

Overview

BuyDIRECT

A Direct Purchase, Sale & Dividend Reinvestment Plan for Common Shares of Diebold, Incorporated

The Bank of New York, the Transfer Agent for Diebold, Incorporated (“Diebold”), offers a Direct Purchase, Sale and Dividend Reinvestment Plan for the shares of common stock of Diebold, Incorporated. The Plan, *BuyDIRECT*, provides both registered shareholders and interested first-time investors an affordable alternative for buying and selling Diebold shares.

BuyDIRECT Plan Features:

- **Convenient Direct Share Ownership**

Existing and unsolicited new investors can make an *initial* share purchase directly from the Plan *without a broker*. Once enrolled, participants can make additional optional cash purchases of Diebold shares.

- **Automatic Dividend Reinvestment**

Participants may purchase additional shares of Diebold by reinvesting their dividends. Or, you can choose to receive cash dividends directly.

- **Certificate or Book-Entry Share Ownership**

In lieu of physical certificates you will receive timely statements and confirmations reflecting your transaction history. You may request the issuance of physical certificates at any time via a toll-free number or by mail.

- **Share Safekeeping**

Participants can deposit certificates of Diebold directly into the Plan for safekeeping. Participants can withdraw or transfer any or all of their shares at any time.

- **Direct Sale**

Participants may sell some or all of their shares in Diebold directly through the Plan without having to issue a certificate or arranging the sale through a broker.

BuyDIRECT offers a convenient and flexible way of purchasing and selling shares of Diebold. Although there are fees associated with utilizing certain Plan features (see page 11, “Costs to Participants”), ***BuyDIRECT*** offers existing shareholders and interested first-time investors an economical alternative to using a retail broker.

BuyDIRECT
IS SPONSORED AND ADMINISTERED BY
THE BANK OF NEW YORK,
NOT BY DIEBOLD

The Bank of New York and Diebold provide no advice and make no recommendations with respect to any security. Any decision to purchase or sell must be made by each individual Plan Participant based on his or her own research and judgment.

Please retain this brochure for future reference.

BuyDIRECT

Summary of Plan Services

for the Shares of Diebold

The Bank of New York (the “Bank”), a leader in the Stock Transfer industry, is pleased to offer ***BuyDIRECT***, a newly enhanced Direct Stock Purchase & Sale Plan. The Plan allows existing shareholders and interested first-time investors a direct, affordable alternative for buying and selling Diebold shares.

Eligibility & Enrollment

Almost everyone is eligible to enroll in ***BuyDIRECT***. Interested investors may participate in the Plan if they already own Diebold shares or non-shareholders may make their *initial* purchase of the shares directly through the Plan. To receive an enrollment form and ***BuyDIRECT*** Plan brochure, simply contact Diebold’s Transfer Agent, The Bank of New York, at our toll-free number:

1-800-432-0140

Easy, Full Investing

Once enrolled in the Plan, participants can reinvest cash dividends simply and conveniently without brokerage commissions or service charges. Optional cash investments can be made at any time and in variable amounts. With ***BuyDIRECT*** you have the advantage of a full investment program because *all* shares, both full and fractional, are credited to your account and earn dividends.

Safekeeping of Certificates

If you already own Diebold stock in certificated form, you may deposit the certificates into the Plan for safekeeping. This feature protects your shares against possible loss, theft or accidental destruction and may save you the expense of having to replace your certificates.

Convenient Ways To Sell or Transfer Your Shares

Some or all shares owned by you, whether in book-entry or certificated form, can be easily sold or transferred through the Plan. You can choose to sell or transfer any or all shares held in the Plan with or without issuing new certificates and without having to go through a broker. You can instruct the Bank to issue a certificate in your name for shares held in the Plan at any time.

Plan Costs

The costs for enrolling in the Plan and for executing various Plan transactions involve minimum administrative service fees and/or brokerage commissions.

BuyDIRECT is administered by The Bank of New York, not by Diebold. Please review the “Terms and Conditions” and “Costs to Participants” for specific Plan features and fee schedules.

BuyDIRECT

Frequently Asked Questions and Answers

for the Shares of Diebold Common Stock

HOW DO I ENROLL IN THE PLAN?

Registered shareholders and other interested first-time investors can enroll in *BuyDIRECT* by simply completing and signing a Plan Enrollment Form. Enrollment forms and the Plan brochure can be obtained by contacting The Bank of New York (referred to as the “Bank” or the “Plan Administrator”). Both existing shareholders and new investors must complete and sign an enrollment form.

If shares are registered jointly or if the Plan account is to be registered in multiple names, all shareholders in whose name the stock or Plan account is registered must sign the enrollment form.

Once enrolled, participation in the Plan continues until terminated by you or by the Plan Administrator. Once completed, the enrollment form and transaction instructions should be mailed to the Plan Administrator. (See page 7, “Contacting the Plan Administrator” for mailing instructions).

Enrollment in the Plan is voluntary and may not be available in certain countries.

HOW CAN I PURCHASE ADDITIONAL SHARES?

You can easily purchase additional shares at any time by making optional cash payments. Your optional cash payments are used to purchase shares of Diebold common stock for your account. You will pay applicable service charges and brokerage commissions on optional cash purchases. No interest is paid to you on optional cash payments held by the Bank pending investment.

You can make an optional cash payment when joining the Plan by enclosing a check or money order with the enrollment form. Thereafter, optional cash payments should be accompanied by the tear-off bottom portion of your account statement or transaction advice.

For first-time share purchases by non-registered holders, the minimum initial investment amount is \$500. There is a \$7.50 service charge to enroll in the Plan. The minimum amount for any subsequent investments and for initial investments by existing, registered shareholders is \$50. The service charge and brokerage commissions for optional cash investments are paid by participants. The maximum investment amount per month is \$10,000 with a yearly maximum of \$120,000.

Optional cash payments should be made by check or money order drawn on a US Bank, in US currency, payable to “The Bank of New York — Diebold Plan”. Mail the instruction form attached to the bottom of your statement along with your check to the Plan Administrator using the address indicated on page 7. Third party checks will not be accepted and will be returned to sender.

Participants should be aware that the common stock price may rise during the period between a request for purchase, its receipt by the Plan Administrator and the ultimate purchase on the open market. The Plan Administrator may, at its own discretion, accept written requests to revoke instructions.

CAN I MAKE AUTOMATED MONTHLY INVESTMENTS?

Yes, once enrolled in the Plan, participants may contact The Bank of New York to arrange for supplemental payments to be made automatically by Electronic Funds Transfer (EFT). EFT payments are deducted monthly from the participant's designated account through any qualified financial institution that participates in the Automated Clearing House. Deductions are made on the 25th day of each month, or if such date is not a business day, the deduction will be made on the preceding business day. Such payments are subject to the same minimum and maximum investment amounts and other Terms and Conditions of the Plan. Amounts received will be invested on the next investment date after receipt of the funds.

CAN I REINVEST MY DIVIDENDS?

Yes, you can choose to reinvest the dividends paid on shares of Diebold common stock that you own, provided that the entire dividend is reinvested. You can write to the Bank to authorize reinvestment of your dividends. Following your instructions on the enrollment form, the Bank will apply the common share dividend. Diebold pays all service fees and brokerage commissions associated with the reinvestment of dividends.

You can change your instructions at any time by sending a new enrollment form to The Bank of New York. Any instruction changes must be received by the Bank on or before the record date for that dividend. Naturally, if you choose not to reinvest your dividends, the Bank will remit any dividends directly to you.

HOW ARE SHARES PURCHASED?

Net dividend funds or cash payments from all participants are commingled to purchase shares on the open market on any exchange on which the common stock is traded. Purchases are usually made through BNY Brokerage, Inc. (BNYB), a wholly owned subsidiary of The Bank of New York Company, Inc. The Bank will credit your account for the full and fractional shares (to four decimal places) purchased on your behalf.

The price per share cannot be determined prior to the purchase. Purchases are made as soon as practical after the dividend payment date. For optional cash payments, purchases are made at least weekly, and depending on the volume, as frequently as daily.

A transaction (advice) statement will be sent to you as soon as practical subsequent to each investment showing the purchase price and shares credited to your account.

On a quarterly basis, in conjunction with reinvestment of dividends, a statement showing all year-to-date transaction activity will be mailed to you. You should retain these statements for tax purposes.

For your convenience, statements and transaction advices have tear-off instruction forms which can be filled out with your certificate issuance, sale, purchase, termination or certificate deposit instructions and mailed to the Bank. For further information, see "Terms and Conditions — page 8" and "Costs to Participants — page 11."

DOES THE PLAN ALLOW SAFEKEEPING OF CERTIFICATES?

Yes, if you own Diebold shares in certificated form, you may elect to deposit the stock certificates into your Plan account for safekeeping with The Bank of New York. The Bank will credit these shares to your Plan account in book-entry form. You may, however, request a stock certificate from the Bank at any time.

To deposit certificates, send them to the Bank along with your completed, signed Plan Enrollment Form. The certificates and enrollment form should be sent via registered mail to the Plan Administrator.

HOW CAN I SELL MY SHARES?

You may instruct the Plan Administrator to sell any or all shares held in your account. Simply complete and sign the tear-off portion of your account statement and mail the instructions to the Plan Administrator. Be certain that all listed participants sign the instruction form. Or, call the Bank's toll-free number with your instructions.

As with purchases, the Plan Administrator aggregates all requests to sell shares, then sells the total share amount on the open market through BNYB. The shares are sold on any exchange on which the shares of Diebold are listed. As with purchases, shares are sold at least weekly, and depending on volume, as frequently as daily. The selling price will not be known until the sale is completed. The net proceeds of the sale are sent by check to you following the sale.

Participants should be aware that the common stock price may fall during the period between a request for sale, its receipt by the Plan Administrator and the ultimate sale on the open market. Instructions sent to the Plan Administrator to sell shares may not be rescinded.

CAN I REQUEST A CERTIFICATE?

Yes, you may request that the Plan Administrator issue a certificate(s) for some or all of the shares held in your Plan account. Again, just fill out and sign the request form for issuance of a stock certificate as indicated on the bottom portion of your account statement or call the Plan Administrator for instructions. There is a service fee of \$5.00 for the issuance of a certificate.

HOW CAN I TRANSFER SHARES?

You can transfer (or give as gifts) shares in your Plan account at any time. Transfers can be made in book-entry or certificated form. Simply contact the Plan Administrator to make your request.

Book-to-book transfers, which involve transferring shares from an existing participant account in the Plan to a new participant account should follow the steps listed below.

- Call the Bank's toll-free telephone number 1-800-432-0140 and request a Plan brochure and enrollment form. Complete the form providing the full registration name, address and social security number of the new participant.

- The completed enrollment form should be sent together with a written request indicating the number of shares (full and fractional) which should be transferred to the new participant. All participants in the current account should sign the instructions, and their signatures should be guaranteed by a bank, broker or financial institution that is a member of the Signature Guarantee Medallion program.
- Unless otherwise directed by receipt of an enrollment form, the credited account will automatically be enrolled in the Plan with all dividends reinvested.

HOW CAN I TERMINATE MY PARTICIPATION IN THE PLAN?

You may withdraw from the Plan simply by submitting notice of termination to The Bank of New York. Just complete the bottom portion of any statement or transaction advice with your instructions. Upon termination, all shares in your account may be sold, or if you prefer, a certificate for the full shares held in the Plan will be issued and any fractional shares held in the Plan will be sold. You will receive a check for the net proceeds (less service fees and brokerage commission) from the sale of any fractional shares based on the current market value.

HOW DO I CONTACT THE PLAN ADMINISTRATOR?

BuyDIRECT is administered by The Bank of New York, the Transfer Agent for the Company. **To obtain enrollment information, including a brochure and enrollment form, or to obtain information concerning your existing participant account, please contact the Bank at:**

Toll-free number: **1-800-432-0140** or write to:

The Bank of New York
Church Street Station
P. O. Box 11258
New York, New York 10286-1258

For sales, liquidations, transfers, withdrawals or optional cash investments, mail instruction form (please use bottom portion of advice or statement) to:

The Bank of New York
Dividend Reinvestment Department
P.O. Box 1958
Newark, New Jersey 07101-9774

**PRIOR TO FORWARDING TRANSACTION INSTRUCTIONS, PLEASE READ THE
INFORMATION CONTAINED IN “TERMS AND CONDITIONS” AND
“COSTS TO PARTICIPANTS.”**

BuyDIRECT

Terms and Conditions of The Plan for the Shares of Diebold Common Stock

PLEASE REVIEW THIS BROCHURE IN ITS ENTIRETY PRIOR TO REQUESTING TRANSACTION PROCESSING.

1. Introduction

The purpose of *BuyDIRECT*, the “Plan”, is to provide registered shareholders of Diebold (the “Company”) and other interested first-time investors with a simple, economical and convenient method of investing in shares of Diebold common stock (the “Common Stock”). The Plan is administered by the Transfer Agent for the Company, The Bank of New York (the “Bank” or “the Plan Administrator”).

2. Optional Cash Payments/Reinvesting Dividends

Purchases of Common Stock by the Transfer Agent with optional cash payments are expected to take place at least weekly, but may take place as often as daily, depending on the volume of transactions. Reinvestment of dividends will take place as soon as practical on or after the payment of the dividend.

All service fees and brokerage commissions associated with the reinvestment of dividends will be paid by the Company.

Common stock purchased will be credited to each participant’s account in book-entry form (computed to four decimal places) with a certificate issued only upon request.

Cash payments may not be accepted by the Plan Administrator if a participant imposes any restrictions with respect to the number of shares to be purchased, the price at which the shares are to be purchased or the timing of when the purchase is to be made.

Minimum/maximum amounts allowed for cash investments are described in the Section of this Plan entitled “Costs to Participants.”

3. Share Purchases and Sales

All purchases and sales of shares will be made on the open market on any exchange on which the common stock is traded. The participant will receive a confirmation after each purchase and sale transaction. Timely dividend reinvestment statements will be issued showing detailed activity for the current year. The price per share for any given transaction date shall always be the average weighted price of all shares purchased or sold on such date. The net proceeds of the sale are sent by check to the participant

following the sale. **A service fee will be deducted from the net check amount and the price per share will be adjusted to reflect the brokerage commission.** The Bank of New York shall retain all fees charged to the participant for administering the Plan.

4. Requests for Certificates or Transfer of Shares

Participants may request that a certificate be issued for all or some of the shares held in the Plan at any time. In addition, participants may always request transfer of Plan shares. Contact the Plan Administrator for instructions. There is a service fee of \$5.00 per transaction for issuance of certificates.

5. Safekeeping of Certificates

Plan participants may deposit certificates in their name(s) into the Plan for safekeeping.

ADDITIONAL TERMS AND CONDITIONS

Participation in the Plan by financial institutions and intermediaries is not permitted.

Existing registered shareholders are automatically eligible to participate in the Plan. Initiation of a transaction(s), including optional cash payments, dividend reinvestment, depositing certificates into the Plan and/or selling or purchasing shares shall establish an agency relationship by the participant with The Bank of New York.

The securities held in *BuyDIRECT* accounts for Plan participants are not subject to protection under the Securities Investor Protection Act of 1970.

The terms and conditions of the Plan are governed by the laws of the State of New York. **The Bank of New York and Diebold provide no advice and make no recommendations with respect to any security. Any decision to purchase or sell must be made by each individual Plan participant based on his or her own research and judgment.**

Unless directed otherwise by the Plan Administrator, purchases and sales usually will be made through BNY Brokerage, Inc. (“BNYB”), a full-service brokerage and wholly owned subsidiary of The Bank of New York Company, Inc. BNYB will receive Brokerage Commissions.

Distribution of Dividends

Any stock dividends or stock split shares distributed will be credited directly into the participant’s Plan account. This includes entitlements on shares calculated from shares held in the Plan in both book-entry and any shares registered in the participant’s name(s). Similarly, any rights or shares to be distributed as a result of any rights agreement would be distributed in a like manner. Transaction processing may be temporarily suspended during such distributions.

Proxy Voting/Annual Meetings

Each participant in the Plan will receive a Notice of the Annual Meeting, a Proxy Statement, a Proxy Voting Card and the Company's Annual Report to Shareholders. The Proxy Voting Card will detail the full Plan shares held in the participant's Plan account as well as shares held in certificated form. The participant will vote book-entry and/or certificated shares in the same way.

Tax Reporting

All sales and dividends reinvested are subject to income tax reporting. It is solely the participant's responsibility to determine the tax consequences of such sales, dividends reinvested and service fees and it is suggested that a tax advisor be consulted.

Liability

Neither Diebold nor the Plan Administrator will be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability (i) arising out of failure to terminate a participant's account, sell shares in the Plan, or invest optional cash payments or dividends without receipt of proper documentation and instructions; (ii) with respect to the prices at which shares are purchased or sold for the participant's account and the time such purchases or sales are made, including price fluctuation in market value after purchases or sales.

The Plan Administrator reserves the right to modify the Plan including the right to terminate the Plan upon notice to Plan participants. In addition, the Plan Administrator reserves the right to interpret and regulate the Plan as it deems necessary or desirable in connection with its operation.

COSTS TO PARTICIPANTS

The costs to the participant in administrative service fees and brokerage commissions for each type of transaction are as follows and are considered part of the “Terms and Conditions” of the Plan:

Initial Enrollment.	\$7.50
<i>A one-time fee for new accounts</i>	
Optional Cash Investments – Service fee	\$1.00
plus brokerage commission per share.	\$0.10
EFT debit processed.	\$1.00
Reinvestment of Dividends – Service fee	Company Paid
plus brokerage commission per share.	Company Paid
Sale of Shares	\$10.00
plus brokerage commission per share.	\$0.10
Deposit of Certificates for safekeeping	Included
Book-to-Book Transfers	Included
<i>To transfer shares to another participant or to a new participant</i>	

Fees are subject to change upon 90 days prior written notification.

Minimum and Maximum Cash Investments

Initial minimum investment non-holders:	\$	500
Minimum from existing holders	\$	50
Maximum per month	\$	10,000
Maximum per year.	\$	120,000

The Bank of New York

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*A Direct Purchase and
Sale Plan
for*

**Diebold, Incorporated
Common Stock**



BuyDIRECT is sponsored and administered by
The Bank of New York, not by Diebold,
Incorporated