



Dear Ladies and Gentlemen,

When I wrote to you around this time last year, my words expressed delight over the Company's excellent start on the stock market and its inclusion in the MDAX index. This time, I am delighted to inform you that we have been able to meet both your and our high expectations: Wincor Nixdorf AG completed its first full fiscal year as a listed company with great success.

Our forecasts, which, as you know, were upgraded during the course of the year, proved correct. All of us can be proud of the significant increase of 11 % in net sales revenue and the even greater 17 % rise in operating profit.

This positive development underscores what I have been saying all along: Wincor Nixdorf is a reliable company that keeps its promises. In this context, let me emphasize that business success and confidence cannot be taken for granted; both must be continuously won.

Again in fiscal 2004/2005, we did just that and were able to reap the rewards, including the enthusiastic interest that we have received from the financial community, an excellent share price performance and our inclusion in the Morgan Stanley Capital International Index.

We believe these achievements stemmed from our unrelenting commitment to customers, our collaborative style and our constant hard work and attention to improving our in-house processes.

A good indicator of our performance is the series of new outsourcing contracts we won in branch banking. After careful analysis, several banks decided to transfer the operation of their ATM and self-service networks and, in some cases, their entire branch IT systems to Wincor Nixdorf. These outsourcing contracts show how far we are in realizing our new strategy. In the past, we used to speak about supplying ATMs, ePOS systems and software. Now we talk to our retail and banking customers about how our advanced hardware and software solutions and our IT services can support the substantial changes impacting the tasks and processes in their branches and stores. This is innovation in the broader sense of the word.

Success of this kind comes

only to those who are recognized as partners and are constantly in search of ways to change their customers' business processes with real added value in mind—and who offer the latest technologies, service infrastructures and corresponding resources. With our customer-led, proactive approach, we have steadily improved our position among the top three providers worldwide in both segments. As part of this more and more of our revenue is now coming from non-product solutions and services.

We see this development as proof of the confidence customers have in our company and, at the same time, a reminder to remain committed to serving their needs. We want to continue to grow our business together with customers and build our own processes around their needs. How we are achieving this as a win-win partnership day for day is described in more detail in some project reports contained in this annual report.

In terms of strategic change, we have made good progress in several areas. We have grown our core retail and banking businesses with hardware, software and product-related services—efforts which we will also be redoubling in future. Internationalization was also driven forward apace, and we have achieved higher levels of business with solutions and services as well as opening up new streams such as outsourcing.

In the current 2005/2006 fiscal year, we expect to continue providing a favorable environment for our business and growing in our targeted markets. We are therefore confident that we will be able to continue along our path of sustained growth. We are predicting an increase of 8% in net sales revenue and a 10% rise in operating profit (EBITA).

Our motivated, hard-working employees are the greatest guarantee we have to implement our strategy. We are proud of their accomplishments. I personally would like to take this opportunity to express my sincere thanks to all of them for their great commitment and effort. We will continue to ensure that our employees have the flexibility they need to perform and to award them accordingly.

Our long-term goal is to keep customers, employees and, not least, you, our shareholders, satisfied. In the past fiscal year, we succeeded in making part of this a reality. We kept our promises and proved our reliability, which will continue to be our guiding principle moving forward. With this in mind, we offer our thanks to all those who have placed their trust in us over the last 12 months.

Sincerely, Karl-Heinz Stiller

Karl-Heinz Stiller

▶ Wincor Nixdorf is, with just four exceptions, in compliance with all recommendations of the German Corporate Governance Codex ▶ Five scheduled meetings of the Supervisory Board ▶ Shareholder AGM instructions now also available via Internet ▶ Risk management system: “managing for value” ▶ Transparency both internally and to the outside world

CORPORATE GOVERNANCE, TRANSPARENCY AND RISK MANAGEMENT.

At Wincor Nixdorf, responsible, transparent management and control centered around the creation of sustained added value is an essential foundation for business success. The Board of Directors and Supervisory Board have issued the statutory statement of compliance with Section 161 of the German Joint Stock Corporations Law, stating that Wincor Nixdorf is, with four exceptions (see page 9), in compliance with the recommendations of the German Corporate Governance Code. The Board of Directors and Supervisory Board monitor adherence to this code. The statement of compliance, issued annually, is available permanently to all shareholders via the Internet at: www.wincor-nixdorf.com under the “Investor Relations” heading.

Close Collaboration between the Board of Directors and the Supervisory Board. A relationship of close, trusting collaboration exists between the Board of Directors and the members of the Supervisory Board. The Board of Directors reports regularly to the Supervisory Board

on progress of the business, engaging in an ongoing, constructive exchange of ideas and information with regard to strategy, corporate planning and company profitability. For further details, please refer to the Report of the Supervisory Board on page 12.

The Supervisory Board conducted five scheduled meetings in the fiscal year under review, with no extraordinary meetings during this period. The Supervisory Board has created three committees: A Mediation Committee pursuant to Section 27 Paragraph 3 of the German Corporate Codetermination Law; a Personnel Committee dealing with personnel issues that pertain to the Board of Directors; and an Audit Committee. No conflicts of interest arose among members of the Board of Directors or the Supervisory Board. For further details of the Company's boards, please refer to the notes to the accounts on page 109.

Improved Transparency both Internally and to the Outside World. When interacting with the Company's shareholders, we apply the principle of fast, continuous

and comprehensive information. At the Annual General Meeting of shareholders (AGM) on February 21, 2006, we will again appoint a proxy vote representative in order to enable shareholders not attending the AGM to exercise their voting rights. For the first time, shareholder instructions for this option will be available via the Internet at our 2006 AGM.

With a view to prompt, open communication with the public, we provide detailed documents and information on our Web site, such as AGM information, financial reports and current ad-hoc updates and press releases. Our Internet content also includes the Company's articles of association and information on directors' dealings.

We have approved an Insider Dealing Directive aimed at avoiding insider dealing by Company employees. The employees and board members named on the Insider List are prohibited from undertaking share transactions during certain periods before and after publication of quarterly and annual results.

Details of directors' dealings pursuant to Section 15 a of the German Stock Trading Law can be downloaded from the Company's Web site under the "Investor Relations" heading.

Supplementary information on the Company's boards can be found in the notes to the accounts.

Risk Management System for Value-led Management of the Company's Affairs. A properly functioning risk management system is necessary for responsible management. The risk management system at Wincor Nixdorf AG is intended to highlight risks at an early stage and, when they occur, to help manage them more effectively. Details are provided in the section entitled "Risk Report" on pages 66–70.

Pursuant to Section 7.4.1. of the German Corporate Governance Code, the Key Subsidiaries of Wincor Nixdorf are Listed in the Table Below:

	Holding %	Equity as of Sept.30,2005 €k	Profit 2004/2005 €k
Wincor Nixdorf International GmbH, Paderborn, Germany	100.0	161,428	63,515
Wincor Nixdorf Facility GmbH, Paderborn, Germany	100.0	50,000	0 ¹⁾
Wincor Nixdorf Real Estate GmbH & Co. KG, Paderborn, Germany	100.0	41,097	8,397
Wincor Nixdorf Logistics GmbH, Paderborn, Germany	100.0	25	0 ¹⁾
Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France	100.0	12,031	1,593
Wincor Nixdorf Ltd., Wokingham, United Kingdom	100.0	17,935	1,825
Wincor Nixdorf Pte. Ltd., Singapore	100.0	11,408	10,610

¹⁾ Profit distribution agreement in place.

Under Section 161 of the German Joint Stock Corporations Law, the Boards of Management and Supervisory Boards of listed companies must make a declaration each year stating that the recommendations of the "Code of the Government Commission on German Corporate Governance" published by the German Federal Ministry of Justice in the official section of the Federal Gazette (electronic version) have been met, and which recommendations are not being applied.

To date and until further notice, Wincor Nixdorf is in a state of non-compliance with the recommendations of the German Corporate Governance Code (supplemented version dated June 2, 2005) in the four exceptional instances justified as follows:

1. **The D&O insurance policy agreed by Wincor Nixdorf AG for its Board of Directors and Supervisory Board does not feature a policy excess (GCGC, Section 3.8, Paragraph 2).** The D&O insurance is in place for a significant number of management staff across the entire Wincor Nixdorf Group at home and abroad, including members of the Company boards. For this reason, it does not appear proper to differentiate in terms of the D&O insurance between board members on the one hand and other management staff on the other. A policy excess is not customary outside Germany.

2. **Emoluments paid to members of the Board of Directors are stated in total and not broken down by individual director (GCGC, Section 4.2.4, Sentence 2).** For reasons of privacy, emolument amounts to members of the Board of Directors are not stated for each individual director. Instead, we explain the structure of the emoluments system by offering the relevant information in this annual report. In addition to the stated total emoluments paid to the Board of Directors, the pension accruals for members of the Board of Directors are shown separately. We will observe the statutory requirements of the German Executive Directors' Emoluments Disclosure Law.

3. **In setting the level of emoluments paid to members of the Supervisory Board, no account is taken of chairmanship of any committee other than the Audit Committee or of membership of any of the Supervisory Board committees (GCGC, Section 5.4.7 Paragraph 1 Sentence 3).** Remuneration for mere membership of a committee may be dispensed with. In terms of the work of the Supervisory Board, practice has shown that the vast majority of committee meetings are able to be held, in terms of time and place, close to meetings of the Supervisory Board itself. Chairmanship of the Audit Committee is remunerated separately due to the additional time and effort required by the role.

4. **Members of the Supervisory Board are not paid any performance-related remuneration in addition to their fixed emoluments (GCGC, Section 5.4.7 Paragraph 2 Sentence 1).** The Company has decided to await the development of relevant case law in order to provide firm findings upon which it can then base a suitable arrangement. Such development, it appears, has yet to be concluded, as evidenced by court rulings in recent years regarding the prohibition of share options for Supervisory Board members.

Audit of the Accounts by KPMG. The Wincor Nixdorf AG Group financial results ending September 30, 2005 have been compiled under the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in London and valid at the end of the reporting period. The Group accounts have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

l.t.r.

Philip Mantle

Member of the Board of Directors, responsible for the banking business

■ Born 1950, married with two children. Hobbies: sailing, golf, skiing. ■ Joined Wincor Nixdorf in 2002, initially as Managing Director of Wincor Nixdorf Ltd. in the UK, our highest-revenue foreign country business. ■ Member of the Board of Directors, since October 1, 2005.

Eckard Heidloff

Executive Vice President, CFO, COO

■ Born 1956, married with two children. Hobbies: jogging and skiing. ■ Joined Nixdorf in 1983. ■ CFO since flotation, COO and Executive Vice President, since October 1, 2005.

Karl-Heinz Stiller

President and Chief Executive Officer

■ Born 1942, married with one child. Hobbies: tennis, skiing and mountain walking. ■ Joined Nixdorf in 1966, Divisional Director, then Executive Director and Managing Director of all predecessor companies. ■ President and CEO, since flotation in 2004.

Jürgen Wilde

Member of the Board of Directors, responsible for the retail business

■ Born 1947, married with two children. Hobbies: golf and cooking. ■ Joined Nixdorf in 1972. Appointed as sales manager in 1993. Member of the Executive Board since 1999, responsible for the retail solutions business. ■ Member of the Board of Directors, since October 1, 2005.

Stefan Auerbach

Member of the Board of Directors, responsible for the services business

■ Born 1963, married with two children. Hobbies: jogging, hunting and reading. ■ Joined Nixdorf in 1983. Member of the Executive Board since 1999, and responsible for the worldwide services business. ■ Member of the Board of Directors, since October 1, 2005.







SUPERVISORY BOARD REPORT.

Dear Shareholders,

In its first full year as a publicly listed company, Wincor Nixdorf AG has successfully grown its business. This favorable performance and our ongoing efficiency improvement program have boosted our international competitiveness. The Supervisory Board of Wincor Nixdorf AG has monitored and assisted in this process to the full.

The Work of the Supervisory Board. In the fiscal year under review, the Supervisory Board of Wincor Nixdorf AG performed the activities prescribed by law and by the Company's articles of association. We monitored and advised the Board of Directors regularly as it led and managed the business. The Board of Directors discussed and agreed all decisions of a fundamental nature for the Company and its Group subsidiaries directly with the Supervisory Board. The Board of Directors informed us in a regular, timely and comprehensive fashion by means of verbal and written reports of all material matters related to corporate planning, strategic direction and development, business performance and the state of the Group, including risks and risk management activities. All business matters of importance to the Company were discussed at plenary sessions of the Supervisory Board based on the reports of the Board of Directors.

The Supervisory Board convened a total of five times in fiscal 2004/2005. In addition to the Supervisory Board meetings, I was personally in continuous contact with the Board of Directors and informed myself of the up-to-date business position as well as key business transactions, developments and decisions as they occurred. In so doing, I was informed without delay of important events and occurrences of material

significance in assessing the position and performance of the business and in managing and leading the Company. The information provided by the Board of Directors to the Supervisory Board was so detailed and regular in nature that there was no reason for any extraordinary meeting of the Supervisory Board or other special scrutiny.

The Supervisory Board analyzed the efficiency of its activities at regular intervals.

Key Areas of Deliberation by the Supervisory Board. Five scheduled Supervisory Board meetings were held in the year under review. These were held on December 10, 2004, and January 25, April 21, July 13 and September 21, 2005. Karl-Heinz Stiller and Eckard Heidloff attended all meetings in their positions as members of the Board of Directors of Wincor Nixdorf AG.

Reports on the business, revenue and profit performance of the Group and its segments were the subject of regular discussion at Supervisory Board meetings, as were matters concerning the financial position, implementation of strategy and employee development.

Other key matters addressed at the various Supervisory Board meetings were entry by the Company into outsourcing contracts, replacement of the syndicated loan agreement and refinancing of Wincor Nixdorf AG on improved terms and more detailed specification of the rules of procedure applying to the Supervisory Board and the Board of Directors. At all its meetings, the Supervisory Board discussed how the competitiveness of jobs in Germany can be improved by means of various changes to the conditions of employment of German employees at Wincor Nixdorf International GmbH.

At its meeting on September 21, 2005, the Supervisory Board gave its approval to the fiscal 2005/2006 budget proposed by the Board of Directors and the medium-term strategic business development plan. Also at this meeting, the Supervisory Board increased the Board of Directors from two to five members effective October 1, 2005, and appointed Philip Mantle, Jürgen Wilde and Stefan Auerbach as additional members of the Board of Directors of Wincor Nixdorf AG. At the start of the new fiscal year, Philip Mantle became responsible for the worldwide banking business. Jürgen Wilde took responsibility for the retail business, and Stefan Auerbach for the services business. At the same time, Eckard Heidloff was appointed Executive Vice President, and the rules of procedure for the Board of Directors were amended to take account of its enlarged membership.

Committee Work. The Supervisory Board has established three committees, which prepare work for Supervisory Board resolutions and issues to be addressed by plenary sessions. In individual instances, the Supervisory Board delegated decision-making authority to committees.

With the exception of the Audit Committee, which is chaired by Supervisory Board member Dr. Alexander Dibelius, committees are chaired by the chairman of the Supervisory Board.

The Audit Committee convened three times. It dealt in particular with the annual accounts and consolidated accounts, the fiscal 2005/2006 budget and the refinancing of the syndicated loan. Other issues addressed were the Company's risk report and risk management system. The Audit Committee approved a directive by the Board of Directors regarding rules of behavior concerning insider dealings and insider information and, at the same time, appointed a Compliance Officer who maintains a list of persons with access to insider information and checks to ensure no insider dealings are undertaken.

The Personnel Committee authorized the issue of stock options to members of the Board of Directors and to Wincor Nixdorf employees. In addition, the Personnel Committee held a meeting in September 2005 at which it deliberated on the enlargement of the Wincor Nixdorf AG Board of Directors to include three additional seats with effect from October 1, 2005 and approved the terms of the contracts of employment of the three new directors.

The Mediation Committee did not have to be convened during the fiscal year just ended; no conflicts of interest occurred during the period under review.

There are no further committees.

Corporate Governance and Declaration of Compliance. This annual report also contains a separate section with a report by the Board of Directors, also on behalf of the Supervisory Board, concerning matters associated with corporate governance pursuant to Section 3.10 of the German Corporate Governance Code. The Board of Directors and the Supervisory Board issued an updated declaration of compliance pursuant to Section 161 of the German Joint Stock Corporations Law on November 30, 2005, and made this available permanently to shareholders on the Company Web site.

Acceptance of the Annual Accounts and Approval of the Consolidated Accounts. The Annual General Meeting of shareholders on January 25, 2005 appointed KPMG Deutsche Treuhandgesellschaft AG, Bielefeld, as auditors of the accounts. The annual accounts for the fiscal year from October 1, 2004 to September 30, 2005 prepared by the Board of Directors under German statutory accounting regulations (German GAAP) pursuant to the German Commercial Code and the Management Report of Wincor Nixdorf AG have been audited by KPMG and given an unqualified mark of attestation. The Wincor Nixdorf AG consolidated accounts for the same year have been prepared under IFRS and, accordingly, the Company has been released under Section 292 of the German Commercial Code from its obligation to draw up consolidated accounts under German GAAP.

The auditor has given the annual German GAAP accounts and the consolidated IFRS accounts an unqualified mark of attestation.

The audit reports by KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft for the annual and consolidated accounts were sent in a timely fashion to all Supervisory Board members together with the annual German GAAP accounts and the consolidated IFRS accounts.

The Audit Committee commenced by dealing with the accounts in detail on November 30, 2005, with the auditors in attendance. This was immediately followed by a comprehensive discussion of the accounts by the Supervisory Board. The auditor was present at the meetings of both bodies at which he reported on his audit activities and was available to provide detailed complementary information.

Following detailed examination of the annual accounts, the consolidated accounts, the management report and the consolidated management report, we concurred with the results of the auditor's audit and approved the annual accounts and the consolidated accounts at our meeting on November 30, 2005 in accordance with the Audit Committee's recommendation dated the same day. As such, the annual accounts have been accepted. We agreed with the proposal made by the Board of Directors regarding the application of the final annual net profit after dividends.

The Supervisory Board also determined the resolution proposals regarding the agenda for the Company's Annual General Meeting of shareholders to be held on February 21, 2006 and approved this Supervisory Board report.

Composition of the Supervisory Board. In accordance with Section 7 of the Company's articles of association, the Supervisory Board consists of six shareholder representatives and six employee representatives. No conflicts of interest occurred within the Supervisory Board during the period under review. The terms of office of the employee representatives are due to terminate at the end of the Annual General Meeting of shareholders (AGM) on February 21, 2006. The congress of delegates to elect the employee representatives will choose six new employee representatives in December 2005 to join the Supervisory Board. Accordingly, their terms of office will commence immediately following the end of the AGM on February 21, 2006. The terms of office of Hero Brahms, Walter Gunz and Professor Walter Kröll shall continue until the AGM resolving a motion on the approval of their actions in respect of the fiscal year 2007/2008, whereas the terms of office of Johannes P. Huth, Dr. Alexander Dibelius and Edward Gilhuly shall terminate immediately after the end of the AGM on February 21, 2006. The Supervisory Board is proposing Johannes P. Huth, Edward Gilhuly and Dr. Alexander Dibelius for re-election of the AGM.

The Supervisory Board wishes to express its thanks to the Board of Directors and all employees and employee representatives for their successful efforts during the year.

The Supervisory Board



Johannes P. Huth

Chairman

Paderborn, November 30, 2005