

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

LOUISIANA MUNICIPAL POLICE EMPLOYEES )	No. 1:10-cv-01461-BYP
RETIREMENT SYSTEM, Individually and on )	
Behalf of All Others Similarly Situated, )	<u>CLASS ACTION</u>
Plaintiff, )	Judge Benita Y. Pearson
vs. )	
KPMG, LLP, et al., )	
Defendants. )	

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**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION**

***If you purchased Diebold, Inc. (“Diebold” or the “Company”)<sup>1</sup> common stock and/or put and call options (collectively, “Diebold Publicly Traded Securities”) during the period from June 30, 2005 to January 14, 2008, inclusive (the “Class Period”) and are not otherwise excluded from the Class (see Question 6 below), you could get a payment from a class action settlement.***

A federal court authorized this Notice. This is not a solicitation from a lawyer.

**Security and Time Period:** Diebold common stock and/or put and call options between June 30, 2005 and January 14, 2008, inclusive.

**Settlement Fund:** \$31,600,000 in cash plus any interest earned. Your recovery will depend on the timing of your purchases and sales of Diebold Publicly Traded Securities during the Class Period. Based on the information currently available to the Class Representatives and the analysis performed by its damages consultants, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution under the Plan of Allocation (described below), the estimated average distribution per share of common stock will be approximately \$0.35 before deduction of Court-approved fees and expenses, including the cost of notifying Members of the Class and administering the settlement, and any attorneys’ fees and expenses awarded by the Court to counsel for the Class Representatives. Historically, actual claims rates are less than 100%, which results in higher distributions per share than if the rate were 100%. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms (“Proof of Claim”).

**Reasons for Settlement:** Avoids the costs and risks associated with continued litigation, including the danger of no recovery.

**If the Case Had Not Settled:** Continuing with the case could have resulted in loss at summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the amount of money that could have been won if the Class Representatives prevailed at trial. The parties disagree about both liability and damages, including: (1) the method for determining whether

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<sup>1</sup> This Notice incorporates by reference the definitions in the Stipulation of Settlement dated as of November 8, 2013 (“Stipulation”), and all capitalized terms used, but not defined herein, shall have the same meanings as in the Stipulation. The Stipulation and all of its exhibits can be obtained at [www.gilardi.com/dieboldinc](http://www.gilardi.com/dieboldinc).

the price of Diebold Publicly Traded Securities was artificially inflated during the relevant period; (2) whether there was any such inflation and the amount of any such alleged inflation, and associated damages if the Class were to have prevailed on liability; (3) whether there was any wrongdoing on the part of Defendants; (4) the extent that various facts alleged by the Class Representatives influenced the trading price of Diebold Publicly Traded Securities during the Class Period; and (5) whether the facts alleged were material, false, misleading or otherwise actionable under the federal securities laws.

**Attorneys' Fees and Expenses:** Court-appointed Lead Counsel will ask the Court for attorneys' fees of approximately 22%, or \$6,870,000, of the Settlement Fund<sup>2</sup> and expenses not to exceed \$230,000 to be paid from the Settlement Fund plus interest. Class Representatives' counsel have not received any payment for their work investigating the facts, prosecuting this Litigation, and negotiating this settlement on behalf of the Class Representatives and the Class. If the above amounts are requested and approved by the Court, the average cost per share of common stock will be \$0.08.

**Deadlines:**

Submit Claim:	April 21, 2014
Request Exclusion:	March 5, 2014
File Objection:	March 5, 2014

**Court Hearing on Fairness of Settlement:** March 19, 2014

**More Information:** [www.gilardi.com/dieboldinc](http://www.gilardi.com/dieboldinc) or

Claims Administrator:	Representative of Class Representatives' counsel:
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*Diebold Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 5100  
Larkspur, CA 94977-5100  
1-877-258-2091

Rick Nelson  
Shareholder Relations  
Robbins Geller Rudman & Dowd LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
1-800-449-4900

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF</b>	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants for the legal claims in this case.
<b>OBJECT</b>	You may write to the Court if you do not like this settlement, the request for attorneys' fees and expenses, or the Plan of Allocation.
<b>GO TO A HEARING</b>	You may ask to speak in Court about the fairness of the settlement, the request for attorneys' fees and expenses, or the Plan of Allocation.
<b>DO NOTHING</b>	Get no payment. Give up your rights.

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<sup>2</sup> This amount was negotiated with the Court-appointed Lead Plaintiff Building Trades United Pension Trust Fund.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

## **BASIC INFORMATION**

### **1. Why did I get this notice package?**

You or someone in your family may have purchased Diebold common stock and/or put and call options between June 30, 2005 and January 14, 2008, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court, Northern District of Ohio, Eastern Division and the case is known as *Louisiana Municipal Police Employees Retirement System v. KPMG, LLP, et al.*, No. 1:10-cv-01461-BYP. The entities that lead the Litigation, Building Trades United Pension Trust Fund and Alaska Electrical Pension Fund, are called the Class Representatives and the company and the individuals it sued are called Defendants.<sup>3</sup>

### **2. What is this lawsuit about?**

This Litigation alleges that Diebold and certain of its accounting executives violated the federal securities laws by fraudulently manipulating the Company's earnings and financial performance which caused Diebold to publish materially false and misleading financial results during the Class Period and that KPMG, as the Company's outside auditor during the Class Period, was aware of these accounting manipulations but nevertheless issued unqualified audit reports throughout the Class Period. The Class Representatives allege that when Defendants disclosed the truth about the Company's financial results, Class Members suffered damages as a result of the decline in the price of Diebold Publicly Traded Securities.

Defendants deny all of the Class Representatives' allegations and further deny that they did anything wrong. Defendants also deny that the Class Representatives or the Class suffered damages or that the price of Diebold Publicly Traded Securities was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise.

### **3. Why is this a class action?**

In a class action, one or more people called class representatives (in this case, the Court-appointed Lead Plaintiff Building Trades United Pension Trust Fund and additional class representative Alaska Electrical Pension Fund) sue on behalf of people who have similar claims. All of these people and/or entities are called a class or class members. One judge — in this case, United States District Court Judge Benita Y. Pearson — resolves the issues for all Class Members, except for those who exclude themselves from the Class.

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<sup>3</sup> The Defendants are Diebold, Gregory T. Geswein, Kevin J. Krakora and KPMG.

#### **4. Why is there a settlement?**

The Court did not decide in favor of the Class Representatives or Defendants. Instead, the lawyers for both sides of the lawsuit have negotiated a settlement, with the assistance of a mediator who is a former United States Judge, that they believe is in the best interests of their respective clients. The settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals, and permits eligible Class Members to be compensated without further delay. The Class Representatives and their attorneys think the settlement is best for all Class Members.

#### **WHO GETS MONEY FROM THE SETTLEMENT**

To see if you will get money from this settlement, you first have to determine if you are a Class Member.

#### **5. How do I know if I am part of the settlement?**

The Class includes *all Persons who purchased Diebold common stock and/or put and call options between June 30, 2005 and January 14, 2008, inclusive.*

#### **6. Are there exceptions to being included in the Class?**

Yes. Excluded from the Class are Defendants, members of the immediate families of Defendants, as well as the officers and directors of Diebold and KPMG during the Class Period, and members of their immediate families. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.

#### **7. I'm still not sure if I am included.**

If you still are not sure whether you are included, you can ask for free help. You can call 1-877-258-2091 or visit [www.gilardi.com/dieboldinc](http://www.gilardi.com/dieboldinc) for more information; or, you can call Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, at 1-800-449-4900 for more information; or, you can fill out and return the Proof of Claim described in Question 10 to see if you qualify.

#### **THE SETTLEMENT BENEFITS – WHAT YOU GET**

#### **8. What does the settlement provide?**

Diebold and KPMG have agreed to pay or cause to be paid a total of \$31,600,000.00 in cash (Diebold: \$30 million; KPMG: \$1.6 million), plus interest (the "Settlement Fund"). The Settlement Fund, plus interest earned from the date it is established, less costs, fees, and expenses (the "Net Settlement Fund"), will be divided among all eligible Class Members who send in valid Proofs of Claim ("Authorized Claimants"). Costs, fees, and expenses include Court-approved attorneys' fees and expenses, the costs of notifying Class Members, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice, the costs of claims administration, and taxes on the Settlement Fund.

#### **9. How much will my payment be?**

Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim that Class Members send in and how many Diebold Publicly Traded Securities you purchased during the relevant period and when you bought and sold them.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, the Class Representatives' counsel conferred with their damages consultants, and the

Plan of Allocation reflects an approach to calculation of damages that they believe could potentially have been adopted had the Class Representatives prevailed at trial.<sup>4</sup>

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A "Claim" will be calculated as follows:

#### **COMMON STOCK**

1. For shares of Diebold common stock ***purchased on or between June 30, 2005 through January 14, 2008***, the claim per share shall be as follows:

(a) If sold on or between June 30, 2005 through January 14, 2008, the claim per share shall be the lesser of (i) the inflation in Table A at the time of purchase less the inflation in Table A at the time of sale; and (ii) the difference between the purchase price and the selling price.

(b) If retained at the end of January 14, 2008 and sold prior to April 12, 2008, the claim per share shall be the lesser of (i) the inflation in Table A at the time of purchase; (ii) the difference between the purchase price and the selling price; and (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in Table B below.

(c) If retained at the close of trading on April 11, 2008, or sold thereafter, the claim per share shall be the lesser of (i) the inflation in Table A at the time of purchase; and (ii) the difference between the purchase price per share and \$30.99 per share.

**TABLE A**

<b><i>TIME PERIOD</i></b>	<b><i>INFLATION</i></b>
June 30, 2005 – July 25, 2007	\$5.50
July 26, 2007 – October 1, 2007	\$3.87
October 2, 2007 – December 18, 2007	\$2.75
December 19, 2007 – January 14, 2008	\$0.76

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<sup>4</sup> Defendants do not concede any of the factual or legal assertions contained in or underlying the Plan of Allocation.

**TABLE B**

<b>DATE</b>	<b>CLOSING PRICE</b>	<b>AVERAGE CLOSING PRICE</b>	<b>DATE</b>	<b>CLOSING PRICE</b>	<b>AVERAGE CLOSING PRICE</b>
1/15/2008	\$24.71	\$24.71	2/29/2008	\$24.12	\$25.28
1/16/2008	\$25.15	\$24.93	3/3/2008	\$38.84	\$25.69
1/17/2008	\$24.36	\$24.74	3/4/2008	\$37.68	\$26.04
1/18/2008	\$24.49	\$24.68	3/5/2008	\$37.62	\$26.37
1/22/2008	\$23.71	\$24.48	3/6/2008	\$37.05	\$26.67
1/23/2008	\$24.06	\$24.41	3/7/2008	\$37.51	\$26.96
1/24/2008	\$25.58	\$24.58	3/10/2008	\$36.89	\$27.22
1/25/2008	\$25.03	\$24.64	3/11/2008	\$37.26	\$27.48
1/28/2008	\$25.75	\$24.76	3/12/2008	\$37.08	\$27.72
1/29/2008	\$26.03	\$24.89	3/13/2008	\$37.30	\$27.96
1/30/2008	\$26.05	\$24.99	3/14/2008	\$36.61	\$28.16
1/31/2008	\$25.85	\$25.06	3/17/2008	\$36.06	\$28.35
2/1/2008	\$27.14	\$25.22	3/18/2008	\$36.34	\$28.53
2/4/2008	\$26.70	\$25.33	3/19/2008	\$36.30	\$28.70
2/5/2008	\$25.95	\$25.37	3/20/2008	\$36.94	\$28.88
2/6/2008	\$26.56	\$25.45	3/24/2008	\$37.00	\$29.05
2/7/2008	\$25.09	\$25.42	3/25/2008	\$36.97	\$29.22
2/8/2008	\$25.49	\$25.43	3/26/2008	\$36.94	\$29.37
2/11/2008	\$24.76	\$25.39	3/27/2008	\$36.70	\$29.52
2/12/2008	\$24.89	\$25.37	3/28/2008	\$37.27	\$29.67
2/13/2008	\$25.53	\$25.38	3/31/2008	\$37.55	\$29.82
2/14/2008	\$24.97	\$25.36	4/1/2008	\$37.50	\$29.97
2/15/2008	\$24.94	\$25.34	4/2/2008	\$37.30	\$30.10
2/19/2008	\$25.12	\$25.33	4/3/2008	\$37.45	\$30.24
2/20/2008	\$25.00	\$25.32	4/4/2008	\$37.90	\$30.38
2/21/2008	\$24.65	\$25.29	4/7/2008	\$37.78	\$30.51
2/22/2008	\$24.99	\$25.28	4/8/2008	\$37.85	\$30.63
2/25/2008	\$25.76	\$25.30	4/9/2008	\$37.93	\$30.76
2/26/2008	\$25.80	\$25.31	4/10/2008	\$38.10	\$30.88
2/27/2008	\$25.75	\$25.33	4/11/2008	\$38.00	\$30.99
2/28/2008	\$24.97	\$25.32			

For example:

(a) If you purchased and sold Diebold common stock in the period from June 30, 2005 through July 25, 2007, your claim is zero.

(b) If you purchased Diebold common stock at \$50.00 per share in the period from June 30, 2005 through July 25, 2007 and sold that share at \$44.00 in the period from July 26, 2007 through October 1, 2007, your claim is \$1.63 per share (lesser of (i) \$50.00 minus \$44.00 equals \$6.00, and (ii) \$5.50 minus \$3.87 equals \$1.63).

(c) If you purchased Diebold common stock at \$50.00 per share in the period from June 30, 2005 through July 25, 2007 and held that share at the end of April 11, 2008, your claim is \$5.50 per share (lesser of (i) \$50.00 minus \$30.99 equals \$19.01, and (ii) \$5.50).

## CALL OPTIONS

1. For call options on Diebold common stock ***purchased*** from ***June 30, 2005 through January 14, 2008***, and

(a) ***held*** at the end of any of the following dates: July 25, 2007, October 1, 2007, December 18, 2007 and/or January 14, 2008, the claim per call option is the difference between the price paid for the call option less the proceeds received upon the settlement of the call option contract;

(b) ***not held*** at the end of any of the following dates: July 25, 2007, October 1, 2007, December 18, 2007 and/or January 14, 2008, the claim per call option is \$0.

2. For call options on Diebold common stock ***written*** from ***June 30, 2005 through January 14, 2008***, the claim per call option is \$0.

## PUT OPTIONS

1. For put options on Diebold common stock ***written*** from ***June 30, 2005 through January 14, 2008***, and

(a) ***held*** at the end of any of the following dates: July 25, 2007, October 1, 2007, December 18, 2007 and/or January 14, 2008, the claim per put option is the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract;

(b) ***not held*** at the end of any of the following dates: July 25, 2007, October 1, 2007, December 18, 2007 and/or January 14, 2008, the claim per put option is \$0.

2. For put options on Diebold common stock ***purchased*** from ***June 30, 2005 through January 14, 2008***, the claim per put option is \$0.

Note: In the case the option was exercised for Diebold common stock, the amount paid, or proceeds received, upon the settlement of the option contract equals the intrinsic value of the option using Diebold common stock's closing price on the date the option was exercised.

Note: The combined recovery for the put/call options shall not exceed 3% of the Net Settlement Fund.

For Class Members who held Diebold Publicly Traded Securities at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of Diebold Publicly Traded Securities during the Class Period will be matched against the same type of security, in chronological order, first against securities held at the beginning of the Class Period. The remaining sales of Diebold Publicly Traded Securities during the Class Period will then be matched, in chronological order, against like Diebold Publicly Traded Securities purchased during the Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Diebold Publicly Traded Securities during the Class Period are subtracted from all losses. However, the proceeds from sales of Diebold Publicly Traded Securities which have been matched against Diebold Publicly Traded Securities held at the beginning of the Class Period will not be used in the calculation of such net loss.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against any Class Representative, any

Plaintiffs' Counsel, any claims administrator or other Person designated by Class Representatives' counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further orders of the Court. Defendants, their Related Parties, the Released Persons and their counsel have no involvement in or responsibility for and no liability of any kind with respect to the Plan of Allocation, the calculation of claims, or the handling of, disbursement from, or distribution of the Settlement Fund or the Net Settlement Fund. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any order and/or judgment entered and the releases given.

## **HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM**

### **10. How will I get a payment?**

To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than April 21, 2014.

### **11. When would I get my payment?**

The Court will hold a hearing on March 19, 2014, at 10:30 a.m., to decide whether to approve the settlement. If Judge Pearson approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the claim forms to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing. Please be patient.

### **12. What am I giving up to get a payment or stay in the Class?**

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or about issues that could have been asserted in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your Released Claims in this case against the Released Persons. "Released Claims" means all claims (including "Unknown Claims" as defined in the Stipulation), debts, disputes, demands, rights, actions or causes of action, liabilities, damages, losses, obligations, sums of money due, judgment, suits, amounts, matters, issues and charges of any kind whatsoever (including, but not limited to, any claims for interest, attorneys' fees, expert or consulting fees and any other costs, expenses, amounts or liabilities whatsoever), whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, foreseen or unforeseen, whether individual or class in nature concerning, based on, arising out of, in connection with or relating in any way to both: (1) the purchase of Diebold Publicly Traded Securities by Class Representatives or any Class Member during the Class Period; and (2) the facts, allegations, transactions, matters, events, disclosures, non-disclosures, occurrences, representations, statements, acts or omissions or failures to act that were or could have been alleged by Class Representatives or any Class Member in the Litigation or that otherwise would have been barred by *res judicata* had the Litigation been fully litigated to a final judgment. Released Claims do not include claims to enforce the settlement.

"Unknown Claims" means all claims, demands, rights, liabilities and causes of action of every nature and description which the Class Representatives or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its decision to enter into this settlement and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Class Representatives shall expressly waive, and each of the



Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code §1542, which provides:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

The Class Representatives shall expressly waive and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542, or which otherwise governs or limits a person's release of unknown claims. The Class Representatives and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Class Representatives shall expressly fully, finally and forever settle and release, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, liquidated or unliquidated, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Class Representatives acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

"Released Persons" means each and all of the Defendants, and each and all of their Related Parties.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

#### **13. How do I get out of the Class?**

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Louisiana Municipal Police Employees Retirement System v. KPMG, LLP, et al.*, No. 1:10-cv-01461-BYP. You must include your name, address, telephone number, and signature; the number of shares of Diebold common stock you owned as of the end of the day on June 29, 2005; the number of shares of Diebold common stock and/or put and call options you purchased and sold between June 30, 2005 and January 14, 2008, inclusive; the date of each such purchase and sale; and the price paid or received for each such purchase and sale. You must mail your exclusion request postmarked no later than March 5, 2014 to:

*Diebold Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 5100  
Larkspur, CA 94977-5100

You cannot exclude yourself on the phone or by e-mail. If you properly ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

**14. If I do not exclude myself, can I sue Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this settlement resolves. Remember, the exclusion deadline is March 5, 2014.

**15. If I exclude myself, can I get money from this settlement?**

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. Once you exclude yourself, you will receive no cash payment even if you also submit a Proof of Claim.

**THE LAWYERS REPRESENTING YOU**

**16. Do I have a lawyer in this case?**

The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP to represent you and other Class Members. These lawyers are called Lead Counsel. These lawyers will apply to the Court for payment from the Settlement Fund; you will not otherwise be charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

**17. How will the lawyers be paid?**

At the fairness hearing, Class Representatives' counsel will request the Court to award attorneys' fees of approximately 22%, or \$6,870,000, of the Settlement Fund and for expenses up to \$230,000, which have been incurred in connection with the Litigation. If awarded, the cost of the counsel fees and expenses would be approximately \$0.08 per share. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Class Representatives' counsel have not received any payment for their services in conducting this Litigation on behalf of the Class Representatives and the Class, nor have counsel been paid for their expenses. The fee requested will compensate Class Representatives' counsel for their work in achieving the Settlement Fund and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

**OBJECTING TO THE SETTLEMENT**

You can tell the Court that you do not agree with the settlement, the Plan of Allocation, or Class Representatives' counsel's request for an award of attorneys' fees and expenses.

**18. How do I tell the Court that I do not like the settlement?**

If you are a Class Member (and you have not excluded yourself), you can object to the settlement, the request for attorneys' fees and expenses, or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed settlement in *Louisiana Municipal Police Employees Retirement System v. KPMG, LLP, et al.*, No. 1:10-cv-01461-BYP. Be sure to include your name, address, telephone number, and signature; the number of shares of Diebold Publicly Traded Securities purchased between June 30, 2005 and January 14, 2008, inclusive; and the reasons you object to the settlement, the requested attorneys' fees and expenses, or the Plan of Allocation. Any such objection must be mailed or delivered such that it is received by each of the following no later than March 5, 2014:

*Court:*

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION  
125 Market Street  
Youngstown, OH 44503

*Class Representatives' counsel:*

ROBBINS GELLER RUDMAN & DOWD LLP  
DEBRA J. WYMAN  
JEFFREY D. LIGHT  
655 West Broadway, Suite 1900  
San Diego, CA 92101

*Defendants' counsel:*

BAKER & HOSTETLER LLP  
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**19. What is the difference between objecting and excluding myself from the settlement?**

Objecting is telling the Court that you do not like something about the proposed settlement. You can object **only** if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

**THE COURT'S FAIRNESS HEARING**

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend, but you do not have to.

**20. When and where will the Court decide whether to approve the settlement?**

The Court will hold a hearing at 10:30 a.m., on March 19, 2014, at the United States District Court, Northern District of Ohio, Eastern Division, 313 Thomas D. Lambros United States Federal Building and Courthouse, 125 Market Street, Youngstown, Ohio 44503. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court also will decide whether to approve the payment of fees and expenses to Lead Counsel and the Plan of Allocation. We do not know how long the hearing will take or whether the Court will make its decision on the day of the hearing or sometime later.

**21. Do I have to come to the hearing?**

No. Lead Counsel will answer questions Judge Pearson may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You also may pay your own lawyer to attend, but you are not required to do so.

**22. May I speak at the hearing?**

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in *Louisiana Municipal Police Employees Retirement System v. KPMG, LLP, et al.*, No. 1:10-cv-01461-BYP. Be sure to include your name, address, telephone number, and signature, and the number of Diebold Publicly Traded Securities purchased

between June 30, 2005 and January 14, 2008, inclusive. Your notice of intention to appear must be received no later than March 5, 2014 by the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the addresses listed in the answer to Question 18. You cannot speak at the hearing if you exclude yourself from the Class.

#### **IF YOU DO NOTHING**

##### **23. What happens if I do nothing at all?**

If you do nothing, you will get no money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same issues in this case.

#### **GETTING MORE INFORMATION**

##### **24. Are there more details about the settlement?**

This Notice summarizes the proposed settlement. More details are in the Stipulation dated November 8, 2013, which has been filed with the Court. You can print a copy of the Stipulation at the Clerk's office at the United States District Court, Northern District of Ohio, Eastern Division, 125 Market Street, Youngstown, Ohio 44503, if you appear during regular business hours and pay 10 cents per page. The Stipulation is 44 pages. It is also available at [www.gilardi.com/dieboldinc](http://www.gilardi.com/dieboldinc), or you can contact a representative of Lead Counsel at the number and address below in the answer to Question 25.

##### **25. How do I get more information?**

You can call 1-800-449-4900 or write to a representative of Lead Counsel, Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the Claims Administrator's website at [www.gilardi.com/dieboldinc](http://www.gilardi.com/dieboldinc). **Please do not call the Court or the Clerk of the Court for additional information about the settlement.**

#### **SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

**26.** If you hold any Diebold common stock or put and call options, purchased between June 30, 2005 and January 14, 2008, inclusive, as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

*Diebold Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 5100  
Larkspur, CA 94977-5100

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: November 20, 2013

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION