

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

FORM 8-K
CURRENT REPORT

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

Date of Report: **December 29, 2008**

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
(Address of principal executive offices)

46321
(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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensation Arrangements of Certain Officers.

On December 29, 2008, Northwest Indiana Bancorp (the "Bancorp") and its subsidiary Peoples Bank SB (the "Bank") entered into amended and restated employment agreements with David A. Bochnowski, Chairman and Chief Executive Officer of the Bancorp, and with Joel Gorelick, President and Chief Administrative Officer of the Bancorp.

In each case, amendments were made to effect changes complying with the requirements and final regulations of Section 409A of the Internal Revenue Code of 1986, which regulates agreements with elements of deferred compensation. Definitions of "termination of employment," "disability," and "change of control" complying with the requirements of Section 409A were added to the agreements. Provisions were also added to ensure that the timing and form of distributions under the contracts comply with Section 409A. In Joel Gorelick's case, his severance payment upon a change of control of the Bancorp was changed to a lump sum payment instead of an amount payable over three years. The commencement of certain benefits was also made subject to Section 409A's six-month deferral rules for payments to specified employees. In David Bochnowski's agreement, clarifications concerning expense reimbursements and in-kind benefits were added to comply with Section 409A.

The revised agreements are attached as exhibits hereto and incorporated herein by this reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Amended and Restated Employment Agreement between Peoples Bank SB, Northwest Indiana Bancorp and David A. Bochnowski
 - 10.2 Amended and Restated Employment Agreement between Peoples Bank SB, Northwest Indiana Bancorp and Joel Gorelick
-

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: December 30, 2008

NORTHWEST INDIANA BANCORP

By: /s/ Robert T. Lowry

Name: Robert T. Lowry

Title: Chief Financial Officer and Senior Vice President

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement between Peoples Bank SB, Northwest Indiana Bancorp and David A. Bochnowski
10.2	Amended and Restated Employment Agreement between Peoples Bank SB, Northwest Indiana Bancorp and Joel Gorelick

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT
BETWEEN
PEOPLES BANK SB
AND
NORTHWEST INDIANA BANCORP
AND
DAVID A. BOCHNOWSKI

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**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AGREEMENT, made and entered into as of December 29, 2008 (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") but effective as of April 19, 2006.

This Agreement amends and restates the prior Employment Agreement between the Company and the Executive dated April 19, 2006 (the "Prior Agreement"). It has been amended and restated for compliance with the final regulations under Section 409A of the Internal Revenue Code of 1986, as amended.

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 if he (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Bank. 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 Bank shall promptly give the Executive written notice of any such determination of the Executive's disability and of any decision of the Bank 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 any of the following:

(i) a change in the ownership of the Bank or the Company, which shall occur on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Bank or the Company that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Bank or the Company. Such acquisition may occur as a result of a merger of the Company or the Bank into another entity which pays consideration for the shares of capital stock of the merging Company or Bank. However, if any one person, or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Bank or the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Bank or the Company (or to cause a change in the effective control of the Bank or the Company within the meaning of subsection (ii)). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Bank or the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. This subsection applies only when there is a transfer of stock of the Bank or the Company (or issuance of stock of the Bank or the Company) and stock in the Bank or the Company remains outstanding after the transaction.

(ii) a change in the effective control of the Bank or the Company, which shall occur only on either of the following dates:

1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Bank or the Company possessing thirty percent (30%) or more of the total voting power of the stock of the Bank or the Company.

2) the date a majority of members of the Company's board of directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's board of directors before the date of the appointment or election; provided, however, that this provision shall not apply if another corporation is a majority shareholder of the Company.

If any one person, or more than one person acting as a group, is considered to effectively control the Bank or the Company, the acquisition of additional control of the Bank or the Company by the same person or persons is not considered to cause a change in the effective control of the Bank or the Company (or to cause a change in the ownership of the Bank or the Company within the meaning of subsection (i) of this section).

(iii) a change in the ownership of a substantial portion of the Bank's assets, which shall occur on the date that any one person, or more than one person acting

as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Bank immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Bank, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No change in control occurs under this subsection (iii) when there is a transfer to an entity that is controlled by the shareholders of the Bank immediately after the transfer. A transfer of assets by the Bank is not treated as a change in the ownership of such assets if the assets are transferred to –

- 1) a shareholder of the Bank (immediately before the asset transfer) in exchange for or with respect to its stock;
- 2) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Bank.
- 3) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Bank; or
- 4) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii).

For purposes of this subsection (iii) and except as otherwise provided in paragraph 1) above, a person's status is determined immediately after the transfer of the assets.

(iv) For purposes of this section, persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Bank or the Company; provided, however, that they will not be considered to be acting as a group if they are owners of an entity that merges into the Bank or the Company where the Bank or the Company is the surviving corporation.

(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, (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, and (E) upon termination of this Agreement due to a Change in Control, the date of such Change in Control.

(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.

(f) The Executive shall have a "Termination of Employment" if there is a termination of services provided by the Executive to the Bank, whether voluntarily or involuntarily, other than by reason of death or disability, as determined by the Board in accordance with Treas. Reg. §1.409A-1(h). In determining whether an Executive has experienced a Termination of Employment, the following provisions shall apply:

1) To the extent the Executive provides services to the Bank or Company (the "Employer") solely as an employee, except as otherwise provided in part (3) of this subsection, a Termination of Employment shall occur when the Executive has experienced a termination of employment with the Employer. The Executive shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Executive and the Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Executive will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to less than 50% of the average level of bona fide services performed by the Executive (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Executive has been providing services to the Employer less than 36 months).

If the Executive is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Executive and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Executive retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Executive does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Agreement as of the first day immediately following the

end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Executive will return to perform services for the Employer.

2) If the Executive provides services to the Employer as an independent contractor, except as otherwise provided in part (3) of this subsection, a Termination of Employment shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for the Employer, provided that the expiration of such contract(s) is determined by the Board to constitute a good-faith and complete termination of the contractual relationship between the Executive and the Employer.

3) If the Executive provides services to the Employer as both an employee and an independent contractor, a Termination of Employment generally shall not occur until the Executive has ceased providing services for the Employer as both as an employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (1) and (2) of this subsection, respectively. Similarly, if the Executive either (i) ceases providing services for the Employer as an independent contractor and begins providing services for the Employer as an employee, or (ii) ceases providing services for the Employer as an employee and begins providing services for the Employer as an independent contractor, the Executive will not be considered to have experienced a Termination of Employment until the Executive has ceased providing services for the Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (1) and (2) of this subsection.

Notwithstanding the foregoing provisions in this part (3), if the Executive provides services for the Employer as both an employee and as a director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by the Executive as a director shall not be taken into account in determining whether the Executive has experienced a Termination of Employment as an employee, and the services provided by the Executive as an employee shall not be taken into account in determining whether the Executive has experienced a Termination of Employment as a director.

4) For the purpose of determining whether the Executive has experienced a Termination of Employment, the term "Employer" shall mean:

(I) The entity for which the Executive performs services and with respect to which the legally binding right to compensation deferred or contributed under this Agreement arises; and

(II) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, an ownership threshold of at least 50% shall be substituted for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

Any reference in this Agreement to a "termination of employment," severance from employment, separation from employment, resignation or discharge otherwise entitling the Executive to payment hereunder shall be deemed to mean a Termination of Employment.

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 of the death or disability of the Executive, or upon the Executive's Termination of Employment by reason of his discharge by the Bank for Cause, or upon the Executive's Termination of Employment by reason of his resignation 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 of the Executive's Termination of Employment 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.

The amounts payable under paragraphs (b)(i), (ii), (iii) and (v) shall be paid no later than thirty (30) days after the Date of Termination. To the extent any benefits or perquisites provided under paragraph (b)(iv) provide for reimbursements of expenses incurred by the Executive, or in-kind benefits, the following conditions must be satisfied:

- (1) The benefit or perquisite must provide an objectively determinable nondiscretionary definition of the expenses eligible for reimbursement or of the in-kind benefits to be provided;
- (2) The benefit or perquisite must provide for the reimbursement of expenses incurred or for the provision of the in-kind benefits during an objectively and specifically prescribed period;
- (3) The benefit or perquisite must provide that the amount of expenses eligible for reimbursement, or in-kind benefits provided, during the Executive's taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year;
- (4) The reimbursement of an eligible expense must be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred; and
- (5) The right to reimbursement or in-kind benefit must not be subject to liquidation or exchange for another benefit.

(c) Disability. In the event 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, payable within thirty (30) days after the Date of Termination;

(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, payable at such time as compensation is payable to employees of the Bank generally; 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 (payable in accordance with the same rules as apply to those benefits payable under Section 9(b)(iv)).

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.

(f) Six Month Delay. To the extent the Executive is a "specified employee" (as defined below) as of his Termination of Employment, payments due to the Executive as a result of his Termination of Employment shall begin no sooner than six months after the Executive's Termination of Employment; provided, however, that any payments not made during the six month period described in this subsection (f) shall be made in a single lump sum as soon as administratively practicable after the expiration of such six month period. For purposes of this Agreement, the term "specified employee" shall have the meaning set forth in

Treasury Reg. Section 1.409A-1(i) and shall include, without limitation, (1) an officer of the Bank or the Company having annual compensation greater than \$130,000 (as adjusted for inflation under the Code), (2) a five percent owner of the Bank or the Company, or (3) a one percent owner of the Bank or the Company having annual compensation of more than \$150,000. The determination of whether the Executive is a "specified employee" shall be made by the Bank in good faith applying the applicable Treasury regulations.

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.

(f) For purposes of complying with Section 409A of the code, any Gross-Up Payment will be made by the end of the Executive's taxable year next following Executive's taxable year in which the Executive remits the related taxes. In addition, any reimbursement of expenses incurred due to a tax audit or litigation addressing the existence or amount of a tax liability, whether Federal, state, local, or foreign, must be made by the end of the Executive's taxable year following the Executive's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the Executive's taxable year following the Executive's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation.

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.

24. Payments upon Income Inclusion under Section 409A of the Code. Upon the inclusion of any amount into the Executive's income as a result of the failure of this Agreement to comply with the requirements of Section 409A of the Code, a payment not to exceed the amount that shall be included in income shall be made as soon as is administratively practicable following the discovery of the failure of the Agreement to comply with Section 409A of the Code and the regulations promulgated thereunder.

(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: /s/ James L. Wieser
Name: James L. Wieser
Title: Chairman of Compensation Committee of the Board of Directors

NORTHWEST INDIANA BANCORP

By: /s/ James L. Wieser
Name: James L. Wieser
Title: Chairman of Compensation Committee of the Board of Directors

DAVID A. BOCHNOWSKI

/s/ David A. Bochnowski
10203 Cherrywood Lane
Munster, Indiana 46321

EMPLOYMENT AGREEMENT

This Agreement, made and dated as of December 29, 2008, by and between Peoples Bank SB, an Indiana savings bank ("Employer") and Joel Gorelick, a resident of Lake County, Indiana ("Employee"), but effective as of July 20, 2006.

This Agreement amends and restates the prior Employment Agreement between the Employer and the Employee dated July 20, 2006 (the "Prior Agreement"). It has been amended and restated for compliance with the final regulations under Section 409A of the Internal Revenue Code of 1986, as amended.

WITNESSETH

WHEREAS, Employee is employed by Employer as its President and Chief Administrative Officer and has made valuable contributions to the profitability and financial strength of Employer;

WHEREAS, Employer desires to encourage Employee to continue to make valuable contributions to Employer's business operations and not to seek or accept employment elsewhere;

WHEREAS, Employee desires to be assured of a secure compensation from Employer for his services over a defined term;

WHEREAS, Employer desires to assure the continued services of Employee on behalf of Employer on an objective and impartial basis and without distraction or conflict of interest in the event of an attempt by any person to obtain control of Employer or NorthWest Indiana Bancorp (the "Holding Company"), the Indiana corporation which owns all of the issued and outstanding capital stock of Employer;

WHEREAS, Employer recognizes that when faced with a proposal for a change of control of Employer or the Holding Company, Employee will have a significant role in helping the Boards of Directors assess the options and advising the Boards of Directors on what is in the best interests of Employer, the Holding Company, and its shareholders, and it is necessary for Employee to be able to provide this advice and counsel without being influenced by the uncertainties of his own situation;

WHEREAS, Employer desires to provide fair and reasonable benefits to Employee on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Employer desires reasonable protection of its confidential business and customer information which it has developed over the years at substantial expense and assurance that Employee will not compete with Employer for a reasonable period of time after termination of his employment with Employer, except as otherwise provided herein; and

WHEREAS, Employer's Board of Directors has approved this Agreement.

NOW, THEREFORE, in consideration of these premises, the mutual covenants and undertakings herein contained and the continued employment of Employee by Employer as its President and Chief Administrative Officer, Employer and Employee, each intending to be legally bound, covenant and agree as follows:

1. Upon the terms and subject to the conditions set forth in this Agreement, Employer employs Employee as Employer's President and Chief Administrative Officer, and Employee accepts such employment.

2. Employee agrees to serve as Employer's President and Chief Administrative Officer and to perform such duties in that office as may reasonably be assigned to him by Employer's Chief Executive Officer; provided, however, that such duties shall be performed in or from the offices of Employer currently located at Munster, Indiana, and shall be of the same character as those previously performed by Employee and generally associated with the office held by Employee. Employee also agrees to continue to serve as a member of the Board of Directors of Employer and NorthWest Indiana Bancorp if elected. Employee shall render services to Employer as President and Chief Administrative Officer in substantially the same manner and to substantially the same extent as Employee rendered his services to Employer before the date hereof. While employed by Employer, Employee shall devote substantially all his business time and efforts to Employer's business during regular business hours and shall not engage in any bank or bank-related business for any other person. For purposes of this Agreement, "bank-related business" shall mean the sale of insurance and securities products, personal financial and tax planning, trust services and any for-profit business conducted by Employer during the term of this Agreement other than making loans and accepting deposits.

3. The term of this Agreement shall begin on the date hereof (the "Effective Date") and shall end on the date which is three years following such date; provided, however, that such term shall be extended automatically for an additional year on each anniversary of the Effective Date, unless either party hereto gives written notice to the other party not to so extend within ninety (90) days prior to such anniversary, in which case no further automatic extension shall occur and the term of this Agreement shall end two years subsequent to the anniversary as of which the notice not to extend for an additional year is given (such term, including any extension thereof shall herein be referred to as the "Term"). Notwithstanding the foregoing, this Agreement shall automatically terminate (and the Term of this Agreement shall thereupon end) without notice when Employee attains 65 years of age.

4. Employee shall receive an annual salary of \$202,000 ("Base Compensation") payable at regular intervals in accordance with Employer's normal payroll practices now or hereafter in effect. Employer may consider and declare increases in the salary it pays Employee and thereby increases in his Base Compensation at the time or times it considers such increases for other executive officers of the Employer. Prior to a Change of Control, Employer may also declare decreases in the salary it pays Employee if the operating results of Employer are significantly less favorable than those for the fiscal year ending December 31, 2005, and Employer makes similar decreases in the salary it pays to all other executive officers of Employer. After a Change in Control, Employer shall consider and declare salary increases based upon the following standards:

Inflation;

Adjustments to the salaries of other senior management personnel; and

Past performance of Employee and the contribution which Employee makes to the business and profits of Employer during the Term.

Any and all increases or decreases in Employee's salary pursuant to this section shall cause the level of Base Compensation to be increased or decreased by the amount of each such increase or decrease for purposes of this Agreement. The increased or decreased level of Base Compensation as provided in this section shall become the level of Base Compensation for the remainder of the Term of this Agreement until there is a further increase or decrease in Base Compensation as provided herein.

5. Employee, as of the date hereof, is entitled to the insurance benefits described on Exhibit A hereto. So long as Employee is employed by Employer pursuant to this Agreement, he shall be included as a participant in all present and future employee benefit, retirement, and compensation plans generally available to employees of Employer, consistent with his Base Compensation and his position as President and Chief Administrative Officer of Employer, including, without limitation, Employer's or the Holding Company's stock option and incentive plan, Employees' Savings and Profit Sharing Plan, and hospitalization, major medical, dental, disability and group life insurance plans, each of which Employer agrees to continue in effect on terms no less favorable than those currently in effect as of the date hereof (as permitted by law) during the Term of this Agreement unless prior to a Change of Control the operating results of Employer are significantly less favorable than those for the fiscal year ending December 31, 2005, and any changes made to these programs are applicable to all other executive officers of Employer, and unless (either before or after a Change of Control) changes in the accounting, legal, or tax treatment of such plans would adversely affect Employer's operating results or financial condition in a material way, and the Board of Directors of Employer or the Holding Company concludes that modifications to such plans need to be made to avoid such adverse effects. Notwithstanding the limitations of any health benefit plan maintained by the Employer, the Employer agrees to pay the costs of any necessary physical examinations and the costs of all diagnostic testing incurred by the Employee on his own behalf.

6. So long as Employee is employed by Employer pursuant to this Agreement, Employee shall receive reimbursement from Employer for all reasonable business expenses incurred in the course of his employment by Employer, upon submission to Employer of written vouchers and statements for reimbursement. Employee shall attend, upon the prior approval of the Employer's Chief Executive Officer, those professional meetings, conventions, and/or similar functions that he deems appropriate and useful for purposes of keeping abreast of current developments in the industry and/or promoting the interests of Employer. So long as Employee is employed by Employer pursuant to this Agreement, Employer shall provide Employee with the full time use of an automobile of a make and model selected by the Employee, not more than three years old, commensurate with his position and as approved by the Compensation Committee of the Employer's Board of Directors. Employer shall pay or reimburse Employee for maintenance and insurance costs relating to such automobile and shall reimburse Employee on a pro rata basis based on business use for costs of gasoline for such automobile. So long as Employee is employed by Employer pursuant to the terms of this Agreement, Employer shall continue in effect vacation policies applicable to Employee no less favorable from his point of view than those written vacation policies in effect on the date hereof. Any vacation time not taken during any calendar year may be taken at any time during the next three succeeding calendar years, at the conclusion of which any unused vacation time will expire, unless otherwise agreed to by the Employer's Compensation Committee. So long as Employee is employed by Employer pursuant to this Agreement, Employee shall be entitled to office space and working conditions no less favorable from his point of view than were in effect for him on the date hereof.

7. Subject to the respective continuing obligations of the parties, including but not limited to those set forth in subsections 9(a), 9(b), 9(c) and 9(d) hereof, Employee's employment by Employer may be terminated prior to the expiration of the Term of this Agreement as follows:

(a) Employer, by action of its Board of Directors and upon written notice to Employee, may terminate Employee's employment with Employer immediately for cause. For purposes of this subsection 7(a), "cause" shall be defined as (a) the Employee's commission of an act materially and demonstrably detrimental to the goodwill of the Employer or any of its subsidiaries, which act constitutes gross negligence or willful misconduct by the Employee in the performance of his material duties to the Employer not authorized, directed or expressly ratified by Employer's Board of Directors or its Chief Executive Officer, or (b) the Employee'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 Employee in bad faith or without reasonable belief that his action or omission was in the best interests of the Employer. In addition, no act or omission will constitute "cause" unless the Employer has given detailed written notice thereof to the Employee and, where remedial action is feasible, he then fails to remedy the act or omission within a reasonable time after receiving such notice.

(b) Employer, by action of its Board of Directors may terminate Employee's employment with Employer without cause at any time; provided, however, that the "date of termination" for purposes of determining benefits payable to Employee under subsection 8(b) hereof shall be the date which is 60 days after Employee receives written notice of such termination.

(c) Employee, by written notice to Employer, may terminate his employment with Employer immediately for cause. For purposes of this subsection 7(c), "cause" shall be defined as (i) any action by Employer's Board of Directors to remove the Employee as President and Chief Administrative Officer of Employer, except where the Employer's Board of Directors properly acts to remove Employee from such office for "cause" as defined in subsection 7(a) hereof, (ii) any action by Employer's Board of Directors to materially limit, increase, or modify Employee's duties as President and Chief Administrative Officer of Employer, including any action relating to his office or work environment which results in a material diminution of his position and/or duties, (iii) any failure of Employer to obtain the assumption of the obligation to perform this Agreement by any successor or the reaffirmation of such obligation by Employer, as contemplated in section 21 hereof; or (iv) any material breach by Employer of a term, condition or covenant of this Agreement.

(d) Employee, upon sixty (60) days written notice to Employer, may terminate his employment with Employer without cause.

(e) Employee's employment with Employer shall terminate in the event of Employee's death or disability. For purposes hereof, "disability" means the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer.

8. In the event of the Employee's Termination of Employment with Employer pursuant to section 7 hereof, compensation shall continue to be paid by Employer to Employee as follows:

(a) In the event of Termination of Employment pursuant to subsection 7(a) or in the event of Termination of Employment pursuant to subsection 7(d) other than during the one year period immediately following a Change of Control, compensation provided for herein (including Base Compensation) shall continue to be paid, and Employee shall continue to participate in the employee benefit, retirement, and compensation plans and other perquisites as provided in sections 5 and 6 hereof, through the date of termination specified in the notice of termination. Any benefits payable under insurance, health, retirement and bonus plans as a result of Employee's participation in such plans through such date shall be paid when due under those

plans. The date of termination specified in any notice of termination pursuant to subsection 7(a) shall be no later than the last business day of the month in which such notice is provided to Employee.

(b) In the event of Termination of Employment pursuant to subsection 7(b) or 7(c) other than during the one year period immediately following a Change of Control, compensation provided for herein (including Base Compensation) shall continue to be paid, and Employee shall continue to participate in the employee benefit, retirement, and compensation plans and other perquisites as provided in sections 5 and 6 hereof, through the date of termination specified in the notice of termination. Any benefits payable under insurance, health, retirement and bonus plans as a result of Employee's participation in such plans through such date shall be paid when due under those plans. In addition, Employee shall be entitled to continue to receive from Employer his Base Compensation at the rate in effect at the time of termination for the remaining Term of the Agreement, payable at such time and in such manner as employees of the Employer are paid generally. In addition, during such period, Employer will maintain in full force and effect for the continued benefit of Employee each employee welfare benefit plan and each employee pension benefit plan (as such terms are defined in the Employee Retirement Income Security Act of 1974, as amended) in which Employee was entitled to participate immediately prior to the date of his termination, unless an essentially equivalent and no less favorable benefit is provided by a subsequent employer of Employee. If the terms of any employee welfare benefit plan or employee pension benefit plan of Employer do not permit continued participation by Employee, Employer will arrange to provide to Employee a benefit substantially similar to, and no less favorable than, the benefit he was entitled to receive under such plan at the end of the period of coverage. Any such substitute benefit shall be provided at the same time as the benefit it replaces.

(c) In the event of the Employee's death or disability pursuant to subsection 7(e), compensation provided for herein (including Base Compensation) shall continue to be paid, and Employee shall continue to participate in the employee benefit, retirement, and compensation plans and other perquisites as provided in sections 5 and 6 hereof, (i) in the event of Employee's death, through the date of death, or (ii) in the event of Employee's disability, through the date of proper notice of disability as required by subsection 7(e). Any benefits payable under insurance, health, retirement and bonus plans as a result of Employer's participation in such plans through such date shall be paid when due under those plans. In addition, in the event this Agreement terminates because of Employee's disability, Employee shall be entitled to receive his Base Compensation for a period of 12 months following such termination payable at the same time and in the same manner as other employees are paid generally, reduced dollar for dollar by the amount of disability payments paid to Employee for periods following such termination in accordance with any disability policy or program of Employer.

(d) In the event of Termination of Employment pursuant to subsection 7(b), 7(c), or 7(d) within one year after a Change of Control, compensation provided for herein (including Base Compensation) shall continue to be paid, and Employee shall continue to participate in the employee benefit, retirement, and compensation plans and other perquisites as provided in sections 5 and 6 hereof, through the date of termination specified in the notice of termination. Any benefits payable under insurance, health, retirement and bonus plans as a result of Employee's participation in such plans through such date shall be paid when due under those plans. In addition, Employee shall be entitled to receive from Employer an amount equal to three (3) times his Base Compensation at the rate in effect at the time of termination payable in a lump sum within thirty (30) days after his Termination of Employment. In addition, for three years after such Termination of Employment, Employer will maintain in full force and effect for the

continued benefit of Employee each employee welfare benefit plan and each employee pension benefit plan (as such terms are defined in the Employee Retirement Income Security Act of 1974, as amended) in which Employee was entitled to participate immediately prior to the date of his termination, unless an essentially equivalent and no less favorable benefit is provided by a subsequent employer of Employee. If the terms of any employee welfare benefit plan or employee pension benefit plan of Employer do not permit continued participation by Employee, Employer will arrange to provide to Employee a benefit substantially similar to, and no less favorable than, the benefit he was entitled to receive under such plan at the end of the period of coverage. Any such substitute benefit shall be provided at the same time as the benefit it replaces.

(e) The Employee shall have a "Termination of Employment" if there is a termination of services provided by the Employee to the Employer, whether voluntarily or involuntarily, other than by reason of death or disability, as determined by the Employer's Board of Directors in accordance with Treas. Reg. §1.409A-1(h). In determining whether an Employee has experienced a Termination of Employment, the following provisions shall apply:

(1) To the extent the Employee provides services to the Employer solely as an employee, except as otherwise provided in part (3) of this subsection, a Termination of Employment shall occur when the Employee has experienced a termination of employment with the Employer. The Employee shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Employee and the Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Employee will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to less than 50% of the average level of bona fide services performed by the Employee (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Employee has been providing services to the Employer less than 36 months).

If the Employee is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Employee and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Employee retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Employee does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Agreement as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Employee will return to perform services for the Employer.

(2) If the Employee provides services to the Employer as an independent contractor, except as otherwise provided in part (3) of this subsection, a Termination of Employment shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for the Employer, provided that the expiration of such contract(s) is determined by the Employer's Board of Directors to constitute a good-faith and complete termination of the contractual relationship between the Employee and the Employer.

(3) If the Employee provides services to the Employer as both an employee and an independent contractor, a Termination of Employment generally shall not occur until the Employee has ceased providing services for the Employer as both as an employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (1) and (2) of this subsection, respectively. Similarly, if the Employee either (i) ceases providing services for the Employer as an independent contractor and begins providing services for the Employer as an employee, or (ii) ceases providing services for the Employer as an employee and begins providing services for the Employer as an independent contractor, the Employee will not be considered to have experienced a Termination of Employment until the Employee has ceased providing services for the Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (1) and (2) of this subsection.

Notwithstanding the foregoing provisions in this part (3), if an Employee provides services for the Employer as both an employee and as a director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by the Employee as a director shall not be taken into account in determining whether the Employee has experienced a Termination of Employment as an employee, and the services provided by the Employee as an employee shall not be taken into account in determining whether the Employee has experienced a Termination of Employment as a director.

(4) For the purpose of determining whether the Employee has experienced a Termination of Employment, the term “Employer” shall mean:

(i) The entity for which the Employee performs services and with respect to which the legally binding right to compensation deferred or contributed under this Agreement arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, an ownership threshold of at least 50% shall be substituted for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

(f) To the extent the Employee is a “specified employee” (as defined below) as of his Termination of Employment, payments due to the Employee as a result of his Termination of Employment shall begin no sooner than six months after the Employee’s Termination of Employment; provided, however, that any payments not made during the six month period described in this subsection (f) shall be made in a single lump sum as soon as within fifteen (15) days after the expiration of such six month period. For purposes of this Agreement, the term “specified employee” shall have the meaning set forth in Treasury Reg. Section 1.409A-1(i) and shall include, without limitation, (1) an officer of the Employer or the Holding Company having annual compensation greater than \$130,000 (as adjusted for inflation under the Code), (2) a five percent owner of the Employer or the Holding Company, or (3) a one percent owner of the Employer or the Holding Company having annual compensation of more than \$150,000. The

determination of whether the Employee is a "specified employee" shall be made by the Employer in good faith applying the applicable Treasury regulations.

9. In order to induce Employer to enter into this Agreement, Employee hereby agrees as follows:

(a) While Employee is employed by Employer and for a period of three years after termination of such employment for reasons other than those set forth in subsections 7(b) or (c) of this Agreement, Employee shall not divulge or furnish any trade secrets (as defined in IND. CODE § 24-2-3-2) of Employer or any confidential information acquired by him while employed by Employer concerning the policies, plans, procedures or customers of Employer to any person, firm or corporation, other than Employer or upon its written request, or use any such trade secret or confidential information directly or indirectly for Employee's own benefit or for the benefit of any person, firm or corporation other than Employer, since such trade secrets and confidential information are confidential and shall at all times remain the property of Employer.

(b) For a period of three years after termination of Employee's employment by Employer for reasons other than those set forth in subsections 7(b) or (c) of this Agreement, Employee shall not directly or indirectly provide banking or bank-related services to, or solicit the banking or bank-related business of, any customer of Employer at the time of such provision of services or solicitation which Employee served either alone or with others while employed by Employer in any city, town, borough, township, village or other place in which Employee performed services for Employer while employed by it, or assist any actual or potential competitor of Employer to provide banking or bank-related services to, or solicit the banking or bank-related business of, any such customer.

(c) While Employee is employed by Employer and for a period of one year after termination of Employee's employment by Employer for reasons other than those set forth in subsections 7(b) or (c) of this Agreement, Employee shall not, directly or indirectly, as principal, agent, or trustee, or through the agency of any corporation, partnership, trade association, agent or agency, engage within a radius of fifteen (15) miles of Employer's main office in any banking or bank-related business which competes with the business of Employer as conducted during Employee's employment by Employer.

(d) If Employee's employment by Employer is terminated for reasons other than those set forth in subsections 7(b) or (c) of this Agreement, Employee will turn over immediately thereafter to Employer all business correspondence, letters, papers, reports, customers' lists, financial statements, credit reports or other confidential information or documents of Employer or its affiliates in the possession or control of Employee, all of which writings are and will continue to be the sole and exclusive property of Employer or its affiliates.

If Employee's employment by Employer is terminated during the Term of this Agreement for reasons set forth in subsections 7(b) or (c) of this Agreement, Employee shall have no obligations to Employer with respect to trade secrets, confidential information or noncompetition under this section 9.

10. Any termination of Employee's employment with Employer as contemplated by section 7 hereof, except in the circumstances of Employee's death, shall be communicated by written "Notice of Termination" by the terminating party to the other party hereto. Any "Notice of Termination" pursuant to subsections 7(a), 7(c) or 7(e) shall indicate the specific provisions of this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination.

11. For purposes of this Agreement, a "Change of Control" shall mean any of the following:

(a) a change in the ownership of the Employer or the Holding Company, which shall occur on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Employer or the Holding Company that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Employer or the Holding Company. Such acquisition may occur as a result of a merger of the Holding Company or the Employer into another entity which pays consideration for the shares of capital stock of the merging Holding Company or Employer. However, if any one person, or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Employer or the Holding Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Employer or the Holding Company (or to cause a change in the effective control of the Employer or the Holding Company (within the meaning of subsection (b))). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Employer or the Holding Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. This subsection applies only when there is a transfer of stock of the Employer or the Holding Company (or issuance of stock of the Employer or the Holding Company) and stock in the Employer or the Holding Company remains outstanding after the transaction.

(b) a change in the effective control of the Employer or the Holding Company, which shall occur only on either of the following dates:

(1) the date any one person, or more than one person acting as a group acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Employer or the Holding Company possessing thirty percent (30%) or more of the total voting power of the stock of the Employer or the Holding Company.

(2) the date a majority of members of the Holding Company's board of directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Holding Company's board of directors before the date of the appointment or election; provided, however, that this provision shall not apply if another corporation is a majority shareholder of the Holding Company.

If any one person, or more than one person acting as a group, is considered to effectively control the Employer or the Holding Company, the acquisition of additional control of the Employer or the Holding Company by the same person or persons is not considered to cause a change in the effective control of the Employer or the Holding Company (or to cause a change in the ownership of the Employer or the Holding Company within the meaning of subsection (a) of this section).

(c) a change in the ownership of a substantial portion of the Employer's assets, which shall occur on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) assets from the Employer that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Employer immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Employer, or the value of the

assets being disposed of, determined without regard to any liabilities associated with such assets. No change in control occurs under this subsection (c) when there is a transfer to an entity that is controlled by the shareholders of the Employer immediately after the transfer. A transfer of assets by the Employer is not treated as a change in the ownership of such assets if the assets are transferred to –

- (1) a shareholder of the Employer (immediately before the asset transfer) in exchange for or with respect to its stock;
- (2) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Employer.
- (3) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Employer; or
- (4) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (c).

For purposes of this subsection (c) and except as otherwise provided in paragraph (1) above, a person's status is determined immediately after the transfer of the assets.

(d) For purposes of this section, persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering. Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Employer or the Holding Company; provided, however, that they will not be considered to be acting as a group if they are owners of an entity that merges into the Employer or the Holding Company where the Employer or the Holding Company is the surviving corporation.

12. If Employee is suspended and/or temporarily prohibited from participating in the conduct of Employer's affairs by a notice served under section 8(3)(3) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. § 1818(e)(3) and (g)(1)), Employer's obligations under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, Employer shall (i) pay Employee all or part of the compensation withheld while its obligations under this Agreement were suspended and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

13. If Employee is removed and/or permanently prohibited from participating in the conduct of Employer's affairs by an order issued under section 8(e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. § 1818(e)(4) or (g)(1)), all obligations of Employer under this Agreement shall terminate as of the effective date of the order, but vested rights of the parties to the Agreement shall not be affected.

14. If Employer is in default (as defined in section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this provision shall not affect any vested rights of Employer or Employee.

15. All obligations under this Agreement may be terminated except to the extent determined that the continuation of the Agreement is necessary for the continued operation of Employer: (i) by the Director of the Indiana Department of Financial Institutions, or his or her designee (the "Director"), at the

time the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of Employer under the authority contained in Section 13(c) of the Federal Deposit Insurance Act; or (ii) by the Director at the time the Director approves a supervisory merger to resolve problems related to operation of Employer or when Employer is determined by the Board to be in an unsafe and unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

16. (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Employer to or for the benefit of the Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be nondeductible (in whole or part) by the Employer for Federal income tax purposes because of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such amounts payable or distributable pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount, not less than zero, expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be nondeductible by the Employer because of Section 280G of the Code. For purposes of this Section 16, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations required to be made under this Section 16 shall be made by the Employer's independent auditors, or at the election of such auditors by such other firm or individuals of recognized expertise as such auditors may select (such auditors or, if applicable, such other firm or individual, are hereinafter referred to as the "Advisory Firm") and such services shall be paid for by the Employer. The Advisory Firm shall within ten business days of the date of termination of the Employee's employment by the Employer or the Holding Company resulting in benefit payments hereunder (the "Date of Termination"), or at such earlier time as is requested by the Employer, provide to both the Employer and the Employee an opinion (and detailed supporting calculations) that the Employer has substantial authority to deduct for federal income tax purposes the full amount of the Agreement Payments and that the Employee has substantial authority not to report on his or her federal income tax return any excise tax imposed by Section 4999 of the Code with respect to the Agreement Payments. Any such determination and opinion by the Advisory Firm shall be binding upon the Employer and the Employee. The Agreement Payments shall be eliminated or reduced consistent with the requirements of this Section 16 by eliminating or reducing those Agreement Payments in a manner that produces the greatest economic advantage to the Employee and if elimination of reduction of two or more specific Agreement Payments produce the same economic advantage, they shall be adjusted or reduced pro rata. Within five business days of the determination pursuant to the immediately preceding sentence of this Agreement, the Employer shall pay to or distribute to or for the benefit of the Employee such amounts as are then due the Employee under this Agreement. The Employer and the Employee shall cooperate fully with the Advisory Firm, including without limitation providing to the Advisory Firm all information and materials reasonably requested by it, in connection with the making of the determinations required under this Section 16.

(c) As a result of uncertainty in application of Section 280G of the Code at the time of the initial determination by the Advisory Firm hereunder, it is possible that Agreement Payments will have been made by the Employer which should not have been made ("Overpayment") or that additional Agreement Payments will not have been made by the Employer which should have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Advisory Firm, based upon the assertion by the Internal Revenue Service against the Employee of a deficiency which the Advisory Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Employer to or for

the benefit of Employee shall be treated for all purposes as a loan ab initio which the Employee shall repay to the Employer together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Employee to the Employer if and to the extent such deemed loan and payment would not either reduce the amount on which the Employee is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Advisory Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Employer to or for the benefit of the Employee together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

17. If a dispute arises regarding the termination of Employee pursuant to section 7 hereof or as to the interpretation or enforcement of this Agreement and Employee obtains a final judgment in his favor pursuant to an arbitration award or in a court of competent jurisdiction or his claim is settled by Employer prior to the rendering of an arbitration award or a judgment by such a court, all reasonable legal fees and expenses incurred by Employee in contesting or disputing any such termination or seeking to obtain or enforce any right or benefit provided for in this Agreement or otherwise pursuing his claim shall be paid by Employer, to the extent permitted by law.

18. Should Employee die after termination of his employment with Employer while any amounts are payable to him hereunder, this Agreement shall inure to the benefit of and be enforceable by Employee's executors, administrators, heirs, distributees, devisees and legatees and all amounts payable hereunder shall be paid in accordance with the terms of this Agreement to Employee's devisee, legatee or other designee or, if there is no such designee, to his estate.

19. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee: Joel Gorelick
8589 W. 85th Street
Schererville, IN 46375

If to Employer: Peoples Bank, SB
9204 Columbia Avenue
Munster, IN 46321
Attn: David A. Bochnowski

or to such address as either party hereto may have furnished to the other party in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

20. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Indiana, except as otherwise required by mandatory operation of federal law.

21. Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Employer, by agreement in form and substance satisfactory to Employee to expressly assume and agree to perform this Agreement in the same manner and same extent that Employer would be required to perform it if no such succession had taken place. Failure of Employer to obtain such agreement prior to the effectiveness of any such succession shall be a material intentional breach of this Agreement and shall entitle Employee to terminate his employment with Employer pursuant to subsection 7(c) hereof. As used in this Agreement,

“Employer” shall mean Employer as hereinbefore defined and any successor to its business or assets as aforesaid.

22. Except as to any controversy or claim which the Employee elects, by written notice to the Employer, 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 Employer. 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.

23. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Employee and Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of dissimilar provisions or conditions at the same or any prior subsequent time. No agreements or representation, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

24. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement which shall remain in full force and effect.

25. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

26. This Agreement is personal in nature and neither party hereto shall, without consent of the other, assign or transfer this Agreement or any rights or obligations hereunder except as provided in section 17 and section 20 above. Without limiting the foregoing, Employee’s right to receive compensation hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his will or by the laws of descent or distribution as set forth in section 17 hereof, and in the event of any attempted assignment or transfer contrary to this paragraph, Employer shall have no liability to pay any amounts so attempted to be assigned or transferred.

27. Upon the inclusion of any amount into the Employee’s income as a result of the failure of this Agreement to comply with the requirements of Section 409A of the Code, a payment not to exceed the amount that shall be included in income shall be made as soon as is administratively practicable following the discovery of the failure of the Agreement to comply with Section 409A of the Code and the regulations promulgated thereunder.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed and delivered as of the day and year first above set forth.

PEOPLES BANK SB

By: /s/ David A. Bochnowski
David A. Bochnowski, Chairman and Chief Executive Officer

“Employer”

/s/ Joel Gorelick
Joel Gorelick

“Employee”

The undersigned, NorthWest Indiana Bancorp, sole shareholder of Employer, agrees that if it shall be determined for any reason that any obligations on the part of Employer to continue to make any payments due under this Agreement to Employee is unenforceable for any reason, NorthWest Indiana Bancorp, agrees to honor the terms of this Agreement and continue to make any such payments due hereunder to Employee pursuant to the terms of this Agreement.

NORTHWEST INDIANA BANCORP

By: /s/ David A. Bochnowski
David A. Bochnowski, Chairman and Chief Executive Officer

Benefits Provided and Paid by Peoples Bank for Joel Gorelick

<u>Company</u>	<u>Benefit Type</u>	<u>Coverage</u>	
Principal Financial Group Policy No. N31368-9	Group Life Insurance AD&D Insurance	\$ 91,000.00 \$ 91,000.00	
Assurant Employee Benefits Policy No. 54075/Cert. #48	Group Life Insurance AD&D Insurance	\$400,000.00 \$400,000.00	(maximum benefit under insurance plan) (maximum benefit under insurance plan)
Assurant Employee Benefits Policy No. 54075/Cert. #48	Short-Term Disability Long-Term Disability	\$ 400.00 \$ 5,000	/week beginning 14th day of disability maximum benefit under Plan)** /month beginning 27th week of disability (maximum benefit under Plan)
Mass Mutual Life Insurance Policy No. 0064755 New York Life Insurance Policy No. 56608626	Endorsement Split Dollar Plan	\$150,000.00	
New York Life Insurance Policy No. 56612181	Endorsement Split Dollar Plan	\$ 75,000.00	

** Note to short-term disability. The Bank funds a separate supplemental disability plan that would pay Joel his weekly wages over the \$400 insurance benefit for a maximum period of 26 weeks. This would entitle him to 100% of his pre-weekly disability earnings for a maximum disability period of 26 weeks.