

DIEBOLD INC
Form DEF 14A
March 28, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)
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 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:
-

March 28, 2014

Dear Shareholder:

We have previously sent to you proxy material for the Annual Meeting of Diebold, Incorporated shareholders, to be held on April 24, 2014. Your Board of Directors unanimously recommends that shareholders vote FOR all items on the agenda.

Your vote is important, no matter how many or how few shares you may own. If you have not already done so, please vote TODAY by telephone, via the Internet, or by signing, dating and returning the enclosed proxy card in the envelope provided.

Very truly yours,

Chad F. Hesse
Vice President, General Counsel and Secretary

REMEMBER:

You can vote your shares by telephone, or via the Internet.
Please follow the easy instructions on the enclosed proxy card.

If you have any questions, or need assistance in voting your shares, please call our proxy solicitor,

INNISFREE M&A INCORPORATED
TOLL-FREE, at 1-888-750-5834.

itability, reinsurance or other capital generating alternatives, we will be limited in our ability to generate additional premium from new business writing, which would result in lower net income under generally accepted accounting principles, or, in the event that our statutory surplus is not sufficient to meet minimum state premium to surplus and risk based capital ratios, we could be prohibited from generating additional premium revenue. 11 Furthermore, the insurance industry may undergo change in the future and, accordingly, new products and methods of service may also be introduced. In order to keep pace with any new developments, we may need to expend significant capital to offer new products and to train our agents and employees to sell and administer these products and services. We may also need to make significant capital expenditures for computer systems and other technology needed to market and

administer our policies. We may not be successful in developing new products and we may not have the funds necessary to make capital expenditures. Any significant capital expenditures, or the failure to make necessary investments, may have a material adverse effect on us. Litigation may result in financial losses, harm to our reputation and divert management resources. We are regularly involved in litigation, both as a defendant and as a plaintiff. The litigation naming us as a defendant ordinarily involves our activities as an insurer. In recent years, many insurance companies have been named as defendants in class actions relating to market conduct or sales practices, and other long-term care insurance companies have been sued when they sought to implement premium rate increases. We cannot assure you that we will not be named as a defendant in a similar case. Current and future litigation may result in financial losses, harm our reputation and require the dedication of significant management resources. The Company and certain of its key executive officers are defendants in consolidated actions that were instituted on April 17, 2001 in the United States District Court for the Eastern District of Pennsylvania by shareholders of the Company, on their own behalf and on behalf of a putative class of similarly situated shareholders who purchased shares of the Company's common stock between July 23, 2000 through and including March 29, 2001. The consolidated amended class action complaint seeks damages in an unspecified amount for losses allegedly incurred as a result of misstatements and omissions allegedly contained in the Company's periodic reports filed with the SEC, certain press releases issued by them, and in other statements made by its officials. The alleged misstatements and omissions relate, among other matters, to the statutory capital and surplus position of the Company's largest subsidiary, Penn Treaty Network America Insurance Company. On December 7, 2001, the defendants filed a motion to dismiss the complaint, which was denied on May 15, 2002. The Company believes that the complaint is without merit, and it and its executives will continue to vigorously defend the matter. We are dependent upon key personnel and our operations could be affected by the loss of their services. Our success largely depends upon the efforts of our senior operating management, including our chairman, chief executive officer and founder, Irving Levit. The loss of the services of Mr. Levit or one or more of our key personnel could have a material adverse effect on our operations. 12 Certain anti-takeover provisions in state law and our Articles of Incorporation may make it more difficult to acquire us and thus may depress the market price of our common stock. Our Restated and Amended Articles of Incorporation, the Pennsylvania Business Corporation Law of 1988, as amended, and the insurance laws of states in which our insurance subsidiaries do business contain certain provisions which could delay or impede the removal of incumbent directors and could make a merger, tender offer or proxy contest involving us difficult, even if such a transaction would be beneficial to the interests of our shareholders, or discourage a third party from attempting to acquire control of us. In particular, the classification of our board of directors could have the effect of delaying a change in control. Insurance laws and regulations of Pennsylvania and New York prohibit any person from acquiring control of us, and thus indirect control of our insurance subsidiaries, without the prior approval of the insurance commissioners of those states. Reduced liquidity and price volatility could result in a loss to investors. Although our common stock is listed on the New York Stock Exchange, there can be no assurance as to the liquidity of investments in our common stock or as to the price investors may realize upon the sale of our common stock. These prices are determined in the marketplace and may be influenced by many factors, including the liquidity of the market for the common stock, the market price of the common stock, investor perception and general economic and market conditions. USE OF PROCEEDS We will not receive any of the proceeds from the sale of our common stock offered in this prospectus. DIVIDEND POLICY We have not and do not expect to declare or pay cash dividends in the foreseeable future. 13 SELECTED CONSOLIDATED FINANCIAL DATA Our selected consolidated financial data are based on and derived from, and should be read in conjunction with, our quarterly report on Form 10-Q for the quarter ended March 31, 2002, and our annual report on Form 10-K for the year ended December 31, 2001, and the related notes thereto. Our consolidated balance sheets at December 31, 2001 and 2000, and the consolidated statements of income and comprehensive income, shareholders' equity and cash flows for each of the three years ended December 31, 2001, 2000 and 1999, and notes thereto were audited by PricewaterhouseCoopers LLP, independent accountants. Our consolidated financial statements as of December 31, 2001 and 2000, and for each of the three years ended December 31, 2001, are included in our annual report on Form 10-K for the year ended December 31, 2001, which is incorporated by reference herein. The selected consolidated financial data set forth for the three months ended March 31, 2002, may not be indicative of the results of operations to be expected for a full year. See "INCORPORATION OF INFORMATION WE FILE WITH THE SEC" on page 22 of this prospectus. The comparison of selected consolidated financial data is significantly affected by the following business combinations accounted for as

recognized approximately \$10,000 in additional amortization expense when we unlocked our factors during the second quarter of 2001. For more information, refer to our annual report on Form 10-K for the year ended December 31, 2001 and our quarterly report on Form 10-Q for the period ended March 31, 2002, both of which are incorporated by reference herein. (4) Effective December 31, 2001, we entered a reinsurance agreement for substantially all of our long-term care insurance policies. The agreement requires us to pay an annual expense and risk charge to the reinsurer in the event we later commute the agreement. As a result of these anticipated charges, we determined to impair the value of our net unamortized policy acquisition costs by \$61,800. (5) As a result of our December 31, 2001 reinsurance agreement with a foreign reinsurer, we must pay federal excise tax of 1% on all ceded premium. The 2001 expense represents excise taxes due for premiums transferred at the inception of the contract. (6) During 1999, we discontinued the implementation of a new computer system, for which we had previously capitalized \$2,799 of licensing, consulting and software costs. When we decided not to use this system, its value became fully impaired. For more information, refer to our annual report on Form 10-K for the year ended December 31, 2001, which is incorporated by reference herein. (7) The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") in June 2001. Under the new rules, intangible assets with an indefinite life are no longer amortized in periods subsequent to December 31, 2001, but are subject to annual impairment tests (or more frequent under certain circumstances), effective January 1, 2002. The Company has determined that all of its goodwill has an indefinite life and is therefore subject to the new rules. Net (loss) income for all periods prior to implementation of goodwill has been adjusted to exclude goodwill amortization expense, net of taxes. (8) On May 25, 2001, we issued approximately 11,547 new common shares of our common stock, for net proceeds of \$25,726, through an investor rights offering. (9) Diluted shares outstanding includes shares issuable upon the conversion of our convertible debt and exercise of options outstanding, except in 2001 and the three months ended March 2002, for which the inclusion of such shares would be anti-dilutive. (10) In 1996, we issued \$74,750 in convertible debt, due December 2003. In 1999, we purchased an agency for cash and a note for \$7,167 payable in installments through January 2002. For more information, refer to our annual report on Form 10-K for the year ended December 31, 2001 and our quarterly report on Form 10-Q for the period ended March 31, 2002, both of which are incorporated by reference herein. (11) Net operating income excludes the effect, net of taxes, of (1) net realized gains and losses from the sale of our investments in cash and qualified securities in all years and trading account losses, (2) our 1999 property and equipment impairment charge, (3) our 2001 DAC impairment charge and excise tax expense, (4) our tax valuation allowance in 2001, and (5) goodwill amortization. Prior to implementation of SFAS 142, the Company presented net operating income including goodwill amortization and, separately, excluding goodwill amortization. Net operating income is not calculated in accordance with GAAP. It should not be considered in isolation or as a substitute for net income calculated in accordance with GAAP. Different companies calculate net operating income differently and therefore net operating income as presented for us may not be comparable to net operating income reported by other companies. (12) Expense ratios exclude the impact of reduced commissions and increased general and administrative expenses resulting from the 1999 and 2000 acquisitions of our agency subsidiaries. For more information, refer to our annual report on Form 10-K for the year ended December 31, 2001 and our quarterly report on Form 10-Q for the period ended March 31, 2002, both of which are incorporated by reference herein. (13) Return on average equity is calculated by dividing net income by the average of equity at the beginning and end of each period. (14) Under statutory accounting principles, ceded reserves are accounted for as offsetting negative benefits and negative premium. Our 2001, 2000 and 1999 premium is reduced by \$408,093, \$225,741 and \$90,230, respectively, from reinsurance transactions. 17 SELLING SHAREHOLDERS We are registering a total of 540,000 shares of our common stock on behalf of the selling shareholders named in the table below. We issued 510,000 of the shares covered by this prospectus pursuant to stock purchase agreements dated March 28, 2002 in a private placement transaction. The remaining 30,000 shares were issued to Philadelphia Brokerage Corporation as part of a private placement transaction, which was completed on May 14, 2002. We are required to register the 510,000 shares pursuant to the terms of the stock purchase agreements dated March 28, 2002 and we have agreed to register the resale of the 30,000 shares. We are registering all 540,000 shares covered by this prospectus on behalf of the selling shareholders. We have registered the shares to permit the selling shareholders and their pledgees, donees, transferees or other successors-in-interest that receive their shares from the selling shareholders as a gift, partnership distribution or another non-sale related transfer after the date of this prospectus to resell the shares when they deem appropriate. The following table sets forth, as of June 4, 2002, the number of shares of our

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common stock that each selling shareholder beneficially owns. We have prepared this table based upon information furnished to us by or on behalf of the selling shareholders or based upon our records and it is accurate to the best of our knowledge. Based on the information provided to us by the selling shareholders, none of the selling shareholders beneficially owns any shares of our common stock other than those listed below. The selling shareholders confirmed at the time they acquired the shares listed below that they acquired the shares for investment purposes only and not with a view toward resale, and acknowledged the existence of restrictions on resale applicable to these shares. The offering relates only to the sale of shares held or to be held by the selling shareholders named in the following table. Since the date on which the selling shareholders provided us with the information below, they may have sold, transferred or otherwise disposed of some or all of their shares of our common stock in transactions exempt from Securities Act registration requirements. Shares Beneficially Number of Shares Shares Beneficially Owned Prior to Offering Being Offered Owned After Offering(3) Number(1) Percent(2) Number(1) Percent(2)

	Number(1)	Percent(2)	Number(1)	Percent(2)
Acadia Fund I, LP	229,157	1.2%	127,000	102,157 *
Dennis L. Adams	60,000 *		10,000	50,000 *
Avant Garde Investment Limited	24,489 *		15,000	9,489 *
Frank J. Campbell III IRA	145,000 *		80,000	65,000 *
Cerulean Partners, Ltd.	43,600 *		16,000	27,600 *
Penelope Hansen	75,000 *		75,000	0 0%
Patricia Houtz and Ruth Ann Marshall(4)	28,000 *		28,000	0 0%
Ernest G. Jacob	10,000 *		10,000	0 *
Alexander Levitan	60,000 *		50,000	10,000 *
Losty Capital Management	22,000 *		22,000	0 0%
Irving L. Mazer	35,000 *		20,000	15,000 *
MRM Life Ltd.	10,954 *		7,000	3,954 *
A. Morris Williams, Jr. & Ruth W. Williams(4)	100,000 *		50,000	50,000 *
Philadelphia Brokerage Corporation(5)	60,000 *		30,000	30,000 *
TOTAL	903,200	4.6%	540,000	363,200 1.9%

* Less than 1%. 18 (1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares listed in the table, subject to community property laws, where applicable. (2) Percentage ownership is based on 19,427,737 shares of common stock outstanding on June 4, 2002. (3) Assumes all the shares of common stock that may be offered hereunder are sold. (4) Shares are jointly owned. Philadelphia Brokerage Corporation, one of the selling shareholders, acted as a placement agent in the private placement we completed in March 2002 with the other selling shareholders and received a commission for its services. In addition, we have retained Philadelphia Brokerage Corporation to provide us with certain professional services, including services in connection with potential future financings. As compensation for such services, Philadelphia Brokerage Corporation is receiving a \$5,000 a month for a twelve-month period, has received 60,000 shares of our common stock, 30,000 shares of which are covered by this prospectus, and is eligible to receive up to an additional 40,000 shares of our common stock upon the completion of certain services. To the best of our knowledge, none of the other selling shareholders had any material relationship with us or any of our affiliates during the three-year period ending on the date of this prospectus. The information regarding the selling shareholders may change from time to time. If required, we will set forth these changes in one or more prospectus supplements. 19 PLAN OF DISTRIBUTION We are registering the shares of common stock on behalf of the selling shareholders. The selling shareholders can use this prospectus to sell the shares at any time while the prospectus is in effect, unless we have notified the selling shareholders that the prospectus is not then available. Any sale may occur in one or more of the following types of transactions (including block transactions), or in other

kinds of transactions: o transactions on the New York Stock Exchange or on any national securities exchange or U.S. inter-dealer system of a registered national securities association on which our common stock may be listed or quoted at the time of sale; o in the over-the-counter market; o privately negotiated transactions between a selling shareholder and a purchaser; o through short sales of our common stock; o through pledges made by a selling shareholder to secure debt and other obligations; o through put or call options transactions relating to our common stock, whether the options are listed on an options exchange or otherwise; o in connection with the writing of non-traded and exchange-traded call options, in hedge transactions and in settlement of other transactions in standardized or over-the-counter options; or o through a combination of any of the above transactions. The selling shareholders may effect such transactions by selling shares directly to purchasers or to or through a broker-dealer acting as either agent or principal. If a broker-dealer is used in the sale of shares, that person may solicit potential purchasers. The shares may also be transferred as a gift or pursuant to a pledge, or may be sold to a broker-dealer acting as principal. These persons may then sell the shares to another person, either directly or through another broker-dealer, subject to compliance with the requirements of the Securities Act. The price at which sales of the shares occur may be based on market prices or may be negotiated between the parties, and the consideration may be cash or another form negotiated between the parties. Broker-dealers acting as agents or principals may be paid compensation in the form of discounts, concessions or commissions from a selling shareholder and/or from the purchasers of the shares, or both. Brokers or dealers may be deemed to be "underwriters" within the meaning of the Securities Act. Any profits on the resale of shares by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any attributable to the sale of shares will be borne by a selling shareholder and/or the purchasers. We have agreed to pay certain of the costs, expenses and fees of preparing, filing and maintaining this prospectus and the selling shareholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on that person under the Securities Act. 20 The selling shareholders have advised us that they have not entered into any agreements, understandings or arrangements with underwriters or broker-dealers regarding the sale of their shares, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares by any selling shareholder. If we are notified by any selling shareholder that any material arrangement has been entered into with a broker-dealer for the sale of shares, if required, we will file a supplement to this prospectus. If the selling shareholders use this prospectus for any sale of the shares, they will be subject to the prospectus delivery requirements of the Securities Act. For transactions effected on or through the New York Stock Exchange, those requirements may be satisfied by our delivery of copies of this prospectus to the New York Stock Exchange in compliance with Securities Act Rule 153. Instead of using this prospectus for any sale of the shares, a selling shareholder may resell shares in compliance with the criteria and requirements of Rule 144 promulgated under the Securities Act. The anti-manipulation Rules of Regulation M under the Securities Exchange Act of 1934 may apply to sales of our common stock and activities of the selling shareholders. LEGAL MATTERS Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania will pass on the validity of the common stock offered with this prospectus. EXPERTS PricewaterhouseCoopers LLP, independent auditors, have audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2001, as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in this registration statement. Our financial statements and schedule are incorporated by reference in reliance on the report of PricewaterhouseCoopers LLP, given on their authority as experts in accounting and auditing. WHERE YOU CAN FIND MORE INFORMATION We are subject to the reporting requirements of the Securities Exchange Act of 1934, and we file reports and other information with the SEC. We have also filed with the SEC a registration statement on Form S-3 under the Securities Act relating to the offer and sale of common shares under this prospectus. This prospectus, filed as a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules to the registration statement as permitted by the rules and regulations of the SEC. You should read these exhibits for a more complete description of the matters involved. Our reports, the registration statement and the exhibits and schedules to the registration statement filed with the SEC may be inspected, without charge, and copies may be obtained at prescribed rates, at the public reference facility maintained by the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the regional offices of the SEC located at 233 Broadway, New York, New York 10279 and CitiCorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60621-2511. The public may obtain information regarding the SEC's public reference facility by calling 1-800-SEC-0330. Our

reports, the registration statement and other information filed by us with the SEC are also available at the SEC's Website on the Internet at <http://www.sec.gov>. Our common shares are listed on the New York Stock Exchange under the symbol "PTA." 21 INCORPORATION OF INFORMATION WE FILE WITH THE SEC The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus, and the information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering is completed: o Annual Report on Form 10-K for the fiscal year ended December 31, 2001; o Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2002; o Current Report on Form 8-K filed February 21, 2002; o Proxy Statement for the 2002 Annual Meeting of Shareholders; and o The description of our common stock contained in our registration statement on Form 8-A, including any amendments or reports filed for the purpose of updating such description. You may request a copy of these filings, at no cost, by writing to or telephoning us at the address below. However, we will not provide copies of the exhibits to these filings unless we specifically incorporated by reference the exhibits in this prospectus. Penn Treaty American Corporation Attention: Cameron B. Waite Executive Vice President and Chief Financial Officer 3440 Lehigh Street Allentown, PA 18103 (610) 965-2222

22 PART II INFORMATION NOT REQUIRED IN PROSPECTUS Item 14. Other Expenses of Issuance and Distribution. The following table sets forth the amounts of expenses attributed to the issuance of the securities offered pursuant to this registration statement, which shall be borne by us. All of the expenses listed below, except the SEC registration fee, represent estimates only.

Estimated ----- SEC registration fee.....	\$ 217.00	Blue sky qualification fees and expenses.....	1,500.00
Transfer agent fees.....	1,500.00	Printing and engraving expenses.....	1,000.00
Accounting fees and expenses.....	5,000.00	Legal fees and expenses.....	10,000.00
Miscellaneous fees and expenses.....	10,000.00	----- Total.....	\$29,217.00

Item 15. Indemnification of Directors and Officers. Sections 1741 to 1750 of the Pennsylvania Business Corporation Law of 1988, as amended, permit indemnification of directors, officers, employees and agents of a corporation under certain conditions and subject to certain limitations. Under the provisions of our Amended and Restated Bylaws, as amended, each person who is or was a director, officer, employee or agent of us shall be indemnified by us against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding (other than an action by or in right of us) if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceedings by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. II-1 In connection with the defense or settlement of a suit brought by or in the right of us, our bylaws provide that each person who is or was a director, officer, employee or agent of us shall be indemnified only against expenses including attorney's fees incurred in the defense or settlement of such suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interest except that if such a person is adjudged to be liable in such a suit for negligence or misconduct in the performance of his or her duty to us, he or she cannot be indemnified unless the Court of Common Pleas of the county in which our registered office is located or any other court in which such action or suit was brought determines that he or she is fairly and reasonably entitled to indemnity for such expenses. Under the provisions of our bylaws, our directors shall have no personal liability to us or our shareholders for monetary damages for any action taken unless they have breached their duty of good faith or duty of loyalty or failed to perform the duties of their offices and/or their breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Our bylaws provide that expenses incurred by an officer, director, employee or agent of us in defending a civil or criminal action, suit or proceeding may be paid by us in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by us. In addition, to the extent that an officer, director, employee or agent of us is successful on the merits or otherwise in defense of any action, suit or proceeding brought against him or her by reason of the fact that he or she is our director, officer,

employee or agent, our bylaws provide that he or she shall be indemnified against expenses, including attorneys' fees actually and reasonably incurred in connection therewith. We maintain director and officer insurance with respect to those claims described above in customary amounts. The foregoing summaries are necessarily subject to the complete text of the relevant document or statute. II-2 Item 16. Exhibits and Financial Statement Schedules. Exhibit Number Description ----- 4.1 Form of Common Stock Certificate (Incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-1 (File No. 033-92690)). 4.2 Restated and Amended Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 033-92690)). 4.3 Amendment to Restated and Amended Articles of Incorporation (Incorporated by reference to Exhibit 3.1(b) to the Company's Registration Statement on Form S-3 (File No. 333-22125)). 4.4 Amended and Restated Bylaws, as amended (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-3 (File No. 333-22125)). 4.5 Form of Stock Purchase Agreement, dated March 28, 2002.* 5.1 Opinion of Ballard Spahr Andrews & Ingersoll, LLP. 23.1 Consent of PricewaterhouseCoopers LLP. 23.2 Consent of Ballard Spahr Andrews & Ingersoll, LLP (included in Exhibit 5.1) 24.1 Power of Attorney.* * Previously filed. Item 17. Undertakings. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers or controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. II-3 The undersigned Registrant hereby undertakes: (1) To file, during any period in which any offers or sales are being made, a post-effective amendment to the registration statement: (i) To include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and/or (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement. Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement. (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. II-4 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Allentown, Commonwealth of

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Pennsylvania, on June 18, 2002. PENN TREATY AMERICAN CORPORATION By: /s/ A.J. Carden
----- A.J. Carden Executive Vice President and Director Pursuant to the requirements of the
Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed by the following persons
in the capacities and on the date indicated. Signature Title Date -----
----- * Chairman of the Board and June 18, 2002 ----- Chief Executive Officer Irving Levit
(principal executive officer) * Executive Vice President and June 18, 2002 ----- Chief Financial
Officer Cameron B. Waite (principal financial officer) Signature Title Date -----
----- * Treasurer, Comptroller and June 18, 2002 ----- Director
(principal Michael F. Grill accounting officer) * Vice President of Agency June 18, 2002 -----
Management and Director Jack D. Baum /s/ A.J. Carden Executive Vice President June 18, 2002
----- and Director A.J. Carden * Director June 18, 2002 ----- Alexander M.
Clark * Director June 18, 2002 ----- Francis R. Grebe * Director June 18, 2002
----- Gary E. Hindes * Director June 18, 2002 ----- Matthew W. Kaplan *
Director June 18, 2002 ----- Domenic P. Stangherlin *By: /s/ A.J. Carden -----
A.J. Carden Attorney-in-Fact EXHIBIT INDEX Exhibit No. Exhibit ----- 4.1 Form of Common Stock
Certificate (Incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-1 (File No.
033-92690)). 4.2 Restated and Amended Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the
Company's Registration Statement on Form S-1 (File No. 033-92690)). 4.3 Amendment to Restated and Amended
Articles of Incorporation (Incorporated by reference to Exhibit 3.1(b) to the Company's Registration Statement on
Form S-3 (File No. 333-22125)). 4.4 Amended and Restated Bylaws, as amended (Incorporated by reference to
Exhibit 3.2 to the Company's Registration Statement on Form S-3 (File No. 333-22125)). 4.5 Form of Stock Purchase
Agreement, dated March, 28, 2002.* 5.1 Opinion of Ballard Spahr Andrews & Ingersoll, LLP. 23.1 Consent of
PricewaterhouseCoopers LLP. 23.2 Consent of Ballard Spahr Andrews & Ingersoll, LLP (included in Exhibit 5.1).
24.1 Power of Attorney.* * Previously filed. EXHIBIT 5.1 [LETTERHEAD OF BALLARD SPAHR ANDREWS &
INGERSOLL, LLP] June 18, 2002 Penn Treaty American Corporation 3440 Lehigh Street Allentown, Pennsylvania
18103 Re: Registration Statement on Form S-3 for Penn Treaty American Corporation Ladies and Gentlemen: We
have acted as counsel to Penn Treaty American Corporation, a Pennsylvania corporation (the "Company"), and are
rendering this opinion in connection with the filing of a Registration Statement on Form S-3 (the "Registration
Statement") by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as
amended, relating to the registration by the Company of 540,000 shares of the Company's common stock, par value
\$.10 per share (the "Common Stock"), to be sold by the holders thereof as described in the Registration Statement (the
"Selling Shareholders"). We have examined originals or copies, certified or otherwise identified to our satisfaction, of
the Registration Statement and all exhibits thereto and such corporate records and other agreements, documents and
instruments, and such certificates or comparable documents of public officials and officers and representatives of the
Company and have made such inquiries of such officers and representatives and have considered such matters of law
as we have deemed appropriate as the basis for the opinion hereinafter set forth, including the Company's Amended
and Restated Bylaws, as amended, certain resolutions adopted by the Board of Directors of the Company relating to
the issuance of the Common Stock and statements from certain officers of the Company. Based upon and subject to
the limitations and qualifications set forth herein, we are of the opinion that the shares of Common Stock to be sold by
the Selling Shareholders are duly authorized, legally issued, fully paid and nonassessable. We express no opinion as to
the law of any jurisdiction other than the law of the Commonwealth of Pennsylvania. We hereby consent to the sole
use of this opinion as Exhibit 5.1 to the Registration Statement and to the use of our name under the heading "Legal
Matters" in the Prospectus included therein. Very truly yours, /s/ Ballard Spahr Andrews & Ingersoll, LLP EXHIBIT
23.1 Consent Of Independent Accountants We hereby consent to the incorporation by reference in this Registration
Statement on Form S-3 of our report dated April 1, 2002 relating to the financial statements and financial statement
schedules, which appears in Penn Treaty American Corporation's Annual Report on Form 10-K for the year ended
December 31, 2001. We also consent to the references to us under the heading "Experts" in such Registration
Statement. /s/ PricewaterhouseCoopers LLP ----- PricewaterhouseCoopers LLP Philadelphia,
Pennsylvania June 18, 2002