Wilson Stephen W
Form 4
February 15, 2013

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Wilson Stephen W

(Last) (First) (Middle)

C/O AVALONBAY COMMUNITIES, INC., BALLSTON TOWER, 671 N. GLEBE ROAD

(Street)

ARLINGTON, VA 22203

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AVALONBAY COMMUNITIES INC [AVB]

3. Date of Earliest Transaction (Month/Day/Year)
02/13/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $.01 per share	02/13/2013		A		3,194	A	$ 0 (1)	23,545.8213 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount o Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Shares
Employee Stock Options (Right to Buy)	$ 130.23	02/13/2013		A		7,237		02/13/2014 (3)	02/13/2023	Common Stock	7,237

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Wilson Stephen W C/O AVALONBAY COMMUNITIES, INC. BALLSTON TOWER, 671 N. GLEBE ROAD ARLINGTON, VA 22203			Executive Vice President	

Signatures

Catherine T. White, as attorney-in-fact under Power of Attorney dated February 17, 2010.	02/15/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Reflects grant of shares of restricted stock under the Company's Stock Option and Incentive Plan, which shares are subject to vesting requirements.

(2) The amount of securities owned following the reported transaction reflects direct ownership of all shares of common stock, including restricted shares.

(3) These options vest in three annual installments, with the first installment vesting on 2/13/2014.

(4) Reflects grant of options under the Company's Stock Option and Incentive Plan.

(5)

Following the reported transaction, the reporting person holds 29,678 options to purchase the issuer's common stock granted on various dates and with varying exercise prices and vesting dates.

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Amortization of unearned compensation
68 68
Issuance of restricted shares
34 34
Exercise of stock options
3 117 120
Tax benefit related to stock options
77 77
Stock option expense
30 30
Cash dividends on preferred stock (5.00%)
(1,245) (1,245)
Cash dividends on common stock ($.68 per share)
(2,240) (2,240)

Accretion of discount on preferred stock
161 (161)
Balances, December 31, 2010
$18,217 $1,122 $10,356 $80,240 $2,348 $112,283
See notes to consolidated financial statements

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Horizon Bancorp And Subsidiaries
Consolidated Statements of Cash Flows
(Dollar Amounts in Thousands)

	Years Ended December 31		
	2010	**2009**	**2008**
Operating Activities			
Net income	**$ 10,455**	$ 9,140	$ 8,972
Items not requiring (providing) cash			
Provision for loan losses	**11,554**	13,603	7,568
Depreciation and amortization	**2,320**	2,280	2,321
Share based compensation	**30**	39	39
Mortgage servicing rights impairment	**664**	135	(20)
Deferred income tax	**(113)**	(713)	(485)
Premium amortization on securities available for sale, net	**1,946**	729	(266)
Gain on sale of investment securities	**(533)**	(795)	15
Gain on sale of mortgage loans	**(7,538)**	(6,107)	(2,747)
Proceeds from sales of loans	**286,960**	339,424	145,473
Loans originated for sale	**(281,705)**	(335,871)	(140,462)
Increase in cash surrender value of life insurance	**(770)**	(720)	(36)
(Gain) Loss on sale of other real estate owned	**(393)**	9	(22)
Net change in			
Interest receivable		(278)	189
Interest payable	**(354)**	(775)	(790)
Other assets	**296**	(5,704)	(769)
Other liabilities	**2,057**	316	442
Net cash provided by operating activities	**24,876**	14,712	19,422
Investing Activities			
Purchases of securities available for sale	**(203,840)**	(137,723)	(115,895)
Proceeds from sales, maturities, calls, and principal repayments of securities available for sale	**204,647**	112,377	50,903
Purchase of securities held to maturity	**(24,732)**	(24,726)	(1,800)
Proceeds from maturities of securities held to maturity	**11,167**	15,171	170
Purchase of Federal Reserve Bank stock	**861**	(564)	
Net change in loans	**32,577**	(20,394)	(37,824)
Proceeds on the sale of OREO and repossessed assets	**6,137**	8,242	434
Purchases of premises and equipment	**(2,414)**	(4,066)	(5,442)
Purchases and assumption of American Trust & Savings Bank	**3,412**		
Proceeds from sale of loans transferred to held for sale			37,695
Gain on sale of loans transferred to held for sale			(193)
Net cash provided by (used in) investing activities	**27,815**	(51,683)	(71,952)
Financing Activities			

Net change in			
Deposits	**(64,227)**	110,539	(52,495)
Borrowings	**(31,979)**	(40,367)	65,531
Proceeds (Redemption) of preferred stock	**(6,250)**		25,000
Proceeds from issuance of stock	**154**	164	35
Tax benefit from issuance of stock	**77**	18	8
Dividends paid on common shares	**(2,240)**	(1,132)	
Dividends paid on preferred shares	**(1,245)**	(2,229)	(2,147)
Net cash provided by (used in) financing activities	**(105,710)**	66,993	35,932
Net Change in Cash and Cash Equivalent	**(53,019)**	30,022	(16,598)
Cash and Cash Equivalents, Beginning of Period	**68,702**	38,680	55,278
Cash and Cash Equivalents, End of Period	**$ 15,683**	$ 68,702	$ 38,680
Additional Cash Flows Information			
Interest paid	**$ 21,228**	$ 28,668	$ 33,675
Income taxes paid	**3,880**	3,155	2,935
Transfer of loans to other real estate owned	**9,026**	6,481	3,157

See notes to consolidated financial statements

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Horizon Bancorp And Subsidiaries
Notes to Consolidated Financial Statements
(Table dollars in thousands except for per share data)

Note 1 Nature of Operations and Summary of Significant Accounting Policies

Nature of Business The consolidated financial statements of Horizon Bancorp (Horizon) and its wholly owned subsidiary, Horizon Bank, N.A. (Bank) conform to accounting principles generally accepted in the United States of America and reporting practices followed by the banking industry.

The Bank is a full-service commercial bank offering a broad range of commercial and retail banking and other services incident to banking along with a trust department that offers corporate and individual trust and agency services and investment management services. The Bank has two active wholly owned subsidiaries, Horizon Investments, Inc. (Investment Company) and Horizon Grantor Trust. Horizon Investments, Inc. manages the investment portfolio of the Bank. Horizon Grantor Trust holds title to certain company owned life insurance policies. The Bank maintains 21 full service facilities and one loan and deposit production office. The Bank also wholly owns Horizon Insurance Services, Inc. (Insurance Agency) which is inactive, but previously offered a full line of personal and corporate insurance products. The net income generated from the insurance operations was not significant to the overall operations of Horizon and the majority of the insurance agency assets were sold during 2005. Horizon conducts no business except that incident to its ownership of the subsidiaries.

Horizon formed Horizon Statutory Trust II in 2004 and Horizon Bancorp Capital Trust III in 2006 for the purpose of participating in Pooled Trust Preferred Stock offerings. The Company assumed additional debentures as the result of the acquisition of Alliance in 2005 which formed Alliance Financial Statutory Trust I (Alliance Trust) and American Trust & Savings Bank in 2010 which formed Am Tru Statutory Trust I (Am Tru Trust). See Note 12 for further discussion regarding these previously consolidated entities that are now reported separately.

Basis of Reporting The consolidated financial statements include the accounts of Horizon and subsidiaries. All material inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements Horizon uses fair value measurements to record fair value adjustments, to certain assets, and liabilities and to determine fair value disclosures. Effective January 1, 2008, Horizon adopted Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures for all applicable financial and nonfinancial assets and liabilities. This accounting guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance applies only when other guidance requires or permits assets or liabilities to be measured at fair value; it does not expand the use of fair value in any new circumstances.

As defined in codification, fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants. It represents an exit price at the measurement date. Market participants are buyers and sellers, who are independent, knowledgeable, and willing and able to transact in the principal (or most advantageous) market for the asset or liability being measured. Current market conditions, including imbalances between supply and demand, are considered in determining fair value. Horizon values its assets and liabilities in the principal market where it sells the particular asset or transfers the liability with the greatest volume and level of activity. In the absence of a principal market, the valuation is based on the most advantageous market for the asset or liability (i.e., the market where the asset could be sold or the liability transferred at a price that maximizes the amount to be received for the asset or minimizes the amount to be paid to transfer the liability).

In measuring the fair value of an asset, Horizon assumes the highest and best use of the asset by a market participant to maximize the value of the asset, and does not consider the intended use of the asset.

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When measuring the fair value of a liability, Horizon assumes that the nonperformance risk associated with the liability is the same before and after the transfer. Nonperformance risk is the risk that an obligation will not be satisfied and encompasses not only Horizon s own credit risk (i.e., the risk that Horizon will fail to meet its obligation), but also other risks such as settlement risk. Horizon considers the effect of its own credit risk on the fair value for any period in which fair value is measured.

There are three acceptable valuation techniques that can be used to measure fair value: the market approach, the income approach and the cost approach. Selection of the appropriate technique for valuing a particular asset or liability takes into consideration the exit market, the nature of the asset or liability being valued, and how a market participant would value the same asset or liability. Ultimately, determination of the appropriate valuation method requires significant judgment, and sufficient knowledge and expertise are required to apply the valuation techniques. Valuation inputs refer to the assumptions market participants would use in pricing a given asset or liability using one of the three valuation techniques. Inputs can be observable or unobservable. Observable inputs are those assumptions which market participants would use in pricing the particular asset or liability. These inputs are based on market data and are obtained from a source independent of Horizon. Unobservable inputs are assumptions based on Horizon s own information or estimate of assumptions used by market participants in pricing the asset or liability. Unobservable inputs are based on the best and most current information available on the measurement date. All inputs, whether observable or unobservable, are ranked in accordance with a prescribed fair value hierarchy which gives the highest ranking to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest ranking to unobservable inputs (Level 3). Fair values for assets or liabilities classified as Level 2 are based on one or a combination of the following factors: (i) quoted prices for similar assets; (ii) observable inputs for the asset or liability, such as interest rates or yield curves; or (iii) inputs derived principally from or corroborated by observable market data. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Corporation considers an input to be significant if it drives 10% or more of the total fair value of a particular asset or liability.

Assets and liabilities are considered to be fair valued on a recurring basis if fair value is measured regularly (i.e., daily, weekly, monthly or quarterly). Recurring valuation occurs at a minimum on the measurement date. Assets and liabilities are considered to be fair valued on a nonrecurring basis if the fair value measurement of the instrument does not necessarily result in a change in the amount recorded on the balance sheet. Generally, nonrecurring valuation is the result of the application of other accounting pronouncements which require assets or liabilities to be assessed for impairment or recorded at the lower of cost or fair value. The fair value of assets or liabilities transferred in or out of Level 3 is measured on the transfer date, with any additional changes in fair value subsequent to the transfer considered to be realized or unrealized gains or losses.

Investment Securities Available for Sale Horizon designates the majority of its investment portfolio as available for sale based on management s plans to use such securities for asset and liability management, liquidity and not to hold such securities as long-term investments. Management repositions the portfolio to take advantage of future expected interest rate trends when Horizon s long-term profitability can be enhanced. Investment securities available for sale and marketable equity securities are carried at estimated fair value and any net unrealized gains/losses (after tax) on these securities are included in accumulated other comprehensive income. Gains/losses on the disposition of securities available for sale are recognized at the time of the transaction and are determined by the specific identification method.

Investment Securities Held to Maturity Includes any security for which Horizon has the positive intent and ability to hold until maturity. These securities are carried at amortized cost.

Loans Held for Sale Loans held for sale are reported at the lower of cost or market value in the aggregate.

Interest and Fees on Loans Interest on commercial, mortgage and installment loans is recognized over the term of the loans based on the principal amount outstanding. When principal or interest is past due 90 days or more, and the loan is not well secured or in the process of collection, or when serious doubt exists as to the collectability of a loan, the accrual

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(Table dollars in thousands except for per share data)

of interest is discontinued. Loan origination fees, net of direct loan origination costs, are deferred and recognized over the life of the loan as a yield adjustment.

Concentrations of Credit Risk The Bank grants commercial, real estate, and consumer loans to customers located primarily in Northwest Indiana and southwest Michigan and provides mortgage warehouse lines to mortgage companies in the United States. Commercial loans make up approximately 37% of the loan portfolio and are secured by both real estate and business assets. These loans are expected to be repaid from cash flows from operations of the businesses. The Bank does not have a concentration in speculative commercial real estate loans. Residential real estate loans make up approximately 20% of the loan portfolio and are secured by residential real estate. Installment loans make up approximately 30% of the loan portfolio and are primarily secured by consumer assets. Mortgage warehouse loans make up approximately 13% of the loan portfolio and are secured by residential real estate.

Mortgage Warehouse Loans Horizon s mortgage warehousing business line has specific mortgage companies as customers of Horizon Bank. Individual mortgage loans originated by these mortgage companies are funded as a secured borrowing with pledge of collateral under Horizon s agreement with the mortgage company. Each individual mortgage is assigned to Horizon until the loan is sold to the secondary market by the mortgage company. In addition, Horizon takes possession of each original note and forwards such note to the end investor once the mortgage company has sold the loan. At the time a loan is transferred to the secondary market, the mortgage company repurchases the loan under its option within the agreement.

Due to the repurchase feature contained in the agreement, the transaction does not qualify as a sale under ASC 860, Transfers and Servicing and therefore is accounted for as a secured borrowing with pledge of collateral pursuant to the agreement with the mortgage company. When the individual loan is sold to the end investor by the mortgage company the proceeds from the sale of the loan are received by Horizon and used to payoff the loan balance with Horizon along with any accrued interest and any related fees. The remaining balance from the sale is forwarded to the mortgage company. These individual loans typically are sold by the mortgage company within 30 days and are seldom held more than 90 days. Interest income is accrued during this period and collected at the time each loan is sold. Fee income for each loan sold is collected when the loan is sold and no costs are deferred due to the term between each loan funding and related payoff is typically less than 30 days.

Based on the agreements with each mortgage company, at any time a mortgage company can repurchase from Horizon their outstanding loan balance on an individual mortgage and regain possession of the original note. Horizon also has the option to request that the mortgage company repurchase an individual mortgage. Should this occur, Horizon would return the original note and reassign the assignment of the mortgage to the mortgage company. Also, in the event that the end investor would not be able to honor the sales commitment and the mortgage company would not be able to repurchase its loan on an individual mortgage, Horizon would be able to exercise its rights under the agreement.

Allowance for Loan Losses An allowance for loan losses is maintained to absorb probable incurred losses inherent in the loan portfolio. The allowance is based on ongoing quarterly assessments of the probable incurred losses inherent in the loan portfolio. The allowance is increased by the provision for credit losses, which is charged against current period operating results and decreased by the amount of charge offs, net of recoveries. Horizon s methodology for assessing the appropriateness of the allowance consists of several key elements, which include the general allowance, specific allowances for identified problem loans and the qualitative allowance.

The general allowance is calculated by applying loss factors to pools of outstanding loans. Loss factors are based on historical loss experience and may be adjusted for significant factors that, in management s judgment, affect the collectability of the portfolio as of the evaluation date.

Specific allowances are established in cases where management has identified conditions or circumstances related to a credit that management believes indicate the probability that a loss will be incurred in excess of the amount determined by the application of the formula allowance.

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The qualitative allowance is based upon management s evaluation of various conditions, the effects of which are not directly measured in the determination of the general and specific allowances. The evaluation of the inherent loss with respect to these conditions is subject to a higher degree of uncertainty because they are not identified with specific credits. The conditions evaluated in connection with the qualitative allowance may include factors such as local, regional and national economic conditions and forecasts, concentrations of credit and changes in the composition of the portfolio.

Loan Impairment When analysis determines a borrower s operating results and financial condition are not adequate to meet debt service requirements, the loan is evaluated for impairment. Often this is associated with a delay or shortfall in payments of 30 days or more. Loans are generally placed on non-accrual status when 90 days or more past due. These loans are also often considered impaired. Impaired loans or portions thereof, are charged-off when deemed uncollectible. This typically occurs when the loan is 120 or more days past due.

Loans are considered impaired if borrower does not exhibit the ability to pay or the full principal or interest payments are not expected or made in accordance with the original terms of the loan. Impaired loans are measured and carried at the lower of cost or the present value of expected future cash flows discounted at the loan s effective interest rate, at the loan s observable market price or at the fair value of the collateral if the loan is collateral dependent.

Smaller balance homogenous loans are evaluated for impairment in the aggregate. Such loans include residential first mortgage loans secured by one to four family residences, residential construction loans and automobile, home equity and second mortgages. Commercial loans and mortgage loans secured by other properties are evaluated individually for impairment.

Premises and Equipment Buildings and major improvements are capitalized and depreciated using primarily the straight-line method with useful lives ranging from 3 to 40 years. Furniture and equipment are capitalized and depreciated using primarily the straight-line method with useful lives ranging from 2 to 20 years. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on disposition are included in current operations.

Federal Reserve and Federal Home Loan Bank of Indianapolis (FHLBI) Stock The stock is a required investment for institutions that are members of the Federal Reserve Bank (FRB) and Federal Home Loan Bank (FHLBI) systems. The required investment in the common stock is based on a predetermined formula.

Mortgage Servicing Rights Mortgage servicing rights on originated loans that have been sold are capitalized by allocating the total cost of the mortgage loans between the mortgage servicing rights and the loans based on their relative fair values. Capitalized servicing rights are amortized in proportion to and over the period of estimated servicing revenue. Impairment of mortgage-servicing rights is assessed based on the fair value of those rights. Fair values are estimated using discounted cash flows based on a current market interest rate. For purposes of measuring impairment, the rights are stratified based on the predominant risk characteristics of the underlying loans. The predominant characteristic currently used for stratification is type of loan. The amount of impairment recognized is the amount by which the capitalized mortgage servicing rights for a stratum exceed their fair value. Amortization expense and charges related to an impairment write-down are included in other income.

Goodwill Goodwill is tested annually for impairment. At December 31, 2010, Horizon had core deposit intangibles of $2.7 million subject to amortization and $5.9 million of goodwill, which is not subject to amortization. Goodwill arising from business combinations represents the value attributable to unidentifiable intangible assets in the business acquired. Horizon s goodwill relates to the value inherent in the banking industry and that value is dependent upon the ability of Horizon to provide quality, cost effective banking services in a competitive marketplace. The goodwill value is supported by revenue that is in part driven by the volume of business transacted. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. Goodwill totaled $5.9 million and $5.8 million at December 31, 2010 and 2009, respectively. A large majority of the goodwill relates to the acquisition of Alliance Financial Corporation.

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(Table dollars in thousands except for per share data)

Income Taxes Horizon files annual consolidated income tax returns with its subsidiaries. Income tax in the consolidated statements of income includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes.

Trust Assets and Income Property, other than cash deposits, held in a fiduciary or agency capacity is not included in the consolidated balance sheets since such property is not owned by Horizon.

Earnings per Common Share Basic earnings per share is computed by dividing net income available to common shareholders (net income less dividend requirements for preferred stock and accretion of preferred stock discount) by the weighted-average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The following table shows computation of basic and diluted earnings per share.

	December 31 2010	December 31 2009	December 31 2008
Basic earnings per share			
Net income	**$ 10,455**	$ 9,140	$ 8,972
Less: Preferred stock dividends and accretion of discount	**1,406**	1,402	45
Net income available to common shareholders	**$ 9,049**	$ 7,738	$ 8,927
Weighted average common shares outstanding	**3,277,069**	3,232,033	3,208,658
Basic earnings per share	**$ 2.76**	$ 2.39	$ 2.78
Diluted earnings per share			
Net income available to common shareholders	**$ 9,049**	$ 7,738	$ 8,927
Weighted average common shares outstanding	**3,277,069**	3,232,033	3,208,658
Effect of dilutive securities:			
Warrants	**40,436**		
Restricted stock	**14,685**	32,284	29,889
Stock options	**2,408**	6,406	7,804
Weighted average shares outstanding	**3,334,598**	3,270,723	3,246,351
Diluted earnings per share	**$ 2.71**	$ 2.37	$ 2.75

At December 31, 2010, 2009, and 2008 there were 48,333 shares, 71,514 shares, and 59,771 shares that were not included in the computation of diluted earnings per share because they were non-dilutive.

Dividend Restrictions Regulations of the Comptroller of the Currency limit the amount of dividends that may be paid by a national bank to its parent holding company without prior approval of the Comptroller of the Currency. At December 31, 2010, $13.7 million was available for payment of dividends from the Bank to Horizon. Additionally, the Federal Reserve Board limits the amount of dividends that may be paid by Horizon to its stockholders under its capital adequacy guidelines. Under the Capital Purchase Program pursuant to which Horizon issued the Preferred

Stock, Horizon cannot increase the amount of the dividend it pays on its common shares while the Preferred Stock is outstanding without the prior consent of the Treasury. The preferred Stock qualifies as Tier I capital and will pay cumulative dividends at a rate of 5% per annum for the first five years and 9% per annum thereafter. This further limits the amount of net income available to the common shareholders.

Due to Horizon participation in the CPP Program in December 2008, Horizon is prohibited from increasing its common stock dividends for the first three years, while Treasury is an investor, without the prior consent of the Treasury.

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(Table dollars in thousands except for per share data)

Consolidated Statements of Cash Flows For purposes of reporting cash flows, cash and cash equivalents are defined to include cash and due from banks, money market investments and federal funds sold with maturities of one day or less. Horizon reports net cash flows for customer loan transactions, deposit transactions, short-term investments and borrowings.

Share-Based Compensation At December 31, 2010, Horizon has stock option plans, which are described more fully in Note 19. All share-based payments to be recognized as expense, based upon their fair values, in the financial statements over the vesting period of the awards. Horizon has recorded approximately $30,000, $39,000, and $39,000 for 2010, 2009, and 2008, in compensation expense relating to vesting of stock options less estimated forfeitures for the 12 month period ended December 31, 2010 and 2009.

Current Economic Conditions The current economic environment presents financial institutions with unprecedented circumstances and challenges which in some cases have resulted in large declines in the fair values of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The financial statements have been prepared using values and information currently available to Horizon.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses and capital that could negatively impact Horizon s ability to meet regulatory capital requirements and maintain sufficient liquidity.

Reclassifications Certain reclassifications have been made to the 2009 and 2008 consolidated financial statements to be comparable to 2010. These reclassifications had no effect on net income.

Recent Accounting Pronouncements

FASB ASU 2009-16, Transfers and Servicing (Topic 860); Accounting for Transfers of Financial Assets ASU 2009-16 requires more information about transfers of financial assets, including securitization transactions, and where entities have continued exposure to the risks related to transferred assets. The Company adopted ASU 2009-16 effective January 1, 2010 and adoption did not have a material effect on its financial position or results of operations.

ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. ASU 2010-06 revises two disclosure requirements concerning fair value measurements and clarifies two others. It requires separate presentation of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and disclosure of the reasons for such transfers. It will also require the presentation of purchases, sales, issuances, and settlements within Level 3 on a gross basis rather than a net basis. The amendments also clarify that disclosures should be disaggregated by class of asset or liability and that disclosures about inputs and valuation techniques should be provided for both recurring and non-recurring fair value measurements. The Company s disclosures about fair value measurements are presented in Note 21 Disclosures About Fair Value of Assets and Liabilities. These new disclosure requirements were effective for the period ended March 31, 2010, except for the requirement concerning gross presentation of Level 3 activity, which is effective for fiscal years beginning after December 15, 2010. There was no significant effect to the Company s financial statement disclosure upon adoption of this ASU.

ASU No. 2010-09, Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements. ASU 2010-09 amends the subsequent events disclosure guidance. The amendments include a definition of an SEC filer, requires an SEC filer or conduit bond obligor to evaluate subsequent events through the date the financial statements are issued, and removes the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated. ASU 2010-09 was effective upon issuance for the Company.

ASU No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. ASU 2010-20 requires that more information be disclosed about the credit quality of a company s loans and the allowance for loan losses held against those loans. A company will need to disaggregate new and existing disclosure based on how it develops its allowance for loan losses and how it manages credit exposures.

Existing disclosures to be presented

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on a disaggregated basis include a roll-forward of the allowance for loan losses, the related recorded investment in such loans, the nonaccrual status of loans, and impaired loans. Additional disclosure is also required about the credit quality indicators of loans by class at the end of the reporting period, the aging of past due loans, information about troubled debt restructurings, and significant purchases and sales of loans during the reporting period by class.

For public companies, ASU 2010-20 requires certain disclosures as of the end of a reporting period effective for periods ending on or after December 15, 2010. Other required disclosures about activity that occurs during a reporting period are effective for periods beginning on or after December 15, 2010. The Company s adoption of these additional disclosures can be found in notes 4, 5 and 6.

ASU No. 2011-01; The amendments in ASU No. 2011-01 temporarily delay the effective date of the disclosures about troubled debt restructurings in Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated.

Note 2 Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted primarily of deposit accounts with financial institutions. One or more of the financial institutions holding the Company s cash accounts are participating in the FDIC s Transaction Account Guarantee Program. Under the program, as a result of changes made pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and regulations adopted by the FDIC to implement the Dodd-Frank Act provisions, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account until December 31, 2012.

For financial institutions opting out of the FDIC s Transaction Account Guarantee Program or interest-bearing cash accounts, the FDIC s insurance limits increased to $250,000, effective October 3, 2008. The increase in federally insured limits, which was set to expire December 31, 2013, was made permanent by the Dodd-Frank Act. At December 31, 2010, the Company s cash accounts exceeded federally insured limits by approximately $3.6 million. At December 31, 2010, the Company had cash balances at the Federal Reserve Bank and Federal Home Loan Bank of Indianapolis of $1.6 million that did not have FDIC insurance coverage.

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Note 3 Securities

The fair value of securities is as follows:

December 31, 2010	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury and federal agencies	$ 24,727	$ 643	$ (119)	$ 25,251
State and municipal	132,380	1,511	(2,402)	131,489
Federal agency collateralized mortgage obligations	100,106	1,945	(214)	101,837
Federal agency mortgage-backed pools	114,390	3,865	(360)	117,895
Private labeled mortgage-backed pools	5,197	126		5,323
Corporate notes	555		(6)	549
Total available for sale investment securities	$ 377,355	$ 8,090	$ (3,101)	$ 382,344
Held to maturity, State and Municipal	$ 9,595	$	$	$ 9,595

December 31, 2009	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury and federal agencies	$ 19,612	$ 473	$	$ 20,085
State and municipal	107,160	2,402	(413)	109,149
Federal agency collateralized mortgage obligations	76,222	1,089	(22)	77,289
Federal agency mortgage-backed pools	113,633	5,028		118,661
Private labeled mortgage-backed pools	7,779	32	(205)	7,606
Corporate notes	355		(13)	342
Total available for sale investment securities	$ 324,761	$ 9,024	$ (653)	$ 333,132
Held to maturity, State and Municipal	$ 11,657	$ 30	$	$ 11,687

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information, and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary. While these securities are held in the available for sale portfolio, Horizon intends and has the ability to hold them until the earlier of a recovery in fair value or maturity.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified. At December 31, 2010, no individual investment security had an unrealized loss that was determined to be other-than-temporary.

The unrealized losses on the Company s investments in securities of state and municipal, federal agency collateralized mortgage obligations, and federal agency mortgage-backed pools were caused by interest rate increases and not a decline in credit quality. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments or the Company expects to recover the amortized cost basis over the term of the securities. Because the Company does not intend to sell the investments and it is not likely that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company did not consider those investments to be other-than-temporarily impaired at December 31, 2010.

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The amortized cost and fair value of securities available for sale and held to maturity at December 31, 2010 and December 31, 2009, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2010		December 31, 2009	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale				
Within one year	$ 855	$ 866	$ 2,658	$ 2,691
One to five years	28,240	28,949	5,449	5,682
Five to ten years	44,179	44,450	40,557	41,400
After ten years	84,388	83,024	78,463	79,803
	157,662	157,289	127,127	129,576
Federal agency collateralized mortgage obligations	100,106	101,837	76,222	77,289
Federal agency mortgage-backed pools	114,390	117,895	113,633	118,661
Private labeled mortgage-backed pools	5,197	5,323	7,779	7,606
Total available for sale investment securities	$ 377,355	$ 382,344	$ 324,761	$ 333,132
Held to maturity				
Within one year	$ 9,495	$ 9,495	$ 11,462	$ 11,484
One to five years	100	100	195	203
Total held to maturity investment securities	$ 9,595	$ 9,595	$ 11,657	$ 11,687

The following table shows investments gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Less than 12 Months		12 Months or More		Total	
December 31, 2010	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US Treasury and federal agencies	$ 9,881	$ (119)	$	$	$ 9,881	$ (119)
State and municipal	60,401	(2,370)	568	(32)	60,969	(2,402)
Federal agency collateralized mortgage obligations	21,130	(214)			21,130	(214)
Federal agency mortgage-backed pools	27,033	(360)	32		27,065	(360)
Corporate notes	26	(6)			26	(6)

Total temporarily impaired securities	$ 118,471	$ (3,069)	$ 600	$ (32)	$ 119,071	$ (3,101)

	Less than 12 Months		12 Months or More		Total	
December 31, 2009	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
State and municipal	$ 14,757	$ (216)	$ 3,791	$ (197)	$ 18,548	$ (413)
Federal agency collateralized mortgage obligations	8,835	(22)			8,835	(22)
Federal agency mortgage-backed pools			42		42	
Private labeled mortgage-backed pools	3,534	(100)	1,756	(105)	5,290	(205)
Corporate notes	9	(13)			9	(13)
Total temporarily impaired securities	$ 27,135	$ (351)	$ 5,589	$ (302)	$ 32,724	$ (653)

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Information regarding security proceeds, gross gains and gross losses are presented below.

	December 31		
	2010	**2009**	**2008**
Sales of securities available for sale			
Proceeds	$ 85,892	$ 48,859	$ 30
Gross gains	675	1,130	
Gross losses	142	335	15

The Company pledges securities to secure retail and corporate repurchase agreements. At December 31, 2010, the Company had pledged $160.3 million of fair value or $154.8 million of amortized cost, in securities as collateral for $140.4 million in repurchase agreements.

Note 4 Loans

	December 31 2010	**December 31 2009**
Commercial		
Working capital and equipment	$ 151,414	$ 167,149
Real estate, including agriculture	167,785	135,639
Tax exempt	2,925	3,247
Other	7,894	8,482
Total	330,018	314,517
Real estate		
1 4 family (including loans held for sale)	176,311	134,076
Other	4,957	5,519
Total	181,268	139,595
Consumer		
Auto	136,014	146,270
Recreation	6,086	5,321
Real estate/home improvement	29,184	32,009
Home equity	90,580	83,412
Unsecured	3,091	2,222
Other	1,726	1,976
Total	266,681	271,210
Mortgage warehouse		
Prime	123,743	166,698
Sub-prime		

Total	123,743	166,698
Total loans	901,710	892,020
Allowance for loan losses	(19,064)	(16,015)
Loans and loans held for sale, net	$ 882,646	$ 876,005

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December 31, 2010	Loan Balance	Interest Due	Deferred Fees / (Costs)	Recorded Investment
Owner occupied real estate	$ 125,883	$ 442	$ 26	$ 126,351
Non owner occupied real estate	136,986	364	87	137,437
Residential Spec Homes	2,257	4	(2)	2,259
Development & Spec Land Loans	6,439	14		6,453
Commercial and industrial	58,336	234	6	58,576
Total commercial	329,901	1,058	117	331,076
Residential mortgage (includes HFS)	173,724	592	76	174,392
Residential construction	7,467	13	1	7,481
Mortgage warehouse	123,743	332		124,075
Total real estate	304,934	937	77	305,948
Direct installment	23,527	97	(338)	23,286
Direct Installment Purchased	1,869			1,869
Indirect installment	128,122	491	7	128,620
Home equity	114,202	563	(708)	114,057
Total consumer	267,720	1,151	(1,039)	267,832
Total loans	902,555	3,146	(845)	904,856
Allowance for loan losses	(19,064)			(19,064)
Net loans	$ 883,491	$ 3,146	$ (845)	$ 885,792

Loans to directors and executive officers of Horizon and the Bank, including associates of such persons, amounted to $3.5 million and $14.7 million, as of December 31, 2010 and 2009. During 2010, new loans or advances were $919,000 and loan payments were $9.5 million.

Note 5 Allowance for Loan Losses

	December 31 2010	December 31 2009	December 31 2008
Balance at beginning of the period	$ 16,015	$ 11,410	$ 9,791
Loans charged-off:			
Commercial and agricultural	3,856	2,461	1,358
Real estate	811	432	351
Consumer	5,068	7,354	5,277

Total loans charged-off	9,735	10,247	6,986
Recoveries of loans previously charged-off:			
Commercial and agricultural	228	66	15
Real estate	1		50
Consumer	1,001	1,183	972
Total loan recoveries	1,230	1,249	1,037
Net loans charged-off	8,505	8,998	5,949
Provision charged to operating expense	11,554	13,603	7,568
Balance at the end of the period	$ 19,064	$ 16,015	$ 11,410
Ratio of net charge-offs to average loans outstanding for the period	0.97%	1.01%	0.70%

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The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2010:

	Commercial	Real Estate	Mortgage Warehousing	Consumer	Total Allowance
Allowance For Loan Losses					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$ 1,457	$	$	$	$ 1,457
Collectively evaluated for impairment	6,097	2,379	1,435	7,696	17,607
Acquired with deteriorated credit quality					
Total ending allowance balance	$ 7,554	$ 2,379	$ 1,435	$ 7,696	$ 19,064
Loans:					
Individually evaluated for impairment	$ 8,123	$	$	$	$ 8,123
Collectively evaluated for impairment	322,953	181,873	124,075	267,832	896,733
Acquired with deteriorated credit quality					
Total ending loans balance	$ 331,076	$ 181,873	$ 124,075	$ 267,832	$ 904,856

Note 6 Non-performing Assets and Impaired Loans

The following table shows non-performing loans including loans more than 90 days past due, on non-accrual, and troubled debt restructuring (TDR s) along with other real estate owned and repossessed collateral.

	December 31 2010	December 31 2009
Non-performing loans		
Commercial		
More than 90 days past due	$	$ 1,086
Non-accrual	7,508	8,143
Trouble debt restructuring accruing	574	

Trouble debt restructuring	non-accrual		
Real estate			
More than 90 days past due		222	296
Non-accrual		5,483	1,257
Trouble debt restructuring	accruing	3,380	3,266
Trouble debt restructuring	non-accrual	241	
Mortgage warehouse			
More than 90 days past due			
Non-accrual			
Trouble debt restructuring	accruing		
Trouble debt restructuring	non-accrual		
Consumer			
More than 90 days past due		136	376
Non-accrual		3,682	2,515
Trouble debt restructuring	accruing	165	206
Trouble debt restructuring	non-accrual	37	
Total non-performing loans		21,428	17,145
Other real estate owned and repossessed collateral			
Commercial		1,622	544
Real estate		1,042	1,186
Mortgage warehouse			
Consumer			23
Total other real estate owned and repossessed collateral		2,664	1,753
Total non-performing assets		$ 24,092	$ 18,898

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The Company s TDR s are considered impaired loans and included in the allowance methodology using the guidance for impaired loans. At December 31, 2010 the type of concessions the Company has made on restructured loans has been temporary rate reductions and reductions in monthly payments. Any modification to a loan that is a concession and is not in the normal course of lending is considered a restructured loan. A restructured loan is returned to accruing status after six consecutive payments but is still reported as TDR unless the loan bears interest at a market rate. As of December 31, 2010, the Company had $4.4 million in TDR s and $4.1 million were performing according to the restructured terms. The Company experienced one TDR default during 2010.

Loans for which it is probable that the Company will not collect all principal and interest due according to contractual terms, including TDR s, are measured for impairment. Allowable methods for determining the amount of impairment include estimating fair value using the fair value of the collateral for collateral-dependent loans.

If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and applying a discount factor to the value.

Impaired loans that are collateral dependent are classified within Level 3 of the fair value hierarchy when impairment is determined using the fair value method. The following table shows the Company s impaired loans.

Impaired loans	**Carrying Value**	**Average Balance**	**Specific Reserves**	**Interest Collected**
December 31, 2010				
Commercial	$ 8,082	$ 8,075	$ 1,457	$ 200
Real estate	3,396	3,376	65	127
Mortgage warehouse				
Consumer	202	202	37	7
Total	$ 11,680	$ 11,653	$ 1,559	$ 334
December 31, 2009				
Commercial	$ 9,685	$ 11,647	$ 1,675	$ 389
Real estate	3,472	2,481	84	184
Mortgage warehouse				
Consumer	206	159		15
Total	$ 13,363	$ 14,287	$ 1,759	$ 588
December 31, 2008				
Commercial	$ 5,118	$ 3,083	$ 1,122	$ 286
Real estate				
Mortgage warehouse				
Consumer				
Total	$ 5,118	$ 3,083	$ 1,122	$ 286

There were $1.8 million, $4.8 million, and $1.4 of impaired loans without a specific reserve in 2010, 2009, or 2008. Interest income not recognized on the non-performing loans totaled approximately $744,000, $712,000, and $283,000 in 2010, 2009, and 2008. Accrued interest on impaired loans is reversed from interest income when a loan is determined to be impaired and is a non-accrual loan.

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The following table presents commercial loans individually evaluated for impairment by class of loans as of December 31, 2010:

	Unpaid Principal Balance	Recorded Investment	Allowance For Loan Loss Allocated
With no recorded allowance			
Commercial			
Owner occupied real estate	$ 720	$ 721	$
Non owner occupied real estate	928	929	
Residential development			
Development & Spec Land Loans			
Commercial and industrial	118	118	
Total commercial	1,766	1,768	
With an allowance recorded			
Commercial			
Owner occupied real estate	639	640	385
Non owner occupied real estate	4,932	4,970	665
Residential development	16	16	16
Development & Spec Land Loans	250	250	126
Commercial and industrial	479	479	265
Total commercial	6,316	6,355	1,457
Total	$ 8,082	$ 8,123	$ 1,457

The following table presents the nonaccrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2010:

	Nonaccrual	Loans Past Due Over 90 Days Still Accruing	TDR s
Commercial			
Owner occupied real estate	$ 1,358	$	$
Non owner occupied real estate	5,439		421
Residential development	16		
Development & Spec Land Loans	250		
Commercial and industrial	445		153

Total commercial	7,508			574
Real estate				
Residential mortgage	5,278		222	3,621
Residential construction	205			
Mortgage warehouse				
Total real estate	5,483		222	3,621
Consumer				
Direct Installment	251		23	
Direct Installment Purchased			5	
Indirect Installment	1,328		98	
Home Equity	2,102		10	202
Total Consumer	3,682		136	202
Total	$ 16,673	$	358	$ 4,397

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	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial						
Owner occupied real estate	$ 229	$	$	$ 229	$ 125,654	$ 125,883
Non owner occupied real estate	461			461	136,525	136,986
Residential development					2,257	2,257
Development & Spec Land Loans					6,439	6,439
Commercial and industrial	74			74	58,262	58,336
Total commercial	764			764	329,137	329,901
Real estate						
Residential mortgage	317	91	222	630	173,094	173,724
Residential construction	293			293	7,174	7,467
Mortgage warehouse					123,743	123,743
Total real estate	610	91	222	923	304,011	304,934
Consumer						
Direct Installment	294	156	23	473	23,054	23,527
Direct Installment Purchased	51	31	5	87	1,782	1,869
Indirect Installment	2,360	433	98	2,891	125,231	128,122
Home Equity	899	218	10	1,127	113,075	114,202
Total consumer	3,604	838	136	4,578	263,142	267,720
Total	$ 4,978	$ 929	$ 358	$ 6,265	$ 896,290	$ 902,555

Horizon Bank s processes for determining credit quality differ slightly depending on whether a new loan or a renewed loan is being underwritten, or whether an existing loan is re-evaluated for credit quality. The latter usually occurs upon receipt of current financial information or other pertinent data that would trigger a change in the loan grade.

For new and renewed commercial loans, the Bank s Credit Department, which acts independently of the loan officer, assigns the credit quality grade to the loan. Loan grades for loans with an aggregate credit exposure of $500,000 or greater are validated by the Loan Committee, which is chaired by the Chief Operating Officer (COO).

Commercial loan officers are responsible for reviewing their loan portfolios and report any adverse material change to the COO or Loan Committee. When circumstances warrant a change in the credit quality grade, loan officers are expected to notify the COO and the Credit Department of the change in the loan grade. Downgrades are accepted immediately by the COO, however, lenders must present their factual information to either the Loan Committee or the COO when recommending an upgrade. One of the requirements for meeting the annual bonus criteria is for a loan officer to avoid having any of his/her loans downgraded by either Internal Loan Review or Bank Regulators to a classified grade; that is, substandard, doubtful or loss.

The COO meets weekly with loan officers to discuss the status of past-due loans and classified loans. These meetings are also designed to give the loan officers an opportunity to identify an existing loan that should be downgraded to a classified grade.

Monthly, Senior Management attends the Watch Committee, which reviews all of the past due, classified, and impaired loans and the relative trends of these assets. This committee also reviews the actions taken by management regarding foreclosure mitigation, loan extensions, troubled debt restructures, and collateral repossessions. The information reviewed in this meeting acts as a precursor for developing Management s analysis of the adequacy of the Allowance for Loan and Lease Losses.

For real estate and consumer loans, Horizon uses a grading system based on delinquency. Loans that are 90 days or more past due, on non-accrual, or a troubled debt restructure are graded Substandard. After 90 days delinquent a loan is charged off unless it is well secured and in process of collection. If the latter case exists, the loan is placed on non-accrual. Occasionally a mortgage loan may be graded as special mention. When this situation arises, it is because the characteristics of the loan and the borrower fit the definition of a Risk Grade 5 described below, which is normally used for grading commercial loans. Loans not graded Substandard are considered Pass.

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Horizon Bank employs an eight-grade rating system to determine the credit quality of commercial loans. The first four grades represent acceptable quality, and the last four grades mirror the criticized and classified grades used by the bank regulatory agencies (special mention, substandard, doubtful, and loss). The loan grade definitions are detailed below.

Risk Grade 1: Excellent (Pass)

Loans secured by liquid collateral, such as certificates of deposit, reputable bank letters of credit, or other cash equivalents; loans that are guaranteed or otherwise backed by the full faith and credit of the United States government or an agency thereof, such as the Small Business Administration; or loans to any publicly held company with a current long term debt rating of A or better.

Risk Grade 2: Good (Pass)

Loans to businesses that have strong financial statements containing an unqualified opinion from a CPA firm and at least three consecutive years of profits; loans supported by unaudited financial statements containing strong balance sheets, five consecutive years of profits, a five-year satisfactory relationship with the Bank, and key balance sheet and income statement trends that are either stable or positive; loans secured by publicly traded marketable securities where there is no impediment to liquidation; loans to individuals backed by liquid personal assets, established credit history, and unquestionable character; or loans to publicly held companies with current long term debt ratings of Baa or better.

Risk Grade 3: Satisfactory (Pass)

Loans supported by financial statements (audited or unaudited) that indicate average or slightly below average risk and having some deficiency or vulnerability to changing economic conditions; loans with some weakness but offsetting features of other support are readily available; loans that are meeting the terms of repayment, but which may be susceptible to deterioration if adverse factors are encountered. Loans may be graded Satisfactory when there is no recent information on which to base a current risk evaluation and the following conditions apply:

At inception, the loan was properly underwritten, did <u>not</u> possess an unwarranted level of credit risk, and the loan met the above criteria for a risk grade of Excellent, Good, or Satisfactory;

At inception, the loan was secured with collateral possessing a loan value adequate to protect the Bank from loss.

The loan has exhibited two or more years of satisfactory repayment with a reasonable reduction of the principal balance.

During the period that the loan has been outstanding, there has been no evidence of any credit weakness. Some examples of weakness include slow payment, lack of cooperation by the borrower, breach of loan covenants, or the borrower is in an industry known to be experiencing problems. If any of these credit weaknesses is observed, a lower risk grade may be warranted.

Risk Grade 4: Satisfactory/Monitored (Pass)

Loans in this category are considered to be of acceptable credit quality, but contain greater credit risk than Satisfactory loans due to weak balance sheets, marginal earnings or cash flow, lack of financial information, weakening markets, insufficient or questionable collateral coverage or other uncertainties. These loans warrant a higher than average level of monitoring to ensure that weaknesses do not advance. The level of risk in a Satisfactory/Monitored loan is within acceptable underwriting guidelines so long as the loan is given the proper level of management supervision. Loans that normally fall into this grade include construction of commercial real estate buildings, land development and subdivisions, and rental properties that have not attained stabilization.

Risk Grade 5: Special Mention

Loans which possess some credit deficiency or potential weakness which deserves close attention. Such loans pose an unwarranted financial risk that, if not corrected, could weaken the loan by adversely impacting the future repayment ability of the borrower. The key distinctions of a Special Mention classification are that (1) it is indicative of an unwarranted level of risk and (2) weaknesses are considered potential, not defined,

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impairments to the primary source of repayment. These loans may be to borrowers with adverse trends in financial performance, collateral value and/or marketability, or balance sheet strength.

Risk Grade 6: Substandard

One or more of the following characteristics may be exhibited in loans classified Substandard:

Loans which possess a defined credit weakness. The likelihood that a loan will be paid from the primary source of repayment is uncertain. Financial deterioration is under way and very close attention is warranted to ensure that the loan is collected without loss.

Loans are inadequately protected by the current net worth and paying capacity of the obligor.

The primary source of repayment is gone, and the Bank is forced to rely on a secondary source of repayment, such as collateral liquidation or guarantees.

Loans have a distinct possibility that the Bank will sustain some loss if deficiencies are not corrected.

Unusual courses of action are needed to maintain a high probability of repayment.

The borrower is not generating enough cash flow to repay loan principal; however, it continues to make interest payments.

The lender is forced into a subordinated or unsecured position due to flaws in documentation.

Loans have been restructured so that payment schedules, terms, and collateral represent concessions to the borrower when compared to the normal loan terms.

The lender is seriously contemplating foreclosure or legal action due to the apparent deterioration in the loan.

There is a significant deterioration in market conditions to which the borrower is highly vulnerable.

Risk Grade 7:Doubtful

One or more of the following characteristics may be present in loans classified Doubtful:

Loans have all of the weaknesses of those classified as Substandard. However, based on existing conditions, these weaknesses make full collection of principal highly improbable.

The primary source of repayment is gone, and there is considerable doubt as to the quality of the secondary source of repayment.

The possibility of loss is high but because of certain important pending factors which may strengthen the loan, loss classification is deferred until the exact status of repayment is known.

Risk Grade 8: Loss

Loans are considered uncollectible and of such little value that continuing to carry them as assets is not feasible. Loans will be classified Loss when it is neither practical nor desirable to defer writing off or reserving all or a portion of a basically worthless asset, even though partial recovery may be possible at some time in the future.

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	Pass	Special Mention	Substandard	Doubtful	Total
Commercial					
Owner occupied real estate	$ 94,722	$ 13,656	$ 17,506	$	$ 125,883
Non owner occupied real estate	119,041	6,107	11,838		136,986
Residential development	834	537	886		2,257
Development & Spec Land Loans	4,378	746	1,315		6,439
Commercial and industrial	45,831	6,856	5,649		58,336
Total commercial	264,805	27,902	37,195		329,901
Real estate					
Residential mortgage	164,603		9,121		173,724
Residential construction	7,262		205		7,467
Mortgage warehouse	123,743				123,743
Total real estate	295,608		9,326		304,934
Consumer					
Direct Installment	23,253		274		23,527
Direct Installment Purchased	1,864		5		1,869
Indirect Installment	126,696		1,426		128,122
Home Equity	111,888		2,314		114,202
Total Consumer	263,701		4,019		267,720
Total	$ 824,114	$ 27,902	$ 50,539	$	$ 902,555

Note 7 Premises and Equipment

	December 31 2010	December 31 2009
Land	$ 11,184	$ 9,202
Buildings and improvements	32,645	30,271
Furniture and equipment	10,353	12,504
Total cost	54,182	51,977
Accumulated depreciation	(19,988)	(21,443)
Net premise and equipment	$ 34,194	$ 30,534

Note 8 Loan Servicing

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of loans serviced for others totaled approximately $463.5 million and $313.3 million at December 31, 2010 and 2009.

The aggregate fair value of capitalized mortgage servicing rights was approximately $3.7 million, $3.5 million, and $1.2 million at December 31, 2010, 2009, and 2008. Comparable market values and a valuation model that calculates the present value of future cash flows were used to estimate fair value. For purposes of measuring impairment, risk characteristics including product type, investor type and interest rates, were used to stratify the originated mortgage servicing rights.

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	December 31 2010	December 31 2009	December 31 2008
Mortgage servicing rights			
Balances, January 1	$ 3,010	$ 732	$ 276
Servicing rights capitalized	2,000	2,807	634
Amortization of servicing rights	(835)	(529)	(178)
	4,175	3,010	732
Impairment allowance	(803)	(139)	(4)
Balances, December 31	$ 3,372	$ 2,871	$ 728

During 2008, the Bank recorded a recovery of the impairment allowance totaling approximately $3,000. During 2010 and 2009, the Bank recorded additional impairment of approximately $664,000 and $135,000.

Note 9 Intangible Assets

As a result of the acquisition of Alliance Bank Corporation in 2005 and American Trust & Savings Bank in 2010, the Company has recorded certain amortizable intangible assets related to core deposit intangibles. The Core deposit intangible is being amortized over ten years using an accelerated method. Amortizable intangible assets are summarized as follows:

	December 31, 2010		December 31, 2009	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets				
Core deposit intangible	$ 4,637	$ (1,896)	$ 2,952	$ (1,505)

Amortization expense for intangible assets totaled $390,000, $305,000, and $317,000 for the years ended December 31, 2010, 2009, and 2008. Estimated amortization for the years ending December 31 are as follows:

2011	$ 449
2012	438
2013	427
2014	416
2015	267
Thereafter	744
	$ 2,741

Note 10 Deposits

	December 31	December 31

	2010	2009
Noninterest-bearing demand deposits	$ 107,606	$ 84,357
Interest-bearing demand deposits	345,288	395,179
Money market (variable rate)	86,859	79,831
Savings deposits	76,806	35,638
Certificates of deposit of $100,000 or more	206,130	186,236
Other certificates and time deposits	162,809	170,467
Total deposits	$ 985,498	$ 951,708

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Certificates and other time deposits for both retail and brokered maturing in years ending December 31 are as follows:

	Retail	Brokered
2011	$ 163,319	$ 20,414
2012	39,647	23,500
2013	25,324	17,628
2014	4,606	10,729
2015	7,514	10,923
Thereafter	35,295	10,039
	$ 275,706	$ 93,233

Note 11 Borrowings

	December 31 2010	December 31 2009
Federal Home Loan Bank advances, variable and fixed rates ranging from 1.58% to 7.53%, due at various dates through November 15, 2024	$ 88,847	$ 142,780
Securities sold under agreements to repurchase	140,394	141,236
Federal funds purchased	31,500	
Total borrowings	$ 260,741	$ 284,016

The Federal Home Loan Bank advances are secured by first and second mortgage loans and mortgage warehouse loans totaling approximately $265.3 million. Advances are subject to restrictions or penalties in the event of prepayment. In addition, a $15.0 million advance outstanding at December 31, 2010 that matures on April 29, 2013, contained an option whereby the interest rate may be adjusted quarterly by the Federal Home Loan Bank, at which time the advances may be repaid at the option of the Company without penalty.

Securities sold under agreements to repurchase consist of obligations of the Bank to other parties. The obligations are secured by U.S. agency and mortgage-backed securities and such collateral is held in safekeeping by third parties. The maximum amount of outstanding agreements at any month end during 2010 and 2009 totaled $144.7 million and $149.1 million and the daily average of such agreements totaled $138.6 million and $131.8 million. The agreements at December 31, 2010, mature at various dates through September 13, 2020.

At December 31, 2010, the Bank has available approximately $383.6 million in credit lines with various money center banks, including the FHLB.

Contractual maturities in years ending December 31:

2011	$ 76,478
2012	812
2013	14,518
2014	20,195
2015	20,463
Thereafter	128,275

$ 260,741

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Note 12 Subordinated Debentures

In October of 2004, Horizon formed Horizon Statutory Trust II (Trust II), a wholly owned statutory business trust. Trust II sold $10.3 million of Trust Preferred Capital Securities as a participant in a pooled trust preferred securities offering. The proceeds from the sale of the trust preferred securities were used by the trust to purchase an equivalent amount of subordinated debentures from Horizon. The junior subordinated debentures are the sole assets of Trust II and are fully and unconditionally guaranteed by Horizon. The junior subordinated debentures and the trust preferred securities pay interest and dividends on a quarterly basis. The junior subordinated debentures and the securities bear interest at a rate of 90 day LIBOR plus 1.95% and mature on October 21, 2034, and are non-callable for five years. After that period, the securities may be called at any quarterly interest payment date at par. Costs associated with the issuance of the securities totaling $17,500 were capitalized and were amortized to the October 31, 2009, first call date of the securities.

In December of 2006, Horizon formed Horizon Bancorp Capital Trust III (Trust III), a wholly owned statutory business trust. Trust III sold $12.4 million of Trust Preferred Capital Securities as a participant in a pooled trust preferred securities offering. The proceeds from the sale of the trust preferred securities were used by the trust to purchase an equivalent amount of subordinated debentures from Horizon. The junior subordinated debentures are the sole assets of Trust III and are fully and unconditionally guaranteed by Horizon. The junior subordinated debentures and the trust preferred securities pay interest and dividends on a quarterly basis. The junior subordinated debentures and the securities bear interest at a rate of 90 day LIBOR plus 1.65% and mature on January 30, 2037, and are non-callable for five years. After that period, the securities may be called at any quarterly interest payment date at par. Costs associated with the issuance of the securities totaling $12,647 were capitalized and are being amortized to the first call date of the securities. The proceeds of this issue were used to redeem the securities issued by Trust I on March 26, 2007.

The Company assumed additional debentures as the result of the acquisition of Alliance Bank Corporation in 2005. In June 2004, Alliance formed Alliance Financial Statutory Trust I a wholly owned business trust (Alliance Trust) to sell $5.2 million in trust preferred securities. The proceeds from the sale of the trust preferred securities were used by the trust to purchase an equivalent amount of subordinated debentures from Alliance. The junior subordinated debentures are the sole assets of Alliance Trust and are fully and unconditionally guaranteed by Horizon. The junior subordinated debentures and the trust preferred securities pay interest and dividends on a quarterly basis. The junior subordinated debentures and the securities bear interest at a rate of 90-day LIBOR plus 2.65%, mature in June 2034, and are non-callable for five years. After that period, the securities may be called at any quarterly interest payment date at par.

The Company assumed additional debentures as the result of the American Trust & Savings Bank purchase and assumption in 2010. In March 2004, Am Tru Inc., the holding company for American Trust & Savings Bank, formed Am Tru Statutory Trust I a wholly owned business trust (Am Tru Trust) to sell $3.6 million in trust preferred securities. The proceeds from the sale of the trust preferred securities were used by the trust to purchase an equivalent amount of subordinated debentures from Am Tru Inc. The junior subordinated debentures are the sole assets of Am Tru Trust and are fully and unconditionally guaranteed by Horizon. The junior subordinated debentures and the trust preferred securities pay interest and dividends on a quarterly basis. The junior subordinated debentures and the securities bear interest at a rate of 90-day LIBOR plus 2.85%, mature in March 2034, and are non-callable for five years. After that period, the securities may be called at any quarterly interest payment date at par.

The Trust Preferred Capital Securities, subject to certain limitations, are included in Tier 1 Capital for regulatory purposes. Dividends on the Trust Preferred Capital Securities are recorded as interest expense.

Note 13 Employee Stock Ownership Plan

Effective January 1, 2007, Horizon converted its stock bonus plan to an employee stock ownership plan (ESOP). Prior to that date, Horizon maintained an employee stock bonus plan that covered substantially all employees. The stock bonus plan was noncontributory, and Horizon made matching contributions of amounts contributed by the employees to the Employee Thrift Plan and discretionary contributions. Prior to the establishment of the employee stock bonus plan, Horizon maintained an ESOP that was terminated in 1999. The prior ESOP accounts of active employees and the

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discretionary accounts of active employees will remain in the new ESOP. The Matching contribution accounts under the Stock Bonus Plan will be transferred to the Horizon Bancorp Employees Thrift Plan.

The ESOP exists for the benefit of substantially all employees. Contributions to the ESOP are by Horizon and are determined by the Board of Directors at their discretion. The contributions may be made in the form of cash or common stock. Shares are allocated among participants each December 31 on the basis of each participant s eligible compensation to total eligible compensation. Eligible compensation is limited to $245,000 for each participant. Dividends on shares held by the plan, at the discretion of each participant, may be distributed to an individual participant or left in the plan to purchase additional shares.

Total cash contributions and expense recorded for the ESOP was$400,000 in 2010 and $300,000 in 2009 and 2008. The ESOP, which is not leveraged, owns a total of 394,483 shares of Horizon s stock or 12.0% of the outstanding shares.

Note 14 Employee Thrift Plan

The Employee Thrift Plan (Plan) provides that all employees of Horizon with the requisite hours of service are eligible for the Plan. The Plan permits voluntary employee contributions and Horizon may make discretionary matching and profit sharing contributions. Each eligible employee is vested according to a schedule based upon years of service. Employee voluntary contributions are vested at all times and Horizon s discretionary contributions vest over a six-year period. The Bank s expense related to the thrift plan totaled approximately $459,000 in 2010, $439,000 in 2009, and $348,000 in 2008.

The Thrift Plan owns a total of 128,493 shares of Horizon s stock or 3.9% of the outstanding shares.

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Note 15 Income Tax

	December 31 2010	December 31 2009	December 31 2008
Income tax expense			
Currently payable			
Federal	$ 3,018	$ 2,818	$ 2,404
State	37	(35)	(57)
Deferred	(113)	(713)	(485)
Total income tax expense	$ 2,942	$ 2,070	$ 1,862
Reconciliation of federal statutory to actual tax expense			
Federal statutory income tax at 34%	$ 4,555	$ 3,812	$ 3,683
Tax exempt interest	(1,453)	(1,377)	(1,182)
Tax exempt income	(273)	(245)	(496)
Nondeductible and other	81	(120)	(105)
Effect of state income taxes	32		(38)
Actual tax expense	$ 2,942	$ 2,070	$ 1,862

	December 31 2010	December 31 2009
Assets		
Allowance for loan losses	$ 6,946	$ 5,849
Director and employee benefits	1,371	1,057
Other	102	32
Total assets	8,419	6,938
Liabilities		
Depreciation	(1,147)	(1,241)
Difference in expense recognition	(51)	(148)
Federal Home Loan Bank stock dividends	(298)	(298)
Difference in basis of intangible assets	(1,682)	(1,547)
FHLB Penalty	(1,417)	
Unrealized gain on securities available for sale	(1,746)	(2,930)
Other	(80)	(73)
Total liabilities	(6,421)	(6,237)

Net deferred tax asset	$ 1,998	$ 701

The Company files income tax returns in the U.S. federal jurisdiction. With a few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2007.

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Note 16 Other Comprehensive Income (Loss)

	December 31 2010	December 31 2009	December 31 2008
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	$ (2,850)	$ 7,348	$ 1,706
Less: reclassification adjustment for gains realized in net income	533	795	(15)
	(3,383)	6,553	1,721
Unrealized gain (loss) on derivative instruments	(1,803)	1,279	(851)
Net unrealized gains (losses)	(5,186)	7,832	870
Tax expense (benefit)	1,815	(2,741)	(305)
Other comprehensive income (loss)	$ (3,371)	$ 5,091	$ 565

The components of accumulated other comprehensive income (loss) included in capital are as follows:

	December 31 2010	December 31 2009	December 31 2008
Unrealized gain on securities available for sale	$ 4,989	$ 8,371	$ 1,817
Unrealized gain (loss) on derivative instruments	(1,377)	428	(851)
Tax effect	(1,264)	(3,079)	(338)
Total accumulated other comprehensive income	$ 2,348	$ 5,719	$ 628

Note 17 Commitments, Off-Balance Sheet Risk and Contingencies

Because of the nature of its activities, Horizon is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

The Bank was required to have approximately $4.3 million of cash on hand or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing balance requirements at December 31, 2010. These balances are included in cash and cash equivalents and do not earn interest.

The Bank is a party to financial instruments with off-balance sheet risk in the ordinary course of business to meet financing needs of its customers. These financial instruments include commitments to make loans and standby letters of credit. The Bank s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to make loans and standby letters of credit is represented by the contractual amount of those instruments. The Bank follows the same credit policy to make such commitments as is followed for those loans recorded in the financial statements.

At December 31, 2010 and 2009, commitments to make loans amounted to approximately $252.4 million and $189.5 million and commitments under outstanding standby letters of credit amounted to approximately $1.1 million and $1.5 million. Since many commitments to make loans and standby letters of credit expire without being used, the amount does not necessarily represent future cash advances. No losses are anticipated as a result of these transactions. Collateral obtained upon exercise of the commitment is determined using management s credit evaluation.

Note 18 Regulatory Capital

Horizon and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies and are assigned to a capital category. The assigned capital category is largely determined by three ratios that are calculated according to the regulations: total risk adjusted capital, Tier I capital and Tier I leverage ratios. The ratios are intended to measure capital relative to assets and credit risk associated with those assets and off-balance sheet exposures of the entity.

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The capital category assigned to an entity can also be affected by qualitative judgments made by regulatory agencies about the risk inherent in the entity s activities that are not part of the calculated ratios.

There are five capital categories defined in the regulations, ranging from well capitalized to critically undercapitalized. Classification of a bank in any of the undercapitalized categories can result in actions by regulators that could have a material effect on a bank s operations. At December 31, 2010 and 2009, Horizon and the Bank are categorized as well capitalized and met all subject capital adequacy requirements.

	Actual		For Capital[1] Adequacy Purposes		For Well[1] Capitalized Purposes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2010						
Total capital[1] (to risk-weighted assets)						
Consolidated	$ 144,941	15.07%	$ 76,943	8.00%	N/A	N/A
Bank	133,893	13.96%	76,730	8.00%	$ 95,912	10.00%
Tier 1 capital[1] (to risk-weighted assets)						
Consolidated	132,860	13.81%	38,482	4.00%	N/A	N/A
Bank	121,812	12.70%	38,366	4.00%	57,549	6.00%
Tier 1 capital[1] (to average assets)						
Consolidated	132,860	9.37%	56,717	4.00%	N/A	N/A
Bank	121,812	8.60%	56,657	4.00%	70,821	5.00%
As of December 31, 2009						
Total capital1 (to risk-weighted assets)						
Consolidated	$ 142,122	14.74%	$ 77,135	8.00%	N/A	N/A
Bank	126,005	13.10%	76,950	8.00%	$ 96,187	10.00%
Tier 1 capital1 (to risk-weighted assets)						
Consolidated	130,052	13.49%	38,562	4.00%	N/A	N/A
Bank	113,935	11.85%	38,459	4.00%	57,689	6.00%
Tier 1 capital1 (to average assets)						
Consolidated	130,052	9.86%	52,759	4.00%	N/A	N/A
Bank	113,935	8.64%	52,748	4.00%	65,935	5.00%

[1] As defined by regulatory agencies

Note 19 Share-Based Compensation

Under Horizon s 1997 Stock Option and Stock Appreciation Right Plan (1997 Plan), Horizon may grant certain officers and employees stock option awards or stock appreciation rights which vest and become fully exercisable at the end of five years of continued employment. SARs entitle eligible employees to receive cash, stock or a combination of cash and stock totaling the excess, on the date of exercise, of the fair market value of the shares of common stock covered by the option over the option exercise price. The underlying stock options are deemed to have been cancelled upon exercise of the SARs.

A summary of option activity under the 1997 Plan as of December 31, 2010 and changes during the year then ended, is presented below:

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	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Term	Aggregate Intrinsic Value
Outstanding, beginning of year	18,250	$ 7.68		
Exercised	(16,450)	6.56		
Outstanding, end of year	1,800	17.93	2.00	$ 15,612
Exercisable, end of year	1,800	17.93	2.00	15,612

There were no options granted during the years 2010, 2009, and 2008. The total intrinsic value of options exercised during the years ended December 31, 2010, 2009, and 2008, was $210,000, $61,000 and $23,000.

On January 21, 2003, the Board of Directors adopted the Horizon Bancorp 2003 Omnibus Equity Incentive Plan (2003 Plan), which was approved by stockholders on May 8, 2003. Under the 2003 Plan, Horizon may issue up to 150,000 common shares, plus the number of shares that are tendered to or withheld by Horizon in connection with the exercise of options plus that number of shares that are purchased by Horizon with the cash proceeds received upon option exercises. The 2003 Plan limits the number of shares available to 150,000 for incentive stock options and to 75,000 for the grant of non-option awards. The shares available for issuance under the 2003 Plan may be divided among the various types of awards and among the participants as the Compensation Committee (Committee) determines. The Committee is authorized to grant any type of award to a participant that is consistent with the provisions of the 2003 Plan. Awards may consist of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, performance units, performance shares or any combination of these awards. The Committee determines the provisions, terms and conditions of each award. The restricted shares vest over a period of time established by the committee at the time of each grant. Holders of restricted shares receive dividends and may vote the shares. The restricted shares are recorded at fair market value (on the date granted) as a separate component of stockholders equity. The cost of these shares is being amortized against earnings using the straight-line method over the vesting period. The options shares granted under the 2003 plan vest at a rate of 20% per year. The restricted shares granted under the 2003 Plan vest at the end of each grant s vesting period. On March 8, 2010, the Board of Directors adopted, and was approved by stockholders on May 6, 2010, an amendment to the 2003 Omnibus Equity Incentive Plan making an additional 175,000 Common Shares available for issuance.

The fair value of options granted is estimated on the date of the grant using an option-pricing model with the following weighted-average assumptions (there were no options granted during 2009 or 2008 under the 2003 plan):

December 31	2010
Dividend yields	2.99%
Volatility factors of expected market price of common stock	30.97%
Risk-free interest rates	2.86%
Expected life of options	8 years

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A summary of option activity under the 2003 Plan as of December 31, 2010, and changes during the year then ended, is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, beginning of year	29,000	$ 25.28		
Granted	20,000	22.40		
Forfeited	(2,000)	23.56		
Outstanding, end of year	47,000	24.13	6.78	$ 116,080
Exercisable, end of year	43,000	23.86	6.86	112,080

The weighted average grant-date fair value of options granted during the year 2010 was $5.91. No options were granted under the 2003 Plan during 2009 and 2008. No options granted under the 2003 Plan were exercised in 2010, 2009, or 2008.

A summary of the status of Horizon s non-vested, restricted shares as of December 31, 2010 is presented below:

	2010	
	Shares	Weighted Average Grant Date Fair Value
Non-vested beginning of year	10,000	$ 27.22
Granted	8,329	19.35
Non-vested, end of year	18,329	23.64

Grants vest at the end of four or five years of continuous employment.

Total compensation cost recognized in the income statement for option-based payment arrangements during 2010 was $30,000 and the related tax benefit recognized was $12,000. Total compensation cost recognized in the income statement for option-based payment arrangements during 2009 and 2008 was $39,000 and the related tax benefit recognized was $15,000, respectively.

Total compensation cost recognized in the income statement for restricted share based payment arrangements during 2010, 2009, and 2008 was $68,000, $164,000, and $233,000. The recognized tax benefit related thereto was $27,000, $66,000, and $92,000 for the years ended December 31, 2010, 2009, and 2008.

Cash received from option exercise under all share-based payment arrangements for the years ended December 31, 2010, 2009, and 2008 was $120,000, $68,000, and $35,000. The actual tax benefit realized for the tax deductions from option exercise of the share-based payment arrangements totaled $77,000, $18,000, and $8,000, for the years ended December 31, 2010, 2009 and 2008.

As of December 31, 2010, there was $19,000 of total unrecognized compensation cost related to all non-vested share-based compensation arrangements granted under all of the plans. That cost is expected to be recognized over a weighted-average period of 0.3 years.

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Note 20 Derivative Financial Instruments

Cash Flow Hedges

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flow due to interest rate fluctuations, the Company entered into interest rate swap agreements for a portion of its floating rate debt. The agreements provide for the Company to receive interest from the counterparty at three month LIBOR and to pay interest to the counterparty at a weighted average fixed rate of 5.63% on a notional amount of $30.6 million at December 31, 2010 and $27.0 million at December 31, 2009. Under the agreements, the Company pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

Management has designated the interest rate swap agreement as a cash flow hedging instrument. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. At December 31, 2010 the Company s cash flow hedge was effective and is not expected to have a significant impact on the Company s net income over the next 12 months.

Fair Value Hedges

Fair value hedges are intended to reduce the interest rate risk associated with the underlying hedged item. The Company enters into fixed rate loan agreements as part of its lending policy. To mitigate the risk of changes in fair value based on fluctuations in interest rates, the Company has entered into interest rate swap agreements on individual loans, converting the fixed rate loans to a variable rate. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current earnings. At December 31, 2010 the Company s fair value hedges were effective and are not expected to have a significant impact on the Company s net income over the next 12 months. The change in fair value of both the hedge instruments and the underlying loan agreements are recorded as gains or losses in interest income. The fair value hedges are considered to be highly effective and any hedge ineffectiveness was deemed not material. The notional amounts of the loan agreements being hedged were $48.0 million at December 31, 2010 and $30.1 million at December 31, 2009.

Other Derivative Instruments

The Company enters into non-hedging derivatives in the form of mortgage loan forward sale commitments with investors and commitments to originate mortgage loans as part of its mortgage banking business. At December 31, 2010 the Company s fair value of these derivatives were recorded and over the next 12 months are not expected to have a significant impact on the Company s net income.

The change in fair value of both the forward sale commitments and commitments to originate mortgage loans were recorded and the net gains or losses included in the Company s gain on sale of loans.

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The following tables summarize the fair value of derivative financial instruments utilized by Horizon Bancorp:

	Asset Derivative December 31, 2010			Liability Derivatives December 31, 2010		
Derivatives designated as hedging instruments	**Balance Sheet Location**		**Fair Value**	**Balance Sheet Location**		**Fair Value**
Interest rate contracts	Loans	$	1,388	Other liabilities	$	2,039
Interest rate contracts	Other Assets		651	Other liabilities		1,376
Total derivatives designated as hedging instruments			2,039			3,415
Derivatives not designated as hedging instruments						
Mortgage loan contracts	Other assets		407	Other liabilities		
Total derivatives not designated as hedging instruments			407			
Total derivatives		$	2,446		$	3,415

	Asset Derivative December 31, 2009			Liability Derivatives December 31, 2009		
Derivatives designated as hedging instruments	**Balance Sheet Location**		**Fair Value**	**Balance Sheet Location**		**Fair Value**
Interest rate contracts	Loans	$	1,141	Other liabilities	$	1,141
Interest rate contracts	Other Assets		1,038	Other liabilities		611
Total derivatives designated as hedging instruments			2,179			1,752
Derivatives not designated as hedging instruments						
Mortgage loan contracts	Other assets		265	Other liabilities		135
Total derivatives not designated as hedging instruments			265			135

Total derivatives	$ 2,444	$ 1,887

The effect of the derivative instruments on the consolidated statement of income for the twelve month periods ended is as follows:

Derivative in cash flow hedging relationship	**Amount of Loss Recognized in Other Comprehensive Income on Derivative (Effective Portion) Twelve Months Ended December 31**		
	2010	**2009**	**2008**
Interest rate contracts	$ (1,172)	$ 831	$ 553

FASB Accounting Standards Codification (ASC) Topic 820-10-20 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820-10-55 establishes a fair value hierarchy that emphasizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

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Derivative in fair value hedging relationship	Location of gain (loss) recognized on derivative	Amount of Gain (Loss) Recognized on Derivative — Twelve Months Ended December 31		
		2010	2009	2008
Interest rate contracts	Interest income - loans	$ 898	$ (565)	$ 1,706
Interest rate contracts	Interest income - loans	(898)	565	(1,706)
Total		$	$	$

Derivative not designated as hedging relationship	Location of gain (loss) recognized on derivative	Amount of Gain (Loss) Recognized on Derivative — Twelve Months Ended December 31		
		2010	2009	2008
Mortgage contracts	Other income - gain on sale of loans	$ (538)	$ (101)	$ (231)
Total		$ (538)	$ (101)	$ (231)

Note 21 Disclosures about fair value of assets and liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available for sale securities

When quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include, Treasury and federal agency securities, state and municipal securities, federal agency mortgage obligations and mortgage-backed pools, and corporate notes. Level 2 securities are valued by a third party pricing service commonly used in the banking industry utilizing observable inputs. Observable inputs include dealer quotes, market spreads, cash flow analysis, the Treasury yield curve, trade execution data, market consensus prepayment spreads and available credit information and the bond s terms and conditions. The pricing provider utilizes evaluated pricing models that vary based on asset class. These models incorporate available market information including quoted prices of securities with similar characteristics and, because many fixed-income securities do not trade on a daily basis, apply available information through processes such as benchmark curves, benchmarking of like securities, sector grouping, and matrix pricing. In addition, model processes, such as an option adjusted spread model is used to develop prepayment and interest rate scenarios for securities with prepayment features.

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Hedged loans

Certain fixed rate loans have been converted to variable rate loans through entering into interest rate swap agreements. Fair value of those fixed rate loans is based on discounting estimated cash flows using interest rates determined by a respective interest rate swap agreement. Loans are classified within Level 3 of the valuation hierarchy based on the unobservable inputs used.

Interest rate swap agreements

The fair value is estimated by a third party using inputs that are primarily unobservable and cannot be corroborated by observable market data and, therefore, are classified within Level 3 of the valuation hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the FASB ASC fair value hierarchy in which the fair value measurements fall at the following:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2010				
Available-for-sale securities				
U.S. Treasury and federal agencies	$ 25,251	$	$ 25,251	$
State and municipal	131,489		131,489	
Federal agency collateralized mortgage obligations	101,837		101,837	
Federal agency mortgage-backed pools	117,895		117,895	
Private labeled mortgage-backed pools	5,323		5,323	
Corporate notes	549	456	20	
Total available-for-sale securities	382,344	456	381,815	
Hedged loans	50,088			50,088
Forward sale commitments	407			407
Interest rate swap agreements	(3,415)			(3,415)
Commitments to originate loans				
December 31, 2009				
Available-for-sale securities				
U.S. Treasury and federal agencies	$ 20,085	$	$ 20,085	$
State and municipal	109,149		109,149	
Federal agency collateralized mortgage obligations	77,289		77,289	
Federal agency mortgage-backed pools	118,661		118,661	
Private labeled mortgage-backed pools	7,606		7,606	

Corporate notes	342	323	19	
Total available-for-sale securities	333,132	323	332,809	
Hedged loans	31,153			31,153
Forward sale commitments	265			265
Interest rate swap agreements	(715)			(715)
Commitments to originate loans	(135)			(135)

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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheet using significant unobservable (level 3) inputs:

	Hedged Loans	Forward Sale Commitments	Interest Rate Swaps	Commitments to Originate Loans
Beginning balance December 31, 2009	$ 31,153	$ 265	$ (715)	$ (135)
Total realized and unrealized gains and losses				
Included in net income	898	142	(898)	135
Included in other comprehensive income, gross			(1,802)	
Purchases, issuances, and settlements	19,167			
Principal payments	(1,130)			
Ending balance December 31, 2010	$ 50,088	$ 407	$ (3,415)	$

	Hedged Loans	Forward Sale Commitments	Interest Rate Swaps	Commitments to Originate Loans
Beginning balance December 31, 2008	$ 25,033	$ 670	$ (2,557)	$ (438)
Total realized and unrealized gains and losses				
Included in net income	(565)	(405)	565	303
Included in other comprehensive income, gross			240	
Purchases, issuances, and settlements	7,489		1,037	
Principal payments	(804)			
Ending balance December 31, 2009	$ 31,153	$ 265	$ (715)	$ (135)

Realized gains and losses included in net income for the periods are reported in the consolidated statements of income as follows:

	Year Ended December 31		
Non Interest Income	**2010**	**2009**	**2008**
Total gains and losses from:			
Hedged loans	$ (875)	$ (565)	$ 1,706
Fair value interest rate swap agreements	875	565	(1,706)
Derivative loan commitments	(1,098)	(101)	231

$ (1,098)	$ (101)	$ 231

Certain other assets are measured at fair value on a nonrecurring basis in the course of business and are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2010				
Impaired loans	$ 9,919	$	$	$ 9,919
December 31, 2009				
Impaired loans	$ 11,398	$	$	$ 11,398

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Impaired loans (collateral dependent): Fair value adjustments for impaired loans typically occur when there is evidence of impairment. Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. The Company measures fair value based on the value of the collateral securing the loans. Collateral may be in the form of real estate or personal property including equipment and inventory. The value of the collateral is determined based on internal estimates as well as third party appraisals or non-binding broker quotes. These measurements were classified as Level 3. The fair value of the Company s other real estate owned is determined using Level 3 inputs, which include current and prior appraisals and estimated costs to sell.

Note 22 Fair Value of Financial Instruments

The estimated fair value amounts were determined using available market information, current pricing information applicable to Horizon and various valuation methodologies. Where market quotations were not available, considerable management judgment was involved in the determination of estimated fair values. Therefore, the estimated fair value of financial instruments shown below may not be representative of the amounts at which they could be exchanged in a current or future transaction. Due to the inherent uncertainties of expected cash flows of financial instruments, the use of alternate valuation assumptions and methods could have a significant effect on the derived estimated fair value amounts.

The estimated fair values of financial instruments, as shown below, are not intended to reflect the estimated liquidation or market value of Horizon taken as a whole. The disclosed fair value estimates are limited to Horizon s significant financial instruments at December 31, 2010 and 2008. These include financial instruments recognized as assets and liabilities on the consolidated balance sheet as well as certain off-balance sheet financial instruments. The estimated fair values shown below do not include any valuation of assets and liabilities, which are not financial instruments as defined by the FASB ASC fair value hierarchy.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and Due From Banks The carrying amounts approximate fair value.

Investment Securities For debt securities held to maturity, fair values are based on quoted market prices or dealer quotes. For those securities where a quoted market price is not available, carrying amount is a reasonable estimate of fair value based upon comparison with similar securities.

Loans Held for Sale The carrying amounts approximate fair value.

Loans The fair value of portfolio loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Interest Receivable/Payable The carrying amounts approximate fair value.

FHLB and FRB Stock Fair value of FHLB and FRB stock is based on the price at which it may be resold to the FHLB and FRB.

Deposits The fair value of demand deposits, savings accounts, interest-bearing checking accounts and money market deposits is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated by discounting the future cash flows using rates currently offered for deposits of similar remaining maturity.

Borrowings Rates currently available to Horizon for debt with similar terms and remaining maturities are used to estimate fair values of existing borrowings.

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Subordinated Debentures Rates currently available for debentures with similar terms and remaining maturities are used to estimate fair values of existing debentures.

Commitments to Extend Credit and Standby Letter of Credit The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date. Due to the short-term nature of these agreements, carrying amounts approximate fair value.

The estimated fair values of Horizon s financial instruments are as follows:

	December 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and due from banks	$ 15,683	$ 15,683	$ 68,702	$ 68,702
Investment securities available for sale	382,344	382,344	333,132	333,132
Investment securities held to maturity	9,595	9,595	11,657	11,687
Loans held for sale	18,833	18,833	5,703	5,703
Loans, net	863,813	867,054	870,302	885,625
Stock in FHLB and FRB	13,664	13,664	13,189	13,189
Interest receivable	6,519	6,519	5,986	5,986
Liabilities				
Non-interest bearing deposits	$ 107,606	$ 107,606	$ 84,357	$ 84,357
Interest-bearing deposits	877,892	854,617	867,351	830,621
Borrowings	260,741	289,381	284,016	304,000
Subordinated debentures	30,584	30,734	27,837	27,817
Interest payable	781	781	1,135	1,135

Note 23 Capital Purchase Program

On December 19, 2008, Horizon entered into a Letter Agreement (Purchase Agreement) with the Treasury, pursuant to which Horizon agreed to issue and sell (a) 25,000 of Horizon s fixed Rate Cumulative Perpetual Preferred Stock and (b) a warrant to purchase 212,104 shares of Horizon s common stock for an aggregate purchase price of $3,750,000 in cash.

The preferred Stock qualifies as Tier I capital and will pay cumulative dividends at a rate of 5% per annum for the first five years and 9% per annum thereafter. The preferred Stock is non-voting except with respect to certain matters affecting the rights of the holders thereof, and may be redeemed by Horizon after three years. The Warrant has a ten year term and is immediately exercisable with an exercise price of $17.68 per share of Common Stock. Pursuant to the Purchase Agreement, Treasury has agreed not to exercise voting power with respect to any shares of Common Stock issued upon exercise of the Warrant.

In the Purchase Agreement, Horizon agreed that, until such time as Treasury ceases to own any debt or equity securities of the Company, acquired pursuant to the Purchase Agreement, Horizon will take all necessary action to ensure that its benefit plans with respect to its senior executive officers comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 (EESA) as implemented by any guidance or regulation under EESA that has been issued and is in effect as of the date of issuance of the Preferred Stock and the Warrant, and has agreed to not adopt any benefit plans with

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respect to, or which cover, its senior executive officers that do not comply with the EESA, and the applicable executives have consented to the foregoing.

Upon issuance of the Preferred Stock on December 19, 2008, the ability of Horizon to declare or pay dividends on, or purchase, redeem or otherwise acquire for consideration, shares of its Common Stock will be subject to restrictions, including Horizon s restriction against increasing dividends from the last quarterly cash dividend per share of $.17 declared on the Common Stock prior to December 19, 2008. The redemption, purchase or other acquisition of trust preferred securities of Horizon or its affiliates also is restricted. These restrictions will terminate the earlier of (a) the third anniversary of the date of issuance of the Preferred Stock or (b) the date on which the Preferred Stock has been redeemed in whole or Treasury has transferred all of the Preferred Stock to third parties. In addition, the ability of Horizon to declare or pay dividends, or repurchase, redeem or otherwise acquire for consideration, shares of its Common Stock will be subject to restrictions in the event that Horizon fails to declare and pay full dividends on its Preferred Stock.

On November 3, 2010, the Company received approval to redeem 25%, or $6.25 million, of the Treasury s original $25.0 million preferred stock investment in the Company from the Capital Purchase Program, which is a program of the Troubled Assets Relief Program (TARP). On November 10, 2010, the Company completed the redemption process reducing the Treasury s preferred stock investment in the Company to $18.75 million. This repurchase will result in annual savings of $312,500 or $0.10 per share, due to the elimination of the associated preferred dividends. The Company s plan is to repurchases the remaining preferred shares over the next three years from the Company s earnings.

Note 24 Condensed Financial Information (Parent Company Only)

Presented below is condensed financial information as to financial position, results of operations and cash flows of Horizon Bancorp:

Condensed Balance Sheets

	December 31 2010	**December 31 2009**
Assets		
Total cash and cash equivalents	$ 8,496	$ 11,819
Investment in Bank	134,044	126,898
Other assets	2,341	4,973
Total assets	$ 144,881	$ 143,690
Liabilities		
Subordinated debentures	$ 30,584	$ 27,837
Other liabilities	2,014	1,248
Stockholders Equity	112,283	114,605
Total liabilities and stockholders equity	$ 144,881	$ 143,690

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Horizon Bancorp And Subsidiaries
Notes to Consolidated Financial Statements
(Table dollars in thousands except for per share data)
Condensed Statements of Income

	Years Ended December 31		
	2010	**2009**	**2008**
Operating Income (Expense)			
Dividend income from Bank	$ 5,000	$ 7,750	$ 6,200
Investment income	6	2	10
Other income	200	(129)	
Interest expense	(1,688)	(1,467)	(1,705)
Employee benefit expense	(498)	(503)	(572)
Other expense	(179)	(100)	(104)
Income Before Undistributed Income of Subsidiaries	2,841	5,553	3,829
Undistributed Income of Subsidiaries	6,759	2,717	4,201
Income Before Tax	9,600	8,270	8,030
Income Tax Benefit	855	870	942
Net Income	10,455	9,140	8,972
Preferred stock dividend and discount accretion	(1,406)	(1,402)	(45)
Net Income Available to Common Shareholders	$ 9,049	$ 7,738	$ 8,927

Condensed Statements of Cash Flows

	Years Ended December 31		
	2010	**2009**	**2008**
Operating Activities			
Net income	$ 10,455	$ 9,140	$ 8,972
Items not requiring (providing) cash			
Equity in undistributed net income of Bank	(6,759)	(2,717)	(4,201)
Change in			
Income taxes receivable	33	7,523	(954)
Dividends receivable from Bank	2,500	(1,500)	300
Share based compensation	30	39	39
Amortization of unearned compensation	68	164	233
Other assets	(308)	(175)	48
Other liabilities	250	(82)	(98)
Net cash provided by operating activities	6,269	12,392	4,339
Investing Activities			
Investment in Bank	(3,500)		(20,000)
Purchases and assumption of ATSB	3,412		

Net cash provided by (used in) investing activities	(88)		(20,000)
Financing Activities			
Proceeds (redemption) from issuance of preferred stock	(6,250)		25,000
Dividends paid on preferred shares	(1,245)	(1,132)	
Dividends paid on common shares	(2,240)	(2,229)	(2,147)
Change in borrowings		(4,700)	
Exercise of stock options	120	68	35
Issuance of restricted shares	34	96	
Tax benefit of stock options	77	18	8
Net cash provided by (used in) financing activities	(9,504)	(7,879)	22,896
Net Change in Cash and Cash Equivalents	(3,323)	4,513	7,235
Cash and Cash Equivalents at Beginning of Year	11,819	7,306	71
Cash and Cash Equivalents at End of Year	$ 8,496	$ 11,819	$ 7,306

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Note 25 Quarterly Results of Operations (Unaudited)

The following is a summary of the quarterly consolidated results of operations:

Three Months Ended 2010	March 31	June 30	September 30	December 31
Interest income	$ 16,132	$ 16,807	$ 17,876	$ 17,676
Interest expense	5,579	5,439	5,256	4,601
Net interest income	10,553	11,368	12,620	13,075
Provision for loan losses	3,233	3,000	2,657	2,664
Gain (loss) on sale of securities		131	336	66
Net income	1,791	2,515	3,279	2,871
Net income available to common shareholders	$ 1,439	$ 2,163	$ 2,926	$ 2,522
Earnings per share:				
Basic	$ 0.44	$ 0.66	$ 0.89	$ 0.77
Diluted	0.44	0.65	0.88	0.75
Average shares outstanding:				
Basic	3,270,217	3,278,392	3,279,201	3,280,331
Diluted	3,293,192	3,333,768	3,336,634	3,362,118

Three Months Ended 2009	March 31	June 30	September 30	December 31
Interest income	$ 18,674	$ 18,849	$ 17,485	$ 17,655
Interest expense	7,258	7,586	6,766	6,284
Net interest income	11,416	11,263	10,719	11,371
Provision for loan losses	3,197	3,290	3,416	3,700
Gain (loss) on sale of securities			422	373
Net income	2,635	2,064	2,357	2,084
Net income available to common shareholders	$ 2,285	$ 1,714	$ 2,006	$ 1,733
Earnings per share:				
Basic	$ 0.71	$ 0.53	$ 0.62	$ 0.53
Diluted	0.71	0.52	0.61	0.53
Average shares outstanding:				
Basic	3,209,482	3,209,482	3,245,505	3,262,927
Diluted	3,250,424	3,270,178	3,273,742	3,275,588

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Note 26 American Trust & Savings Bank

On June 1, 2010 the Company announced the completion of the purchase of assets and the assumption of liabilities of American Trust & Savings Bank (American) in Whiting, Indiana. The transaction was consummated on May 28, 2010.

The Company purchased most of the banking-related assets of American totaling $107.8 million and assumed all the deposits, federal home loan bank advances, trust preferred securities, and accrued interest payable in the approximate amount of $110.3 million. The Company paid a deposit premium on core deposits of approximately $2.1 million and $500,000 in additional consideration.

The Company engaged in this transaction in the expectation that it would realize increased profits through increasing its investment securities, loans, and deposits within a new market area.

During the first six months of 2010, the Company incurred $664,000 of third-party transaction-related costs. The expenses are included in non-interest expense in the Company s condensed consolidated statements of income for the year ended December 31, 2010.

The transaction was accounted for under the acquisition method of accounting in accordance with the Business Combination topic of the FASB Accounting Standards Codification (Codification). The statement of net assets and liabilities acquired as of May 28, 2010 are presented in the table below. The assets and liabilities of American were recorded at the respective acquisition date fair values, and identifiable intangible assets were recorded at fair value. At the date of closing $370,000 of loans purchased were deemed to have evidence of deterioration of credit quality since origination and were written down to a fair value of $249,000. This amount of non-performing loans purchased was not considered to be material to the Company or the transaction, and therefore, no additional disclosures related to these loans are included.

ASSETS		**LIABILITIES**	
Cash and due from banks	$ 5,601	Deposits	
Investment securities, available for sale	39,188	Non-interest bearing	$ 11,357
		NOW accounts	18,725
Commercial	15,147	Savings and money market	42,189
Residential mortgage	36,572	Certificates of deposits	25,468
Installment	4,771	Total deposits	97,739
Total loans	56,490		
		Borrowings	8,749
FHLB stock	1,336	Subordinated debentures	2,663
Core deposit intangible	1,685	Other liabilities	303
Premises and equipment	3,107		
Cash value life insurance	3,272		
Other assets	836		
Total assets purchased	$ 111,515	Total liabilities assumed	$ 109,454
Net assets assumed	$ 2,061		

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201 N. Illinois Street, Suite 700
P.O. Box 44998
Indianapolis, IN 46244-0998
317.383.4000 Fax 317.383.4200 www.bkd.com

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
Horizon Bancorp
Michigan City, Indiana

We have audited the accompanying consolidated balance sheets of Horizon Bancorp as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders equity and cash flows for each of the years in the three-year period ended December 31, 2010. The Company s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Horizon Bancorp as of December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Indianapolis, Indiana
March 11, 2011

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Horizon Bancorp

MANAGEMENT S REPORT ON FINANCIAL STATEMENTS

Management is responsible for the preparation and presentation of the consolidated financial statements and related notes on the preceding pages. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate in the circumstances and include amounts that are based on management s best estimates and judgments. Financial information elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

In meeting its responsibility for the accuracy of the consolidated financial statements, management relies on Horizon s system of internal accounting controls. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded to permit the preparation of appropriate financial information. The system of internal controls is supplemented by a program of internal audits to independently evaluate the adequacy and application of financial and operating controls and compliance with Company policies and procedures.

The Audit Committee of the Board of Directors meets periodically with management, the independent accountants and the internal auditors to ensure that each is properly discharging its responsibilities with regard to the consolidated financial statements and internal accounting controls. The independent accountants have full and free access to the Audit Committee and meet with it to discuss auditing and financial reporting matters.

The consolidated financial statements in the Annual Report have been audited by BKD, LLP, independent registered public accounting firm, for 2010, 2009, and 2008. Their audits were conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and included consideration of internal accounting controls, tests of accounting records and other audit procedures to the extent necessary to allow them to express their opinion on the fairness of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

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Horizon Bancorp
Summary of Selected Financial Data
(Dollars in thousands except for per share data)

	2010	2009	2008	2007	2006
Earnings					
Net interest income	$ 47,616	$ 44,769	$ 37,350	$ 32,808	$ 31,545
Provision for loan losses	11,554	13,603	7,568	3,068	905
Other income	19,906	17,856	13,831	12,271	10,137
Other expenses	42,571	37,812	32,779	31,144	30,455
Income tax expense	2,942	2,070	1,862	2,727	2,838
Net income	10,455	9,140	8,972	8,140	7,484
Preferred stock dividend	(1,406)	(1,402)	(45)		
Net income available to common shareholders	$ 9,049	$ 7,738	$ 8,927	$ 8,140	$ 7,484
Cash dividend declared	$ 2,240	$ 2,229	$ 2,147	$ 1,917	$ 1,811
Per Share Data					
Basic earnings per share	$ 2.76	$ 2.39	$ 2.78	$ 2.54	$ 2.36
Diluted earnings per share	2.71	2.37	2.75	2.51	2.33
Cash dividends declared per common share	0.68	0.68	0.66	0.59	0.56
Book value per common share	28.68	27.67	24.68	22.03	19.37
Weighted-average shares outstanding					
Basic	3,277,069	3,232,033	3,208,658	3,200,440	3,177,272
Diluted	3,334,598	3,270,723	3,246,351	3,243,565	3,217,050
Period End Totals					
Loans, net of deferred loan fees and unearned income	$ 882,877	$ 886,317	$ 881,967	$ 888,852	$ 843,834
Allowance for loan losses	19,064	16,015	11,410	9,791	8,738
Total assets	1,400,919	1,387,020	1,306,857	1,258,874	1,222,430
Total deposits	985,498	951,708	841,169	893,664	913,973
Total borrowings	291,325	311,853	352,220	286,689	240,002
Ratios					
Loan to deposit	89.59%	93.13%	104.85%	99.46%	92.33%
Loan to total funding	69.15%	70.14%	73.90%	75.30%	73.12%
Return on average assets	0.75%	0.68%	0.75%	0.69%	0.67%
Average stockholders equity to average total assets	8.47%	8.21%	6.36%	5.61%	5.14%
	9.56%	8.92%	11.81%	12.29%	13.03%

Return on average stockholders equity					
Dividend payout ratio (dividends divided by net income)	25.07%	28.74%	24.00%	23.51%	24.03%
Price to book value ratio	92.76%	58.63%	50.66%	118.09%	143.53%
Price to earnings ratio	9.81	6.85	4.55	10.21	11.77

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Horizon s Common Stock and Related Stockholders Matters

Horizon common stock is traded on the NASDAQ Global Market under the symbol HBNC. The following table sets forth, for the periods indicated, the high and low prices per share. Also summarized below are the cash dividends declared by quarter for 2009 and 2008.

	2010		
	Common Stock Prices		Dividends Declared Per Share
	High	Low	
First Quarter	$ 19.50	$ 16.44	$ 0.17
Second Quarter	22.81	19.48	0.17
Third Quarter	22.60	21.15	0.17
Fourth Quarter	26.99	21.89	0.17

	2009		
	Common Stock Prices		Dividends Declared Per Share
	High	Low	
First Quarter	$ 13.21	$ 10.50	$ 0.17
Second Quarter	19.45	11.00	0.17
Third Quarter	17.50	15.00	0.17
Fourth Quarter	17.25	14.31	0.17

There can be no assurance as to the amount of future dividends on Horizon common stock since future dividends are subject to the discretion of the Board of Directors, cash needs, general business conditions and dividends from the bank subsidiary. In addition, as a result of Horizon s participation in the TARP Capital Purchase Program, Horizon may not increase the quarterly dividends it pays on its common stock above $0.17 per share during the three-year period ending December 19, 2011, without the consent of the Treasury Department, unless the Treasury Department no longer holds shares of the Series A Preferred Stock Horizon issued in the TARP Capital Purchase Program.

The approximate number of holders of record of Horizon s outstanding common stock as of December 31, 2010, is 564.

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Horizon Bancorp

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision of and with the participation of its management, including the Chief Executive Officer and Chief Financial Office, Horizon has evaluated the effectiveness of the design and operation of its disclosure controls (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the evaluation date, Horizon s disclosure controls and procedures are effective to ensure that the information required to be disclosed by Horizon in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management as appropriate to allow timely decisions regarding disclosure.

Management s Report on Internal Control Over Financial Reporting

Management of Horizon Bancorp is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Horizon s internal control over financial reporting is designed to provide reasonable assurance to the Company s management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of Horizon s internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, management has determined that Horizon s internal control over financial reporting as of December 31, 2010 is effective based on the specified criteria.

Changes in Internal Control Over Financial Reporting

Horizon s management, including its Chief Executive Officer and Chief Financial Officer, also have concluded that during the fiscal quarter ended December 31, 2010, there were no changes in Horizon s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect Horizon s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

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Horizon Bancorp

PART III

This information is omitted from this report pursuant to General Instruction G. (3) of Form 10-K as Horizon intends to file with the Commission its definitive Proxy Statement for its 2011 Annual Meeting of Shareholders (the Proxy Statement) pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, not later than 120 days after December 31, 2010.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information relating to Horizon s directors required by this item is found in the Proxy Statement under Proposal I Election of Directors and is incorporated into this report by reference. The information relating to the Audit Committee of the Board of Directors required by this item is found in the Proxy Statement under Corporate Governance The Audit Committee and is incorporated into this report by reference.

The information relating to Horizon s executive officers required by this item is included in Part I of this Form 10-K under Special Item: Executive Officers and is incorporated into this item by reference.

The information relating to certain filing obligations of directors and executive officers required by this item is found in the Proxy Statement under Section 16(a) Beneficial Ownership Reporting Compliance and is incorporated into this report by reference.

Horizon has a code of ethics that applies to its directors, chief executive officer and chief financial officer. The code is available on Horizon s website at http://www.accesshorizon.com/.

ITEM 11. EXECUTIVE COMPENSATION

The information on executive and director compensation and compensation committee matters required by this item can be found in the Proxy Statement under Corporate Governance, Compensation Committee Report, Compensation Discussion and Analysis, Executive Compensation and Compensation of Directors and is incorporated into this report by reference.

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Horizon Bancorp

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information regarding grants under all equity compensation plans of Horizon through December 31, 2010.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders (1)	48,800	$ 23.90	276,567
Equity compensation plans not approved by security holders			
Total	48,800	$ 23.90	276,567

(1) Represents options granted or available under the 1997 Key Employees Stock Option and Stock Appreciation Rights Plan of Horizon Bancorp and the Horizon Bancorp 2003 Omnibus Equity Incentive Plan.

The other information required by this item can be found in the Proxy Statement under Common Stock Ownership by Directors and Executive Officers, and Stock Ownership of Certain Beneficial Owners and is incorporated by reference into this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS; AND DIRECTOR INDEPENDENCE

The information required by this item is found in the Proxy Statement under Corporate Governance and Certain Business Relationships and Transactions and is incorporated by reference into this report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the Proxy Statement section captioned Accountant Fees and Services.

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Horizon Bancorp

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed As Part of This Annual Report on Form 10-K:

1. Financial Statement
   See the Financial Statements included in Item 8.
2. Financial Statement Schedules
   Financial statement schedules are omitted for the reason that they are not required or are not applicable, or the required information is included in the financial statements.
3. Exhibits
   The exhibits filed as part of this Annual Report on Form 10-K are identified in the Exhibit Index, which Exhibit Index specifically identifies those exhibits that describe or evidence all management contracts and compensation plans or arrangements required to be filed as exhibits to this Report. Such Exhibit Index is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

Horizon Bancorp
Registrant

Date: March 11, 2011	By: /s/ Craig M. Dwight Craig M. Dwight President and Chief Executive Officer (Principal Executive Officer)
Date: March 11, 2011	By : /s/ Mark E. Secor Mark E. Secor Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date	Signature and Title
March 11, 2011	/s/ Robert C. Dabagia Robert C. Dabagia, Chairman of the Board and Director
March 11, 2011	/s/ Craig M. Dwight Craig M. Dwight, President and Chief Executive Officer and Director
March 11, 2011	/s/ Susan D. Aaron Susan D. Aaron, Director
March 11, 2011	/s/ Lawrence E. Burnell Lawrence E. Burnell, Director
March 11, 2011	/s/ James B. Dworkin James B. Dworkin, Director
March 11, 2011	/s/ Charley E. Gillispie Charley E. Gillispie, Director

March 11, 2011	/s/ Daniel F. Hopp
	Daniel F. Hopp, Director

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Date	Signature and Title
March 11, 2011	/s/ Peter L. Pairitz
	Peter L. Pairitz, Director
March 11, 2011	/s/ Larry N. Middleton
	Larry N. Middleton, Director
March 11, 2011	/s/ Robert E. Swinehart
	Robert E. Swinehart, Director
March 11, 2011	/s/ Spero W. Valavanis
	Spero W. Valavanis, Director

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EXHIBIT INDEX

The following exhibits are included in this Form 10-K or are incorporated by reference as noted in the following table:

Exhibit Number	Description	Incorporated by Reference/Attached
2.1	Purchase and Assumption Agreement, dated December 29, 2009, by and among Horizon Bank, National Association; American Trust & Savings Bank of Whiting, Indiana; and AmTru, Inc.	Incorporated by Reference to Exhibit 2.1 to Registrant s Form 10-K for the year ended December 31, 2009
3.1	Articles of Incorporation of Horizon Bancorp, as amended	Incorporated by Reference to Exhibit 3 to Registrant s Form 10-Q for the Quarter Ended September 30, 2007
3.2	Amended and Restated Bylaws of Horizon Bancorp	Incorporated by Reference to Exhibit 3.1 to Registrant s Form 8-K filed July 16, 2009
3.3	Certificate of Designations for Series A Preferred Stock (as amended through July 15, 2008)	Incorporated by Reference to Exhibit 3.1 to Registrant s Form 8-K filed December 23, 2008
4.1	Indenture, dated as of October 21, 2004, between Horizon Bancorp and Wilmington Trust Company related to the issuance of Trust Preferred Securities	Incorporated by Reference to Exhibit 4.1 to Registrant s Form 10-K for the year ended December 31, 2009
4.2	Amended and Restated Declaration of Trust of Horizon Bancorp Capital Trust II, dated as of October 21, 2004, related to the issuance of Trust Preferred Securities	Incorporated by Reference to Exhibit 4.2 to Registrant s Form 10-K for the year ended December 31, 2009
4.3	Junior Subordinated Indenture, dated as of December 15, 2006, between Horizon Bancorp and Wilmington Trust Company.	Incorporated by Reference to Exhibit 4.1 to Registrant s Form 8-K filed December 21, 2006
4.4	Amended and Restated Trust Agreement of Horizon Bancorp Capital Trust III, dated as of December 15, 2006	Incorporated by Reference to Exhibit 4.2 to Registrant s Form 8-K filed December 21, 2006
4.5	Form of Certificate for Series A Preferred Stock	Incorporated by Reference to Exhibit 4.1 to Registrant s Form 8-K filed December 23, 2008

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Exhibit Number	Description	Incorporated by Reference/Attached
4.6	Warrant for Purchase of Shares of Common Stock	Incorporated by Reference to Exhibit 4.2 to Registrant s Form 8-K filed December 23, 2008
10.1*	Supplemental Employee Retirement Plan, as amended	Incorporated by reference to Exhibit 10.1 to Registrant s Form 10-K for the year ended December 31, 2008
10.2*	1997 Key Employees Stock Option and Stock Appreciation Rights Plan	Incorporated by reference to Exhibit 10.2 to Registrant s Form 10-K for the year ended December 31, 2008
10.3*	Form of Amendment No. 1 to Horizon Bancorp Stock Option and Stock Appreciation Rights Agreement and Schedule Identifying Material Details of Individual Amendments	Incorporated by reference to Exhibit 10.3 to Registrant s Form 10-K for the year ended December 31, 2008
10.4*	Horizon Bancorp Amended 2003 Omnibus Equity Incentive Plan	Incorporated by reference to Exhibit 10.4 to Registrant s Form 10-K for the year ended December 31, 2009
10.5*	Directors Deferred Compensation Plan	Incorporated by Reference to Exhibit 10.5 to Registrant s Form 10-K for the year ended December 31, 2009
10.6*	Form of Change of Control Agreement for certain executive officers	Incorporated by Reference to Exhibit 10.6 to Registrant s Form 10-K for the year ended December 31, 2009
10.7*	Form of Restricted Stock Award Agreement under 2003 Omnibus Plan	Incorporated by Reference to Exhibit 10.7 to Registrant s Form 10-K for the year ended December 31, 2009
10.8*	Form of Option Grant Agreement under 2003 Omnibus Plan	Incorporated by Reference to Exhibit 10.8 to Registrant s Form 10-K for the year ended December 31, 2009
10.9*	Description of Executive Officer Bonus Plan	Incorporated by Reference to Exhibit 10.9 to Registrant s Form 10-K for the year ended December 31, 2009
10.10	Guarantee Agreement of Horizon Bancorp, dated as of October 21, 2004, related to the issuance of Trust Preferred Securities	Incorporated by Reference to Exhibit 10.10 to Registrant s Form 10-K for the year ended December 31, 2009
10.11*		

	Horizon Bancorp 2005 Supplemental Executive Retirement Plan	Incorporated by Reference to Exhibit 10.14 to Registrant s Form 10-K for the year ended December 31, 2006
10.12*	Amendment to Horizon Bancorp Restricted Stock Award Agreement, dated July 19, 2006	Incorporated by Reference to Exhibit 10.2 to Registrant s Form 8-K filed July 21, 2006
10.13*	Employment Agreement, dated December 1, 2006, among Horizon Bancorp, Horizon Bank, N.A. and Craig M. Dwight	Incorporated by Reference to Exhibit 10.1 to Registrant s Form 8-K filed December 6, 2006

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Exhibit Number	Description	Incorporated by Reference/Attached
10.14*	Letter Agreement, dated December 1, 2006, between Horizon Bank, N.A. and Craig M. Dwight	Incorporated by Reference to Exhibit 10.2 to Registrant s Form 8-K filed December 6, 2006
10.15*	Guarantee Agreement of Horizon Bancorp, dated as of December 15, 2006	Incorporated by Reference to Exhibit 10.1 to Registrant s Form 8-K filed December 21, 2006
10.16*	Employment Agreement, dated July 16, 2007, among Horizon Bancorp, Horizon Bank, N.A. and Thomas H. Edwards	Incorporated by Reference to Exhibit 10.1 to Registrant s form 8-K filed July 19, 2007.
10.17	Letter Agreement, dated December 19, 2008, by and between the Registrant and the United States Department of the Treasury, including the Securities Purchase Agreement Standard Terms incorporated by reference therein	Incorporated by Reference to Exhibit 10.1 to Registrant s Form 8-K filed December 23, 2008
10.18*	Agreement, dated August 28, 2007, between Horizon Bank, N.A., and Mark E. Secor	Incorporated by reference to Exhibit 10.18 to Registrant s Form 10-K for the year ended December 31, 2009
10.19*	First Amendment of the Agreement between Horizon Bank, N.A., and Mark E. Secor, dated January 1, 2009	Incorporated by reference to Exhibit 10.19 to Registrant s Form 10-K for the year ended December 31, 2009
10.20*	Second Amendment of the Agreement between Horizon Bank, N.A. and James H. Foglesong, dated January 1, 2009	Incorporated by reference to Exhibit 10.20 to Registrant s Form 10-K for the year ended December 31, 2009
10.21	Letter Agreement, dated November 10, 2010, by and between the Registrant and the United States Department of the Treasury	Attached
21	Subsidiaries of Horizon	Attached
23	Consent of BKD, LLP	Attached
31.1	Certification of Craig M. Dwight pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
31.2	Certification of Mark E. Secor pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
32.1	Certification of Craig M. Dwight Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Attached

32.2	Certification of Mark E. Secor Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Attached
99.1	Certification of Chief Executive Officer pursuant to 31 C.F.R. §30.15	Attached
99.2	Certification of Chief Financial Officer pursuant to 31 C.F.R. §30.15	Attached

* Indicates exhibits that describe or evidence management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K.