+ Write-down of reworkable service parts	6	8
EBITDA before amortization of product know-how	235	260

Group sales ended fiscal 2008/2009 down 3% at €2,250 million (2007/2008: €2,319 million). While the Banking segment almost reached the level achieved in the preceding year, the Retail segment suffered a marked downturn.

The gross margin on net sales before exceptional items resulting from the amortization of product know-how fell to 25.9% (2007/2008: 27.4%) on account of severe pressure on our profit margin.

Despite considerable pressure exerted on costs, we again invested in Research and Development activities, which we regard as vital to our future. Total expenses in this area were €103 million (2007/2008: €105 million). The R&D ratio rose slightly to 4.6% (2007/2008: 4.5%).

Thanks predominantly to strict cost management as part of our "Prolmprove" profitability program, the ratio of selling, general and administration expenses to net sales fell by 0.7

percentage points to 13.3% (2007/2008: 14.0%). Selling, general and administration expenses, including other operating income and expenses, were down €25 million to €300 million (2007/2008: €325 million), equivalent to a saving of 8%.

Despite this positive development in selling, general and administration expenses, EBITA ended the fiscal year down €27 million, or 13%, at €179 million (2007/2008: €206 million). Accordingly, the EBITA margin fell 0.9 percentage points to 8.0% (2007/2008: 8.9%).

EBITDA was also hit by the downturn and ended the reporting year €25 million, or 10%, lower at €235 million (2007/2008: €260 million). The EBITDA margin was down 0.8 percentage points at 10.4% (2007/2008: 11.2%).

Financial Position. Cash flow from operating activities declined 10% to €177 million, down €19 million on the previous year's figure of €196 million. This was largely due to a decrease in EBITDA of 10% to €235 million (2007/2008: €260 million). Interest payments of €9 million (2007/2008: €13 million) led to a lower level of cash outflows, while tax payments of €65 million were much higher than in the previous year (2007/2008: €56 million) due to higher tax prepayments. A substantial fall in working capital – primarily due to the lower level of receivables – produced cash inflows of €49 million (2007/2008: €3 million). On the other hand, the rise in other assets and liabilities and a reduction in accruals generated cash outflows of €36 million (2007/2008: cash inflows of €4 million).

Cash outflows from investing activities were down 7% to €67 million (2007/2008: €72 million). Cash outflow for investments in intangible assets and property, plant and equipment was €52 million (2007/2008: €67 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. With regard to acquisitions, net spending on the expansion and strengthening of the business came to €8 million (2007/2008: €2 million). At the beginning of the fiscal year, we paid the agreed purchase price of €5 million for

the share in Bankberatung Organisations- und IT-Beratung für Banken AG that we had acquired in fiscal 2007/2008. We also expanded our business in North America by purchasing a 100% stake in Connections Canada Inc. (CCi). At the same time, we took over a business unit from Siemens in the Philippines in order to reinforce our presence in the Asia/Pacific/Africa region.

Cash flow from financing activities produced an outflow of €101 million (2007/2008: €116 million). One major item here was the dividend of €67 million (2007/2008: €88 million including an extra dividend) paid out to shareholders. We spent a net €33 million on loan repayments, whereas in the previous year we had increased our borrowings by €16 million. No payments were made in the reporting year for the repurchase of our own shares (treasury shares). By contrast, in fiscal 2007/2008, our purchase of €43 million of treasury shares was another major factor in the outflow of cash from financing activities.

Free cash flow (cash flow from operating activities less capital expenditure on intangible assets, property, plant and equipment and reworkable service parts) fell by just 6% to €116 million (2007/2008: €124 million).

The Group's net debt decreased significantly by 23% to €150 million (2007/2008: €194 million).

Cash flow.

€m

	2008/2009	2007/2008
EBITDA	235	260
Cash flow from operating activities	177	196
Cash flow from investment activities	-67	-72
Cash flow from financing activities	-101	-116
= Change in liquidity	9	8
Cash and cash equivalents at the beginning of the period	-3	-11
Cash and cash equivalents at the end of the period	6	-3

Rating. At present, Wincor Nixdorf does not have a rating from an external rating agency. In the past, due to our positive cash flow from operating activities and the credit lines available to us, we have not commissioned a rating process with a rating agency. According to the information we have received from a number of well-known lenders, our creditworthiness is classed as good.

Assets. Compared to the previous year, the balance sheet total was down €75 million, or 6%, to €1,199 million (2007/2008: €1,274 million). On the asset side, this decrease was almost entirely due to lower figures for inventories and for current receivables and other assets. On the liabilities side, the main changes were a fall in current other accruals and other current liabilities and a rise in equity.

The figure for intangible assets was almost unchanged year on year, with a carrying amount of €358 million (2007/2008: €363 million). Amortization of product know-how of €5 million (2007/2008: €12 million) and amortization of commercial patents and licenses of €12 million (2007/2008: €10 million) were partly compensated for by investment in software, especially for Outsourcing projects, in the amount of €11 million (2007/2008: €6 million).

The carrying amount of property, plant and equipment was up €3 million on the previous year at €146 million (2007/2008: €143 million). Capital expenditure on property, plant and equipment amounted to €44 million (2007/2008: €60 million). The principal investments made here were in IT equipment, specialist tools and plant and machinery. Depreciation in the year under review amounted to €38 million (2007/2008: €36 million).

Assets.	€m	
	Sept.30,2009	Sept.30,2008
Assets		
Intangible assets	358	363
Tangible assets and financial assets	147	144
Non-current receivables and other assets	51	45
Non-current assets	556	552
Inventories	254	278
Current receivables and other assets	373	428
Cash and cash equivalents	16	16
Current assets	643	722
Total assets	1,199	1,274
Equity and Liabilities		
Equity (incl. minority interest)	330	276
Pension accruals and other accruals	56	51
Financial liabilities	155	186
Other liabilities	23	3
Non-current liabilities	234	240
Other accruals	139	171
Trade payables	257	271
Other current liabilities	239	316
Current liabilities	635	758
Total equity and liabilities	1,199	1,274

Compared to the previous year, there was a rise of €6 million to €51 million in non-current receivables and other assets (2007/2008: €45 million). Within this item, reworkable service parts were €5 million higher at €19 million (2007/2008: €14 million), while other assets ended the fiscal year €3 million lower at €6 million (2007/2008: €9 million), primarily on account of the lower surplus of plan assets over pension obligations.

Inventories declined by €24 million to €254 million (2007/2008: €278 million). At the same time, current trade receivables fell €51 million to €312 million (2007/2008: €363 million). This decline was mainly caused by the downturn in business in the second half of fiscal 2008/2009.

Current bank deposits were unchanged at €16 million (2007/2008: €16 million), while current bank liabilities declined by €12 million to €11 million (2007/2008: €23 million).

Equity, including minority interest, rose by a substantial amount of €54 million to €330 million (2007/2008: €276 million). The reduction caused by the payment of dividends totaling €67 million (2007/2008: €88 million) contrasts primarily with an increase of €114 million in the equity figure from profit for the period (2007/2008: €127 million). In the previous fiscal year, the repurchase of treasury shares had produced an additional decline in equity of €43 million. Equity movements are described in the table entitled "Changes in Equity."

Non-current financial liabilities were down €31 million to €155 million (2007/2008: €186 million), mainly as a result of lower borrowings from the revolving facility at the end of the reporting year. 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 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 any obligation to make principal repayments before that time.

Current other accruals fell back by €32 million to €139 million (2007/2008: €171 million). This was mainly the result of declines in personnel accruals (down €15 million) and warranty obligations (also down €15 million). The lower figure for personnel accruals was mostly due to falls in vacation and flexi-time accruals, which are being heavily scaled back as part of our short-term cost-management program. The reduction in warranty obligations was due to lower warranty expenditure and a downturn in business in the second half of the fiscal year. From the present perspective, the recognized accruals sufficiently cover all of the Group's probable obligations.

Compared to the previous year, other current liabilities were down €77 million at €239 million (2007/2008: €316 million). This reduction was predominantly due to lower financial liabilities, a lower figure for advances received on orders from our customers and a fall in income tax liabilities and other liabilities.

The Group also has future non-balance sheet liabilities in relation to tenancies, leasing agreements, long-term purchase contracts and purchase commitments totaling €119 million (2007/2008: €108 million).

Overall Assessment of Economic Position. At the start of fiscal 2009/2010, Wincor Nixdorf cannot, as yet, see any fundamental improvement in the overall situation as it affects the market for IT solutions tailored to retail banks and retailers. The reluctance of many companies to invest will at first ease gradually depending on macroeconomic developments.

At the date of preparation of this Management Report, it is not possible to say with complete certainty whether and to what extent the continuing economic crisis will ease in 2010. Overall, however, Wincor Nixdorf has begun the new fiscal 2009/2010 on a stable footing with reduced debt and a higher equity ratio. The first quarter is likely to produce a year-on-year decline in net sales, given the excellent results we obtained in the first quarter of the preceding year and an economic situation that remains very difficult. It is hard to say what lies further ahead, although a somewhat clearer view should emerge, albeit slowly, over subsequent quarters. With economists predicting a slow and unsteady recovery in the wider economy, we anticipate further declines in net sales and operating profit (EBITA) in fiscal 2009/2010, although no greater than those of the last fiscal year.

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, 2009, 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. After each period of office, members may 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 €3,308,498.00 (in words: three million three hundred and eight thousand four hundred and ninety-eight euros) (Authorized Capital I 2009) through the issue for cash of new bearer shares under single or multiple initiatives up to April 18, 2014. 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 January 19, 2009, 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. In addition, this authorization shall only apply subject to the condition that the proportion of shares issued since it was granted on January 19, 2009, whether based on this or other authorizations to issue shares in the Company without shareholder subscription rights pursuant to, or by virtue of, the application of Section 186 (3) of the German Stock Corporation Act (Aktengesetz – AktG), shall not exceed 20% of the Company's share capital on the date the resolution was adopted. The Board of Directors is also au-

thorized, 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 €13,233,996.00 (in words: thirteen million two hundred and thirty-three thousand nine hundred and ninety-six euros) (Authorized Capital II 2009) through the issue, for cash and/or non-cash contributions, of new bearer shares under single or multiple initiatives up to January 18, 2014. 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. However, this authorization shall only apply subject to the condition that the total shares issued without shareholder subscription rights do not exceed 20% of the Company's share capital at the time of the resolution. In calculating this 20% limit, the issue of shares from authorized capital without subscription rights pursuant to Section 186 (3) of the German Stock Corporation Act (Aktiengesetz – AktG) subsequent to this authorization, i.e., after January 19, 2009, and the granting of option or conversion rights for Company shares if the grant excludes subscription rights, in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act (Aktiengesetz – AktG), as well as any sale of the Company's treasury shares excluding subscription rights, in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act, shall be taken into account. 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.

The authorization to issue shares out of Contingent Share Capital I was not used and expired on May 13, 2009. We plan to submit a proposal to the next AGM for the creation of a new Contingent Share Capital I in relation to the issue of share options.

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 convert-

ible 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 19, 2009, to purchase the Company's own shares up to a total of 10% of the current share capital in the period from January 20, 2009, up to and including July 19, 2010. 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 convertible 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 conver-

sion 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. The amendment of Section 193 (2) No. 3 of the German Stock Corporation Act (Aktien-gesetz – AktG) within the framework of the Act Implementing the Shareholder Rights Directive clarified 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 conversion and option rights for loan instruments shall be sufficient, as previously confirmed by the Federal Court of Justice in its judgment dated May 18, 2009.

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.

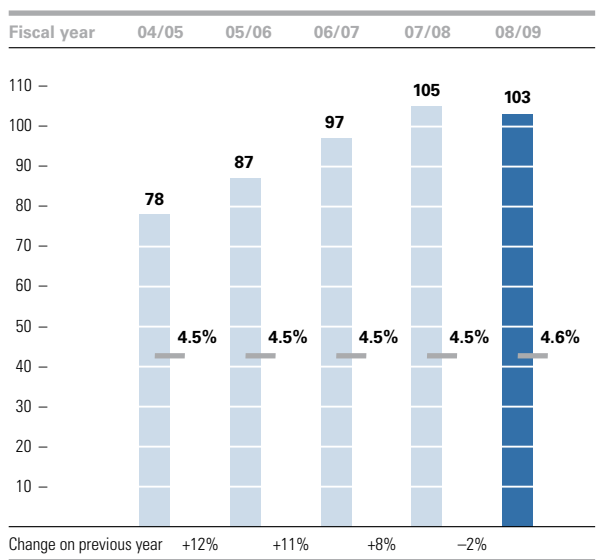
It is our firm belief that we must continue to proactively develop our portfolio of solutions if we are to maintain and extend our current leading market position as an innovator with regard to the full range of processes that characterize the branch operations of retail banks and retailers. By developing new and extended functions, we also help our customers to remain competitive. In fiscal 2008/2009, the Group's global spending on Research and Development was 2% lower at €103 million (2007/2008: €105 million). The R&D ratio rose 0.1 percentage points to 4.6% compared to last year's figure of 4.5%.

The importance we attach to Research and Development is reflected in the structure of our workforce. The Group's total R&D headcount on the reporting date was 956 (2007/2008: 945), equivalent to 10% of the entire workforce. They can be found at our development centers in Germany, Switzerland, Slovakia, Brazil, Singapore and China. In Asia, we have pooled our Research and Development capacity at our sites in Shanghai and Singapore. In the last 12 months, our developers have pushed ahead with a host of innovations, with the result that we were able to submit 83 new patent applications across the world (2007/2008: 94). The total number of active patent rights was 1,103 (2007/2008: 1,045).

Main Focus of R&D Activities. During the reporting year, the main focus of our R&D activities again lay on the following three areas:

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

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



We considerably extended our **Software** portfolio for banks and retailers. Two particularly important developments in this area were the addition of new software functions to our PC/E Suite, making it possible, for example, to complete banking transactions by cell phone, and a new application that allows users to make person-to-person payments, i.e., cash transfers to others. These features mean that a bank's customers can now initiate cash payments to a beneficiary using a range of

sales channels. The transaction is authorized by means of two number codes at the ATM, one of which is sent to the cell phone. With a view to reproducing the banks' Internet portals and services on the cell phone, we integrated technical components provided by a partner firm into our own software portfolio. Banks can use it to set up a mobile sales channel without an additional redundant infrastructure, while providing familiar Internet banking services and a high level of security to mobile devices. This innovation allows us to add mobile services to the range of sales channels we support for retail banks.

Wincor Nixdorf's new software supports the efforts of banks to intensify contact with their customers via self-service systems, and to use ATMs as a sales channel. These applications make it possible for them to target advertising messages or additional, attractive offers at self-service terminals, such as ticket sales and a facility for recharging prepaid cell phone cards. In collaboration with international banks, we developed our net-centric software platform by adding new applications that control branch and counter processes. However, developments to our software platform go beyond sales channel applications. Our aim is to further develop the value chain. To this end, we have added a payment solution that takes over the processing of card-based payments.

With regard to software for the retail industry, we extended the functionality of our TP Application Suite software platform to include several new components. There is now a dedicated software module that can personalize the design and control of customer loyalty programs. This module facilitates the implementation of individual bonus programs and customer services at the branch, manages tailored sales campaigns and simplifies the administration of customer cards and accounts. Considerably improved and extended diagnostic and monitoring tools also facilitate the central manage-

ment and control of a retail organization's entire branch landscape. As part of the branch solution element of our retail portfolio, we developed an ERP component that performs the key inventory-related tasks at branch level. Following the certification of our interface to SAP NetWeaver, we now meet an important requirement of many leading retailers.

The Same Innovative Base Technologies are used by both banks and retailers. In the year under review, for example, we made further advances in the automation and shortening of cash-handling processes in both industries. Together with a bank and an international service station company, for example, we developed a business model that allows the partner bank to make cash received immediately available for disbursement. We also developed new and upgraded hardware and software and created new service models.

Our solutions for both retailers and banks take account of the requirements of the payment card industry (PCI). The standards laid down by the PCI concern issues such as access rights to customer data and the encryption of data transmitted in the course of non-cash payment transactions. As a member of the PCI Council, we ensure that these standards are implemented promptly.

Related image-recognition technologies are now being employed in systems operated by both retail banks and retailers. The know-how we have acquired in this field can be applied to ATMs equipped with an Intelligent Deposit Module (CCDM) and to self-checkout systems. We improved the processing speed and stability of the CCDM module, which allows customers to enter a mixture of checks and banknotes, giving us a further competitive advantage. In the field of self-checkout systems, we collaborated with a number of research institutes to develop image recognition procedures that can identify individual items.

Maintenance-friendly Products and Solutions

continued to be in the focus. By developing uniform software drivers for all the devices in our portfolio, we can increase the range of diagnostic options and simplify product maintenance. We also improved our diagrammatic fault resolution procedure as a means of further reducing operating costs for our systems.

With regard to security, the main aim was to expand our portfolio. We now offer new Professional Services components that allow banking customers to protect all their branch processes. We also made further developments to the technology we use to prevent the attempted manipulation of systems.

We introduced a modernized product range to supplement our ProCash ATM family and set up a new development unit to support the growing market for mobile devices, which allow shoppers to scan items themselves in the branch. The use of hand-held scanners, also known as mobile devices, shortens waiting times at the checkout, which then merely reads the total price and handles payment.

We made ongoing improvements to the functionality of the modular self-checkout systems we had previously supplied in several major projects. Two such improvements are our touchless "near field" payment systems and "RFID" recognition systems. For our service station customers we developed a second outdoor payment terminal with an extremely compact design and an impressive benefit-cost ratio. Following an extended introductory phase, the market for electronic shelf labels is now growing at an encouraging rate. In response, we have been working with a partner on a new generation of these electronic labels incorporating a graphical display.

QUALITY.

Striving for Optimum Stability and Back-up Security. Sustained Research and Development have made Wincor Nixdorf a leading innovator in many fields. For us, however, that is not enough. We also want our solutions to be extremely reliable. Our products stand out on account of the superb levels of availability and back-up security they provide, allowing our customers in turn to offer maximum dependability to their customers. For Wincor Nixdorf, outstanding hardware, software and service stability is a given.

And yet, good is never considered good enough. For this reason, we are firmly committed to improving the reliability of our hardware even further. Each new product development, including individual components and modules, is based on the latest technology. One vital aspect of all our product and solution concepts is a focus on enhancing their fail-safe characteristics. As we acquire new expertise, we incorporate it constantly into our own manufacturing processes and into the processes of our suppliers and partners. As a next step, it is then integrated into previously installed systems.

With regard to software, reliability depends crucially on the stability of the respective applications. From the outset, our development processes are deliberately structured in a way that allows us to identify potential implementation difficulties in the customer's environment and eliminate them at this early stage. Before final installation and integration, we test the software in an environment matching the conditions that will be in place at the customer's site. We look for any weak spots and rectify them accordingly. We also provide fast, ongoing support after installation to ensure continued smooth operation.

To ensure that our customers can rely on the hardware and software we supply, we have developed specific concepts to avoid system downtime. Thanks to the eServices platform developed by Wincor Nixdorf, potential faults can be identified in advance and fixed remotely during operation. In the event that a system does fail, our highly qualified technical staff are on hand to solve the problem without delay.

We are so confident of the quality, stability and reliability of our products that we can offer to take over complete responsibility for a customer's entire IT infrastructure, subject to clearly defined parameters. By using the most innovative technology, we can guarantee the maximum availability of our solutions to the end user.

Our portfolio of Professional Services is also geared towards providing the greatest possible level of system reliability. The more effective and robust the design of our customers' processes, for example, the more stable they will be, thus offering greater end-to-end availability. We can help to bring this about through our targeted process and branch consulting services, all of which are based on our wide-ranging industry know-how.

PURCHASING, PRODUCTION AND LOGISTICS.

Further Improvements to Processes in a Difficult Market. With the Company facing a downturn in business during the year under review, we prioritized a wide range of measures to reduce costs and further improve the processes that make up our purchasing, production and logistics structure.

We made substantial savings in **Purchasing** costs by improving and standardizing our selection and price-fixing processes in collaboration with Strategic Purchasing, and introducing them across the Group. Wherever possible, purchase volumes are pooled to take advantage of lower prices, e.g., in the areas of information technology, office materials for internal use and the services we buy in from outside partners. We also intensified our collaboration with existing contractual suppliers. One of our long-term goals remains that of forming strategic partnerships with the world's best-performing suppliers. Naturally, we expect all our international suppliers to meet strict quality standards.

Wincor Nixdorf's **Production and Logistics** structures faced some very tough challenges in the reporting year. With the hardware market contracting, we had to be particularly flexible over production capacity in order to cover our costs. To this end, we cut a number of bought-in services, scaled back accrued vacation and time off from the previous year, and reduced staffing levels at all our production sites.

We continued to implement the strategic measures initiated in previous years to boost productivity in our production network:

Based on our production strategy "local for local," i.e., decentralized production in proximity to the customer in order to supply local markets, the majority of orders for the Asian market were manufactured at our production sites in Singapore and Shanghai. ATMs are now produced in China in order to benefit from lower costs and greater proximity to our markets. Our other production sites are in Paderborn and Ilmenau (Germany) and São Paulo (Brazil).

The introduction of standardized logistics and production processes at all our sites, supported by the establishment of an international team of experts, allowed us to make significant improvements to process costs and process quality. The planned introduction of process-related personnel indicators will allow transparent benchmarking and help us to respond even faster to changing market conditions.

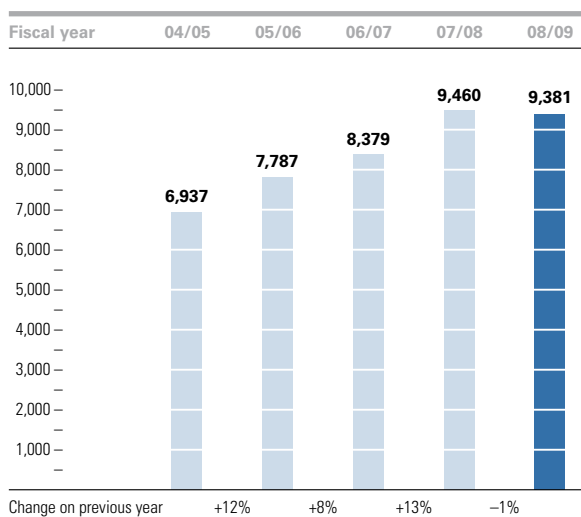
In this context, we conducted permanent "make or buy" assessments of service parameters at each production site, to support decisions on the further integration of production and logistics service providers into the Wincor Nixdorf supply chain. This allows us to be more flexible while improving our cost position.

EMPLOYEES.

Throughout the world it is people who keep things moving, push forward development and shape both companies and markets. At Wincor Nixdorf, over 9,000 employees in more than 40 countries rise to this challenge with each new day. It is their performance that helps our global customers to restructure their branch processes and increase their efficiency. Thanks to a collaboration that spans individual business units and countries, we have created a vibrant global network with a single aim – that of optimizing our customers' processes in order to enhance their satisfaction as well as that of their own customers.

Headcount Down from Previous Years. Despite our confident assessment of business prospects at the beginning of the reporting year, we took steps in case of a deterioration. Therefore, as regards strategically important growth areas such as Professional Services, the decision was taken to recruit additional staff, and, where required, to appoint new candidates to specific positions. Together with the cost-reduction measures initiated in response to the economic and financial crisis, this led overall to a fall in the headcount.

Development of Headcount.



At the end of the reporting year on September 30, 2009, the global headcount was down 9,381 on the previous year at 79 (2007/2008: 9,460). This change is based on a loss of 165 employees and the addition of 86 employees as a result of acquisitions.

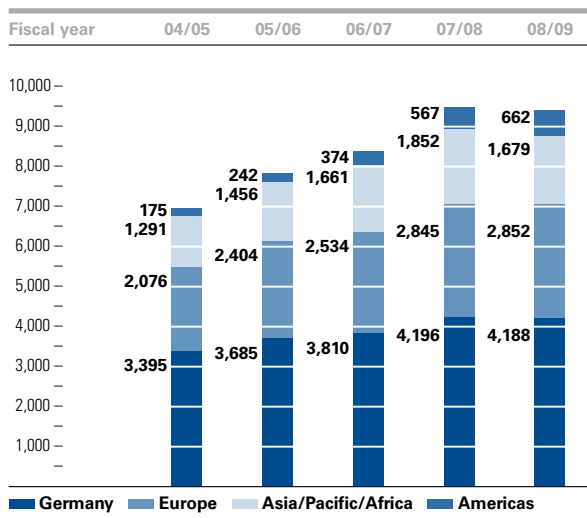
The lower headcount in the Asia/Pacific region was primarily a result of adjustments to production capacity in China and Singapore. By contrast, as part of our strategy of internationalization, we expanded our resources in the fast-growing Americas market. Our acquisition of a majority share in Connections Canada Inc. (CCI), for example, which specializes in information technology for retailers, allowed us to extend sales of our retail portfolio to the Canadian market. We also expanded our global network of service resources. Only a few selected appointments were made in Research and Development and in Sales.

In total, the Group's headcount outside Germany fell by 71 to 5,193 (2007/2008: 5,264). The headcount in Germany was largely unchanged on the previous year at 4,188 (2007/2008: 4,196).

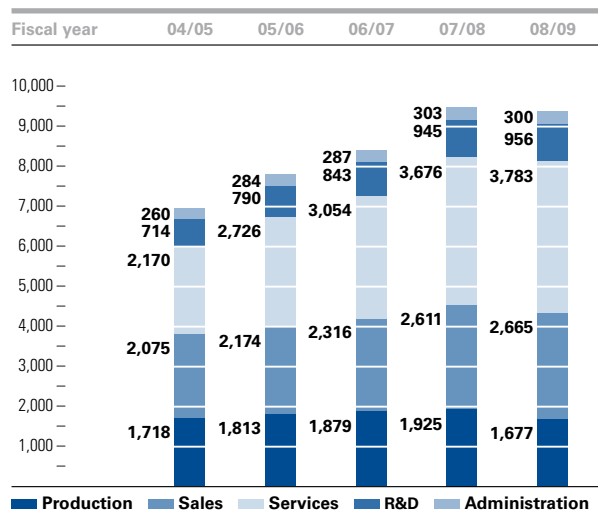
New Training Opportunities. Even top specialists can always learn something new, and in fiscal 2008/2009, Wincor Nixdorf again expanded the range of training opportunities on offer to all employees with a focus on hardware and software, sales, management and soft skills.

Focus on International Project Management. During the year under review, in response to market demand for increasingly large and complex projects with an international dimension, Wincor Nixdorf began to devote greater attention to the area of project management. Through the establishment of thirty project management offices worldwide, we have made further progress towards our goal of creating an international project management community and improved the facilities for training employees in this field. To date, over 800 employees have already been given training in standard project management methods, and we have set up an internal certification process for project managers as a means of standardizing the requirements as regards theoretical knowledge, practical experience and personal skills.

Development of Headcount by Regions.



Development of Headcount by Functions.



Staff Development Program Expanded. A rigorous and targeted approach to staff development becomes increasingly important as markets and the general economic situation change and growing internationalization presents new demands. With this in mind, during the year under review, Wincor Nixdorf initiated a number of measures to expand staff development across the Group as a means of ensuring that we both strengthen existing programs and focus even more closely on our corporate goals. Our approach emphasizes the promotion of talented people from our own ranks. By offering them targeted professional development, we are contributing significantly to the success and future health of our Company. Staff development measures are geared towards employees at all levels of the Company.

To ensure they have a lasting impact, our programs are systematically structured. To begin with, the aim is to promote international staff development in key areas. One focus lies on our newly designed leadership training courses, which aim primarily to boost individual initiative, motivation and creativity. During the reporting year, we successfully launched new training programs aimed at staff in different positions and at different levels. As the next step, these will be rolled out internationally.

At the same time, we continued to standardize the processes by which we select and develop talented people for international tasks. Suitable candidates are identified and then given individual training support in the form of specific measures and tools. At our new Assessment Center, specially designed to meet the requirements of Wincor Nixdorf, the initial aim is to identify individual skill areas with the potential for development. An individual professional development plan is then drawn up on the basis of these requirements.

Compliance. Wincor Nixdorf extended the depth and scope of the global compliance program on the basis of the commitment to respect legal, social and ethical standards.

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

During the year under review, a project group was responsible for the ongoing implementation of measures initiated by Wincor Nixdorf as early as fiscal 2006/2007 in response to REACH, the European Community Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (1907/2006/EC). The project group worked closely with our suppliers to develop a uniform basis for ensuring that all Wincor Nixdorf products comply with environmental legislation. The integration of suppliers into these statutory environmental standards is now largely complete and will continue as part of an ongoing process for all those measures currently in place.

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

RISK REPORT.

Risk Management System.

Wincor Nixdorf regularly finds itself confronted by risks and opportunities that can have both a positive and a negative impact on the Group's assets, profits and cash flow, as well as on intangibles such as our reputation. In this report, we will present the most important risks we face and describe the principles underlying Wincor Nixdorf's risk management system.

We see risk as the potential occurrence of internal or external events that may adversely affect our ability to achieve the Company's short-term goals or implement its long-term strategy. Risks can also take the form of our missing or insufficiently exploiting the opportunities available to us.

In general, opportunities can be defined as strategic and operational developments, both internal and external, that can have a positive impact on the Group's future performance if used in the right way.

We look on risk management as the ongoing challenge of identifying, analyzing and evaluating the entire range of potential and actual developments so that we can control our response wherever possible. Risk management is an integral part of Wincor Nixdorf's overall management system, allowing us to spot risks that might jeopardize the Company's growth and/or existence at an early stage and limit their impact as far as we are able. This approach is not restricted to risk, however. Another key aim of risk management is to identify opportunities and exploit them for the benefit of Wincor Nixdorf.

To this end, we have clearly defined the management and corporate structure of Wincor Nixdorf and separated certain functions in order to preserve the integrity of individual Group functions. A vital principle of risk management is that oppor-

tunities and risks should be evaluated wherever they might occur. This means managing risk both in our legally independent units and at Group level, with operating units enjoying a high degree of autonomy so that they can react flexibly to opportunities as they arise.

To be more precise, risks are identified, analyzed and evaluated in each of our operating units on the basis of the Group's overall aims and the corresponding aims of individual units. Parameter-based reporting processes are used to coordinate the activities of the relevant Group functions and determine the involvement of the Board of Directors. "Risk Review Boards," whose members are also drawn from the Board of Directors, have been set up to analyze the main issues. Our centralized Risk Management department is responsible for controlling this risk management process and defining our risk standards and risk control tools. By embedding Risk Management within overall Group Controlling, we can ensure that it is treated as an integral component of everyday business management rather than as a response to specific risks, e.g., relating to particular projects. In this context, we produce an annual risk report, and at our meetings to discuss monthly, quarterly and year-end results, we examine the opportunities and risks that concern Wincor Nixdorf and the individual units that make up the Group.

The main elements of Risk Management at Wincor Nixdorf have also been documented in our management handbook and in Group directives.

Internal Control System. A key item with regard to risk avoidance, especially in accounting and financial reporting, is the internal control system. The main features of our internal control system are as follows:

- At Wincor Nixdorf, the management and corporate structure are clearly defined. Key cross-divisional functions are managed centrally via Wincor Nixdorf AG and Wincor Nixdorf International GmbH, although individual subsidiaries enjoy a high degree of autonomy.
- The principal functions associated with the financial reporting process – accounting, corporate controlling as well as finance and treasury – are clearly divided with well-defined areas of responsibility.
- An appropriate system of guidelines (e.g., Group handbook, payment guidelines, travel cost guidelines, etc.) is in place and is regularly updated.
- With regard to finances and financial reporting, integrity and responsibility are ensured by the inclusion of an obligation to that effect in the Group's internal Code of Conduct.
- The financial systems we use are protected as far as possible against unauthorized access through the use of appropriate authorization procedures and restrictions on access.
- The financial systems we use are largely based on the SAP standard.
- All departments and divisions involved in the accounting process are appropriately equipped with regard to both quantity and quality.
- All bookkeeping data received or forwarded is checked regularly for completeness and accuracy. Plausibility tests are scheduled and conducted by our software, e.g., during payment runs.
- The four eyes principle is applied to all accounting-related processes.
- To ensure the correctness and reliability of both internal and external financial reporting, we have established appropriate supervisory bodies (e.g., Audit Committee).
- All processes linked to financial reporting are subject to a regular review by the Internal Audit, which is independent of individual processes.

The aim of our risk management and internal control systems is to ensure that our business activities are effective and properly conducted, and that they comply with the applicable statutory regulations.

Compliance.

Wincor Nixdorf's Group Internal Audit conducts regular checks on the internal control systems and business processes of both subsidiaries and centralized functions, with regard to compliance, cost-effectiveness, efficiency and security. In particular, it monitors compliance with directives, organizational precautionary measures, financial indicators in the income statement and balance sheet, and the structure of contracts, as well as drawing up proposals for process optimization. As an independent body, it reports directly to the Board of Directors and the Supervisory Board's Audit Committee.

Areas of Risk.

For internal communication purposes, the overall structure of risk categories covered within the Group has been centered around our core processes "Idea to Market," "Offer to Cash" and "Operation & Maintenance," complemented by processes relating to Management and Support in general. The categories "Idea to Market," "Offer to Cash" and "Operation & Maintenance" include the entire range of performance/profitability and other risks, while Management covers the general business environment and industry-specific risks, business strategy risks and information technology risks. Financial and personnel risks are allocated to the area of Support.

Business Environment and Industry-specific Risks. Future developments in the wider economy will be particularly important in determining the extent to which we are able to meet our targets. Over the last year, all the world's national economies were affected by the financial and economic crisis. Although there are now some indications of a modest recovery, the crisis may continue to undermine our performance. In the Banking segment, it is possible that investment by our customers in new ATMs and other systems will suffer as a result of the increasing number of loan defaults; in the Retail segment, meanwhile, a more cautious approach to credit may delay new investment by our customers in the hardware, software and services provided by Wincor Nixdorf. A recovery in raw material and energy prices could also affect the Company's earnings. In addition, we believe there is a high risk to ourselves and to our customers from unexpected events such as natural disasters and terrorist attacks.

The markets in which banks and retailers operate are characterized by tough competition, and this can generate additional pressure on prices for our hardware, software and services. In our view, this pressure is likely to increase in the present fiscal year. Alongside the risk posed to our business by the general market situation of our customers, Wincor Nixdorf is exposed to further risks from continuing internationalization, predatory competition and lower barriers to market entry for potential new competitors. This trend towards a more aggressive form of competition could have a detrimental impact on profits.

Business Strategy Risks. Growth and success are fundamental to our business activities, and all the decisions we take on capital expenditure and corporate acquisitions are judged against these criteria. The Outsourcing business, which we have successfully introduced to the market over recent years and which involves our taking over related, large-scale

processes on behalf of our customers, is an established part of our business. However, the complexity of such Outsourcing projects brings with it a high level of risk. We aim to counter these risks through timely risk analysis and ongoing risk management. By concentrating the risk process in the hands of a specialist team, and drawing on our experience of previous successful projects, we are able to structure the business processes that we take over in a way that minimizes risk while best meeting our own requirements and those of our customers. We also make use of insurance policies and other options in order to minimize downtime and risk.

Performance and Profitability Risks. One of our aims is to position ourselves as the leading innovator and technology provider in our markets. Together with the fact that we are competing in markets where innovation plays a major role, this makes particular demands on our portfolio of solutions. In this context, there is a risk as regards the introduction by customers of new hardware and software. To counter this, as well as prioritizing intensive development work, we make every effort to identify customer needs at an early stage and to incorporate these needs into our hardware, software and services. This involves close collaboration with our customers.

Our leading position with regard to quality sets us apart from our competitors. Our aim here is to maintain and increase this edge. In order to achieve this aim, we need to identify and rectify potential weaknesses in our hardware, software and services as quickly as possible. To this end, we focus continuously on innovation and quality. Risks that could be caused by poor quality are countered through our quality and environmental management system. Specifically, this means reducing these risks to a minimum through the preventive integration of risk assessment at every stage of development, a strict system for authorizing releases and appropriate insurance.

As a producer of ATMs and checkout systems, for example, we have to comply with the environmental regulations and laws that apply to our production sites, and our products have to meet key requirements with respect to returns and materials, etc. To ensure that this is the case, we have implemented an ISO 14001-certified environmental management system.

Personnel Risks. The work performed by our staff is essential to the growth and development of our Company. We are in competition with other companies for highly qualified specialist and managerial employees. In order to attract such people and retain them over the long term, we offer attractive terms of employment and a comprehensive training program. We do not see any issues that may pose a risk to the recruitment of the specialist and managerial staff we need in line with our objectives.

Information Technology Risks. Information security and data protection are particularly important to our customers in the banking industry. Now that Wincor Nixdorf has evolved to become a provider of IT solutions for banks and retailers, e.g., in the area of Outsourcing, the risks associated with the availability, integrity and confidentiality of data are of growing significance to us. One of the ways in which we have responded to this challenge is through ISO 27001 certification. The aim of the management system described in this standard is to ensure the availability, integrity and confidentiality of data. These measures may be impaired when IT systems are unavailable, possibly leading to claims for compensation from our business partners. System malfunction can be caused by outside attacks, e.g., through viruses and trojans. Given that similar risks are likely to exist in the future, we constantly strive to improve the information security of our systems.

In this context, our information security management system supports the continuous development of existing systems by conducting targeted analyses to establish where additional protection is needed. 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 the above-mentioned TÜV/ISO standards.

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. In order to counteract this risk, we have concluded contracts relating to interest rate options.

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.

The risks to which Wincor Nixdorf is exposed in relation to financial instruments are explained in detail in Chapter 21 of the Notes to the Consolidated Financial Statement.

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 the 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.

Other Risks. We are not presently aware of any actual or potential legal disputes that could affect the financial situation 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.

Overall Risk. As at the reporting date, and in the foreseeable future, the Board of Directors is not aware of any individual risk that could pose a danger to the continued existence of the Wincor Nixdorf Group. Equally, in the view of the Board of Directors, the sum of all 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.

Looking ahead to possible developments in the wider economy in 2010, Wincor Nixdorf still sees many uncertainties. Unlike at the beginning of the fiscal year under review, the global economy is now on the path to recovery, although as yet the gradual increase in global output forecast by economists appears neither universal nor particularly steady.

Future Economic Situation.

After the Downturn: Global Economy Yet to Regain Consistent Footing. In the fall of 2009, the sharp decline in the global economy that has marked the previous months seems to have come to a halt, at least for the moment. In its "World Economic Outlook," the International Monetary Fund (IMF) points to signs of renewed growth at global level. The key factors here, it believes, are economic growth in Asia and the fact that most countries benefited from a more stable performance.

According to the experts, one of the main reasons for this improvement is the large-scale availability of government aid in many countries around the world. However, the IMF's assessment also contains elements of uncertainty. It is difficult, for example, to predict the future direction of economic development without the supporting effects of government programs.

For Germany, the IMF anticipates only a modest improvement of 0.3% in gross domestic product (GDP) in 2010, after the expected sharp fall of 5.3% in 2009. Europe is also likely to experience a comparably sluggish recovery, with GDP in the eurozone growing by just 0.3% compared to the anticipated 4.2% downturn in 2009. The IMF identifies increasing signs of stabilization in the U.S. economy, although there remains a risk of a further downturn. For 2010, the IMF expects the U.S. economy to grow by 1.5% following its anticipated 2.7% slide in 2009. The IMF believes that the global economy will expand by 3.1% in 2010.

Once again, the main drivers of this growth will be the emerging markets, which the IMF expects will expand by 5.1%, led by China (9%), India (6.4%) and Brazil (3.5%).

The Global Market for IT Solutions in Retail Banking and the Retail Industry can, in our view, recover only when there is a sustained improvement in the wider economy. In the short term, however, we do not yet anticipate a return to the growth rates of previous years. Nevertheless, we do expect investment in the optimization of processes and customer service to continue unabated, especially in the high-end area. In view of tough competition and tight budgets, cost-benefit considerations, above all, are likely to play an even greater role. Against this background, we believe that comprehensive IT solutions comprising hardware, software, services and Professional Services will be increasingly important. In principle, we anticipate a continuation of the heavily differentiated investment behavior of the recent past that is difficult for us to predict. Some investment decisions are now linked more directly to the financial strength and business models of individual companies and cannot be inferred to the same extent from GDP performance in different countries.

Notwithstanding this short-term development caused by changes in the economy as a whole, the long-term trends in both retail banking and the retail industry are unchanged. Given the tough competition they face, both industries have no choice but to continuously review and optimize their customer-related business processes as well as their products. In doing so, they will keep turning to information technology as a source of innovations that allow them to achieve efficiency gains and improve the service they offer to their customers. In the medium term, this will lead to a recovery in this field of business, especially for complete IT solutions, with IT Services playing an important role here. According to a survey conducted by American market research firm Gartner, the global market in IT services should see a return to growth in 2010. Looking forward up to 2013, Gartner predicts continuous spending increases in this area and annual growth of between 4 and 6% (Gartner, IT Spending Forecast; 2Q 2009 update, June 2009).

Overall Assessment of Future Economic Situation. At the start of fiscal 2009/2010, Wincor Nixdorf cannot, as yet, see any fundamental improvement in the overall situation as it affects the market for IT solutions in retail banking and the retail industry. The reluctance of many companies to invest will at first ease gradually, depending on macro-economic developments. Over the long term, however, the trends in both industries will be maintained, with the constant pressure to enhance competitiveness and seize new business opportunities leading to continued investment in information technology in line with the financial strength of each company.

Future Outlook for the Wincor Nixdorf Group.

Wincor Nixdorf will continue to focus on the established business with retail banks and retailers, and to pursue its successful business strategy. In order to exploit potential growth and achieve a stable level of business, we make use of four strategic levers: continued global expansion, innovation, high-end services and the expansion/transfer of our branch and self-service know-how to other applications.

Wincor Nixdorf has used the global crisis of the last fiscal year as an opportunity to thoroughly review the processes and structures, including those that have so far proven successful, and to improve them with an eye to the future. As part of the ProFuture program launched in summer 2009, we developed a series of improvement measures for the entire Group to help us respond to changes in the market situation.

These steps are intended to have both a permanent impact as well as produce more immediate results in terms of our market presence, strength, growth, speed and efficiency. At the same time, in addition to existing cost-reduction programs, we are improving our ability to counteract future pressure on prices and profit margins. The process of implementing the changes identified by the ProFuture program throughout the Group began at the start of fiscal 2009/2010.

Fiscal 2009/2010. In late fall of 2009, it is not possible to say with complete certainty whether, and to what extent, the continuing economic crisis will ease in 2010. Overall, however, Wincor Nixdorf has begun the new fiscal 2009/2010 on a stable footing with reduced debt, a higher equity ratio and an undiminished capacity for innovation based on successful cost management. The first quarter is likely to produce a year-on-year decline in net sales given the excellent results we obtained in the first quarter of the preceding year, and an economic situation that remains very difficult. It is hard to say what lies further ahead, although a somewhat clearer view

should emerge, albeit slowly, over subsequent quarters. With economists predicting a slow and unsteady recovery in the wider economy, we anticipate further declines in net sales and operating profit (EBITA) in fiscal 2009/2010, although no greater than those of the last fiscal year.

Expected Developments by Segment. We expect net sales in both the Banking and Retail segments to be slightly down on the level of the previous year. Given that our portfolio of solutions is specifically geared towards enhancing the competitiveness of our customers, especially in tight market situations, we intend to expand our global sales activities over the course of fiscal 2009/2010 with a view to exploiting fully the opportunities that present themselves.

By Business Stream. Although we anticipate a downturn in the Hardware business in fiscal 2009/2010, we believe that the Software/Services business will continue to grow, albeit not sufficiently to make up for the renewed decline in hardware sales.

In the **Hardware business**, with prospects for the economy remaining uncertain, our view is that banks and retailers will extend the intervals between upgrades to their older, previously installed systems. All in all, our strategy is to focus on strengthening our business with regard to innovative high-end hardware. Within the Banking segment, this includes intelligent deposit and cash recycling systems, while the main high-end applications in the Retail segment are automated checkout, retail cash management and reverse vending. We can still take advantage of promising opportunities in these fields by helping our customers to achieve significant benefits in their business processes. The pressure on our customers to change usually demands some form of holistic solution that may involve combining different elements from our portfolio to meet their specific requirements.

We aim to boost sales in the **Software/Services business** by further developing our application suites for retail banks and retailers. Beyond this, we intend to significantly expand our activities in the area of Professional Services. We also started the new fiscal year with enhanced capability in the field of IT Services, and we have begun to bundle our service resources as part of the ProFuture project. The aim is to deploy these resources multinationally in the form of Shared Services, e.g., call centers for technical support and spare parts storage. With regard to Managed Services, we anticipate a substantial increase in the number of remote managed systems in the new fiscal year. We hope to exploit our Outsourcing know-how to appeal to other European countries and attract new customers for our self-service channel management and transaction settlement software.

Costs and Profit. At Wincor Nixdorf, ongoing measures to reduce costs and increase profitability have been a key part of our agenda for some years. Faced with a particularly difficult economic situation, we have intensified our tried-and-tested programs in this area once again. We are also laying the foundations for further improvements on the cost side through the successive implementation of changes as part of our ProFuture program.

We expect the Group tax rate to remain at the same level as the previous year at around 30%.

Capital Expenditure Remains High. Wincor Nixdorf intends to maintain investment in fiscal 2009/2010 at the same level as in the previous year, although we may trim spending in the absence of any lasting stabilization of the economy, or in the event of the situation deteriorating even further.

Seizing Opportunities for Targeted Acquisitions.

With regard to potential external growth, we continuously review the viability of making acquisitions to strengthen our market position and optimize our development and business areas, e.g., in order to expand our software development activities or in the field of Professional Services. We will pursue this business policy and make use of suitable opportunities as they arise.

Financial Position and Assets Remain Stable.

Overall, we expect finance costs to remain at the same level as the previous year.

We intend to maintain a low level of net debt. Secured terms are negotiated for any loans we obtain, to ensure that we are adequately protected and have sufficient flexibility, if required. Under the terms of the revolving facility, Wincor Nixdorf Group was granted a credit line of €350 million by a consortium of banks for the period 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 the expiry of the agreement without an obligation to make principal repayments before that time.

Thanks to this financing structure, we can obtain extra cash as needed at short notice for both our operating business and for acquisitions.

Risk Situation Unchanged. Essentially, we view the identifiable signs of improvement in the economy at the start of the new fiscal year in a much more positive light than the previous year, although as yet they are not firm enough to offer a stable outlook for growth. In our business with retail banks and retailers, we continue to face uncertainties and risks from potential setbacks in the wider economy. At the same time, however, there are still opportunities to be grasped from continued pressure on sales and the associated drive for streamlining in both the industries in which Wincor Nixdorf specializes. We increasingly rely on our well-established opportunity and risk management for the purpose of adequately determining and underpinning the approach to be taken in a business environment that generally remains nebulous.

Research and Development. In fiscal 2009/2010, we will introduce a comprehensive package of measures across the Group. The aim is to channel our capital expenditure in Research and Development (R&D) even more efficiently and to use the results of that investment more effectively. By way of example, the measures and projects making up the ProFuture program aim to accelerate the development of software and hardware systems and components.

In order to strengthen our capability as an IT service provider, and reinforce our position as a leading innovator in terms of IT solutions for the branch operations of retail banks and retailers, we intend to maintain a high level of capital spending on R&D.

Once again, our main development focus will lie on:

1. software as the key to optimizing process chains in branch operations;
2. the development of convergent base technologies for retail banking and the retail industry;
3. improvements to the serviceability of our hardware and software.

To mark our own Wincor World trade fair in January 2010, we will be presenting the interim results of several years of intensive development work. We will be the first provider to offer a comprehensive solution for cash handling in retail banks and retail companies (cash cycle management solutions). Cash handling generates substantial costs in both industries as a result of the strict demands on accuracy and security (compliance with auditing standards, risk management, anti-theft security, etc.). Furthermore, both industries play an important role in all national economies as key institutional elements of the cash cycle, since they both accept cash and place it in circulation. Cash handling requirements are generally met in the form of time-consuming and usually manual procedures. This means there is considerable potential for streamlining through the use of automated, IT-based systems, and Wincor Nixdorf intends to exploit that potential to the full. The process chain ranges from cash points and back/cash offices through to cash centers run either by the companies themselves or by secure transport providers.

Our competitive edge lies in our familiarity with the processes in both industries. Thus, drawing on our capacity for innovation, we are in a position to offer forward-looking solutions in the area of cash handling for both industries, and for other activities at the interface between them.

The solution we will be presenting at the Wincor World 2010 trade fair completely restructures the process of cash handling, and in doing so, offers its users two outstanding benefits: maximum compliance with auditing standards at every stage and a permanent reduction in costs. The solution makes use of innovative hardware and software technologies as well as new consulting and support services. For the first time, banks and retailers will be able to use a common technology platform for automated cash handling. This will also generate the potential for new partnerships and synergies between the two industries.

Purchasing, Production and Logistics. We are vigorously pursuing our efforts to optimize every single element of our global supply chain. Alongside our established programs to reduce manufacturing costs and maximize profitability, we have identified further potential cost savings through our ProFuture program. This will require structural or organizational changes.

We are expanding our Group-wide approach to **purchasing** management by increasing the centralization and pooling of purchasing processes. We are also maintaining our ongoing policy of working with partners and suppliers to exploit further potential cost savings.

In the area of **production**, we hope to give ourselves further room to maneuver, to allow us to react flexibly to market factors such as fluctuating prices for raw materials or pressure on our prices. This will primarily involve establishing the legal and organizational independence of our factories in Paderborn, Shanghai and Singapore, and implementing standardized best-practice processes. Our goal is to further accelerate order processing and delivery. With an emphasis on complete cost transparency, we also intend to achieve comparability between our production sites' cost structures so that we can make our project, market and customer-specific manufacturing processes even more flexible and competitive. With regard to logistics, we will continue to integrate suppliers into our enterprise resource planning (ERP) system as a means of achieving further potential improvements in our partnerships with contracted suppliers.

Global Personnel Management Adopts Flexible Response to Business Performance. Our flexibility within the area of personnel management proved invaluable in the year under review, and we intend to maintain this approach in fiscal 2009/2010. Our global production network is well placed to adapt its capacity to fluctuating order levels and to expand personnel resources in response to greater business volume, especially in the areas of services and Professional Services.

Overall Assessment of Future Business Performance. Overall, Wincor Nixdorf does not anticipate a rapid and unequivocal improvement in the economic situation in 2010. With forecasters predicting a slow and unsteady recovery in many countries, we take the view that 2009/2010 is likely to bring another decline in net sales and operating profit, although no greater than in the preceding fiscal year. We have taken steps to ensure that we can continue to respond to economic uncertainties with sound judgment and the necessary flexibility in our business. To help meet this challenge, we have strengthened our equity ratio, reduced net debt by a significant margin and, in the year under review, made further improvements to our cost structures.

Assuming that fiscal 2009/2010 proceeds in line with our expectations, we will again propose a dividend on the basis of our stated policy with around 50% of profit for the period being distributed in the form of a dividend.

In the medium term, we anticipate a return to higher levels of capital expenditure in both retail banks and retail companies. Against this background, we are maintaining the medium-term goals we established on flotation of achieving annual increases of 6% in net sales and of 8% in EBITA. Looking ahead, the extent to which this confident forecast can be achieved in fiscal 2010/2011 depends on the how far the current trend towards recovery is able to take hold and stabilize.

Disclaimer. The statements made in the outlook 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.