

DIEBOLD INC  
Form 11-K  
June 27, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K  
FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS  
AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the period ended December 31, 2011  
OR

o TRANSITION REPORT PURSUANT TO 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-4879  
DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES

(Full title of the plan)  
Diebold, Incorporated 5995 Mayfair Road PO Box 3077 North Canton, Ohio 44720-8077

(Name of issuer of the securities held by the plan and the address of its principal executive office)

---

DIEBOLD, INCORPORATED  
401(k) SAVINGS PLAN  
FOR PUERTO RICO ASSOCIATES  
ANNUAL REPORT INDEX  
December 31, 2011 and 2010

The following unaudited financial statements and other information of Diebold, Incorporated 401(k) Savings Plan for Puerto Rico Associates are included herewith:

• Statements of Net Assets Available for Benefits - December 31, 2011 and 2010;

• Statements of Changes in Net Assets Available for Benefits for the Period Ended December 31, 2011 and 2010;

• Notes to Financial Statements - December 31, 2011 and 2010.

The following supplemental schedule of Diebold, Incorporated 401(k) Savings Plan for Puerto Rico Associates included in the Annual Report of the Plan on Form 5500 filed with the Department of Labor for the period ended December 31, 2011 is included herewith:

• Schedule H, Line 4i - Schedule of Assets (Held at End of Year) - December 31, 2011

All other supplemental schedules and notes for which provision is made in the applicable rules and regulations of the Department of Labor Regulations are not required under the related instructions or are inapplicable and, therefore, have been omitted.

DIEBOLD, INCORPORATED  
401(k) SAVINGS PLAN  
FOR PUERTO RICO ASSOCIATES  
TABLE OF CONTENTS

	Page No.
<u>REQUIRED INFORMATION</u>	<u>4</u>
<u>FINANCIAL STATEMENTS</u>	
<u>Statements of Net Assets Available for Benefits - December 31, 2011 and 2010</u>	<u>5</u>
<u>Statements of Changes in Net Assets Available for Benefits for the years Ended December 31, 2011 and 2010</u>	<u>6</u>
<u>Notes to the Financial Statements</u>	<u>7</u>
<u>SUPPLEMENTARY SCHEDULE</u>	
<u>Schedule H, Line 4i - Schedule of ASsets (Held at End of Year) - December 31, 2011</u>	<u>13</u>

DIEBOLD, INCORPORATED  
401(k) SAVINGS PLAN  
FOR PUERTO RICO ASSOCIATES  
REQUIRED INFORMATION

The Diebold, Incorporated 401(k) Savings Plan for Puerto Rico Associates (the Plan) is subject to the requirements of the Employee Retirement Security Act of 1974 (ERISA). The following financial statements and schedules of the Plan have been prepared in accordance with the financial reporting requirements of ERISA under 29 CFR 2520.104-41. The financial statements and schedules are unaudited as the Plan has claimed a waiver of the annual examination and report of an independent qualified accountant under 29 CFR 2520.104.46.

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2011 AND 2010

	2011 (Unaudited)	2010 (Unaudited)
Investments, at fair value:		
Participant-directed	\$487,366	\$479,403
Participant loans	38,975	36,159
Net assets available for benefits	\$526,341	\$515,562

See accompanying notes to financial statements

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 FOR THE PERIOD ENDED DECEMBER 31, 2011 and 2010

	2011 (Unaudited)	2010 (Unaudited)
Additions:		
Contributions:		
Participant	\$51,555	\$47,799
Employer	17,885	5,517
Total contributions	69,440	53,316
Investment income:		
Interest and dividends	15,881	13,324
Net appreciation in the fair value of investments	—	23,003
Interest income, participant loans	1,831	2,359
Total additions	87,152	92,002
Deductions:		
Net depreciation in the fair value of investments	7,774	—
Benefits paid to participants	68,079	—
Administrative expenses	520	365
Total deductions	76,373	365
Net increase during the year	10,779	91,637
Net assets available for benefits:		
Beginning of period	515,562	423,925
End of period	\$526,341	\$515,562

See accompanying notes to financial statements

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
DECEMBER 31, 2011 and 2010

(1) Description of the Plan

The following brief description of the Diebold, Incorporated 401(k) Savings Plan for Puerto Rico Associates (the Plan), provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

Effective October 1, 2008, the Plan was established for the exclusive benefit of the employees of the Diebold, Incorporated (the Employer) who reside in Puerto Rico. The Plan is subject to certain provisions of the Employee Retirement Security Act of 1974 (ERISA).

(b) Contributions

The Plan allows each participant to voluntarily contribute from one to ten percent (in one percent increments) of pre-tax compensation, but not in excess of \$9,000 or such indexed maximum amounts permitted by the Puerto Rico Internal Revenue Code of 1994, as amended. Diebold provides a company matching contribution as follows:

Effective January 1, 2011

For employees hired before July 1, 2003, the Employer Basic Matching Contribution was increased to 25 percent of a participant's pre-tax contributions during each payroll period up to six percent of the participant's compensation in such payroll period. For employees hired on or after July 1, 2003, the Employer Basic Matching Contribution was increased to 55 percent of a participant's pre-tax contributions during each payroll period up to six percent of the participant's compensation in such payroll period.

Effective April 1, 2009

For employees hired before July 1, 2003 there was no Employer Basic Matching Contribution. For employees hired on or after July 1, 2003, the Employer Basic Matching Contribution was 30 percent of a participant's pre-tax contributions during each payroll period up to six percent of the participant's compensation in such payroll period.

The Employer match is set by the board of directors and is evaluated at least annually.

(c) Participants' Accounts

Each participant directs his or her contributions, as well as any employer matching contributions, into any of several investment funds within the Plan with a minimum investment in any fund of one percent. Participants' accounts are valued on a daily basis.

Prior to June 1, 2006, the Employer's Basic Matching Contribution was divided between the Regular Account and the Retiree Medical Funding Account based on a predefined formula and was invested in the Diebold Company Stock Fund. Effective June 1, 2006, all Employer contributions were deposited in the Regular Account. Therefore, no further Employer contributions will be deposited into the Retiree Medical Funding Account; however, this account is maintained for historical recordkeeping.

(d) Vesting

For employees hired before July 1, 2003, a participant's pre-tax contributions and earnings, and the Employer's contributions and earnings are immediately vested and non-forfeitable. For employees hired on or after July 1, 2003, a participant's pre-tax contributions and earnings are immediately vested and non-forfeitable; however, Employer contributions and earnings are vested in accordance with the following schedule: less than three years service, zero percent; three or more years of service, 100 percent.

(e) Distribution of Benefits

Upon termination of service with the Employer or an affiliate, a participant may elect to receive his or her total vested account balance in a lump sum payment, defer receipt until retirement date, or make a direct rollover to a qualified plan if such total account balance exceeds \$5,000. If the vested account balance does not exceed \$5,000, the participant may elect to receive his or her total account balance in a lump sum payment or make a direct rollover to a qualified plan. If the participant does not elect one of the noted options, the plan administrator (the Administrator) will pay

7

---



DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
DECEMBER 31, 2011 and 2010

the distribution in a direct rollover to the individual retirement annuity plan designated by the Administrator. The Administrator or its designee shall make such determination on a periodic basis, not less frequently than annually. For any funds invested in the Diebold Company Stock Fund, the participant may make an election to receive cash or the Employer's common stock.

(f) Participant Loans

Loan transactions are treated as transfers between the various funds and the Loan Fund. Under the terms of the Plan, active participants of the Plan may borrow against their total account balance except for their balance in the Retiree Medical Funding Account. The minimum amount of any loan is \$1,000 and the maximum is \$50,000 or 50 percent of a participant's current vested balance (in \$100 increments), whichever is less. Loan payments are made through equal payroll deductions over the loan period of one to five years. If a loan is not repaid when due, the loan balance is treated as a taxable distribution from the Plan. Interest charged, which is based on the prime interest rate plus one percent as of the loan effective date, is determined by the Employer and ranged from 4.25 percent to 6.00 percent at December 31, 2011 and 4.25 percent to 9.25 percent at December 31, 2010.

(g) Withdrawals

A financial hardship provision is available, enabling a participant to withdraw an amount to cover an immediate financial need.

(h) Expenses

All costs and expenses incident to the administration of the Plan are paid by the Administrator, or at the discretion of the Administrator, paid from the assets of the Plan, except for loan processing and administration fees associated with the Loan Fund, which are borne by the individual loan participants.

(i) Forfeited Accounts

At December 31, 2011 and 2010 forfeited unvested accounts totaled \$56 and \$57, respectively. These accounts are used to reduce future employer contributions or administrative expenses.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The presentation of certain prior-year information has been reclassified to conform to the current presentation.

(b) Investment Valuation

The Plan's investments are stated at fair value as of the last business day of the Plan year. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. The Employer common stock is valued at its quoted market price. All purchase and sale transactions are recorded on a trade date basis.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The Statements of

Changes in Net Assets Available for Benefits is prepared on a contract value basis.

(c) Participant Loans

Participant loans are classified as notes receivable from participants and are measured at their unpaid principal balance plus any accrued interest.

8

---

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
 NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
 DECEMBER 31, 2011 and 2010

(d) Benefit Payments

Benefits are recorded when paid.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets available for benefits and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in assets available for benefits during the reporting period. Actual results could differ from those estimates.

(f) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

(g) Recently Issued Accounting Guidance

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). ASU 2011-04 amended ASC 820, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plans' financial statements.

(3) Investments

The following presents investments that represent five percent or more of the Plan's assets available for benefits as of December 31:

	2011		2010	
	Number of Shares/Units	Fair Value	Number of Shares/Units	Fair Value
Vanguard Retirement Savings Trust	204,177	\$204,177	225,921	\$225,921
Diebold Company Stock Fund	7,490	77,524	7,439	81,977
Vanguard 500 Index Fund	471	54,559	404	46,786
Loomis Sayles Bond Fund	3,527	49,131	3,128	44,631
Vanguard Windsor II Fund (1)	1,072	27,633	960	24,645
Vanguard Target Retirement 2030 Fund (1)	1,281	26,790	939	20,362

(1) Shown for comparative purposes only. Investment did exceed five percent of the plan's assets as of December 31, 2010.

All investments as of December 31, 2011 and 2010 are participant-directed.

The Plan has an interest in a fully benefit-responsive group annuity contract as part of the Vanguard Retirement Savings Trust (the Trust) option issued by the Vanguard Fiduciary Trust Company (the Trustee). The group trust contract is to be reported at contract value and disclosure of adjustment from fair value is required, as stated on the

Statements of Net Assets Available for Benefits.

The crediting rate of the contract resets every quarter based on the performance of the underlying investment portfolio. To the extent that the Trust has unrealized gains and losses (that are accounted for, under contract value accounting, through the value of the synthetic contract), the interest crediting rate may differ from then-current market rates. An investor currently redeeming Trust units may forgo a benefit, or avoid a loss, related to a future crediting rate different from then-current market

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
 NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
 DECEMBER 31, 2011 and 2010

rates. Investments in Vanguard mutual funds and bond trusts are valued at the net asset value of each fund or trust determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

The average yield earned by the Trust for fully benefit-responsive investment contracts was 3.09 percent and 3.36 percent for the years ended December 31, 2011 and 2010, respectively. The average yield earned and paid to plan participants by the Trust was 2.68 percent and 3.01 percent for the years ended December 31, 2011 and 2010, respectively.

Certain events limit the ability of the Plan to transact with the issuer at contract value. These events include, but are not limited to, partial or complete legal termination of the Trust or a unit holder, tax disqualification of the Trust or unit holder, and certain Trust amendments if issuers' consent is not obtained. As of December 31, 2011, the occurrence of an event outside the normal operation of the Trust that would cause a withdrawal from an investment contract is not considered to be probable.

In general, issuers may terminate the contract and settle at other than contract value if there is a change in the qualification status of participant, employer, or plan; a breach of material obligations under the contract and misrepresentation by the contract holder; or failure of the underlying portfolio to conform to the pre-established investment guidelines.

The Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value as follows:

	2011		2010
Balanced Funds	\$(1,736	)	\$3,296
Bond Funds	(813	)	2,900
Diebold Company Stock Fund	(4,915	)	8,898
Stock Funds	(310	)	7,909
	\$(7,774	)	\$23,003

(4) Fair Value Measurements

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3: Unobservable inputs for which there is little or no market data.

Investments measured at fair value on a recurring basis are as follows:

	Fair Value at December 31, 2011	Fair Value Measurements Using	
		Level 1	Level 2
Balanced Funds	\$52,223	\$52,223	\$—
Bond Funds	62,297	62,297	—

Edgar Filing: DIEBOLD INC - Form 11-K

Diebold Company Stock Fund	77,524	77,524	—
Stock Funds	91,089	91,089	—
Vanguard Retirement Savings Trust	204,177	—	204,177
Money Market Funds	56	—	56
Total	\$487,366	\$283,133	\$204,233

10

---

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
 NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
 DECEMBER 31, 2011 and 2010

	Fair Value at December 31, 2010	Fair Value Measurements Using	
		Level 1	Level 2
Balanced Funds	\$36,562	\$36,562	\$—
Bond Funds	54,707	54,707	—
Diebold Company Stock Fund	81,977	81,977	—
Stock Funds	80,179	80,179	—
Vanguard Retirement Savings Trust	225,921	—	225,921
Money Market Funds	57	—	57
Total	\$479,403	\$253,425	\$225,978

Assets valued using level 1 inputs in the table above represent assets from the Plan and are valued based on the number of shares in the funds using a closing price per share traded in an active market.

Assets valued using level 2 inputs in the table above represent the Plan's investment in fully benefit-responsive investment contracts and money market funds. Investments in fully benefit-responsive investment contracts are valued at fair value by discounting the related cash flows based on current yields of similar investments with comparable durations. Investments in money market funds are valued at the NAV of shares held by the Plan.

(5) Tax Status

The Department of the Treasury of Puerto Rico has determined and informed the employer by a letter dated March 17, 2009, that the Plan and related trust are designed in accordance with applicable sections of the Puerto Rico Internal Revenue Code of 1994, as amended (Code). The Administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

On January 1, 2011, Puerto Rico adopted a new tax code called the "Internal Revenue Code of a New Puerto Rico". This new Puerto Rico Code introduces numerous changes that affect employee benefits such as the Plan. The Company is working with Puerto Rico counsel to adopt all necessary provisions and file the Plan with the Puerto Rico Treasury Department (Hacienda) as required.

(6) Plan Termination

Although it has not expressed any intent to do so, the Employer reserves the right at any time, by action of its Board of Directors, to terminate the Plan or discontinue contributions thereto.

(7) Party - In - Interest Transactions

The Trustee serves as the fund manager of the Vanguard 500 Index Fund, Vanguard International Growth Fund, Vanguard International Value Fund, Vanguard Prime Money Market, Vanguard PRIMECAP Fund, Vanguard Target Retirement 2005 Fund, Vanguard Target Retirement 2010 Fund, Vanguard Target Retirement 2015 Fund, Vanguard Target Retirement 2030 Fund, Vanguard Target Retirement 2035 Fund, Vanguard Target Retirement 2045 Fund, Vanguard Target Retirement 2050 Fund, Vanguard Target Retirement Income Fund, Vanguard Total Bond Market Index Fund, Vanguard U.S. Growth Fund, Vanguard Windsor II Fund, and the Vanguard Retirement Savings Trust. The Diebold Company Stock Fund is designed primarily for investment in common stock of Diebold, Incorporated.

(8) Subsequent Events

Effective January 1, 2012, the Company increased the Employer Basic Matching Contribution as follows:

For employees hired before July 1, 2003, the Employer Basic Matching Contribution was increased to 30 percent of a participant's pre-tax contributions during each payroll period up to six percent of the participant's compensation in such payroll period. For employees hired on or after July 1, 2003, the Employer Basic Matching Contribution was increased to 60 percent of a participant's pre-tax contributions during each payroll period up to six percent of the participant's compensation in such payroll period.



DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
DECEMBER 31, 2011 and 2010

The Administrator has evaluated subsequent events through the date the Plan financial statements are issued. With the exception of the matching contributions noted above, there were no subsequent events that have occurred which would require adjustments to or disclosure in the Plan financial statements.

DIEBOLD, INCORPORATED 401(K) SAVINGS PLAN FOR PUERTO RICO ASSOCIATES  
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
DECEMBER 31, 2011  
EIN: 34-0183970  
PLAN NUMBER: 001

(a)	(b)	(c)	(d)	(e)	
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Shares	Cost	Current Value
	Loomis Sayles Bond Fund	Registered Investment Company	3,527	***	\$49,131
*	Vanguard 500 Index Fund	Registered Investment Company	471	***	54,559
*	Vanguard International Growth Fund	Registered Investment Company	22	***	352
*	Vanguard International Value Fund	Registered Investment Company	15	***	386
*	Vanguard Prime Money Market	Registered Investment Company	56	***	56
*	Vanguard PRIMECAP Fund	Registered Investment Company	8	***	489
*	Vanguard Target Retirement 2005 Fund	Registered Investment Company	8	***	90
*	Vanguard Target Retirement 2010 Fund	Registered Investment Company	292	***	6,543
*	Vanguard Target Retirement 2015 Fund	Registered Investment Company	495	***	6,090
*	Vanguard Target Retirement 2030 Fund	Registered Investment Company	1,281	***	26,790
*	Vanguard Target Retirement 2035 Fund	Registered Investment Company	534	***	6,674
*	Vanguard Target Retirement 2045 Fund	Registered Investment Company	447	***	5,748
*	Vanguard Target Retirement 2050 Fund	Registered Investment Company	7	***	136
*	Vanguard Target Retirement Income Fund	Registered Investment Company	13	***	152
*	Vanguard Total Bond Market Index Fund	Registered Investment Company	1,197	***	13,166
*	Vanguard U.S. Growth Fund	Registered Investment Company	425	***	7,670
*	Vanguard Windsor II Fund	Registered Investment Company	1,072	***	27,633
*	Vanguard Retirement Savings Trust	Common/ Collective Trust	204,177	***	204,177
*	Diebold Company Stock Fund	Company Stock Fund	7,490	***	77,524
*	Participant Loans	1 – 5 years; 4.25% - 6.00%		**	38,975
					\$526,341

\* Party-in-interest

\*\* The cost of participant loans is \$0 based upon instructions for the Form 5500 Schedule Line 4i

\*\*\* Information not required pursuant to instructions to Form 5500 for participant-directed funds.

SIGNATURES

Diebold, Incorporated 401(k) Savings Plan for Puerto Rico Associates. Pursuant to the requirements of the Securities Exchange Act of 1934, the Benefits Committee of Diebold, Incorporated, the Administrator of the Plan, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DIEBOLD, INCORPORATED 401(k) SAVINGS PLAN FOR PUERTO RICO  
ASSOCIATES

Date: June 27, 2012

By: /s/ Bradley C. Richardson  
Bradley C. Richardson  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)