

DIEBOLD, INCORPORATED

CORPORATE GOVERNANCE GUIDELINES

Responsibility of the Board

The primary mission of the Board of Directors (the “Board”) of Diebold, Incorporated (the “Company”) is to advance the interests of the Company’s shareholders by advising and overseeing management with respect to the business affairs of the Company. The Board believes that this mission is best served by establishing a corporate culture of accountability, responsibility and ethical behavior through the careful selection and evaluation of senior management and members of the Board and by carrying out the Board’s responsibilities with diligence and integrity.

In discharging their obligations, Board members should be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisers and auditors. Board members are expected to devote the time necessary to appropriately discharge their responsibilities and to rigorously prepare for and, to the extent possible, attend and participate in the Company’s annual meeting of shareholders and all Board meetings and meetings of Board committees on which they serve. Each Board member is expected to ensure that other commitments do not materially interfere with the member’s service as a director.

Every Board member is expected to exercise sound judgment in all matters involving business ethics and integrity and shall at all times maintain the highest ethical standards. Further, every Board member is prohibited from using or revealing, without proper authorization, any confidential information regarding the Company.

Director Selection

Selection of Director Nominees. The Board Governance Committee shall recommend candidates for election to the Board in accordance with the policies and principles in its charter and the criteria described herein. The invitation to join the Board should be extended by the Board through the Chairman of the Board or, in lieu thereof, by the Chair of the Board Governance Committee. The Board Governance Committee will be responsible for recommending the nomination of those incumbent directors it deems appropriate for re-election to the Board as part of the committee’s annual review and selection process.

Director Orientation and Continuing Education. The Company shall establish an orientation program for new directors that includes presentations by senior management. All directors will also be invited to participate in the orientation program. Periodically, the Company will provide opportunities for directors to visit the Company’s significant facilities in order to provide greater understanding of the Company’s business and operations, and the Board Governance Committee shall consider additional education or training.

Board Composition Independent Directors. A substantial majority of the members of the Board must satisfy the applicable independence requirements set forth in the Company’s Categorical Independence Standards for Directors, as approved by the Board from time to time and the rules of the New York Stock Exchange and under applicable law.

Size of the Board. It is the current sense of the Board and the Board Governance Committee that the Board should have between seven and twelve members. The Board determines the number of directors as permitted in the Company's Articles of Incorporation and Regulations and will periodically review the size of the Board based on recommendations of the Board Governance Committee.

Positions of Chairman and Chief Executive Officer. Those members who constitute Independent Directors, as defined above, shall elect the Chairman of the Board. The role of the Chief Executive Officer and Chairman [may/shall] be separate or combined, which will be determined by the Board as it deems appropriate.

Service on Other Boards. Directors must advise the Chairman of the Board and the Chair of the Board Governance Committee in advance of accepting an invitation to serve on the board of directors of another company. Directors shall not serve on more than three other boards of publicly traded, for-profit companies (excluding the company, if any, that is the director's primary employment) unless the Board explicitly determines in the particular circumstances that the service would not impair the ability of the director to perform his or her obligations effectively as a director of the Company.

Changes in Professional Responsibility. Directors are required to submit their resignations upon retirement, resignation, termination or other significant change in profession. The Board may accept or reject such resignation in its discretion after consultation with the Board Governance Committee.

Retirement Policy. The current retirement age for Board membership is 72 years. As such, no director after having attained the age of 72 shall be nominated for re-election to the Board. However, should the Board Governance Committee and the full Board so determine, an exception may be made to extend the retirement age for a particular director.

Director Compensation and Performance

Compensation Policy and Compensation Review. It is the current policy of the Board to provide directors with a mix of compensation, including a periodic cash retainer and annual stock option or restricted stock grants based on continued service on the Board and Company performance. The Board may decide in the future to provide directors with other types of compensation. Proposed changes in Board compensation shall initially be reviewed by the Board Governance Committee, but any changes in the compensation of directors shall require the approval of the Board. The Board Governance Committee shall periodically review the status of Board compensation. The Committee shall discuss its review with the Board.

Annual Performance Review. At least annually, the Board Governance Committee shall evaluate and report to the Board the performance of the Board and the Board's compliance with these guidelines along with any recommendations it deems appropriate.

Transactions with Directors or Their Affiliates. Except for employment arrangements with the CEO and other management directors, the Company does not engage in transactions with directors or their affiliates if a transaction would cast into doubt the independence of a director, would present the appearance of a conflict of interest or is otherwise prohibited by law,

rule or regulation. This includes, directly or indirectly, any extension, maintenance or renewal of an extension of credit to any director of the Company. This prohibition also includes significant business dealings with directors or their affiliates, charitable contributions which would require disclosure in the Company's proxy statement under the rules of the New York Stock Exchange, and consulting contracts with, or other indirect forms of compensation to, a director. Any waiver of this policy may be made only by the Board, upon recommendation and approval of the Board Governance Committee, and must be promptly disclosed to the Company's shareholders.

Board Meetings

Schedule. Board meetings are scheduled in advance and held not less than quarterly. The Board holds special meetings as required.

Distribution of Board Material. Information that is important to the Board's understanding of the Company's business should be distributed to the directors a reasonable period of time before the Board meeting. Management is responsible for preparation of Board Materials, but the Chairman or any other director may specifically request inclusion of certain material.

Meetings of Non-Management Directors. The non-management directors shall meet at regularly scheduled executive sessions without management. The Chairman of the Board shall serve as the presiding director and shall supervise the conduct of these meetings. Meetings of the non-management directors should generally coincide with regularly scheduled Board meetings; however, a majority of the non-management directors may call a meeting of the non-management directors at any time.

If any of the non-management directors are not considered to be independent, the independent directors should meet in executive session at least once a year.

Board Presentations and Access to Employees and Advisers. Directors shall have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisers, including legal counsel and independent accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer, the Secretary or directly by the director. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company.

The Board encourages the Chief Executive Officer and other executive officers to invite to Board meetings officers, other key employees and independent advisers who can provide additional insight into the items being discussed or who the Chief Executive Officer or other executive officers believe should be given exposure to the Board.

Board Interaction with Investors, Media and Others. The Board believes that senior management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company at the request of senior management.

Board Committees

Standing Committees. The Board shall have at all times an Audit Committee, a Compensation Committee and a Board Governance Committee, and all of the members of those committees shall satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange and under applicable law. No director shall serve simultaneously on more than two of the three aforementioned committees, and no director shall serve simultaneously as the chair of more than one of them. The Board also currently has an Executive Committee and an Investment Committee. From time to time, the Board may provide for such other standing or special committees as may be necessary to carry out its responsibilities.

Committees shall receive authority exclusively through delegation from the Board through their charters, Board resolutions or as provided by these guidelines. In addition to the authority granted hereunder or under each committee's charter or, in the case of a committee, by further resolution of the Board, the Board and each committee have the power on the Company's behalf to hire independent legal, financial or other advisers as any of them may deem necessary without consulting or obtaining the approval of management of the Company.

Committee Charters. Each standing committee will have a written charter approved by the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for appointment and removal, structure and operations and reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. The charters will be included on the Company's website and will be made available in print to any shareholder of the Company who submits a request to the Company's Secretary for a copy of the charters. The charters that are required by applicable rule or regulation to be periodically published in the proxy statement relating to the Company's annual meeting of shareholders will be so published.

Committee Meetings and Committee Agenda. Each committee chair, in consultation with the committee members and appropriate officers of the Company, will determine the frequency of committee meetings consistent with the committee's charter, provided that a majority of committee members may call a meeting of the committee on which they are members at any time. Each committee chair, in consultation with the other members of the committee and the appropriate executive officers, will develop the committee's agenda.

Management Evaluation and Succession

Chief Executive Officer Selection. The Board shall be responsible for selecting a Chief Executive Officer.

Evaluation of Executive Officers. The independent members of the Board, including the members of the Compensation Committee, shall conduct an annual review of the performance of the Chief Executive Officer in light of the goals and objectives of the Company. The Compensation Committee shall also review and approve the compensation policies and programs for executive officers and other officers and key employees of the Company as it deems appropriate.

Succession Planning and Management Development. The Board shall review the Company's succession plan, which at a minimum shall include appropriate contingencies in case the Chief Executive Officer retires or is incapacitated. The Board will evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer shall at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. The Chief Executive Officer shall present to the full Board a formal review of succession planning at least once a year.

Resources and Authority

The Board shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Board deems necessary, to compensate any consultants, independent counsel and advisors retained by the Board.

Availability of These Guidelines

These guidelines will be included on the Company's website and will be made available in print to any shareholder of the Company who submits to the Secretary a request for a copy of these guidelines. The Company's annual report to shareholders will state that these guidelines are available on the Company's website and will be available in print to any shareholder of the Company who submits to the Secretary a request for a copy of these guidelines.