

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

Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LAKELAND FINANCIAL CORPORATION
(Exact name of Registrant as specified in its charter)

Indiana (State or other jurisdiction of incorporation or organization)
6022 (Primary Standard Industrial Classification Code Number)
35-1559596 (I.R.S. Employer Identification Number)
202 East Center Street, P.O. Box 1387, Warsaw, Indiana 46581-1387 (574) 267-6144
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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As soon as practicable after this registration statement becomes effective.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer [X] Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Table with 5 columns: Title of Each Class of Securities to be Registered, Amount to be Registered, Proposed Maximum Offering Price Per Share(1), Proposed Maximum Aggregate Offering Price(1), Amount of Registration Fee(3). Row 1: Common stock, no par value per share, 4,025,000 shares(2), \$20.00, \$80,500,000.00, \$4,491.90

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933.
(2) Includes an aggregate of 525,000 shares to cover over-allotments, if any, pursuant to the option granted to the underwriters.
(3) Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.



The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where an offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 4, 2009

PROSPECTUS

Lakeland Financial Corporation

3,500,000 Shares of Common Stock

This prospectus describes the public offering of 3,500,000 shares of common stock of Lakeland Financial Corporation, a bank holding company headquartered in Warsaw, Indiana. Our common stock is listed on the NASDAQ Global Select Market under the symbol "LKFN." On _____, 2009, the last reported sale price of our common stock was \$ _____ per share.

Investing in our common stock involves risks. For additional information, see the section of this prospectus captioned "RISK FACTORS" beginning on page 10 for a discussion of the factors you should consider before you make your decision to invest in our common stock.

	Per Share	Total
Public offering price of common stock	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds to us before expenses	\$ _____	\$ _____

We have granted the underwriters a 30-day option to purchase up to 525,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions, to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the shares of common stock in book-entry form through the facilities of the Depository Trust Company, against payment on or about _____, 2009.

Book-Running Manager

Stifel Nicolaus

Co-Managers

Keefe, Bruyette & Woods

Howe Barnes Hofer & Arnett

The date of this prospectus is _____, 2009

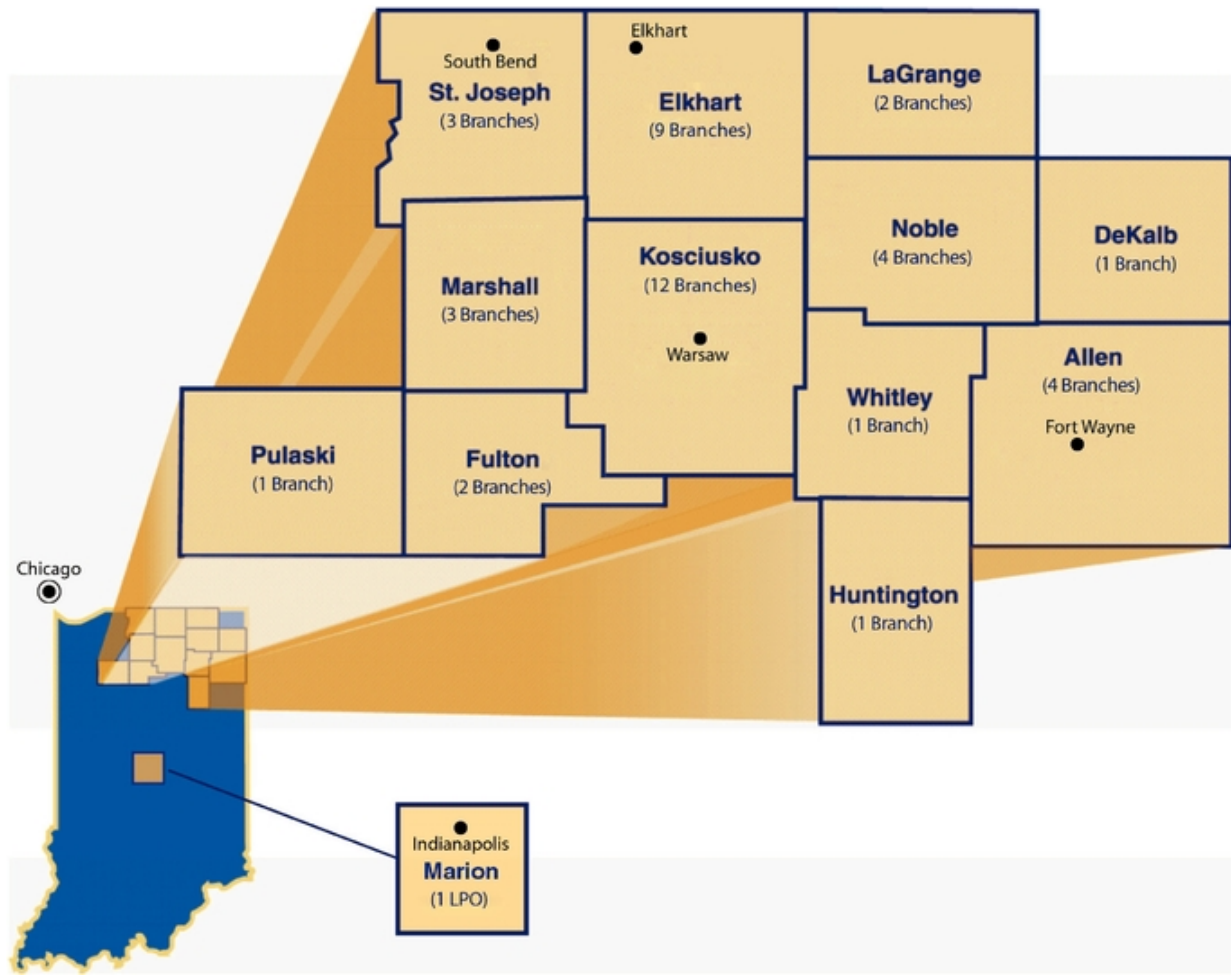


TABLE OF CONTENTS

	<u>Page No.</u>
About this Prospectus	ii
Special Note About Forward Looking Statements	iii
Prospectus Summary	1
Risk Factors	10
Use of Proceeds	23
Capitalization	24
Price Range of Common Stock and Dividend Information	25
Dividend Policy	25
Description of Capital Stock	26
Underwriting	34
Where You Can Find More Information	37
Documents Incorporated by Reference	37
Experts	38
Legal Matters	38

ABOUT THIS PROSPECTUS

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in or incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where those offers and sales are permitted. The information contained in or incorporated by reference in this prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus describes the specific details regarding this offering and the terms and conditions of the common stock being offered hereby and the risks of investing in our common stock. To the extent information in this prospectus is inconsistent with any of the documents incorporated by reference into this prospectus, you should rely on this prospectus. You should read this prospectus, the documents incorporated by reference in this prospectus and the additional information about us described in the section entitled "Where You Can Find More Information" before making your investment decision.

Neither we, any of the underwriters, nor any of our officers, directors, agents or representatives, make any representation to you about the legality of an investment in our common stock. You should not interpret the contents of this prospectus to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before investing in our common stock.

No action is being taken in any jurisdictions outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in those jurisdictions. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions that apply in those jurisdictions to this offering or the distribution of this prospectus.

As used in this prospectus, the terms "we," "our," "us" and "Lakeland Financial" refer to Lakeland Financial Corporation and its consolidated subsidiaries, unless the context indicates otherwise. When we refer to the "Bank" in this prospectus, we are referring to Lake City Bank, our wholly owned bank subsidiary.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference include "forward-looking statements" within the meaning of such term in the Private Securities Litigation Reform Act of 1995, with respect to our financial condition, results of operations, plans, objectives, future performance and business. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management, are generally identifiable by the use of words such as "believe," "expect," "anticipate," "plan," "intend," "estimate," "may," "will," "would," "could," "should" or other similar expressions. Additionally, all statements in this document, including forward-looking statements, speak only as of the date they are made, and we undertake no obligation to update any statement in light of new information or future events.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, and could be affected by many factors. Factors that could have a material adverse effect on our financial condition, results of operations and future prospects can be found in the "Risk Factors" section of this prospectus, under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008 and elsewhere in our periodic and current reports filed with the Securities and Exchange Commission, or the SEC. These factors include, but are not limited to, the following:

- the effects of future economic, business and market conditions and changes, domestic and foreign, including seasonality;
- governmental monetary and fiscal policies;
- legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by our regulators, and changes in the scope and cost of Federal Deposit Insurance Corporation, or FDIC, insurance and other coverages;
- changes in accounting policies, rules and practices;
- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and other interest sensitive assets and liabilities;
- the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses and other estimates;
- changes in borrowers' credit risks and payment behaviors;
- changes in the availability and cost of credit and capital in the financial markets;
- changes in the prices, values and sales volumes of residential and commercial real estate;
- the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;
- the risks of mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- changes in technology or products that may be more difficult, costly, or less effective than anticipated;
- the effects of war or other conflicts, acts of terrorism or other catastrophic events, including storms, droughts, tornados and flooding, that may affect general economic conditions, including

agricultural production and demand and prices for agricultural goods and land used for agricultural purposes, generally and in our markets;

- the failure of assumptions and estimates used in our reviews of our loan portfolio and our analysis of our capital position; and
- other factors and risks described under "Risk Factors" herein.

Because of those risks and other uncertainties, our actual future results, performance or achievement, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, our past results of operations are not necessarily indicative of our future results.

You should not place undue reliance on any forward-looking statements, which speak only as of the dates on which they were made. We are not undertaking an obligation to update these forward-looking statements, even though circumstances may change in the future, except as required under federal securities law. We qualify all of our forward-looking statements by these cautionary statements.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus and may not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information incorporated by reference or included elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in the section entitled "Risk Factors" beginning on page 10 of this prospectus.

Our Business

Lakeland Financial is the single bank holding company for Lake City Bank, which was founded in 1872. For 138 years, the Bank has operated under a single name and a single charter. The Bank is a full-service commercial bank organized under the laws of the State of Indiana and headquartered in Warsaw, Indiana. The Bank serves clients in 13 counties through 43 branches in Northern Indiana and one loan production office in Indianapolis. As of September 30, 2009, we had total consolidated assets of \$2.5 billion, total deposits of \$1.8 billion and total shareholders' equity of \$219.6 million. The Bank has a total of 457 full-time equivalent employees.

At Lake City Bank, the well-established relationships we have with clients represent the backbone of our long-term financial success. For 21 consecutive fiscal years, we have reported record net income to our shareholders. For the first nine months of 2009, we reported net income of \$13.6 million, as compared to \$15.3 million for the first nine months of 2008. We believe that this strong performance was made possible by our commitment to building and maintaining mutually beneficial relationships with our clients, regardless of the size of those relationships. We believe that this approach differentiates us from our larger regional and national competitors and has provided us with a foundation to grow and create long-term shareholder value.

Business Strategy

The Bank's business strategy is simply focused on maintaining our traditional community banking approach while concurrently leveraging the strength and size of our balance sheet to effectively compete with larger regional and national competitors. We are focused on serving clients in the state of Indiana, with the majority of our business in Northern Indiana. While our strategy encompasses all phases of traditional community banking, including consumer lending and wealth advisory and trust services, we focus on building expansive commercial relationships and developing retail and commercial deposit gathering strategies. Key components of our strategy include:

Relationship-based: We believe that in order to be successful, we must partner with successful people who run successful companies. We are proud of the fact that our team builds relationships with clients and does not simply make loans. As we have grown, we have consistently led with extensions of credit in our commercial base. We recognize that loan services are the most compelling reason most bank clients consider changing banks, so we believe that leading with credit is a necessary approach. While we generally require that Lake City Bank become a client's primary operating bank as a condition of the credit relationship, we are confident that our clients who use multiple banks will continue to expand their relationships with us as they experience our exceptional products and services. As a result of this strategy, we believe that we have established a reputation as a leading commercial bank in Indiana.

Commercial Focus: During 2008 and 2009, we have not wavered from our commercial lending strategy, despite a very challenging economic environment. During 2008, we increased average total loans by \$260 million, or 19%, as compared to total loans as of December 31, 2007. Through the first three quarters of 2009, we increased average total loans by \$221 million, or 13%, as compared to total loans as of December 31, 2008. These significant increases represent a continuation of our long-standing practice of supporting our clients, in both good times and bad. We believe that the Bank has

an important role in contributing to the economic strength and expansion of our Indiana markets, and we continue to demonstrate our leadership role as one of the largest lenders in our markets.

Client Service: Fulfilling client needs is our top priority. Without this focus, we would just be another banking institution in the very crowded financial services industry. We also recognize that our clients expect more from us than a friendly, local bank presence. They expect us to provide technology-driven and secure solutions to their financial needs. They expect us to provide quick turnaround decisions on loan requests, as well as competitively priced loan and deposit products. In addition, they expect us to provide sound, thoughtful financial advice and practical financial planning. In other words, clients are looking for a trusted partner. We believe that our strategy and execution deliver on these expectations.

Market Area

We are an Indiana institution serving Indiana clients. Since 1990, we have expanded from 17 branches in five Indiana counties to 43 branches and one loan production office in 13 Indiana counties. During this period, we have grown assets from \$287 million to \$2.5 billion today, an increase of 761%. Mergers and acquisitions have not played a substantive role in this growth as our expansion strategy has been driven primarily by organic growth. Since our decision to expand outside of our four-county home market in 1990, we have targeted growth in larger cities located in our Northern Indiana market. In 1990, we began an expansion strategy that we believe has created a well-established presence in the region directly north of our home market. This expansion was focused on the cities of Elkhart, South Bend and Goshen. In 1999, we expanded to the east and opened our first office in the Fort Wayne market. Most recently, in 2006, we established a loan production office in Indianapolis.

While this overall expansion strategy has been guided by a focus on larger communities in Indiana, it has also been influenced by the competitive landscape in these markets. As the historically prominent community banks in these markets were acquired, in most cases by large out-of-state institutions, we believe that Lake City Bank's traditional community banking strategy became highly relevant and provides a competitive advantage to us.

We believe that another benefit of this geographic expansion strategy into larger population centers is that we now serve a more well-established and diverse economic region. While we operate within a relatively small geographic region of the state, our expansion strategy has provided borrower diversification within a fairly diverse economic region. Further, our geographical diversification ensures that no single industry or employer dominates our markets. In addition, the Indianapolis market represents a substantial future opportunity given its position as the largest metropolitan market in the state. Like previous market expansions, we believe the Indianapolis market will provide future business opportunities as the competitive landscape in the market changes to our advantage.

History of Strong Financial Performance

We have maintained strong profitability while continuing to grow our franchise organically. Our results for the quarter and year-to-date period ended September 30, 2009 highlight our strong financial performance:

- Net income of \$5.3 million for the third quarter of 2009 was the highest reported quarterly net income in our 138 year history;
- For the first nine months of 2009, we reported net income of \$13.5 million, as compared to \$15.3 million for the first nine months of 2008;
- Increased loans outstanding to \$1.94 billion, up from \$1.72 billion at September 30, 2008;

- Net interest margin for the third quarter of 2009 of 3.69%, up from 3.45% in the second quarter of 2009 and 3.14% for all of 2008;
- Efficiency ratio for the third quarter of 2009 of 49%, down from 51% for the same period in 2008;
- Non-performing assets of \$30.0 million, or 1.22% of total assets;
- Allowance for loan losses of 1.48% of total loans and 98% of non-performing loans versus 1.03%, and 89%, respectively, at year end 2008; and
- Quarterly cash dividend of \$0.155 per share, unchanged from dividends paid in the prior six quarters.

While we are proud of our financial performance during the recent market environment, it is a continuation of our history of strong results. Over the ten year period from December 31, 1999 to December 31, 2008, our results included:

- Increased loans outstanding from \$654 million to \$1.8 billion, a compound annual growth rate of 10.7%;
- Reported consecutive record net income each year and grew net income from \$8.3 million in 1999 to \$19.7 million in 2008, a compound annual growth rate of 9.0%;
- Return on average equity has averaged 15.2%;
- Tangible book value per share growth from \$3.77 to \$11.77, a compound annual growth rate of 12.1%;
- Fully diluted earnings per share growth from \$0.72 to \$1.58, a compound annual growth rate of 8.2%;
- Annual cash common stock dividends per share increased from \$0.22 to \$0.605, a compound annual growth of 10.6%; and
- Significantly penetrated existing markets and built market share without substantive branch expansion.

The table below presents key financial highlights at and for each of the years in the five year period ended December 31, 2008 and at and for the nine-month periods ended September 30, 2009 and 2008.

	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(Dollars in thousands, except per share data)						
Total assets	\$ 2,469,882	\$ 2,254,471	\$ 2,377,445	\$ 1,989,133	\$ 1,836,706	\$ 1,634,613	\$ 1,453,122
Net income	13,597	15,262	19,701	19,211	18,721	17,958	14,545
Diluted earnings per share	0.94	1.23	1.58	1.55	1.51	1.46	1.20
Tangible book value per share(1)	12.99	12.11	11.77	11.60	10.33	9.02	8.11
Return on average shareholders' equity	9.09%	13.50%	13.04%	13.94%	15.35%	16.59%	15.24%
Net interest margin	3.42%	3.20%	3.14%	3.22%	3.38%	3.71%	3.64%
Non-performing assets/total assets	1.22%	0.94%	0.94%	0.50%	0.77%	0.46%	0.71%
Net charge-offs/average loans	0.36%	0.46%	0.43%	0.21%	0.08%	0.04%	0.08%

(1) This measure is not a measure recognized under Generally Accepted Accounting Principles, or GAAP, and is therefore, considered to be a non-GAAP financial measure. See "— Non-GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP measures.

Loan Portfolio

We are focused on serving commercial clients and over 80% of our loan portfolio is dedicated to commercial related loans, as set forth below. We believe that this focus allows us to work with high quality borrowers and serve the diverse borrowing base in our markets. As a result, we have a diversified loan portfolio without any undue industry concentrations. Further, the Bank has generally not sought lending opportunities outside of its Indiana footprint.

	September 30, 2009 (Dollars in thousands)	% of Total
Commercial and industrial loans	\$ 691,012	35.5%
Commercial real estate—owner occupied	340,899	17.5%
Commercial real estate—nonowner occupied	242,278	12.5%
Commercial real estate—multifamily loans	25,651	1.3%
Commercial real estate—construction loans	153,426	7.9%
Agri-business and agricultural loans	178,683	9.2%
Residential real estate mortgage loans	95,095	4.9%
Home equity loans	158,706	8.2%
Installment loans and other consumer loans	57,504	3.0%
Total Loans	\$ 1,943,254	100.0%

A rigid credit approval process ensures that every new loan over \$500,000 is reviewed and approved at a weekly committee meeting. The composition of our committee includes our Executive Vice President of Commercial Lending and Regional Commercial Management, Chief Credit Officer, Loan Review Officer and Credit Administration Officer. In addition, every commercial lender participates on this committee in their respective regions. Management believes that this process contributes to a disciplined and consistent credit culture and provides for lender development.

Management

We believe that our Management Committee is a reflection of the entire Lake City Bank team as this group of seven executives brings over 170 years in financial services experience to the Bank. Further, the Management Committee is a mix of Lake City Bank veterans with direct business line responsibility and newer executives with experience from larger institutions. Collectively, the group has over 90 years of experience at Lake City Bank. Our executive management team commits a significant portion of its time to participating in the client driven calling culture of the Bank. Given the organic growth strategy that the Bank has employed for 20 years, executive management has been able to focus primarily on building and maintaining client relationships. Supported by an unyielding credit culture and experienced regional lending management, the executive management team has successfully managed our credit risks through multiple economic and credit cycles and maintains a conservative mindset associated with traditional community banking.

Our business strategy benefits from an involved board of directors, which is composed of experienced, community-oriented business leaders who are actively engaged in our business planning and development. Our board is not solely a corporate governance entity, as it is also involved in the business development process. While we draw upon their knowledge of the Indiana business community in executing our strategy, their active participation in our business is a key role.

The interests of our executive management team and directors are aligned with those of our shareholders through common stock ownership. At September 30, 2009, our directors and officers beneficially owned 5.36% of our outstanding common stock.

The table below highlights the key members of our management team and their relevant experience:

<u>Name</u>	<u>Title</u>	<u>Years in Banking</u>	<u>Years at the Bank</u>
Michael L. Kubacki	Chairman, President & CEO	37	12
David M. Findlay	EVP—Administration and CFO	21	9
Charles D. Smith	EVP—Commercial	27	27
Kevin L. Deardorff	EVP—Retail	29	20
Jill A. DeBatty	SVP—Human Resources	33	11
Eric H. Ottinger	SVP—Commercial East	18	11
Kristin L. Pruitt	SVP—General Counsel	6	2

TARP Capital Purchase Program

On February 27, 2009, we entered into a purchase agreement with the United States Department of the Treasury (the "U.S. Treasury"), pursuant to which we issued and sold 56,044 shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock"), and a warrant to purchase up to 396,538 shares of our common stock at an initial exercise price of \$21.20 per share, for an aggregate purchase price of \$56.0 million in cash. According to the terms of the warrant, if this offering results in aggregate gross proceeds of at least \$56.0 million, we expect that we would request that the U.S. Treasury reduce the number of shares of common stock issuable upon exercise of the warrant by 50% to 198,269 shares.

Corporate Information

Our principal executive offices are located at 202 East Center Street, P.O. Box 1387, Warsaw, Indiana 46581-1387, and our telephone number is (547) 267-6144. We maintain a website at www.lakecitybank.com. Information on the website is not incorporated by reference and is not part of this prospectus.

Risk Factors

An investment in our common stock involves certain risks. You should carefully consider the risks described under "Risk Factors" set forth below, as well as other information included or incorporated by reference into this prospectus, including our financial statements and the notes thereto, before making an investment decision.

The Offering

Common stock offered	3,500,000 shares (4,025,000 shares if the underwriters exercise their over-allotment option in full).
Common stock outstanding after the offering(1) (2)	15,841,593 shares (16,366,593 shares if the underwriters exercise their over-allotment option in full).
Net proceeds	The net proceeds of this offering to us will be approximately \$ million after deducting underwriting discounts and commissions and the offering expenses payable by us. The amount of net proceeds will be approximately \$ million if the underwriters exercise their over-allotment option in full.
Use of proceeds	We intend to use the net proceeds from this offering for general corporate purposes, including the contribution of a portion of the proceeds to the Bank as additional capital. The net proceeds would also support future growth, which may include accelerated organic growth in our existing markets and opportunistic acquisitions of all or part of other financial institutions, including FDIC-assisted transactions. Although we may use a portion of the net proceeds from this offering to redeem the Series A Preferred Stock from the U.S. Treasury, we currently have no intention of doing so.
Dividend policy	Our board of directors intends to continue to pay dividends on a consistent basis throughout 2010. However, our ability to pay dividends to shareholders is largely dependent upon the dividends we receive from the Bank, and the Bank is subject to regulatory limitations on the amount of cash dividends it may pay. In addition, as a result of our participation in the TARP Capital Purchase Program, we may not increase the quarterly dividends we pay on our common stock above \$0.155 per share for three years, without the consent of the U.S. Treasury, unless the U.S. Treasury no longer holds shares of the Series A Preferred Stock.
The NASDAQ Global Select Market symbol	LKFN

- (1) The number of shares outstanding immediately after the closing of this offering is based on 12,341,593 shares outstanding as of September 30, 2009.
- (2) Unless otherwise indicated, the number of shares of common stock presented in this prospectus does not include: (a) 525,000 shares of common stock issuable pursuant to the exercise of the underwriters' over-allotment option; (b) 339,806 shares reserved for issuance upon exercise of stock options with a weighted-average exercise price of \$15.579 per share which have been granted and remained outstanding as of September 30, 2009; and (c) 396,538 shares of common stock that may be issued upon exercise of the warrant that was issued to the U.S. Treasury pursuant to the TARP Capital Purchase Program. According to the terms of the warrant, if this offering results in aggregate gross proceeds of at least \$56.0 million, we expect that we would request that the U.S. Treasury reduce the number of shares of common stock issuable upon exercise of the warrant by 50% to 198,269 shares.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth selected consolidated financial data for us at and for each of the years in the five-year period ended December 31, 2008 and at and for the nine-month periods ended September 30, 2009 and 2008.

The selected statement of income data for the years ended December 31, 2008, 2007 and 2006, and the selected statement of financial condition data as of December 31, 2008 and 2007, have been derived from our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus. The selected statement of income data for the years ended December 31, 2005 and 2004 and the selected statement of financial condition data as of December 31, 2006, 2005 and 2004, have been derived from our audited financial statements that are not incorporated by reference in this prospectus.

The selected financial data as of and for the nine months ended September 30, 2009 and 2008 have been derived from our unaudited interim financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, which is incorporated by reference in this prospectus. In the opinion of our management, these financial statements reflect all necessary adjustments (consisting only of normal recurring adjustments) for a fair presentation of the data for those periods. Historical results are not necessarily indicative of future results and the results for the nine months ended September 30, 2009 are not necessarily indicative of our expected results for the full year ending December 31, 2009 or any other period.

	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(unaudited)						
(Dollars in thousands, except per share data)							
Balance Sheet Data							
Total assets	\$ 2,469,882	\$ 2,254,471	\$ 2,377,445	\$ 1,989,133	\$ 1,836,706	\$ 1,634,613	\$ 1,453,122
Total loans	1,941,111	1,717,345	1,833,334	1,523,720	1,353,857	1,198,730	1,003,219
Allowance for loan losses	28,778	18,124	18,860	15,801	14,463	12,774	10,754
Securities available for sale	407,331	386,671	387,030	327,757	296,191	290,935	286,582
Goodwill and other intangible assets	5,229	5,435	5,383	5,589	5,795	6,004	6,215
Total deposits	1,821,031	1,707,930	1,885,299	1,478,918	1,475,765	1,266,245	1,115,399
Non-interest bearing deposits	231,970	235,808	230,716	255,348	258,472	247,605	237,261
Subordinated debentures	30,928	30,928	30,928	30,928	30,928	30,928	30,928
Series A Preferred Stock	53,992	0	0	0	0	0	0
Total shareholders' equity	219,625	153,358	149,880	146,270	130,187	113,334	101,765
Tangible common shareholders' equity(1)	161,659	148,984	145,601	141,619	125,149	107,937	95,927
Income Statement Data							
Interest income	\$ 86,301	\$ 89,570	\$ 118,484	\$ 117,973	\$ 105,551	\$ 80,616	\$ 60,182
Interest expense	28,486	42,294	55,216	63,417	53,224	30,353	16,833
Net interest income	57,815	47,276	63,268	54,556	52,327	50,263	43,349
Provision for loan losses	14,952	7,884	10,207	4,298	2,644	2,480	1,223
Net interest income after provision for loan losses	42,863	39,392	53,061	50,258	49,683	47,783	42,126
Non-interest income	16,871	17,943	23,328	20,242	18,794	18,086	16,680
Non-interest expense	39,937	34,937	47,481	42,923	40,242	38,432	36,959
Income tax expense	6,200	7,136	9,207	8,366	9,514	9,479	7,302
Net income	13,597	15,262	19,701	19,211	18,721	17,958	14,545
Preferred stock dividends earned and accretion	1,891	0	0	0	0	0	0
Net income available to common shareholders	\$ 11,706	\$ 15,262	\$ 19,701	\$ 19,211	\$ 18,721	\$ 17,958	\$ 14,545

(footnotes on following page)

	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(unaudited)						
	(Dollars in thousands, except per share data)						
Per Share Data							
Basic earnings per share	\$ 0.94	\$ 1.25	\$ 1.61	\$ 1.58	\$ 1.55	\$ 1.51	\$ 1.24
Diluted earnings per share	0.94	1.23	1.58	1.55	1.51	1.46	1.20
Book value per common share (equity per share issued)	13.32	12.47	12.17	11.98	10.74	9.47	8.60
Tangible book value per common share(1)	12.99	12.11	11.77	11.60	10.33	9.02	8.11
Common shares outstanding	12,441,930	12,302,648	12,373,080	12,207,723	12,117,808	11,972,108	11,831,708
Diluted weighted average common shares outstanding	12,519,460	12,454,426	12,459,802	12,424,137	12,375,467	12,289,466	12,128,154
Selected Operating Ratios							
Return on average assets	0.75%	0.96%	0.91%	1.04%	1.10%	1.20%	1.09%
Return on average shareholders' equity	9.09%	13.50%	13.04%	13.94%	15.35%	16.59%	15.24%
Net interest margin	3.42%	3.20%	3.14%	3.22%	3.38%	3.71%	3.64%
Efficiency Ratio(2)	53.47%	53.57%	54.83%	57.39%	56.58%	56.23%	61.57%
Selected Asset Quality Data and Asset Quality Ratios							
Non-performing loans	\$ 29,255	\$ 20,185	\$ 21,288	\$ 7,448	\$ 14,119	\$ 7,495	\$ 9,990
Non-performing assets	\$ 30,014	\$ 21,094	\$ 22,391	\$ 9,859	\$ 14,225	\$ 7,520	\$ 10,265
Non-performing loans/total loans	1.51%	1.18%	1.16%	0.49%	1.04%	0.63%	1.00%
Non-performing assets/total assets	1.22%	0.94%	0.94%	0.50%	0.77%	0.46%	0.71%
Allowance for loan losses/total loans	1.48%	1.06%	1.03%	1.04%	1.07%	1.07%	1.07%
Allowance for loan losses/non- performing loans	98%	90%	89%	212%	102%	170%	108%
Net charge-offs (recoveries)/average loans	0.36%	0.46%	0.43%	0.21%	0.08%	0.04%	0.08%
Capital Ratios (Consolidated)							
Total capital to risk weighted assets	13.01%	10.76%	10.20%	11.51%	11.76%	11.80%	12.28%
Tier I capital to risk weighted assets	11.76%	9.79%	9.26%	10.54%	10.76%	10.81%	11.31%
Tier I capital to average assets	10.20%	8.30%	8.10%	8.93%	8.87%	8.86%	9.07%
Tangible common equity to tangible assets(1)	6.56%	6.62%	6.14%	7.14%	6.83%	6.63%	6.63%

(1) These measures are not measures recognized under GAAP and are therefore considered to be non-GAAP financial measures. See "—Non-GAAP Financial Measures" for a reconciliation of these measures to their most comparable GAAP measures.

(2) Noninterest expense divided by total revenue (net interest income and other operating income).

Non-GAAP Financial Measures

The information set forth above contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are "tangible book value per common share" and "tangible common equity to tangible assets." Although we believe that these non-GAAP financial measures provide a greater understanding of our business, these measures are not necessarily comparable to similar measures that may be presented by other companies.

"Tangible book value per common share" is defined as tangible common equity divided by total common shares outstanding. We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing total book value while not increasing our tangible book value.

"Tangible common equity to tangible assets," is defined as total shareholders' equity reduced by preferred equity and intangible assets divided by tangible assets. We believe that this measure is important to many investors in the marketplace who are interested in the equity to assets ratio exclusive of the effect of changes in intangible assets on equity and total assets.

The limitations associated with non-GAAP financial measures are the risks that persons might disagree as to the appropriateness of items comprising these measures and that different companies might calculate these measures differently. These disclosures should not be considered an alternative to GAAP. The information provided below reconciles GAAP measures and the ratio of tangible common equity to tangible assets.

	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(unaudited)						
	(Dollars in thousands, except per share data)						
Tangible common equity							
Total shareholders' equity	\$ 219,625	\$ 153,358	\$ 149,880	\$ 146,270	\$ 130,187	\$ 113,334	\$ 101,765
Less: preferred equity	53,992	0	0	0	0	0	0
Goodwill and intangible assets	5,229	5,435	5,383	5,589	5,795	6,004	6,215
Deferred tax assets	(1,255)	(1,061)	(1,104)	(938)	(757)	(607)	(377)
<i>Tangible common equity</i>	161,659	148,984	145,601	141,619	125,149	107,937	95,927
Tangible book value per common share							
Book value per common share	13.32	12.47	12.17	11.98	10.74	9.47	8.60
Effect of intangible assets	(0.33)	(0.36)	(0.40)	(0.38)	(0.41)	(0.45)	(0.49)
<i>Tangible book value per common share</i>	12.99	12.11	11.77	11.60	10.33	9.02	8.11
Tangible assets							
Total assets	2,469,882	2,254,471	2,377,445	1,989,133	1,836,706	1,634,613	1,453,122
Less:							
Goodwill and intangible assets	5,229	5,435	5,383	5,589	5,795	6,004	6,215
Deferred tax assets	(1,255)	(1,061)	(1,104)	(938)	(757)	(607)	(377)
<i>Tangible assets</i>	2,465,908	2,250,097	2,373,166	1,984,482	1,831,668	1,629,216	1,447,284

RISK FACTORS

Investing in our common stock involves a number of risks. You should carefully consider all of the information contained or incorporated by reference in this prospectus, including the risk factors set forth below, before investing in the common stock offered by this prospectus. We may encounter risks in addition to those described below, including risks and uncertainties not currently known to us or that we currently deem to be immaterial. The risks described below, as well as such additional risks and uncertainties, may impair or adversely affect our business, results of operations and financial condition. In such case, you may lose all or part of your original investment.

Risks Related to Our Business

A continued downturn in the economy, particularly in Northern Indiana, where our business is primarily conducted, could have an adverse effect on our business, results of operations and financial condition.

We operate branch offices in four geographical markets concentrated in Northern Indiana and a loan production office in central Indiana located in Indianapolis. Our most mature market, the South Region, includes Kosciusko County and portions of contiguous counties. The Bank was founded in this market in 1872. Warsaw is this region's primary city. The Bank entered the North Region in 1990, which includes portions of Elkhart and St. Joseph counties. This region includes the cities of Elkhart and South Bend. The Central Region includes portions of Elkhart County and contiguous counties and is anchored by the city of Goshen. The North and Central regions represent relatively mature markets with nearly 20 years of business activity. We entered the East Region in 1999, which includes Allen and DeKalb counties. Fort Wayne represents the primary city in this market. We have experienced rapid commercial loan growth in this market over the past 10 years. We entered the Indianapolis market in 2006 with the opening of a loan production office in Marion County.

Our success depends upon the business activity, population, income levels, deposits and real estate activity in these markets. Although our customers' business and financial interests may extend well beyond these market areas, adverse economic conditions that affect these market areas could reduce our growth rate, affect the ability of our customers to repay their loans to us and generally affect our financial condition and results of operations.

In late 2007 and all of 2008, the United States economy experienced a severe downturn that has continued through the first nine months of 2009. Certain areas of our geographical markets have seen notably worse economic conditions than those suffered by the country at-large. As reported for September 2009, the 13 counties in which we operate had unemployment rates between 8.4% and 15.0%. In particular, Elkhart County has suffered from adverse business and economic conditions that have resulted in a county-wide level of unemployment of approximately 15.0%, which is well above the national average of 9.8%. A continued downturn in economic conditions, particularly within our primary market areas in Northern Indiana, could result in a decrease in demand for our products and services, an increase in loan delinquencies and defaults and high or increased levels of problem assets and foreclosures. Moreover, because of our geographic concentration, we are less able than other regional or national financial institutions to diversify our credit risks across multiple markets.

Difficult economic and market conditions have adversely affected our industry.

Dramatic declines in the housing market, with decreasing home prices and increasing delinquencies and foreclosures, have negatively impacted the credit performance of mortgage and commercial real estate loans and resulted in significant write-downs of assets by many financial institutions across the United States. General downward economic trends, reduced availability of commercial credit and increasing unemployment have negatively impacted the credit performance of commercial and consumer credit, resulting in additional write-downs. Concerns over the stability of the financial markets and the economy have resulted in decreased lending by many financial institutions to their customers and to each other. This market turmoil and tightening of credit has led to increased

commercial and consumer deficiencies, lack of customer confidence, increased market volatility and widespread reductions in general business activity. Financial institutions have also generally experienced decreased access to deposits and borrowings. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets may adversely affect our business, results of operations and financial condition. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institutions industry. In particular, we may face the following risks in connection with these events:

- we potentially face increased regulation of our industry and compliance with such regulation may increase our costs and limit our ability to pursue business opportunities;
- customer demand for loans secured by real estate could be reduced due to weaker economic conditions, an increase in unemployment, a decrease in real estate values or an increase in interest rates;
- the process we use to estimate losses inherent in our credit exposure requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. The level of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates which may, in turn, impact the reliability of the process;
- the value of the portfolio of investment securities that we hold may be adversely affected; and
- we may be required to pay significantly higher FDIC premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

We must effectively manage our credit risk.

There are risks inherent in making any loan, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and risks resulting from changes in economic and industry conditions. We attempt to minimize our credit risk through prudent loan application approval procedures, careful monitoring of the concentration of our loans within specific industries, a centralized credit administration department and periodic independent reviews of outstanding loans by our loan review department. However, we cannot assure you that such approval and monitoring procedures will reduce these credit risks.

The majority of the Bank's loan portfolio is invested in commercial and commercial real estate loans. The Bank focuses on traditional commercial and industrial lending but is also involved in commercial real estate activity in its markets. In general, commercial loans represent higher dollar volumes to fewer customers. As a result, we may assume greater lending risks than other community banking-type financial institutions that have a lesser concentration of such loans and are more retail oriented.

Commercial and industrial and agri-business loans make up a significant portion of our loan portfolio.

Commercial and industrial and agri-business loans were \$869.7 million, or approximately 44.7% of our total loan portfolio, as of September 30, 2009. Our commercial loans are primarily made based on the identified cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Most often, this collateral is accounts receivable, inventory, machinery or real estate. Credit support provided by the borrower for most of these loans and the probability of repayment is based on the liquidation of the pledged collateral and enforcement of a personal guarantee, if any exists. Whenever possible, we require a personal guarantee on commercial loans. As a result, in the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. The

collateral securing other loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

Our loan portfolio includes commercial real estate loans, which involve risks specific to real estate value.

Commercial real estate loans were \$762.3 million, or approximately 39.2% of our total loan portfolio, as of September 30, 2009. A majority of these loans are extended to small and medium-sized businesses. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Although a significant portion of such loans are secured by real estate as a secondary form of collateral, continued adverse developments affecting real estate values in one or more of our markets could increase the credit risk associated with our loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties.

If the loans that are collateralized by real estate become troubled and the value of the real estate has been significantly impaired, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time of originating the loan, which could cause us to increase our provision for loan losses and adversely affect our operating results and financial condition. In addition, we may face increased risk on these loans compared to some of our larger competitors because we focus our marketing efforts on, and make a majority of our commercial real estate loans to, small and medium-sized businesses. Smaller companies tend to be at a competitive disadvantage and generally have limited operating histories, less sophisticated internal record keeping and financial planning capabilities and fewer financial resources than larger companies. As a result, it may be more difficult to evaluate borrowers' creditworthiness and lending risks, and they may be more susceptible to economic downturns. Lending to these companies may be more risky than lending to larger, more established enterprises.

Our consumer loans generally have a higher degree of risk of default than our other loans.

At September 30, 2009, consumer loans totaled \$57.5 million, or 3.0% of our total loan portfolio. Consumer loans typically have shorter terms and lower balances with higher yields as compared to one-to-four family residential loans, but generally carry higher risks of default. Consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount which can be recovered on these loans.

Our continued pace of growth may require us to raise additional capital in the future, but that capital may not be available when it is needed.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. In February 2009, we accepted a capital investment of \$56.0 million under the U.S. Treasury's Capital Purchase Program, and we expect to raise \$ million in this offering to further strengthen our capital position. However, we may at some point need to raise additional capital to support our continued growth. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial performance. Accordingly, we cannot assure you of our ability to raise additional capital, if needed, on terms acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth or acquisitions could be materially impaired.

Interest rates and other conditions impact our results of operations.

Our profitability is significantly driven by the spread between the interest rates earned on investments and loans and the interest rates paid on deposits and other interest-bearing liabilities. Like most banking institutions, our net interest spread and margin will be affected by general economic conditions and other factors, including fiscal and monetary policies of the federal government, that influence market interest rates and our ability to respond to changes in such rates. At any given time, our assets and liabilities will be such that they are affected differently by a given change in interest rates. As a result, an increase or decrease in rates, the length of loan terms or the mix of adjustable and fixed rate loans in our portfolio could have a positive or negative effect on our net income, capital and liquidity. We measure interest rate risk under various rate scenarios and using specific criteria and assumptions. Although we believe our current level of interest rate sensitivity is reasonable and effectively managed, significant fluctuations in interest rates may have an adverse effect on our business, results of operations and financial condition.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

We determined our allowance for loan losses pursuant to our established guidelines and practices and maintained a level considered adequate by management to absorb loan losses that are inherent in the portfolio. The amount of future loan losses is susceptible to changes in economic, operating and other conditions (in our markets as well as the United States), including changes in interest rates, which may be beyond our control, and such losses may exceed current estimates. At September 30, 2009, our allowance for loan losses as a percentage of total loans was 1.48% and as a percentage of total non-performing loans was 98%. Because of the nature of our loan portfolio and our concentration in commercial and industrial loans, which tend to be larger loans, the movement of a small number of loans to non-performing status can have a significant impact on these ratios. Although management believes that the allowance for loan losses is adequate to absorb probable incurred losses on any existing loans, we cannot predict loan losses with certainty, and we cannot assure you that our allowance for loan losses will prove sufficient to cover actual loan losses in the future. Loan losses in excess of our reserves may adversely affect our business, results of operations and financial condition.

Liquidity risks could affect operations and jeopardize our business, results of operations and financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our primary sources of funds consist of cash from operations, investment maturities and sales and deposits. Additional liquidity is provided by brokered deposits, CDARs deposits, repurchase agreements and our participation in the Federal Reserve Bank's Term Auction Facility, as well as the ability to borrow from the Federal Reserve Bank and the Federal Home Loan Bank. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as further disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Since late 2007, and particularly during the second half of 2008 and much of the first nine months of 2009, the financial services industry and the credit markets generally have been materially and adversely affected by significant declines in asset values and by a lack of liquidity. The liquidity issues have been particularly acute for regional and community banks, as many of the larger financial institutions have significantly curtailed their lending to regional and community banks to reduce their exposure to the risks of other banks. In addition, many of the larger correspondent lenders have reduced or even eliminated federal funds lines for their correspondent customers. Furthermore, regional and community banks generally have less access to the capital markets than do the national and super-regional banks because of their smaller size and limited analyst coverage. Any decline in

available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, pay dividends to our shareholders, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, results of operations and financial condition.

In addition, approximately 21% of our deposits are concentrated in public funds from a small number of municipalities and government agencies. Public deposits can be cyclical in nature and are often reduced in June and December of each year. If these government entities reduce their deposits at inopportune times, or if we lose one or more of these deposit customers, the Bank would need to find a replacement source of liquidity for the funds withdrawn. If the Bank is unable to find a replacement source of liquidity, the Bank's liquidity could be adversely affected.

Declines in asset values may result in impairment charges and adversely affect the value of our investments, financial performance and capital.

We maintain an investment portfolio that includes, but is not limited to, mortgage-backed securities. The market value of investments in our portfolio has become increasingly volatile over the past year, and as of September 30, 2009, we had gross unrealized losses of \$18.3 million in our investment portfolio, primarily attributable to our holdings of non-agency mortgage-backed securities. The market value of investments may be affected by factors other than the underlying performance of the servicer of the securities or the mortgages underlying the securities, such as ratings downgrades, adverse changes in the business climate and a lack of liquidity in the secondary market for certain investment securities. On a monthly basis, we evaluate investments and other assets for impairment indicators. We may be required to record additional impairment charges if our investments suffer a decline in value that is considered other-than-temporary. If we determine that a significant impairment has occurred, we would be required to charge against earnings the credit-related portion of the other-than-temporary impairment, which could have a material adverse effect on our results of operations in the periods in which the write-offs occur.

We may experience difficulties in managing our growth, and our growth strategy involves risks that may negatively impact our net income.

Although we do not have any current plans to do so, we may expand into additional communities or attempt to strengthen our position in our current markets through opportunistic acquisitions of all or part of other financial institutions, including FDIC-assisted transactions, or by opening new branches. To the extent that we undertake acquisitions or new branch openings, we are likely to experience the effects of higher operating expenses relative to operating income from the new operations, which may have an adverse effect on our levels of reported net income, return on average equity and return on average assets. Other effects of engaging in such growth strategies may include potential diversion of our management's time and attention and general disruption to our business.

To the extent that we grow through acquisitions and branch openings, we cannot assure you that we will be able to adequately and profitably manage this growth. Acquiring other banks and businesses will involve similar risks to those commonly associated with branching, but may also involve additional risks, including:

- potential exposure to unknown or contingent liabilities of banks and businesses we acquire;
- exposure to potential asset quality issues of the acquired bank or related business;
- difficulty and expense of integrating the operations and personnel of banks and businesses we acquire; and
- the possible loss of key employees and customers of the banks and businesses we acquire.

Attractive acquisition opportunities may not be available to us in the future.

We expect that other banking and financial service companies, many of which have significantly greater resources than us, will compete with us in acquiring other financial institutions if we pursue such acquisitions. This competition could increase prices for potential acquisitions that we believe are attractive. Also, acquisitions are subject to various regulatory approvals. If we fail to receive the appropriate regulatory approvals, we will not be able to consummate an acquisition that we believe is in our best interests. Among other things, our regulators consider our capital, liquidity, profitability, regulatory compliance and levels of goodwill and intangibles when considering acquisition and expansion proposals. Any acquisition could be dilutive to our earnings and shareholders' equity per share of our common stock.

Higher FDIC deposit insurance premiums and assessments could adversely affect our financial condition.

FDIC insurance premiums have increased substantially in 2009, and we expect to pay higher FDIC premiums in the future. Bank failures have significantly depleted the FDIC's Deposit Insurance Fund and reduced the Deposit Insurance Fund's ratio of reserves to insured deposits. The FDIC adopted a revised risk-based deposit insurance assessment schedule on February 27, 2009, which raised deposit insurance premiums. On May 22, 2009, the FDIC also implemented a special assessment equal to five basis points of each insured depository institution's assets minus Tier 1 capital as of June 30, 2009, but no more than 10 basis points times the institution's assessment base for the second quarter of 2009, to be collected on September 30, 2009. Additional special assessments may be imposed by the FDIC for future periods. On September 29, 2009, the FDIC proposed a uniform three-basis point increase in assessment rates, which, if adopted, would be effective on January 1, 2011. Also on September 29, 2009, the FDIC proposed a rule that would require insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012.

We participate in the FDIC's Temporary Liquidity Guarantee Program, or TLG, for noninterest-bearing transaction deposit accounts. Banks that participate in the TLG's noninterest-bearing transaction account guarantee will pay the FDIC an annual assessment of 10 basis points on the amounts in such accounts above the amounts covered by FDIC deposit insurance. To the extent that these TLG assessments are insufficient to cover any loss or expenses arising from the TLG program, the FDIC is authorized to impose an emergency special assessment on all FDIC-insured depository institutions. The FDIC has authority to impose charges for the TLG program upon depository institution holding companies, as well. The TLG was scheduled to end December 31, 2009, but the FDIC has extended it to June 30, 2010 at an increased charge of 15 to 25 basis points beginning January 1, 2010, depending on the depository institution's risk assessment category rating assigned with respect to regular FDIC assessments if the institution elects to remain in the TLG. These changes have caused the premiums and TLG assessments charged by the FDIC to increase. These actions have increased our noninterest expense in 2009 and are expected to increase our costs for the foreseeable future.

We face intense competition in all phases of our business from other banks and financial institutions.

The banking and financial services business in our market areas is highly competitive. Our competitors include large regional banks, local community banks, savings and loan associations, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market mutual funds, credit unions, farm credit services and other non-bank financial service providers. Many of these competitors are not subject to the same regulatory restrictions as we are and are able to provide customers with a feasible alternative to traditional banking services.

Increased competition in our market areas may also result in a decrease in the amounts of our loans and deposits, reduced spreads between loan rates and deposit rates or loan terms that are more favorable to the borrower. Any of these results could have a material adverse effect on our ability to grow and remain profitable. If increased competition causes us to significantly discount the interest

rates we offer on loans or increase the amount we pay on deposits, our net interest income could be adversely impacted. If increased competition causes us to relax our underwriting standards, we could be exposed to higher losses from lending activities. Additionally, many of our competitors are much larger in total assets and capitalization, have greater access to capital markets, possess larger lending limits and offer a broader range of financial services than we can offer.

Government regulation can result in limitations on our operations.

We operate in a highly regulated environment and are subject to supervision and regulation by a number of governmental regulatory agencies, including the Federal Reserve, the FDIC, and the Indiana Department of Financial Institutions. Regulations adopted by these agencies, which are generally intended to provide protection for depositors and customers rather than for the benefit of shareholders, govern a comprehensive range of matters relating to ownership and control of our shares, our acquisition of other companies and businesses, permissible activities for us to engage in, maintenance of adequate capital levels and other aspects of our operations. These bank regulators possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. The laws and regulations applicable to the banking industry could change at any time and we cannot predict the effects of these changes on our business and profitability. Increased regulation could increase our cost of compliance and adversely affect profitability. For example, new legislation or regulation may limit the manner in which we may conduct our business, including our ability to offer new products, obtain financing, attract deposits, make loans and achieve satisfactory interest spreads.

We cannot predict the effect on our operations of recent legislative and regulatory initiatives that were enacted in response to the ongoing financial crisis.

United States federal, state and foreign governments have taken or are considering extraordinary actions in an attempt to deal with the worldwide financial crisis. To the extent adopted, many of these actions have been in effect for only a limited time, and have produced limited or no relief to the capital, credit and real estate markets. There is no assurance that these actions or other actions under consideration will ultimately be successful.

In the United States, the federal government has adopted the Emergency Economic Stabilization Act of 2008 and the American Recovery and Reinvestment Act of 2009. With authority granted under these laws, the U.S. Treasury has proposed a financial stability plan that is intended to:

- invest in financial institutions and purchase troubled assets and mortgages from financial institutions for the purpose of stabilizing and providing liquidity to the United States financial markets;
- temporarily increase the limit on FDIC deposit insurance coverage to \$250,000 per depositor through December 31, 2009 (which was recently extended to December 31, 2013 under the Helping Families Save Their Homes Act of 2009); and
- provide for various forms of economic stimulus, including to assist homeowners restructure and lower mortgage payments on qualifying loans.

Numerous other actions have been taken by the United States Congress, the Federal Reserve, the U.S. Treasury, the FDIC, the SEC and others to address the liquidity and credit crisis that has followed the sub-prime mortgage crisis that commenced in 2007, including the financial stability plan adopted by the U.S. Treasury. In addition, President Obama recently announced a financial regulatory reform proposal, and the House and Senate are expected to consider competing proposals over the coming years.

There can be no assurance that the financial stability plan proposed by the U.S. Treasury, the other proposals under consideration or any other legislative or regulatory initiatives will be effective at dealing with the ongoing economic crisis and improving economic conditions globally, nationally or in

our markets, or that the measures adopted will not have adverse consequences. The terms and costs of these activities, or the failure of these actions to help stabilize the financial markets, asset prices, market liquidity and a continuation or worsening of current financial market and economic conditions could materially and adversely affect our business, results of operations, financial condition and the trading prices of our securities.

Negative developments in the financial industry and the credit markets may subject us to additional regulation.

As a result of ongoing challenges facing the United States economy, the potential exists for new laws and regulations regarding lending and funding practices and liquidity standards to be promulgated, and bank regulatory agencies are expected to be active in responding to concerns and trends identified in examinations, including the expected issuance of many formal enforcement orders. Negative developments in the financial industry and credit markets, and the impact of new legislation in response to those developments, may negatively impact our operations by restricting our business operations, including our ability to originate or sell loans, and may adversely impact our financial performance.

Changes in future rules applicable to TARP recipients could adversely affect our business, results of operations and financial condition.

On February 27, 2009, we issued \$56.0 million of our Fixed Rate Cumulative Perpetual Preferred Stock, Series A to the U.S. Treasury pursuant to the TARP Capital Purchase Program. The rules and policies applicable to recipients of capital under the TARP Capital Purchase Program continue to evolve and their scope, timing and effect cannot be predicted. Any redemption of the securities sold to the U.S. Treasury to avoid these restrictions would require prior Federal Reserve and U.S. Treasury approval. Based on guidelines recently issued by the Federal Reserve, institutions seeking to redeem TARP Capital Purchase Program preferred stock must demonstrate an ability to access the long-term debt markets without reliance on the FDIC's TLG, successfully demonstrate access to public equity markets and meet a number of additional requirements and considerations before such institutions can redeem any securities sold to the U.S. Treasury.

Our ability to attract and retain management and key personnel may affect future growth and earnings, and the recent economic stimulus legislation imposes new compensation restrictions that could adversely affect our ability to do so.

Much of our success and growth has been influenced strongly by our ability to attract and retain management experienced in banking and financial services and familiar with the communities in our market areas. Our ability to retain executive officers, the current management teams, branch managers and loan officers of our bank subsidiary will continue to be important to the successful implementation of our strategy. It is also critical, as we grow, to be able to attract and retain qualified additional management and loan officers with the appropriate level of experience and knowledge about our market areas to implement our community-based operating strategy. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, results of operations and financial condition.

The American Recovery and Reinvestment Act of 2009 that was signed into law in February 2009 includes extensive new restrictions on our ability to pay retention awards, bonuses and other incentive compensation during the period in which we have any outstanding securities held by the U.S. Treasury that were issued under the TARP Capital Purchase Program. Many of the restrictions may not be limited to our senior executives and could cover other employees whose contributions to revenue and performance can be significant. The limitations may adversely affect our ability to recruit and retain these key employees in addition to our senior executive officers, especially if we are competing for talent against institutions that are not subject to the same restrictions. The Federal Reserve, and

perhaps the FDIC, are contemplating proposed rules governing the compensation practices of financial institutions and these rules, if adopted, may make it more difficult to attract and retain the people we need to operate our businesses and limit our ability to promote our objectives through our compensation and incentive programs.

We have a continuing need for technological change and we may not have the resources to effectively implement new technology.

The financial services industry is constantly undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our market areas. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, we cannot provide you with assurance that we will be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers.

System failure or breaches of our network security could subject us to increased operating costs as well as litigation and other liabilities.

The computer systems and network infrastructure we use could be vulnerable to unforeseen problems. Our operations are dependent upon our ability to protect our computer equipment against damage from physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, as well as from security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. Any damage or failure that causes an interruption in our operations could have a material adverse effect on our financial condition and results of operations. Computer break-ins, phishing and other disruptions could also jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability to us and may cause existing and potential customers to refrain from doing business with us. Although we, with the help of third-party service providers, intend to continue to implement security technology and establish operational procedures to prevent such damage, there can be no assurance that these security measures will be successful. In addition, advances in computer capabilities, new discoveries in the field of cryptography or other developments could result in a compromise or breach of the algorithms we and our third-party service providers use to encrypt and protect customer transaction data. A failure of such security measures could have a material adverse effect on our financial condition and results of operations.

We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors and customer or employee fraud. Should our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or

exceeds applicable insurance limits, it could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to a higher consolidated effective tax rate if there is a change in tax laws or if LCB Funding, Inc. fails to qualify as a real estate investment trust.

The Bank holds certain investment securities in its wholly-owned subsidiary LCB Investments II, Inc., which is incorporated in Nevada. Pursuant to the State of Indiana's current tax laws and regulations, we are not subject to Indiana income tax for income earned through that subsidiary. If there are changes in tax laws or interpretations thereof requiring us to pay state taxes for income generated by LCB Investments II, Inc., the resulting tax consequences could increase our effective tax rate or cause us to have a tax liability for prior years.

The Bank also holds certain commercial real estate loans, residential real estate loans and other loans in a real estate investment trust through LCB Investments II, Inc. Qualification as a real estate investment trust involves application of specific provisions of the Internal Revenue Code relating to various asset tests. If LCB Funding, Inc. fails to meet any of the required provisions for real estate investment trusts, or there are changes in tax laws or interpretations thereof, it could no longer qualify as a real estate investment trust and the resulting tax consequences would increase our effective tax rate or cause us to have a tax liability for prior years.

Risks Related to Our Common Stock

Our stock price can fluctuate.

The volatility in the price of our common stock and the NASDAQ Global Select Market, where our common stock is listed, may make it difficult for you to resell your common stock when you want and at prices you find attractive. Our stock price can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in our quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry, including the failures of other financial institutions in the current economic downturn;
- perceptions in the marketplace regarding us or our competitors and other financial services companies;
- new technology used, or services offered, by competitors; and
- changes in government regulations.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of our operating results as evidenced by the current volatility and disruption of capital and credit markets.

There is a limited trading market for our common shares, and you may not be able to resell your shares at or above the price you paid for them.

Although our common shares are listed for trading on the Global Select Market of the NASDAQ Stock Market, the trading in our common shares has less liquidity than many other companies quoted on the NASDAQ Global Select Market. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of

our common shares at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. We cannot assure you that volume of trading in our common shares will increase in the future. Additionally, general market forces may have a negative effect on our stock price, independent of factors affecting our stock specifically.

We will retain broad discretion in using the net proceeds from this offering and may not use the proceeds effectively.

We intend to use the net proceeds of this offering for general corporate purposes, which may include, without limitation, investments at the holding company level, providing capital to support the growth of the Bank, business combinations or the redemption of the Series A Preferred Stock from the U.S. Treasury. We have not designated the amount of net proceeds we will use for any particular purpose. Accordingly, our management will retain broad discretion to allocate the net proceeds of this offering. The net proceeds may be applied in ways with which you and other investors in the offering may not agree. Moreover, our management may use the proceeds for corporate purposes that may not increase our market value or make us more profitable. In addition, it may take us some time to effectively deploy the proceeds from this offering. Until the proceeds are effectively deployed, our return on equity and earnings per share may be negatively impacted. Management's failure to use the net proceeds of this offering effectively could have an adverse effect on our business, results of operations and financial condition.

Purchasers of shares of the common stock in this offering will experience immediate dilution with respect to the shares purchased.

Because the \$ per share offering price is greater than the current book value per share of common stock, purchasers of the common stock in this offering will experience immediate dilution with respect to their shares purchased, whereas our existing shareholders will experience immediate accretion with respect to the shares of common stock that they currently own. Based upon the issuance of 3,500,000 shares of the common stock in this offering, the purchasers of shares in this offering will experience immediate dilution in the pro forma book value of their shares of approximately \$ per share.

An investment in our common stock is not an insured deposit.

Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this "Risk Factors" section and elsewhere in this prospectus and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you may lose some or all of your investment.

Our ability to pay dividends is limited, and we may be unable to pay future dividends.

Our ability to pay dividends is limited by regulatory restrictions and the need to maintain sufficient consolidated capital. The ability of the Bank to pay dividends to us is limited by its obligations to maintain sufficient capital and liquidity and by other general restrictions on dividends that are applicable to the Bank, including the requirement under Indiana law that it may not pay dividends that exceed the sum of the Bank's net income for the year combined with its retained net income for the previous two years. The FDIC and other bank regulators have proposed guidelines and seek greater liquidity, and have been discussing increasing capital requirements. If these regulatory requirements are not met, the Bank will not be able to pay dividends to us, and we may be unable to pay dividends on our common stock.

In addition, as a bank holding company, our ability to declare and pay dividends is subject to the guidelines of the Federal Reserve regarding capital adequacy and dividends. The Federal Reserve

guidelines generally require us to review the effects of the cash payment of dividends on common stock and other Tier 1 capital instruments (*i.e.*, perpetual preferred stock and trust preferred debt) in light of our earnings, capital adequacy and financial condition. In addition, as a matter of policy, the Federal Reserve has indicated that bank holding companies should not pay dividends on common stock (or make distributions on trust preferred securities) using funds from the TARP Capital Purchase Program. As a general matter, the Federal Reserve indicates that the board of directors of a bank holding company should eliminate, defer or significantly reduce the dividends if:

- the company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- the prospective rate of earnings retention is inconsistent with the company's capital needs and overall current and prospective financial condition; or
- the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

As a result of our participation in the TARP Capital Purchase Program, we may not increase the dividends payable on our common stock beyond the \$0.155 per share quarterly dividend that we had most recently declared prior to the date of the U.S. Treasury's investment without the consent of the U.S. Treasury, unless all of the equity securities held by the U.S. Treasury are redeemed or the U.S. Treasury has transferred them to third parties. Also, all accrued and unpaid dividends on the Series A Preferred and for all past dividend periods would have to be fully paid.

In addition, we may elect in the future to defer interest payments on our junior subordinated debentures. We are prohibited from making dividend payments on our common stock following the deferral of interest payments on the subordinated debentures underlying the trust preferred securities.

There may be future sales or other dilutions of our equity, which may adversely affect the market price of our common stock.

Except as described under "Underwriting" and except as our authorized capital stock may be limited by our articles of incorporation, we are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive our common stock. In connection with its purchase of shares of our Series A Preferred Stock, the U.S. Treasury received a warrant to purchase 396,538 shares of our common stock at a cash price per share of \$21.20, subject to adjustment, which expires on February 27, 2019. The issuance of any additional shares of common stock as a result of exercise of the warrant held by the U.S. Treasury or the issuance of any other common stock or convertible securities could dilute the ownership interest of our existing common shareholders. The market price of our common stock could decline as a result of this offering, as well as other sales of a large block of shares of our common stock in the market after this offering, or the perception that such sales could occur.

The common stock is equity and, therefore, is subordinate to our and our subsidiaries' indebtedness and any preferred stock, including the Series A Preferred Stock.

Shares of the common stock are equity interests in us and do not constitute indebtedness. As such, shares of the common stock will rank junior to all current and future indebtedness and other nonequity claims on us with respect to assets available to satisfy claims on us, including in a liquidation of our company. We may incur additional indebtedness from time to time and may increase our aggregate level of outstanding indebtedness.

Additionally, holders of our common stock are subject to the prior dividend and liquidation rights of any holders of our preferred stock then outstanding. Our board of directors is authorized to cause us to issue preferred stock, in one or more series, without any action on the part of our shareholders. If we issue shares of preferred stock that have a preference over our common stock with respect to the

payment of dividends or upon liquidation, or if we issue shares of preferred stock with voting rights that dilute the voting power of the common stock, then the rights of holders of our common stock or the market price of our common stock could be adversely affected.

On February 27, 2009, we issued and sold 56,044 shares of our Series A Preferred Stock, which ranks senior to our common stock in the payment of dividends and on liquidation, to the U.S. Treasury (together with the warrant to acquire 396,538 shares of our common stock) for \$56.0 million. The dividends payable on the Series A Preferred Stock are cumulative, and the liquidation amount of the Series A Preferred Stock is \$1,000 per share. In the event of our bankruptcy, dissolution or liquidation, the holders of the Series A Preferred Stock will receive distributions of our available assets prior to the holders of our common stock.

There are substantial regulatory limitations on changes of control of bank holding companies.

With certain limited exceptions, federal regulations prohibit a person or company or a group of persons deemed to be "acting in concert" from, directly or indirectly, acquiring more than 10% (5% if the acquirer is a bank holding company) of any class of our voting stock or obtaining the ability to control in any manner the election of a majority of our directors or otherwise direct the management or policies of our company without prior notice or application to and the approval of the Federal Reserve. Accordingly, prospective investors need to be aware of and comply with these requirements, if applicable, in connection with any purchase of shares of our common stock.

Certain provisions of our articles of incorporation, as well as Indiana and federal law, may discourage, delay or prevent transactions you might favor, including our sale or merger.

Certain provisions included in our articles of incorporation, as amended, and our bylaws, as well as certain provisions of the Indiana General Business Corporation Law and federal law, may discourage, delay or prevent potential acquisitions of control of us, particularly when attempted in a transaction that is not negotiated directly with, and approved by, our board of directors, despite possible benefits to our shareholders.

Specifically, our articles of incorporation or bylaws, as the case may be, include certain provisions that:

- divide our board of directors into three classes serving staggered three-year terms and provide that a director may only be removed prior to the expiration of a term without cause by the affirmative vote of the holders of at least two thirds of the voting power of all of the then-outstanding shares of capital stock entitled to vote in an election of directors;
- authorize the issuance of additional common stock, or preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors, which could be issued in one or more transactions that could make a change of control of us more difficult, and therefore more unlikely; and
- do not provide for cumulative voting in elections of directors, which makes it more difficult for a shareholder group to elect a director nominee.

The Indiana General Business Corporation Law contains provisions to the effect that:

- if a person makes a "control share acquisition," defined as an acquisition of voting stock having at least 20% of all voting power, those shares will be accorded the same voting rights as all other shares only if a resolution is approved at an annual or special shareholders meeting by the holders of a majority of all shares entitled to vote other than the control shares; and
- for five years from the date a shareholder becomes an "interested shareholder" (*i.e.*, the owner of 10% or more of a corporation's voting stock), the corporation may not engage in a business combination with the interested shareholder unless the board of directors approved in advance

the business combination or the transaction causing the shareholder to become an interested shareholder. If such advance approval is not received, then the business combination must either be approved by a majority vote of the voting stock not owned by the interested shareholder and its associates at a meeting called for that purpose no earlier than five years after the interested shareholder's share acquisition date or the proposed consideration to be paid in the business combination must satisfy certain fair price criteria.

Furthermore, the Bank Holding Company Act of 1956, as amended, generally requires the prior approval of the Federal Reserve for any merger involving a bank holding company or any acquisition by a bank holding company of another bank or bank holding company. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its insured depository institution affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state depository institutions or their holding companies) and state laws that require that existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company.

These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for holders of our common stock to elect directors other than the candidates nominated by our board of directors.

USE OF PROCEEDS

We estimate that the net proceeds to us, after underwriting discounts and estimated offering expenses, from the sale of the shares of our common stock offered hereby will be approximately \$ million (or approximately \$ million if the underwriters exercise in full their option to purchase additional shares). We intend to use the net proceeds from this offering for general corporate purposes, including the contribution of a portion of the proceeds to the Bank as additional capital. The net proceeds would also support future growth, which may include accelerated organic growth in our existing markets and opportunistic acquisitions of all or part of other financial institutions, including FDIC-assisted transactions. We do not have any agreements or commitments with respect to any acquisitions at this time. Although we may use a portion of the net proceeds from this offering to redeem the Series A Preferred Stock from the U.S. Treasury, we currently have no intention of doing so. Pending allocation to specific uses, we intend to invest the proceeds in short-term interest-bearing investment grade securities.

On February 27, 2009, we issued \$56.0 million of our Series A Preferred Stock to the U.S. Treasury pursuant to the Capital Purchase Program implemented as a component of TARP, together with a warrant to purchase 396,538 shares of our common stock at an initial purchase price of \$21.20 per share. According to the terms of the warrant, if this offering results in aggregate gross proceeds of at least \$56.0 million, we expect that we would request that the U.S. Treasury reduce the number of shares of common stock issuable upon exercise of the warrant by 50% to 198,269 shares.

CAPITALIZATION

The following table sets forth our unaudited consolidated capitalization as of September 30, 2009:

- on an actual basis; and
- on an adjusted basis giving effect to the sale of 3,500,000 shares of our common stock in this offering at an assumed public offering price of \$ _____ per share, the last reported sale on the NASDAQ Global Select Market on _____, 2009, after payment of our expenses related to this offering and underwriting discounts and commissions.

You should read the information included in the table in conjunction with our consolidated financial statements and the related notes included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the SEC and incorporated by reference in this prospectus.

	As of September 30, 2009	
	Actual	As Adjusted(1)
	(unaudited)	
	(Dollars in thousands)	
Subordinated Debentures:	\$ 30,928	\$ 30,928
Shareholders' Equity:		
Preferred stock: 1,000,000 shares authorized, no par value; 56,044 shares of Series A Preferred Stock issued and outstanding	53,992	53,992
Common stock: 90,000,000 shares authorized, no par value; 12,441,930 shares issued and 12,341,593 outstanding as of September 30, 2009	1,453	1,453
Additional paid-in capital	23,846	
Retained earnings	147,295	147,295
Accumulated other comprehensive (loss)	(5,437)	(5,437)
Treasury stock, at cost	(1,524)	(1,524)
Total shareholders' equity	219,625	
Total Capitalization	\$ 250,553	\$
Per Share Data:		
Book value per common share	\$ 13.32	\$
Tangible book value per common share(2)	12.99	
Capital Ratios (Consolidated):		
Tangible common equity to tangible assets(2)	6.56%	%
Tier 1 capital to risk weighted assets	11.76%	%
Total capital to risk weighted assets	13.01%	%

- (1) Does not include the effect of the sale of up to an additional 525,000 shares of our common stock that may be sold pursuant to the underwriters' over-allotment option. If the underwriters' over-allotment option is exercised in full, "Additional paid-in capital" will increase to \$ _____.
- (2) These measures are not measures recognized under GAAP, and are therefore considered non-GAAP financial measures. See "Prospectus Summary—Non-GAAP Financial Measures" for a reconciliation of these measures to their most comparable GAAP measures.

PRICE RANGE OF COMMON STOCK AND DIVIDEND INFORMATION

Our common stock is listed on the NASDAQ Global Select Market under the symbol "LKFN." The table below presents the high and low sale prices per share of our common stock on the NASDAQ Global Select Market and the dividends paid per share of our common stock for the indicated periods. As of September 30, 2009, we had 12,341,593 shares of common stock issued and outstanding, held by approximately 435 record holders. We estimate that we have approximately 2,300 shareholders in total.

	Sale Price		Cash Dividend Declared
	High	Low	
Year Ended December 31, 2007			
First Quarter	\$ 25.92	\$ 21.85	\$ 0.125
Second Quarter	23.81	20.71	0.140
Third Quarter	25.98	20.05	0.140
Fourth Quarter	25.00	18.25	0.140
Year Ended December 31, 2008			
First Quarter	\$ 23.97	\$ 16.87	\$ 0.140
Second Quarter	25.00	19.00	0.155
Third Quarter	30.09	18.52	0.155
Fourth Quarter	24.10	14.93	0.155
Year Ended December 31, 2009			
First Quarter	\$ 23.87	\$ 14.14	\$ 0.155
Second Quarter	21.04	17.10	0.155
Third Quarter	22.49	17.80	0.155
Fourth Quarter (through November 3, 2009)	22.24	20.03	0.155

DIVIDEND POLICY

Our board of directors intends to continue to pay dividends on a consistent basis throughout 2010. However, our ability to pay dividends to shareholders is largely dependent upon the dividends we receive from the Bank, and the Bank is subject to regulatory limitations on the amount of cash dividends it may pay. In addition, as a result of our participation in the TARP Capital Purchase Program, we may not increase the quarterly dividends we pay on our common stock above \$0.155 per share until February 27, 2012, without the consent of the U.S. Treasury, unless the U.S. Treasury no longer holds shares of the Series A Preferred Stock. We will carefully review our ability to continue to make dividend payments in the future. See "DESCRIPTION OF CAPITAL STOCK—Common Stock—Dividends Payable on Shares of Common Stock" for a more detailed description of the limitations on our ability to pay dividends.

DESCRIPTION OF CAPITAL STOCK

General

We have the authority to issue 90,000,000 shares of common stock, no par value, and 1,000,000 shares of preferred stock, no par value. As of September 30, 2009, we had 12,341,593 shares of common stock issued and outstanding. Additionally, as of September 30, 2009, 56,044 shares of preferred stock have been designated Fixed Rate Cumulative Perpetual Preferred Stock, Series A, which we refer to as our Series A Preferred Stock, all of which are issued and outstanding.

The following description of the material terms of our capital stock and of our articles of incorporation and bylaws is only a summary. You should refer to our articles of incorporation and bylaws, which have been filed with the SEC and are available from us upon request.

Common Stock

General. Under our articles of incorporation, as amended, we have the authority to issue 90,000,000 shares of our common stock, no par value, of which 12,441,930 shares were issued and 12,341,593 were outstanding as of September 30, 2009. As of September 30, 2009, there were 68,850 shares of our common stock underlying options that have been issued pursuant to our equity incentive plans and 1,020,806 shares of our common stock reserved for future issuance under our equity incentive plans. Additionally, we have reserved 396,538 shares of our common stock underlying the warrants that are currently held by the U.S. Treasury and issued in connection with our participation in the TARP Capital Purchase Program. If we complete one or more "qualified equity offerings" on or prior to December 31, 2009 that result in us receiving aggregate gross proceeds equal to at least \$56.0 million, then the number of warrant shares will be reduced to 50% of the original number of warrant shares. A "qualified equity offering" is a sale and issuance by us of shares of common stock, perpetual preferred stock or a combination thereof, that in each case qualify as Tier 1 capital at the time of issuance under the applicable risk-based capital guidelines of the Federal Reserve. Accordingly, if this offering results in aggregate gross proceeds of at least \$56.0 million, we expect that we would request that the U.S. Treasury reduce the number of shares of common stock issuable upon exercise of the warrant by 50% to 198,269 shares.

Our common stock is listed for trading on the NASDAQ Global Select Market under the symbol "LKFN." Each share of our common stock has the same relative rights and is identical in all respects to every other share of our common stock. Our shares of common stock are neither redeemable nor convertible, and the holders thereof have no preemptive or subscription rights to purchase any of our securities.

Voting Rights. Each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of shareholders. There is no cumulative voting in the election of directors.

Liquidation Rights. Upon our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive, *pro rata*, our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding, including the holders of shares of our Series A Preferred Stock.

Dividends Payable on Shares of Common Stock. In general, the holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time determine. The ability of our board of directors to declare and pay dividends on our common stock may be affected by both general corporate law considerations and policies of the Federal Reserve, applicable to bank holding companies. As an Indiana corporation, we are subject to the limitations of the Indiana General Business Corporation Law, which prohibit us from paying dividends if we are, or by payment of the

dividend we would become, insolvent, or if the payment of dividends would render us unable to pay our debts as they become due in the usual course of business. Additionally, policies of the Federal Reserve caution that a bank holding company should not pay cash dividends unless its net income available to common shareholders over the past year has been sufficient to fully fund the dividends and the prospective rate of earnings retention appears consistent with its capital needs, asset quality and overall financial condition. The Federal Reserve also possesses enforcement powers over bank holding companies and their non-bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies.

The Bank provides almost all of our revenues available for the payment of dividends. There are various statutory limitations that limit the ability of the Bank to pay dividends to us. The Bank is an Indiana state-chartered bank and is subject to the laws and regulations of the Indiana Department of Financial Institutions and, as a member of the Federal Reserve System, to the regulations of the Federal Reserve. Without Federal Reserve approval, a state member bank may not pay dividends in any calendar year that, in the aggregate, exceed the bank's calendar year-to-date net income plus the bank's retained net income for the two preceding calendar years. In addition, if a bank's primary banking regulator determines that the bank is engaged or is about to engage in an unsafe or unsound banking practice, the regulator may require, after notice and hearing, that the bank cease and desist from such practice. Depending on the financial condition of the bank, an unsafe or unsound practice could include the payment of dividends. In particular, the federal banking agencies have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice.

Indiana law prohibits the Bank from paying dividends in an amount greater than its undivided profits. The Bank is required to obtain the approval of the Indiana Department of Financial Institutions for the payment of any dividend if the total of all dividends declared by the Bank during the calendar year, including the proposed dividend, would exceed the sum of the Bank's net income for the year to date combined with its retained net income for the previous two years. Indiana law defines "retained net income" to mean the net income of a specified period, calculated under the consolidated report of income instructions, less the total amount of all dividends declared for the specified period. As of September 30, 2009, the Bank had \$35.4 million available to pay dividends to us.

The dividend rights of holders of our common stock are also qualified and subject to the dividend rights of holders of our Series A Preferred Stock described below under the caption "—Preferred Stock—Series A Preferred Stock—Priority of Dividends and Payments Upon Liquidation." In addition, the agreement pursuant to which the U.S. Treasury purchased shares of our Series A Preferred Stock contains limitations on the payment of dividends on our common stock from and after February 27, 2009 (including with respect to the payment of cash dividends in excess of \$0.155 per share per quarter, which is the amount of the last quarterly cash dividend declared by us prior to October 14, 2008). Prior to the earlier of (i) February 27, 2012 and (ii) the date on which all shares of Series A Preferred Stock have been redeemed in whole or the U.S. Treasury has transferred the Series A Preferred Stock to unaffiliated third parties, we may not declare or pay any dividend or make any distribution on our common stock other than regular quarterly cash dividends not exceeding \$0.155 per share and dividends payable solely in common stock, without the consent of the U.S. Treasury.

In addition, we may elect in the future to defer interest payments on our junior subordinated debentures underlying the trust preferred securities. We are prohibited from making dividend payments on our common stock following the deferral of interest payments on the subordinated debentures.

Anti-Takeover Provisions. Our articles of incorporation, as amended, and our bylaws may have the effect of discouraging, delaying or preventing a change in control or an unsolicited acquisition proposal that a shareholder might consider favorable, including a proposal that might result in the

payment of a premium over the market price for the shares held by shareholders. These provisions are summarized in the following paragraphs.

Authorized Shares of Capital Stock. Authorized but unissued shares of our common stock and preferred stock under our articles of incorporation could (within the limits imposed by applicable law and NASDAQ Marketplace Rules) be issued in one or more transactions that could make a change of control of us more difficult, and therefore more unlikely. The additional authorized shares could be used to discourage persons from attempting to gain control of us by diluting the voting power of shares then outstanding or increasing the voting power of persons who would support the board of directors in a potential takeover situation, including by preventing or delaying a proposed business combination that is opposed by the board of directors although perceived to be desirable by some shareholders.

Classified Board. Our board of directors is divided into three classes as nearly as equal in number as possible. The shareholders elect one class of directors each year for a term of three years. The classified board makes it more difficult and time consuming for a shareholder group to fully use its voting power to gain control of the board of directors without the consent of the incumbent board of directors.

Filling of Board Vacancies; Director Removal. The bylaws provide that any vacancy occurring in the board of directors may be filled by a vote of a majority of the remaining directors. A person elected to fill a vacancy on the board of directors will serve for the unexpired term of the director whose seat became vacant. Our bylaws provide that a director may be removed from the board of directors before the expiration of his or her term only for cause and only upon the vote of a majority of the outstanding shares of voting stock, and our articles of incorporation provide that a director may be removed from the board of directors before the expiration of his or her term without cause only upon the vote of two thirds of the outstanding shares of voting stock. These provisions make it more difficult for shareholders to remove directors and replace them with their own nominees.

Elimination of Cumulative Voting. Our articles of incorporation do not provide for cumulative voting with respect to the election of directors. The elimination of cumulative voting makes it more difficult for a shareholder group to elect a director nominee.

Control Share Acquisition Statute. Indiana law provides that if a person makes a "control share acquisition," defined as an acquisition of voting stock having at least 20% of all voting power, those shares will be accorded the same voting rights as all other shares only if a resolution is approved at an annual or special shareholders meeting by the holders of a majority of all shares entitled to vote other than the control shares. The statute also provides that any person proposing to make or who has made a control share acquisition may, at the person's election, deliver a statement to the corporation disclosing the information specified by the statute.

Business Combinations Statute. Indiana law generally provides that for five years from the date a shareholder becomes an "interested shareholder" (*i.e.*, the owner of 10% or more of a corporation's voting stock), the corporation may not engage in a business combination with the interested shareholder unless the board of directors approved in advance the business combination or the transaction causing the shareholder to become an interested shareholder. If such advance approval is not received, then the business combination must either be approved by a majority vote of the voting stock not owned by the interested shareholder and its associates at a meeting called for that purpose no earlier than five years after the interested shareholder's share acquisition date or the proposed consideration to be paid in the business combination must satisfy certain fair price criteria.

Preferred Stock

General. We may issue up to 1,000,000 shares of preferred stock, no par value, from time to time in one or more series. Our board of directors, without further approval of the shareholders, has the authority to fix the dividend rights and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking funds and any other rights, preferences, privileges and restrictions applicable to each series of preferred stock. The issuance of preferred stock and the determination of the terms of preferred stock by the board of directors, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of our common stock.

Series A Preferred Stock. On February 27, 2009, pursuant to the Capital Purchase Program, we issued to the U.S. Treasury 56,044 shares of the Series A Preferred Stock having a liquidation amount per share equal to \$1,000 for a total price of \$56,044,000. The total amount of funds received were allocated to the Series A Preferred Stock and the warrant to purchase 396,538 shares of common stock based on their respective fair values to determine the amounts recorded for each component. The Series A Preferred Stock has preferential dividend and liquidation rights over our common stock. The Series A Preferred Stock pays cumulative dividends at a rate of 5% per year for the first five years and thereafter at a rate of 9% per year. The Series A Preferred Stock is non-voting, except in limited circumstances. Prior to February 27, 2012, unless we have redeemed all of the Series A Preferred Stock or the U.S. Treasury has transferred all of the Series A Preferred Stock to third parties, the consent of the U.S. Treasury will be required for us to, among other things, repurchase or otherwise acquire any of our shares of common stock or trust preferred securities, subject to certain limited exceptions. In addition, so long as any shares of our Series A Preferred Stock are outstanding, we may not repurchase or otherwise acquire any of our outstanding common stock unless we are current in our dividend payments on our outstanding Series A Preferred Stock. The terms of the Series A Preferred Stock provide that we may not redeem the Series A Preferred Stock without regulatory approval. The U.S. Treasury has indicated that we are permitted to redeem the shares of Series A Preferred Stock at any time, without penalty or the need to raise additional capital, subject to the U.S. Treasury's consultation with the Federal Reserve Board.

Dividends Payable on Shares of Series A Preferred Stock. Holders of shares of Series A Preferred Stock are entitled to receive if, as and when declared by our board of directors or a duly authorized committee of the board, out of assets legally available for payment, cumulative cash dividends at a rate per annum of 5% per share on a liquidation preference of \$1,000 per share of Series A Preferred Stock with respect to each dividend period up to, but excluding, May 16, 2014. From and after May 16, 2014, holders of shares of Series A Preferred Stock are entitled to receive cumulative cash dividends at a rate per annum of 9% per share on a liquidation preference of \$1,000 per share of Series A Preferred Stock with respect to each dividend period thereafter.

Dividends are payable quarterly in arrears on each February 15, May 15, August 15 and November 15, each a dividend payment date. If any dividend payment date is not a business day, then the next business day will be the applicable dividend payment date, and no additional dividends will accrue as a result of the postponement of the dividend payment date. Dividends payable during any dividend period are computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable with respect to the Series A Preferred Stock are payable to holders of record of shares of Series A Preferred Stock on the date that is 15 calendar days immediately preceding the applicable dividend payment date or such other record date as the board of directors or any duly authorized committee of the board determines, so long as such record date is not more than 60 nor less than 10 days prior to the applicable dividend payment date.

If we determine not to pay any dividend or a full dividend with respect to the Series A Preferred Stock, we must provide written notice to the holders of shares of Series A Preferred Stock prior to the

applicable dividend payment date. Unpaid dividends on the Series A Preferred Stock will compound. We are subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such as us, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof.

Priority of Dividends and Payments Upon Liquidation. With respect to the payment of dividends and the amounts to be paid upon liquidation, the Series A Preferred Stock rank:

- senior to our common stock and all other equity securities designated as ranking junior to the Series A Preferred Stock; and
- at least equally with all other equity securities designated as ranking on a parity with the Series A Preferred Stock, or parity stock, with respect to the payment of dividends and distribution of assets upon our liquidation, dissolution or winding-up.

So long as any shares of Series A Preferred Stock remain outstanding, unless all accrued and unpaid dividends for all prior dividend periods have been paid or are contemporaneously declared and paid in full, we may not pay or declare any dividends on our common stock or other junior stock, other than a dividend payable solely in common stock. We and our subsidiaries also may not purchase, redeem or otherwise acquire for consideration any shares of our common stock or other junior stock unless we have paid in full all accrued dividends on the Series A Preferred Stock for all prior dividend periods, other than:

- purchases, redemptions or other acquisitions of our common stock or other junior stock in connection with the administration of our employee benefit plans in the ordinary course of business pursuant to a publicly announced repurchase plan up to the increase in diluted shares outstanding resulting from the grant, vesting or exercise of equity-based compensation;
- purchases or other acquisitions by any of our broker-dealer subsidiaries, of which we currently have none, solely for the purpose of market-making, stabilization or customer facilitation transactions in junior stock or parity stock in the ordinary course of its business;
- purchases or other acquisitions by any of our broker-dealer subsidiaries, of which we currently have none, for resale pursuant to an offering by us of our stock that is underwritten by the related broker-dealer subsidiary;
- any dividends or distributions of rights or junior stock in connection with any shareholders' rights plan or any redemption or repurchases of rights pursuant to any shareholders' rights plan;
- acquisition of record ownership of junior stock or parity stock for the beneficial ownership of any other person who is not us or a subsidiary of us, including as trustee or custodian; and
- the exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock or junior stock, but only to the extent that such acquisition is required pursuant to binding contractual agreements entered into before March 6, 2009 or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for common stock.

On any dividend payment date for which full dividends are not paid, or declared and funds set aside therefor, on the Series A Preferred Stock and any other parity stock, all dividends paid or declared for payment on that dividend payment date (or, with respect to parity stock with a different dividend payment date, on the applicable dividend date therefor falling within the dividend period and related to the dividend payment date for the Series A Preferred Stock), with respect to the Series A Preferred Stock and any other parity stock must be declared ratably among the holders of any such

shares who have the right to receive dividends, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the dividend period.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by our board of directors (or a duly authorized committee of the board) may be declared and paid on our common stock and any other stock ranking equally with or junior to the Series A Preferred Stock from time to time out of any funds legally available for such payment, and the Series A Preferred Stock will not be entitled to participate in any such dividend.

Redemption. Except as described below in connection with the American Recovery and Reinvestment Act of 2009, which we refer to herein as ARRA, the Series A Preferred Stock may not be redeemed prior to February 27, 2012 unless we have received aggregate gross proceeds from one or more qualified equity offerings (as described below) equal to \$14,011,000, which equals 25% of the aggregate liquidation amount of the Series A Preferred Stock on the date of issuance. In such a case, we may redeem the Series A Preferred Stock, subject to the approval of the Federal Reserve, in whole or in part, upon notice as described below, up to a maximum amount equal to the aggregate net cash proceeds received by us from such qualified equity offerings. A "qualified equity offering" is a sale and issuance for cash by us after February 27, 2009, to persons other than us or our subsidiaries, of shares of perpetual preferred stock, common stock or a combination thereof, that in each case qualify as Tier 1 capital at the time of issuance under the applicable risk-based capital guidelines of the Federal Reserve. Qualified equity offerings do not include issuances made in connection with acquisitions, issuances of trust preferred securities and issuances of common stock and/or perpetual preferred stock made pursuant to agreements or arrangements entered into, or pursuant to financing plans that were publicly announced, on or prior to October 13, 2008. After February 27, 2012, the Series A Preferred Stock may be redeemed at any time, subject to the approval of the Federal Reserve, in whole or in part, subject to notice as described below.

Notwithstanding the foregoing, under the provisions of ARRA, as implemented by guidance issued by the U.S. Treasury, after consultation with the U.S. Treasury and Federal Reserve we may redeem the Series A Preferred Stock at any time, from any source of funds and without being subject to any waiting period; provided, that any such redemption must consist of at least 25% of the issue price of the Series A Preferred Stock, which for us represents \$14,011,000. In considering any redemption request, the U.S. Treasury and Federal Reserve have stated that they will use the existing supervisory procedures for approving redemption requests for capital instruments, which generally will take into account the contribution of the U.S. Treasury's investment amount to our overall soundness, capital adequacy and ability to lend. In any redemption, the redemption price will be an amount equal to the per share liquidation amount plus accrued and unpaid dividends to but excluding the date of redemption.

The Series A Preferred Stock will not be subject to any mandatory redemption, sinking fund or similar provisions. Holders of shares of Series A Preferred Stock have no right to require the redemption or repurchase of the Series A Preferred Stock.

If we seek to redeem fewer than all of the outstanding shares of Series A Preferred Stock, we will select the shares we will redeem either *pro rata* from the holders of record of shares of Series A Preferred Stock in proportion to the number of shares held by those holders or in such other manner as our board of directors or a committee thereof may determine to be fair and equitable. We will mail notice of any redemption of Series A Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the shares of Series A Preferred Stock to be redeemed at their respective last addresses appearing on our books. This mailing will be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed or otherwise given as described in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives the notice, and failure duly to give the notice by mail or otherwise, or any defect in the notice or in the

mailing or provision of the notice, to any holder of Series A Preferred Stock designated for redemption will not affect the redemption of any other Series A Preferred Stock. Each notice of redemption will set forth the applicable redemption date, the redemption price, the place of redemption and the number of shares of Series A Preferred Stock we will redeem (and, if less than all shares of Series A Preferred Stock held by the applicable holder, the number of shares we will redeem from the holder).

Shares of Series A Preferred Stock that we redeem, repurchase or otherwise acquire will revert to authorized but unissued shares of our preferred stock.

Liquidation Rights. If we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, holders of Series A Preferred Stock will be entitled to receive an amount per share, referred to as the total liquidation amount, equal to the fixed liquidation preference of \$1,000 per share, plus any accrued and unpaid dividends, whether or not declared, to the date of payment. Holders of the Series A Preferred Stock will be entitled to receive the total liquidation amount out of our assets that are available for distribution to shareholders, after payment or provision for payment of our debts and other liabilities but before any distribution of assets is made to holders of our common stock or any other shares ranking, as to that distribution, junior to the Series A Preferred Stock.

If our assets are not sufficient to pay the total liquidation amount in full to all holders of Series A Preferred Stock and all holders of any shares of outstanding parity stock, the amounts paid to the holders of Series A Preferred Stock and other shares of parity stock will be paid *pro rata* in accordance with the respective total liquidation amount for those holders. If the total liquidation amount per share of Series A Preferred Stock has been paid in full to all holders of Series A Preferred Stock and other shares of parity stock, the holders of our common stock or any other shares ranking, as to such distribution, junior to the Series A Preferred Stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of our property and assets, nor the consolidation or merger by us with or into any other corporation or by another corporation with or into us, will constitute a liquidation, dissolution or winding-up of our affairs.

Voting Rights. Except as indicated below or otherwise required by law, the holders of Series A Preferred Stock do not have any voting rights.

If the dividends on the Series A Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more (whether or not consecutive) the authorized number of directors then constituting our board of directors will be increased by two. Holders of Series A Preferred Stock, together with the holders of any outstanding parity stock with like voting rights, referred to as voting parity stock, voting as a single class, will be entitled to elect two additional members of our board of directors, referred to as the preferred stock directors, at the next annual meeting (or at a special meeting called for the purpose of electing the preferred stock directors prior to the next annual meeting) and at each subsequent annual meeting until all accrued and unpaid dividends for all past dividend periods have been paid in full. The election of any preferred stock director is subject to the qualification that the election would not cause us to violate the corporate governance requirement of the NASDAQ Global Select Market (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors.

Upon the termination of the right of the holders of Series A Preferred Stock and voting parity stock to vote for preferred stock directors, as described above, the preferred stock directors will immediately cease to be qualified as directors, their term of office will terminate immediately and the number of our authorized directors will be reduced by the number of preferred stock directors that the holders of Series A Preferred Stock and voting parity stock had been entitled to elect. The holders of a majority of shares of Series A Preferred Stock and voting parity stock, voting as a class, may remove

any preferred stock director, with or without cause, and the holders of a majority of the shares Series A Preferred Stock and voting parity stock, voting as a class, may fill any vacancy created by the removal of a preferred stock director. If the office of a preferred stock director becomes vacant for any other reason, the remaining preferred stock director may choose a successor to fill such vacancy for the remainder of the unexpired term.

So long as any shares of Series A Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by our articles of incorporation, the vote or consent of the holders of at least 66²/₃% of the shares of Series A Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

- any amendment or alteration of our articles of incorporation to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of the certificate of designations for the Series A Preferred Stock so as to adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock; or
- any consummation of a binding share exchange or reclassification involving the Series A Preferred Stock or of a merger or consolidation of us with another entity, unless the shares of Series A Preferred Stock remain outstanding following any such transaction or, if we are not the surviving entity, are converted into or exchanged for preference securities and such remaining outstanding shares of Series A Preferred Stock or preference securities have rights, references, privileges and voting powers that are not materially less favorable than the rights, preferences, privileges or voting powers of the Series A Preferred Stock, taken as a whole.

To the extent of the voting rights of the Series A Preferred Stock, each holder of Series A Preferred Stock will have one vote for each \$1,000 of liquidation preference to which such holder's shares of Series A Preferred Stock are entitled.

The foregoing voting provisions will not apply if, at or prior to the time when the vote or consent would otherwise be required, all outstanding shares of Series A Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by us for the benefit of the holders of Series A Preferred Stock to effect the redemption.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement with Stifel, Nicolaus & Company, Incorporated, as the representative of the underwriters named below, each underwriter named below has severally agreed to purchase from us the respective number of shares of common stock set forth opposite its name in the table below.

<u>Name</u>	<u>Number of Shares</u>
Stifel, Nicolaus & Company, Incorporated	
Keefe, Bruyette & Woods, Inc.	
Howe Barnes Hoefler & Arnett, Inc.	
Total	

The underwriting agreement provides that the underwriters' obligations are several, which means that each underwriter is required to purchase a specific number of shares of common stock, but it is not responsible for the commitment of any other underwriter. The underwriting agreement provides that the underwriters' several obligations to purchase the shares of common stock depend on the satisfaction of the conditions contained in the underwriting agreement, including:

- the representations and warranties made by us to the underwriters are true;
- there is no material adverse change in the financial markets; and
- we deliver customary closing documents and legal opinions to the underwriters.

Subject to these conditions, the underwriters are committed to purchase and pay for all shares of common stock offered by this prospectus, if any such shares of common stock are purchased. However, the underwriters are not obligated to purchase or pay for the shares of common stock covered by the underwriters' over-allotment option described below, unless and until they exercise this option.

The shares of common stock are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel, or modify this offering and to reject orders in whole or in part.

Offering Price

We have been advised that the underwriters propose to offer the shares of common stock to the public at the offering price set forth on the cover of this prospectus and to certain selected dealers at this price, less a concession not in excess of \$ per share. The underwriters may allow, and any selected dealers may reallow, a concession not to exceed \$ per share to certain brokers and dealers. After the shares of common stock are released for sale to the public, the offering price and other selling terms may from time to time be changed by the underwriters.

Electronic Prospectus Delivery

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters. In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically. Stifel, Nicolaus & Company, Incorporated, as representative for the several underwriters, may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. The representative will allocate shares of common stock to underwriters that may make Internet distributions on the same basis as other allocations. Other than this prospectus in electronic format, the information on any of these web

sites and any other information contained on a web site maintained by an underwriter or syndicate member is not part of this prospectus.

Over-Allotment Option

We have granted to the underwriters an over-allotment option, exercisable no later than 30 days from the date of this prospectus, to purchase up to an aggregate of _____ additional shares of our common stock at the public offering price, less the underwriting discount and commission set forth on the cover page of this prospectus. To the extent that the underwriters exercise their over-allotment option, the underwriters will become obligated, so long as the conditions of the underwriting agreement are satisfied, to purchase the additional shares of our common stock in proportion to their respective initial purchase amounts. We will be obligated to sell the shares of our common stock to the underwriters to the extent the over-allotment option is exercised. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the shares of our common stock offered by this prospectus.

Commissions and Expenses

The underwriters propose to offer shares of our common stock directly to the public at \$ _____ per share and to certain dealers at such price less a concession not in excess of \$ _____ per share. The underwriters may allow, and such dealers may reallow, a concession not in excess of \$ _____ per share to other dealers. If all of the shares of our common stock are not sold at the public offering price, the representative of the underwriters may change the public offering price and the other selling terms.

The following table shows the per share and total underwriting discount that we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	<u>Per Share</u>	<u>Total Without Option Exercised</u>	<u>Total With Option Exercised</u>
Public offering price	\$	\$	\$
Underwriting discount			

We estimate that our share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$375,000.

Lock-Up Agreements

We, our executive officers and directors have agreed that for a period of 90 days from the date of this prospectus, neither we nor any of our executive officers or directors will, without the prior written consent of Stifel, Nicolaus & Company, Incorporated, as the representative on behalf of the underwriters, subject to certain exceptions, sell, offer to sell or otherwise dispose of or hedge any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock. Stifel, Nicolaus & Company, Incorporated, in its sole discretion may release the securities subject to these lock-up agreements at any time without notice.

Indemnity

We have agreed to indemnify the underwriters and persons who control the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization

In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, covering transactions, and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934, as set forth below:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum;
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares in the open market;
- Covering transactions involve the purchase of common stock in the open market after the distribution has been completed in order to cover short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering; and
- Penalty bids permit the underwriters to reclaim a selling concession from a selected dealer when the common stock originally sold by the selected dealer is purchased in a stabilizing covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on the NASDAQ Global Select Market or otherwise and, if commenced, may be discontinued at any time.

Other Considerations

It is expected that delivery of the shares of our common stock will be made against payment therefor on or about the date specified on the cover page of this prospectus. Under Rule 15c6-1 promulgated under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise.

Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and other financing and banking services to us, for which they have in the past received, and may in the future receive, customary fees and reimbursement for their expenses.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of a registration statement on Form S-1 and does not contain all the information set forth in the registration statement. You should refer to the registration statement and its related exhibits and schedules for further information about us and the securities offered in this prospectus. Statements contained in this prospectus concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of that document filed as an exhibit to the registration statement or otherwise filed with the SEC, and each such statement is qualified in all respects by this reference. The registration statement and its exhibits and schedules are on file at the offices of the SEC and may be inspected without charge. We file annual, quarterly, and current reports, proxy statements and other information with the SEC. You may request a copy of these filings, at no cost, by writing or calling us at the following address:

Lakeland Financial Corporation
202 East Center Street
P.O. Box 1387
Warsaw, Indiana 46581-1387
(574) 267-6144
Attention: Kristin L. Pruitt

You can also read and copy any materials we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

DOCUMENTS INCORPORATED BY REFERENCE

We are allowed to incorporate by reference into this prospectus certain information that we file with the SEC. This permits us to disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus.

We filed the following documents with the SEC and incorporate them by reference into this prospectus:

- Annual Report on Form 10-K for the year ended December 31, 2008, filed March 10, 2009;
- Quarterly Reports on Form 10-Q for the quarter ended March 31, 2009, filed May 8, 2009, for the quarter ended June 30, 2009, filed August 5, 2009 and for the quarter ended September 30, 2009, filed October 26, 2009;
- Current Reports on Form 8-K filed March 2, 2009, March 11, 2009 and April 24, 2009; and
- Definitive Proxy Statements on Schedule 14A, filed February 5, 2009 and March 16, 2009.

We will provide, without charge, to each person to whom this prospectus is delivered a copy of these filings upon written or oral request to Lakeland Financial Corporation, 202 East Center Street, P.O. Box 1387, Warsaw, Indiana 46581-1387, Attention: Kristin L. Pruitt, telephone number (574) 267-6144. You may also view and print these reports and documents on the investor relations page of our website at www.lakecitybank.com.

EXPERTS

Our consolidated financial statements as of December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008 and the effectiveness of our internal control over financial reporting as of December 31, 2008, included in our Annual Report on Form 10-K for the year ended December 31, 2008, have been audited by Crowe Horwath LLP, independent registered public accounting firm, as set forth in its report thereon and incorporated therein and herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Kristin L. Pruitt, Esq., our Senior Vice President and General Counsel. Certain legal matters will be passed upon for us by Barack Ferrazzano Kirschbaum & Nagelberg LLP. Certain legal matters relating to this offering will be passed upon for the underwriters by Lewis, Rice & Fingersh, L.C.



Lakeland Financial Corporation

3,500,000 Shares of Common Stock

PROSPECTUS

Stifel Nicolaus

Keefe, Bruyette & Woods

Howe Barnes Hofer & Arnett

, 2009

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The expenses in connection with the registration of the shares of common stock covered by this registration statement are set forth in the following table. All amounts except the SEC registration fee, FINRA filing fee, and NASDAQ listing fee are estimated:

SEC Registration Fee	\$ 4,491.90
FINRA Filing Fee	8,550.00
NASDAQ Listing Fees	40,250.00
Legal Fees and Expenses	175,000.00
Printing Expenses	75,000.00
Accounting Fees and Expenses	55,000.00
Miscellaneous Expenses	16,708.10
Total	<u>\$ 375,000.00</u>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

In accordance with the Indiana Business Corporation Law (Indiana Code 23-1-37-1 et seq.), Section 9 of the Company's Amended and Restated Articles of Incorporation provide as follows:

"SECTION 9. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES. Every person who is or was a director, officer or employee of this Corporation or of any other corporation for which he is or was serving in any capacity at the request of this Corporation shall be indemnified by this Corporation against any and all liability and expense that may be incurred by him in connection with or resulting from or arising out of any claim, action, suit or proceeding, provided that such person is wholly successful with respect thereto or acted in good faith in what he reasonably believed to be in or not opposed to the best interests of this Corporation or such other corporation, as the case may be, and, in addition, in any criminal action or proceeding in which he had no reasonable cause to believe that his conduct was unlawful. As used herein, "claim, action, suit or proceeding" shall include any claim, action, suit or proceeding (whether brought by or in the right of this Corporation or such other corporation or otherwise), civil, criminal, administrative or investigative, whether actual or threatened or in connection with an appeal relating thereto, in which a director, officer or employee of this Corporation may become involved, as a party or otherwise, (i) by reason of his being or having been a director, officer or employee of this Corporation or such other corporation or arising out of his status as such or (ii) by reason of any past or future action taken or not taken by him in any such capacity, whether or not he continues to be such at the time such liability or expense is incurred.

The terms "liability" and "expense" shall include, but shall not be limited to, attorneys' fees and disbursements, amounts of judgments, fines or penalties, and amounts paid in settlement by or on behalf of a director, officer or employee, but shall not in any event include any liability or expenses on account of profits realized by him in the purchase or sale of securities of the Corporation in violation of the law. The termination of any claim, action, suit or proceeding, by judgment, settlement (whether with or without court approval) or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that a director, officer or employee did not meet the standards of conduct as forth in this paragraph.

Any such director, officer or employee who has been wholly successful with respect to any such claim, action, suit or proceeding shall be entitled to indemnification as a matter of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made only if (i) the board of directors acting by a quorum consisting of Directors who are not parties to or who have been wholly

successful with respect to such claim, action, suit or proceeding shall find that the director, officer or employee has met the standards of conduct set forth in the preceding paragraph; or (ii) independent legal counsel shall deliver to the Corporation their written opinion that such director, officer or employee has met such standards of conduct.

If several claims, issues or matters of action are involved, any such person may be entitled to indemnification as to some matters even though he is not entitled as to other matters.

The Corporation may advance expenses to or, where appropriate, may at its expense undertake the defense of any such director, officer or employee upon receipt of an undertaking, in form and substance satisfactory to the board of directors, by or on behalf of such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification hereunder.

The provisions of this Section shall be applicable to claims, actions, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act during, before or after the adoption hereof.

The rights of indemnification provided hereunder shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law and shall inure to the benefit of the heirs, executors and administrators of any such person.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation against any liability asserted against him and incurred by him in any capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Section or otherwise."

Further, Article VII of the Company's Bylaws states the following:

"INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES. Every person who is or was a director, officer or employee of this Corporation or of any other corporation for which he is or was serving in any capacity at the request of this Corporation shall be indemnified by this Corporation against any and all liability and expense that may be incurred by him in connection with or resulting from or arising out of any claim, action, suit or proceeding, provided that such person is wholly successful with respect thereto or acted in good faith in what he reasonably believed to be in or not opposed to the best interests of this Corporation or such other corporation, as the case may be, and, in addition, in any criminal action or proceeding in which he had no reasonable cause to believe that his conduct was unlawful. As used herein, "claim, action, suit or proceeding" shall include any claim, action, suit or proceeding (whether brought by or in the right of this Corporation or such other corporation or otherwise), civil, criminal, administrative or investigative, whether actual or threatened or in connection with an appeal relating thereto, in which a director, officer or employee of this Corporation may become involved, as a party or otherwise, (i) by reason of his being or having been a director, officer or employee of this Corporation or such other corporation or arising out of his status as such or (ii) by reason of any past or future action taken or not taken by him in any such capacity, whether or not he continues to be such at the time such liability or expense is incurred.

The terms "liability" and "expense" shall include, but shall not be limited to, attorneys' fees and disbursements, amounts of judgments, fines or penalties, and amounts paid in settlement by or on behalf of a director, officer or employee, but shall not in any event include any liability or expenses on account of profits realized by him in the purchase or sale of securities of the Corporation in violation of the law. The termination of any claim, action, suit or proceeding, by judgment, settlement (whether with or without court approval) or conviction or upon a plea of guilty or of nolo contendere, or its

equivalent, shall not create a presumption that a director, officer or employee did not meet the standards of conduct set forth in this paragraph.

Any such director, officer or employee who has been wholly successful with respect to any such claim, action, suit or proceeding shall be entitled to indemnification as a matter of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made only if (i) the board of directors acting by a quorum consisting of Directors who are not parties to or who have been wholly successful with respect to such claim, action, suit or proceeding shall find that the director, officer or employee has met the standards of conduct set forth in the preceding paragraph; or (ii) independent legal counsel shall deliver to the Corporation their written opinion that such director, officer or employee has met such standards of conduct.

If several claims, issues or matters of action are involved, any such person may be entitled to indemnification as to some matters even though he is not entitled as to other matters.

The Corporation may advance expenses to or, where appropriate, may at its expense undertake the defense of any such director, officer or employee upon receipt of an undertaking by or on behalf of such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification hereunder.

The provisions of this Section shall be applicable to claims, actions, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act during, before or after the adoption hereof.

The rights of indemnification provided hereunder shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law and shall inure to the benefit of the heirs, executors and administrators of any such person.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation as a director, officer, employee or agent of another corporation against any liability asserted against him and incurred by him in any capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Section or otherwise."

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

On February 27, 2009, the Company issued and sold to the United States Department of the Treasury: (i) 56,044 shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock"), and (ii) a warrant (the "Warrant") to purchase 396,538 shares of the Company's common stock, no par value per share, for an aggregate purchase price of \$56,044,000 million in cash. The Series A Preferred Stock and the Warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The documents listed below are filed as a part of this report:

(a) Exhibits

<u>Exhibit No.</u>	<u>Document</u>	<u>Incorporated by reference to</u>
1.1	Underwriting Agreement	Attached hereto.
3.1	Amended and Restated Articles of Incorporation of Lakeland Financial Corporation	Exhibit 3.1 in the Company's Form 8-K filed with the Commission on March 2, 2009
3.2	Bylaws of Lakeland Financial Corporation	Exhibit 3(ii) to the Company's Form 10-Q for the quarter ended June 30, 1996
4.1	Form of Common Stock Certificate	Exhibit 4.1 to the Company's Form 10-K for the fiscal year ended December 31, 2003
4.2	Form of Stock Certificate for Series A Fixed Rate Cumulative Perpetual Preferred Stock.	Exhibit 4.1 in the Company's Form 8-K filed with the Commission on March 2, 2009
4.3	Warrant to Purchase Shares of Common Stock, dated February 27, 2009.	Exhibit 4.2 in the Company's Form 8-K filed with the Commission on March 2, 2009
5.1	Opinion of Kristin L. Pruitt, Esq., Senior Vice President and General Counsel of the Company	Attached hereto.
10.1	Lakeland Financial Corporation 2008 Equity Incentive Plan	Exhibit 4.3 to the Company's Form S-8 filed with the Commission on April 8, 2008
10.2	Form of Indenture for Trust Preferred Issuance	Exhibit 4.1 to the Company's Form 10-K for the fiscal year ended December 31, 2003
10.3	Lakeland Financial Corporation 401(k) Plan	Exhibit 10.1 to the Company's Form S-8 filed with the Commission on October 23, 2000
10.4	Amended and Restated Lakeland Financial Corporation Director's Fee Deferral Plan	Exhibit 10.4 to the Company's Form 10-K filed with the Commission on March 10, 2009
10.5	Form of Change of Control Agreement entered into with Michael L. Kubacki, David M. Findlay, Charles D. Smith and Kevin L. Deardorff	Exhibit 10.5 to the Company's Form 10-K filed with the Commission on March 10, 2009
10.6	Employee Deferred Compensation Plan and Form of Agreement	Exhibit 10.7 to the Company's Form 10-K filed with the Commission on March 10, 2009
10.7	Schedule of Board Fees	Exhibit 10.8 to the Company's Form 10-K filed with the Commission on March 10, 2009
10.8	Form of Option Grant Agreement	Exhibit 10.9 to the Company's Form 10-K for the fiscal year ended December 31, 2004

<u>Exhibit No.</u>	<u>Document</u>	<u>Incorporated by reference to</u>
10.9	Executive Incentive Bonus Plan	Exhibit 10.11 to the Company's Form 10-K for the fiscal year ended December 31, 2004
10.10	Letter Agreement, dated February 27, 2009, by and between the Company, and the United States Department of the Treasury.	Exhibit 10.1 in the Company's Form 8-K filed with the Commission on March 2, 2009
10.11	Side Letter, dated February 27, 2009, by and between the Company and the United States Department of the Treasury.	Exhibit 10.2 in the Company's Form 8-K filed with the Commission on March 2, 2009
10.12	Amended and Restated Long Term Incentive Plan	Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2009.
23.1*	Consent of Crowe Horwath LLP	
23.2	Consent of General Counsel	Contained in Exhibit 5.1.
24.1*	Power of Attorney	

* Previously filed.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes that:

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(2) (A) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(B) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Warsaw, State of Indiana, on November 4, 2009.

LAKELAND FINANCIAL CORPORATION

By: /s/ MICHAEL L. KUBACKI

Michael L. Kubacki, President and Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement on Form S-1 has been signed by the following persons in the capacities indicated on November 4, 2009.

<u>Signature</u>	<u>Title</u>
/s/ MICHAEL L. KUBACKI <hr/> Michael L. Kubacki	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ DAVID M. FINDLAY* <hr/> David M. Findlay	Chief Financial Officer (Principal Financial Officer)
/s/ TERESA A. BARTMAN* <hr/> Teresa A. Bartman	Controller (Principal Accounting Officer)
/s/ ROBERT E. BARTELS, JR.* <hr/> Robert E. Bartels, Jr.	Director
/s/ L. CRAIG FULMER* <hr/> L. Craig Fulmer	Director
/s/ THOMAS A. HIATT* <hr/> Thomas A. Hiatt	Director
/s/ MICHAEL L. KUBACKI <hr/> Michael L. Kubacki	Director

<u>Signature</u>	<u>Title</u>
<u>/s/ CHARLES E. NIEMIER*</u> Charles E. Niemier	Director
<u>/s/ EMILY E. PICHON*</u> Emily E. Pichon	Director
<u>/s/ RICHARD L. PLETCHER*</u> Richard L. Pletcher	Director
<u>/s/ STEVEN D. ROSS*</u> Steven D. Ross	Director
<u>/s/ DONALD B. STEININGER*</u> Donald B. Steininger	Director
<u>/s/ TERRY L. TUCKER*</u> Terry L. Tucker	Director
<u>/s/ M. SCOTT WELCH*</u> M. Scott Welch	Director

* by Kristin L. Pruitt, power of attorney

EXHIBIT INDEX

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[Table of Contents](#)

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24.1*	Power of Attorney	

* Previously filed.

FORM OF UNDERWRITING AGREEMENT

3,500,000 Shares

LAKELAND FINANCIAL CORPORATION

Common Stock

UNDERWRITING AGREEMENT

November , 2009

STIFEL, NICOLAUS & COMPANY, INCORPORATED
 as representative of the several Underwriters
 named in Schedule I hereto
 501 North Broadway
 St. Louis, Missouri 63102

Ladies and Gentlemen:

Lakeland Financial Corporation, an Indiana corporation (the “*Company*”), proposes to issue and sell to the several underwriters named in Schedule I hereto (the “*Underwriters*”) for whom you are acting as representative (the “*Representative*”) an aggregate of 3,500,000 shares (the “*Firm Shares*”) of the common stock, no par value per share, of the Company (“*Common Stock*”). The Company also proposes to sell to the several Underwriters, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares, at the option of the Underwriters, up to an additional 525,000 shares of Common Stock (the “*Option Shares*”). The Firm Shares and the Option Shares are hereinafter referred to collectively as the “*Shares*”.

The Company confirms as follows its agreements with the Representative and the several other Underwriters.

1. (a) The Company represents and warrants to, and agrees with, each of the Underwriters that, as of the date hereof and as of the Closing Date (as defined herein) and each Option Closing Date (as defined herein), if any:

(i) a registration statement on Form S-1 (File No. 333-162659) in respect of the Shares and one or more pre-effective amendments thereto (together, the “*Initial Registration Statement*”) have been filed with the Securities and Exchange Commission (the “*Commission*”); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a “*Rule 462(b) Registration Statement*”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “*Securities Act*”), which became effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued, no proceeding for that purpose has been initiated or threatened by the Commission and any request on the part of the Commission for additional information from the Company

has been satisfied in all material respects; any preliminary prospectus included in the Initial Registration Statement, as originally filed or as part of any amendment thereto, or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act, is hereinafter called a “*Preliminary Prospectus*”; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all schedules and exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act and deemed by virtue of Rule 430A under the Securities Act to be part of the Initial Registration Statement at the time it was declared effective, or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, each as amended at the time such part of the Initial Registration Statement became effective, are hereinafter collectively called the “*Registration Statement*”; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined herein) is hereinafter called the “*Pricing Prospectus*”; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Securities Act, is hereinafter called the “*Prospectus*”; and any “*issuer free writing prospectus*” as defined in Rule 433 under the Securities Act relating to the Shares is hereinafter called an “*Issuer Free Writing Prospectus*”; and all references to the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include any documents incorporated by reference therein, and shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (“*EDGAR*”);

(ii) (1) at the respective times the Initial Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Date (and, if any Option Shares are purchased, at each Option Closing Date), the Initial Registration Statement, any Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the Securities Act and the rules and regulations of the Commission thereunder (the “*Rules and Regulations*”) and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (2) at the time the Prospectus or any amendments or supplements thereto were issued and at the Closing Date (and, if any Option Shares are purchased, at each Option Closing Date), neither the Prospectus nor any amendment or supplement thereto included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the representations and warranties in clauses (1) and (2) above shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in strict conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use in the Registration Statement or the Prospectus, it being understood and agreed that the only such information provided by any Underwriter is that described as such in Section 10(b) hereof; and no order preventing or suspending the use of any Preliminary Prospectus, the Pricing Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission;

(2) (A) each Preliminary Prospectus, Pricing Prospectus, Issuer Free Writing Prospectus and the Prospectus filed as part of the Initial Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied

when so filed in all material respects with the requirements of the Securities Act and the Rules and Regulations, (B) each Preliminary Prospectus, Pricing Prospectus, Issuer Free Writing Prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T, (C) to the extent applicable, all disclosures contained in each Preliminary Prospectus, Pricing Prospectus, and Prospectus regarding “non-GAAP financial measures”

2

(as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and Item 10 of Regulation S-K under the Securities Act, as applicable, (D) there are no statutes, regulations, documents or contracts of a character required to be described in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which are not described or filed as required, (E) no forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith, and (F) the statistical and market and industry-related data included in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus and the Prospectus are based on or derived from sources which the Company believes to be reliable and accurate or represent the Company’s good faith estimates that are made on the basis of data derived from such sources, and the Company has obtained the written consent to the use of such data from sources to the extent required;

(3) the Company meets the requirements for the use of Form S-1 under the Securities Act and the use of such form is appropriate under the Rules and Regulations, and the Company is eligible under the Securities Act to furnish information under Form S-1 by incorporating such information by reference to Company filings made pursuant the Exchange Act, and the Company was not at the time of initial filing of the Registration Statement and at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the Securities Act) of the Common Stock, is not on the date hereof and will not be on the Closing Date or any Option Closing Date an “ineligible issuer” (as defined in Rule 405);

(4) the documents incorporated or deemed incorporated by reference in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus and the Prospectus, at the time they were filed with the Commission, complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and, when read together with the other information in the Preliminary Prospectus and the Pricing Prospectus at the time issued and at the time it became effective (and, if any Option Shares are purchased, at the Option Closing Date), did not and will not contain an untrue statement of a material fact required to be stated therein or necessary to make the statements therein not misleading, and such incorporated documents constitute all the documents required to be incorporated under Item VII of Form S-1;

(iii) for the purposes of this Agreement, the “**Applicable Time**” is : .m. (Eastern time) on the date of this Agreement; the Pricing Prospectus as supplemented by the Issuer Free Writing Prospectuses and other documents listed in Schedule II hereto, taken together (collectively, the “**Pricing Disclosure Package**”) as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in strict conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

3

(iv) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Indiana, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Registration Statement and the Pricing Prospectus and to enter into and perform its obligations under this Agreement, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to qualify or be in good standing would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise (a “**Material Adverse Effect**”);

(v) (1) the Company is duly registered and qualified as a bank holding company under the applicable provisions of the Bank Holding Company Act of 1956, as amended (the “**BHC Act**”), and each of the Company and Lake City Bank, an Indiana banking corporation (the “**Bank**”) is in compliance in all material respects with all applicable laws administered by and regulations of the Board of Governors of the Federal Reserve (the “**FRB**”), the Federal Deposit Insurance Corporation (the “**FDIC**”), the Indiana Department of Financial Institutions (the “**DFI**”) and any other federal or state bank regulatory authority (collectively, the “**Bank Regulatory Authorities**”) with jurisdiction over the Company or the Bank, and neither the Company nor the Bank is a party to any written agreement or memorandum of understanding with, or a party to, any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of an extraordinary supervisory letter from, or has adopted any board resolutions at the request of, any Bank Regulatory Authority which restricts the conduct of its business, or in any manner relates to its capital adequacy, its credit policies or its management, nor have either of them been advised by any Bank Regulatory Authority that it is contemplating issuing or requesting (or is considering the appropriateness of requesting) any such order, decree, agreement, memorandum of understanding, extraordinary supervisory letter, commitment letter or similar submission, or any such board resolutions;

(2) the activities of the Company and each of its direct and indirect subsidiaries (the “**Subsidiaries**”) are permitted under applicable federal and state banking laws and regulations, and the Company has all necessary approvals, including the approval of the Bank Regulatory Authorities to own, directly or indirectly, the capital stock of the Subsidiaries;

(3) no report or application filed by the Company or any of its Subsidiaries with any Bank Regulatory Authority as of the date it was filed or amended, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading when made or failed to comply in all material respects with the applicable requirements of the applicable Bank Regulatory Authority;

(4) the deposit accounts of the Bank are insured by the FDIC up to the maximum amount provided by law, and no proceedings for the modification, termination or revocation of any such insurance are pending or, to the knowledge of the Company, threatened;

(5) the operations of the Company and the Subsidiaries are, and have been conducted at all times, in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements of the Bank Secrecy Act, the Currency and Foreign Transactions Reporting Act of 1970, as amended, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or

4

governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to any Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(6) the Bank and the other Subsidiaries have properly administered all accounts for which they act as a fiduciary, including but not limited to accounts for which they serve as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable state and federal law and regulation and common law, except where the failure to be in compliance could not have a Material Adverse Effect; and none of the Bank or other Subsidiaries nor any of their directors, officers or employees has committed any material breach of trust with respect to any such fiduciary account, and the accountings for each such fiduciary account are true and correct in all material respects and accurately reflect the assets of such fiduciary account in all material respects;

(7) the most recent regulatory rating given to the Bank as to compliance with the Community Reinvestment Act of 1977, as amended (the “**CRA**”) is “satisfactory”, and since the Bank’s last regulatory examination of CRA compliance, the Bank has not received any complaints as to CRA compliance;

(vi) each Subsidiary has been duly incorporated (or organized) and is validly existing as a corporation (or other organization) in good standing under the laws of the jurisdiction of its incorporation (or organization), with power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus and the Prospectus, and has been duly qualified as a foreign corporation (or other organization) for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a Material Adverse Effect, and all of the issued and outstanding capital stock (or other ownership interests) of each Subsidiary has been duly and validly authorized and issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity, and all of such capital stock (or other ownership interest) is valued on the books of the Company and its Subsidiaries in accordance with generally accepted accounting principles in the United States of America (“**GAAP**”);

(vii) (1) the Company has an authorized capitalization as set forth in the Registration Statement and the Pricing Prospectus, and all of the issued and outstanding shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the descriptions thereof contained in the Registration Statement and the Pricing Prospectus, and none of the issued and outstanding shares of capital stock of the Company are subject to any preemptive or similar rights;

(2) all offers and sales of the Company’s capital stock and other debt or securities prior to the date hereof were made in compliance with, or were the subject of an available exemption from, the Securities Act and all other applicable state and federal laws or regulations;

(3) the Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on the NASDAQ Global Select Market (“**Nasdaq**”), and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from Nasdaq, nor has the Company received any notification that the Commission or Nasdaq is contemplating terminating such registration or listing, and the Company has applied to list the Shares on Nasdaq and the Shares will be so listed on or

5

before the Closing Date (or the Option Closing Date, if applicable), and the transactions contemplated by this Agreement will not contravene the rules and regulations of Nasdaq;

(4) except as otherwise disclosed in the Registration Statement and the Pricing Prospectus, (A) none of the Company nor any Subsidiary is prohibited or restricted, directly or indirectly, from paying dividends or from making any other distribution with respect to their respective equity, debt or hybrid securities, and (B) no Subsidiary is restricted, except by banking laws of general applicability, from repaying to the Company or any other subsidiary of the Company any amounts that may from time to time become due under any loans or advances to each Subsidiary from the Company or from transferring any property or assets to the Company or to any other Subsidiary;

(viii) the Shares have been duly and validly authorized and, when issued and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be duly and validly issued and fully paid and non-assessable and will conform to the descriptions thereof contained in the Registration Statement and the Pricing Prospectus, and the issuance of such Shares is not subject to any preemptive or similar rights, and the delivery of the Shares being sold by the Company against payment therefor pursuant to the terms of this Agreement will pass valid title to the Shares being sold by the Company, free and clear of any claim, encumbrance or defect in title, to the several Underwriters purchasing such shares in good faith and without notice of any lien, claim or encumbrance;

(ix) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy,

insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by general equitable principles (whether considered in an action at law or in equity) and except as the rights to indemnification and contribution hereunder may be limited by federal or state securities laws;

(x) the issue and sale of the Shares, the execution of this Agreement by the Company and the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries is bound or to which any of the property or assets of the Company or any of the Subsidiaries is subject, nor will such action result in any violation of the provisions of the certificate or articles of incorporation or by-laws (or other organization documents) of the Company or any of the Subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Securities Act of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(xi) (1) Crowe Horwath LLP, who have certified certain financial statements of the Company and the Subsidiaries are independent public accountants as required by the Securities Act, the Rules and Regulations, the Exchange Act and the rules and regulations promulgated thereunder, (2) the financial statements, together with related schedules and notes, included in the Registration Statement and the Pricing Prospectus comply in all material respects with the requirements of the Securities Act and present fairly the consolidated financial position, results of operations and changes in financial position of the Company and the Subsidiaries on the basis stated in the Registration

6

Statement at the respective dates or for the respective periods to which they apply (3) such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein, and (4) the selected financial data and the summary financial data included in the Pricing Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the financial statements included in the Registration Statement;

(xii) neither the Company nor any Subsidiary has sustained since the date of the latest audited financial statements included in the Registration Statement or the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Registration Statement or the Pricing Prospectus, and since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, (1) there has not been any change in the capital stock or long-term debt of the Company or any of the Subsidiaries, (2) there has not been any event that would constitute a Material Adverse Effect, or any development involving a prospective event that may reasonably be expected to have a Material Adverse Effect, (3) except as set forth in the Registration Statement or Pricing Prospectus, there have been no transactions entered into by, and no obligations or liabilities, contingent or otherwise, incurred by the Company or any of the Subsidiaries, whether or not in the ordinary course of business, which are material to the Company and the Subsidiaries, considered as one enterprise, and (4) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, in each case, otherwise than as set forth or contemplated in the Registration Statement or the Pricing Prospectus;

(xiii) neither the Company nor any of the Subsidiaries is (1) in violation of its certificate or articles of incorporation or bylaws (or other organization documents), (2) in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or any of the Subsidiaries, (3) in violation of any decree of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries, or (4) in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any agreement, indenture, lease or other instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound, except, in the case of clauses (2), (3) and (4), where any such violation or default, individually or in the aggregate, would not have a Material Adverse Effect;

(xiv) the Company and each Subsidiary has good and marketable title to all real and personal property owned by it, in each case free and clear of all liens, encumbrances and defects except such as are described in the Registration Statement and Pricing Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any Subsidiary, and any real property and buildings held under lease by the Company or any Subsidiary are held under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any Subsidiary;

(xv) other than as set forth in the Registration Statement and Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of the Subsidiaries is a party or of which any property of the Company or any of the Subsidiaries is the subject which, if determined adversely to the Company or the Subsidiary, individually or in the aggregate, would have or may reasonably be expected to have a Material Adverse Effect, or would prevent or impair the consummation of the transactions contemplated by this Agreement, or which are required to be described

7

in the Registration Statement or the Pricing Prospectus; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(xvi) the Company and the Subsidiaries possess all permits, licenses, approvals, consents and other authorizations (collectively, "Permits") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the businesses now operated by them; the Company and the Subsidiaries are in compliance with the terms and conditions of all such Permits and all of the Permits are valid and in full force and effect, except, in each case, where the failure so to comply or where the invalidity of such Permits or the failure of such Permits to be in full force and effect, individually or in the aggregate, would not have a Material Adverse Effect, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or material modification of any such Permits;

(xvii) the Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names, patents and patent rights (collectively “*Intellectual Property*”) material to carrying on their businesses as described in the Pricing Prospectus, and neither the Company nor any Subsidiary has received any correspondence relating to any Intellectual Property or notice of infringement of or conflict with asserted rights of others with respect to any Intellectual Property which would render any Intellectual Property invalid or inadequate to protect the interest of the Company and the Subsidiaries and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, individually or in the aggregate, would have or may reasonably be expected to have a Material Adverse Effect;

(xviii) no labor dispute with the employees of the Company or the Subsidiaries exists, or, to the knowledge of the Company, is imminent;

(xix) the Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged, neither the Company nor any Subsidiary has been refused any insurance coverage sought or applied for, and the Company has no reason to believe that either it or any Subsidiary will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect;

(xx) the Company and each of its Subsidiaries have made and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its Subsidiaries, and the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management’s general or specific authorizations, (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (3) access to assets is permitted only in accordance with management’s general or specific authorization, and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(xxi) since the date of the latest audited financial statements included in the Registration Statement and Pricing Prospectus, (1) the Company has not been advised of (A) any significant deficiencies in the design or operation of internal controls that could adversely affect the ability of the Company and each of its Subsidiaries to record, process, summarize and report financial data, or any material weaknesses in internal controls or (B) any fraud, whether or not material, that

8

involves management or other employees who have a significant role in the internal controls of the Company and each of its Subsidiaries, and (2) there has been no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting;

(xxii) the Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Exchange Act) that comply with the requirements of the Exchange Act, and such disclosure controls and procedures are effective and there has been no failure on the part of the Company or any of its officers and directors, in their capacities as such, to comply in all material respects with such rule, and the Company has complied in all material respects and continues to comply in all material respects with the corporate governance compliance guidelines set forth in the Nasdaq Marketplace Rules;

(xxiii) all United States federal income tax returns of the Company and the Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided, and the Company and the Subsidiaries have (1) filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law, except insofar as the failure to file such returns, individually or in the aggregate, would not result in a Material Adverse Effect, and (2) paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any Subsidiary except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided; and the charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined;

(xxiv) neither the Company nor any of the Subsidiaries is in violation of any statute or any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, production, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, “*environmental laws*”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim, individually or in the aggregate, would have a Material Adverse Effect, and the Company is not aware of any pending investigation which might lead to such a claim;

(xxv) each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), that is maintained, administered or contributed to by the Company or any Subsidiary for employees or former employees of the Company and its affiliates has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the “*Code*”), except to the extent that failure to so comply, individually or in the aggregate, would not have a Material Adverse Effect, and no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code has occurred with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption;

(xxvi) neither the Company nor any of its Subsidiaries, or any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its Subsidiaries, has (1) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (2) made any direct or indirect unlawful payment to any

9

foreign or domestic government official or employee from corporate funds, (3) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, or (4) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(xxvii) except as described in the Registration Statement and Pricing Prospectus, neither the Company nor any Subsidiary has outstanding, and at the Closing Date and the Option Closing Date, if any, will have outstanding any options to purchase or any warrants to subscribe for, or any securities or obligations convertible into, or any contracts or commitments to issue or sell, any Shares or any such warrants, convertible securities or obligations, and except for the rights of the United States Department of the Treasury (the "Treasury") to cause the Company to register the securities issued by the Company to the Treasury in connection with the Company's participation in the TARP Capital Purchase Program, there are no persons with registration rights or other similar rights to have securities registered in connection with the filing of the Registration Statement or otherwise registered by the Company under the Securities Act;

(xxviii) the Company is not and, after giving effect to the offering and sale of the Shares as contemplated herein and the application of the net proceeds therefrom as described in the Registration Statement and Pricing Prospectus, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(xxix) the Company has not distributed and, prior to the later to occur of the Closing Date (as defined in Section 4 hereof) and completion of distribution of the Shares, will not distribute any offering materials in connection with the offering and sale of the Shares, other than the Pricing Prospectus, the Prospectus and, subject to compliance with Section 6 hereof, any Issuer Free Writing Prospectus; and the Company has not taken and will not take, directly or indirectly, any action designed to cause or result in, or which constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or for any other purpose;

(xxx) Other than as contemplated by this Agreement, there is no broker, finder or other party that is entitled to receive from the Company or any Subsidiary any brokerage or finder's fee or any other fee, commission or payment as a result of the transactions contemplated by this Agreement; and

(xxxi) any certificate signed by any officer of the Company delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

(b) [Reserved]

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of \$ (the "**Purchase Price**"), the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by the Company hereunder by a fraction, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from the Company hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Option Shares as provided below, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the Purchase Price, the number of Option Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the

10

number of Option Shares as to which such election shall have been exercised by the fraction set forth in clause (a) above.

The Company hereby grants to the Underwriters the right to purchase at their election up to 525,000 Option Shares, at the Purchase Price, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares. The Underwriters may exercise their option to acquire Option Shares in whole or in part from time to time only by written notice from the Representative to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Option Shares to be purchased and the date on which such Option Shares are to be delivered, as determined by the Representative but in no event earlier than the Closing Date or, unless the Representative and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. It is understood that the several Underwriters propose to offer the Firm Shares for sale to the public upon the terms and conditions set forth in the Prospectus.

4. The Company will deliver the Firm Shares to the Representative through the facilities of the Depository Trust Company ("**DTC**") for the accounts of the Underwriters, against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer drawn to the order of the Company at the office of Lewis, Rice & Fingersh, L.C. ("**Lewis Rice**"), at 10:00 A.M., St. Louis time, on November , 2009, or at such other time not later than seven full business days thereafter as Stifel, Nicolaus & Company, Incorporated ("**Stifel Nicolaus**") and the Company determine, such time being herein referred to as the "**Closing Date**". For purposes of Rule 15c6-1 under the Exchange Act, the Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Firm Shares. The certificates for the Firm Shares so to be delivered will be in definitive form, in such denominations and registered in such names as the Representative requests and will be made available for checking and packaging at the New York office of Stifel Nicolaus at least 24 hours prior to the Closing Date.

Each time for the delivery of and payment for the Option Shares, being herein referred to as an "**Option Closing Date**", which may be the Closing Date, shall be determined by the Representative as provided above. The Company will deliver the Option Shares being purchased on each Option Closing Date to the Representative through the facilities of DTC for the accounts of the Underwriters, against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer drawn to the order of the Company at the above office of Lewis Rice, at 10:00 A.M., St. Louis time on the applicable Option Closing Date. The certificates for the Option Shares so to be delivered will be in definitive form, in such denominations and registered in such names as the Representative requests and will be made available for checking and packaging at the New York office of Stifel Nicolaus at least 24 hours prior to such Option Closing Date.

5. The Company covenants and agrees with each of the Underwriters as follows:

(a) The Company, subject to Section 5(b), will comply with the requirements of Rule 430A under the Securities Act, and will notify the Representative immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended prospectus shall have been filed, to furnish the Representative with copies thereof, and to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Securities Act, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the

Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus, or of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) under the Securities Act and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will give the Representative notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) under the Securities Act), or any amendment, supplement or revision to the Prospectus, or any Issuer Free Writing Prospectus, will furnish the Representative with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall reasonably object.

(c) The Company will use its best efforts to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that nothing in this Section 5(c) shall require the Company to qualify as a foreign corporation in any jurisdiction in which it is not already so qualified, or to file a general consent to service of process in any jurisdiction.

(d) The Company has furnished or will deliver to the Representative, without charge, four signed copies of the Initial Registration Statement as originally filed, any Rule 462(b) Registration Statement and of each amendment to each (including exhibits filed therewith or incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also, upon your request, deliver to the Representative, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) The Company has delivered to each Underwriter, without charge, as many written and electronic copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, prior to 5:00 P.M. on the business day next succeeding the date of this Agreement and from time to time thereafter during the period when the Prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act, such number of written and electronic copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(f) The Company will comply with the Securities Act and the Rules and Regulations so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and in the Prospectus. If at any time when, in the opinion of counsel for the Underwriters, a prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act), any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the

Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the Securities Act or the Rules and Regulations, the Company will promptly prepare and file with the Commission, subject to Section 5(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of written and electronic copies of such amendment or supplement as the Underwriters may reasonably request. The Company will provide the Representative with notice of the occurrence of any event during the period specified above that may give rise to the need to amend or supplement the Registration Statement or the Prospectus as provided in the preceding sentence promptly after the occurrence of such event.

(g) The Company will make generally available (within the meaning of Section 11(a) of the Securities Act) to its security holders and to the Representative as soon as practicable, but not later than 45 days after the end of its fiscal quarter in which the first anniversary date of the effective date of the Registration Statement occurs, an earnings statement (in form complying with the provisions of Rule 158 under the Securities Act) covering a period of at least twelve consecutive months beginning after the effective date of the Registration Statement.

(h) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in the Pricing Prospectus under the heading "Use of Proceeds".

(i) The Company will use its best efforts to effect and maintain the listing for quotation of the Common Stock (including the Shares) on Nasdaq.

(j) During a period of 90 days from the date of the Prospectus, the Company will not, without the prior written consent of Stifel Nicolaus, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, other than (1) the Shares to be sold hereunder, (2) the issuance of options to acquire shares of Common Stock granted pursuant to the Company's benefit plans existing on the date hereof that are referred to in the Prospectus, as such plans may be amended or (3) the issuance of shares of Common Stock upon the exercise of any such options. Notwithstanding the foregoing, if (A) during the last 17 days of the 90-day restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs; or (B) prior to the expiration of the 90-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 90-day period, the restrictions imposed by this agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. The Company shall promptly notify the Representative of any earnings release, news or event that may give rise to an extension of the initial 90-day restricted period.

(k) The Company, during the period when the Prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act (or in lieu thereof, the

13

notice referred to in Rule 173(a) under the Securities Act), will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the rules and regulations of the Commission thereunder.

(l) During a period of five years from the effective date of the Registration Statement, the Company will furnish to you copies of all reports or other communications (financial or other) furnished to shareholders generally, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed (provided, that the Company shall be deemed to have furnished and delivered such documents if and when such documents are available through EDGAR on the Commission's website); and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and the Subsidiaries are consolidated in reports furnished to its shareholders generally or to the Commission).

(m) If the Company elects to rely upon Rule 462(b) under the Securities Act, the Company will file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Securities Act.

(n) If so requested by the Representative, the Company shall cause to be prepared and delivered, at its expense, within one business day from the effective date of this Agreement, to the Representative an "electronic Prospectus" to be used by the Underwriters in connection with the offering and sale of the Shares. As used herein, the term "electronic Prospectus" means a form of the most recent Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representative, that may be transmitted electronically by the Representative and the other Underwriters to offerees and purchasers of the Shares, (ii) it shall disclose the same information as such paper Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus, as the case may be; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Representative, that will allow investors to store and have continuously ready access to such Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus at any future time, without charge to investors (other than any fee charged for subscription to the Internet generally). The Company hereby confirms that, if so requested by the Representative, it has included or will include in the Prospectus filed with the Commission an undertaking that, upon receipt of a request by an investor or his or her representative, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of such paper Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus to such investor or representative.

6.

(a) The Company represents and agrees that, without the prior consent of the Representative, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Securities Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representative, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; any such free writing prospectus the use of which has been consented to by the Company and the Representative is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Securities Act applicable to any Issuer Free Writing Prospectus, including timely filing with the

14

Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Securities Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representative and, if requested by the Representative, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in strict conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein.

7. [Reserved]

8. The Company covenants and agrees with the several Underwriters that, whether or not the transactions contemplated by this Agreement are consummated, the Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the fees, disbursements and expenses of the Company's counsel, accountants and other advisors; (ii) filing fees and all other expenses in connection with the preparation, printing and filing of the Registration Statement, each Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (iii) the cost of printing or producing this Agreement, closing documents (including any compilations thereof) and such other documents as may be required in connection with the offering, purchase, sale and delivery of the Shares; (iv) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(c), including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (v) all fees and expenses in connection with listing the Common Stock (including the Shares) on Nasdaq; (vi) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, securing any required review by the Financial Industry Regulatory Authority ("*FINRA*") of the terms of the sale of the Shares; (vii) all fees and expenses in connection with the preparation, issuance and delivery of the certificates representing the Shares to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Shares to the Underwriters; (viii) the cost and charges of any transfer agent or registrar; (ix) the transportation and other expenses incurred by the Company in connection with presentations to prospective purchasers of Shares; and (x) all other costs and expenses incurred by the Company incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section.

9. The several obligations of the Underwriters hereunder to purchase the Shares on the Closing Date or each Option Closing Date, as the case may be, are subject to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Securities Act within the applicable time period prescribed for such filing by the Rules and Regulations and in accordance with Section 5(a); all material required to be filed by the Company pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433 under the Securities Act; if the Company

15

has elected to rely upon Rule 462(b) under the Securities Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof or the Prospectus or any part thereof or any Issuer Free Writing Prospectus shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission or any state securities commission; and all requests for additional information on the part of the Commission shall have been complied with to the Underwriters' reasonable satisfaction.

(b) The representations and warranties of the Company contained herein are true and correct on and as of the Closing Date or the Option Closing Date, as the case may be, as if made on and as of the Closing Date or the Option Closing Date, as the case may be, and the Company shall have complied with all agreements and all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Option Closing Date, as the case may be.

(c) (i) Neither the Company nor any Subsidiary shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Registration Statement and the Prospectus, (1) there shall not have been any change in the capital stock or long-term debt of the Company or any Subsidiary or (2) there shall not have been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representative so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Closing Date or Option Closing Date, as the case may be, on the terms and in the manner contemplated in the Pricing Prospectus.

(d) the Representative shall have received on and as of the Closing Date and the Option Closing Date, as the case may be, a certificate of two executive officers of the Company, at least one of whom has specific knowledge about the Company's financial matters, satisfactory to the Representative, to the effect (i) that the matters set forth in Section 9(b) are true and correct (with respect to the respective representations, warranties, agreements and conditions of the Company), (ii) that none of the situations set forth in clause (i) or (ii) of Section 9 (c) shall have occurred, and (iii) that no stop order suspending the effectiveness of the Registration Statement has been issued and to the knowledge of the Company, no proceedings for that purpose have been instituted or are pending or contemplated by the Commission;

(e) On the Closing Date and the Option Closing Date, as the case may be, Barack Ferrazzano Kirschbaum & Nagelberg LLP and Kristin L. Pruitt, Esq., counsel for the Company, shall have furnished to the Representative their favorable written opinions, dated the Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to counsel for the Underwriters, to the effect set forth in Exhibit A hereto and to such further effect as counsel for the Underwriters may reasonably request.

(f) On the effective date of the Registration Statement and, if applicable, the effective date of the most recently filed post-effective amendment to the Registration Statement, Crowe Horwath LLP shall have furnished to the Representative a letter, dated the date of delivery thereof, in form and substance satisfactory to the Representative, containing statements and information of the type

16

customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(g) On the Closing Date or Option Closing Date, as the case may be, the Representative shall have received from Crowe Horwath LLP a letter, dated the Closing Date or such Option Closing Date, as the case may be, to the effect that they reaffirm the statements made in the letter or letters furnished pursuant to Section 9 (f) except that the specified date referred to shall be a date not more than three business days prior to the Closing Date or such Option Closing Date, as the case may be.

(h) On the Closing Date or Option Closing Date, as the case may be, Lewis Rice, counsel for the Underwriters, shall have furnished to the Representative their favorable opinion dated the Closing Date or the Option Closing Date, as the case may be, with respect to the due authorization and valid issuance of the Shares, the Registration Statement, the Prospectus and other related matters as the Representative may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters. In giving such opinion, Lewis Rice may rely as to matters of fact upon statements and certifications of officers of the Company and of other appropriate persons and may rely as to matters of Indiana law upon the opinion of Kristin L. Pruitt, Esq.

(i) The Shares to be delivered on the Closing Date or Option Closing Date, as the case may be, shall have been approved for listing on Nasdaq, subject to official notice of issuance.

(j) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and conditions.

(k) The Representative shall have received "lock-up" agreements, each substantially in the form of Exhibit B hereto, from all the executive officers and directors of the Company and such agreements shall be in full force and effect on the Closing Date or Option Closing Date, as the case may be.

(l) On or prior to the Closing Date or Option Closing Date, as the case may be, the Company shall have furnished to the Representative such further information, certificates and documents as the Representative shall reasonably request.

(m) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on Nasdaq; (ii) a suspension or material limitation in trading in the Company's securities on Nasdaq; (iii) a general moratorium on commercial banking activities declared by any of Federal, Indiana, Missouri or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representative makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Closing Date or Option Closing Date, as the case may be, on the terms and in the manner contemplated in the Prospectus;

If any condition specified in this Section 9 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated, subject to the provisions of Section 13, by the Representative by notice to the Company at any time at or prior to the Closing Date or Option Closing

Date, as the case may be, and such termination shall be without liability of any party to any other party, except as provided in Section 13.

10.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act against any and all losses, liabilities, claims, damages and expenses whatsoever as incurred (including without limitation, reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, any Issuer Free Writing Prospectus, or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, or any Issuer Free Writing Prospectus in reliance upon and in strict conformity with written information furnished to the Company by or on behalf of any Underwriter through Stifel Nicolaus expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter is the information described as such in Section 10(b) below.

(b) Each Underwriter severally, and not jointly, agrees to indemnify and hold harmless the Company, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including without limitation, reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, or any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in strict

conformity with written information furnished to the Company by or on behalf of such Underwriter through Stifel Nicolaus expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the third paragraph of the cover page concerning the terms of

the offering by the Underwriters, the names of the Underwriters and the Share purchase amounts in the table below the first paragraph under the caption "Underwriting", the concession and reallowance figures appearing under the heading "Commissions and Expenses" under the caption "Underwriting" and the information contained under the heading "Stabilization" under the caption "Underwriting".

(c) Promptly after receipt by an indemnified party under Section 10(a) or 10(b) of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such Section, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 10). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and jointly with any other indemnifying party similarly notified, to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnified party). Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the indemnifying parties. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, which counsel, in the event of indemnified parties under Section 10(a) shall be selected by Stifel Nicolaus. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) [Reserved]

(e) If the indemnification provided for in this Section 10 is unavailable to or insufficient to hold harmless an indemnified party under Section 10(a) or 10(b) in respect of any losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses,

liabilities, claims, damages or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 10(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 10(e). The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to above in this Section 10(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10(e), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 10(e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) The obligations of the parties to this Agreements contained in this Section 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

11. If any Underwriter or Underwriters default in its or their obligations to purchase Shares hereunder on the Closing Date or any Option Closing Date and the aggregate number of Shares that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Shares that the Underwriters are obligated to purchase on such Closing Date or Option Closing Date, as the case may be, the Representative

may make arrangements satisfactory to the Company for the purchase of such Shares by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date or Option Closing Date, as the case may be, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Shares that such defaulting Underwriters agreed but failed to purchase on such Closing Date or Option Closing Date, as the case may be. If any Underwriter or Underwriters so default and the aggregate number of Shares with respect to which such default or defaults occur exceeds 10% of the total number of Shares that the Underwriters are obligated to purchase on such Closing Date or Option Closing Date, as the case may be, and arrangements satisfactory to the Representative and the Company for the purchase of such Shares by other persons are not made within 36 hours after such default, this Agreement will terminate, subject to the provisions of Section 13, without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 13. Nothing herein will relieve a defaulting Underwriter from liability for its default.

20

In the event of any such default which does not result in a termination of this Agreement, either the Representative or the Company shall have the right to postpone the Closing Date or the relevant Option Closing Date, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 11.

12. Notwithstanding anything herein contained, this Agreement (or the obligations of the several Underwriters with respect to any Option Shares which have yet to be purchased) may be terminated, subject to the provisions of Section 13, in the absolute discretion of the Representative, by notice given to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date or the Option Closing Date, as the case may be, (a) trading generally on the American Stock Exchange or the New York Stock Exchange or on Nasdaq shall have been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, FINRA or any other governmental authority, (b) trading of any securities of or guaranteed by the Company or any Subsidiary shall have been suspended on any exchange or in any over-the-counter market, (c) a general moratorium on commercial banking activities in New York, Indiana or Missouri shall have been declared by Federal, Indiana, Missouri or New York State authorities or a new restriction materially adversely affecting the distribution of the Firm Shares or the Option Shares, as the case may be, shall have become effective, or (d) there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable to market the Shares to be delivered on the Closing Date or Option Closing Date, as the case may be, or to enforce contracts for the sale of the Shares.

If this Agreement is terminated pursuant to this Section 12, such termination will be without liability of any party to any other party except as provided in Section 13 hereof.

13. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Shares. If this Agreement is terminated pursuant to Section 9, 11 or 12 or if for any reason the purchase of any of the Shares by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 8, the respective obligations of the Company and the Underwriters pursuant to Section 10 and the provisions of Sections 13, 14 and 17 shall remain in effect and, if any Shares have been purchased hereunder the representations and warranties in Section 1 and all obligations under Section 5 and Section 6 shall also remain in effect. If this Agreement shall be terminated by the Underwriters, or any of them, under Section 9 or otherwise because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement or any condition of the Underwriters' obligations cannot be fulfilled, the Company agrees to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and expenses of its counsel) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

21

14. This Agreement shall inure to the benefit of and be binding upon the Company and the Underwriters, the officers and directors of the Company referred to herein, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Shares from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

15. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt thereof by the recipient if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be given to Stifel Nicolaus & Company, Incorporated, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102 (fax no.: 314-342-2775); Attention: Rick E. Maples. Notices to the Company shall be given to it at Lakeland Financial Company, 202 East Center Street, P.O. Box 1387, Warsaw, Indiana 46581 (fax no.: 574-267-4282); Attention: Kristin L. Pruitt.

16. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. In the event that any signature to this Agreement or any amendment hereto is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof. At the request of any party each other party shall promptly re-execute an original form of this Agreement or any amendment hereto and deliver the same to the other party. No party hereto shall raise the use of a facsimile machine or e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that such signature was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a ".pdf" format data file as a defense to the formation or enforceability of a contract, and each party hereto forever waives any such defense.

17. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI, WITHOUT REGARD TO SUCH STATE'S PRINCIPLES OF CONFLICTS OF LAWS.

18. The parties hereby submit to the jurisdiction of and venue in the federal courts located in the City of St. Louis, Missouri in connection with any dispute related to this Agreement, any transaction contemplated hereby, or any other matter contemplated hereby.

19. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement, including the determination of the public offering price of the Shares and any related discounts and commissions, is an arm's-length commercial transaction between the Company on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company or its respective stockholders, creditors, employees or any other party, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement, and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

22

20. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

23. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

24. Terms for which meanings are defined in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine and feminine forms. The term "including," whenever used in any provision of this Agreement, means including but without limiting the generality of any description preceding or succeeding such term. Each reference to a person or entity shall include a reference to the successors and assigns of such person or entity.

[Signatures appear on the following pages]

23

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument will become a binding agreement among the Company and the Underwriters.

Very truly yours,

LAKELAND FINANCIAL CORPORATION

By: _____

Name:

Title:

24

Accepted as of the date hereof:

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Name:

Title:

For itself and as Representative of the
other Underwriters named in Schedule I hereto

25

SCHEDULE I

<u>Underwriter</u>	<u>Number of Firm Shares to be Purchased</u>
Stifel, Nicolaus & Company, Incorporated	
Keefe, Bruyette & Woods, Inc.	
Howe Barnes Hoefler & Arnett, Inc.	
Total:	

SCHEDULE II

Free Writing Prospectus

[Letterhead of Lakeland Financial Corporation]

November 4, 2009

Lakeland Financial Corporation
202 East Center Street
P.O. Box 1387
Warsaw, Indiana 46581-1387

Ladies and Gentlemen:

I am the Senior Vice President and General Counsel of Lakeland Financial Corporation, an Indiana corporation (the "Company"). This opinion is being rendered in connection with the Company's filing of a Registration Statement on Form S-1 (file number 333-162659) with the Securities and Exchange Commission (the "Commission") on October 26, 2009, as amended on November 4, 2009 (the "Registration Statement") under the Securities Act of 1933 (the "Securities Act"). Once declared effective by the Commission, the Registration Statement will register the sale of 3,500,000 shares of the Company's common stock, no par value per share, and not more than 525,000 additional shares of common stock (collectively, the "Securities"), all pursuant to an underwriting agreement to be entered into by and among the Company and the representative of the several underwriters to be named therein (the "Underwriting Agreement").

I have made such legal and factual investigation as I deemed necessary for purposes of this opinion. In my investigation, I have assumed the genuineness of all signatures, the proper execution of all documents submitted to me as originals, the conformity to the original documents of all documents submitted to me as copies and the authenticity of the originals of such copies. As to matters of fact, I have relied upon representations of certain other officers of the Company.

Based upon the foregoing, but assuming no responsibility for the accuracy or the completeness of the data supplied by the Company and subject to the qualifications, assumptions and limitations set forth herein, it is my opinion that the Securities have been duly authorized under the Company's Amended and Restated Articles of Incorporation and, when issued and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and nonassessable.

This opinion is limited to matters of the laws of the State of Indiana and the United States federal law. This opinion is rendered as of the date hereof and I assume no obligation to update or supplement such opinion to reflect any circumstances which may hereafter come to my attention with respect to such opinion and statements set forth above, including any changes in applicable law which may hereafter occur.

I hereby consent to the reference to my name the Prospectus under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. My consent to such reference does not constitute a consent under Section 7 of the Securities Act and in consenting to such reference I have not certified any part of the Registration Statement or Prospectus and do not otherwise come within the categories of persons whose consent is required under Section 7 of the Securities Act or under the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Kristin L. Pruitt

Kristin L. Pruitt
Senior Vice President and General Counsel
