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and Tax information returns or reports required to be filed (taking into account permissible extensions) by them, and have paid (or have accrued or will accrue, prior to the Effective Time, amounts for the payment of) all Taxes relating to the time periods covered by such returns and reports. Except as disclosed on Schedule 3.14, the accrued taxes payable accounts for Taxes reflected on the Latest Balance Sheets (or the notes thereto) are sufficient for the payment of all unpaid Taxes of FSI, FNBP or any other Subsidiary accrued for or applicable to all periods ended on or prior to the date of the Latest Balance Sheet or which may subsequently be determined to be owing with respect to any such period. Except as disclosed on Schedule 3.14, neither FSI, FNBP nor any Subsidiary has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to an assessment or deficiency for Taxes. Each of FSI and the Subsidiaries, including FNBP, has paid or will pay in a timely manner and as required by law all Taxes due and payable by it or which it is obligated to withhold from amounts owing to any employee or third party. Except as disclosed on Schedule 3.14, all Taxes which will be due and payable, whether now or hereafter, for any period ending on, prior to or including the Effective Time, shall have been paid by or on behalf of FSI, FNBP and the other Subsidiaries or shall be reflected on the books of FSI and the Subsidiaries, including FNBP, as an accrued Tax liability determined in a manner which is consistent with past practices and the Latest Balance Sheets, without taking into account the Merger. In the five years prior to the date of this Agreement, no Tax returns of FSI or any Subsidiary have been audited by any governmental authority other than as disclosed on Schedule 3.14; and, except as set forth on Schedule 3.14, there are no unresolved questions, claims or disputes asserted by any relevant taxing authority concerning the liability for Taxes of FSI or any Subsidiary, including FNBP. Neither FSI nor FNBP, nor any other Subsidiary has made an election under Section 341(f) of the Code for any taxable years not yet closed for statute of limitations purposes. In the five years prior to the date of this Agreement, no demand or claim has been made against FSI, FNBP or any other Subsidiary with respect to any Taxes arising out of membership or participation in any consolidated, affiliated, combined or unitary group of which FSI, FNBP or any other Subsidiary was at any time a member. The tax identification number for FSI and each Subsidiary are set forth on Schedule 3.14. For purposes of this Agreement, the term “Tax” shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property or windfall profits tax, environmental tax, customs duty, capital stock, deposits, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, workers' compensation, employment-related insurance, real property, personal property, sales, use, transfer, value added, alternative or add-on minimum or other tax, fee, assessment or charge of any kind whatsoever, including any interest, penalties or additions to, or additional amounts in respect of the foregoing, for each of FSI, FNBP, any other Subsidiary and all members of any consolidated, affiliated, combined or unitary group of which FSI, FNBP or any other Subsidiary is a member.

3.15 Contracts and Commitments.

(a) Except as set forth on Schedule 3.15, neither FSI, FNBP nor any other Subsidiary (i) is a party to any collective bargaining agreement or contract with any labor union, (ii) is a party to any

written or oral contract relating to any consulting services or to severance pay for any person, (iii) is a party to any written or oral agreement or understanding to repurchase assets previously sold (or to indemnify or otherwise compensate the purchaser in respect of such assets), except for securities sold under a repurchase agreement providing for a repurchase date 30 days or less after the purchase date, (iv) is a party to any (A) contract or group of related contracts with the same party for the purchase or sale of products or services, under which the undelivered balance of such products and services has a purchase price in excess of $25,000 for any individual contract or $100,000 for any group of related contracts in the aggregate, (B) other contract or group of related contracts with the same party continuing over a period of more than six months from the date or dates thereof, which is not entered into in the ordinary course of business and is either not terminable by it on 30 days' or less notice without penalty or involves more than $25,000 for any individual contract or $100,000 in the aggregate for any group of related contracts, (C) contract, agreement, arrangement or understanding that restricts its ability to engage in any and all activities permissible under applicable laws and regulations, or (D) other agreement material to the business of FSI and the Subsidiaries, taken as a whole, which is not entered into in the ordinary course of business, or (v) has any commitments for capital expenditures in excess of $25,000.

(b) Except as disclosed on Schedule 3.15, (i) since the date of the Latest Balance Sheets, no customer has indicated that it will stop or decrease the rate of business done with FSI, FNBP or any other Subsidiary (except for changes in the ordinary course of such business) where the loss of such customer or the decrease in business would, individually or in the aggregate, have a material adverse effect on the business, operations or financial condition of FSI and the Subsidiaries, taken as a whole; (ii) each of FSI, FNBP and the other Subsidiaries has performed all obligations required to be performed by it prior to the date hereof in connection with the contracts or commitments set forth on Schedule 3.15, and neither FSI nor any Subsidiary is in receipt of any claim of default under any contract or commitment set forth on Schedule 3.15, except for any failures to perform, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on the business, operations or financial condition of FSI and the Subsidiaries, taken as a whole; (iii) neither FSI, FNBP nor any other Subsidiary has any present expectation or intention of not fully performing any material obligation pursuant to any contract or commitment set forth on Schedule 3.15; and (iv) to the best knowledge of FSI, there has been no cancellation, breach or anticipated breach by any other party to any contract or commitment set forth on Schedule 3.15, except for any cancellation, breach or anticipated breach which would not, individually or in the aggregate, have a material adverse effect on the business, operations or financial condition of FSI and the Subsidiaries, taken as a whole.

3.16 Litigation. Except as set forth on Schedule 3.16, there are no actions, suits, proceedings, orders or investigations pending or, to the best knowledge of FSI, threatened against FSI, FNBP or any other Subsidiary, at law or in equity, or before or by any federal, state or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. None of the matters set forth on Schedule 3.16, individually or in the aggregate, will have or could reasonably be expected to have a material adverse effect on the business, operations or financial condition of FSI, FNBP and the Subsidiaries.

3.17 No Brokers or Finders. Except as provided in the letter agreement effective between FSI and Hovde Financial, Inc. (“Hovde”), there are no claims for brokerage commissions, finders' fees, investment advisory fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement, understanding, commitment or agreement made by or on behalf of FSI or any Subsidiary.

3.18 Employees.

(a) Schedule 3.18(a) lists each employee of FSI or any Subsidiary as of the date of this Agreement, states the total number of employees and indicates for each such employee, and in the aggregate, full-time, part-time and temporary status.

(b) Schedule 3.18(b) lists each salaried employee of FSI, FNBP and any other Subsidiary as of the date of this Agreement and shows for each such employee annual salary, any other compensation payable (including compensation payable pursuant to bonus, incentive, deferred compensation or commission arrangements), date of employment and position. To FSI's knowledge, and except as set forth in Schedule 3.18(b), no executive employee of FSI, FNBP or any other Subsidiary and no group of employees of FSI or any Subsidiary has any plans to terminate his, her or their employment. Each of FSI, FNBP and the other Subsidiaries has complied at all times in all material respects with all applicable laws relating to employment and employment practices and those relating to the calculation and payment of wages (including overtime pay, maximum hours of work and child labor restrictions), equal employment opportunity (including laws prohibiting discrimination and/or harassment or requiring accommodation on the basis of race, color, national origin, religion, gender, disability, age, sexual orientation or otherwise), affirmative action and other hiring practices, occupational safety and health, workers compensation, unemployment, the payment of social security and other Taxes, and unfair labor practices under the National Labor Relations Act or applicable state law. Neither FSI nor any Subsidiary has any labor relations problem pending or, to the knowledge of FSI, threatened and its labor relations are satisfactory. There are no workers' compensation claims pending against FSI, FNBP or any other Subsidiary or, to the knowledge of FSI, any facts that would give rise to such a claim. No employee of FSI, FNBP or any other Subsidiary is subject to any secrecy or noncompetition agreement or any other agreement or restriction of any kind that would impede in any way the ability of such employee to carry out fully all activities of such employee in furtherance of the business of FSI.

(c) Schedule 3.18(c) lists each employee of the FSI or any Subsidiary as of the date of this Agreement who holds a temporary work authorization, including H-1B, L-1, F-1 or J-1 visas or work authorizations (the “Work Permits”), and shows for each such employee the type of Work Permit and the length of time remaining on such Work Permit. With respect to each Work Permit, all of the information that FSI or any Subsidiary provided to the Department of Labor and the Immigration and Naturalization Service or the Department of Homeland Security (collectively, the “Department”) in the application for such Work Permit was true and complete. FSI or a Subsidiary received the appropriate notice of approval from the Department with respect to each such Work Permit. Neither FSI nor any Subsidiary has received any notice from the Department that any Work Permit has been revoked. There is no action pending or, to the knowledge of FSI, threatened to revoke or adversely modify the terms of any of the Work Permit. Except as set forth in Schedule 3.18(c), no employee of FSI or any Subsidiary is (a) a non-immigrant employee whose status would terminate or otherwise be affected by the transactions contemplated by this Agreement, or (b) an alien who is authorized to work in the United States in non-immigrant status. For each employee of the FSI or any Subsidiary hired after November 6, 1986, FSI or such Subsidiary has retained an Immigration and Naturalization Service Form I-9, completed in accordance with applicable Law.

(d) To FSI's knowledge, the employment of any terminated former employee of FSI or any Subsidiary has been terminated in accordance with any applicable contract terms and applicable law, and neither FSI nor any Subsidiary has any liability under any contract or applicable law toward any such terminated employee. Except as set forth in Schedule 3.18(d), the transactions contemplated by this Agreement will not cause FSI or any Subsidiary to incur or suffer any liability relating to, or obligation to pay, severance, termination or other payment to any Person.

(e) Within the last five years, neither FSI, FNBP nor any other Subsidiary has experienced and, to the knowledge of FSI, there has not been threatened, any strike, work stoppage, slowdown, lockout, picketing, leafleting, boycott, other labor dispute, union organization attempt, demand for recognition from a labor organization or petition for representation under the National Labor Relations Act or applicable state law. No grievance, demand for arbitration or arbitration proceeding arising out of or under any collective bargaining agreement is pending or, to the knowledge of FSI, threatened. No Litigation is pending or, to the knowledge of FSI, threatened respecting or involving any applicant for employment, any current employee or any former employee, or any class of the foregoing, including:

(i) the Equal Employment Opportunity Commission or any other corresponding state or local fair employment practices agency relating to any claim or charge of discrimination or harassment in employment;

(ii) the United States Department of Labor or any other corresponding state or local agency relating to any claim or charge concerning hours of work, wages or employment practices;

(iii) the Occupational Safety and Health Administration or any other corresponding state or local agency relating to any claim or charge concerning employee safety or health;

(iv) the Office of Federal Contract Compliance or any corresponding state agency; and

(v) the National Labor Relations Board or any corresponding state agency, whether relating to any unfair labor practice or any question concerning representation,

and there is no reasonable basis for any such Litigation. No employee of FSI, FNBP or any other Subsidiary is covered by any collective bargaining agreement, and no collective bargaining agreement is being negotiated.
(f) Each of FSI, FNBP and the other Subsidiaries has paid in full to all employees all wages, salaries, bonuses and commissions due and payable to such employees and has fully reserved in its books of account all amounts for wages, salaries, bonuses and commissions due but not yet payable to such employees.

(g) There has been no lay-off of employees or work reduction program undertaken by or on behalf of FSI, FNBP or any other Subsidiary in the past two years, and no such program has been adopted by FSI, FNBP or any other Subsidiary or publicly announced

3.19 Employee Benefit Plans.

(a) Definitions. For the purpose of this Section 3.19, “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the term “plan” means every plan, fund, contract, program and arrangement (whether written or not) which is maintained or contributed to by FSI, FNBP or any other Subsidiary for the benefit of present or former employees, including but not limited to those intended to provide: (a) medical, surgical, health care, hospitalization, dental, vision, workers' compensation, life insurance, death, disability, legal services, severance, sickness or accident benefits

(whether or not defined in Section 3(1) of ERISA), (b) pension, profit sharing, stock bonus, retirement, supplemental retirement or deferred compensation benefits (whether or not tax qualified and whether or not defined in Section 3(2) of ERISA), (c) bonus, incentive compensation, stock option, stock appreciation right, phantom stock or stock purchase benefits, or (d) salary continuation, unemployment, supplemental unemployment, termination pay, vacation or holiday benefits (whether or not defined in Section 3(3) of ERISA).

The term “plan” shall also include every such plan, fund, contract, program and arrangement: (a) which FSI, FNBP or any other Subsidiary has committed to implement, establish, adopt or contribute to in the future, (b) for which FSI, FNBP or any other Subsidiary is or may be financially liable as a result of the direct sponsor's affiliation to FSI, FNBP or any other Subsidiary or its owners (whether or not such affiliation exists at the date of this Agreement and notwithstanding that the plan is not maintained by FSI, FNBP or any other Subsidiary for the benefit of its employees or former employees), (c) which is in the process of terminating (but such term does not include any arrangement that has been terminated and completely wound up prior to the date of this Agreement such that FSI, FNBP or any other Subsidiary has no present or potential liability with respect to such arrangement), or (d) for or with respect to which FSI, FNBP or any other Subsidiary is or may become liable under any common law successor doctrine, express successor liability provisions of law, provisions of a collective bargaining agreement, labor or employment law or agreement with a predecessor employer.

(b) Disclosure of plans and other information. Schedule 3.19 sets forth all plans by name and brief description identifying: (i) the type of plan, (ii) the funding arrangements for the plan, (iii) the sponsorship of the plan, and (iv) the participating employers in the plan.

Each plan identified on Schedule 3.19 is further identified by reference to one or more of the following characteristics as may apply to such plan: (i) defined contribution plan as defined in Section 3(34) of ERISA or Section 414(i) of the Code; (ii) defined benefit plan as defined in Section 3(35) of ERISA or Section 414(j) of the Code; (iii) plan which is or is intended to be tax qualified under Section 401(a) or 403(a) of the Code; (iv) plan which is or is intended to be an employee stock ownership plan as defined in Section 4975(e)(7) of the Code (and whether or not such plan has entered into an exempt loan); (v) nonqualified deferred compensation arrangement; (vi) employee welfare benefit plan as defined in Section 3(1) of ERISA; (vii) multiemployer plan as defined in Section 3(37) of ERISA or Section 414(f) of the Code; (viii) plan maintained by more than one employer as defined in Section 413(c) of the Code (a “multiple employer plan”); (ix) plan providing benefits after separation from service or termination of employment; (x) plan which owns any Subsidiary or other employer securities as an investment; (xi) plan which provides benefits (or provides increased benefits or vesting) as a result of a change in control of FSI, FNBP or any other Subsidiary; (xii) plan which is maintained pursuant to collective bargaining; and (xiii) a plan funded, in whole or in part, through a voluntary employees' beneficiary association exempt from tax under Section 501(c)(9) of the Code.

Schedule 3.19 sets forth the identity of each corporation, trade or business (separately for each category below that applies): (i) which is (or was during the preceding five years) under common control with FSI, FNBP or any other Subsidiary within the meaning of Section 414(b) or (c) of the Code; (ii) which is (or was during the preceding five years) in an affiliated service group with FSI, FNBP or any other Subsidiary within the meaning of Section 414(m) of the Code; (iii) which is (or was during the preceding five years) the legal employer of persons providing services to FSI, FNBP or any other Subsidiary as leased employees within the meaning of Section 414(n) of the Code; and (iv) with respect to which FSI, FNBP or any other Subsidiary is a successor employer for purposes of group health or other welfare plan continuation rights (including Section 601 et. seq. of ERISA) or the Family and Medical

Leave Act.

To the extent that they exist, FSI has furnished Heartland with true and complete copies of: (i) the most recent determination letter, if any, received by FSI, FNBP or any other Subsidiary from the Internal Revenue Service regarding each plan; (ii) the most recent determination or opinion letter ruling, if any, from the Internal Revenue Service that each trust established in connection with plans which are intended to be tax exempt under Section 501(a) or (c) of the Code are so tax exempt; (iii) all pending applications, if any, for rulings, determinations, opinions, no-action letters and the like filed with any governmental agency (including but not limited to the Department of Labor, Internal Revenue Service, Pension Benefit Guaranty Corporation and the Securities and Exchange Commission); (iv) the financial statements for each plan for the three most recent fiscal or plan years (in audited form if required by ERISA) and, where applicable, Annual Report/Return (Form 5500) with schedules, if any, and attachments for each plan; (v) the most recently prepared actuarial valuation report for each plan (including but not limited to reports prepared for funding, deduction and financial accounting purposes); (vi) plan documents, trust agreements, insurance contracts, service agreements and all related contracts and documents (including any employee summaries and material employee communications) with respect to each plan, if any; and (vii) collective bargaining agreements (including side agreements and letter agreements) relating to the establishment, maintenance, funding and operation of any plan, if any.

Schedule 3.19 identifies each employee of FSI, FNBP or any other Subsidiary who is: (i) absent from active employment due to short or long term disability; (ii) absent from active employment on a leave pursuant to the Family and Medical Leave Act or a comparable state law; (iii) absent from active employment on any other leave or approved absence; (iv) absent from active employment due to military service (under conditions that give the employee rights to re-employment); or (v) not an “at will” employee.

With respect to continuation rights arising under federal or state law as applied to plans that are group health plans (as defined in Section 601 et. seq. of ERISA), Schedule 3.19 identifies: (i) each employee, former employee or qualifying beneficiary who has elected continuation; and (ii) each employee, former employee or qualifying beneficiary who has not elected continuation coverage but is still within the period in which such election may be made.

(c) Compliance with law. Except as disclosed on Schedule 3.19:

(i) all plans intended to be tax qualified under Section 401(a) or Section 403(a) of the Code have received a determination letter stating that they are so qualified;

(ii) all trusts established in connection with plans which are intended to be tax exempt under Section 501(a) or (c) of the Code have received a determination letter stating that they are so tax exempt;

(iii) to the extent required either as a matter of law or to obtain the intended tax treatment and tax benefits, all plans comply in all material respects with the requirements of ERISA and the Code;

(iv) all plans have been administered materially in accordance with the documents and instruments governing the plans;

(v) all reports and filings with governmental agencies (including but not limited to the Department of Labor, Internal Revenue Service, Pension Benefit Guaranty

Corporation and the Securities and Exchange Commission) required in connection with each plan have been timely made;

(vi) all disclosures and notices required by law or plan provisions to be given to participants and beneficiaries in connection with each plan have been properly and timely made in all material respects;

(vii) no plan, separately or in the aggregate, requires or would result in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code, and the consummation of the transactions contemplated by this Agreement will not be a factor in causing payments to be made by Heartland or FSI or any Subsidiary that are not deductible (in whole or in part) under Section 280G of the Code; and

(viii)each of FSI and the Subsidiaries, including FNBP, has made a good faith effort to comply with the reporting and taxation requirements for FICA taxes with respect to any deferred compensation arrangements under Section 3121(v) of the Code.

(d) Funding. Except as disclosed on Schedule 3.19:

(i) all contributions, premium payments and other payments required to be made in connection with the plans as of the date of this Agreement have been made;

(ii) proper accrual has been made on the books of each of FSI and the Subsidiaries for all contributions, premium payments and other payments due in the current fiscal year but not made as of the date of this Agreement;

(iii) no contribution, premium payment or other payment has been made in support of any plan that is in excess of the allowable deduction for federal income tax purposes for the year with respect to which the contribution was made (whether under Section 162, Section 280G, Section 404, Section 419, Section 419A of the Code or otherwise); and

(iv) there is no plan that is subject to Section 301 et. seq. of ERISA or Section 412 of the Code.

(e) Absence of certain claims. Except as disclosed on Schedule 3.19:

(i) no action, suit, charge, complaint, proceeding, hearing, investigation or claim is pending with regard to any plan other than routine uncontested claims for benefits;

(ii) the consummation of the transactions contemplated by this Agreement will not cause any plan to increase benefits payable to any participant or beneficiary;

(iii) the consummation of the transactions contemplated by this Agreement will not: (A) entitle any current or former employee of FSI, FNBP or any other Subsidiary to severance pay, unemployment compensation or any other payment, benefit or award, or (B) accelerate or modify the time of payment or vesting, or increase the amount of any benefit, award or compensation due any such employee;

(iv) FSI has not been notified that any plan is currently under examination or audit by the Department of Labor, the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the Securities and Exchange Commission;

(v) to FSI's knowledge, neither FSI, FNBP nor any other Subsidiary has any actual or potential liability arising under Title IV of ERISA as a result of any plan that has terminated or is in the process of terminating;

(vi) to FSI's knowledge, neither FSI, FNBP nor any other Subsidiary has any actual or potential liability under Section 4201 et. seq. of ERISA for either a complete withdrawal or a partial withdrawal from a multiemployer plan; and

(vii) with respect to the plans, to FSI's knowledge neither FSI, FNBP nor any other Subsidiary has any liability (either directly or as a result of indemnification) for (and the transaction contemplated by this Agreement will not cause any liability for): (A) any excise taxes under Section 4971 through Section 4980B, Section 4999, Section 5000 or any other section of the Code, or (B) any penalty under Section 502(i), Section 502(l), Part 6 of Title I or any other provision of ERISA, or (C) any excise taxes, penalties, damages or equitable relief as a result of any prohibited transaction, breach of fiduciary duty or other violation under ERISA or any other applicable law.

(f) Post-separation benefits. Except as disclosed on Schedule 3.19:

(i) all accruals required under FAS 106 and FAS 112 have been properly accrued on the financial statements of each of FSI, FNBP and any other Subsidiary;

(ii) no condition, agreement or plan provision limits the right of FSI or any Subsidiary to amend, cut back or terminate any plan (except to the extent such limitation arises under ERISA or the Code); and

(iii) neither FSI, FNBP nor any other Subsidiary has any liability for life insurance, death or medical benefits after separation from employment other than: (A) death benefits under the plans identified on Schedule 3.19, or (B) health care continuation benefits described in Section 4980B of the Code.

(g) Termination of plans. Heartland reserves the right to request in writing that FSI and any subsidiary cease contributions to and/or terminate one or more of the plans immediately prior to the Closing. Any such cessation and/or termination may only be undertaken (i) in accordance with the governing documents and contracts for the plans (including through plan amendment), (ii) if such cessation and/or termination is in conformance with all applicable laws and (iii) if at no cost to FSI or any subsidiary.

3.20 Insurance. Schedule 3.20 hereto lists each insurance policy maintained by FSI, FNBP or any other Subsidiary with respect to its properties and assets. Prior to the date hereof, FSI has delivered to Heartland complete and accurate copies of each of the insurance policies described on Schedule 3.20. All such insurance policies are in full force and effect, and neither FSI nor any Subsidiary is in default with respect to its obligations under any of such insurance policies.

3.21 Affiliate Transactions. Except as set forth on Schedule 3.21, neither FSI, FNBP nor any

other Subsidiary, nor any of their respective executive officers or directors, or any member of the immediate family of any such executive officer or director (which for the purposes hereof shall mean a spouse, minor child or adult child living at the home of any such executive officer or director), or any entity which any of such persons "controls" (within the meaning of Regulation O of the FRB), has any loan agreement, note or borrowing arrangement or any other agreement with FSI, FNBP or any other Subsidiary (other than normal employment arrangements or deposit account relationships) or any interest in any property, real, personal or mixed, tangible or intangible, used in or pertaining to the business of FSI, FNBP or any other Subsidiary.

3.22 Compliance with Laws; Permits. Each of FSI, FNBP and the other Subsidiaries has complied in all respects with all applicable laws and regulations of foreign, federal, state and local governments and all agencies thereof which affect the business or any owned or leased properties of FSI, FNBP or any other Subsidiary and to which FSI, FNBP or any other Subsidiary may be subject (including, without limitation, the Occupational Safety and Health Act of 1970, the Home Owners Loan Act, the Bank Holding Company Act, the Federal Deposit Insurance Act, as amended (the "FDIA"), the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act of 1975, the Fair Housing Act, the Equal Credit Opportunity Act and the Federal Reserve Act, each as amended, and any other state or federal acts (including rules and regulations thereunder) regulating or otherwise affecting employee health and safety or the environment), except where the failure to so comply would not, individually or in the aggregate, have a material adverse effect on the business, operations or financial condition of FSI and the Subsidiaries, taken as a whole, or FSI's ability to consummate the transactions contemplated hereby; and no claims have been filed by any such governments or agencies against FSI, FNBP or any other Subsidiary y alleging such a violation of any such law or regulation which have not been resolved to the satisfaction of such governments or agencies. Each of FSI, FNBP and the other Subsidiaries holds all of the permits, licenses, certificates and other authorizations of foreign, federal, state and local governmental agencies required for the conduct of its business, except where failure to obtain such authorizations would not, individually or in the aggregate, have a material adverse effect on the business, operations or financial condition of FSI, FNBP and the other Subsidiaries, taken as whole, or the ability of FSI to consummate the transactions contemplated hereby. Neither FSI, FNBP nor any other Subsidiary is subject to any cease and desist order, written agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any extraordinary supervisory agreement letter from, or has adopted any board resolutions at the request of, federal or state governmental authorities charged with the supervision or regulation of banks or bank holding companies or engaged in the insurance of bank deposits (collectively, the "Bank Regulators"), nor have any of FSI, FNBP or any other Subsidiaries been advised by any Bank Regulator that it is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, directive, written agreement, memorandum of understanding, extraordinary supervisory letter, commitment letter, board resolutions or similar undertaking.

3.23 Administration of Fiduciary Accounts. FNBP has properly administered all accounts for which it acts as a fiduciary, including but not limited to accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in all material respects in accordance with the terms of the governing documents and applicable state and federal law and regulation and common law. None of FSI, FNBP, the other Subsidiaries or any of their respective officers or directors has committed any breach of trust with respect to any such fiduciary account which is material to or could reasonably be expected to be material to the business, operations or financial condition of FSI, FNBP or the other Subsidiaries 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.

3.24 Disclosure. The representations and warranties of FSI contained in this Agreement do not omit any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. There is no fact known to FSI which has not been disclosed to Heartland pursuant to this Agreement and the Schedules hereto which would have or would reasonably be expected to have a material adverse effect on the business, operations or financial condition of FSI, FNBP and the other Subsidiaries or the ability of FSI to consummate the transactions contemplated hereby.

3.25 Regulatory Approvals. As of the date hereof, FSI is not aware of any fact that would likely result in the regulatory approvals specified in Section 5.1 not being obtained.

3.26 Interest Rate Risk Management Instruments.

(a) Schedule 3.26 sets forth a true, correct and complete list of all interest rate swaps, caps, floors and option agreements and other interest rate risk management arrangements to which FSI or FNBP is a party or by which any of their properties or assets may be bound. FSI has delivered to Heartland true, correct and complete copies of all such interest rate risk management agreements and arrangements.
(b) All interest rate swaps, caps, floors and option agreements and other interest rate risk management arrangements to which FSI or FNBP is a party or by which any of their properties or assets may be bound were entered into in the ordinary course of business and, to the knowledge of FSI, in accordance with prudent banking practice and applicable rules, regulations and policies of Bank Regulators and with counterparties believed to be financially responsible at the time and are legal, valid and binding obligations enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies), and are in full force and effect. Each of FSI, FNBP and the other Subsidiaries has duly performed in all material respects all of its obligations thereunder to the extent that such obligations to perform have accrued; and to the knowledge of FSI, there are no breaches, violations or defaults or allegations or assertions of such by any party thereunder.

3.27 Disclosures in Schedules. Any matter disclosed in any Schedule to this Agreement shall be deemed to have been disclosed in all Schedules to this Agreement.

3.28 Fairness Opinion. The Board of Directors of FSI has received the opinion of Hovde, financial advisor to the Board of Directors of FSI, dated July 31, 2012 to the effect that the Merger Consideration is fair to the shareholders of FSI from a financial point of view, and such opinion is in a form and substance reasonably satisfactory to the Board of Directors.

ARTICLE 4
CONDUCT OF BUSINESS PENDING THE MERGER

4.1 Conduct of Business. From the date of this Agreement to the Effective Time, unless Heartland shall otherwise agree in writing or as otherwise expressly contemplated or permitted by other provisions of this Agreement, including this Section 4.1:

(a) the business of FSI, FNBP and the other Subsidiaries shall be conducted only in, and neither FSI, FNBP nor any other Subsidiary shall take any action except in, the ordinary course and in accordance, in all material respects, with all applicable laws, rules and regulations and past practices;

(b) neither FSI, FNBP nor any other Subsidiary shall, directly or indirectly,

(i) amend or propose to amend its Charter or Bylaws;

(ii) issue or sell any of its equity securities, securities convertible into or exchangeable for its equity securities, warrants, options or other rights to acquire its equity securities, or any bonds or other securities, except deposit and other bank obligations in the ordinary course of business;

(iii) redeem, purchase, acquire or offer to acquire, directly or indirectly, any shares of capital stock of or any other ownership interest in FSI or any Subsidiary;

(iv) split, combine or reclassify any outstanding shares of capital stock of FSI or any Subsidiary, or declare, set aside or pay any dividend or other distribution payable in cash, property or otherwise with respect to shares of capital stock of FSI, except that FNBP shall be permitted to pay dividends on the shares of common stock of FNBP owned by FSI;

(v) borrow any amount or incur or become subject to any material liability, except liabilities incurred in the ordinary course of business, but in no event will FSI, FNBP or any other Subsidiary enter into any long-term borrowings with a term of greater than one year;

(vi) discharge or satisfy any material lien or encumbrance on the properties or assets of FSI, FNBP or any other Subsidiary or pay any material liability, except otherwise in the ordinary course of business;

(vii) sell, assign, transfer, mortgage, pledge or subject to any lien or other encumbrance any of its assets, except (A) in the ordinary course of business; provided, that any such sale, assignment or transfer of any real property shall not be considered in the ordinary course of business, (B) liens and encumbrances for current property taxes not yet due and payable and (C) liens and encumbrances which do not materially affect the value of, or interfere with the past or future use or ability to convey, the property subject thereto or affected thereby;

(viii) cancel any material debt or claims or waive any rights of material value, except in the ordinary course of business;

(ix) acquire (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) any corporation, partnership, joint venture or other business organization or division or material assets thereof, or assets or deposits that are material to FSI, except in exchange for debt previously contracted, including OREO;

(x) other than as set forth on Schedule3.11, make any single or group of related capital expenditures or commitments therefor in excess of $25,000 or enter into any lease or group of related leases with the same party which involves aggregate lease payments payable of more than $50,000 for any individual lease or involves more than $100,000 for any group of related leases in the aggregate; or

(xi) enter into or propose to enter into, or modify or propose to modify, any agreement, arrangement or understanding with respect to any of the matters set forth in this Section 4.1(b);

(c) neither FSI, FNBP or any other Subsidiary shall, directly or indirectly, enter into or modify any employment, severance or similar agreements or arrangements with, or grant any bonuses, wage, salary or compensation increases, or severance or termination pay to, or promote, any director, officer, employee, group of employees or consultant or hire any employee, except in the ordinary course of business consistent with past practice as disclosed on Schedule 3.19;

(d) neither FSI, FNBP nor any other Subsidiary shall adopt or amend any bonus, profit sharing, stock option, pension, retirement, deferred compensation, or other employee benefit plan, trust, fund, contract or arrangement for the benefit or welfare of any employees, except as and to the extent required by law or as disclosed on Schedule 3.19;

(e) each of FSI, FNBP and the other Subsidiaries shall not allow its current insurance policies to be canceled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies providing coverage substantially equal to the coverage under the canceled, terminated or lapsed policies are in full force and effect;

(f) neither FSI, FNBP nor any other Subsidiary shall enter into any settlement or similar agreement with respect to, or take any other significant action with respect to the conduct of, any action, suit, proceeding, order or investigation which is set forth on Schedule 3.16 or to which FSI, FNBP or any other Subsidiary becomes a party after the date of this Agreement, without prior consultation with Heartland;

(g) each of FSI, FNBP and the other Subsidiaries shall preserve intact in all material respects the business organization and the goodwill of each of FSI, FNBP and the other Subsidiaries and keep available the services of its officers and employees as a group and preserve intact material agreements and credit facilities, and FSI shall confer on a regular and frequent basis with representatives of Heartland, as reasonably requested by Heartland, to report on operational matters and the general status of ongoing operations;

(h) neither FSI, FNBP nor any other Subsidiary shall take any action with respect to investment securities held or controlled by any of them inconsistent with past practices, alter its investment portfolio duration policy as heretofore in effect or, without prior consultation with Heartland, take any action that would have or could reasonably be expected to have a material effect on FNBP's asset/liability position;

(i) FNBP shall not make any agreements or commitments binding it to extend credit except in a manner consistent with past practice and in accordance with FNBP's lending policies as disclosed to Heartland, and FNBP shall not make any agreements or commitments binding it to extend credit in an amount in excess of $350,000, or sell, assign or otherwise transfer any participation in any loan, in each case without prior consultation (as defined below) with Heartland;

(j) with respect to properties leased by FSI, FNBP or any other Subsidiary, neither FSI, FNBP nor any other Subsidiary shall renew, exercise an option to extend, cancel or surrender any lease of real property nor allow any such lease to lapse, without the consent of Heartland, which consent shall not be unreasonably withheld;

(k) neither FSI, FNBP nor any other Subsidiary shall make any change in its accounting methods or practices, other than changes required by law or regulation made in accordance with GAAP or regulatory accounting principles generally applicable to depository institutions such as FNBP, as the case may be; and

(l) neither FSI, FNBP nor any other Subsidiary shall agree to do any of the foregoing.

For purposes of this Agreement, the words “prior consultation” with respect to any action means advance notice of such proposed action and a reasonable opportunity to discuss such action in good faith prior to taking such action.

ARTICLE 5
ADDITIONAL COVENANTS AND AGREEMENTS

5.1 Filings and Approvals. Heartland and FSI will use all reasonable efforts and will cooperate with the other in the preparation and filing of, and Heartland will file, as soon as practicable after the date of this Agreement, all applications or other documents required to obtain regulatory approvals and consents from (i) the FRB of the Merger under Bank Holding Company Act and the WDFI of the Merger, (ii) the FDIC of the Bank Merger under the Bank Merger Act and the WDFI of the Bank Merger under the WBL, and (iii) any other applicable regulatory authorities, and provide copies of the non-confidential portions of such applications, filings and related correspondence to the other party. Prior to filing each application, registration statement or other document with the applicable regulatory authority, each party will provide the other party with an opportunity to review and comment on the non-confidential portions of each such application, registration statement or other document and will discuss with the other party which portions of this Agreement shall be designated as confidential portions of such applications. Each party will use all reasonable efforts and will cooperate with the other party in taking any other actions necessary to obtain such regulatory or other approvals and consents, including participating in any required hearings or proceedings. Subject to the terms and conditions herein provided, each party will use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement.

5.2 Certain Loans and Related Matters. FSI will furnish to Heartland a complete and accurate list as of the end of each calendar month after July 2012, within 15 Business Days after the end of each such calendar month, of (a) all of FNBP's periodic internal credit quality reports prepared during such calendar month (which reports will be prepared in a manner consistent with past practices), (b) all loans of FNBP classified as non-accrual, as restructured, as 90 days past due, as still accruing and doubtful of collection or any comparable classification, (c) all OREO, including in-substance foreclosures and real estate in judgment, (d) all new loans where the principal amount advanced exceeds $100,000; (e) any current repurchase obligations of FNBP with respect to any loans, loan participations or state or municipal obligations or revenue bonds and (f) any standby letters of credit issued by FNBP.

5.3 Monthly Financial Statements and Pay Listings. FSI shall furnish Heartland with FSI's and each Subsidiary's (including FNBP's) balance sheets as of the end of each calendar month after July 2012 and the related statements of income, within 15 days after the end of each such calendar month. Such financial statements shall be prepared on a basis consistent with the Latest Balance Sheet and the Related Statements and on a consistent basis during the periods involved and shall fairly present the financial positions of FSI and each of the Subsidiaries, respectively, as of the dates thereof and the results

of operations of FSI and each of the Subsidiaries, respectively, for the periods then ended. FSI shall make available to Heartland with FSI's and each Subsidiary's payroll listings as of the end of each pay period after July 2012, within one week after the end of such pay period.

5.4 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses. Heartland and FSI agree that the Final Balance Sheet and Final Retained Earnings shall be adjusted to the extent necessary appropriately to effect the agreements set forth in this Section 5.4.

5.5 Consents and Authorizations. FSI will obtain (at no cost or burden to Heartland), within 60 days after the date of this Agreement, all third party consents necessary or reasonably desirable for the consummation of the transactions contemplated by this Agreement or that could, if not obtained, adversely affect the conduct of the business of FSI or any Subsidiary as it is conducted or proposed to be conducted (the “Required Consents”), including those listed on Schedule 5.5. FSI will keep Heartland reasonably advised of the status of obtaining the Required Consents.

5.6 Title Insurance and Surveys.

(a) In preparation for the Closing, as soon as reasonably possible and in no event later than September 30, 2012, FSI will furnish to Heartland, at FSI's expense, with respect to each parcel of Owned Real Property a title commitment with respect to a title policy conforming to the following standards: (i) the title policy will be an ALTA Form 2006 Owner's Policy of Title Insurance issued by First American Title Insurance Company, in such amount as Heartland may reasonably determine to be the fair market value of the Owned Real Property, insuring marketable fee title in Heartland as of the Closing, subject only to Permitted Encumbrances; (ii) each title policy will (A) insure title to (by including on Schedule A to such policy) all recorded easements or restrictions benefiting such Owned Real Property, if any, (B) contain an “extended coverage endorsement” insuring over the so-called standard exceptions, (C) contain an ALTA 3.1 zoning endorsement (or equivalent), (D) contain an endorsement insuring access to adjacent public street(s), (E) contain a “contiguity” endorsement if the real property consists of more than one record parcel, (F) contain a “non-imputation” endorsement to the effect that title defects known to the officers, directors or shareholders of Heartland prior to the Closing will not be deemed “facts known to the insured” for purposes of the policy, (G) contain an endorsement that the real property complies with all applicable subdivision Laws and (H) contain such other reasonable endorsements as Heartland may identify prior to Closing. Each commitment will include the title insurer's requirements for issuing its title policy, which requirements shall be met by FSI on or before the Closing Date (including those requirements that must be met by releasing or satisfying monetary liens of ascertainable amount created by, through or under FSI or FNBP (excluding assessments for public improvements levied, pending or deferred against any of the Owned Real Property that are not due at or before the Effective Time), and excluding Encumbrances that FSI is not required by this Agreement to remove at or prior to Closing and those requirements that are to be met solely by Heartland).

(b) With respect to each parcel of Real Property as to which a title insurance policy is to be procured pursuant to this Section 5.6, FSI will furnish to Heartland a current survey of the Real Property certified to Heartland, the title insurer and Heartland's lender, if any, prepared by a licensed surveyor in the state in which such parcel is located and conforming to current ALTA/ACSM Minimum Detail Requirements for Land Title Surveys, disclosing the location of all improvements, easements, party walls, encroachments, sidewalks, roadways, utility lines, set back lines and other matters shown customarily on such surveys, and showing access affirmatively to public streets and roads.

(c) If (i) any title commitment or other evidence of title or search of the appropriate real estate records discloses that any party other than FSI or FNBP has title to any of the Owned Real Property; (ii) any title exception is disclosed in Schedule B to any title commitment that is not one of the Permitted Encumbrances or not one that FSI specifies when delivering the title commitment to Heartland that FSI will cause to be deleted from the title commitment concurrently with the Closing, including (A) any exceptions that pertain to Encumbrances securing any loans that do not constitute an Assumed Liability and (B) any exceptions that Heartland reasonably believes could materially and adversely affect Heartland's use and enjoyment of the Real Property described therein; or (iii) any survey discloses any matter that Heartland reasonably believes could materially and adversely affect Heartland's use and enjoyment of the Real Property described therein (a "Title Objection"), Heartland will notify FSI in writing ("Heartland Notice") of such matters within ten Business Days after receiving all of the title commitments or title evidence and surveys for the Real Property covered thereby. FSI will use its best efforts to cure each Title Objection within twenty (20) Business Days or to provide for positive insurance against such items by the title company. Any Title Objection that the title company is willing to insure over on terms acceptable to FSI and Heartland is referred to as an "Insured Exception." The Insured Exceptions, together with any title exception or matters disclosed by the survey not objected to by Heartland in the manner aforesaid, will be deemed to be acceptable to Heartland.

(d) Notwithstanding anything else in this agreement to the contrary, the expenses incurred by FSI or FNBP pursuant to this Section 5.6, including, without limitation, the cost of any surveys, binders or insurance premiums, shall not be considered expenses or liabilities of FSI for purposes of computing the Net Tangible Shareholders' Equity, the Transaction Costs, or for any other purposes of computing the Merger Consideration pursuant to Section 1.2, and to the extent deducted from the Adjusted Tangible Assets in accordance with GAAP at the Determination Date shall, for purposes of such calculation, be added back to Adjusted Tangible Assets.

5.7 No Negotiations, etc.

(a) For purposes of this Section 5.7:

(i) "Acquisition Transaction" means (a) a merger, consolidation or other business combination of FSI or FNBP, (b) a restructuring, recapitalization or liquidation of FSI or FNBP, (c) any disposition of any material assets of FSI or FNBP, (d) any issuance, disposition or sale of any shares of capital stock of FNBP to any party other than FSI or Heartland, or (d) any transaction in which a person or "group" (as defined in the Exchange Act and the rules promulgated thereunder) of persons directly or indirectly acquires beneficial or record ownership of securities representing more than 5% of the outstanding securities of any class of voting securities of the FSI.

(ii) "Acquisition Proposal" means any offer, proposal, inquiry or indication of interest (other than an offer, proposal, inquiry or indication of interest by Heartland) contemplating or otherwise relating to any Acquisition Transaction.

(iii) "Superior Proposal" means any Acquisition Proposal by a third party on terms which FSI's Board of Directors determines in its good faith judgment, after receipt of written advice from, its financial advisors (which advice will be communicated to Heartland), to be more favorable from a financial point of view to its shareholders than the Merger and the other transactions contemplated hereby, after taking into account the likelihood of consummation of such transaction on the terms set forth therein, taking into

account all legal, financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal, the likelihood of consummation of any such proposal and any other relevant factors permitted under applicable law, after giving Heartland at least five Business Days to respond to such third-party Acquisition Proposal once the Board has notified Heartland that in the absence of any further action by Heartland it would consider such Acquisition Proposal to be a Superior Proposal, and then taking into account any amendment or modification to this Agreement proposed by Heartland

(b) FSI will not, and will cause FNBP and its and their respective officers, directors, employees, agents or other representatives (collectively, "Representatives") not to, directly or indirectly, (i) solicit, initiate, encourage, induce or facilitate the making, submission or announcement of any Acquisition Proposal or take any action that could reasonably be expected to lead to an Acquisition Proposal, (ii) furnish any information regarding FSI or FNBP to any person in connection with or in response to an Acquisition Proposal or an inquiry or indication of interest that could reasonably be expected to lead to an Acquisition Proposal, (iii) engage in discussions or negotiations with any Person with respect to any Acquisition Proposal or that could reasonably be expected to lead to an Acquisition Proposal, (iv) approve, endorse or recommend any Acquisition Proposal or (v) enter into any letter of intent or similar document or any Contract contemplating or otherwise relating to any Acquisition Transaction; provided, however, that prior to the adoption of this Agreement by the Required FSI Shareholder Vote, this Section 5.7 will not prohibit FSI from furnishing nonpublic information regarding FSI to, or entering into discussions or negotiations with, any person in response to a Superior Proposal that is submitted to FSI by such Person (and not withdrawn) if (1) neither FSI nor any representative of FSI will have violated any of the restrictions set forth in this Section 5.7, (2) the board of directors of FSI concludes in good faith, after having consulted with and considered the advice of outside counsel to FSI, that such action is required in order for the board of directors of FSI to comply with its fiduciary obligations to FSI's shareholders under applicable law, (3) at least two Business Days prior to furnishing any such nonpublic information to, or entering into discussions with, such Person, FSI gives Heartland written notice of the identity of such Person and of FSI's intention to furnish nonpublic information to, or enter into discussions with, such Person, and FSI receives from such Person an executed confidentiality agreement containing customary limitations on the use and disclosure of all nonpublic written and oral information furnished to such Person by or on behalf of FSI, and (4) at least two Business Days prior to furnishing any such nonpublic information to such Person, FSI furnishes such nonpublic information to Heartland (to the extent such nonpublic information has not been previously furnished by FSI to Heartland). Without limiting the generality of the foregoing, FSI acknowledges and agrees that any violation of or the taking of any action inconsistent with any of the restrictions set forth in the preceding sentence by any representative of FSI, whether or not such representative of FSI is purporting to act on behalf of FSI, will be deemed to constitute a breach of this Section 5.7 by FSI.

(c) FSI will promptly (and in no event later than 24 hours after receipt of any Acquisition Proposal, any inquiry or indication of interest that could lead to an Acquisition Proposal or any request for nonpublic information) advise Heartland in writing of any Acquisition Proposal, any inquiry or indication of interest that could lead to an Acquisition Proposal or any request for nonpublic information relating to FSI (including the identity of the Person making or submitting such Acquisition Proposal, inquiry, indication of interest or request, and the terms thereof) that is made or submitted by any Person prior to the Closing Date. FSI will keep Heartland fully informed with respect to the status of any such Acquisition Proposal, inquiry, indication of interest or request and any modification or proposed modification thereto.

(d) FSI and its Representatives will immediately upon execution of this Agreement

cease and cause to be terminated any existing discussions with any person that relate to any Acquisition Proposal.

(e) FSI will not release or permit the release of any person from, or waive or permit the waiver of any provision of, any confidentiality, “standstill” or similar agreement to which FSI is a party, and will enforce or cause to be enforced each such agreement at the request of Heartland. FSI will promptly request each person that has executed, within 12 months prior to the date of this Agreement, a confidentiality agreement in connection with its consideration of a possible Acquisition Transaction or equity investment to return all confidential information heretofore furnished to such person by or on behalf of FSI.

5.8 Notification of Certain Matters. Each party shall give prompt notice to the other parties of (a) the occurrence or failure to occur of any event or the discovery of any information, which occurrence, failure or discovery would be likely to cause any representation or warranty on its part contained in this Agreement to be materially untrue or inaccurate when made, at the Effective Time or at any time prior to the Effective Time and (b) any material failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

5.9 Access to Information; Confidentiality; Nonsolicitation of Employees.

(a) FSI shall permit and shall cause FNBP and the other Subsidiaries to permit Heartland full access on reasonable notice and at reasonable hours to its properties and shall disclose and make available (together with the right to copy) to Heartland and to the internal auditors, loan review officers, employees, attorneys, accountants and other representatives of Heartland all books, papers and records relating to the assets, stock, properties, operations, obligations and liabilities of FSI, FNBP and the other Subsidiaries including, without limitation, all books of account (including, without limitation, the general ledgers), tax records, minute books of directors' and shareholders' meetings, organizational documents, bylaws, contracts and agreements, filings with any regulatory authority, accountants' work papers, litigation files (including, without limitation, legal research memoranda), documents relating to assets and title thereto (including, without limitation, abstracts, title insurance policies, surveys, environmental reports, opinions of title and other information relating to the real and personal property), Plans affecting employees, securities transfer records and shareholder lists, and any books, papers and records relating to other assets, business activities or prospects in which Heartland may have a reasonable interest, including, without limitation, its interest in planning for integration and transition with respect to the business of FSI, FNBP and the other Subsidiaries; provided, however, that the foregoing rights granted to Heartland shall, whether or not and regardless of the extent to which the same are exercised, in no way affect the nature or scope of the representations, warranties and covenants of FSI set forth herein. In addition, FSI shall cause FNBP and the other Subsidiaries to instruct their officers, employees, counsel and accountants to be available for, and respond to any questions of, such Heartland representatives at reasonable hours and with reasonable notice by Heartland to such individuals, and to cooperate fully with Heartland in planning for the integration of the business of FSI, FNBP and the other Subsidiaries with the business of Heartland and its affiliates.

(b) Any confidential information or trade secrets of FSI, FNBP or any other Subsidiary received by Heartland, its employees or agents in the course of the consummation of the Merger or Bank Merger shall be treated confidentially, and any correspondence, memoranda, records, copies, documents and electronic or other media of any kind containing either such confidential information, or trade secrets or both shall be destroyed by Heartland or, at FSI's request, returned to FSI if this Agreement is terminated as provided in Article 7. Such information shall not be used by Heartland or its agents to the detriment of

FSI, FNBP or any other Subsidiary.

(c) In the event that this Agreement shall terminate, neither party shall disclose, except as required by law or pursuant to the request of an administrative agency or other regulatory body, the basis or reason for such termination, without the consent of the other party.

5.10 Filing of Tax Returns and Adjustments.

(a) FSI, FNBP and the other Subsidiaries shall file (or cause to be filed) at their own expense, on or prior to the due date, all Tax returns, including all Plan returns and reports, for all Tax periods ending on or before the Effective Time where the due date for such returns or reports (taking into account valid extensions of the respective due dates) falls on or before the Effective Time; provided, however, that neither FSI, FNBP nor any other Subsidiary shall file any such Tax returns, or other returns, elections or information statements with respect to any liabilities for Taxes (other than federal, state or local sales, use, withholding or employment tax returns or statements), or consent to any adjustment or otherwise compromise or settle any matters with respect to Taxes, without prior consultation with Heartland; provided, further, that neither FSI, FNBP nor any other Subsidiary shall make any election or take any other discretionary position with respect to Taxes, in a manner inconsistent with past practices, without the prior written approval of Heartland. In the event the granting or withholding of such approval by Heartland results in additional Taxes owing for any Tax period ending on or before the Effective Time, liability for such additional Taxes shall not cause any representation of FSI relating to Taxes to be untrue. FSI shall provide Heartland with a copy of appropriate workpapers, schedules, drafts and final copies of each federal and state income Tax return or election of FSI and the Subsidiaries (including returns of all Plans) at least ten days before filing such return or election and shall reasonably cooperate with any request by Heartland in connection therewith.

(b) Heartland, in its sole and absolute discretion and at its sole expense, will file (or cause to be filed) all Tax returns of FSI, FNBP and the other Subsidiaries due after the Effective Time. After the Effective Time, Heartland, in its sole and absolute discretion and to the extent permitted by law, shall have the right to amend, modify or otherwise change all Tax returns of FSI, FNBP and the other Subsidiaries for all Tax periods. To the extent Heartland amends any such Tax returns, other than an amendment at the request of the applicable federal, state, local or foreign Tax authority, and such amendment results in additional Taxes owing for any Tax period ending on or before the Effective Time, such additional Taxes shall not cause any representation of FSI relating to Taxes to be untrue.

5.11 Shareholder Approval; Registration Statement.

(a) FSI shall call a meeting of its shareholders (the “Shareholder Meeting”) for the purpose of voting upon this Agreement and the Merger, and shall schedule such meeting based on consultation with Heartland as soon as practicable after the Registration Statement (as defined in Section 5.11(b)) is declared effective. The Board of Directors of FSI shall recommend that the shareholders approve this Agreement and the Merger (the “Board Recommendation”), and shall use its best efforts (including, without limitation, soliciting proxies for such approval) to obtain the Required FSI Shareholder Vote. Except as provided in Section 5.7, the Board Recommendation may not be withdrawn or modified in a manner adverse to Heartland, and no resolution by the board of directors of FSI or any committee thereof to withdraw or modify the Board Recommendation in a manner adverse to FSI may be adopted.

(b) For the purposes of (i) holding the Shareholder Meeting and (ii) registering

Heartland Common Stock to be issued to holders of FSI Common Stock in connection with the Merger with the SEC and with applicable state securities authorities, Heartland shall prepare, with the cooperation of FSI, a registration statement on Form S-4 (such registration statement, together with all and any amendments and supplements thereto, being herein referred to as the "Registration Statement"), which shall include a prospectus/proxy statement satisfying all applicable requirements of the 1933 Act, the 1934 Act and applicable Blue Sky Laws (such prospectus/proxy statement, together with any and all amendments or supplements thereto, being herein referred to as the "Prospectus/Proxy Statement").

(c) Heartland shall furnish such information concerning Heartland as is necessary in order to cause the Prospectus/Proxy Statement and the Registration Statement, insofar as they relate to Heartland, to be prepared in accordance with Section 5.11(b). Heartland agrees promptly to notify FSI if at any time prior to the Shareholder Meeting any information provided by Heartland in the Prospectus/Proxy Statement becomes incorrect or incomplete in any material respect, and to provide the information needed to correct such inaccuracy or omission.

(d) FSI shall furnish Heartland with such information concerning FSI and the Subsidiaries as is necessary in order to cause the Prospectus/Proxy Statement and the Registration Statement, insofar as it relates to FSI and the Subsidiaries, to be prepared in accordance with Section 5.11(b), including, without limitation, the opinion of counsel as to tax matters required to be filed as an exhibit thereto. FSI agrees promptly to notify Heartland if at any time prior to the Shareholder Meeting any information provided by FSI in the Prospectus/Proxy Statement becomes incorrect or incomplete in any material respect, and to provide Heartland with the information needed to correct such inaccuracy or omission.

(e) Heartland shall promptly, and in any event within ten days of receipt from First Shares pursuant to Section 5.11(d) of all portions of such Registration Statement requiring information relating to First Shares, file the Registration Statement with the SEC and applicable state securities agencies. Heartland shall use reasonable efforts to cause the Registration Statement to become effective under the 1933 Act and applicable Blue Sky Laws at the earliest practicable date. FSI hereby authorizes Heartland to utilize in the Registration Statement the information concerning FSI and the Subsidiaries provided to Heartland for the purpose of inclusion in the Prospectus/Proxy Statement. Heartland shall advise FSI promptly when the Registration Statement has become effective and of any supplements or amendments thereto, and Heartland shall furnish FSI with copies of all such documents. Prior to the Effective Time or the termination of this Agreement, each party shall consult with the other with respect to any material (other than the Prospectus/Proxy Statement) that might constitute a "prospectus" relating to the Merger within the meaning of the 1933 Act.

(f) Heartland shall bear the costs of all SEC filing fees with respect to the Registration Statement and the costs of qualifying the shares of Heartland Common Stock under the Blue Sky Laws, to the extent necessary. Heartland shall bear all printing and mailing costs in connection with the preparation and mailing of the Prospectus/Proxy Statement to FSI shareholders. Heartland and FSI shall each bear their own legal and accounting expenses in connection with the Prospectus/Proxy Statement and the Registration Statement.

5.12 Establishment of Accruals. If requested by Heartland, on the Business Day immediately prior to the Determination Date, FNBP shall, consistent with GAAP, establish such additional accruals and reserves as Heartland indicates are necessary to conform FNBP's accounting and credit loss reserve practices and methods to those of Heartland (as such practices and methods are to be applied to FNBP from and after the Effective Time) and reflect Heartland's plans with respect to the conduct of FNBP's

business following the Merger and to provide for the costs and expenses relating to the consummation by FNBP of the transactions contemplated by this Agreement, provided, however, that any such additional accruals and reserves shall not affect the determination of the Merger Consideration pursuant to Section 1.2.

5.13 Employee Matters.

(a) General. Subject to the following agreements, after the Effective Time, Heartland shall have the right to continue, amend, merge or terminate any of the Plans (as defined in Section 3.19) in accordance with the terms thereof and subject to any limitation arising under applicable law, including tax qualification requirements. Until Heartland shall take such action, however, such Plans shall continue in force for the benefit of present and former employees of FSI or any Subsidiary who have any present or future entitlement to benefits under any of the Plans ("FSI Employees").

(b) Employment Agreements. Heartland expressly assumes and agrees to be bound by the terms of the employment agreements with each of Dale R. Kretschmar and Daniel C. Aupperle as disclosed to Heartland (the "Employment Agreements").

(c) Limitation on Enforcement. This Section 5.13 is an agreement solely between FSI and Heartland. Nothing in this Section 5.13, whether express or implied, confers upon any employee of FSI, any Subsidiary or Heartland or any other person, any rights or remedies, including, but not limited to: (i) any right to employment or recall, (ii) any right to continued employment for any specified period or (iii) any right to claim any particular compensation, benefit or aggregate of benefits, of any kind or nature whatsoever, as a result of this Section 5.13.

5.14 Tax Treatment. None of FSI, FNBP, the other Subsidiaries nor Heartland shall take any action which would disqualify the Merger as a "reorganization" that would be tax-free to the shareholders of FSI pursuant to Section 368(a) of the Code.

5.15 Loan Participations. FSI agrees that it will not sell any loan participation or renew any loan participation without first offering to sell such loan participation to Heartland on the same terms as such sale or renewal.

5.16 Updated Schedules. On a date 15 Business Days prior to the Effective Date and on the Effective Date, FSI shall modify any Schedule to this Agreement or add any Schedule or Schedules hereto for the purpose of making the representations and warranties to which any such Schedule relates true and correct in all material respects as of such date, whether to correct any misstatement or omission in any Schedule or to reflect any additional information obtained by FSI subsequent to the date any Schedule was previously delivered by FSI to Heartland. Notwithstanding the foregoing, any updated Schedule shall not have the effect of making any representation or warranty contained in this Agreement true and correct in all material respects for purposes of Section 6.3(a) hereof.

5.17 280G Approval. FSI shall make no payments that separately or in the aggregate could or would result in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

ARTICLE 6
CONDITIONS

6.1 Conditions to Obligations of Each Party. The respective obligations of each party to effect the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Effective Time of the following conditions:

(a) Regulatory Approvals. The Regulatory Approvals shall have been obtained and the applicable waiting periods, if any, under all statutory or regulatory waiting periods shall have lapsed. None of such approvals shall contain any conditions or restrictions that Heartland reasonably believes will materially restrict or limit the business or activities of Heartland, FSI or the Subsidiaries or have a material adverse effect on, or would be reasonably likely to have a material adverse effect on, the business, operations or financial condition of Heartland and its subsidiaries, taken as a whole, on the one hand, or FSI and the Subsidiaries, taken as a whole, on the other hand.

(b) No Injunction. No injunction or other order entered by a state or federal court of competent jurisdiction shall have been issued and remain in effect which would impair the consummation of the transactions contemplated hereby.

(c) No Prohibitive Change of Law. There shall have been no law, statute, rule or regulation, domestic or foreign, enacted or promulgated which would materially impair the consummation of the transactions contemplated hereby.

(d) Governmental Action. There shall not be any action taken, or any statute, rule, regulation, judgment, order or injunction proposed, enacted, entered, enforced, promulgated, issued or deemed applicable to the transactions contemplated hereby by any federal, state or other court, government or governmental authority or agency, which would reasonably be expected to result, directly or indirectly, in (i) restraining or prohibiting the consummation of the transactions contemplated hereby or obtaining material damages from FSI, any Subsidiary, Heartland or any of Heartland's subsidiaries in connection with the transactions contemplated hereby, (ii) prohibiting direct or indirect ownership or operation by Heartland of all or a material portion of the business or assets of FSI or any Subsidiary or of Heartland or any of its subsidiaries, or to compelling Heartland or any of its subsidiaries or FSI or any Subsidiary to dispose of or to hold separately all or a material portion of the business or assets of Heartland or any of its subsidiaries or of FSI or any Subsidiary, as a result of the transactions contemplated hereby, or (iii) requiring direct or indirect divestiture by Heartland of any of its business or assets or of the business or assets of FSI or any Subsidiary.

(e) No Termination. No party hereto shall have terminated this Agreement as permitted herein.

(f) Shareholder Approval. The Merger shall have been approved by the Required FSI Shareholder Vote.

(g) Registration Statement. The registration statement on Form S-4 referred to in Section 5.11 shall have been declared and shall remain effective and no stop order suspending the effectiveness of such registration statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC.

6.2 Additional Conditions to Obligation of FSI. The obligation of FSI to consummate the transactions contemplated hereby in accordance with the terms of this Agreement is also subject to the following conditions:

(a) Representations and Warranties. The representations and warranties set forth in Article 2 that are not subject to materiality or material adverse effect qualifications will be true and correct in all material respects at and as of the Closing Date as though then made and as though the Closing Date had been substituted for the date of this Agreement in such representations and warranties, except that any representation or warranty expressly made as of a specified date will only need to have been true on and as of such date, and the representations and warranties set forth in Article 2 that are subject to materiality or material adverse effect qualifications will be true and correct in all respects at and as of the Closing Date as though then made and as though the Closing Date had been substituted for the date of this Agreement in such representations and warranties, except that any representation or warranty expressly made as of a specified date will only need to have been true on and as of such date (without taking into account any supplemental disclosures after the date of this Agreement by Heartland or the discovery of information by FSI).

(b) Agreements. Heartland shall have performed and complied with each of its agreements contained in this Agreement.

(c) Officer's Certificate. Heartland shall have furnished to FSI a certificate of the Chief Financial Officer of Heartland, dated as of the Effective Time, in which such officer shall certify that such officer has no reason to believe that the conditions set forth in Sections 6.2(a) and (b) have not been fulfilled.

(d) Heartland Secretary's Certificate. Heartland shall have furnished to FSI (i) copies of the text of the resolutions by which the corporate action on the part of Heartland necessary to approve this Agreement and the transactions contemplated hereby were taken, and (ii) a certificate dated as of the Effective Time executed on behalf of Heartland by its corporate secretary or one of its assistant corporate secretaries certifying to FSI that such copies are true, correct and complete copies of such resolutions and that such resolutions were duly adopted and have not been amended or rescinded.

(e) Change in Control of Heartland. Heartland shall not have (i) been merged or consolidated with or into, or announced an agreement to merge with or into, another corporation in any transaction in which the holders of the voting securities of Heartland would not hold a majority of the voting securities of the surviving corporation, (ii) sold all or substantially all of its assets, or (iii) had one person or group acquire, directly or indirectly, beneficial ownership of more than 50% of the outstanding Heartland Common Stock.

6.3 Additional Conditions to Obligation of Heartland. The obligation of Heartland to consummate the transactions contemplated hereby in accordance with the terms of this Agreement is also subject to the following conditions:

(a) Representations and Compliance. The representations and warranties set forth in Article 3 that are not subject to materiality or material adverse effect qualifications will be true and correct in all material respects at and as of the Closing Date as though then made and as though the Closing Date had been substituted for the date of this Agreement in such representations and warranties, except that any representation or warranty expressly made as of a specified date will only need to have been true on and as of such date, and the representations and warranties set forth in Article 3 that are subject to materiality or material adverse effect qualifications will be true and correct in all respects at and as of the Closing Date as though then made and as though the Closing Date had been substituted for the date of this Agreement in such representations and warranties, except that any representation or warranty expressly made as of a specified date will only need to have been true on and as of such date (without taking into

account any supplemental disclosures after the date of this Agreement by FSI or the discovery of information by Heartland).

(b) Agreements. FSI shall have performed and complied with each of its agreements contained in this Agreement.

(c) Officers' Certificate of FSI. FSI shall have furnished to Heartland a certificate of the Chief Executive Officer of FSI, dated as of the Effective Time, in which such officers shall certify to the conditions set forth in Section 6.3(a).

(d) FSI Secretary's Certificate. FSI shall have furnished to Heartland (i) copies of the text of the resolutions by which the corporate action on the part of FSI necessary to approve this Agreement and the transactions contemplated hereby were taken, and (ii) a certificate dated as of the Effective Time executed on behalf of FSI by its corporate secretary or one of its assistant corporate secretaries certifying to Heartland that such copies are true, correct and complete copies of such resolutions and that such resolutions were duly adopted and have not been amended or rescinded.

(e) Dissenting Shares. The total number of Dissenting Shares shall be no greater than seven on one-half percent (7.5%) of the number of outstanding shares of FSI Common Stock.

(f) Required Consents. Each Required Consent will have been obtained and be in full force and effect and such actions as Heartland's counsel may reasonably require will have been taken in connection therewith.

(g) Transactional Expenses. Heartland shall have received proof satisfactory to it that FSI has paid or fully accrued for as of the Determination Date all of the Transaction Costs.

ARTICLE 7
TERMINATION, AMENDMENT AND WAIVER

7.1 Reasons for Termination. This Agreement, by prompt written notice given to the other parties prior to or at the Closing, may be terminated:

(a) by mutual consent of the boards of directors of Heartland and FSI;

(b) by either Heartland or FSI if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) by December 28, 2012 (the “Termination Date”);

(c) by either Heartland or FSI if the Required FSI Shareholder Vote shall not have been obtained at the Shareholder Meeting or at any adjournment or postponement thereof;

(d) by either Heartland or FSI if the Average Closing Price is $15.25 or less;

(e) by FSI if (i) Heartland has or will have breached any representation, warranty or agreement contained in this Agreement in any material respect, or (ii) if any of the conditions in Section 6.1 or 6.2 becomes impossible to satisfy (other than through the failure of FSI to comply with its obligations under this Agreement);

(f) by FSI if the Regulatory Approvals have not been obtained as of three Business Days prior to the Termination Date (other than through the failure of FSI to comply with its obligations under this Agreement, including the obligations set forth in Section 5.1);

(g) by FSI if at any time prior to the adoption of this Agreement by the Required FSI Shareholder Vote, (i) FSI is not in material breach of any of the terms of this Agreement, and (ii) the board of directors of FSI authorizes FSI, subject to complying with the terms of this Agreement, to enter into an alternative acquisition agreement with respect to a Superior Proposal and FSI notifies Heartland in writing that it intends to enter into such an agreement, attaching the most current version of such agreement to such notice (an "Alternative Offer Acceptance");

(h) by Heartland if: (i) FSI has or will have breached any representation, warranty or agreement contained in this Agreement in any material respect, or (ii) if any of the conditions in Section 6.1 or 6.3 becomes impossible to satisfy (other than through the failure of Heartland to comply with its obligations under this Agreement);

(i) by Heartland if there has been an Alternative Offer Acceptance;

(j) by either FSI or Heartland if the amount subtracted from Adjusted Tangible Assets pursuant to Section 1.2(a)(i)(D) as the Reserve Adjustment exceeds $300,000.

7.2 Effect of Termination. Except as provided in Sections 7.3, 7.4 and 7.5, if this Agreement is terminated pursuant to Section 7.1, this Agreement shall forthwith become void, there shall be no liability under this Agreement on the part of Heartland, FSI or any of their respective representatives, and all rights and obligations of each party hereto shall cease; provided, however, that, subject to Sections 7.3, 7.4 and 7.5, nothing herein shall relieve any party from liability for the breach of any of its covenants or agreements set forth in this Agreement.

7.3 Expenses. Except as provided in Sections 7.4 and 7.5, all Expenses (as defined below) incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expenses, whether or not the Merger is consummated. "Expenses" as used in this Agreement shall consist of all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the solicitation of shareholder approvals and all other matters related to the consummation of the Merger.

7.4 FSI Termination Payments.

(a) If this Agreement is terminated by:

(i) Heartland or FSI pursuant to Section 7.1(c);

(ii) Heartland pursuant to Section 7.1(h) solely because of breach of the obligations of FSI pursuant to Section 5.11(a) because of failure to call the Shareholder Meeting, because of failure to make the Board Recommendation or because of a change in the Board Recommendation adverse to Heartland;

(iii) FSI pursuant to Section 7.1(g); or

(iv) Heartland pursuant to Section 7.1(i),

and provided in the case of clauses (i) and (ii), Heartland is in material compliance with all of its material obligations under this Agreement, then FSI shall pay to Heartland, within five Business Days of presentation from time to time by Heartland of any invoice for the same, all Expenses incurred by Heartland.

(b) In addition to any payments described in Section 7.4(a), if this Agreement is terminated (i) pursuant to Sections 7.1(g) or 7.1(i), or (ii) by Heartland pursuant to Section 7.1(c) after there has been a failure to make the Board Recommendation or a change in the Board Recommendation, then FSI shall pay to Heartland within ten (10) days of any such termination, as liquidated damages, the sum of three hundred and fifty thousand dollars ($350,000).

7.5 Heartland Termination Payments If this Agreement is terminated by FSI pursuant to Section 7.1(f), and provided that FSI is in material compliance with all of its material obligations under this Agreement, then Heartland shall pay to FSI, within five Business Days of presentation by FSI from time to time of any invoice for the same, all Expenses incurred by FSI.

7.6 Amendment. This Agreement may not be amended except by an instrument in writing approved by the parties to this Agreement and signed on behalf of each of the parties hereto.

7.7 Waiver. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto or (b) waive compliance with any of the agreements of any other parties or with any conditions to its own obligations, in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

ARTICLE 8
GENERAL PROVISIONS

8.1 Press Releases and Announcements. Any public announcement, including any announcement to employees, customers, suppliers or others having dealings with FSI, FNBP or any other Subsidiary, or similar publicity with respect to this Agreement or the transactions contemplated by this Agreement, will be issued, if at all, at such time and in such manner as Heartland determines and approves. Heartland will have the right to be present for any in-Persons announcement by FSI. Unless consented to by Heartland or required by Law, FSI will keep, and will cause each of its Subsidiaries to keep, this Agreement and the transactions contemplated by this Agreement confidential.

8.2 Notices. All notices and other communications hereunder shall be in writing and shall be sufficiently given if made by hand delivery, by fax, by e-mail, by overnight delivery service, or by registered or certified mail (postage prepaid and return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by it by like notice):

if to Heartland:

1398 Central Avenue
P.O. Box 778
Dubuque, Iowa 52004-0778
Telephone: (563)589-1994 FAX: (563)589-1951
Attention: John K. Schmidt, Executive Vice President, Chief Operating Officer and CFO; and
Michael Coyle, General Counsel
email: jschmidt@htlf.com
mcoyle@htlf.com

with a copy to:
Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402-1391
Attention: Thomas Martin
Fax: (612) 340-8706
e-mail: martin.tom@dorsey.com

if to FSI:
First Shares, Inc.
10 Keystone Parkway
Platteville, WI 53818
Telephone: (608) 348-7777
Fax: (608) 348-7100
Attention: Dale R. Kretschmar
President & CEO
e-mail: dale.kretschmar@firstconnect.com

with a copy to:
Boardman & Clark LLP
1 South Pinckney Street, Fourth Floor
P.O. Box 927
Madison, Wisconsin 53701-0927
Attention: John Knight
Fax: (608) 283-1709
e-mail: jknight@boardmanclark.com

All such notices and other communications shall be deemed to have been duly given as follows: when delivered by hand, if personally delivered; three Business Days after being deposited in the mail, postage prepaid, if delivered by mail; when receipt electronically acknowledged, if faxed or e-mailed; and the next day after being delivered to an overnight delivery service.

8.3 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned by any party to this Agreement without the prior written consent of the other parties to this Agreement, except that Heartland may assign any of its rights under this Agreement to one or more Subsidiaries of Heartland, so long as Heartland remains responsible for the performance of all of its obligations under this Agreement. Subject to the foregoing, this Agreement and all of the provisions of this Agreement will be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

8.4 No Third Party Beneficiaries. Nothing expressed or referred to in this Agreement confers any rights or remedies upon any Person that is not a party or permitted assign of a party to this Agreement.

8.5 Schedules. The Schedules correspond to the specific sections contained in Article 3. Nothing in a Schedule is deemed adequate to disclose an exception to a representation or warranty made in this Agreement unless the Schedule identifies in the corresponding schedule the exception with particularity and describes the relevant facts in detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item is not deemed adequate to disclose an exception to a representation or warranty unless the representation or warranty relates solely to the existence of the document or other item itself. Each Schedule relates only to the representations and warranties in the section and subsection of this Agreement to which they correspond and not to any other representation or warranty in this Agreement. In the event of any inconsistency between the statements in this Agreement and statements in a Schedule, the statements in this Agreement will control and the statements in the Schedule will be disregarded.

8.6 Interpretation. When a reference is made in this Agreement to subsidiaries of Heartland or First Shares, the word “Subsidiary” means any “majority-owned subsidiary” (as defined in Rule 12b-2 under the 1934 Act) of Heartland or First Shares, as the context requires; provided, however, that neither FSI nor any Subsidiary shall at any time be considered a subsidiary of Heartland for purposes of this Agreement. When a reference is made to FSI's knowledge, the knowledge of FSI, or similar language, the term “knowledge” means the actual knowledge of any director or officer of FSI or FNBP, or the knowledge that it is reasonable to expect a prudent person with such a role and responsibility to hold. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References to Sections and Articles refer to Sections and Articles of this Agreement unless otherwise stated. Words such as “herein,” “hereinafter,” “hereof,” “hereto,” “hereby” and “hereunder,” and words of like import, unless the context requires otherwise, refer to this Agreement (including the Exhibits and Schedules hereto). As used in this Agreement, the masculine, feminine and neuter genders shall be deemed to include the others if the context requires.

8.7 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall negotiate in good faith to modify this Agreement and to preserve each party's anticipated benefits under this Agreement.

8.8 Complete Agreement. This Agreement contains the complete agreement between the parties and supersedes any prior understandings, agreements or representations by or between the parties, written or oral. FSI acknowledges that Heartland has made no representations, warranties, agreements, undertakings or promises except for those expressly set forth in this Agreement or in agreements referred to herein that survive the execution and delivery of this Agreement.

8.9 Governing Law. THE DOMESTIC LAW, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, OF THE STATE OF DELAWARE WILL GOVERN ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY AND INTERPRETATION OF THIS AGREEMENT AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS AGREEMENT.

8.10 Specific Performance. Each of the parties acknowledges and agrees that the subject matter of this Agreement, including the business, assets and properties of FSI, FNBP and the other Subsidiaries, is unique, that the other parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached, and that the remedies at law would not be adequate to compensate such other parties not in default or in breach. Accordingly, each of the parties agrees that the other parties will be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions of this Agreement in addition to any other remedy to which they may be entitled, at law or in equity (without any requirement that Heartland provide any bond or other security). The parties waive any defense that a remedy at law is adequate and any requirement to post bond or provide similar security in connection with actions instituted for injunctive relief or specific performance of this Agreement.

8.11 Intentionally Deleted

8.12 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (III) IT MAKES SUCH WAIVER VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION 8.12.

8.13 Investigation of Representations, Warranties and Covenants. No investigation made by or on behalf of the parties hereto or the results of any such investigation shall constitute a waiver of any representation, warranty or covenant of any other party.

8.14 No Survival of Representations. The representations, warranties and covenants made by FSI and Heartland in this Agreement or in any instrument delivered pursuant to this Agreement shall terminate on, and shall have no further force or effect after, the Effective Time, except for those covenants contained herein or therein which by their terms apply in whole or in part after the Effective Time.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above by their respective duly elected and authorized officers.

HEARTLAND FINANCIAL USA, INC.

By: /s/ MICHAEL J. COYLE
Michael J. Coyle, Senior Vice President and Senior General Counsel

FIRST SHARES, INC.

By: /s/ DALE R. KRETSCHMAR
Dale R. Kretschmar, President and Chief Executive Officer

APPENDIX B
SUBCHAPTER XIII
DISSENTERS' RIGHTS

180.1301 Definitions. In Sections 180.1301 to 180.1331:

(1) "Beneficial shareholder" means a person who is a beneficial owner of shares held by a nominee as the shareholder.

(1m) "Business combination" has the meaning given in Section 180.1130 (3).

(2) "Corporation" means the issuer corporation or, if the corporate action giving rise to dissenters' rights under Section 180.1302 is a merger or share exchange that has been effectuated, the surviving domestic corporation or foreign corporation of the merger or the acquiring domestic corporation or foreign corporation of the share exchange.

(3) "Dissenter" means a shareholder or beneficial shareholder who is entitled to dissent from corporate action under Section 180.1302 and who exercises that right when and in the manner required by Sections 180.1320 to 180.1328.

(4) "Fair value", with respect to a dissenter's shares other than in a business combination, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable. "Fair value", with respect to a dissenter's shares in a business combination, means market value, as defined in Section 180.1130 (9) (a) 1. to 4.

(5) "Interest" means interest from the effectuation date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all of the circumstances.

(6) "Issuer corporation" means a domestic corporation that is the issuer of the shares held by a dissenter before the corporate action.

180.1302 Right to dissent.

(1) Except as provided in sub. (4) and Section 180.1008 (3), a shareholder or beneficial shareholder may dissent from, and obtain payment of the fair value of his or her shares in the event of, any of the following corporate actions:

(a) Consummation of a plan of merger to which the issuer corporation is a party if any of the following applies:

1. Shareholder approval is required for the merger by Section 180.1103 or by the articles of incorporation.

2. The issuer corporation is a subsidiary that is merged with its parent under Section 180.1104.

3. The issuer corporation is a parent that is merged with its subsidiary under Section 180.1104. This subdivision does not apply if all of the following are true:

a. The articles of incorporation of the surviving corporation do not differ from the articles of incorporation of the parent before the merger, except for amendments specified in Section 180.1002 (1) to (9).

b. Each shareholder of the parent whose shares were outstanding immediately before the effective time of the merger holds the same number of shares with identical designations, preferences, limitations, and relative rights, immediately after the merger.

c. The number of voting shares, as defined in Section 180.1103 (5) (a) 2., outstanding immediately after the merger, plus the number of voting shares issuable as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights or warrants issued pursuant to the merger, do not exceed by more than 20 percent the total number of voting shares of the parent outstanding immediately before the merger.

d. The number of participating shares, as defined in Section 180.1103 (5) (a) 1., outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger, either by the conversion of securities issued pursuant to the merger or the exercise of rights or warrants issued pursuant to the merger, do not exceed by more than 20 percent the total number of participating shares of the parent outstanding immediately before the merger.

(b) Consummation of a plan of share exchange if the issuer corporation's shares will be acquired, and the shareholder or the shareholder holding shares on behalf of the beneficial shareholder is entitled to vote on the plan.

(c) Consummation of a sale or exchange of all, or substantially all, of the property of the issuer corporation other than in the usual and regular course of business, including a sale in dissolution, but not including any of the following:

1. A sale pursuant to court order.

2. A sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale.

(cm) Consummation of a plan of conversion.

(d) Except as provided in sub. (2), any other corporate action taken pursuant to a shareholder vote to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that the voting or nonvoting shareholder or beneficial shareholder may dissent and obtain payment for his or her shares.

(2) Except as provided in sub. (4) and Section 180.1008 (3), the articles of incorporation may allow a shareholder or beneficial shareholder to dissent from an amendment of the articles of incorporation and obtain payment of the fair value of his or her shares if the amendment materially and adversely affects rights in respect of a dissenter's shares because it does any of the following:

(a) Alters or abolishes a preferential right of the shares.

(b) Creates, alters or abolishes a right in respect of redemption, including a provision respecting a sinking fund for The redemption or repurchase, of the shares.

(c) Alters or abolishes a preemptive right of the holder of shares to acquire shares or other securities.

(d) Excludes or limits the right of the shares to vote on any matter or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights.

(e) Reduces the number of shares owned by the shareholder or beneficial shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Section 180.0604.

(3) Notwithstanding sub. (1) (a) to (c), if the issuer corporation is a statutory close corporation under Sections 180.1801 to 180.1837, a shareholder of the statutory close corporation may dissent from a corporate action and obtain payment of the fair value of his or her shares, to the extent permitted under sub. (1) (d) or (2) or Section 180.1803, 180.1813 (1) (d) or (2) (b), 180.1815 (3) or 180.1829 (1) (c).

(4) Unless the articles of incorporation provide otherwise, subs. (1) and (2) do not apply to the holders of shares of any class or series if the shares of the class or series are registered on a national securities exchange or quoted on the National Association of Securities Dealers, Inc., automated quotations system on the record date fixed to determine the shareholders entitled to notice of a shareholders meeting at which shareholders are to vote on the proposed corporate action.

(5) Except as provided in Section 180.1833, a shareholder or beneficial shareholder entitled to dissent and obtain payment for his or her shares under Sections 180.1301 to 180.1331 may not challenge the corporate action creating his or her entitlement unless the action is unlawful or fraudulent with respect to the shareholder, beneficial shareholder or issuer corporation.

180.1303 Dissent by shareholders and beneficial shareholders.

(1) A shareholder may assert dissenters' rights as to fewer than all of the shares registered in his or her name only if the shareholder dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf he or she asserts dissenters' rights. The rights of a shareholder who under this subsection asserts dissenters' rights as to fewer than all of the shares registered in his or her name are determined as if the shares as to which he or she dissents and his or her other shares were registered in the names of different shareholders.

(2) A beneficial shareholder may assert dissenters' rights as to shares held on his or her behalf only if the beneficial shareholder does all of the following:

(a) Submits to the corporation the shareholder's written consent to the dissent not later than the time that the beneficial shareholder asserts dissenters' rights.

(b) Submits the consent under par. (a) with respect to all shares of which he or she is the beneficial shareholder.

180.1320 Notice of dissenters' rights.

(1) If proposed corporate action creating dissenters' rights under Section 180.1302 is submitted to a vote at a shareholders' meeting, the meeting notice shall state that shareholders and beneficial shareholders are or may be entitled to assert dissenters' rights under Sections 180.1301 to 180.1331 and shall be accompanied by a copy of those sections.

(2) If corporate action creating dissenters' rights under Section 180.1302 is authorized without a vote of shareholders, the corporation shall notify, in writing and in accordance with Section 180.0141, all shareholders entitled to assert dissenters' rights that the action was authorized and send them the dissenters' notice described in Section 180.1322.

180.1321 Notice of intent to demand payment.

(1) If proposed corporate action creating dissenters' rights under Section 180.1302 is submitted to a vote at a shareholders' meeting, a shareholder or beneficial shareholder who wishes to assert dissenters' rights shall do all

of the following:

(a) Deliver to the issuer corporation before the vote is taken written notice that complies with Section 180.0141 of the shareholder's or beneficial shareholder's intent to demand payment for his or her shares if the proposed action is effectuated.

(b) Not vote his or her shares in favor of the proposed action.

(2) A shareholder or beneficial shareholder who fails to satisfy sub. (1) is not entitled to payment for his or her shares under Sections 180.1301 to 180.1331.

180.1322 Dissenters' notice.

(1) If proposed corporate action creating dissenters' rights under Section 180.1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders and beneficial shareholders who satisfied Section 180.1321.

(2) The dissenters' notice shall be sent no later than 10 days after the corporate action is authorized at a shareholders' meeting or without a vote of shareholders, whichever is applicable. The dissenters' notice shall comply with Section 180.0141 and shall include or have attached all of the following:

(a) A statement indicating where the shareholder or beneficial shareholder must send the payment demand and where and when certificates for certificated shares must be deposited.

(b) For holders of uncertificated shares, an explanation of the extent to which transfer of the shares will be restricted after the payment demand is received.

(c) A form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and that requires the shareholder or beneficial shareholder asserting dissenters' rights to certify whether he or she acquired beneficial ownership of the shares before that date.

(d) A date by which the corporation must receive the payment demand, which may not be fewer than 30 days nor more than 60 days after the date on which the dissenters' notice is delivered.

(e) A copy of Sections 180.1301 to 180.1331.

180.1323 Duty to demand payment.

(1) shareholder or beneficial shareholder who is sent a dissenters' notice described in Section 180.1322, or a beneficial shareholder whose shares are held by a nominee who is sent a dissenters' notice described in Section 180.1322, must demand payment in writing and certify whether he or she acquired beneficial ownership of the shares before the date specified in the dissenters' notice under Section 180.1322 (2) (c). A shareholder or beneficial shareholder with certificated shares must also deposit his or her certificates in accordance with the terms of the notice.

(2) shareholder or beneficial shareholder with certificated shares who demands payment and deposits his or her share certificates under sub. (1) retains all other rights of a shareholder or beneficial shareholder until these rights are canceled or modified by the effectuation of the corporate action.

(3) shareholder or beneficial shareholder with certificated or uncertificated shares who does not demand payment by the date set in the dissenters' notice, or a shareholder or beneficial shareholder with certificated shares who does not deposit his or her share certificates where required and by the date set in the dissenters' notice, is not entitled

to payment for his or her shares under Sections 180.1301 to 180.1331.

180.1324 Restrictions on uncertificated shares.

(1) The issuer corporation may restrict the transfer of uncertificated shares from the date that the demand for payment for those shares is received until the corporate action is effectuated or the restrictions released under Section 180.1326.

(2) The shareholder or beneficial shareholder who asserts dissenters' rights as to uncertificated shares retains all of the rights of a shareholder or beneficial shareholder, other than those restricted under sub. (1), until these rights are canceled or modified by the effectuation of the corporate action.

180.1325 Payment.

(1) payment demand, whichever is later, the corporation shall pay each shareholder or beneficial shareholder who has complied with Section 180.1323 the amount that the corporation estimates to be the fair value of his or her shares, plus accrued interest.

(2) The payment shall be accompanied by all of the following:

(a) The corporation's latest available financial statements, audited and including footnote disclosure if available, but including not less than a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year and the latest available interim financial statements, if any.

(b) A statement of the corporation's estimate of the fair value of the shares.

(c) An explanation of how the interest was calculated.

(d) A statement of the dissenter's right to demand payment under Section 180.1328 if the dissenter is dissatisfied with the payment.

(e) A copy of Sections 180.1301 to 180.1331.

180.1326 Failure to take action.

(1) If an issuer corporation does not effectuate the corporate action within 60 days after the date set under Section 180.1322 for demanding payment, the issuer corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(2) If after returning deposited certificates and releasing transfer restrictions, the issuer corporation effectuates the corporate action, the corporation shall deliver a new dissenters' notice under Section 180.1322 and repeat the payment demand procedure.

180.1327 After-acquired shares.

(1) A corporation may elect to withhold payment required by Section 180.1325 from a dissenter unless the dissenter was the beneficial owner of the shares before the date specified in the dissenters' notice under Section 180.1322 (2) (c) as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action.

(2) To the extent that the corporation elects to withhold payment under sub. (1) after effectuating the corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who

agrees to accept it in full satisfaction of his or her demand. The corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment under Section 180.1328 if the dissenter is dissatisfied with the offer.

180.1328 Procedure if dissenter dissatisfied with payment or offer.

(1) A dissenter may, in the manner provided in sub. (2), notify the corporation of the dissenter's estimate of the fair value of his or her shares and amount of interest due, and demand payment of his or her estimate, less any payment received under Section 180.1325, or reject the offer under Section 180.1327 and demand payment of the fair value of his or her shares and interest due, if any of the following applies:

(a) The dissenter believes that the amount paid under Section 180.1325 or offered under Section 180.1327 is less than the fair value of his or her shares or that the interest due is incorrectly calculated.

(b) The corporation fails to make payment under Section 180.1325 within 60 days after the date set under Section 180.1322 for demanding payment.

(c) The issuer corporation, having failed to effectuate the corporate action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set under Section 180.1322 for demanding payment.

(2) A dissenter waives his or her right to demand payment under this section unless the dissenter notifies the corporation of his or her demand under sub. (1) in writing within 30 days after the corporation made or offered payment for his or her shares. The notice shall comply with Section 180.0141.

180.1330 Court action.

(1) If a demand for payment under Section 180.1328 remains unsettled, the corporation shall bring a special proceeding within 60 days after receiving the payment demand under Section 180.1328 and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not bring the special proceeding within the 60-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(2) The corporation shall bring the special proceeding in the circuit court for the county where its principal office or, if none in this state, its registered office is located. If the corporation is a foreign corporation without a registered office in this state, it shall bring the special proceeding in the county in this state in which was located the registered office of the issuer corporation that merged with or whose shares were acquired by the foreign corporation.

(3) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the special proceeding. Each party to the special proceeding shall be served with a copy of the petition as provided in Section 801.14.

(4) The jurisdiction of the court in which the special proceeding is brought under sub. (2) is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. An appraiser has the power described in the order appointing him or her or in any amendment to the order. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(5) Each dissenter made a party to the special proceeding is entitled to judgment for any of the following:

(a) The amount, if any, by which the court finds the fair value of his or her shares, plus interest, exceeds the amount paid by the corporation.

(b) The fair value, plus accrued interest, of his or her shares acquired on or after the date specified in the dissenter's notice under Section 180.1322 (2) (c), for which the corporation elected to withhold payment under Section 180.1327.

180.1331 Court costs and counsel fees.

(1)

(a) Notwithstanding Sections 814.01 to 814.04, the court in a special proceeding brought under Section 180.1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court and shall assess the costs against the corporation, except as provided in par. (b).

(b) Notwithstanding Sections 814.01 and 814.04, the court may assess costs against all or some of the dissenters, in amounts that the court finds to be equitable, to the extent that the court finds the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment under Section 180.1328.

(2) The parties shall bear their own expenses of the proceeding, except that, notwithstanding Sections 814.01 to 814.04, the court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts that the court finds to be equitable, as follows:

(a) Against the corporation and in favor of any dissenter if the court finds that the corporation did not substantially comply with Sections 180.1320 to 180.1328.

(b) Against the corporation or against a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided by this chapter.

(3) Notwithstanding Sections 814.01 to 814.04, if the court finds that the services of counsel and experts for any dissenter were of substantial benefit to other dissenters similarly situated, the court may award to these counsel and experts reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

APPENDIX C
July 31, 2012

Board of Directors
First Shares, Inc.
10 Keystone Parkway
Platteville, WI 53818

Dear Members of the Board:

We understand that First Shares, Inc., a Wisconsin corporation ("FSI"), and Heartland Financial USA, Inc., a Delaware corporation ("Heartland"), are about to enter into a Merger Agreement to-be-dated on or about July 31, 2012 (the "Agreement"). Pursuant to the terms and conditions of the Agreement, and, except as otherwise set forth therein, at the Effective Time (as defined in the Agreement), FSI will be merged with and into the Heartland (the "Merger"), and Heartland shall continue as the corporation surviving the MergerSurviving Corporation. We further understand that as a result of the Merger, all of the outstanding shares of the common stock, $0.25 par value, of FSI (the "FSI Common Stock"), will have the right to receive the Merger Consideration (as defined in the Agreement) on the terms and subject to the conditions set forth in the Agreement. We also note that FSI owns all of the issued and outstanding capital stock of First National Bank of Platteville, a national banking association ("FNBP"), and Heartland owns all of the issued and outstanding capital stock of Wisconsin Bank and Trust, a Wisconsin state bank ("WBT") and that FNBP will be merged with and into WBT simultaneous with, or immediately after the, Merger (the "Bank Merger").

Pursuant and subject to the terms and conditions of the Agreement, at the Effective Time, and without any further action of Heartland, FSI or any holder of FSI Common Stock, each issued and outstanding share of FSI Common Stock (other than shares to be canceled pursuant to Section 1.2(d) of the Agreement and Dissenting Shares (as defined in Section 1.6 of the Agreement))(the "Converted Shares") will be canceled and extinguished and be converted into and become a right to receive (A) the number of shares of Heartland Common Stock determined in accordance with Subsection 1.2(c)(i) of the Agreement (subject to adjustment as provided in Section 1.3 of the Agreement), plus (B) the amount of cash determined in accordance with Subsection 1.2(c)(ii) of the Agreement.

As used herein, the term "Merger Consideration" means the consideration into which any Converted Shares will be converted pursuant to this Section 1.2(c) of the Agreement, comprised of the Stock Merger Consideration and the Cash Merger Consideration.
We note that as set forth in Section 1.2(c)(i) of the Agreement, the number of shares of Heartland Common Stock issuable for each Converted Share will be equal to the quotient of (A) the greater of (x) Six Million Two Hundred Thousand dollars ($6,200,000) and (y) four and eight tenths percent (4.8%) of Adjusted Tangible Assets, divided by (B) the product of (x) the Average

Closing Price multiplied by (y) the Outstanding FSI Shares (the “Stock Merger Consideration”). No fractional shares of Heartland Common Stock will be issued for Converted Shares, and in lieu of any fractional share, Heartland will pay pursuant to Subsection 1.2(c)(ii) of the Agreement, to each holder of Converted Shares who otherwise would be entitled to receive a fractional share of Heartland Common Stock, an amount of cash (without interest) equal to the product of (a) the Average Closing Price multiplied by (b) the fractional share interest to which such holder would otherwise be entitled (the “Fractional Share Amount”).

We further note that as set forth in Section 1.2(c)(ii) of the Agreement, the amount of cash paid for each Converted Share shall be equal to the Fractional Share Amount, plus an additional amount equal to the quotient of:
the difference between (A) Adjusted Tangible Shareholders' Equity and (B) the greater of (x) Seven Million Seven Hundred and Fifty Thousand dollars ($7,750,000) and (y) six percent (6%) of Adjusted Tangible Assets; divided by the Outstanding FSI Shares (the “Cash Merger Consideration”).
In determining the estimate of the Merger Consideration, we relied on estimates and information provided by FSI's management to determine Adjusted Tangible Assets and Adjusted Tangible Shareholders' Equity. In reliance on such estimates and information, we have assumed that Adjusted Tangible Assets and Adjusted Tangible Shareholders' Equity are currently $129,604,000 and $12,426,000, respectively (net of estimated Transaction Costs and related expenses of $898,000), and we have assumed that there will be no net material changes in those amounts as of the Determination Date. Based on these assumptions, FSI shareholders (in the aggregate) will have the right to receive the Merger Consideration in the form of (a) Stock Merger Consideration of Six Million Two Hundred Thousand Dollars in the form of Heartland Common Stock ($6,200,000), and (b) Cash Merger Consideration equal to Four Million Six Hundred Seventy-Six Thousand Three Hundred Dollars ($4,676,300). Accordingly, based on the current FSI Common Stock outstanding of 253,263 shares and the 5,000 shares of Restricted Stock outstanding, the per share Merger Consideration to be received by shareholders of FSI will be Forty Two Dollars and Eleven Cents ($42.11) per share of FSI Common Stock.

Actual FSI Adjusted Tangible Assets and Adjusted Tangible Shareholders' Equity for purposes of the Merger and related amounts derived from those figures cannot be determined until the Determination Date occurs, and the Determination Date cannot be predicted with any certainty at this time. Additionally, we have assumed that the Average Closing Price of Heartland Common Stock at Closing will be greater than $15.25 per share. We have further assumed for purposes of our opinion that there will be no adjustment to the Heartland Common Stock to be issued to holders of Converted Shares at the Effective Time.

The foregoing description of the Merger, Merger Consideration, Stock Merger Consideration, and Cash Merger Consideration, are qualified in their entirety by reference to the Agreement. Capitalized terms used herein that are not otherwise defined shall have the same

meaning attributed to them in the Agreement. In connection therewith, you have requested our opinion as to the fairness, from a financial point of view, of the Merger Consideration to the shareholders of FSI. This opinion addresses only the fairness of the Merger Consideration to be received by FSI, and we are not opining on the individual components of the Merger Consideration.

Hovde Financial, Inc. (“Hovde” or “we”), as part of its investment banking business, regularly performs valuations of businesses and their securities in connection with mergers and acquisitions and other corporate transactions. In addition to being retained to render this opinion letter, we were retained by FSI to act as its financial advisor in connection with the Merger.

We will receive compensation from FSI in connection with our services, which may include, without limitation, an initial fee for providing general financial advisory services, a fairness opinion fee that is contingent upon the issuance of this opinion letter and a completion fee that is contingent upon the consummation of the Merger. Further, FSI has agreed to indemnify us and our affiliates for certain liabilities that may arise out of our engagement. Except for the foregoing, during the past two years there have not been, and there are no mutual understandings contemplating in the future, any material relationships between Hovde and its affiliates and FSI.

During the course of our engagement and for the purposes of the opinion set forth herein, we have:

(i) reviewed the Agreement;

(ii) reviewed certain historical publicly available business and financial information concerning FSI and Heartland;

(iii) reviewed certain internal financial statements and other financial and operating data concerning FSI;

(iv) analyzed financial projections prepared by certain members of FSI's senior management;

(v) discussed with certain members of FSI's and Heartland's senior management, the business, financial condition, results of operations and future prospects of FSI;

(vi) discussed with certain members of FSI's and Heartland's senior management, the business, financial condition, and results of operations of Heartland;

(vii) reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that we considered relevant;

(viii) reviewed historical market prices and trading volumes of Heartland's Common Stock;

(ix) analyzed the pro forma impact of the Merger on the combined company's earnings per share, consolidated capitalization and financial ratios;

(x) evaluated the pro forma ownership of Heartland's Common Stock by FSI's shareholders;

(xi) assessed the general economic, market and financial conditions;

(xii) taken into consideration our experience in other similar transactions and securities valuations as well as our knowledge of the financial services industry; and

(xiii) performed such other analyses and considered such other factors as we have deemed

appropriate.

We have assumed, without independent verification, that the representations and financial, legal, regulatory, tax, accounting and other information provided to us by the parties to the Agreement, which has formed a substantial basis for this opinion, are true and complete. In that regard, we have assumed that the financial forecasts, including, without limitation, the projections regarding non-performing assets, loan loss reserves and net charge-offs, have been reasonably prepared by FSI on a basis reflecting the best currently available information and FSI's judgments and estimates. Further, we have assumed that such forecasts would be realized in the amounts and at the times contemplated thereby.

We are not experts in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto. We have assumed that such allowances for FSI and its affiliates are in the aggregate adequate to cover such losses. We were not retained to, and did not conduct, a physical inspection of any of the properties or facilities of FSI or its affiliates. In addition, we have not reviewed individual credit files nor have we made an independent evaluation or appraisal of the assets and liabilities of FSI or any of its affiliates or Heartland, and we were not furnished with any such evaluations or appraisals.

We have assumed that the Merger will be consummated substantially in accordance with the terms set forth in the Agreement. We have assumed that the Merger is, and will be, in compliance with all laws and regulations that are applicable to the parties to the Agreement. FSI and Heartland have advised us that there are no known factors that would impede any necessary regulatory or governmental approval of the Merger, and we have assumed that this is so for purposes of our opinion. Further, we have assumed that, in the course of obtaining the necessary regulatory and governmental approvals, no restrictions will be imposed on the parties to the Agreement that would have a material adverse effect on the contemplated benefits of the Merger. We have also assumed that there would be no change in applicable law or regulation that would cause a material adverse change in the prospects or operations of the combined company after the Merger.

Our opinion is based solely upon the information available to us and the economic, market and other circumstances as they exist as of the date hereof. Events occurring and information that becomes available after the date hereof could materially affect the assumptions and analyses used in preparing this opinion. We have not undertaken to reaffirm or revise this opinion or otherwise comment upon any events occurring or information that becomes available after the date hereof, except as otherwise agreed upon in our engagement letter.

Our opinion does not constitute a recommendation to FSI as to whether or not FSI should enter into the Agreement or to any shareholder of FSI as to how such shareholder should vote at any meeting of shareholders called to consider and vote upon the Merger. Further, our opinion neither addresses the underlying business decision to proceed with the Merger nor the fairness of the amount or nature of the compensation to be received by any of FSI's officers, directors or employees, or class of such persons, relative to the Merger Consideration to be paid with respect to the Merger. Our opinion should not be construed as implying that the Merger Consideration is necessarily the highest or best price that could be obtained in a merger, sale or other business combination. Other than as specifically set forth herein, we are not expressing any opinion with respect to the terms and provisions of the Agreement and/or the enforceability of any such terms or provisions. This opinion was approved by Hovde's fairness committee.

This letter is directed solely to the board of directors of FSI and is not to be used for any other purpose or quoted or referred to, in whole or in part, in any registration statement, prospectus, proxy statement or any other document, except in each case in accordance with our prior written consent; provided, however, that we hereby consent to the inclusion and reference to this letter in any registration statement, proxy statement, information statement or tender offer document to be delivered to the holders of FSI's common stock in connection with the Merger if and only if this letter is quoted in full or attached as an exhibit to such document and this letter has not been withdrawn prior to the date of such document.

Based upon and subject to the foregoing, we are of the opinion, as of the date hereof, that the Merger Consideration to be paid in connection with the Merger is fair to the shareholders of FSI from a financial point of view.

Sincerely,

HOVDE FINANCIAL, INC.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Heartland is incorporated under the laws of the State of Delaware. Section 145 of the General Corporation Law of the State of Delaware, or DGCL, empowers a Delaware corporation to indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer or director of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such officer or director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, and, for criminal proceedings, had no reasonable cause to believe his or her conduct was illegal. A Delaware corporation may indemnify officers and directors against expenses (including attorneys' fees) in connection with the defense or settlement of an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director actually and reasonably incurred.

As permitted by Delaware law, Heartland has included in its certificate of incorporation a provision to eliminate the personal liability of our directors for monetary damages for breach of their fiduciary duties as directors, subject to certain limitations. In addition, Heartland's certificate of incorporation and bylaws provide that it is required to indemnify its officers and directors under certain circumstances, including those circumstances in which indemnification would otherwise be discretionary and Heartland may advance expenses to its officers and directors as incurred in connection with proceedings against them for which they may be indemnified.

Item 21. Exhibits and Financial Statement Schedules.

Number		Description
2.1	*	Agreement and Plan of Merger, dated as of July 31, 2012, between Heartland Financial USA, Inc. and First Share, Inc.. (included as Annex A to the proxy statement/prospectus contained in this registration statement)
3.1		Certificate of Incorporation of Heartland Financial USA, Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 7, 2008).
3.2		Amendment to Certificate of Incorporation of Heartland Financial USA, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 10, 2009)
3.3		Certificate of Designations Of Fixed Rate Cumulative Perpetual Preferred Stock, Series B (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 22, 2008).
3.4		Certificate of Designations Of Fixed Rate Cumulative Perpetual Preferred Stock, Series C (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed September 15, 2011).
3.5		Bylaws of Heartland Financial USA, Inc. (incorporated by reference from Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed on March 15, 2004).
5.1	*	Opinion of Dorsey & Whitney LLP with respect to legality
8.1	*	Opinion of Boardman & Clark LLP with respect to tax matters
23.1	*	Consent of KPMG LLP.
23.2	*	Consent of Dorsey & Whitney LLP (included in Exhibit 5.1).
23.3	*	Consent of Boardman & Clark LLP (included in Exhibit 8.1).
99.1	*	Form of Proxy

* Filed Herewith

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i), (1)(ii) and (1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of this registration statement.

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

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), 424(b)(5), or 424(b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), 415(a)(1)(vii), or 415(a)(1)(x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of the securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new

registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-4 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dubuque, State of Iowa, on the 16th day of August, 2012.

HEARTLAND FINANCIAL USA, INC.

By: /s/ Lynn B. Fuller
Lynn B. Fuller
President, Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on the 16th day of August, 2012.

Signature	Title
/s/ Lynn B. Fuller Lynn B. Fuller	President, Chief Executive Officer, Chairman and Director (principal executive officer)
/s/ John K. Schmidt John K. Schmidt	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Director (principal financial and accounting officer)
/s/ James F. Conlan James F. Conlan	Director
/s/ John W. Cox, Jr. John W. Cox, Jr.	Director
/s/ Mark C. Falb Mark C. Falb	Director
/s/ Thomas L. Flynn Thomas L. Flynn	Director
/s/ James R. Hill James R. Hill	Director