

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO

UNITED STATES OF AMERICA

v.
DIEBOLD, INCORPORATED,

Defendant.

CASE NO. 5:13CR464

JUDGE OLIVER

DEFERRED PROSECUTION AGREEMENT

Defendant Diebold, Incorporated (the "Company"), by its undersigned representatives, pursuant to authority granted by the Company's Board of Directors, and the United States Attorney's Office for the Northern District of Ohio and the United States Department of Justice, Criminal Division, Fraud Section (collectively, the "Department"), enter into this deferred prosecution agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Department will file the attached two-count criminal Information in the United States District Court for the Northern District of Ohio charging the Company with one count of conspiracy, 18 U.S.C. § 371, to violate the Foreign Corrupt Practices Act anti-bribery provisions, 15 U.S.C. § 78dd-1, and books and records provisions, 15 U.S.C. § 78m, and one count of violating the books and records provisions of the Foreign Corrupt Practices Act books, 15 U.S.C. §§ 78m(b)(2), 78m(b)(5), and 78ff(a). In so doing, the Company: (a) knowingly waives its right to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, 18

U.S.C. § 3161, and Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Northern District of Ohio.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the allegations described in the Information and the facts described in Attachment A are true and accurate. Should the Department pursue the prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the Statement of Facts in any proceeding, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the Statement of Facts at any such proceeding. Neither this Agreement nor the criminal Information is a final adjudication of the matters addressed in such documents.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three (3) years and seven (7) calendar days from that date (the "Term"). The Company agrees, however, that, in the event that the Department determines, in its sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Department's right to proceed as provided in Paragraphs 16-20 below. Any extension of the

Agreement extends all terms of this Agreement, including the terms of the monitorship or reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the corporate compliance monitor or reporting requirement in Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Department enters into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the facts considered were the following: (a) following discovery of the FCPA violations during the course of acquisition-related due diligence, the Company initiated an internal investigation and voluntarily disclosed to the Department the misconduct described in the Information and Statement of Facts; (b) the Company cooperated fully and conducted an extensive internal investigation; (c) the Company has committed to continue to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in Attachment C to this Agreement; and (d) the Company has agreed to continue to cooperate with the Department in any ongoing investigation of the conduct of the Company and its officers, directors, employees, agents, and consultants relating to violations of the FCPA as provided in Paragraph 5 below. In addition to the foregoing, although the Company has undertaken some remedial measures, in light of the specific facts and circumstances of this case and the Company's recent history, including a previous accounting fraud enforcement action by the Securities and Exchange Commission, the Department believes that the Company's remediation

is not sufficient to address and reduce the risk of recurrence of the Company's misconduct and warrants the retention of an independent corporate monitor as described in Paragraphs 10-13.

5. The Company shall continue to cooperate fully with the Department in any and all matters relating to corrupt payments and related false books and records and inadequate internal controls, subject to applicable law and regulations. At the request of the Department, the Company shall also cooperate fully with other domestic or foreign law enforcement authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Company, its affiliates, or any of its present and former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to corrupt payments. The Company agrees that its cooperation shall include, but is not limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of its affiliates, and those of its present and former directors, officers, employees, agents, and consultants concerning all matters relating to corrupt payments about which the Company has any knowledge or about which the Department may inquire. This obligation of truthful disclosure includes the obligation of the Company to provide to the Department, upon request, any document, record or other tangible evidence relating to such corrupt payments about which the Department may inquire of the Company.

b. Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments in connection with the operations of the Company and related books and records of the Company, or any of its present or former subsidiaries or affiliates, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Department the information and materials described in Paragraph 5(a) above on behalf of the

Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the Department's investigation of corrupt payments, related false books and records, and inadequate controls in connection with the operations of the Company or any of its present or former subsidiaries or affiliates, the Company shall use its best efforts to make available for interviews or testimony, as requested by the Department, present or former officers, directors, employees, agents and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Department pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, and the MDBs, of such materials as the Department, in its sole discretion, shall deem appropriate.

Payment of Monetary Penalty

6. The Department and the Company agree that application of the United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines") to determine the applicable fine range yields the following analysis:

a. The 2012 USSG are applicable to this matter.

- b. Count One Offense Level. Based upon USSG § 2C1.1, the total offense level is 34, calculated as follows:

(a)(2) Base Offense Level	12
(b)(1) Multiple Bribes	+2
(b)(2) Value of benefit received more than \$7,000,000	<u>+20</u>
Offense Level	34

- c. Analysis for Multiple Counts. Based on upon USSG § 3D1.4, the Offense Level of Count One is enhanced by 1 level, as follows:

Count Two Offense Level. Based upon USSG § 2B1.1, the offense level for Count Two is 26, calculated as follows:

(a)(1) Base Offense Level	6
(b)(1) Value of benefit received more than \$1,000,000	+16
(b)(10) Substantial part of fraudulent scheme committed from abroad	+2
(b)(15) More than \$1,000,000 in gross receipts derived from one or more financial institutions	<u>+2</u>
Offense Level	26

§ 3D1.4(a) Count One counts as one Unit.

§ 3D1.4(b) Count Two counts as one-half Unit.

TOTAL OFFENSE LEVEL **35**

- d. Base Fine. Based upon USSG § 8C2.4(a)(1), the base fine is \$36,000,000.
- e. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 5, calculated as follows:

(a) Base Culpability Score	5
(b)(3) the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was	

willfully ignorant of the offense	+5
(g)(1) The organization, prior to imminent threat of disclosure or government investigation and within a reasonably prompt time after becoming aware of the offense, reported the offense to appropriate governmental authorities, fully cooperated in the investigation, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	<u>-5</u>
TOTAL	5

Calculation of Fine Range:

Base Fine	\$36,000,000
Multipliers	1(min)/2(max)
Fine Range	\$36,000,000 / \$72,000,000

The Company agrees to pay a monetary penalty in the amount of \$25,200,000 to the United States Treasury within ten (10) days of the filing of the Information. The Company and the Department agree that this fine is appropriate given the facts and circumstances of this case, including the nature and extent of the Company's voluntary disclosure and cooperation. The \$25,200,000 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Department that \$25,200,000 is the maximum penalty that may be imposed in any future prosecution, and the Department is not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Department agrees that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no United States tax deduction may be sought in connection with the payment of any part of this \$25,200,000 penalty.

Conditional Release from Liability

7. Subject to Paragraphs 16-20, the Department agrees, except as provided herein, that it will not bring any criminal or civil case against the Company related to the conduct described in the attached Statement of Facts or relating to information that the Company disclosed to the Department prior to the date on which this Agreement was signed. The Department, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice related offenses; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Paragraph does not provide any protection against prosecution for any future conduct by the Company.

b. In addition, this Paragraph does not provide any protection against prosecution of any present or former officer, director, employee, shareholder, agent, consultant, contractor, or subcontractor of the Company for any violations committed by them.

Corporate Compliance Program

8. The Company represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign officials or other high-risk activities. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing

immunity or amnesty for any crimes not disclosed to the Department as of the date of signing of this Agreement for which the Company would otherwise be responsible.

9. In order to address any deficiencies in its internal controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. If necessary and appropriate, the Company will adopt new or modify existing internal controls, policies, and procedures in order to ensure that the Company maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. The internal controls system and compliance code, standards, and procedures will include, but not be limited to, the minimum elements set forth in Attachment C, which is incorporated by reference into this Agreement.

Corporate Compliance Monitor

10. Promptly after the Department's selection pursuant to Paragraph 11 below, the Company agrees to retain an independent compliance monitor (the "Monitor"). Within thirty (30) calendar days after the execution of this Agreement, and after consultation with the Department, the Company will propose to the Department a pool of three (3) qualified candidates to serve as the Monitor. If the Department determines, in its sole discretion, that any of the candidates are not, in fact, qualified to serve as the Monitor, or if the Department, in its sole discretion, is not satisfied with the candidates proposed, the Department reserves the right to

seek additional nominations from the Company. The Monitor candidates shall have, at a minimum, the following qualifications:

- a. demonstrated expertise with respect to the FCPA and other applicable anti-corruption laws, including experience counseling on FCPA issues;
- b. experience designing and/or reviewing corporate compliance policies, procedures and internal controls, including FCPA and anti-corruption policies, procedures and internal controls;
- c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Agreement; and
- d. sufficient independence from the Company to ensure effective and impartial performance of the Monitor's duties as described in the Agreement.

11. The Department retains the right, in its sole discretion, to accept or reject any Monitor candidate proposed by the Company, though the Company may express its preference(s) among the candidates. In the event the Department rejects all proposed Monitors, the Company shall propose an additional three candidates within ten (10) calendar days after receiving notice of the rejection. This process shall continue until a Monitor acceptable to both parties is chosen. The Department and the Company will use their best efforts to complete the selection process within sixty (60) calendar days of the filing of the Agreement and the accompanying Information. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and in Attachment D, the Company shall within sixty (60) calendar days recommend a pool of three (3) qualified Monitor candidates from which the Department will choose a replacement.

12. The Monitor will be retained by the Company for a period of not less than eighteen (18) months from the date the Monitor is selected. The term of the monitorship, including the circumstances that may support an extension of the term, as well as the Monitor's powers, duties, and responsibilities will be as set forth in Attachment D. The Company agrees that it will not employ or be affiliated with the Monitor for a period of not less than two (2) years from the date on which the Monitor's term expires. Nor will the Company discuss with the Monitor the possibility of employment or affiliation during the Monitor's term.

13. At the end of the monitorship, provided all requirements set forth in Paragraph 19 of Attachment D are met, the Company will report on its compliance to the Department periodically, at no less than six-month intervals, for the remainder of this Agreement, regarding remediation and implementation of the enhanced compliance measures set forth by the Monitor as described in Paragraphs 20-21 of Attachment D. The Company shall designate a senior company officer as the person responsible for overseeing the Company's corporate compliance reporting obligations. Should the Company discover credible evidence that potentially corrupt payments or potentially corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Company entity or person, or any entity or person working directly for the Company, or that related false books and records have been maintained, the Company shall promptly report such conduct to the Department. During this period, the Company shall conduct and prepare at least three follow-up reviews and reports, as described below:

a. The Company shall undertake follow-up reviews at six-month intervals, each incorporating the Department's views and comments on the Company's prior reviews and reports, to determine whether the policies and procedures of the Company are reasonably

designed to detect and prevent violations of the FCPA and other applicable anticorruption laws. Reports shall be transmitted to the Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530, and to Assistant United States Attorney Justin J. Roberts, United States Attorney's Office for the Northern District of Ohio, 801 West Superior Avenue, Suite 400, Cleveland, Ohio 44113-1852.

b. The first follow-up review and report shall be completed by no later than one-hundred- eighty (180) calendar days after the approval by the Department of the enhanced compliance measures described in Paragraphs 20-21 of Attachment D. Subsequent follow-up reviews and reports shall be completed by no later than one-hundred-eighty (180) calendar days after the completion of the preceding follow-up review.

c. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Department.

Deferred Prosecution

14. In consideration of: (a) the past and future cooperation of the Company described in Paragraphs 4-5 above; (b) the Company's payment of a criminal penalty of \$25,200,000; and (c) the Company's implementation and maintenance of remedial measures as described in Paragraphs 8 and 9 above, the Department agrees that any prosecution of the Company for the conduct set forth in the attached Statement of Facts, and for the conduct that the Company disclosed to the Department prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement.

15. The Department further agrees that if the Company fully complies with all of its obligations under this Agreement, the Department will not continue the criminal prosecution

against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Department shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1.

Breach of the Agreement

16. If, during the Term of this Agreement, the Department determines, in its sole discretion, that the Company has breached the Agreement by (a) committing any felony under U.S. federal law subsequent to the signing of this Agreement, (b) providing in connection with this Agreement deliberately false, incomplete, or misleading information, (c) failing to cooperate as set forth in Paragraph 5 of this Agreement; (d) failing to implement an enhanced compliance program as set forth in Paragraphs 8-9 of this Agreement and Attachment C; (e) commit any acts that, had they occurred within the jurisdictional reach of the FCPA, would be violations of the FCPA; or (f) otherwise failing specifically to perform or to fulfill completely each and every one of the Company's obligations under the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge, including but not limited to prosecution for the charges in the Information described in Paragraph 1, which may be pursued by the Department in the U.S. District Court for the Northern District of Ohio or any other appropriate venue. Any such prosecution may be premised on information provided by the Company. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Department prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration

of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year.

17. In the event that the Department determines that the Company has breached this Agreement, the Department agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company shall have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

18. In the event that the Department determines that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Department or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that statements made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director or employee, or any person acting on behalf of, or at the direction of, the

Company will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Department.

19. The Company acknowledges that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

20. No later than 90 days prior to the expiration of the period of deferred prosecution specified in this agreement, the Company, by a representative officer, will certify to the Department that the Company is aware of no facts that would tend to indicate the company had breached any of the terms of this agreement. Such certification will be deemed a material statement and representation to the executive branch of the United States, and it will be deemed to have been made in the judicial district in which the instant agreement is filed.

Sale or Merger of Company

20. The Company agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

Public Statements by Company

21. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of

responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 16-20 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

22. The Company agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Department to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Department and the Company; and (b) whether the Department has any objection to the release.

23. The Department agrees, if requested to do so, to bring to the attention of governmental and other debarment authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to debarment authorities, the Department is not agreeing to advocate on behalf of the Company, but rather is agreeing to provide facts to be evaluated independently by the debarment authorities.

Limitations on Binding Effect of Agreement

24. This Agreement is binding on the Company and the Department but specifically does not bind any other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Department will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

Notice

25. Any notice to the Department under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to the Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530, and to Assistant United States Attorney Justin J. Roberts, United States Attorney's Office for the Northern District of Ohio, 801 West Superior Avenue, Suite 400, Cleveland, Ohio 44113-1852. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Chad F. Hesse, General Counsel, Diebold, Inc., 818 Mulberry Rd SE, Canton, OH 44707. Notice shall be effective upon actual receipt by the Department or the Company.

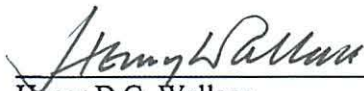
Complete Agreement

26. This Agreement sets forth all the terms of the agreement between the Company and the Department. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

FOR DIEBOLD, INCORPORATED:

Date: 10/12/2013

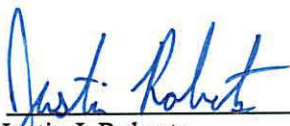
By: 
Henry D.G. Wallace
Chairman
DIEBOLD, INCORPORATED

Date: 10/15/2013


By: 
Jonathan Leiken
Jones Day

FOR THE DEPARTMENT OF JUSTICE:

STEVEN M. DETTELBACH
United States Attorney
Northern District of Ohio


Justin J. Roberts
Assistant U.S. Attorney

JEFFREY H. KNOX
Chief, Fraud Section
Criminal Division
U.S. Department of Justice


Daniel S. Kahn
Trial Attorney

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Diebold, Incorporated (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the General Counsel for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: October 8, 2013

By:



Chad F. Hesse
General Counsel
Diebold, Incorporated

CERTIFICATE OF COUNSEL

I am counsel for Diebold, Incorporated (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: October 8, 2013

By: _____


Jonathan Leiken

Jones Day

Counsel for Diebold, Incorporated

ATTACHMENT A

STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the “Agreement”) between the United States Attorney’s Office for the Northern District of Ohio and United States Department of Justice, Criminal Division, Fraud Section (collectively, the “Department”) and Diebold, Incorporated (“DIEBOLD”). DIEBOLD hereby agrees and stipulates that the following information is true and accurate. DIEBOLD admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Department pursue the prosecution that is deferred by this Agreement, DIEBOLD agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding.

If this matter were to proceed to trial, the Department would prove beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the criminal Information attached to this Agreement. This evidence would establish the following at all times relevant:

Relevant Entities and Individuals

1. DIEBOLD was headquartered in North Canton, Ohio, and was incorporated in Ohio. DIEBOLD issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 781), which traded on the New York Stock Exchange and, therefore, was an “issuer” within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a). DIEBOLD was a global leader in providing integrated self-service delivery and security systems, including automated teller machines (“ATMs”), and services to primarily the financial, commercial, government, and retail markets. DIEBOLD operated, including

through its subsidiaries, in 90 countries around the world, including in the People's Republic of China, Russia, Ukraine, and Indonesia.

2. Executive A was a senior executive at DIEBOLD. Executive A held several positions, initially overseeing DIEBOLD's operations in the Asia Pacific region and later overseeing DIEBOLD's international operations.

3. Executive B was a vice president of DIEBOLD's Asia Pacific division. Executive B's responsibilities included overseeing DIEBOLD's operations in the Asia Pacific region.

4. Executive C was a high-level executive at DIEBOLD. Executive C's responsibilities included overseeing and approving due diligence efforts and acquisitions.

5. Employee A was an employee in DIEBOLD's Asia Pacific division. Employee A was involved in sales and customer relations in the Asia Pacific region.

6. Employee B was an employee in DIEBOLD's Asia Pacific division. Employee B was in the Finance Department responsible for the Asia Pacific region.

7. Employee C was a director of Corporate Development at DIEBOLD. Employee C's responsibilities included performing due diligence in connection with acquisitions by DIEBOLD.

8. Distributor 1 was a third-party distributor that entered into a distribution agreement with DIEBOLD to sell ATMs in various countries, including Ukraine. Distributor 1 was an "agent" of an issuer within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

9. Distributor 2 was a third-party distributor that entered into a distribution agreement with DIEBOLD to sell ATMs in various countries, including Ukraine and Russia.

Distributor 2 was an “agent” of an issuer within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a).

10. “Bank 1” was controlled and approximately 70% owned by the People’s Republic of China. Bank 1 was one of several state-owned banks in the People’s Republic of China that together maintained a monopoly over the banking system in the People’s Republic of China and provided core support for the government’s projects and economic goals. The government retained a controlling right in Bank 1, including appointing or nominating a majority of board of directors and top managers at the bank. Bank 1 was an “instrumentality” of a foreign government, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1). Bank 1 was a customer of DIEBOLD.

11. “Bank 2” was controlled and approximately 70% owned by the People’s Republic of China. Bank 2 was one of several state-owned banks in the People’s Republic of China that together maintained a monopoly over the banking system in the People’s Republic of China and provided core support for the government’s projects and economic goals. The government retained a controlling right in Bank 2, including appointing or nominating a majority of board of directors and top managers at the bank. Bank 2 was an “instrumentality” of a foreign government, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1). Bank 2 was a customer of DIEBOLD.

Conduct in the People’s Republic of China and Indonesia

12. DIEBOLD sold ATMs and provided ATM-related services to banks in China and Indonesia, including state-owned banks such as Bank 1 and Bank 2.

13. The contracts between DIEBOLD and the banks in China provided that DIEBOLD would train employees from the bank customers with respect to DIEBOLD's ATMs.

14. In order to secure and retain business with bank customers, including state-owned banks such as Bank 1 and Bank 2, Executive A, Executive B, Employee A, Employee B, and other DIEBOLD employees repeatedly provided things of value, including payments, gifts, and non-business travel for employees of the banks, totaling approximately \$1.75 million over a five-year period.

15. Executive A, Executive B, Employee A, Employee B, and other DIEBOLD employees attempted to disguise the payments and benefits through various means, including by making payments through third-parties designated by the banks and by inaccurately recording leisure trips for bank employees as "training."

Conduct in Russia

16. DIEBOLD sold ATMs and provided ATM-related services to privately-owned banks in Russia. In connection with its sales efforts, DIEBOLD entered into a distribution agreement with Distributor 2.

17. From in or around 2005 to in or around 2009, DIEBOLD, through its employees and agents, together with others, created and entered into false contracts with Distributor 2 for services that Distributor 2 was not performing. Distributor 2, in turn, used the money that DIEBOLD paid to it, in part, to pay bribes to employees of DIEBOLD's privately-owned bank customers in Russia in order to obtain and retain contracts with those customers.

18. During this time period, in or around March 2007, in connection with due diligence being conducted by Employee C and other DIEBOLD employees for a potential

acquisition of Distributor 1 in Ukraine, Employee C and other DIEBOLD employees learned that Distributor 1 paid bribes to employees of bank customers to secure business.

19. On or about March 27, 2007, an employee in DIEBOLD's Corporate Development department sent an e-mail to other DIEBOLD employees, stating: "[Distributor 1] is involved in the practice of giving cash gifts to win their business. In order to record these special handouts, they over pay one of their suppliers [] in exchange for cash (equal to the over payment) and the cash so received is used to pay their clients."

20. On or about October 12, 2007, Employee C sent an e-mail to Executive C stating that Employee C and others were examining issues associated with Distributor 1, but that "I think you probably have a [Distributor 2] Risk, given what I know of the region."

21. DIEBOLD, however, continued to utilize Distributor 2 as its distributor in Russia, and continued to create fake contracts with Distributor 2 for services that Distributor 2 was not performing, and continued to make payments to Distributor 2 pursuant to those contracts.

The Bribery Scheme

22. From in or around 2005, and continuing through in or around 2010, in the Northern District of Ohio and elsewhere, the defendant, DIEBOLD, INCORPORATED, did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly conspire, confederate and agree with others, known and unknown, to commit an offense against the United States, that is, to willfully make use of the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value, to a foreign official, and to a person, while knowing that all or a portion of such money

and thing of value would be and had been offered, given, and promised to a foreign official, for purposes of: (i) influencing acts and decisions of such foreign official in his or her official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duty of such official; (iii) securing an improper advantage; and (iv) inducing such foreign official to use his or her influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist DIEBOLD and others in obtaining and retaining business for and with, and directing business to, DIEBOLD; and to knowingly falsify and cause to be falsified books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the transactions and dispositions of DIEBOLD.

23. The purpose of the conspiracy was to obtain and retain contracts with state-owned and controlled bank customers in the Asia Pacific region on behalf of DIEBOLD, including Bank 1 and Bank 2, by making payments and giving other things of value, such as gifts and non-business travel expenses, to foreign officials employed by such customers, and concealing and disguising the payments by falsifying DIEBOLD's books and records.

24. DIEBOLD, through its executives and employees, discussed in person, via telephone, and via electronic mail ("e-mail") making payments and providing things of value to employees of bank customers in the Asia Pacific region, including state-owned and controlled customers, in order to obtain and retain for DIEBOLD contracts to install ATMs and provide related services.

25. DIEBOLD, through its executives and employees, together with others, offered to pay, promised to pay and authorized the payments and giving of things of value, directly and

indirectly, to and for the benefit of employees of state-owned and controlled bank customers in the Asia Pacific region in exchange for those foreign officials' assistance in ensuring the continued use of DIEBOLD ATMs and services with the state-owned and controlled bank customers by which they were employed.

26. DIEBOLD, through its executives and employees, together with others, attempted to conceal the payments, gifts and travel provided to employees of customers by, among other means, making payments through third party agents designated by bank customer employees and describing leisure trips as "training."

Details of the Bribery Scheme

27. On or about January 17, 2005, a DIEBOLD employee sent an e-mail to another DIEBOLD employee stating, "[W]e suggest we should prepare some payment card to the key person of HQ in [Bank 1 and another bank] so that we could make a good relationship with HQ."

28. On or about January 18, 2005, a DIEBOLD employee forwarded to Executive B the e-mail referenced in Paragraph 27 above, stating, "it is a big expense; we need your final approval!"

29. On or about January 18, 2005, Executive B responded to the e-mail referenced in Paragraph 28 above, and stated, "Do you think we need to narrow down the distribution list to a few key persons in [Bank 1]? I am OK to increase the amount for selected individuals. We only conduct similar activity at [Bank 2] to 5-6 key persons."

30. On or about January 18, 2005, after receiving an e-mail narrowing the list of bank officials to whom payments would be made, Executive B responded, "OK and I suggest we need to give more to [two individuals employed by Bank 1]."

31. On or about January 13, 2006, Employee A sent an e-mail to Executive B, stating, "Our team has made a China Spring Festival gift list for our [Bank 2 and two other banks] customers. Pls. review and approve it ASAP. We would like to do it next week."

32. On or about January 13, 2006, Executive B responded to the e-mail from Employee A referenced in Paragraph 31 above, stating, "The total amount is huge. Please provide me with the expenditure from these account [sic] last year for review."

33. On or about January 13, 2006, Employee A responded to the e-mail from Executive B referenced in Paragraph 32 above attaching a spreadsheet of the expenditures from 2005 and the proposed expenditures for 2006, including ¥ 27,500 RMB for 12 bank employees in 2005 and ¥ 55,000 RMB for 26 bank employees in 2006.

34. On or about May 22, 2007, Employee A sent an e-mail to Executive B, Employee B, and other Diebold employees regarding an overseas trip for employees of Bank 2, and stated, "Pls, make the answer and give us a solution as early as possible because [Bank 2's Shanghai office] push us to do it every day."

35. On or about May 25, 2007, Employee B responded to the e-mail string referenced in Paragraph 34 above, stating, "I think the point is we have to make the trip more training related. For example, the detail Itinerary showing no/minimized tourism schedule; the invitation letter showing strong reason why it should be oversea, [sic] etc. Once we get all evidence, we can have some argue [sic] points if any investigation comes."

36. On or about May 25, 2007, Executive B sent an e-mail to Employee A in response to Employee B's e-mail referenced in Paragraph 35 above, stating, "Please follow what [Employee B's] comments [sic] to handle this training."

37. On or about May 30, 2008, in connection with KPMG's audit of DIEBOLD in China and its attempt to obtain "more audit evidence about the overseas training provided to bank officers," and in response to a specific request from KPMG for the contact person in France involved in a training trip for Bank 2 officials, Executive B forwarded the request to a supervisor in DIEBOLD's office in France, and stated, "As you know, these days, many Chinese bankers like to conduct study trip [sic] in Europe to learn advanced banking services and also exchange idea [sic] with European banks. In most cases, Diebold France and/or previous Cassis plant helped us to prepare customer invitations and arrange needed activities for Chinese customers' study trip in France and other European countries. By the mail below, I want to seek your kind assistance to appoint one local contact person in Diebold France who can help us on the inquiry from outside audit, KPMG in this case. If receive [sic] inquiry, he or she needs to respond that Diebold France did assist Diebold China on the invitation preparation, program arrangement, and needed logistic assistance."

38. On or about May 30, 2008, Executive B forwarded to Executive A the e-mail Executive B had sent that same day to the supervisor in France, referenced in Paragraph 37 above, and stated, "The selected [Bank 2] Zhejiang case is just one of the formal training commitment [sic] we had with bank [sic] in previous contracts. Sometimes, our team in France only help [sic] on invitation regardless the rest of activities we are putting into the itinerary. In above selected case, even Diebold China didn't assign salesperson to participate in the trip. The request from KPMG is a formality during annual audit process, but it may be noisome if we doesn't [sic] handle it right. Please help us to have chat with [the France supervisor] to seek his support."

39. On or about May 30, 2008, Executive A responded to the e-mail from Executive B referenced in Paragraph 38 above, and stated, "Will do."

40. On or about October 14, 2008, Employee B drafted and sent to Employee B's supervisor a memorandum entitled, "China Commitment Accrual & Payment," in which Employee B discussed payments to third parties in connection with contracts with bank customers, writing, "The last item rings the bell. The bank customers aware that Diebold has accrued certain amount to the training fee based on the sales contract we signed with them. And they don't think they need any kind of training actually. They want the money but without booking into their ledger. As a solution, the Bank found a third party company, which may have some kind of relationship with the bank, but definitely no transaction with Diebold at all. This third party provides a bank account with a legal invoice issued to Diebold China, and Diebold made the payment directly to them. This process violates Chinese law and regulation and we have potential risk to be challenged by government [sic]. And the punishment is heavily related to business bribe. . . . When we went through the detail supporting documents of such payments, we noticed that these training [sic] were conducted oversea or in some domestic tourism cities. . . . Also, if we check our practice with the FCPA regulation, I should say that we have potential risk on this area."