INFINITY PROPERTY & CASUALTY CORP
Form S-8
October 03, 2003

As filed with the Securities and Exchange Commission on October 3, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Infinity Property and Casualty Corporation

(Exact Name of Registrant as Specified in Its Charter)

Ohio	**03-0483872**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

2204 Lakeshore Drive
Birmingham, Alabama 35209
(205) 870-4000
(Address of Registrant s Principal Executive Offices)

INFINITY PROPERTY AND CASUALTY CORPORATION
2002 STOCK OPTION PLAN

Samuel J. Simon, Esq.
Senior Vice President, General Counsel & Secretary
Infinity Property and Casualty Corporation
One East Fourth Street
Cincinnati, Ohio 45202
(513) 579-2542
(Name, Address and Telephone Number, Including Area Code, of Agent for Service of Process)

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock	2,000,000 shares	$28.245	$56,490,000	$4,571

(1)

This Registration Statement is filed for up to 2,000,000 shares of common stock of Infinity Property and Casualty Corporation (the Registrant) issuable to employees of the Registrant pursuant to the 2002 Stock Option Plan.

(2) Estimated solely for purposes of calculating registration fee.

(3) Registration fee has been calculated pursuant to Rule 457(h).

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

The following document filed by Infinity Property and Casualty Corporation (the Registrant) with the Securities and Exchange Commission (the Commission) are incorporated herein by reference and made a part hereof:

1. Annual Report on Form 10-K for the year ended December 31, 2002.
2. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003.
3. Current Report on Form 8-K dated July 16, 2003.
4. The description of the Registrant s common stock contained in the Form 8-A filed with the Commission on January 30, 2002.

All reports and other documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing such documents.

Item 4. Description of Securities

Not required.

Item 5. Interests of Named Experts and Counsel

The legality of the securities offered hereby will be passed upon for the Registrant by Keating, Muething & Klekamp, P.L.L., 1400 Provident Tower, One East Fourth Street, Cincinnati, Ohio 45202.

Item 6. Indemnification of Directors and Officers

Ohio Revised Code, Section 1701.13(E), allows indemnification by the Registrant to any person made or threatened to be made a party to any proceedings, other than a proceeding by or in the right of the Registrant, by reason of the fact that he is or was a director, officer, employee or agent of the Registrant, against expenses, including judgment and fines, if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Registrant and, with respect to criminal actions, in which he had no reasonable cause to believe that his conduct was unlawful. Similar provisions apply to actions brought by or in the right of the Registrant, except that no indemnification shall be made in such cases when the person shall have been adjudged to be liable for negligence or misconduct to the Registrant unless deemed by the court. The right to indemnification is mandatory in the case of a director or officer who is successful on the merits or otherwise in defense of any action, suit or proceeding or any claim, issue or matter therein. Permissive indemnification is to be made by a court of competent jurisdiction, the majority vote of a quorum of disinterested directors, the written opinion of independent counsel or by the shareholders.

The Registrant s Regulations provides that the Registrant shall indemnify its directors and officers to the fullest extent permitted by law.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

5 Opinion of Keating, Muething & Klekamp, P.L.L.

10 Infinity Property and Casualty Corporation 2002 Stock Option Plan (incorporated by reference to Exhibit 10.2 of Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (File No. 333-100459))

23.1 Consent of Keating, Muething & Klekamp, PLL (contained on Exhibit 5).

23.2 Consent of Ernst & Young LLP

24 Power of Attorney (contained on the signature page).

Item 9. Undertakings

9.1 The Registrant hereby undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

1. to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

2. to reflect in the prospectus any facts or events arising after the effective date of the 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.

3. 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) and (2) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic 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.

9.2 The undersigned Registrant hereby undertakes 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.

9.3 The undersigned Registrant hereby undertakes 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.

9.4 The undersigned Registrant hereby undertakes 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 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.

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

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-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Birmingham, Alabama, on October 3, 2003.

INFINITY PROPERTY AND CASUALTY CORPORATION

BY: /s/ Samuel J. Simon

Samuel J. Simon
Senior Vice President,
General Counsel & Secretary

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Samuel J. Simon and Roger Smith, and each of them acting individually, his or her true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any other regulatory authority, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Capacity	Date
*/s/James R. Gober ----------------------------- James R. Gober	Chief Executive Officer, President and Director (principal executive officer)	October 3, 2003
*/s/Roger Smith ------------------------------ Roger Smith	Senior Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)	October 3, 2003
*/s/Keith A. Jensen ----------------------------- Keith A. Jensen	Director	October 3, 2003
*Gregory G. Joseph ----------------------------- Gregory G. Joseph	Director	October 3, 2003
*Carl H. Lindner III ----------------------------- Carl H. Lindner III	Director	October 3, 2003

n 0in .0001pt;text-align:right;">4.73

%

4,174,376

50,914

4.89

%

4,112,789

96,437

4.73

%

4,160,120

101,201

4.91

%

Cash and due from banks	
	58,905
	60,898
	58,808

59,403

Reserve for loan and lease losses

(87,594

)

(88,945

)

(87,927

)

(89,083

)

Other assets	
	338,932
	371,295
	339,948
	371,158

Total	$	4,427,034

$	4,517,624
$	4,423,618
$	4,501,598

LIABILITIES AND SHAREHOLDERS EQUITY:

Interest-bearing deposits	$	3,072,890	$	8,162	1.07 %	$	3,128,393

$

11,573

1.48

%

$

3,078,801

$

16,517

1.08

%

$

3,127,336

$

23,978

1.55

%

Short-term borrowings

143,548

74

0.21

%

153,909

206

0.54

%

146,124

163

0.22

%

157,262

394

0.51

%

Subordinated notes

89,692

1,648

7.37

%

89,692

1,647

7.37

%

89,692

3,295

7.41

%

89,692

3,294

7.41

%

Long-term debt and mandatorily redeemable securities

32,853

405

4.94

%

27,251

375

5.51

%

29,160

664

4.59

%

23,681

645

5.49

%

Total Interest-Bearing Liabilities

3,338,983

10,289

1.24

%

3,399,245

13,801

1.63

%

3,343,777

20,639

1.24

%

3,397,971

28,311

1.68

%

Noninterest-bearing deposits

524,643

464,434

519,966

456,193

Other liabilities

64,545

67,110

64,090

64,688

Shareholders equity

498,863

586,835

495,785

582,746

Total		
$		4,427,034
$		4,517,624
$		4,423,618

$	
	4,501,598

Net Interest Income	
$	38,232
$	37,113
$	75,798

$	
	72,890

Net Yield on Earning Assets on a Taxable Equivalent Basis

3.72

%

3.57

%

3.72

%

3.53

%

PROVISION AND RESERVE FOR LOAN AND LEASE LOSSES

The provision for loan and lease losses for the three and six month periods ended June 30, 2011 was $0.07 million and $2.27 million respectively, compared to a provision for loan and lease losses in the three and six month periods ended June 30, 2010 of $5.80 million and $10.19 million respectively. Net charge-offs of $1.22 million were recorded for the second quarter 2011, compared to $5.61 million for the same quarter a year ago. Year-to-date net charge-offs of $4.13 million have been recorded in 2011, compared to $10.41 million through June 30, 2010.

On June 30, 2011, 30 day and over loan and lease delinquencies were 0.49% as compared to 1.15% on June 30, 2010. The decrease in delinquencies was primarily in aircraft, construction equipment and commercial loans. The reserve for loan and lease losses as a percentage of loans and leases outstanding at the end of the period was 2.73% as compared to 2.81% one year ago. A summary of loan and lease loss experience during the three and six months ended June 30, 2011 and 2010 is located in Note 5 of the Consolidated Financial Statements.

A loan or lease is considered impaired, based on current information and events, if it is probable that we will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan or lease agreement. We evaluate loans and leases exceeding $100,000 for impairment and establish an allowance as a component of the reserve for loan and lease losses when it is probable all amounts due will not be collected pursuant to the contractual terms of the loan and lease and the recorded investment in the loan or lease exceeds its fair value. A summary of impaired loans as of June 30, 2011 and December 31, 2010 is reflected in Note 4 of the Consolidated Financial Statements.

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NONPERFORMING ASSETS

Nonperforming assets were as follows:

(Dollars in thousands)	June 30, 2011	December 31, 2010	June 30, 2010
Loans and leases past due 90 days or more	$ 337	$ 361	$ 1,230
Nonaccrual loans and leases	64,920	74,853	68,433
Other real estate	7,878	6,392	6,673
Former bank premises held for sale	1,580	1,200	2,363
Repossessions	1,302	5,670	8,670
Equipment owned under operating leases	474	236	337
Total nonperforming assets	$ 76,491	$ 88,712	$ 87,706

Nonperforming assets as a percentage of total loans and leases were 2.39% at June 30, 2011, 2.81% at December 31, 2010, and 2.71% at June 30, 2010. Nonperforming assets totaled $76.49 million at June 30, 2011, a decrease of 13.78% from the $88.71 million reported at December 31, 2010, and a 12.79% decrease from the $87.71 million reported at June 30, 2010. The decrease during the first six months of 2011 compared to the same period in 2010 was primarily related to decreases in nonaccrual loans and leases and repossessions as the economy slowly improves.

The decrease in nonaccrual loans and leases at June 30, 2011 from June 30, 2010 was spread among the various loan portfolios except for increases in aircraft. The largest dollar decrease at June 30, 2011 from December 31, 2010 occurred in the construction equipment portfolio, with notable decreases also occurring in the medium and heavy duty truck and commercial portfolios. A summary of nonaccrual loans and leases and past due aging for the period ended June 30, 2011 and December 31, 2010 is located in Note 4 of the Consolidated Financial Statements.

As of June 30, 2011, the industry with the largest dollar exposure was with borrowers whose primary source of income was derived from commercial real estate. These impaired loans totaled approximately $25.66 million which were comprised of $18.94 million secured by commercial real estate and included in loans secured by real estate and $6.72 million secured by aircraft and included in aircraft financing. We have limited exposure to commercial real estate. However, our borrowers with commercial real estate exposure, whether local real estate developers in our commercial portfolio or customers in our niche portfolios such as aircraft whose underlying business is dependent on developing, marketing and managing real estate properties, have suffered as a result of declining real estate values and minimal sales activity. Furthermore, aircraft values declined during 2009 and 2010, increasing the risk in aircraft secured transactions.

The increase over the past year in other real estate is due to foreclosing on real estate in the local market for which we have a current appraisal and is well secured.

Repossessions consisted mainly of aircraft at June 30, 2011. At the time of repossession, the recorded amount of the loan or lease is written down, if necessary, to the estimated value of the equipment or vehicle by a charge to the reserve for loan and lease losses, unless the equipment is in the process of immediate sale. Any subsequent write-downs are included in noninterest expense.

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A summary of other real estate and repossessions is shown in the table below:

(Dollars in thousands)	June 30, 2011	December 31, 2010	June 30, 2010
Commercial and agricultural loans	$ 204	$ 24	$ 67
Auto, light truck and environmental equipment	214	475	247
Medium and heavy duty truck		170	655
Aircraft financing	716	4,795	7,557
Construction equipment financing	157	201	125
Commercial real estate	7,019	5,308	5,697
Residential real estate	859	1,084	976
Consumer loans	11	5	19
Total	$ 9,180	$ 12,062	$ 15,343

For financial statement purposes, nonaccrual loans and leases are included in loan and lease outstandings, whereas repossessions and other real estate are included in other assets.

Foreign Outstandings   Our foreign loan and lease outstandings, all denominated in U.S. dollars were $206.20 million and $201.03 million as of June 30, 2011 and December 31, 2010, respectively. Foreign loans and leases are in aircraft financing. Loan and lease outstandings to borrowers in Brazil and Mexico were $147.16 million and $36.80 million as of June 30, 2011, respectively, compared to $134.34 million and $34.03 million as of December 31, 2010, respectively. Outstanding balances to borrowers in other countries were insignificant.

NONINTEREST INCOME

Noninterest income for the three month period ended June 30, 2011 and 2010 was $21.42 million and $20.60 million, respectively. Noninterest income for the six month period ended June 30, 2011 and 2010 was $40.38 million and $41.52 million, respectively. Details of noninterest income follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2011	2010	2011	2010
Noninterest income:				
Trust fees	$ 4,411	$ 4,062	$ 8,403	$ 7,807
Service charges on deposit accounts	4,638	5,275	8,874	9,895
Mortgage banking income	835	425	1,279	1,202
Insurance commissions	1,062	1,061	2,204	2,526
Equipment rental income	6,009	6,672	12,047	13,417
Other income	3,327	3,012	6,298	5,701
Investment securities and other investment gains	1,142	95	1,272	976
Total noninterest income	$ 21,424	$ 20,602	$ 40,377	$ 41,524

Noninterest income increased $0.82 million or 3.99% for the second quarter and decreased $1.15 million or 2.76% for year-to-date 2011 as compared to the same periods in 2010.

Trust fees increased $0.35 million or 8.59% and $0.60 million or 7.63% for the three and six month periods ended June 30, 2011 over the three and six month periods ended June 30, 2010, respectively. The increase in trust fees was a result of an increase in market values of investment accounts.

Service charges on deposit accounts decreased $0.64 million or 12.08% and $1.02 million or 10.32% for the three and six months ended June 30, 2011, respectively over the comparable periods one year ago. The decline in service charges on deposit accounts reflects a lower volume of nonsufficient fund transactions.

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Mortgage banking income increased $0.41 million or 96.47% in the second quarter of 2011 as compared to the second quarter of 2010. Mortgage banking income was relatively flat for the six months ended 2011 compared to the six months ended 2010. A mortgage servicing rights fair value impairment charge of $0.97 million was recorded in the second quarter 2010 compared to only $0.01 million charge in second quarter 2011. This positive variance was offset by reduced gains on loan sales due to lower production volumes in 2011 as a result of the elimination of broker business in late 2010.

Insurance commissions were flat in the three months ended June 30, 2011 and decreased $0.32 million or 12.75% in the six months ended June 30, 2011 over the same periods a year ago. The decrease was due to reduced contingent commissions, primarily as a result of a high level of claims activity in our books of business. We also experienced a loss of commercial business premiums in the Fort Wayne market due to declines in business relationships.

Equipment rental income declined $0.66 million or 9.94% in the second quarter of 2011 compared to the second quarter 2010. Equipment rental income declined $1.37 million or 10.21% for year-to-date 2011 compared to the same period in 2010. The average equipment rental portfolio decreased 9.24% in 2011 over the same period in 2010 resulting in lower rental income.

Other income increased $0.32 million or 10.46% and $0.60 million or 10.47% for the three and six month periods ended June 30, 2011, respectively as compared to the same periods in 2010, mainly due to higher earnout fees on the sale of assets of 1st Source Investment Advisors related to the management of the 1st Source Monogram Funds.

The increase in investment securities and other investment gains of $1.05 million in the three months ended June 30, 2011 was due to gains on the sale of agency securities in 2011 versus no sales in 2010. The increase in investment securities and other investment gains of $0.30 million or 30.34% in the six months ended June 30, 2011 was due to gains on the sale of agency securities offset by lower partnership investment gains in 2011 compared to the same period a year earlier.

NONINTEREST EXPENSE

Noninterest expense for the three month period ended June 30, 2011 and 2010 was $35.94 million and $39.65 million, respectively. Noninterest expense for the six month period ended June 30, 2011 and 2010 was $74.42 million and $76.76 million, respectively. Details of noninterest expense follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2011**	**2010**	**2011**	**2010**
Noninterest expense:				
Salaries and employee benefits	$ 19,135	$ 18,848	$ 37,773	$ 37,658
Net occupancy expense	2,051	1,939	4,371	4,426
Furniture and equipment expense	3,561	3,196	6,910	5,996
Depreciation - leased equipment	4,795	5,304	9,600	10,668
Professional fees	1,080	1,418	2,176	2,932

Supplies and communication	1,316	1,338	2,710	2,707
Business development and marketing expense	864	880	1,486	1,447
Intangible asset amortization	325	331	650	662
Loan and lease collection and repossession expense	1,500	3,267	2,824	4,373
FDIC and other insurance	958	1,667	2,634	3,341
Other expense	358	1,461	3,285	2,549
Total noninterest expense	$ 35,943	$ 39,649	$ 74,419	$ 76,759

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Noninterest expense decreased $3.71 million or 9.35% for the second quarter and $2.34 million or 3.05% for year-to-date 2011 as compared to the same periods in 2010. Salaries and employee benefits, net occupancy, supplies and communication, business development and marketing, and intangible asset amortization all changed slightly in 2011 over the same periods in 2010.

During the second quarter and first six months of 2011, furniture and equipment expense increased $0.37 million or 11.42% and $0.91 million or 15.24%, respectively compared to the second quarter and first six months of 2010. The higher expense was mainly due to computer processing charges and corporate aircraft maintenance.

Depreciation on leased equipment decreased $0.51 million or 9.60% and $1.07 million or 10.01% in conjunction with the decrease in equipment rental income for the three and six months ended June 30, 2011, respectively as compared to the same periods one year ago.

Professional fees decreased $0.34 million or 23.84% for the three month period ended June 30, 2011 as compared to the three month period ended June 30, 2010 and $0.76 million or 25.78% for the six month period ended June 30, 2011 as compared to the same period a year earlier. The reduction in professional fees in 2011 was the result of lower consulting and legal fees.

Loan and lease collection and repossession expense decreased $1.77 million or 54.09% and $1.55 million or 35.42% for the second quarter and first six months of 2011, respectively as compared to the same periods in 2010 mainly due to negative valuation adjustments on repossessed aircraft in 2010 which were not present in 2011. This positive variance was offset by higher repurchased mortgage loan losses in 2011 compared to 2010.

FDIC and other insurance expense decreased $0.71 million or 42.53% and $0.71 million or 21.16% for the three and six months ended June 30, 2011, respectively compared to the three and six months ended June 30, 2010. The lower premium expense in 2011 was a result of a new assessment base and rates imposed by the FDIC.

Other expenses decreased $1.10 million or 75.50% in the three months ended June 30, 2011 as compared to the three months ended June 30, 2010 primarily due to a gain on the sale of our former corporate aircraft. Other expense increased $0.74 million or 28.87% for the six months ended June 30, 2011 over the same period one year ago due to a charge of $1.68 million for provision on unfunded loan commitments offset by the gain on sale of the corporate aircraft.

INCOME TAXES

The provision for income taxes for the three and six month periods ended June 30, 2011 was $8.13 million and $12.66 million, respectively compared to $3.61 million and $8.26 million for the same periods in 2010. The effective tax rates were 35.36% and 31.65% for the second quarter ended June 30, 2011 and 2010, respectively and 33.21% and 32.09% for the six months ended June 30, 2011 and 2010, respectively. Additionally, during the first quarter of 2011 we reached a state tax settlement for the 2008 year and as a result recorded a reduction of unrecognized tax benefits in the amount of $0.84 million that affected the effective tax rate and increased earnings in the amount of $0.47 million.

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ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risks faced by 1st Source since December 31, 2010. For information regarding our market risk, refer to 1st Source s Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 4.

CONTROLS AND PROCEDURES

As of the end of the period covered by this report an evaluation was carried out, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, at June 30, 2011, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by 1st Source in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

In addition, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the second fiscal quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

1st Source and its subsidiaries are involved in various legal proceedings incidental to the conduct of our businesses. Our management does not expect that the outcome of any such proceedings will have a material adverse effect on our consolidated financial position or results of operations.

We received notice in April 2011 that the United States Department of Justice has initiated an investigation of 1st Source prompted by pricing practices of certain brokers from whom we purchased mortgages in prior years that were originated by them. The investigation is pursuant to the Equal Credit Opportunity Act and Fair Housing Act. As previously disclosed, we ended our relationships with third-party mortgage brokers in 2010. We are cooperating fully with the investigation and, based on our present understanding, do not expect an outcome that would have any material adverse effect on our consolidated financial position or results of operations.

ITEM 1A. Risk Factors.

There have been no material changes in risks faced by 1st Source since December 31, 2010. For information regarding our risk factors, refer to 1st Source s Annual Report on Form 10-K for the year ended December 31, 2010.

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ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (1)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
April 01 - 30, 2011		$		1,229,472
May 01 - 31, 2011	100,000	19.66	100,000	1,129,472
June 01 - 30, 2011	499	19.75	499	1,128,973

(1) 1st Source maintains a stock repurchase plan that was authorized by the Board of Directors on April 26, 2007. Under the terms of the plan, 1st Source may repurchase up to 2,000,000 shares of its common stock when favorable conditions exist on the open market or through private transactions at various prices from time to time. Since the inception of the plan, 1st Source has repurchased a total of 871,027 shares.

ITEM 3. Defaults Upon Senior Securities.

None

ITEM 4. (Removed and reserved).

ITEM 5. Other Information.

None

ITEM 6. Exhibits

The following exhibits are filed with this report:

31.1	Certification of Chief Executive Officer required by Rule 13a-14(a).
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a).
32.1	Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer.
32.2	Certification pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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SIGNATURES

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

		1st Source Corporation
DATE	July 21, 2011	/s/ CHRISTOPHER J. MURPHY III Christopher J. Murphy III Chairman of the Board, President and CEO
DATE	July 21, 2011	/s/ LARRY E. LENTYCH Larry E. Lentych Treasurer and Chief Financial Officer Principal Accounting Officer

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