

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

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**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: April 19, 2006

**NORTHWEST INDIANA BANCORP**  
(Exact name of registrant as specified in its charter)

Indiana  
(State or other jurisdiction of incorporation)

000-26128  
(Commission File Number)

35-1927981  
(IRS Employer Identification No.)

9204 Columbia Avenue  
Munster, Indiana 46321  
(Address of principal executive offices) (Zip Code)

(219) 836-4400  
(Registrant's telephone number, including area code)

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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#### **Item 1.01. Entry into a Material Definitive Agreement**

On April 19, 2006, Northwest Indiana Bancorp (the "Bancorp") and its wholly-owned subsidiary, Peoples Bank SB (the "Bank"), entered into an employment agreement (the "Employment Agreement") with David A. Bochnowski, their Chief Executive Officer (the "Employee"), which supersedes and replaces an employment agreement with Mr. Bochnowski originally entered into in March 1988 and amended in 1992. The Employment Agreement has a three-year term and provides for daily extensions to maintain its three-year term unless the Bank or the Employee gives written notice not to continue such extensions. The Employment Agreement provides for a base salary of \$335,000 per year, subject to increases awarded by the Board of Directors and possible decreases based on operating results before a change of control of the Bank. The Employee is also entitled to discretionary bonuses, customary fringe benefits and vacation leave. The Bank will continue to pay the premiums on life insurance policies insuring the Employee providing for current benefits of approximately \$1.8 million.

The Employment Agreement is terminable by the Bank for cause, defined as (i) the Employee's commission of an act materially and demonstrably detrimental to the Bank or its subsidiaries constituting gross negligence or willful misconduct of the Employee in the performance of his material duties to the Bank or (ii) the Employee's conviction of a felony involving moral turpitude.

If the Employment Agreement terminates because of the Employee's death or disability, because he is discharged for cause, or because of the Employee's resignation without Good Reason (as defined below), the Bank is to pay the Executive any amounts owed to him under the Employment Agreement through his date of termination. In addition, if the agreement terminates because of the Employee's death, within 30 days of Employee's death the Bank is to pay the Employee's estate or heirs a cash lump sum equal to his then-current annual base salary and the amount of his most recent annual bonus. In addition, if the Employee's employment terminates because of his disability, he will be entitled to a cash bonus equal to his most recent annual bonus, compensation until the earlier of his death or attainment of age 70 equal to 66% of his current base salary and annual bonus, and continuation of welfare benefits and senior executive perquisites that would have been provided to Executive had he remained employed during such period, reduced by any payments made to the Employee under the Bank's disability policies or programs.

If the Employee is discharged without cause or resigns for Good Reason (defined as the failure to re-elect him as Chairman and Chief Executive Officer or as a director of the Board of Directors of the Bank, a substantial diminution in the Employee's responsibilities or duties, a material breach by the Bank of the agreement, or the Bank's decision to terminate the daily extension of the agreement), in addition to the benefits described in the preceding paragraph, as applicable, the Employee will be entitled to (1) a cash bonus equal to the most recent annual bonus received by the Employee, (2) a lump sum amount equal to three times his then-current salary and recent annual bonus, (3) continuation for three years of welfare benefits and senior executive perquisites at least equal to those that would have been provided if he remained employed during that period, (4) a payment required to prefund future premiums on the life insurance policies described above likely to become due prior to the Employee attaining age 66, and (5) outplacement services at the expense of the Bank.

The Employment Agreement provides that if the Employee's employment terminates for any reason after a Change of Control of the Bank, the Employee shall receive the benefits as provided above, except that unless his benefits would thereby be reduced, the computations will be made by using the Employee's most recent annual bonus before the Change of Control and welfare benefits and senior executive benefits to be continued during the specified period will be provided based on those benefits in effect immediately prior to the Change of Control of the Bank.

If Internal Revenue Code Section 280G (which generally applies to certain severance payments triggered by a change in control) would cause the payments to be made to the Employee to be subject to an excise tax as imposed by Internal Revenue Code Section 4999, the Employee's compensation will be "grossed up" to make him whole with respect to such taxes.

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During a period of one year following his termination of employment, the Employee may not solicit or induce any employees or customers of the Bank to leave the Bank.

A copy of the Employment Agreement is attached hereto as Exhibit 10.1 and incorporated herein by this reference.

**Item 9.01. Financial Statements and Exhibits**

(c) Exhibits

**Exhibit No.**

10.1 Employment Agreement dated April 19, 2006, among NorthWest Indiana Bancorp, Peoples Bank SB, and David A. Bochnowski.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 19, 2006

NORTHWEST INDIANA BANCORP

By: /s/ David A. Bochnowski

Name: David A. Bochnowski

Title: Chairman of the Board and Chief Executive Officer

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**EMPLOYMENT AGREEMENT**

**BETWEEN**

**PEOPLES BANK SB**

**AND**

**NORTHWEST INDIANA BANCORP**

**AND**

**DAVID A. BOCHNOWSKI**

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**EMPLOYMENT AGREEMENT**

THIS AGREEMENT, made and entered into as of April 19, 2006 (the "Effective Date"), by and between Northwest Indiana Bancorp (the "Company") and Peoples Bank SB (together, the "Bank" unless otherwise noted) and David A. Bochnowski (the "Executive").

W I T N E S S E T H T H A T:

WHEREAS, the Bank acting through its Board of Directors ("Board") desires to continue to employ the Executive as its Chairman and Chief Executive Officer, and the Executive desires to continue in such employment;

NOW, THEREFORE, the Bank and the Executive, each intending to be legally bound, hereby mutually covenant and agree as follows:

1. Employment and Term.

(a) Employment. The Bank shall employ the Executive as the Chairman and Chief Executive Officer of the Bank, and the Executive shall so serve, for the term set forth in Paragraph 1(b).

(b) Term. The initial term of the Executive's employment under this Agreement shall commence as of the Effective Date and end thirty-six calendar months thereafter, subject to the extension of such term as hereinafter provided and subject to earlier termination as provided in Paragraph 7, below. Beginning on the day immediately after the Effective Date, the term of this Agreement shall be extended automatically for one (1) additional day for each day which has then elapsed since the Effective Date, unless, at any time after the Effective Date, either the Board of Directors of the Bank or the Executive gives written notice to the other, in accordance with Paragraph 15, below, that such automatic extension of the term of this Agreement shall cease. Any such notice shall be effective immediately upon delivery. The initial term of this Agreement, plus any extension by operation of this Paragraph 1, shall be hereinafter referred to as the "Term."

2. Duties. During the period of employment as provided in Paragraph 1(b) hereof, the Executive shall serve as Chairman and Chief Executive Officer of the Bank and have all powers and duties consistent with such positions, subject to the reasonable direction of the Board. The Executive shall also continue to serve as a member of the Board if elected. The Executive shall devote his best efforts to fulfill faithfully, responsibly and to the best of his ability his duties hereunder; provided, however, that with the approval of the Board, the Executive may serve, or continue to serve, on the boards of directors of, and hold any other offices or positions in, companies or organizations, which, in the Board's judgment, will not present any material conflict of interest with the Bank or any of its subsidiaries or affiliates or divisions, or unfavorably affect the performance of the Executive's duties, or will not violate any applicable statute or regulation. The Executive shall keep track of his time and expenses spent on the affairs of the Company and shall so advise the Bank so as to allow for a proper allocation of the Executive's salary and expenses between the Company and the Bank.



3. Salary.

(a) Base Salary. For services performed by the Executive for the Bank pursuant to this Agreement during the period of employment as provided in Paragraph 1(b) hereof, the Bank shall pay the Executive a base salary at the rate of Three Hundred Thirty-Five Thousand Dollars (\$335,000.00) per year, payable in substantially equal installments in accordance with the Bank's regular payroll practices. The Executive's base salary (with any increases under paragraph (b), below) shall not be subject to reduction, except that prior to a Change of Control, the Bank may decrease the Executive's base salary if the consolidated operating results of the Company are significantly less favorable than those achieved for the fiscal year ended December 31, 2005, and the Bank makes similar decreases in the base salaries it pays to the executive officers of the Bank. Any compensation which may be paid to the Executive under any additional compensation or incentive plan of the Bank (including those under Paragraphs 4, 5 and 6) or which may be otherwise authorized from time to time by the Board (or an appropriate committee thereof) shall be in addition to the base salary to which the Executive shall be entitled under this Agreement.

(b) Salary Increases or Decreases. During the period of employment as provided in Paragraph 1(b) hereof, the base salary of the Executive shall be reviewed no less frequently than annually by the Board to determine whether or not the same should be increased in light of the duties and responsibilities of the Executive and the performance of the Bank or decreased under the circumstances permitted in Section 3(a). If it is determined that an increase or decrease is merited, such increase or decrease shall be promptly put into effect and the base salary of the Executive as so increased or decreased shall constitute the base salary of the Executive for purposes of Paragraph 3(a).

(c) Expenses, Automobile and Clubs. The Bank shall pay or reimburse the Executive for all reasonable travel and other expenses incurred by the Executive in the performance of his services under this Agreement. The Bank further agrees to provide the Executive with the full time use of an automobile of a make and model selected by the Executive, not more than two years old, commensurate with his position and as approved by the Compensation Committee of the Board of Directors. Subject to the approval of the Board of Directors of the Bank, the Bank shall reimburse the Executive for all initiation fees and dues associated with membership in professional, social, civic and service organizations which the Executive joins or has joined and which membership, in whole or in part, furthers the interests of or promotes the interests of the Bank or assists the Executive in business relationships on behalf of the Bank.

4. Annual Bonuses. For each calendar year during the term of employment, the Executive shall be eligible to receive in cash an annual performance bonus as may be set by Board.

5. Equity Incentive Compensation. During the term of employment hereunder the Executive shall be eligible to participate, in an appropriate manner relative to other senior executives of the Bank, in any equity-based incentive compensation plan or program approved by the Board from time to time, including (but not by way of limitation) the Company's Amended and Restated 2004 Stock Option and Incentive Plan.

6. Other Benefits.

(a) Insurance Plans. The Bank agrees to continue funding all premiums as they become due pursuant to the following insurance policies, and any other insurance policies that may in the future be purchased, under which the Executive is an insured until such time as the Executive attains the age of sixty-six (66).

<u>Company/Policy No.</u>	<u>Type</u>	<u>Benefit Amount</u>
Assurant Employee Benefits Group Policy #54075 Certificate No. 36	Group Life and AD&D	\$400,000
Principal Financial Group Group Policy #N31368 Location 09	Group Life and AD&D	\$148,000
Mass. Mutual Life Insurance And New York Life Insurance Policy Nos. 0064748 and 56608619	Endorsement Split Dollar Plan	\$200,000
American States Life Insurance Policy No. 0100432728	Individual Life Insurance	\$500,000
Valley Forge Life Insurance Co. Policy No. 84040058	Universal Life Insurance	\$438,659*
New York Life Policy No. 56612175	Universal Life Insurance	\$100,000

\*Death Benefit Value as of Feb. 7, 2006

Notwithstanding the above, in the event of a Change in Control (as defined in Paragraph 8(c)) of the Bank, the Bank agrees to immediately pay the Executive the amount of all such future premiums on the above policies as shall be reasonably expected to become due, plus any amount as may be necessary under Paragraph 10, prior to the Executive attaining the age of sixty-six (66). In the event such payment is made, the Bank shall be relieved of its obligation to continue funding premiums as they become due.

(b) Vacation. Notwithstanding anything herein to the contrary, the Executive shall be entitled to a maximum of six weeks vacation to be taken during such times as may be chosen by the Executive. Any vacation time not taken during any calendar year and any unused vacation days in existence as of the date hereof may be taken with the consent of the Compensation Committee of the Board, which consent shall not be unreasonably withheld. Vacation time for each calendar year shall be considered earned as of the first day of each calendar year.

(c) Other. The Executive shall be entitled to participate in all of the various retirement, welfare, fringe benefit and executive perquisite plans, programs and arrangements of

the Bank as they may exist from time to time. Notwithstanding the limitations of any health benefit plan maintained by the Bank, the Bank agrees to pay the costs of any necessary physical examinations and the costs of all diagnostic testing incurred by the Executive on his own behalf.

7. Termination. Unless this Agreement is earlier terminated in accordance with the following provisions of this Paragraph 7, the Bank shall continue to employ the Executive and the Executive shall remain employed by the Bank during the entire Term of this Agreement as set forth in Paragraph 1(b). Paragraph 9 hereof sets forth certain obligations of the Bank in the event that the Executive's employment hereunder is terminated. Certain capitalized terms used in this Agreement are defined in Paragraph 8, below.

(a) Death or Disability. Except to the extent otherwise provided in Paragraph 9, this Agreement shall terminate immediately (a Date of Termination) in the event of the Executive's death or in the event that the Executive becomes disabled. The Executive will be deemed to be disabled upon the earlier of (i) the end of an eighteen (18)-consecutive month period during which, by reason of physical or mental injury or disease, the Executive has been unable to perform substantially all of his usual and customary duties under this Agreement or (ii) the date that a reputable physician, jointly selected by the Board and the Executive, determines in writing that the Executive will, by reason of physical or mental injury or disease, be unable to perform substantially all of the Executive's usual and customary duties under this Agreement for a period of at least eighteen (18) consecutive months. If any question arises as to whether the Executive is disabled, upon reasonable request therefor by the Board, the Executive shall submit to reasonable medical examination for the purpose of determining the existence, nature and extent of any such disability. In accordance with Paragraph 15, the Board shall promptly give the Executive written notice of any such determination of the Executive's disability and of any decision of the Board to terminate the Executive's employment by reason thereof. In the event of disability, until the Date of Termination, the base salary payable to the Executive under Paragraph 3(a) hereof shall be reduced dollar-for-dollar by the amount of disability benefits paid to the Executive in accordance with any disability policy or program of the Bank.

(b) Discharge for Cause. In accordance with the procedures hereinafter set forth, the Board may discharge the Executive from his employment hereunder for Cause. Except to the extent otherwise provided in Paragraph 9, this Agreement shall terminate immediately as of the Date of Termination in the event the Executive is discharged for Cause. Any discharge of the Executive for Cause shall be communicated by a Notice of Termination to the Executive given in accordance with Paragraph 15 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specifies the termination date, which may be as early as the date of the giving of such notice. In the case of a discharge of the Executive for Cause, the Notice of Termination shall include a copy of a resolution duly adopted by the Board at a meeting called and held for such purpose (after reasonable notice to the Executive and reasonable opportunity for the Executive, together with the Executive's counsel, to be heard before the Board prior to such vote), finding that, in the reasonable and good faith opinion of the

Board, the Executive was guilty of conduct constituting Cause. No purported termination of the Executive's employment for Cause shall be effective without a Notice of Termination.

(c) Termination for Other Reasons. The Bank may discharge the Executive for reason other than Cause by giving written notice to the Executive in accordance with Paragraph 15 at least thirty (30) days prior to the Date of Termination. The Executive may resign from his employment, without liability to the Bank, by giving written notice to the Bank in accordance with Paragraph 15 at least thirty (30) days prior to the Date of Termination. Except to the extent otherwise provided in Paragraph 9, this Agreement shall terminate immediately as of the Date of Termination in the event the Executive is discharged for reasons other than Cause or resigns.

8. Definitions. For purposes of this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) "Accrued Obligations" shall mean, as of the Date of Termination, the sum of (A) the Executive's base salary under Paragraph 3(a) through the Date of Termination to the extent not theretofore paid, (B) the amount of any bonus, incentive compensation, deferred compensation and other cash compensation accrued by the Executive as of the Date of Termination to the extent not theretofore paid and (C) any unused vacation, expense reimbursements (regardless of whether a claim for such has yet been filed) and other cash entitlements due the Executive as of the Date of Termination. For the purpose of this Paragraph 8(a), dollar amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued unless it has been specifically approved by the Board in accordance with the applicable plan, program or policy.

(b) "Cause" shall mean: (A) the Executive's commission of an act materially and demonstrably detrimental to the goodwill of the Bank or any of its subsidiaries, which act constitutes gross negligence or willful misconduct by the Executive in the performance of his material duties to the Bank or (B) the Executive's conviction of a felony involving moral turpitude, but specifically excluding any conviction based entirely on vicarious liability. No act or failure to act will be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that his action or omission was in the best interests of the Bank. In addition, no act or omission will constitute Cause unless the Bank has given detailed written notice thereof to the Executive and, where remedial action is feasible, he then fails to remedy the act or omission within a reasonable time after receiving such notice.

(c) "Change of Control" shall mean:

(i) The acquisition by any "person" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") provided, however, that "person" shall not include the Executive, members of the Executive's immediate family, or any trust of which the beneficial owners are the Executive or members of his immediate family) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (i) the then outstanding shares of capital stock of the Bank or the Company (the

“Outstanding Bank (or Company, as appropriate) Capital Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Bank or the Company entitled to vote generally in the election of directors (the “Bank (or Company, as applicable) Voting Securities”); provided, however, that (X) any acquisition by or from the Company or any of its subsidiaries, (Y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (Z) any acquisition by any corporation with respect to which, following such acquisition, more than 65% of the then outstanding shares of capital stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities immediately prior to such acquisition, in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities, as the case may be, shall not constitute a Change of Control; or

(ii) Individuals who, as of the Effective Date constituted the Board of Directors of the Bank (or Company, as appropriate) (the “Incumbent Board”) cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a member of the respective Board subsequent to such date whose election, or nomination for election by the stockholders of the Bank or the Company, as appropriate, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to be a member of the Incumbent Board; but provided further, that no individual whose election or initial assumption of office as a director occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board of Directors of the Bank (or Company, as appropriate), shall be deemed to be a member of the Incumbent Board; or

(iii) Consummation of a reorganization, merger or consolidation (a “Business Combination”) with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities immediately prior to such Business Combination do not, following such Business Combination, beneficially own, directly or indirectly, more than 65% of, respectively, the then outstanding shares of capital stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from the Business Combination, in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities, as the case may be; or

(iv) Consummation of a sale or other disposition of all or substantially all of the assets of the Bank (or Company, as appropriate) other than to a corporation with respect to which, following such sale or disposition, more than 65% of, respectively, the then outstanding shares of capital stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities immediately prior to such sale or disposition, in substantially the same proportion as their ownership of the Outstanding Bank (or Company, as appropriate) Capital Stock and Bank (or Company, as appropriate) Voting Securities, as the case may be, immediately prior to such sale or disposition; or

(v) A complete liquidation or dissolution of the Bank or the Company.

Any other provision of this Agreement to the contrary notwithstanding, "Change of Control" shall not include any transaction described in subparagraphs (A), (C) or (D) of this paragraph (iii) where, in connection with such transaction, the Executive or any party acting in concert with the Executive substantially increases his or its, as the case may be, ownership interest in the Bank or the Company or a successor to the Bank or the Company.

(d) "Date of Termination" shall mean (A) in the event of a discharge of the Executive by the Board for Cause, the date specified in such Notice of Termination, (B) in the event of a discharge of the Executive without Cause or a resignation by the Executive, the date specified in the written notice to the Executive (in the case of discharge) or the Bank (in the case of resignation), which date shall be no less than thirty (30) days from the date of such written notice, (C) in the event of the Executive's death, the date of the Executive's death, and (D) in the event of termination of the Executive's employment by reason of disability pursuant to Paragraph 7(a), the date the Executive receives written notice of such termination.

(e) "Good Reason" shall mean any of the following: (A) the failure to re-elect the Executive as Chairman and Chief Executive Officer and as a member of the Board of Directors with full voting rights, (B) assignment of duties inconsistent with the Executive's position, authority, duties or responsibilities, or any other action by the Bank which results in a substantial diminution of such position, authority, duties or responsibilities, (C) any substantial failure by the Bank to comply with any of the provisions of this Agreement or (D) the Bank's giving notice to the Executive to stop further operation of the evergreen feature described in Paragraph 1 above; provided, however, that actions taken by the Board of Directors of the Bank under subparagraphs (A) and (B) by reason of the Executive's inability to perform the responsibilities contemplated by those sections because of a physical or mental injury or disease shall not be deemed "Good Reason." In addition, resignation by the Executive for any reason during the one (1)-year period immediately after a Change of Control shall be deemed to be a resignation for Good Reason.

9. Obligations of the Bank Upon Termination. The following provisions describe the obligations of the Bank to the Executive under this Agreement upon termination of his

employment. However, except as explicitly provided in this Agreement, nothing in this Agreement shall limit or otherwise adversely affect any rights which the Executive may have under applicable law, under any other agreement with the Bank or any of its subsidiaries, or under any compensation or benefit plan, program, policy or practice of the Bank or any of its subsidiaries.

(a) Death, Disability, Discharge for Cause or Resignation Without Good Reason. In the event this Agreement terminates by reason of the death or disability of the Executive, or by reason of the discharge of the Executive by the Bank for Cause, or by reason of the resignation of the Executive other than for Good Reason, the Bank shall pay to the Executive, or his heirs or estate in the event of the Executive's death, all Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination; provided, however, that any portion of the Accrued Obligations which consists of bonus, deferred compensation or incentive compensation, shall be determined and paid in accordance with the terms of the relevant plan as applicable to the Executive. In addition to the foregoing, in the event this Agreement terminates by reason of the death of the Executive, then within thirty (30) days of the death of the Executive, the Bank shall pay to the Executive's heirs or estate in a lump sum in cash an amount equal to the sum of the Executive's then-current annual base salary and the amount of the most recent annual bonus received by the Executive.

(b) Discharge Without Cause or Resignation with Good Reason. In the event that this Agreement terminates by reason of the discharge of the Executive by the Bank without Cause, or by reason of the resignation of the Executive for Good Reason, then the Bank shall pay to Executive, or his heirs or estate in the event of the Executive's death, in addition to the compensation and benefits described in paragraph (a), the following benefits:

(i) A cash bonus for the year of termination equal to the most recent annual bonus received by the Executive,

(ii) Payment in a lump sum of an amount equal to three (3) times the Executive's then-current base salary as in effect prior to the termination,

(iii) Payment in a lump sum of an amount equal to three (3) times the most recent annual bonus received by the Executive,

(iv) Continuation, for a period of three (3) years after the Date of Termination, of welfare benefits and senior executive perquisites at least equal to those which would have been provided if the Executive's employment had continued for that time,

(v) A payment equal to that described in Paragraph 6(a) as necessary to fund the future premiums on such insurance policies as shall be reasonably expected to become due prior to the Executive reaching the age of sixty-six (66); and

(vi) Outplacement services, at the expense of the Bank, from a provider reasonably selected by the Executive.

(c) Disability. In the event this Agreement terminates by reason of the disability of the Executive, then the Bank shall pay to the Executive in addition to the compensation and benefits described in paragraph (a), the following benefits:

(i) A cash bonus for the year of termination equal to the most recent annual bonus received by the Executive;

(ii) Cash compensation during each year between the Date of Termination and the earlier of the date upon which the Executive attains age seventy (70) or the death of the Executive equal to sixty-six percent (66%) of both the then current base salary and the most recent annual bonus received by the Executive; and

(iii) Continuation of welfare benefits and senior executive perquisites at least equal to those which would have been provided if the Executive's employment had continued for that time as the cash compensation in (ii) continues.

Notwithstanding the foregoing, the payments due under this section following the Date of Termination shall be offset dollar-for-dollar by the amount of disability payments paid to the Executive for periods following the Date of Termination in accordance with any disability policy or program of the Bank.

(d) Level of Bonus and Welfare Benefits after a Change of Control. If the Executive's employment terminates for any reason after a Change of Control, the phrase "most recent annual bonus" as used in paragraphs (b)(i) and (iii) and (c) shall be replaced by the phrase "most recent annual bonus received by the Executive prior to the Change of Control," and the phrase "would have been provided if the Executive's employment had continued for that time" as used in paragraph (b)(iv) and (c)(iii) shall be replaced by the phrase "were provided to the Executive immediately prior to the Change of Control;" provided, however, that this paragraph (d) shall not apply to (b)(i) and (iii) and (c) or to (b)(iv) and (c)(iii) if the benefits the Executive would receive under (b)(i) and (iii) and (c) or (b)(iv) and (c)(iii) would be greater without the application of this paragraph (d).

(e) Continuing Obligations After Termination. If the Executive's employment with the Bank terminates for any reason, the Bank's obligations and the Executive's obligations under Paragraphs 9 through 19 shall continue after termination of the employment relationship.

10. Certain Additional Payments by the Bank. The Bank agrees that:

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Bank to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 10) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or if any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-



Up Payment”) in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(b) Subject to the provisions of paragraph (c), below, all determinations required to be made under this Paragraph 10, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for the Bank (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Bank and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Bank. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint a nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Bank. Any Gross-Up Payment, as determined pursuant to this Paragraph 10, shall be paid by the Bank to the Executive within five (5) days of the receipt of the Accounting Firm’s determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive’s applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon the Bank and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Bank should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Bank exhausts its remedies pursuant to paragraph (c), below, and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of the Executive.

(c) The Executive shall notify the Bank in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Bank of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than thirty (30) business days after the Executive is informed in writing of such claim and shall apprise the Bank of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30)-day period following the date on which Executive gives such notice to the Bank (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Bank notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) Give the Bank any information reasonably requested by the Bank relating to such claim,

(ii) Take such action in connection with contesting such claim as the Bank shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Bank,

(iii) Cooperate with the Bank in good faith in order effectively to contest such claim, and

(iv) Permit the Bank to participate in any proceedings relating to such claim;

provided, however, that the Bank shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this paragraph (c), the Bank shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Bank shall determine; provided, however, that if the Bank directs the Executive to pay such claim and sue for a refund, the Bank shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Bank's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Bank pursuant to paragraph (c), above, the Executive receives any refund with respect to such claim, the Executive shall (subject to the Bank's complying with the requirements of said paragraph (c)) promptly pay to the Bank the amount of such refund (together with any interest paid or credited thereon, after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Bank pursuant to said paragraph (c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Bank does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid; and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

(e) Notwithstanding anything contained in this Paragraph 10 to the contrary, if the present value of the payments made under this Agreement, without taking into account the Gross-Up Payment, is no greater than one hundred and five percent (105%) of the amount payable to the Executive assuming the Executive's payments under this Agreement were limited to the maximum amount that could be payable without application of the excise tax imposed by Section 4999 of the Code (the "Section 4999 Limit"), the Executive's payments shall be limited to the Section 4999 Limit.

11. No Set-Off or Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, bankers right of set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

12. Payment of Certain Expenses. The Bank agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Bank, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest initiated by the Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code.

13. Indemnification and Joint Obligation. To the fullest extent permitted by law, the Bank shall indemnify the Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' and experts' fees, incurred by the Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director or employee of the Bank or any of its subsidiaries. The Company and the Bank are jointly and severally liable to provide the payment of all compensation, payments and/or benefits due to the Executive or his beneficiaries under this Agreement or any of the plans, programs or arrangements referred to hereby.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of the Executive and the successors and assigns of the Bank and the Company. The Bank and the Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or a substantial portion of its assets, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Bank and the Company would be required to perform this Agreement if no such succession had taken place. Regardless of whether such an agreement is executed, this Agreement shall be binding upon any successor of the Bank and the Company in accordance with the operation of law, and such successor shall be deemed the "Bank" or the "Company," as appropriate, for purposes of this Agreement.

15. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or by

recognized commercial delivery service or if mailed within the continental United States by first class certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board or the Bank, to:

Peoples Bank SB  
9204 Columbia Avenue  
Munster, Indiana 46321  
Attention: Corporate Secretary

If to the Executive, to:

David A. Bochnowski  
10203 Cherrywood Lane  
Munster, Indiana 46321

Such addresses may be changed by written notice sent to the other party at the last recorded address of that party.

16. Tax Withholding. The Bank shall provide for the withholding of any taxes required to be withheld by federal, state or local law with respect to any payment in cash, shares of stock and/or other property made by or on behalf of the Bank to or for the benefit of the Executive under this Agreement or otherwise. The Bank may, at its option: (a) withhold such taxes from any cash payments owing from the Bank to the Executive, (b) require the Executive to pay to the Bank in cash such amount as may be required to satisfy such withholding obligations and/or (c) make other satisfactory arrangements with the Executive to satisfy such withholding obligations.

17. Arbitration. Except as to any controversy or claim which the Executive elects, by written notice to the Bank, to have adjudicated by a court of competent jurisdiction, any controversy or claim arising out of or relating to this Agreement or the breach hereof shall be settled by arbitration at a mutually agreed site in accordance with the laws of the State of Indiana. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The costs and expenses of the arbitrator(s) shall be borne by the Bank. The award of the arbitrator(s) shall be binding upon the parties. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

18. No Assignment. Except as otherwise expressly provided herein, this Agreement is not assignable by any party and no payment to be made hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or other charge.

19. Nonsolicitation. The Executive covenants that upon his Date of Termination, he shall not, for a period of one (1) year following the Date of Termination directly recruit any person who is an employee of the Bank; solicit, encourage or induce any such employee to leave the Bank's employ or solicit, encourage or induce any customer of the Bank to cease doing business with the Bank.

20. Execution in Counterparts. This Agreement may be executed by the parties hereto in two (2) or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

21. Jurisdiction and Governing Law. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Indiana, without regard to the conflict of laws provisions of such laws.

22. Severability. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable for any reason, such judgment shall not affect, impair or invalidate the remainder of this Agreement. Furthermore, if the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction or requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and the Executive consents and agrees that any court of competent jurisdiction may so modify such scope in any proceeding brought to enforce such restriction or requirement. Nothing herein shall be construed as requiring the Bank to make any payment which would be prohibited under 12 C.F.R. 359. In the event a payment required under the terms of this Agreement cannot lawfully be made because of the limitations of 12 C.F.R. 359, the obligation to make such payment shall be deferred until such time as the limitations of 12 C.F.R. 359 shall no longer apply. Upon deferring any payment required under this Agreement due to the limitations of 12 C.F.R. 359, the Bank shall provide the Executive with a legal opinion of counsel addressing the exact provisions of 12 C.F.R. 359 which pose the barrier to payment.

23. Prior Understandings. This Agreement embodies the entire understanding of the parties hereto and supersedes all other oral or written agreements or understandings between them regarding the subject matter hereof. No change, alteration or modification hereof may be made except in a writing, signed by each of the parties hereto. The headings in this Agreement are for convenience of reference only and shall not be construed as part of this Agreement or to limit or otherwise affect the meaning hereof.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the Company and the Bank have caused this Agreement to be executed by its duly authorized officer and the Executive has signed this Agreement, effective as of the date first written above.

PEOPLES BANK SB

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

NORTHWEST INDIANA BANCORP

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DAVID A. BOCHNOWSKI

\_\_\_\_\_  
10203 Cherrywood Lane  
Munster, Indiana 46321