

Full-year 2009 outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially. These statements do not include the potential impact of any future mergers, acquisitions, disposals or other business combinations.

Expectations for the full year 2009 include:

- Revenue

	Previous Guidance	Current Guidance
Total revenue	-13% to -6%	-13% to -7%
Financial self-service	-8% to -2%	-8% to -2%
Security	-14% to -3%	-19% to -11%
Election systems	\$40 million to \$50 million	\$40 million to \$50 million
Brazilian lottery	\$5 million to \$10 million	\$5 million to \$10 million

- Earnings per share

	Previous Guidance	Current Guidance
2009 EPS (GAAP)	\$1.33 - \$1.60	\$1.34 - \$1.52
Restructuring charges	.07 - .08	.10 - .11
Non-routine expenses	.41 - .43	.39 - .40
Non-routine income	(.11) - (.11)	(.13) - (.13)
2009 EPS non-GAAP*	\$1.70 - \$2.00	\$1.70 - \$1.90

Revenue Summary by Product, Service and Geographic Area

(In Thousands -- Quarter Ended June 30)

	Q2 2009	Q2 2008	% Change
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Financial Self-Service			

Products	\$265,538	\$259,193	2%
Services	270,619	290,191	-7%
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Total Fin. self-service	536,157	549,384	-2%
Security solutions			

Products	57,379	78,772	-27%
Services	95,708	113,391	-16%
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Total Security	153,087	192,163	-20%
Total Fin. self-service & security	689,244	741,547	-7%
Election systems			

Products	3,099	17,173	-82%
Services	6,501	9,956	-35%
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Total Election systems	9,600	27,129	-65%
Brazilian lottery systems	1,652	-	0%
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Total Revenue	\$700,496	\$768,676	-9%
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	YTD	YTD	
	6/30/2009	6/30/2008	% Change
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Financial Self-Service			

Products	\$505,500	\$488,318	4%
Services	529,459	554,544	-5%
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Total Fin. self-service	1,034,959	1,042,862	-1%
Security solutions			

Products	115,829	149,135	-22%
Services	194,880	223,473	-13%
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Total Security	310,709	372,608	-17%

Total Fin. self-service & security	1,345,668	1,415,470	-5%
Election systems			

Products	5,393	22,873	-76%
Services	10,106	18,950	-47%
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Total Election systems	15,499	41,823	-63%
Brazilian lottery systems	2,479	3,291	-25%
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Total Revenue	\$1,363,646	\$1,460,584	-7%
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Revenue Summary by Geographic Segment

	Q2 2009	Q2 2008	% Change
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The Americas	\$527,991	\$554,175	-5%
Asia Pacific	83,683	85,281	-2%
Europe, Middle East, Africa	88,822	129,220	-31%
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Total Revenue	\$700,496	\$768,676	-9%
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	YTD 6/30/2009	YTD 6/30/2008	% Change
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The Americas	\$1,021,239	\$1,049,524	-3%
Asia Pacific	182,620	193,481	-6%
Europe, Middle East, Africa	159,787	217,579	-27%
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Total Revenue	\$1,363,646	\$1,460,584	-7%
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Notes for Non-GAAP Measures

1. Reconciliation of diluted GAAP EPS to non-GAAP EPS from continuing operations measures:

	Q2 2009	Q2 2008	YTD 6/30/09	YTD 6/30/08
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Total EPS from continuing operations (GAAP measure)	\$0.46	\$0.44	\$0.52	\$0.66
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Restructuring charges	0.05	0.15	0.10	0.20
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Non-routine expenses	0.00	0.10	0.39	0.20
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Non-routine income	(0.02)	0.00	(0.13)	0.00
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Impairment	0.00	0.00	0.00	0.05
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Total EPS (non-GAAP measure)	\$0.49	\$0.69	\$0.88	\$1.11
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The company's management believes excluding restructuring charges, non-routine expenses and income and impairment charges is useful to investors because it provides an overall understanding of the company's historical financial performance and future prospects. Management believes EPS (non-GAAP) from continuing operations is an indication of the company's baseline performance before gains, losses or other charges that are considered by management to be outside the company's core operating results. Exclusion of these items permits evaluation and comparison of results for the company's core business operations, and it is on this basis that management internally assesses the company's performance.

2. Free cash flow is calculated as follows:

	Q2 2009	Q2 2008	YTD 6/30/09	YTD 6/30/08
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Net cash provided by operating activities (GAAP measure)	\$60,289	(\$8,914)	\$79,826	\$9,652
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Capital expenditures	(9,593)	(8,610)	(22,137)	(19,778)

Free cash flow (non-GAAP measure)	\$50,696	(\$17,524)	\$57,689	(\$10,126)
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The company's management believes that free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities that is available for the execution of its business strategy, including service of debt principal, dividends, share repurchase and acquisitions. Free cash flow is not an indicator of residual cash available for discretionary spending, because it does not take into account mandatory debt service or other non-discretionary spending requirements that are deducted in the calculation of free cash flow.

3. Net (debt) is calculated as follows:

	6/30/2009	12/31/2008	6/30/2008
Cash, cash equivalents and other investments (GAAP measure)	\$350,102	\$362,823	\$320,604
Less Industrial development revenue bonds and other	(11,900)	(11,900)	(11,950)
Less Notes payable	(576,639)	(605,185)	(681,442)
Net (debt) (non-GAAP measure)	\$ (238,437)	\$ (254,262)	\$ (372,788)

The company's management believes that given the net debt, the significant cash, cash equivalents and other investments on its balance sheet, that net cash against outstanding debt is a meaningful debt calculation.

4. Reconciliation of GAAP Operating Margin to non-GAAP measures

	Q2 2009	Q2 2008	YTD 6/30/2009	YTD 6/30/2008
GAAP Operating Profit	\$44,384	\$47,015	\$82,658	\$69,051
GAAP Operating Profit %	6.3%	6.1%	6.1%	4.7%
Restructuring	4,000	11,388	8,456	15,078
Non-routine Expenses	-	8,459	1,328	17,174
Non-routine Income	(1,323)	-	(11,323)	-
Impairment	-	-	-	4,376
Non GAAP Operating Margin	\$47,061	\$66,862	\$81,119	\$105,679
Non GAAP Operating Margin %	6.7%	8.7%	5.9%	7.2%

The company's management believes excluding restructuring charges, non-routine expenses and income and impairment charges from operating margins is an indication of the company's baseline performance before gains, losses, or other charges that are considered by management to be outside the company's core operating results. The exclusion of these items permits evaluation and comparison of results for the company's core business operations and it is on this basis that the company's management internally assesses the company's performance.

DIEBOLD, INCORPORATED
CONDENSED CONSOLIDATED INCOME STATEMENTS - UNAUDITED
(IN THOUSANDS EXCEPT EARNINGS PER SHARE)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Net Sales Product	\$327,668	\$355,138	\$629,201	\$663,617

Service	372,828	413,538	734,445	796,967
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Total	700,496	768,676	1,363,646	1,460,584
Cost of goods				
Product	248,116	260,437	476,440	480,029
Service	279,584	315,112	562,374	614,866
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Total	527,700	575,549	1,038,814	1,094,895
Gross Profit	172,796	193,127	324,832	365,689
Percent of net sales	24.7%	25.1%	23.8%	25.0%
Operating expenses				
Selling, general and administrative	110,571	128,595	207,862	255,604
Research, development and engineering	17,841	17,517	34,312	36,658
Impairment of assets	-	-	-	4,376
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Total	128,412	146,112	242,174	296,638
Percent of net sales	18.3%	19.0%	17.8%	20.3%
Operating profit	44,384	47,015	82,658	69,051
Percent of net sales	6.3%	6.1%	6.1%	4.7%
Other expense, net	(91)	(6,204)	(29,766)	(6,435)
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Income from continuing operations before taxes	44,293	40,811	52,892	62,616
Taxes on income	(12,424)	(10,295)	(14,560)	(15,959)
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Income from continuing operations	31,869	30,516	38,332	46,657
Loss from discontinued operations - net of tax	(155)	(2,024)	(2,861)	(2,632)
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Net Income	31,714	28,492	35,471	44,025
Net Income Attributable to Noncontrolling interest	(1,284)	(1,278)	(3,393)	(3,016)
Net Income Attributable to Diebold, Inc.	<u>\$30,430</u>	<u>\$27,214</u>	<u>\$32,078</u>	<u>\$41,009</u>
Basic weighted average shares outstanding	66,252	66,101	66,214	66,059
Diluted weighted average shares outstanding	66,786	66,765	66,734	66,364
Basic Earnings Per Share:				
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Income from continuing operations	\$0.46	\$0.44	\$0.52	\$0.66
Loss from discontinued operations	(0.00)	(0.03)	(0.04)	(0.04)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net Income (loss)	<u>\$0.46</u>	<u>\$0.41</u>	<u>\$0.48</u>	<u>\$0.62</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Diluted Earnings Per Share:				

Income (loss) from continuing operations	\$0.46	\$0.44	\$0.52	\$0.66
Loss from discontinued operations	(0.00)	(0.03)	(0.04)	(0.04)

Net Income (loss)	\$0.46	\$0.41	\$0.48	\$0.62
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Amounts Attributable to Diebold, Inc.				

Income From continuing Operations - Net of Tax	\$30,585	\$29,238	\$34,939	\$43,641
Discontinued Operations - Net of Tax	(155)	(2,024)	(2,861)	(2,632)

Net Income attributable to Diebold, Inc.	\$30,430	\$27,214	\$32,078	\$41,009
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DIEBOLD, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	Unaudited June 30, 2009 ----	Audited December 31, 2008 ----
ASSETS		

Current assets		
Cash and cash equivalents	\$206,209	\$241,436
Short-term investments	143,893	121,387
Trade receivables, net	405,085	447,079
Inventories	542,746	540,971
Other current assets	253,420	263,245
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Total current assets	1,551,353	1,614,118
Securities and other investments	73,613	70,914
Property, plant and equipment, net	208,713	203,594
Goodwill	432,179	408,303
Other assets	266,556	241,007
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	\$2,532,414	\$2,537,936
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LIABILITIES AND SHAREHOLDERS' EQUITY		

Current liabilities		
Notes payable	\$276,639	\$10,596
Accounts payable	142,601	195,483
Other current liabilities	552,194	529,318
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Total current liabilities	971,434	735,397
Long-term notes payable	300,000	594,588
Long-term liabilities	234,638	243,693
Total shareholders' equity	1,026,342	964,258
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	\$2,532,414	\$2,537,936
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DIEBOLD, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(IN THOUSANDS)

	Six months ended June 30,	
	2009	2008
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Cash flow from operating activities:		
Net income Attributable to Diebold, Inc.	\$32,078	\$41,009
Adjustments to reconcile net income to cash provided by operating activities:		
Loss from discontinued operations	2,861	2,632
Depreciation and amortization	37,474	33,477
Impairment of asset	-	4,376
Non-controlling interest, share-based compensation, deferred income taxes, & other	8,397	7,640
Cash provided (used) by Changes in certain assets and liabilities:		
Trade receivables	54,122	(15,905)
Inventories	17,016	(44,082)
Accounts payable	(53,559)	18,425
Certain other assets and liabilities	(18,563)	(37,920)
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Net cash provided by operating activities	79,826	9,652
Cash flow from investing activities:		
Payments for acquisitions, net of cash acquired	(5,364)	(3,733)
Net investment activity	(6,380)	(28,069)
Capital expenditures	(22,137)	(19,778)
Increase in certain other assets & other	(16,012)	(15,253)
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Net cash used by investing activities	(49,893)	(66,833)
Cash flow from financing activities:		
Dividends paid	(34,713)	(33,270)
Net borrowings	(28,859)	50,532
Distribution of affiliates' earnings to non-controlling interest holder & other	(2,293)	-
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Net cash (used)/provided by financing activities	(65,865)	17,262
Effect of exchange rate changes on cash	705	7,825
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Decrease in cash and cash equivalents	(35,227)	(32,094)
Cash and cash equivalents at the beginning of the period	241,436	206,334
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Cash and cash equivalents at the end of the period	\$206,209	\$174,240
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