SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant ☑

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☑ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

DIEBOLD, INCORPORATED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

5995 Mayfair Road
P. O. Box 3077 • North Canton, Ohio 44720-8077

March 19, 2002

Dear Shareholder:

The 2002 Annual Meeting of Shareholders of Diebold, Incorporated will be held at the Kent State University (Stark) Professional Education and Conference Center, 6000 Frank Avenue, N.W., Canton, Ohio 44720 on Thursday, April 25, 2002 at 10:00 a.m., local time.

All holders of record of Diebold Common Shares as of March 1, 2002, are entitled to vote at the 2002 Annual Meeting.

As described in the accompanying Notice and Proxy Statement, you will be asked to elect eleven directors and ratify the appointment of KPMG LLP as independent auditors for 2002. Diebold's Annual Report for the year ended December 31, 2001, is included herein.

Your proxy card is enclosed. Please indicate your voting instructions and sign, date and mail this proxy card promptly in the return envelope.

If you are planning to attend the meeting, directions to the meeting location are included on the back page. If you are unable to attend the meeting, you may listen to a live broadcast, which will be available from Diebold's Web site at www.Diebold.com. The replay can also be accessed on the site soon after the meeting for up to one year.

I look forward to seeing those of you who will be attending the meeting.

Sincerely,

Walden W. O'Dell

WALDEN W. O'DELL
Chairman of the Board, President
and Chief Executive Officer

5995 Mayfair Road
P.O. Box 3077 • North Canton, Ohio 44720-8077

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 25, 2002

The Annual Meeting of Shareholders of the Corporation will be held at the at Kent State University (Stark) Professional Education and Conference Center, 6000 Frank Avenue, N.W., Canton, Ohio 44720, on April 25, 2002 at 10:00 a.m., local time, for the following purposes:

1. To elect Directors;

2. To vote upon ratification of the appointment by the Board of Directors of KPMG LLP as independent auditors for the year 2002; and

3. To consider such other matters as may properly come before the meeting or any adjournment thereof.

The enclosed proxy card is solicited, and the persons named therein have been designated, by the Board of Directors of the Corporation.

Holders of record of the Common Shares at the close of business on March 1, 2002 will be entitled to vote at the meeting.

Your attention is directed to the attached proxy statement.

By Order of the Board of Directors

Charee Francis-Vogelsang

CHAREE FRANCIS-VOGELSANG
Vice President and Secretary

March 19, 2002
(approximate mailing date)

YOU ARE REQUESTED TO COOPERATE IN ASSURING A QUORUM BY FILLING IN, SIGNING AND DATING THE ENCLOSED PROXY AND PROMPTLY MAILING IT IN THE RETURN ENVELOPE.

DIEBOLD, INCORPORATED
5995 Mayfair Road
P.O. Box 3077 • North Canton, Ohio 44720-8077

PROXY STATEMENT

Annual Meeting of Shareholders, April 25, 2002

This proxy statement is furnished to shareholders of Diebold, Incorporated (the "Corporation") in connection with the solicitation by the Board of Directors of proxies which will be used at the 2002 annual meeting of shareholders on April 25, 2002, at 10:00 a.m., local time, or any adjournments thereof, for the purpose of considering and acting upon the matters referred to in the preceding notice of annual meeting and more fully discussed below. This proxy statement and accompanying form of proxy were first mailed to shareholders on or about March 19, 2002. Shares represented by a properly executed proxy will be voted as indicated on the proxy. Shareholders may revoke the authority granted by their proxies at any time before the exercise of the powers conferred thereby by notice in writing delivered to the Secretary of the Corporation; by submitting a subsequently dated proxy; or by attending the meeting, withdrawing the proxy and voting in person.

On March 1, 2002, the record date for the meeting, the outstanding voting securities of the Corporation consisted of 71,961,901 Common Shares, $1.25 par value per share, all of one class. Each shareholder of record as of the close of business on March 1, 2002 will be entitled to one vote for each Common Share held on that date.

If a shareholder gives written notice to the President, any Vice President or Secretary at least forty-eight hours prior to the time fixed for holding the meeting that the shareholder desires that the voting for the election of directors shall be cumulative, and if an announcement of the giving of such notice is made upon convening of the meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder will have cumulative voting rights. In cumulative voting, each shareholder may cast a number of votes equal to the number of shares owned multiplied by the number of directors to be elected and the votes may be cast for one nominee only or distributed among the nominees. In the event that voting at the annual meeting is to be cumulative, unless contrary instructions are received on the enclosed proxy, it is presently intended that all votes represented by properly executed proxies will be divided evenly among the candidates nominated by the Board of Directors. However, if voting in such manner would not be effective to elect all such nominees, such votes will be cumulated at the discretion of the Proxy Committee so as to maximize the number of such nominees elected. The results of shareholder voting at the annual meeting will be tabulated by the inspectors of elections appointed for the annual meeting. The Corporation intends to treat properly executed proxies that are marked "abstain" as present for purposes of determining whether a quorum has been achieved at the annual meeting but will not count any broker non-votes for such purpose. The director-nominees receiving the greatest number of votes will be elected. Votes withheld with respect to the election of directors will not be counted in determining the outcome of that vote. Abstentions with respect to the proposal to ratify the appointment of the independent auditors will not be counted for determining the outcome of that proposal. The Corporation does not anticipate receiving any broker non-votes at the annual meeting in light of the nature of the matters to be acted upon at the annual meeting; however, any broker non-votes received in respect of the ratification of the appointment of the independent auditors will not affect the voting on such proposal.

BENEFICIAL OWNERSHIP OF SHARES

To the knowledge of the Corporation, no person beneficially owned more than 5 percent of the outstanding Common Shares as of December 31, 2001, except for the shareholder listed below. The information provided below is derived from Schedule 13G filed with the Securities and Exchange Commission (the ''Commission'').

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Shares	First Manhattan Co. 437 Madison Avenue New York, New York 10022	3,894,477(a)	5.41

(a) First Manhattan Co. has sole investment power and sole voting power as to 45,300 shares (0.06%), shared investment power as to 3,849,177 shares (5.35%) and shared voting power as to 3,734,833 shares (5.19%). The number of shares set forth in the table above includes 234,501 shares (0.33%) owned by family members of General Partners of First Manhattan Co. which are being reported for informational purposes. First Manhattan Co. disclaims investment power as to 71,600 of such shares (0.10%) and beneficial ownership as to 162,901 of such shares (0.23%).

ELECTION OF DIRECTORS

The Board of Directors recommends that eleven nominees for director be elected at the annual meeting, each to hold office for a term of one year from the date of the annual meeting, and until the election and qualification of a successor. In the absence of contrary instruction, the Proxy Committee will vote the proxies for the election of the eleven nominees, who are Louis V. Bockius III, Richard L. Crandall, Gale S. Fitzgerald, Donald R. Gant, L. Lindsey Halstead, Phillip B. Lassiter, John N. Lauer, William F. Massy, Walden W. O'Dell, Eric J. Roorda and W. R. Timken, Jr. All nominees are presently members of the Board of Directors.

If for any reason any nominees are not available for election when the election occurs, the designated proxies, at their option, may vote for substitute nominees recommended by the Board of Directors. Alternatively, the Board of Directors may reduce the number of nominees. The Board of Directors has no reason to believe that any nominee will be unavailable for election when the election occurs.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table shows the beneficial ownership of Common Shares of the Corporation, including those shares which individuals have a right to acquire, e.g., through exercise of options under the 1991 Equity and Performance Incentive Plan, as Amended and Restated (the ''1991 Plan''), within the meaning of Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, by each director-nominee, including the chief executive officer, the other four most highly compensated executive officers (''named executive officers'') and for such persons and the other executive officers as a group as of March 1, 2002. Ownership is also reported as of

January 31, 2002 for shares in the 401(k) Savings Plan over which the individual has voting power, together with shares held in the Dividend Reinvestment Plan.

Name, Age, Principal Occupation or Employment, Present and During Last Five Years	Director Since	Common Shares Beneficially Owned(1)	Deferred Shares(1)	Percent of Class	Other Directorships
Director-Nominees:					
Louis V. Bockius III — 66 Chairman, Bocko Incorporated, North Canton, Ohio (Plastic Injection Molding)	1978	190,482	—	0.26	Unizan Financial Corp.
Richard L. Crandall — 58 Managing Director, Arbor Partners, LLC, Aspen, Colorado (Venture Capital)	1996	16,125	—	0.02	Comshare, Inc., Giga Information Group
Gale S. Fitzgerald — 51 Former Chairman and Chief Executive Officer, Computer Task Group, Inc., Buffalo, New York (International Information Technology Services)	1999	5,800	—	0.01	Health Net, Inc.
Donald R. Gant — 73 Senior Director, The Goldman Sachs Group, Inc., New York, New York Prior — Limited Partner, The Goldman Sachs Group, L.P., New York, New York (Investment Banker)	1977	71,051(2)(3)	—	0.10	Stride Rite Corp.
L. Lindsey Halstead — 71 Retired Prior — Chairman of the Board, Ford of Europe (Automotive Industry)	1993	26,778	—	0.04	None
Phillip B. Lassiter — 58 Chairman of the Board and Chief Executive Officer, Ambac Financial Group, Inc., New York, New York Prior — Chairman of the Board, President and Chief Executive Officer, Ambac Financial Group, Inc., New York, New York (Financial Guarantee Insurance Holding Company)	1995	13,641	1,708	0.02	Ambac Financial Group, Inc.

Name, Age, Principal Occupation or Employment, Present and During Last Five Years	Director Since	Common Shares Beneficially Owned(1)	Deferred Shares(1)	Percent of Class	Other Directorships
John N. Lauer — 63 Chairman of the Board and Chief Executive Officer, Oglebay Norton Co., Cleveland, Ohio Prior — Chairman of the Board, President and Chief Executive Officer, Oglebay Norton Co., Cleveland, Ohio (Industrial Minerals)	1992	27,204	1,277	0.04	Menasha Corporation, Oglebay Norton Co., Poly Hi Solidur, Inc.
William F. Massy — 67 President, The Jackson Hole Higher Education Group, Inc., Professor, National Center for Postsecondary Improvement and Professor of Education and Business Administration, Emeritus, Stanford University, Stanford, California (Education)	1984	25,918	2,483	0.04	None
Walden W. O'Dell — 56 Chairman of the Board, President and Chief Executive Officer, Diebold, Incorporated, Canton, Ohio Prior — President and Chief Executive Officer, Diebold, Incorporated, Canton, Ohio Prior — Group Vice President, Tool Group and President of Ridge Tool Division, Emerson, Elyria, Ohio; President, Liebert Corporation, (subsidiary of Emerson), Columbus, Ohio (Electrical, Electromechanical and Electronic Products and Systems)	1999	128,448(5)	144,950	0.27	Federal Signal Corporation
Eric J. Roorda — 51 Chairman of the Board, Procomp Amazônia Industria Eletrônica, S.A., Sao Paulo, Brazil Prior — President, Procomp Amazônia Industria Eletrônica, S.A., Sao Paulo, Brazil (Banking and Electoral Automation)	2001	627,136	—	0.87	None

Name, Age, Principal Occupation or Employment, Present and During Last Five Years	Director Since	Common Shares Beneficially Owned(1)	Deferred Shares(1)	Percent of Class	Other Directorships
W. R. Timken, Jr. — 63 Chairman and Chief Executive Officer, The Timken Company, Canton, Ohio Prior — Chairman-Board of Directors, President and Chief Executive Officer, The Timken Company, Canton, Ohio, (Manufacturer of Tapered Roller Bearings and Specialty Alloy Steel)	1986	145,433(2)(4)	—	0.20	The Timken Company
Other Named Executive Officers:					
Wesley B. Vance Chief Operating Officer Diebold, Incorporated, Canton, Ohio Prior — President, North America, Diebold, Incorporated, Canton, Ohio; Senior Vice President, ArvinMeritor and President, Worldwide Exhaust Group, ArvinMeritor; Managing Director, Arvin Exhaust, Europe and Asia, Arvin Industries, Inc.; Vice President, Business Development and General Manager, Arvin Ride Control Emerging Markets, Arvin Industries, Inc.	—	51,882(5)	—	0.07	None
Gregory T. Geswein Senior Vice President and Chief Financial Officer, Diebold, Incorporated, Canton, Ohio Prior — Senior Vice President and Chief Financial Officer, Pioneer-Standard Electronics, Incorporated; Vice President and Corporate Controller, Mead Corporation	—	43,971(5)	—	0.06	None
Michael J. Hillock President, International, Diebold, Incorporated, Canton, Ohio	—	90,220(2)(5)	—	0.13	None

Name, Age, Principal Occupation or Employment, Present and During Last Five Years	Director Since	Common Shares Beneficially Owned(1)	Deferred Shares(1)	Percent of Class	Other Directorships
David Bucci Senior Vice President, Customer Solutions, Diebold, Incorporated, Canton, Ohio	—	92,447(2)(5)	—	0.13	None
All Directors and Executive Officers (28) as a Group	—	2,018,417(2)(3)(4)(5)	150,418	2.90	—

(1) Messrs. O'Dell, Vance, Geswein, Hillock and Bucci have stock options issued under the 1991 Plan for 12,500, 20,000, 25,000, 51,500 and 61,625 shares respectively that are exercisable within 60 days following March 1, 2002. Under the 1991 Plan, directors Bockius, Crandall, Fitzgerald, Gant, Halstead, Lassiter, Lauer, Massy, and Timken each have stock options to acquire 10,125, 10,125, 4,500, 10,125, 10,125, 10,125, 10,194, 10,125 and 7,875 shares, respectively, within 60 days following March 1, 2002. For all directors and executive officers as a group, the number of shares that are exercisable within 60 days following March 1, 2002 under the 1991 Plan is 444,679. The shares subject to the stock options described in this footnote are included in the above table. The deferred shares for Messrs. Lassiter, Lauer, Massy and O'Dell are not included in the shares reported in the beneficial ownership column. Of these deferred shares only 70,000 of Mr. O'Dell's deferred shares could be acquired within 60 days following March 1, 2002 and are included in the percent column.

(2) Includes shares registered as custodian or trustee for minors, shares held in trust or shares otherwise beneficially owned.

(3) Includes 17,269 shares (0.02%) in which Mr. Gant disclaims any beneficial ownership.

(4) Includes 97,362 shares (0.14%) in which Mr. Timken has shared voting power and shared investment power. Mr. Timken disclaims any beneficial ownership of 13,362 of these shares.

(5) Includes shares held in his or her name under the 401(k) Savings Plan over which he or she has voting power, and/or shares held in the Dividend Reinvestment Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To the Corporation's knowledge, based solely on review of such reports filed by the Corporation or provided to it and written representations that no other reports were required during the year ended December 31, 2001, all directors and executive officers complied with the Section 16(a) filing requirements.

DIRECTOR COMMITTEES AND COMPENSATION

The members of the Audit Committee are L. Lindsey Halstead, Chair, Louis V. Bockius III, Richard L. Crandall, Gale S. Fitzgerald and W. R. Timken, Jr. The committee met three times during 2001 in formal session and had various informal communications between themselves and management as well as the independent auditors at various times during the year. The committee's functions are described below under "Audit Committee Report."

The members of the Board Membership Committee are W. R. Timken, Jr., Chair, Donald R. Gant, L. Lindsey Halstead and Phillip B. Lassiter. The committee met three times during 2001. The committee's functions include reviewing the qualifications of potential director candidates and making recommendations to the Board of Directors to fill vacancies or to expand the size of the Board, when appropriate. The committee also makes recommendations as to the composition of the various committees of the Board and as to the compensation paid to the directors for their services on the Board and on the committees. The committee will consider nominees recommended by shareholders upon written submission of pertinent data to the attention of the Corporate Secretary. Such data should include complete information as to the identity and qualifications of the proposed nominee, including name, address, present and prior business and/or professional affiliations, education and experience, particular field or fields of expertise, an indication of the nominee's consent, and reasons why, in the opinion of the recommending shareholder, the proposed nominee is qualified and suited to be a director of the Corporation as well as what particular contributions to the success of the Corporation such person could be expected to make.

The members of the Compensation and Organization Committee are Phillip B. Lassiter, Chair, Donald R. Gant, John N. Lauer and William F. Massy. The committee met two times during 2001. The committee's functions are described below under "Compensation and Organization Committee Report on Executive Compensation."

The members of the Executive Committee are John N. Lauer, Chair, Louis V. Bockius III and W. R. Timken, Jr. The committee did not hold any formal meetings in 2001. The functions of the committee were carried out by telephone or written correspondence. The committee's functions include reviewing the management and operation of the business of the Corporation between meetings of the Board of Directors.

The members of the Investment Committee are Donald R. Gant, Chair, Louis V. Bockius III, John N. Lauer and William F. Massy. The committee met one time in 2001. The committee's functions include establishing the investment policy including asset allocation for the Corporation's cash, short-term securities and retirement plan assets, overseeing the management of those assets, ratifying fund managers recommended by management and reviewing at least annually the investment performance of the Corporation's retirement plans and 401(k) Savings Plans to assure adequate and competitive returns.

The members of the Strategic Focus Committee are Richard L. Crandall, Chair, Gale S. Fitzgerald, L. Lindsey Halstead, Phillip B. Lassiter and William F. Massy. The committee met two times in 2001. The committee's functions include stimulating strategic thinking and strategy development by senior management so that the Corporation remains a growth company that continuously increases shareholder value in an environment of changing technologies and market conditions.

In 2001 the Board of Directors held six meetings. All directors attended 75% or more of the aggregate of all meetings of the Board and the Board committees on which they served during the year.

Non-employee directors are compensated for their services as directors at the rate of $25,000 per year. Non-employee directors who are members of the Audit Committee, Board Membership Committee, Compensation and Organization Committee, Executive Committee, Investment Committee and Strategic Focus Committee are compensated for their services at the rate of $3,000 per year per committee. In addition, each chair of a committee receives $1,000 per year, and each member of a committee who attends a meeting of a committee receives a fee of $1,000. A director may elect to defer receipt of all or a portion of his or her compensation pursuant to the Amended and Restated 1985 Deferred Compensation Plan for Directors. Each non-employee director may also receive an award of option rights or restricted shares under the 1991 Plan. In 2001 each non-employee director was awarded a stock option to purchase 4,000 Common Shares at an exercise price representing 100% of the market price of the Common Shares as of the date of grant. All directors' options are entitled to reload rights as described in footnote 2 of the table entitled Option Grants in Last Fiscal Year.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation and Organization Committee are Phillip B. Lassiter, Chair, Donald R. Gant, John N. Lauer and William F. Massy. Mr. Gant formerly served as a director and officer for two of the Corporation's subsidiaries, but did not receive any additional compensation for serving in these capacities.

Although Goldman, Sachs & Co., performed no investment advisory services for the Corporation or its subsidiaries in 2001, in the ordinary course of business, Goldman, Sachs & Co. may be called upon in the future to provide investment advisory or other services for the Corporation. Donald R. Gant is a senior director of The Goldman Sachs Group, Inc. Goldman, Sachs & Co. is an indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc.

EXECUTIVE COMPENSATION

The following table provides information relating to the annual and long-term compensation for the years ended 2001, 2000, and 1999 for the named executive officers of the Corporation. The amounts shown include compensation for services in all capacities that were provided to the Corporation including any amounts which may have been deferred.

SUMMARY COMPENSATION TABLE

					Long Term Compensation		
	Annual Compensation				Awards		
Name and Principal Position	Year	Salary	Bonus	Other Annual Compen-sation(1)	Restricted Stock Awards(2)	Securities Underlying Options	All Other Compen-sation(1)
Walden W. O'Dell	2001	$500,000	$260,000	$ 59,700	$ 513,162	50,000	$ 41,586
Chairman of the Board,	2000	500,000	360,000	101,426	702,650	–0–	34,328
President and Chief	1999	83,333	–0–	304,625	4,950,000	–0–	3,675,000
Executive Officer							
Wesley B. Vance(3)	2001	370,000	148,000	106,315	127,925	40,000	3,303
Chief Operating Officer	2000	92,500	55,550	7,156	751,648	40,000	–0–
Gregory T. Geswein(3)	2001	287,500	105,000	13,003	97,589	30,000	4,900
Senior Vice President and	2000	206,250	165,000	5,422	458,140	35,000	4,208
Chief Financial Officer							
Michael J. Hillock	2001	251,010	92,700	16,679	166,668	25,000	4,882
President, International	2000	237,000	138,650	16,424	407,412	35,000	4,833
	1999	191,667	90,000	24,876	55,200	25,000	6,912
David Bucci	2001	245,502	88,900	16,352	166,668	25,000	4,541
Senior Vice President,	2000	237,000	128,000	16,306	407,412	35,000	4,547
Customer Solutions	1999	198,333	88,000	14,804	314,147	25,000	6,700

(1) The amounts reported for 2001 for Other Annual Compensation consist of amounts reimbursed to the named executive officers for tax liability on the following items: use of a Corporation automobile or cash in lieu thereof; supplemental executive life insurance, financial planning services, temporary living and relocation expenses and memberships and for dividend equivalents on incentive compensation. In addition, this column includes $31,019 in temporary living and relocation expenses for Mr. Vance. The All Other Compensation column presents amounts representing the dollar value of insurance premiums paid by the Corporation for the benefit of the executive and amounts contributed for 2001 under the Corporation's 401(k) Savings Plan respectively as follows: Mr. O'Dell ($1,541, $4,590); Mr. Vance ($362, $2,941); Mr. Geswein ($310, $4,590); Mr. Hillock ($339, $4,543) and Mr. Bucci ($0, $4,541). The All Other Compensation column also includes an amount of $35,455 for preferential interest earned but not paid in 2001 by Mr. O'Dell on deferred compensation.

(2) As of December 31, 2001 Mr. O'Dell held a total of 101,617 Restricted Shares with a value as of that date of $4,109,391 and 33,333 Performance Shares with a value of $1,347,987; Mr. Vance held a total of 28,300 Restricted Shares with a value as of that date of $1,144,452; Mr. Geswein held a total of 11,500 Restricted Shares with a value as of that date of $465,060; Mr. Hillock held a total of 9,900 Restricted Shares with a value as of that date of $400,356; and Mr. Bucci held a total of 17,325 Restricted Shares with a value as of that date of $700,623. This column also reflects awards of Restricted Shares made after the end of the year as follows: Mr. O'Dell, 14,040 shares; Mr. Vance, 3,500 shares; Mr. Geswein, 2,670 shares; Mr. Hillock, 4,560 shares and Mr. Bucci, 4,560 shares. Dividends are paid on Restricted Shares at the same rate as paid to all shareholders.

(3) Mr. Vance joined the Corporation on October 1, 2000 as President, North America and was promoted to Chief Operating Officer on October 22, 2001. Mr. Geswein joined the Corporation on April 1, 2000.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL AGREEMENTS

The Corporation entered into an employment agreement with Mr. O'Dell when he joined the Corporation on November 1, 1999. This agreement provides for a term of employment for three years with automatic one-year renewals thereafter unless either party notifies the other at least twelve months before the scheduled expiration date that the term is not to renew. During the term of the agreement, Mr. O'Dell is entitled to base salary of at least $500,000 per year and an annual bonus opportunity equal to 100% of his base salary. In January 2000 the Board of Directors increased Mr. O'Dell's annual bonus opportunity equal to 120% of his base salary and in February 2001 increased the amount to 130% of his base salary. Mr. O'Dell's agreement also provides for the payment of severance compensation in the event his employment terminates under certain circumstances, including two years' salary, bonus and specified benefits if his employment is terminated by the Corporation without cause. The agreement also provides for participation in the Corporation's benefit programs offered to other executive officers, and reimbursement of business expenses and specified perquisites on a tax-grossed-up basis.

The Corporation has entered into agreements with each of the named executive officers, and certain other executives, providing that in the event of any change in control of the Corporation through the acquisition of 20 percent or more of the outstanding voting securities of the Corporation, certain changes in the composition of the Corporation's Board of Directors, or by merger or consolidation of the Corporation into, or sale of substantially all of its assets to, another corporation, such persons would continue their employment with the Corporation in their present positions for a term of three years following such change in control. During such term of employment, each of the named executive officers would be entitled to receive base compensation and to continue to participate in incentive and employee benefit plans at levels no less favorable to him or her than prior to commencement of the term. In the event of the termination of such person's employment under certain circumstances after a change in control of the Corporation, such person would be entitled to receive a payment in the amount of approximately twice such person's prior base salary and to continue to participate in certain employee benefit plans for up to two years. In Mr. O'Dell's and Mr. Vance's case their employment agreements provide that they would be entitled to receive a payment of approximately three times their prior base salary and to continue to participate in certain employee benefit plans for up to two years. None of the agreements will become operative until a change in control of the Corporation has occurred, prior to which time the Corporation and such persons each reserve the right at any time, with or without cause, to terminate his or her employment relationship. The Corporation has established trusts to secure, among other things, the payment of amounts that may become payable pursuant to these agreements and to reimburse such persons for expenses incurred in attempting to enforce the Corporation's obligations pursuant to these agreements and certain other arrangements. These trusts will be funded only in connection with or in anticipation of a change in control of the Corporation.

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information relating to stock option grants for the year 2001 for the named executive officers of the Corporation. No stock appreciation rights were granted to the named executive officers or other optionees during 2001.

	Individual Grants			Grant Date Value(1)	
Name	Number of Securities Underlying Options Granted(2) (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/sh)(3)	Expiration Date	Grant Date Present Value($)
Walden W. O'Dell	50,000	8.6	28.69	2/06/11	507,500
Wesley B. Vance	40,000	6.9	28.69	2/06/11	406,000
Gregory T. Geswein	30,000	5.2	28.69	2/06/11	304,500
Michael J. Hillock	25,000	4.3	28.69	2/06/11	253,750
David Bucci	25,000	4.3	28.69	2/06/11	253,750

(1) The Commission authorizes the use of variations of the Black-Scholes option-pricing model for valuing executive stock options in its rules on executive compensation disclosure. The Corporation utilizes the Black-Scholes model to estimate the grant date present value of stock option grants. The following assumptions were used in calculating the Black-Scholes present value of the 2001 stock option grants: (a) an expected option term of four years for options expiring on February 6, 2011; (b) an interest rate of 4.94% which is the interest rate for a zero-coupon U.S. government issue with a maturity of four years; (c) volatility of 43% calculated using the daily ending stock price for the equivalent period to the expected option term prior to grant date; and (d) dividend yield of 1.78%, the average dividends paid annually over the last four years. There is no assurance that the value actually realized by an executive will be at or near the estimated Black-Scholes value. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. The Corporation does not advocate or necessarily agree that the Black-Scholes model can properly determine the value of an option.

(2) All option grants were new and not granted in connection with an option repricing transaction. The term of the options is ten years, and vesting occurs at the rate of 25% annually beginning one year from the date of grant or immediately in the event of a change in control. These options have a reload feature, under which an optionee can elect to pay the exercise price using previously owned shares and receive a new option at the then current market price for a number of shares equal to those surrendered. The reload feature is only available, however, if the optionee agrees to defer receipt of the balance of the option shares for at least two years. This feature was also made available to all outstanding stock options held by these individuals.

(3) The exercise or base price per share represents the fair market value of the Corporation's Common Shares as of the date of grant.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR END OPTION VALUES

The following table provides information relating to stock option exercises for the year 2001 and exercisable and unexercisable stock options at December 31, 2001 for the named executive officers of the Corporation. No stock appreciation rights were awarded to such individuals during the last fiscal year, and no stock appreciation rights were exercised or remained unexercised during the last fiscal year.

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options at-FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at FY-End ($) Exercisable/ Unexercisable
Walden W. O'Dell	–0–	–0–	–0–*	–0–*
			50,000**	607,500**
Wesley B. Vance	–0–	–0–	10,000*	140,600*
			70,000**	907,800**
Gregory T. Geswein	–0–	–0–	8,750*	126,263*
			56,250**	743,288**
Michael J. Hillock	–0–	–0–	28,100*	232,488*
			66,000**	850,538**
David Bucci	–0–	–0–	37,775*	413,006*
			66,450**	851,780**

* exercisable

** unexercisable

LONG-TERM INCENTIVE PLANS — AWARDS IN LAST FISCAL YEAR

The following table provides information relating to the long-term incentive awards that were made in the year 2001 under the 1991 Plan for the named executive officers.

Name	Number of Shares, Units or Other Rights	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans Number of Shares Threshold	Target	Maximum
Walden W. O'Dell	20,000	1/1/01-12/31/03	2,500	20,000	30,000
Wesley B. Vance	15,000	1/1/01-12/31/03	1,875	15,000	22,500
Gregory T. Geswein	11,000	1/1/01-12/31/03	1,375	11,000	16,500
Michael J. Hillock	10,000	1/1/01-12/31/03	1,250	10,000	15,000
David Bucci	10,000	1/1/01-12/31/03	1,250	10,000	15,000

The table above presents information about performance shares awarded during the year pursuant to the 1991 Plan. Each performance share that is earned out entitles the holder to the then current value of one Common Share. Payouts of awards are tied to achievement of management objectives based upon four separate financial measures: revenue growth, return on total capital, growth in earnings per share and relative total shareholder return. All of the measures are calculated over the three-year period shown in the table above except relative total shareholder return which is calculated over the period from February 1, 2001 through January 31, 2004. Each measure is weighted equally. No amount is payable unless the threshold amount is exceeded. The maximum award amount for any one measure, which can be up to 200% of the target amount, will be earned if the Corporation achieves the maximum performance measure, but the maximum award for all measures combined is limited to 150% of the target amount.

PENSION PLAN TABLE

The named executive officers and the other executive officers are eligible to participate in a qualified non-contributory defined benefit retirement plan ("Retirement Plan"). In addition, the named executive officers, and the other executive officers participate in an unfunded non-qualified supplemental retirement plan ("Supplemental Plan").

The following table sets forth the estimated annual benefits for both the Retirement Plan and the Supplemental Plan upon retirement at age 62 to the executive officers who elect to retire and receive an annuity. The benefit amounts shown in this table are in addition to any benefits to which the participant might be entitled under the Social Security Act, and assume that the Supplemental Plan and the Social Security Act continue unchanged and that one-half of each participant's anticipated Social Security benefit is $8,292 per year at age 62.

	Annual Benefit Payable At Age 62		
Average Compensation At Age 62	**5 Years of Service**	**10 Years of Service**	**15 or More Years of Service**
$ 300,000	$ 56,708	$121,708	$ 186,708
500,000	100,041	208,375	316,708
700,000	143,375	295,041	446,708
900,000	186,708	381,708	576,708
1,100,000	230,041	468,375	706,708
1,300,000	273,375	555,041	836,708
1,500,000	316,708	641,708	966,708
1,600,000	338,375	685,041	1,031,708
1,700,000	360,041	728,375	1,096,708

Benefit levels under the Retirement Plan are based on years of service (subject to a maximum of 30 years), final average compensation (which is a 5-year average of the Salary and Bonus, as reflected in the Summary Compensation Table but limited to $170,000 in 2001 and 2000 and $160,000 in 1999, 1998 and 1997), and the participant's individual Covered Compensation as defined under the Internal Revenue Code.

The Supplemental Plan provides a supplemental monthly retirement benefit so that a participant's total retirement benefit from the Retirement Plan and the Supplemental Plan, plus one-half of the participant's anticipated Social Security benefit, equals 65% (prorated for less than 15 years of service) of the participant's final average compensation received from the Corporation during the highest five consecutive years of the last ten calendar years of employment. Compensation is defined for this purpose as Salary plus Bonus accrued for each such calendar year. The Supplemental Plan benefits are payable at age 62 on a joint & survivor basis, if married, and a single life basis, if single at retirement. A participant may also elect, subject to the approval of the Compensation and Organization Committee of the Board, to receive benefits in the form of a lump sum payment at retirement. In no case will less than 5 years of benefit be paid to the participant, his or her spouse and/or beneficiary, as applicable. Benefits are available to participants electing early retirement at age 60 (on a reduced basis), and who die after attaining eligibility for a benefit or become disabled while employed. Benefits are also available to participants whose employment is involuntarily terminated with no service requirement. Reduced benefits (computed at 55% of final average compensation, rather than 65%) are available to participants who voluntarily terminate employment after completing 15 years service. Accrued benefits under the Supplemental Plan are fully vested in the event of a change in control of the Corporation.

As of December 31, 2001, the number of years of service for the named executive officers is as follows: Mr. O'Dell, 9.4 years; Mr. Vance, 1.3 years; Mr. Geswein, 1.8 years; Mr. Hillock, 22.8 years; Mr. Bucci, 24.3 years. The number of years of service for Mr. O'Dell includes 7 years of service provided under his employment agreement upon commencing his employment by the Corporation, which are to be taken into account in determining his accrued benefit under the Supplemental Plan upon any termination of employment. His agreement also provides that he is fully vested in his accrued benefit under the Supplemental Plan.

COMPENSATION AND ORGANIZATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Organization Committee (the ''Committee'') is composed entirely of non-employee directors. The Committee's principal functions are to establish base salary levels, to determine and measure achievement of corporate and individual goals for the named executive officers and other executive officers under the Annual Incentive Plan, and to select the participants, measure achievement of objectives and determine awards under the 1991 Equity and Performance Incentive Plan, as Amended and Restated (the ''1991 Plan''). In addition, the Committee reviews any proposed changes to any benefit plans of the Corporation such as retirement plans, deferred compensation plans and 401(k) Savings Plans. The Committee's recommendations are subject to the approval of the Board of Directors.

The Committee believes that the compensation for the named executive officers and the other executive officers should tie individual compensation to the performance of the Corporation. From time to time, the Committee reviews studies prepared by independent compensation consultants and meets with them to review such studies when necessary.

The Corporation currently has three basic elements in the compensation for its executive officers. These elements are (a) base salary compensation, (b) annual incentive compensation and (c) long-term incentive compensation. These elements of compensation recognize both individual and corporate performance. Annual incentive compensation provides incentive compensation which optimizes rewards for performance over a shorter period of performance, while long-term incentive compensation optimizes rewards for performance over a longer term based upon achievement of cumulative financial measures, usually over a three-year period. In addition, stock option grants result in a reward when the market value appreciates in relation to the option price. The Committee believes that the base salary should be set at or below median, and that total compensation should be at or above the median when the Corporation meets or exceeds its expectations and below when it does not. Further, a significant proportion of total compensation should be variable and dependent on the overall performance of the Corporation, and this objective can be achieved through appropriate design of long-term incentive compensation.

Base Salary Compensation

The base salary for all executive officers is reviewed annually, and the Committee's review process continues throughout the year. This review includes an analysis of past and expected future performance of the executive officers, as well as the responsibilities and qualifications of the executive officers individually and the performance of the Corporation in comparison with companies similar to the Corporation. As noted above, the Committee's compensation policy is to generally set base salary at or below median. In 2001 the Committee recommended modest increases in salaries. However, due to business conditions the increases were not effective until July 1, 2001.

Annual Incentive Compensation

The Annual Incentive Plan (''Incentive Plan'') recognizes the performance of the named executive officers, other executive officers and key managers who contribute to the Corporation's success. These participants have the greatest impact on the profitability of the Corporation. In general, the participants with the most significant responsibility have the greatest proportion of their cash compensation tied to the Incentive Plan. The performance criteria, which are described in more detail below, reflect a combination of corporate earnings per share and specific individual goals and objectives.

At the beginning of 2001, the Committee established annual performance goals for the Corporation which were based on earnings per share. The performance goals include threshold and maximum amounts for achievement. The Committee established the threshold level at a level that required the Corporation to exceed by one percent the earnings per share achieved in 2000 before any payout could occur and with the maximum amount at ten percent over 2000. At the same time, the Committee reviewed, amended and approved individual personal performance goals and objectives for the named executive officers. The Incentive Plan is generally weighted 50% on the Corporation achieving its earnings per share goal, and 50% on the achievement of the individual goals and objectives. No Incentive Plan compensation is paid if the Corporation does not achieve at least the threshold amount of its earnings per share goal even though an individual may have achieved his or her personal goals and objectives. At the end of the year, the Committee reviewed the performance of the Corporation and achievement of the personal goals and objectives for the named executive officers and other executive officers. The Committee then reviewed its findings and recommendations with the Board of Directors. In 2001 the Corporation did exceed the threshold level of its performance goals. The individual goals of the executive officers were generally achieved at less than full performance levels, and the executive officers received Incentive Compensation accordingly. As described in more detail below, the Committee also determined to make a special award of performance shares to participants in the Incentive Plan in recognition of their achievement in attaining the performance goals under the Incentive Plan in spite of very difficult economic conditions in 2001.

Long-Term Incentive Compensation

The 1991 Plan affords flexibility in the types of awards that can be made for a long-term period. In particular, certain awards tie the individual's performance to the performance of the Corporation. For the three-year cumulative performance period of January 1, 1999 through December 31, 2001, the Committee had recommended and the Board of Directors had approved a very challenging objective for this performance period. The performance objective exceeded the threshold level and the payout to the executive officers, excluding the named executive officers, was in Common Shares. Pursuant to the terms of the plan, the management objective was adjusted to exclude the realignment charges taken by the Corporation during the performance period.

In 2001 the Committee determined to use performance shares again for the performance period of January 1, 2001 through December 31, 2003. Performance measures were based on four separate financial measures: revenue growth, return on total capital, growth in earnings per share, and relative total shareholder return. Each measure was weighted equally. In addition, the Committee determined to make awards to the executive officers, including the named executive officers, of performance shares as part of the awards for the Incentive Plan for 2001. These awards are subject to forfeiture on termination of employment, excluding death, retirement or disability, before seven years unless the Corporation's stock price achieves specified hurdles — vesting 50 percent upon a 50 percent stock price increase and an additional 50 percent upon a 100 percent increase. These awards were made due to the exceptional performance of the executive officers during very difficult economic conditions in 2001.

In addition, during 2001 the Committee recommended, and the Board of Directors approved, stock option grants to the named executive officers as in prior years and also to other executive officers. The option awards reflect conclusions presented in an earlier report by an outside compensation consultant, which had indicated that the combination of annual incentive compensation and performance share awards were well below median at the level of the executive officers. The report had also concluded that reliance on share awards as the sole long-term incentive did not provide sufficient upside leverage to recognize excellent performance. The number of option shares granted was based upon the recommendations of compensation consultants. In making its recommendations, the consultants considered target total compensation for the peer companies of the Corporation as well as the value of option grants as determined by means of the Black-Scholes option valuation method.

The Committee believes that stock options provide an essential competitive component in the executive compensation program. Also, the Committee believes that stock options align the interests of the named executive officers and other executive officers with those of the Corporation's shareholders since no benefit inures to the executive officers unless stock price appreciation occurs over a period of years. Information on the stock options granted to the named executive officers is included in the table entitled Option Grants in Last Fiscal Year. The Committee also considers the mix of share and option awards in seeking to make the most effective use of equity compensation. For 2001 the Committee determined to fix the proportion of options to share awards at approximately 50/50.

Stock Ownership Guidelines

Based upon information provided by the compensation consultant, stock ownership guidelines were established at the end of 1996 for the named executive officers and other executive officers. The Committee and the Board of Directors believe that it is important for each executive officer to have a substantial investment in the Corporation as such investment links an executive officer's interests with other shareholders. These guidelines set forth a specific target level of ownership based upon a multiple of base salary. The target levels are 4 times for group vice presidents and vice presidents, 6 times for executive vice presidents and senior vice presidents, 8 times for the chief operating officer and 10 times for the chairman of the board and the chief executive officer. The guidelines recommend that the executive officers reach their respective level within three to five years. Periodic adjustments may be considered, and discretion may be used in certain instances. It is expected that the target levels will be achieved from stock that is obtained by the executive officers through the various elements of the executive compensation program. The Committee reviews progress toward the target levels of ownership on an annual basis to determine whether all of the executive officers are at the requisite level of progress toward such target levels.

Chief Executive Officer Compensation

Mr. O'Dell's employment agreement sets his base salary at $500,000 per year. It also provides for an annual incentive award opportunity under the Incentive Plan of 100 percent of base salary. The Committee increased this percentage to 130 percent, but did not make any other changes in Mr. O'Dell's compensation during 2001. Mr. O'Dell received a payment under the Incentive Plan in the amount of $260,000 which was determined in the same manner as the payments to the other executive officers. He received this amount because he achieved certain predetermined personal goals and objectives, including earnings per share, return on total capital, market share gain, reduced operating expenses and because he also met non-financial goals. In addition to his payment under the Incentive Plan, Mr. O'Dell received a performance award of 5,100 shares with performance vesting hurdles pursuant to the 1991 Plan on the same terms as those awarded to the other executive officers. The Committee recommended and the Board of Directors approved this award for Mr. O'Dell because of his exceptional leadership during the very difficult economic conditions in 2001.

With respect to long-term incentive compensation, Mr. O'Dell was granted a performance share grant in 2001 covering the performance period of January 1, 2001 through December 31, 2003. As stated previously, any earnout of shares will be based upon achievement of the four separate financial measures which are weighted equally: revenue growth, return on total capital, growth in earnings per share, and relative total shareholder return. The payout for Mr. O'Dell is 2,500 shares at threshold, 20,000 shares at target and 30,000 shares at maximum. For the performance period of January 1, 1999 through December 31, 2001, the chief executive officer did not earn any shares since the threshold amount was not met for named executive officers. In addition, in 2001 Mr. O'Dell was granted a stock option for 50,000 shares at $28.69 per share, which represented the fair market value as of the date of grant. Additional information on his stock option is included in the table entitled Option Grants in Last Fiscal Year. The Committee believes Mr. O'Dell's compensation was commensurate with his experience, his performance and the performance of the Corporation. Additional details about the compensation provided under Mr. O'Dell's employment agreement are described under Employment Contracts and Termination of Employment and Change-in-Control Agreements.

Compliance with Federal Tax Legislation

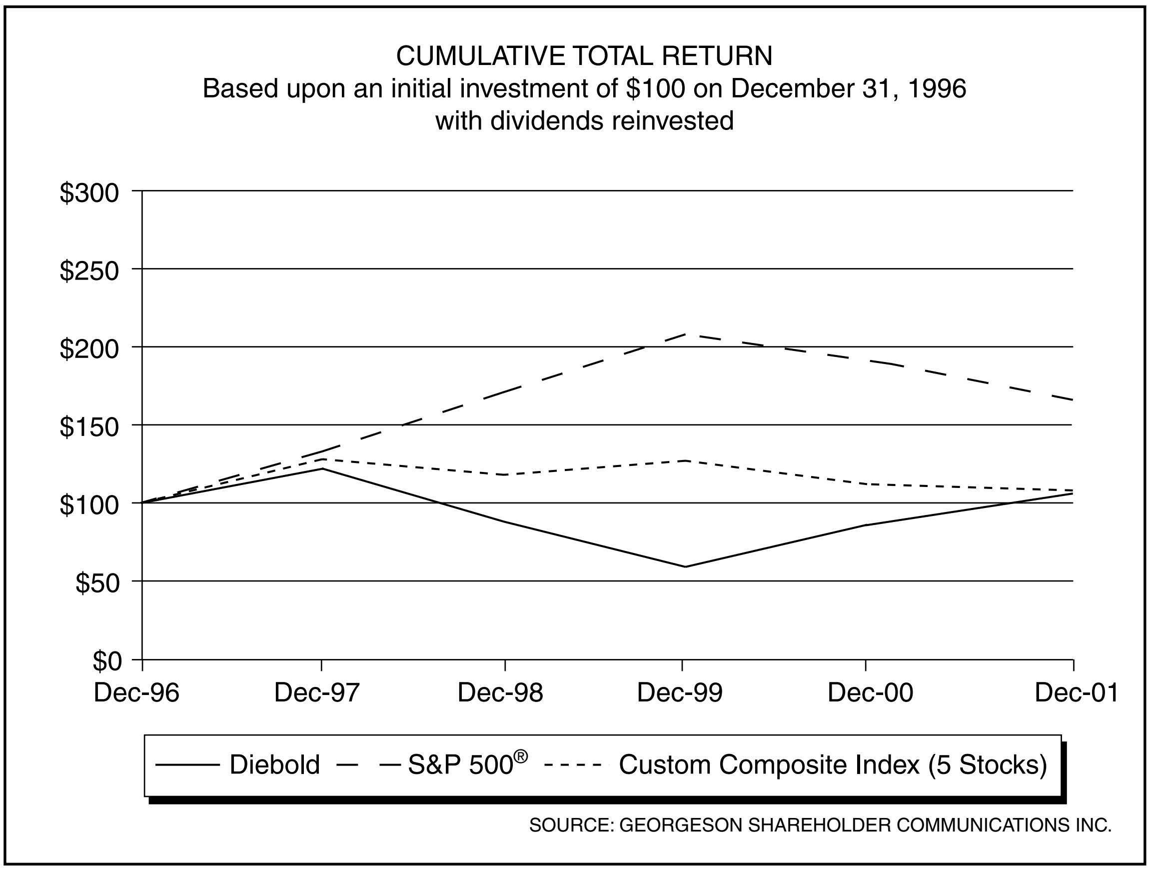
Federal tax legislation enacted in 1993 generally precludes the Corporation and other public companies from taking a tax deduction for compensation in excess of $1 million which is not performance-based and is paid, or otherwise taxable, to the named executive officers. While preserving flexibility to take the necessary action to attract and retain key employees, the Corporation has taken steps that are intended to ensure the Corporation is not adversely affected by this federal tax legislation. These actions include a policy pursuant to which certain senior executive officers have entered into agreements to automatically defer amounts affected by the limitation until the limitation no longer applies.

The foregoing report on 2001 executive compensation was submitted by the Compensation and Organization Committee of the Corporation's Board of Directors and shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission (the "Commission") or subject to Regulation 14A promulgated by the Commission or Section 18 of the Securities Exchange Act of 1934. The names of the directors who serve on the Compensation and Organization Committee are set forth below:

Phillip B. Lassiter, Chair
Donald R. Gant
John N. Lauer
William F. Massy

PERFORMANCE GRAPH

Set forth below is a line graph comparing the yearly percentage change in the cumulative shareholder return, which includes the reinvestment of cash dividends, of the Corporation's Common Shares with the cumulative total return of the S&P Composite-500 Stock Index and a custom composite index of five stocks. This index consists of Hubbell Inc. and Thomas & Betts Corp. (electrical products companies) and Harris Corp., SCI Systems Inc. and Varian Associates (diversified electronic products companies). These companies were selected based on similarity to the Corporation's line of business and similar market capitalization. The comparison covers the five-year period starting December 31, 1996 and ended December 31, 2001. The comparisons in this graph are required by rules promulgated by the Commission and are not intended to forecast future performance of the Corporation's Common Shares.



	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01
Diebold	$100	$122	$ 88	$ 59	$ 86	$106
S&P 500®	$100	$133	$171	$208	$189	$166
Custom Composite Index (5 Stocks)	$100	$128	$118	$127	$112	$108

REPORT OF AUDIT COMMITTEE

The Audit Committee is composed of independent members as defined in Section 303.01(B)(2)(a) and (3) of the New York Stock Exchange's listing standards. The primary duties and responsibilities of the Committee are as follows: (a) monitor the adequacy of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance, (b) monitor the independence and performance of the Corporation's outside auditors and internal auditing department, and (c) provide an avenue of communication among the outside auditor, management, the internal audit organization and the Board of Directors of the Corporation. The Board of Directors of the Corporation adopted a Written Audit Committee Charter attached as Appendix B to the Corporation's 2001 definitive proxy statement which was filed with the Commission.

The Audit Committee has reviewed and discussed with the Corporation's management and KPMG LLP, the Corporation's independent auditors, the audited financial statements of the Corporation contained in the Corporation's Annual Report to Shareholders for the year ended December 31, 2001. The Audit Committee has also discussed with the Corporation's independent auditors the matters required to be discussed pursuant to SAS No. 61 (Codification of Statements on Auditing Standards, *Communication with Audit Committees*).

The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (titled, ''Independence Discussions with Audit Committees''), and has discussed with KPMG LLP its independence. The Audit Committee has also considered whether the provision of information technology services and other non-audit services to the Corporation by KPMG LLP is compatible with maintaining its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed with the Commission.

L. Lindsey Halstead, Chair
Louis V. Bockius III
Richard L. Crandall
Gale S. Fitzgerald
W. R. Timken, Jr.

RATIFICATION OF APPOINTMENT OF AUDITORS BY THE BOARD OF DIRECTORS

KPMG LLP acted as the Corporation's independent auditors during the past fiscal year, and has so acted since 1965.

Audit Fees

KPMG LLP has billed the Corporation $638,000, in the aggregate, for professional services rendered by KPMG LLP for the audit of the Corporation's annual financial statements for the fiscal year ended December 31, 2001 and the reviews of the interim financial statements included in the Corporation's Forms 10-Q filed during the fiscal year ended December 31, 2001.

Financial Information Systems Design and Implementation Fees

KPMG LLP did not provide services nor did it bill the Corporation for professional services described in Paragraph (c)(4)(ii) of Rule 2-01 of Regulation S-X rendered by KPMG LLP during the fiscal year ended December 31, 2001.

All Other Fees

KPMG LLP has billed the Corporation $1,114,768, in the aggregate, for services rendered by KPMG LLP for all services (other than those covered above under ''Audit Fees'' and ''Financial Information Systems Design and Implementation Fees'') during the fiscal year ended December 31, 2001. All other fees consist of $690,000 of audit related fees and $425,000 of non-audit services. The audit related fees were primarily for statutory audits required in certain foreign countries and due diligence related to acquisitions. Non-audit fees consisted of tax services.

On the recommendation of the Audit Committee and the Board of Directors, and subject to ratification by the shareholders, the Board of Directors appointed KPMG LLP to examine the accounts and other records of the Corporation for the fiscal year ending December 31, 2002. The Board of Directors will present to the annual meeting a proposal that such appointment be ratified. Should the shareholders fail to ratify the appointment, the Board of Directors will reconsider its selection.

KPMG LLP has no financial interest, direct or indirect, in the Corporation or any subsidiary.

A representative of KPMG LLP is expected to be present at the annual meeting to make a statement if he or she desires to do so and to respond to appropriate questions.

THE BOARD RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF AUDITORS.

EXPENSES OF SOLICITATION

The cost of soliciting the proxies will be paid by the Corporation. In addition to solicitation by mail, some of the Corporation's directors, officers and employees without extra compensation may conduct additional solicitations by telephone, facsimile and personal interviews. The Corporation will also enlist, at its own cost, the assistance of banks, bankers and brokerage houses in additional solicitations of proxies and proxy authorizations, particularly from those of their clients or customers whose shares are not registered in the clients' or customers' own names. Brokers, bankers, etc., will be reimbursed for out-of-pocket and reasonable clerical expenses incurred in obtaining instructions from beneficial owners of the Common Shares. It is estimated that the expense of such special solicitation will be nominal. In addition, Georgeson Shareholder Communications, Inc., New York, New York, has been retained to assist in the solicitation of proxies for an estimated fee of $7,000.

PROPOSALS OF SHAREHOLDERS

The Corporation must receive by November 18, 2002 any proposal of a shareholder intended to be presented at the 2003 annual meeting of shareholders of the Corporation (the "2003 Meeting") and to be included in the Corporation's proxy, notice of meeting and proxy statement related to the 2003 Meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act"). Such proposals should be submitted to the Secretary of the Corporation by certified mail, return receipt requested. Proposals of shareholders submitted outside the processes of Rule 14a-8 under the Exchange Act in connection with the 2003 Meeting ("non-Rule 14a-8 Proposals") must be received by the Corporation by February 1, 2003 or such proposals will be considered untimely under Rule 14a-4(c) of the Exchange Act. The Corporation's proxy related to the 2003 Meeting will give discretionary authority to the Proxy Committee to vote with respect to all non-Rule 14a-8 Proposals received by the Corporation after February 1, 2003.

OTHER MATTERS

The Corporation is not aware of any matters to be presented at the annual meeting other than the matters set forth herein. Should any other matters be presented for a vote of the shareholders, the proxy in the enclosed form confers discretionary voting authority upon the Proxy Committee. In accordance with the provisions of the General Corporation Law of the State of Ohio, the Board of Directors has appointed inspectors of elections to act at the annual meeting.

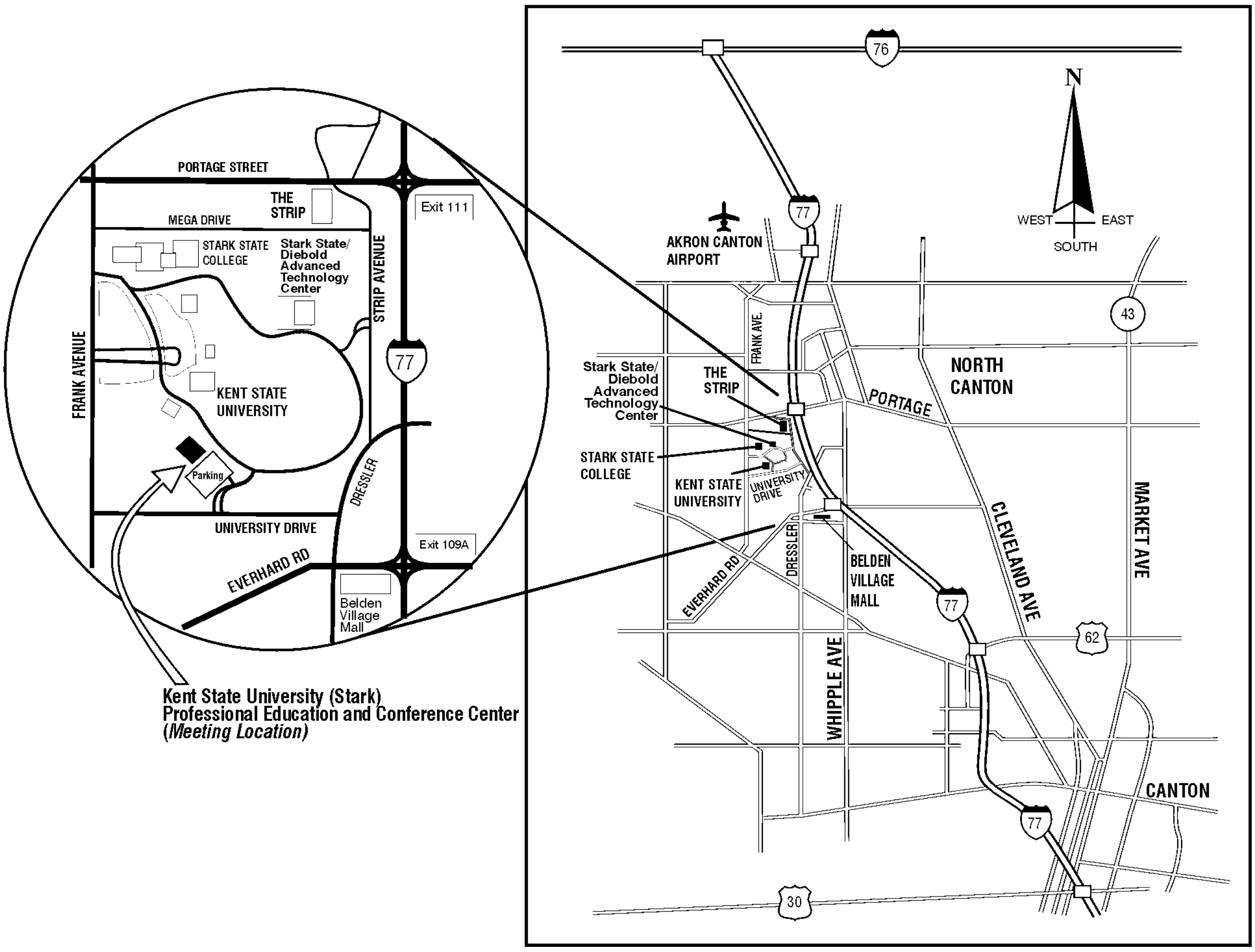
By Order of the Board of Directors

Charee Francis-Vogelsang

CHAREE FRANCIS-VOGELSANG
Vice President and Secretary

Canton, Ohio
March 19, 2002

THE ANNUAL REPORT OF DIEBOLD, INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2001, WAS MAILED TO ALL SHAREHOLDERS ON OR ABOUT MARCH 19, 2002.



Directions

From Cleveland and Akron: Take I-77 South to Exit 111 (Portage Street). Turn right on Portage Street to Frank Avenue. Turn left on Frank Avenue. Proceed to the light at Frank Avenue and University Drive. Make a left turn and follow the signs to the Kent State University (Stark) Professional Education and Conference Center.

From Canton: Take I-77 North to Exit 111 (Portage Street). Turn left on Portage Street to Frank Avenue. Turn left on Frank Avenue. Proceed to the light at Frank Avenue and University Drive. Make a left turn and follow the signs to the Kent State University (Stark) Professional Education and Conference Center.

Please Detach Here
You Must Detach This Portion of the Proxy Card
Before Returning it in the Enclosed Envelope

[ ]	**Please Sign, Date and Return the Proxy Promptly Using the Enclosed Envelope**	[X] **Votes MUST be indicated (x) in Black or Blue ink.**

The Common Shares represented by this proxy will be voted by the Proxy Committee as recommended by the Board of Directors unless otherwise specified. The Board of Directors recommends a vote "FOR" these items.

1. Election of Directors								**FOR**	**AGAINST**	**ABSTAIN**
FOR all nominees listed below	[ ]	WITHHOLD AUTHORITY to vote for all nominees listed below	[ ]	(*)EXCEPTIONS	[ ]	2.	To Ratify the Appointment of KPMG LLP as Independent Auditors for the year 2002.	[ ]	[ ]	[ ]

Nominees: L. V. Bockius III, R. L. Crandall, G. S. Fitzgerald, D. R. Gant, L. L. Halstead, P. B. Lassiter, J. N. Lauer, W. F. Massy, W. W. O'Dell, E. J. Roorda and W. R. Timken, Jr.

To change your address, please mark this box [ ]

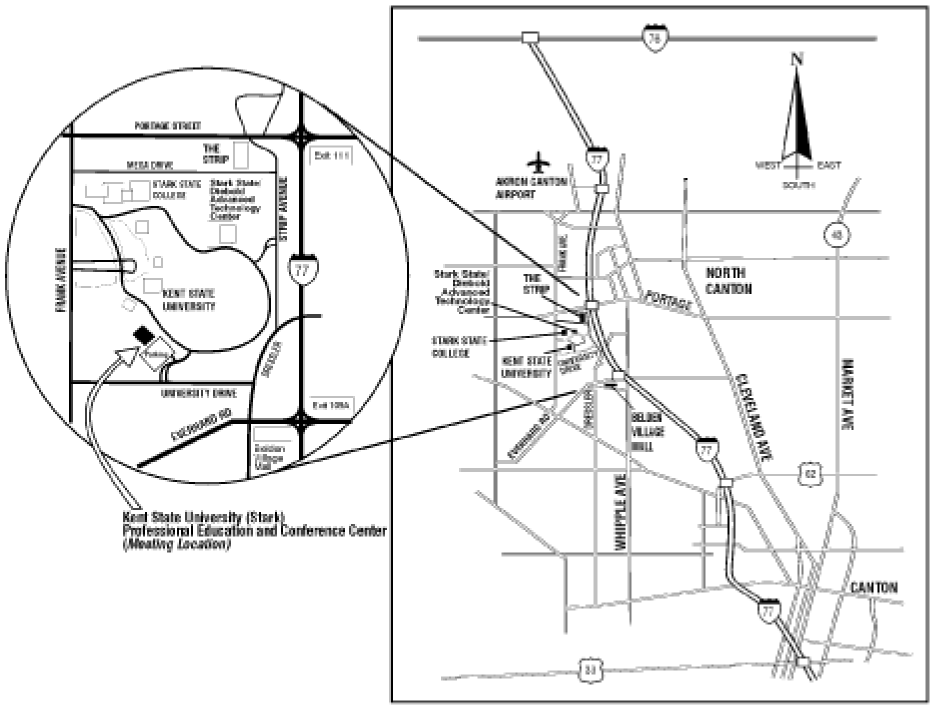
(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the "Exceptions" box and write that nominee's name in the space provided below).

(*)Exceptions ______________________________

S C A N L I N E

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date	Share Owner sign here	Co-Owner sign here



DIEBOLD, INCORPORATED
5995 Mayfair Road
P.O. Box 3077, North Canton, Ohio 44720-8077

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned hereby appoints Walden W. O’Dell, Wesley B. Vance and Gregory T. Geswein and each of them, as the Proxy Committee, with full power of substitution to represent and to vote all the Common Shares of Diebold, Incorporated held of record by the undersigned on March 1, 2002, at the annual meeting of shareholders which will be held on April 25, 2002 or at any adjournment thereof, as indicated on the reverse side. This card also constitutes your voting instructions for any and all shares held of record by The Bank of New York for your account in the Dividend Reinvestment Plan, and will be considered to be voting instructions to the Trustee with respect to shares held in accounts under the Diebold, Incorporated 401(k) Savings Plan.

You are encouraged to specify your choices by marking the appropriate boxes, SEE REVERSE SIDE, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors recommendations. The Proxy Committee cannot vote your shares unless you sign and return this Card. In its discretion, the Proxy Committee is authorized to vote upon such other business as may properly come before the meeting.

(Continued, and to be dated and signed on reverse side.)

DIEBOLD, INCORPORATED
P.O. BOX 11105
NEW YORK, N.Y. 10203-0105