

DIEBOLD, INCORPORATED

COMPENSATION COMMITTEE CHARTER

Purposes

The Compensation Committee of the Board of Directors establishes and administers the Company's policies, programs and procedures for compensating its executive officers. Among other things, the Committee discharges the Board's responsibilities relating to compensation of the Company's executive officers and produces a report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of shareholders in accordance with applicable rules and regulations. The Committee shall perform its duties and responsibilities with the goals of ensuring that (a) the benefits and compensation practices of the Company are competitive and sufficient to attract, motivate and retain quality professional staff and (b) the Company's compensation programs adhere to a "pay for performance" philosophy, which is consistent with long-term corporate and shareholder interests.

Composition

Size. The size of the Committee shall be determined by the Board, but it must always have at *least* three members.

Qualifications. Each Committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange.

Appointment and Removal. The Board selects Committee members and appoints a Committee Chair from among those members. Each Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.

Duties and Responsibilities

The duties and responsibilities of the Committee shall include the following:

1. Establish Executive Compensation Policies and Programs. The Committee will review and approve the Company's compensation policies and programs for executive officers.
2. Review and Approve Chief Executive Officer Compensation. The Committee will review and approve corporate goals and objectives relevant to the compensation of the CEO. The Committee will evaluate the performance of the CEO in light of those goals and objectives and, either on its own or together with the independent directors as a group, determine and approve the compensation level of the CEO based on this evaluation.
3. Review and Approve Base Salary. The Committee will review and approve, at least annually, the base salary of the executive officers of the Company. The Committee will evaluate the performance of the executive officers in the light of

corporate goals and objectives and set such executive officers' salary levels based on those evaluations and such other factors as it deems appropriate.

4. Approve Incentive Compensation Plans; Determine Achievement of Goals. The Committee will approve, adopt and amend all cash- and equity-based incentive compensation plans in which any executive officer of the Company participates, unless approval, adoption or amendment of the plan would require shareholder approval, in which case the Committee will make recommendations to the Board with respect to such approval, adoption or amendment. The Committee will determine and measure achievement of corporate and individual goals and objectives for the executive officers under the Company's incentive plans.
5. Approve Equity-Based Plans. The Committee will also approve, adopt and amend all other equity-based plans, unless approval, adoption or amendment of the plan would require shareholder approval, in which case the Committee will make recommendations to the Board with respect to such approval, adoption or amendment. The Committee will determine the individuals eligible to become participants in such plans.
6. Administer Compensation Plans. The Committee will administer the Company's equity-based incentive compensation plans and other plans adopted by the Board that contemplate administration by the Committee. The Committee will approve changes to any benefit plans of the Company, including, without limitation, retirement plans, savings plans and deferred compensation plans. The Committee, or a subcommittee, shall approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans. The Committee's administrative authority shall include the authority to approve the acquisition by the Company of shares of the Company's stock from any plan participant.
7. Review and Approve Executive Officer Benefits. The Committee will review and approve the Company's policies with respect to any additional benefits awarded to executive officers including, without limitation, club dues, professional association dues, automobile and similar benefits.
8. Oversee Regulatory Compliance. The Committee will, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility, and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
9. Recovery of Incentive-based Compensation. The Committee will review and approve the Company's policies regarding recovery of incentive-based compensation in the event of an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws.

10. Review Employment Agreements and Severance Arrangements. The Committee will review and approve any proposed employment agreement with, and any proposed severance or retention plans or agreements applicable to, any executive officer of the Company. The Committee shall review and approve any severance or other termination payments proposed to be made to any executive officer of the Company.
11. Assist in Succession Planning and Organization of the Executives. The Committee will assist the Board in developing and evaluating potential candidates for executive positions and will oversee the development of executive succession plans. The Committee will review other major organizational and staffing matters.
12. Board Reports. The Committee will report its activities to the Board at the first meeting of the Board following a meeting of the Committee or at such other times as the Committee or the Board deem appropriate.
13. Other Delegated Duties or Responsibilities. The Committee will perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

Meetings

The Committee will meet as frequently as necessary to carry out its responsibilities under this Charter. The Committee Chair will, in consultation with the other members of the Committee and appropriate officers of the Company, establish the agenda for each Committee meeting. Any Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the number of Committee members selected by the Board will constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Committee members present at a Committee meeting at which a quorum is in attendance will be the act of the Committee, unless a greater number is required by law, the Company's certificate of incorporation or its code of regulations. The Committee Chair will supervise the conduct of the meetings and will have other responsibilities as the Committee may specify from time to time.

The Committee may request any officer or other employee of the Company, or any representative of the Company's advisors, to attend a meeting or to meet with any members or representatives of the Committee. Any individual whose performance or compensation is to be discussed at a Committee meeting should not attend such meeting unless specifically invited by the Committee. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

Delegation

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee or, to the extent permitted by applicable law, to any other

body or individual. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (a) “non-employee directors” within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code.

Resources and Authority

The Committee shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate any consultants and any independent advisors retained by the Committee. The Committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Compensation Committee Report

The Committee shall, with the assistance of any outside advisors the Committee deems appropriate: (a) review and discuss with management the Company’s Compensation Discussion and Analysis and related disclosures in the Annual Report on Form 10-K and proxy statement, as required under the rules and regulations promulgated by the Securities and Exchange Commission; (b) recommend to the Board whether the Compensation Discussion and Analysis should be included in the Annual Report on Form 10-K and proxy statement; (c) and prepare a report for inclusion in the Company’s Annual Report on Form 10-K and proxy statement relating to the Company’s annual meeting of shareholders.

Annual Review

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board and (b) participate (in connection with the Board Governance Committee’s annual review of Board and Committee performance) in an annual review and evaluation of the Committee’s performance with respect to the requirements of this Charter and report the results of this evaluation to the Board. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

This Charter 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 this Charter. The Company’s annual report to shareholders will state that this Charter is available on the Company’s website and will be available in print to any shareholder of the Company who submits to the Company’s Secretary a request for a copy of this Charter.