

OLD NATIONAL BANCORP /IN/  
Form 424B3  
June 22, 2012  
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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-181824**

**PROXY STATEMENT FOR THE ANNUAL MEETING OF  
INDIANA COMMUNITY BANCORP SHAREHOLDERS**

**and**

**PROSPECTUS OF**

**OLD NATIONAL BANCORP**

The Boards of Directors of Indiana Community Bancorp ( ICB ) and Old National Bancorp ( Old National ) have approved an agreement to merge (the Merger ) ICB with and into Old National (the Merger Agreement ). If the Merger is approved by the shareholders of ICB and all other closing conditions are satisfied, each shareholder of ICB shall receive 1.90 shares of Old National common stock for each share of ICB common stock owned before the Merger, subject to certain adjustments as described in the Merger Agreement. Each ICB shareholder will also receive cash in lieu of any fractional shares of Old National common stock that such shareholder would otherwise receive in the Merger, based on the market value of Old National common stock determined shortly before the closing of the Merger. The board of directors of ICB believes that the Merger is in the best interests of ICB and its shareholders.

The merger is conditioned upon, among other things, the approval of ICB s shareholders. This document is a proxy statement that ICB is using to solicit proxies for use at its Annual Meeting of shareholders to be held on July 24, 2012. At the meeting, ICB s shareholders will be asked (i) to approve the Merger Agreement and the Merger, (ii) to approve, in a non-binding advisory vote, the compensation that may or will be payable to ICB s named executive officers in connection with the Merger, (iii) to elect one director to ICB s board of directors to serve a three-year term until the earlier of ICB s 2015 annual meeting of shareholders or the consummation of the Merger, (iv) to ratify the appointment of ICB s auditors, (v) to approve, in a non-binding advisory vote, ICB s executive compensation paid to executive officers, (vi) to adjourn the meeting if necessary to solicit additional proxies, and (vii) to transact such other business as may properly be brought before the meeting or any adjournment or postponement thereof.

This document is also a prospectus relating to Old National s issuance of up to 7,385,850 shares of Old National common stock in connection with the Merger.

Old National common stock is traded on the New York Stock Exchange under the trading symbol ONB. On January 24, 2012, the date of execution of the Merger Agreement, the closing price of a share of Old National common stock was \$12.38. On June 18, 2012, the closing price of a share of Old National common stock was \$11.39.

ICB common stock is traded on the NASDAQ Global Market under the trading symbol INCB. On January 24, 2012, the date of execution of the Merger Agreement, the closing price of a share of ICB common stock was \$14.51. On June 18, 2012, the closing price of a share of ICB common stock was \$20.04.

**For a discussion of certain risk factors relating to the Merger Agreement, see the section captioned Risk Factors beginning on page 16.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the Merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency.**

*This proxy statement/prospectus is dated June 20, 2012, and it*

*is first being mailed to ICB shareholders on or about June 22, 2012.*

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**AVAILABLE INFORMATION**

As permitted by Securities and Exchange Commission ( SEC ) rules, this document incorporates certain important business and financial information about Old National from other documents that are not included in or delivered with this document. These documents are available to you without charge upon your written or oral request. Your requests for these documents should be directed to the following:

Old National Bancorp

One Main Street

P.O. Box 718

Evansville, Indiana 47705

Attn: Jeffrey L. Knight, Executive Vice President,

Corporate Secretary and Chief Legal Counsel

(812) 464-1363

**In order to ensure timely delivery of these documents, you should make your request by July 17, 2012, to receive them before the Annual Meeting.**

You can also obtain documents incorporated by reference in this document through the SEC's website at [www.sec.gov](http://www.sec.gov). See [Where You Can Find More Information](#).

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**INDIANA COMMUNITY BANCORP**

**501 Washington Street**

**Columbus, Indiana 47201**

**(812) 376 3323**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JULY 24, 2012**

To the Shareholders of Indiana Community Bancorp:

We will hold an Annual Meeting of the shareholders of Indiana Community Bancorp ( ICB ) on July 24, 2012, at 2:00 p.m., Eastern Time, at the Holiday Inn Express, 12225 North Executive Drive, Edinburgh, Indiana 46124, to consider and vote upon:

1. *Merger Proposal.* To approve the Agreement and Plan of Merger dated January 24, 2012 (the Merger Agreement ), by and between Old National Bancorp ( Old National ) and ICB, pursuant to which ICB will merge with and into Old National (the Merger ). Simultaneous with the consummation of the Merger, Indiana Bank and Trust Company will merge with Old National Bank, the wholly-owned banking subsidiary of Old National. In connection with the Merger, you will receive in exchange for each of your shares of ICB common stock:

1.90 shares of Old National common stock (the Exchange Ratio ), subject to adjustment as provided in the Merger Agreement; and

in lieu of any fractional share of Old National common stock, an amount in cash equal to such fraction multiplied by the average per share closing price of a share of Old National common stock as quoted on the NYSE during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger.

2. *Shareholder Advisory (Non-Binding) Vote on Merger-Related Compensation.* Consideration and approval, on a non-binding advisory basis, of the compensation that may or will become payable to the named executive officers of ICB in connection with the Merger.
3. *Election of Directors.* Election of one director of ICB to serve a three-year term expiring at the earlier of ICB 's 2015 annual meeting of shareholders or the consummation of the Merger.
4. *Ratification of Auditors.* Approval and ratification of the appointment of BKD, LLP as auditors for ICB for the fiscal year ending December 31, 2012.
5. *Shareholder Advisory (Non-Binding) Vote on Executive Compensation.* Consideration and approval of compensation paid to executive officers of ICB disclosed in the enclosed proxy statement/prospectus.
6. *Adjournment.* To approve a proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes present at the Annual Meeting in person or by proxy to approve the Merger.

7. *Other Matters.* To vote upon such other matters as may properly come before the meeting or any adjournment thereof. The board of directors is not aware of any such other matters.

The enclosed proxy statement/prospectus describes the Merger Agreement and the proposed Merger in detail and includes, as Annex A, the complete text of the Merger Agreement. We urge you to read these materials for a description of the Merger Agreement and the proposed Merger. **In particular, you should carefully read the section captioned Risk Factors beginning on page 16 of the enclosed proxy statement/prospectus for a discussion of certain risk factors relating to the Merger Agreement and the Merger.**

The board of directors of ICB recommends that ICB shareholders vote (1) FOR adoption of the Merger Agreement and the Merger, (2) FOR approval of the non-binding advisory resolution regarding the Merger-related compensation payable to our named executive officers, (3) FOR the election of one director, (4) FOR the ratification of ICB's auditors, (5) FOR the advisory vote on executive compensation, and (6) FOR adjournment of the Annual Meeting, if necessary.

The board of directors of ICB fixed the close of business on June 15, 2012, as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements of the Annual Meeting.

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**YOUR VOTE IS VERY IMPORTANT.** The Merger Agreement must be adopted by the affirmative vote of holders of a majority of the issued and outstanding shares of ICB common stock in order for the proposed Merger to be consummated. If you do not return your proxy card or do not vote in person at the Annual Meeting, the effect will be a vote against the proposed Merger. Whether or not you plan to attend the Annual Meeting in person, we urge you to date, sign and return promptly the enclosed proxy card in the accompanying envelope. You may revoke your proxy at any time before the Annual Meeting or by attending the Annual Meeting and voting in person.

By Order of the Board of Directors

John K. Keach, Jr.

Chairman of the Board, President and Chief Executive Officer

June 20, 2012

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE ANNUAL MEETING**

**Q: What am I voting on?**

A: Old National is proposing to acquire ICB. You are being asked to vote to approve the Merger Agreement and the Merger. In the Merger, ICB will merge into Old National. Old National would be the surviving entity in the Merger, and ICB would no longer be a separate company.

Additionally, you are being asked to vote to approve (i) on a non-binding advisory basis, the compensation payable to the named executive officers of ICB in connection with the Merger, (ii) the election of one director to the Board of Directors of ICB to serve a three-year term until the earlier of ICB's 2015 annual meeting of shareholders or the consummation of the Merger, (iii) the ratification of BKD, LLP, as the auditors of ICB for the year ending December 31, 2012, (iv) on a non-binding advisory basis, the executive compensation payable to the named executive officers of ICB, and (v) a proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies if enough votes have not been cast to approve the Merger Agreement at the time of the Annual Meeting.

**Q: What will I receive in the Merger?**

A: If the Merger is completed, each share of ICB common stock will be converted into the right to receive 1.90 shares of Old National common stock (the Exchange Ratio), subject to adjustment as provided below (as adjusted, the Merger Consideration). The Exchange Ratio is subject to adjustment as follows:

if, as of end of the month prior to the effective time, the ICB shareholders' equity (computed in accordance with the terms of the Merger Agreement) is less than \$65.862 million, the Exchange Ratio will be decreased as provided in the Merger Agreement;

if, as of the tenth day prior to the effective time, the aggregate amount of ICB delinquent loans (computed in accordance with the terms of the Merger Agreement and excluding the ICB Special Loans, as defined in the Merger Agreement) is greater than \$34.5 million, the Exchange Ratio will be decreased as provided in the Merger Agreement;

if, as of the tenth day prior to the effective time, the credit mark applied to the ICB Special Loans (computed in accordance with the terms of the Merger Agreement) is (i) less than \$31.982 million or (ii) greater than \$33.982 million, the Exchange Ratio will be adjusted as provided in the Merger Agreement; and

if the average closing price of a share of Old National common stock (computed in accordance with the terms of the Merger Agreement) decreases by more than 20% in relation to a prescribed bank index, ICB will have the right to terminate the Merger Agreement unless Old National elects to increase the Exchange Ratio.

In lieu of any fractional shares of Old National common stock, Old National will distribute an amount in cash equal to such fraction multiplied by the average per share closing price of a share of Old National common stock as quoted on the NYSE during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger.

If the Merger closed as of May 31, 2012, no adjustments to the Merger Consideration would be required as a result of the delinquent loan provision or the shareholders' equity provision. If the Merger closed as of May 31, 2012, the Exchange Ratio would not have been adjusted as a result of the credit mark as of May 31, 2012, including additional adjustments to the credit mark for information (such as appraisals, loans sales and refinancings) through June 18, 2012. The Exchange Ratio remains subject to change, however, based upon further changes to these provisions.

**Q: What risks should I consider before I vote on the Merger Agreement?**

A: You should review Risk Factors beginning on page 16.

**Q: Will Old National shareholders receive any shares or cash as a result of the Merger?**

A: No. Old National shareholders will continue to own the same number of Old National shares they owned before the effective time of the Merger.

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### **Q: When is the Merger expected to be completed?**

A: We are working to complete the Merger as quickly as possible. We first must obtain the necessary regulatory approvals and the approval of the ICB shareholders at the Annual Meeting being held for its shareholders to, among other matters, vote on the Merger. We currently expect to complete the Merger during the third quarter of 2012.

### **Q: What are the tax consequences of the Merger to me?**

A: We have structured the Merger so that Old National, ICB, and their respective shareholders will not recognize any gain or loss for federal income tax purposes on the exchange of ICB shares for Old National shares in the Merger. Taxable income will result, however, to the extent an ICB shareholder receives cash in lieu of fractional shares of Old National common stock and the cash received exceeds the shareholder's adjusted basis in the surrendered stock. At the closing, ICB is to receive an opinion confirming these tax consequences. See *Material Federal Income Tax Consequences* beginning on page 77.

Your tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the Merger to you.

### **Q: What happens if I do not return a proxy card or otherwise vote?**

A: Because the required vote of ICB shareholders on the Merger is based upon the number of outstanding shares of ICB common stock entitled to vote rather than upon the number of shares actually voted, abstentions from voting and broker non-votes will have the same practical effect as a vote AGAINST approval and adoption of the Merger Agreement. If you return a properly signed proxy card but do not indicate how you want to vote, your proxy will be counted as a vote FOR approval and adoption of the Merger Agreement.

With respect to the election of directors, the nominee for director receiving the most votes will be elected. Abstentions, broker non-votes and instructions to withhold authority to vote for a nominee will result in the nominee receiving fewer votes but will not count as votes against that nominee.

The advisory votes on the Merger-related compensation and executive compensation, and the vote to ratify the selection of BKD, LLP as auditors of ICB for 2012, each require more votes to be cast in favor of these proposals than against. Abstentions and broker non-votes will have no effect on these proposals.

### **Q: Why am I being asked to cast an advisory (non-binding) vote to approve the compensation payable to certain ICB officers in connection with the Merger?**

A: The Securities and Exchange Commission, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, recently adopted rules that require ICB to seek an advisory (non-binding) vote with respect to certain payments that will or may be made to ICB's named executive officers in connection with the Merger.

### **Q: What will happen if ICB shareholders do not approve such compensation at the Annual Meeting?**

A: Approval of the compensation payable in connection with the Merger is not a condition to completion of the Merger. The vote with respect to such compensation is an advisory vote and will not be binding on ICB (or the combined company that results from the Merger) regardless of whether the Merger Agreement is approved. Accordingly, as the compensation to be paid to the ICB executives in connection with the Merger is contractual, such compensation will or may be payable if the Merger is completed regardless of the outcome of the

advisory vote.

**Q: Will I have dissenters' rights?**

A: No. Because ICB's common stock is traded on a national exchange, shareholders are not entitled to dissenters' rights under the Indiana Business Corporation Law.

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### **Q: What do I need to do now?**

A: After reading this proxy statement/prospectus, mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the July 24, 2012, ICB Annual Meeting.

### **Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: Yes. Your broker will vote your shares on the Merger Agreement, but only if you provide instructions on how to vote. You should contact your broker and ask what directions your broker will need from you. If you do not provide instructions to your broker on how to vote on the Merger Agreement, your broker will not be able to vote your shares, and this will have the effect of voting against the Merger Agreement.

Similarly, your broker will vote your shares for the election of directors, on the shareholder advisory (non-binding) vote on the Merger-related compensation, and on the shareholder advisory (non-binding) vote on executive compensation, but only if you provide instructions on how to vote. If you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of those proposals.

On non-discretionary items for which you do not submit specific voting instructions to your broker, the shares will be treated as broker non-votes. The proposal to ratify BKD, LLP as our auditors for 2012 is considered routine and therefore may be voted upon by your broker if you do not give instructions to your broker.

### **Q: How do I vote shares held in ICB's 401(k) Plan?**

A: ICB maintains a 401(k) Plan which owns approximately 2.0% of ICB's common stock. Employees of ICB and its subsidiaries may participate in the Plan. Each Plan participant instructs the trustee of the 401(k) Plan how to vote the shares of ICB common stock allocated to his or her account under the 401(k) Plan. Reliance Trust Company is the trustee of the 401(k) Plan. If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote such participant's shares in accordance with the shareholder's instructions. Where properly executed voting instruction cards are returned to the trustee with no specific instruction as to how to vote at the Annual Meeting, the trustee will vote the shares FOR the proposal to approve the Merger Agreement and the Merger, FOR the approval of the Merger-related compensation that is based on or otherwise relates to the Merger, FOR the election of one director to ICB's Board of Directors to serve a three-year term ending at the earlier of ICB's 2015 annual meeting of shareholders or the consummation of the Merger, FOR ratification of BKD, LLP as ICB's auditors for the year ending December 31, 2012, FOR the approval of the executive compensation to be paid to ICB's executive officers, and FOR the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes present at the Annual Meeting in person or by proxy to approve the Merger. The trustee will vote the shares of ICB common stock held in the Plan but not allocated to any participant's account and shares as to which no voting instruction cards are received in the same proportion as the allocated shares in the Plan are voted with respect to the items being presented to a shareholder vote.

### **Q: Can I change my vote after I have mailed my signed proxy card?**

A: Yes. You can change your vote at any time before your proxy is voted at the Annual Meeting. You can do this in one of three ways. First, you can send a written notice stating that you revoke your proxy. Second, you can complete and submit a new proxy card, dated at a date later than the first proxy card. Third, you can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not, however, by itself revoke your proxy. If you hold your shares in street name and have instructed your broker how to vote your shares, you must follow directions received from your broker to change those instructions.

### **Q: What constitutes a quorum?**

- A: The holders of over 50% of the outstanding shares of common stock as of the record date must be present in person or by proxy at the Annual Meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain, cast broker non-votes, or withhold authority to vote on one or more director nominees will be deemed present at the Annual Meeting. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting.

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**Q: Should I send in my stock certificates now?**

A: No. As soon as practicable after the completion of the Merger, you will receive a letter of transmittal describing how you may exchange your shares for the Merger Consideration. At that time, you must send your completed letter of transmittal to Old National in order to receive the Merger Consideration. You should not send your share certificate until you receive the letter of transmittal.

**Q: Can I elect the form of payment that I prefer in the Merger?**

A: No. Only shares of Old National common stock (along with cash in lieu of fractional shares) are to be issued in the Merger. The number of shares of Old National common stock to be issued in the Merger has been determined, subject to adjustments set forth herein.

**Q: Whom should I contact if I have other questions about the Merger Agreement or the Merger?**

A: If you have more questions about the Merger Agreement or the Merger, you should contact:  
Old National Bancorp

One Main Street

Evansville, Indiana 47708

(812) 464-1294

Attn: Jeffrey L. Knight

You may also contact:

Indiana Community Bancorp

501 Washington Street

Columbus, Indiana 47201

(812) 376-3323

Attn: Mark T. Gorski

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**SUMMARY**

*This summary highlights selected information in this proxy statement/prospectus and may not contain all of the information important to you. To understand the Merger more fully, you should read this entire document carefully, including the annexes and the documents referred to in this proxy statement/prospectus. A list of the documents incorporated by reference appears under the caption *Where You Can Find More Information* on page 126.*

**The Companies** (page 24)

*Old National Bancorp*

*One Main Street*

*Evansville, Indiana 47708*

*(812) 464-1294*

Old National Bancorp is a bank holding company, incorporated under Indiana law and headquartered in Evansville, Indiana. Old National is the largest financial services holding company headquartered in Indiana and, with \$8.6 billion in assets, ranks among the top 100 banking companies in the United States. Since its founding in Evansville in 1834, Old National has focused on community banking by building long-term, highly valued partnerships with clients in its primary footprint of Indiana, Illinois and Kentucky. In addition to providing extensive services in retail and commercial banking, wealth management, investments and brokerage, Old National also owns Old National Insurance which is one of the top 100 largest agencies in the U.S. and the 10<sup>th</sup> largest bank-owned agency. Old National's common stock is traded on the New York Stock Exchange under the symbol **ONB**.

*Indiana Community Bancorp*

*501 Washington Street*

*Columbus, Indiana 47201*

*(812) 376-3323*

Indiana Community Bancorp, headquartered in Columbus, Indiana, is an Indiana bank holding company with Indiana Bank and Trust Company as its wholly owned subsidiary. Indiana Bank and Trust Company has 17 full services branches and \$984 million in total assets. Since its founding in 1908, Indiana Bank and Trust Company has built its reputation and its legacy on creating strong partnerships, providing flexible financial solutions and actively supporting the communities within its footprint. ICB's common stock is traded on the NASDAQ® Global Stock Market under the symbol **INCB**.

**Annual Meeting of Shareholders; Required Vote** (page 22)

The Annual Meeting of ICB shareholders is scheduled to be held at the Holiday Inn Express, 12225 North Executive Drive, Edinburgh, Indiana 46124 at 2:00 p.m., local time, on July 24, 2012. At the ICB Annual Meeting, you will be asked to vote to approve the Merger Agreement and the Merger of ICB into Old National contemplated by that agreement. You will also be asked to approve, on a non-binding advisory basis, certain compensation payable to certain ICB executive officers in connection with the Merger, a proposal to elect one member of the Board of Directors of ICB for a three year term ending at the earlier of the 2015 annual meeting of ICB shareholders or the consummation of the Merger, the ratification of BKD, LLP, as ICB's auditors for 2012, on a non-binding advisory basis, certain executive compensation payable to ICB's executive officers, and a proposal to adjourn the Annual Meeting to solicit additional proxies, if necessary. Only ICB shareholders of record as of the close of business on June 15, 2012, are entitled to notice of, and to vote at, the ICB Annual Meeting and any adjournments or postponements of the ICB Annual Meeting.



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As of the record date, there were 3,420,879 shares of ICB common stock outstanding. The directors and executive officers of ICB (and their affiliates), as a group, owned with power to vote 273,056 shares of ICB common stock, representing approximately 8.0% of the outstanding shares of ICB common stock as of the record date.

Adoption of the Merger Agreement requires the affirmative vote of holders of a majority of the issued and outstanding shares of ICB common stock. Approval of the proposal to adjourn the Annual Meeting to allow extra time to solicit proxies, the advisory votes on the Merger-related compensation and executive compensation and the ratification of ICB's auditors each requires more votes cast in favor of the proposal than are cast against it. The nominee for director receiving the most votes will be elected to ICB's Board of Directors.

No approval by Old National shareholders is required.

### **The Merger and the Merger Agreement** (pages 25 and 44)

Old National's acquisition of ICB is governed by the Merger Agreement. The Merger Agreement provides that, if all of the conditions are satisfied or waived, ICB will be merged with and into Old National, with Old National surviving. Simultaneous with the Merger, Indiana Bank and Trust Company will be merged with and into Old National Bank, a wholly-owned subsidiary of Old National. We encourage you to read the Merger Agreement, which is included as Annex A to this proxy statement/prospectus and is incorporated by reference herein.

### **What ICB Shareholders Will Receive in the Merger** (page 44)

If the Merger is completed, each share of ICB common stock will be converted into the right to receive 1.90 shares of Old National common stock, subject to the following adjustments (as adjusted, the Merger Consideration):

if, as of the end of the month prior to the effective time, the ICB shareholders' equity (computed in accordance with the terms of the Merger Agreement) is less than \$65.862 million, the Exchange Ratio will be decreased as provided in the Merger Agreement;

if, as of the tenth day prior to the effective time, the aggregate amount of ICB delinquent loans (computed in accordance with the terms of the Merger Agreement and excluding the ICB Special Loans, as defined in the Merger Agreement) is greater than \$34.5 million, the Exchange Ratio will be decreased as provided in the Merger Agreement;

if, as of the tenth day prior to the effective time, the credit mark applied to the ICB Special Loans (computed in accordance with the terms of the Merger Agreement) is (i) less than \$31.982 million or (ii) greater than \$33.982 million, the Exchange Ratio will be adjusted as provided in the Merger Agreement; and

if the average closing price of a share of Old National common stock (computed in accordance with the terms of the Merger Agreement) decreases by more than 20% in relation to a prescribed bank index, ICB will have the right to terminate the Merger Agreement unless Old National elects to increase the Exchange Ratio.

In lieu of any fractional shares of Old National common stock, Old National will distribute an amount in cash equal to such fraction multiplied by the average per share closing price of a share of Old National common stock as quoted on the NYSE during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger.

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If the Merger closed as of May 31, 2012, no adjustments to the Merger Consideration would be required as a result of the delinquent loan provision or the shareholders' equity provision. If the Merger closed as of May 31, 2012, the Exchange Ratio would not have been adjusted as a result of the credit mark as of May 31, 2012, including additional adjustments to the credit mark for information (such as appraisals, loans sales and refinancings) through June 18, 2012. The Exchange Ratio remains subject to change, however, based upon further changes to these provisions.

### **Treatment of Options to Acquire Shares of ICB Common Stock** (page 47)

The Merger Agreement provides that each option to acquire shares of ICB common stock outstanding as of the effective date of the Merger will be converted into options to acquire shares of Old National common stock.

### **Treatment of ICB Restricted Stock** (page 47)

The Merger Agreement provides that shares of restricted stock granted under the ICB 2010 Stock and Incentive Plan to persons other than John K. Keach, Jr. that are subject to transfer restrictions immediately prior to the Closing shall have those restrictions lapse at Closing and such shares shall convert into the Merger Consideration. Shares of restricted stock held by Mr. Keach shall be converted into the Merger Consideration at closing, but shall continue to be held by Mr. Keach subject to the vesting and transferability restrictions set forth in the award agreements for such restricted stock and shall continue to be subject to the ICB 2010 Stock and Incentive Plan.

### **Recommendation of ICB Board of Directors** (page 24)

The ICB board of directors approved the Merger Agreement and the proposed Merger. The ICB board believes that the Merger Agreement, including the Merger contemplated by the Merger Agreement, is advisable and fair to, and in the best interests of, ICB and its shareholders, and therefore recommends that ICB shareholders vote FOR the proposal to approve the Merger Agreement and the Merger. In reaching its decision, the ICB board of directors considered a number of factors, which are described in the section captioned Proposal 1 The Merger ICB's Reasons for the Merger and Recommendation of the Board of Directors beginning on page 30. Because of the wide variety of factors considered, the ICB board of directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.

The ICB Board also recommends that you vote FOR the approval of the Merger-related compensation that is based on or otherwise relates to the Merger, FOR the election of one director to ICB's Board of Directors to serve a three-year term ending at the earlier of ICB's 2015 annual meeting of shareholders or the consummation of the Merger, FOR ratification of BKD, LLP as ICB's auditors for the year ending December 31, 2012, FOR the approval of the executive compensation to be paid to ICB's executive officers, and FOR the proposal to adjourn the Annual Meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes present at the Annual Meeting in person or by proxy to approve the Merger,

### **No Dissenters' Rights** (page 62)

Dissenters' rights are statutory rights that, if available under law, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. Dissenters' rights are not available in all circumstances, and exceptions to these rights are provided in the Indiana Business Corporation Law. Because shares of ICB common stock are sold on a national exchange, holders of ICB common stock will not have dissenters' rights in connection with the Merger.

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### **Voting Agreements** (page 61)

As of the record date, the directors of ICB beneficially owned 368,642 shares of ICB common stock, including shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of ICB each executed a voting agreement pursuant to which they agreed to vote their shares, and to use reasonable efforts to cause all shares owned by such director jointly with another person or by such director's spouse to be voted, in favor of the Merger.

### **Opinion of ICB's Financial Advisor** (page 33)

In connection with the Merger, the ICB board of directors received an oral and a written opinion, dated January 25, 2012, from ICB's financial advisor, Sandler O'Neill & Partners, L.P. (Sandler O'Neill), to the effect that, as of the date of the opinion and based on and subject to the various considerations described in the opinion, the exchange ratio described in the Merger Agreement was fair, from a financial point of view, to the holders of ICB common stock. The full text of Sandler O'Neill's written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on the review undertaken by Sandler O'Neill in rendering its opinion, is attached to this document as Annex B. We encourage you to read the entire opinion carefully. The opinion of Sandler O'Neill is directed to the ICB board of directors and does not constitute a recommendation to any ICB shareholder as to how to vote at the ICB Annual Meeting or any other matter relating to the proposed Merger.

### **Reasons for the Merger** (page 30)

The ICB board of directors determined that the Merger Agreement and the Merger Consideration were in the best interests of ICB and its shareholders and recommends that ICB shareholders vote in favor of the approval of the Merger Agreement and the transactions contemplated by the Merger Agreement.

In its deliberations and in making its determination, the ICB board of directors considered many factors including, but not limited to, the following:

the business, earnings, operations, financial condition, management, prospects, capital levels, and asset quality of both Old National and ICB;

the increased regulatory burdens on financial institutions, the effects of the expected continued operation of Indiana Bank and Trust Company under applicable regulatory restrictions and the uncertainties in the regulatory climate going forward;

the limited capital raising alternatives available to ICB, especially because its shares were trading below book value and any likely equity raise to redeem ICB's Fixed Rate Cumulative Perpetual Series A Preferred Stock (TARP Preferred Stock) or for other reasons would be very dilutive to ICB's shareholders;

Old National's access to capital and managerial resources relative to that of ICB;

the board's desire to provide ICB shareholders with the prospects for greater future appreciation on their investments in ICB common stock than the amount the board of directors believes ICB could achieve independently;

the financial and other terms and conditions of the Merger Agreement, including the fact that the Exchange Ratio (assuming no adjustments) represents a premium of approximately 121% to ICB's tangible book value as of the date of the Merger Agreement; and

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the financial analyses prepared by Sandler O'Neill, ICB's financial advisor, and the opinion dated as of January 25, 2012, delivered to the ICB board by Sandler O'Neill, to the effect that the exchange ratio described in the Merger Agreement is fair, from a financial point of view, to ICB's shareholders.

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Old National's board of directors concluded that the Merger Agreement is in the best interests of Old National and its shareholders. In deciding to approve the Merger Agreement, Old National's board of directors considered a number of factors, including, but not limited to, the following:

ICB's community banking orientation and its compatibility with Old National and its subsidiaries;

a review of the demographic, economic, and financial characteristics of the markets in which ICB operates, including existing and potential competition and the history of the market areas with respect to financial institutions;

management's review of regulatory restrictions affecting ICB and Indiana Bank and Trust Company and management's assessment of the conditions giving rise to such restrictions; and

management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality, of ICB and Indiana Bank and Trust.

### **Regulatory Approvals** (page 61)

Under the terms of the Merger Agreement, the Merger cannot be completed until Old National receives necessary regulatory approvals, which include the approval of the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System (the Federal Reserve Board). Old National has filed applications with each regulatory authority to obtain the approvals. Old National cannot be certain when such approvals will be obtained or if they will be obtained.

### **New Old National Shares Will be Eligible for Trading** (page 61)

The shares of Old National common stock to be issued in the Merger will be eligible for trading on the New York Stock Exchange.

### **Conditions to the Merger** (page 56)

The obligation of Old National and ICB to consummate the Merger is subject to the satisfaction or waiver, on or before the completion of the Merger, of a number of conditions, including:

approval of the Merger Agreement at the Annual Meeting by a majority of the issued and outstanding shares of ICB common stock;

approval of the transaction by the appropriate regulatory authorities;

the representations and warranties made by the parties in the Merger Agreement must be true and correct in all material respects as of the effective date of the Merger or as otherwise required in the Merger Agreement unless the inaccuracies do not or will not result in a Material Adverse Effect (as defined below in The Merger Agreement--Conditions to the Merger);

the covenants made by the parties must have been fulfilled or complied with in all material respects from the date of the Merger Agreement through and as of the effective time of the Merger;

the parties must have received the respective closing deliveries of the other parties to the Merger Agreement;

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the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, relating to the Old National shares to be issued pursuant to the Merger Agreement, must have become effective under the Securities Act, and no stop order suspending the effectiveness of the Registration Statement shall have been issued or threatened by the Securities and Exchange Commission;

Old National and ICB must have received an opinion from Krieg DeVault LLP, counsel to Old National, dated as of the effective date, to the effect that the Merger constitutes a tax-free reorganization for purposes of Section 368 and related sections of the Internal Revenue Code, as amended;

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Old National must have received a letter of tax advice, in a form satisfactory to Old National, from ICB's independent certified public accounting firm to the effect that any amounts that are paid by ICB or Indiana Bank and Trust Company before the effective time of the Merger, or required under ICB's employee benefit plans or the Merger Agreement to be paid at or after the effective time, to persons who are disqualified individuals under Section 280G of the Internal Revenue Code with respect to ICB, Indiana Bank and Trust Company or their successors, and that otherwise should be allowable as deductions for federal income tax purposes, should not be disallowed as deductions for such purposes by reason of Section 280G of the Code;

the shares of Old National common stock to be issued in the Merger shall have been approved for listing on the New York Stock Exchange;

there shall be no legal proceedings initiated or threatened seeking to prevent completion of the Merger;

ICB shall not have delinquent loans (computed in accordance with the Merger Agreement) in excess of \$49.5 million;

the credit mark on ICB's Special Loans (computed in accordance with the Merger Agreement) shall not be greater than \$43.982 million;

ICB's consolidated shareholders' equity (computed in accordance with the Merger Agreement) shall not be less than \$59.862 million; and

All of ICB's TARP Preferred Stock issued to the U.S. Treasury under the Troubled Asset Relief Program shall be redeemed by ICB through funding by Old National or purchased by Old National (the TARP Purchase).

We cannot be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed.

### **Termination (page 58)**

Old National or ICB may mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if the ICB shareholders have approved it. Also, either party may decide, without the consent of the other party, to terminate the Merger Agreement under specified circumstances, including if the Merger is not consummated by August 31, 2012, if the required regulatory approvals are not received or if the ICB shareholders do not approve the Merger Agreement at the ICB Annual Meeting. In addition, either party may terminate the Merger Agreement if there is a breach of the agreement by the other party that would cause the failure of conditions to the terminating party's obligation to close, unless the breach is capable of being cured and is cured within thirty (30) days of notice of the breach. ICB also has the right to terminate the Merger Agreement if it receives a proposal which its board of directors determines is superior to the Merger with Old National.

Additionally, ICB has the right to terminate the Merger Agreement if Old National's average common stock closing price during the ten trading days preceding the date on which all regulatory approvals approving the Merger are received is below \$9.896 per share, and the decrease in stock price is more than 20% greater than the decrease in the Nasdaq Bank Index during the same time period; provided, however, that Old National will have the right to prevent ICB's termination by agreeing to increase the Exchange Ratio pursuant to a formula set forth in the Merger Agreement.

### **Termination Fee (page 60)**

ICB is required to pay Old National a \$3.25 million termination fee in the following circumstances:

if Old National terminates the Merger Agreement because the ICB board of directors fails to include its recommendation to approve the Merger in the proxy statement/prospectus delivered to shareholders, or



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makes an adverse recommendation as to the Merger, or approves or publicly recommends another acquisition proposal to the ICB shareholders, or ICB enters into or publicly announces its intent to enter into a written agreement in connection with another acquisition proposal;

if either party terminates the Merger Agreement because the ICB shareholders fail to approve the Merger Agreement or by Old National because a quorum could not be convened at ICB's shareholder meeting called to approve the Merger, and, within the twelve months following the termination, ICB or any of its subsidiaries enters into another acquisition agreement or consummates another acquisition; or

if either party terminates the Merger Agreement because the Merger is not consummated by August 31, 2012 and either prior to the date of termination an acquisition proposal was made for ICB or within the next twelve months ICB or any of its subsidiaries enters into another acquisition agreement or consummates another acquisition.

**Interests of Executive Officers and Directors in the Merger That are Different From Yours (page 62)**

You should be aware that some of ICB's directors and executive officers may have interests in the Merger that are different from, or in addition to, their interests as shareholders. ICB's board of directors was aware of these interests and took them into account in approving the Merger Agreement. For example, John K. Keach, Jr., the President and Chief Executive Officer of ICB, will receive a two-year employment agreement from Old National which will provide for a sign-on bonus estimated at \$1.348 million and annual compensation of \$200,000. Mark T. Gorski, the Vice President and Chief Financial Officer of ICB, will be employed as Senior Vice President, Financial Planning and Analysis Manager of Old National at an annual salary of \$185,000, will receive 4,500 restricted shares of Old National common stock at the closing of the Merger, which will vest over a three-year period, and will receive a cash retention bonus of \$70,000, payable \$35,000 at the closing of the Merger and \$35,000 one year following the closing. Mr. Gorski will also receive a one-year severance agreement which is annually renewable from Old National which provides for severance benefits of approximately one year's salary if he is terminated under certain circumstances during its term. Mr. Gorski will also receive an accelerated benefit of approximately \$228,178 under his Supplemental Executive Retirement Agreement at the closing of the Merger. In addition, 3,000 shares of ICB restricted stock held by Mark T. Gorski will vest in connection with the Merger.

Additionally, Old National is obligated under the Merger Agreement to provide continuing indemnification to the officers and directors of ICB and Indiana Bank and Trust Company for a period of six years following the Merger and to provide such directors and officers with directors and officers' liability insurance for a period of one year. Moreover, three of ICB's directors will accrue, under Old National's director deferred compensation plan, on their deferred fees, interest at a higher rate than is currently accrued on those deferred fees under the ICB director deferred compensation plan.

**Accounting Treatment of the Merger (page 61)**

The Merger will be accounted for as a purchase transaction in accordance with United States generally accepted accounting principles.

**Rights of Shareholders After the Merger (page 66)**

When the Merger is completed, ICB shareholders, whose rights are governed by ICB's articles of incorporation and bylaws, will become Old National shareholders, and their rights then will be governed by Old National's articles of incorporation and bylaws. Both Old National and ICB are organized under Indiana law. To review the differences in the rights of shareholders under each company's governing documents, see Comparison of the Rights of Shareholders .

**Table of Contents****Tax Consequences of the Merger** (page 77)

Old National and ICB expect the Merger to qualify as a reorganization for U.S. federal income tax purposes. If the Merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes:

Neither ICB nor its shareholders will recognize gain or loss with respect to the shares of Old National common stock received in the merger; and

an ICB shareholder will recognize gain or loss, if any, on any fractional shares of Old National common stock for which cash is received equal to the difference between the amount of cash received and the ICB shareholder's allocable tax basis in the fractional shares.

To review the tax consequences of the Merger to ICB shareholders in greater detail, please see the section **Material Federal Income Tax Consequences** beginning on page 77.

**Comparative Per Share Data**

The following table shows information about our book value per share, cash dividends per share, and diluted earnings (loss) per share, and similar information as if the Merger had occurred on the date indicated, all of which is referred to as **pro forma** information. In presenting the comparative **pro forma** information for certain time periods, we assumed that we had been merged throughout those periods and made certain other assumptions.

The information listed as **Pro Forma Equivalent ICB Share** was obtained by multiplying the **Pro Forma Combined** amounts by an Exchange Ratio of 1.90, using \$11.39 per share of Old National stock, the closing price on June 18, 2012. We present this information to reflect the fact that ICB shareholders will receive shares of Old National common stock for each share of ICB common stock exchanged in the Merger. We also anticipate that the combined company will derive financial benefits from the Merger that include reduced operating expenses and the opportunity to earn more revenue. The **pro forma** information, while helpful in illustrating the financial characteristics of the merged company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. The **pro forma** information also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

	<b>Old National Historical</b>	<b>ICB Historical</b>	<b>Pro Forma Combined</b>	<b>Pro Forma Equivalent ICB Share</b>
<b>Book value per share:</b>				
at March 31, 2012	\$ 11.10	\$ 18.76	\$ 11.11	\$ 21.11
at December 31, 2011	\$ 10.92	\$ 19.54	\$ 10.95	\$ 20.81
<b>Cash dividends per share:</b>				
Three months ended March 31, 2012	\$ 0.09	\$ 0.01	\$ 0.09	\$ 0.17
Year ended December 31, 2011	\$ 0.28	\$ 0.04	\$ 0.28	\$ 0.53
<b>Diluted earnings (loss) per share:</b>				
Three months ended March 31, 2012	\$ 0.23	\$ (0.87)	\$ 0.22	\$ 0.42
Year ended December 31, 2011	\$ 0.76	\$ (0.87)	\$ 0.98	\$ 1.86

**Table of Contents****Market Prices and Share Information**

The following table presents quotation information for Old National common stock on the New York Stock Exchange and ICB common stock on the NASDAQ Global Market on January 24, 2012, and June 18, 2012. January 24, 2012, was the last business day prior to the announcement of the signing of the Merger Agreement. June 18, 2012, was the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus.

	Old National Common Stock			ICB Common Stock		
	High	Low	Close	High	Low	Close
January 24, 2012	\$ 12.43	\$ 12.15	\$ 12.38	\$ 14.51	\$ 14.51	\$ 14.51
June 18, 2012	11.48	11.26	11.39	20.04	20.02	20.04

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL DATA OF OLD NATIONAL**

The selected consolidated financial data presented below for the three months ended March 31, 2012 and 2011, is unaudited. The information for each of the years in the five-year period ended December 31, 2011, is derived from Old National's audited historical financial statements. Per share amounts have been adjusted to reflect all completed stock dividends and splits. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	March 31, 2012      2011 (unaudited)		2011	2010	December 31, 2009      2008		2007
	(Dollar amounts in thousands except per share data)						
<b>Results of Operations</b>							
Net interest income	\$ 74,273	\$ 61,367	\$ 272,873	\$ 218,416	\$ 231,399	\$ 243,325	\$ 219,191
Provision for loan losses	2,056	3,312	7,473	30,781	63,280	51,464	4,118
Noninterest income	49,133	42,821	182,883	170,150	163,460	166,969	155,138
Noninterest expense	91,287	79,925	348,521	314,305	338,956	297,229	277,998
Income (loss) before income tax	30,063	20,951	99,762	43,480	(7,377)	61,601	92,213
Income tax (benefit)	8,340	4,518	27,302	5,266	(21,114)	(877)	17,323
Net income	21,723	16,433	72,460	38,214	13,737	62,478	74,890
Net income available to common shareholders	21,723	16,433	72,460	38,214	9,845	62,180	74,890
Dividends paid on common stock	8,510	6,630	26,513	24,361	30,380	45,710	72,931
<b>Per Common Share</b>							
Earnings per share (basic)	0.23	0.17	0.76	0.44	0.14	0.95	1.14
Earnings per share (diluted)	0.23	0.17	0.76	0.44	0.14	0.95	1.14
Dividends paid	0.09	0.07	0.28	0.28	0.44	0.69	1.11
Book value - end of period	11.10	10.39	10.92	10.08	9.68	9.56	9.86
Market value - end of period	13.14	10.72	11.65	11.89	12.43	18.16	14.96
<b>At Period End</b>							
Total assets	8,581,058	8,085,310	8,609,683	7,263,892	8,005,335	7,873,890	7,846,126
Investment securities	2,724,559	2,658,568	2,555,866	2,598,432	2,882,228	2,224,687	2,267,410
Loans, excluding held for sale	4,663,237	4,190,756	4,767,203	3,743,451	3,835,486	4,760,359	4,686,356
Allowance for loan losses	55,916	72,749	58,060	72,309	69,548	67,087	56,463
Total deposits	6,667,777	6,059,929	6,611,563	5,462,925	5,903,488	5,422,287	5,663,383
Other borrowings	289,477	439,566	290,774	421,911	699,059	834,867	656,722
Shareholders' equity	1,050,411	984,015	1,033,556	878,805	843,826	730,865	652,881
<b>Financial Ratios</b>							
Return on average assets	1.02%	0.82%	0.86%	0.50%	0.17%	0.82%	0.94%
Return on average common shareholders' equity	8.34%	6.78%	7.24%	4.40%	1.41%	9.49%	11.67%
Allowance for loan losses to total loans (period end) (excluding held for sale)	1.20%	1.74%	1.22%	1.93%	1.81%	1.41%	1.20%
Shareholders' equity to total assets (period end)	12.24%	12.17%	12.00%	12.10%	10.54%	9.28%	8.32%
Average equity to average total assets	12.22%	12.06%	11.94%	11.46%	9.06%	8.67%	8.04%
Dividend payout ratio	39.18%	40.35%	36.59%	63.75%	308.59%	73.51%	97.38%

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL DATA OF ICB**

The selected consolidated financial data presented below for the three months ended March 31, 2012 and 2011, is unaudited. The information for each of the years in the five-year period ended December 31, 2011, is derived from ICB's audited historical financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto appearing elsewhere in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	Three months ended		December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(unaudited)		(Dollar amounts in thousands except per share data)				
<b>Results of Operations</b>							
Net interest income	\$8,202	\$8,612	\$33,391	\$32,234	\$27,538	\$28,789	\$27,540
Provision for loan losses	7,739	1,558	19,509	7,179	16,218	4,292	1,361
Noninterest income	2,868	2,341	12,990	11,631	12,678	11,940	12,854
Noninterest expense	7,648	7,569	31,111	28,898	33,403	28,834	29,774
Income (loss) before income tax and discontinued operations	(4,317)	1,826	(4,239)	7,788	(9,405)	7,603	9,259
Income tax (benefit)	(1,675)	490	(2,495)	2,146	(3,556)	2,600	3,136
Net income (loss)	(2,642)	1,336	(1,744)	5,642	(5,849)	5,003	6,123
Net income (loss) available to common shareholders	(2,939)	1,041	(2,931)	4,449	(7,031)	4,939	6,123
Dividends paid on common stock	34	34	137	135	873	2,828	2,820
<b>Per Common Share</b>							
Earnings per share (basic)	(0.87)	0.31	-0.87	1.32	-2.09	1.47	1.75
Earnings per share (diluted)	(0.87)	0.31	-0.87	1.32	-2.09	1.47	1.72
Dividends paid	0.01	0.01	0.04	0.04	0.26	0.64	0.80
Book value - end of period	18.76	20.22	19.54	19.94	19.02	21.16	20.02
Market value - end of period	23.51	15.55	14.63	17.25	7.60	12.00	22.94
<b>At Period End</b>							
Total assets	968,798	1,050,280	984,607	1,043,318	1,010,323	969,373	908,806
Investment securities	173,678	232,879	180,770	226,465	153,307	95,563	63,863
Loans, excluding held for sale and net deferred fees/costs	681,564	744,869	707,319	747,653	737,880	800,976	750,011
Allowance for loan losses	18,137	14,578	14,984	14,606	13,113	8,589	6,972
Total deposits	850,104	872,328	863,343	853,343	840,305	710,639	707,551
Long-term debt, excluding FHLB advances maturing within one year	15,464	68,934	15,464	68,748	70,464	125,890	82,963
Shareholders' equity	85,479	90,350	88,134	88,649	84,924	92,012	67,454
<b>Financial Ratios</b>							
Return on average assets	-1.10%	0.52%	-0.17%	0.54%	-0.57%	0.54%	0.70%
Return on average common shareholders' equity	-17.73%	6.18%	-4.26%	6.70%	-10.16%	7.03%	8.88%
Allowance for loan losses to total loans (period end) (excluding held for sale)	2.66%	1.96%	2.12%	1.95%	1.78%	1.07%	0.92%
Shareholders' equity to total assets (period end)	8.82%	8.60%	8.95%	8.50%	8.41%	9.49%	7.42%
Average equity to average total assets	9.10%	8.59%	8.84%	8.35%	8.83%	7.55%	7.89%
Dividend payout ratio	-1.15%	3.23%	-4.60%	3.03%	-12.44%	43.34%	46.50%

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**RISK FACTORS**

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus (See *Where You Can Find More Information* ), including the risk factors included in Old National's Annual Report on Form 10-K for the year ended December 31, 2011, you should consider carefully the risk factors described below in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document and in the documents incorporated by reference into this document. Please refer to the section of this proxy statement/prospectus titled *Caution About Forward-Looking Statements*.

***ICB shareholders cannot be certain of the value of the Merger Consideration they will receive, because the market price of Old National common stock will fluctuate and the Exchange Ratio is subject to adjustment as a result of changes in ICB's shareholders' equity, delinquent loans, and the credit mark applied to the ICB Special Loans.***

Upon completion of the Merger, each share of ICB common stock will be converted into 1.90 shares of Old National common stock. This Exchange Ratio is subject to downward adjustment, as described in the Merger Agreement and in this document, in the event that certain of ICB's delinquent loans are greater than \$34.5 million as of the ten days prior to closing date of the Merger, in the event the credit mark on ICB's Special Loans (as defined in the Merger Agreement) is greater than \$33.982 million, or in the event that ICB's consolidated shareholders' equity is less than \$65.862 million. The Exchange Ratio is also subject to upward adjustment, as described in the Merger Agreement and in this document, in the event that the credit mark on ICB's Special Loans is less than \$31.982 million. See *The Merger Agreement -- Merger Consideration* for a more complete discussion of the Merger Consideration to be paid in this proposed transaction.

Additionally, the market value of the Merger Consideration may vary from the closing price of Old National common stock on the date it announced the merger, on the date that this document was mailed to ICB shareholders, on the date of the Annual Meeting of the ICB shareholders and on the date it completes the Merger and thereafter. Any change in the Exchange Ratio or the market price of Old National common stock prior to completion of the Merger will affect the amount of and the market value of the Merger Consideration that ICB shareholders will receive upon completion of the merger. Accordingly, at the time of the Annual Meeting, ICB shareholders will not know or be able to calculate with certainty the amount or the market value of the Merger Consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in its respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond Old National's or ICB's control. You should obtain current market quotations for shares of Old National common stock and for shares of ICB common stock before you vote.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.***

Before the transactions contemplated in the Merger Agreement may be completed, various approvals must be obtained from the Federal Reserve Board and the Office of the Comptroller of the Currency. These governmental entities may impose conditions on the completion of the Merger or require changes to the terms of the Merger Agreement. Although Old National and ICB do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the Merger Agreement or imposing additional costs on or limiting Old National's revenues, any of which might have a material adverse effect on Old National following the Merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed.

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*The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed, which could have a negative impact on ICB.*

The Merger Agreement with Old National is subject to a number of conditions which must be fulfilled in order to close. Those conditions include: ICB shareholder approval, regulatory approval, the continued accuracy of certain representations and warranties by both parties and the performance by both parties of certain covenants and agreements. In particular, Old National is not obligated to close the Merger transaction if ICB has delinquent loans in excess of \$49.5 million or the credit mark on ICB's Special Loans is greater than \$43.982 million, both as of the tenth day prior to the effective date of the Merger, or if ICB's consolidated shareholders' equity is less than \$59.862 million, subject to adjustments in the Merger Agreement, as of the end of the month prior to the effective time of the Merger. As of March 31, 2012, none of these thresholds were met.

In addition, certain circumstances exist where ICB may choose to terminate the Merger Agreement, including the acceptance of a superior proposal or the decline in Old National's share price to below \$9.896 as of the first date when all regulatory approvals for the Merger have been received combined with such decline being at least 20% greater than a corresponding price decline of the Nasdaq Bank Index. Under such circumstances, Old National may, but is not required to, increase the Exchange Ratio in order to avoid termination of the Merger Agreement. Old National has not determined whether it would increase the exchange ratio in order to avoid termination of the Merger Agreement by ICB. See *The Merger Agreement -- Merger Consideration* for a more complete discussion of the Merger Consideration to be paid in this proposed transaction and *--Termination* for a more complete discussion of the circumstances under which the Merger Agreement could be terminated. There can be no assurance that the conditions to closing the Merger will be fulfilled or that the Merger will be completed.

If the Merger Agreement is terminated, there may be various consequences to ICB, including:

ICB's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger;

ICB may have incurred substantial expenses in connection with the Merger, without realizing any of the anticipated benefits of completing the Merger; and

the market price of ICB common stock might decline to the extent that the current market price reflects a market assumption that the Merger will be completed.

If the Merger Agreement is terminated and ICB's board of directors seeks another merger or business combination, under certain circumstances ICB may be required to pay Old National a \$3.25 million termination fee, and ICB shareholders cannot be certain that ICB will be able to find a party willing to pay an equivalent or more attractive price than the price Old National has agreed to pay in the Merger.

***ICB shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management.***

ICB's shareholders currently have the right to vote in the election of the ICB board of directors and on other matters affecting ICB. When the Merger occurs, each ICB shareholder will become a shareholder of Old National with a percentage ownership of the combined organization that is much smaller than the shareholder's percentage ownership of ICB. Because of this, ICB's shareholders will have less influence on the management and policies of Old National than they now have on the management and policies of ICB.

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*Old National may be unable to successfully integrate Indiana Bank and Trust Company's operations and retain Indiana Bank and Trust Company's employees.*

Indiana Bank and Trust Company will be merged with and into Old National Bank simultaneous with the closing of the Merger. The difficulties of merging the operations of Indiana Bank and Trust Company with Old National Bank include:

integrating personnel with diverse business backgrounds;

combining different corporate cultures; and

retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of Old National, Old National Bank and Indiana Bank and Trust Company, and the loss of key personnel. The integration of Indiana Bank and Trust Company with Old National Bank will require the experience and expertise of certain key employees of Indiana Bank and Trust Company who are expected to be retained by Old National. However, there can be no assurances that Old National will be successful in retaining these employees for the time period necessary to successfully integrate Indiana Bank and Trust Company into Old National Bank. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and integration of Indiana Bank and Trust Company into Old National Bank could have an adverse effect on the business and results of operations of Old National or Old National Bank.

*The termination fee and the restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire ICB.*

Until the completion of the Merger, with some exceptions, ICB is prohibited from soliciting, initiating, encouraging, or participating in any discussion of, or otherwise considering, any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person or entity other than Old National. In addition, ICB has agreed to pay a termination fee of \$3.25 million to Old National if the board of directors of ICB withdraws, modifies or changes its approval or recommendation of the Merger Agreement and approves or recommends an acquisition transaction with a third party. These provisions could discourage other companies from trying to acquire ICB even though such other companies might be willing to offer greater value to ICB's shareholders than Old National has offered in the Merger Agreement. The payment of the termination fee also could have a material adverse effect on ICB's financial condition.

*Certain of ICB's executive officers and directors have interests that are different from, or in addition to, the interests of ICB's shareholders generally.*

Certain of ICB's executive officers and directors have interests in the Merger that are in addition to, or different from, the interests of ICB's shareholders. ICB's board of directors was aware of these conflicts of interest when it approved the Merger Agreement. These interests include:

the two-year employment agreement to be entered into by John K. Keach, Jr., the Chairman of the Board, President, and Chief Executive Officer of ICB, and Old National following the Merger which, among other things, provides for a sign-on bonus of approximately \$1.348 million dollars;

the written offer of employment dated January 19, 2012 made by Old National Bank to Mark T. Gorski, the current Executive Vice President, Treasurer, and Chief Financial Officer of ICB, pursuant to which Mr. Gorski will be employed by Old National Bank following completion of the Merger at an annual salary of \$185,000 and pursuant to which, among other things, Mr. Gorski will be paid a \$70,000 cash retention bonus by Old National Bank and will receive 4,500 shares of restricted common stock of Old National;

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the accelerated vesting of shares of restricted stock pursuant to ICB's stock option and incentive plan as a result of the consummation of the Merger, including the acceleration of vesting of 3,000 shares of restricted stock owned by Mark T. Gorski;

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the one-year renewable severance agreement to be entered into by Mr. Gorski and Old National following the Merger, pursuant to which Old National will pay Mr. Gorski certain severance benefits in the event of his termination during the term of the severance agreement;

the continuation of indemnification and insurance coverage for acts and omissions in their capacities as ICB and Indiana Bank and Trust Company officers and directors;

the acceleration at the closing of the Merger of benefits valued at approximately \$228,178 under the Supplemental Executive Retirement Agreement of Mark T. Gorski; and

enhanced interest credited on the director deferred fee balances of three of ICB's directors under the Old National director deferred compensation plan.

For a more detailed discussion of these interests, see *Interests of Certain Directors and Officers of ICB in the Merger*.

***The fairness opinion obtained by ICB will not reflect changes in the relative values of Old National and ICB between the time the opinion was obtained and the effective time of the Merger.***

The fairness opinion of Sandler O'Neill was delivered as of January 25, 2012 and was based upon an exchange ratio of 1.90. ICB does not intend to obtain any further update of the Sandler O'Neill fairness opinion. Changes in the operations and prospects of Old National and ICB, general market and economic conditions, and other factors both within and outside of Old National's and ICB's control, on which the opinion of Sandler O'Neill is based, may alter the relative value of the companies. Therefore, the Sandler O'Neill opinion does not address the fairness of the Exchange Ratio (as defined below) as of the date hereof or at the time the Merger will be completed.

***The Merger may fail to qualify as a reorganization for federal tax purposes, resulting in your recognition of taxable gain or loss in respect of your ICB shares.***

ICB intends the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Although the Internal Revenue Service will not provide a ruling on the matter, Old National and ICB will, as a condition to closing, obtain an opinion from Old National's legal counsel that the Merger will constitute a reorganization for federal tax purposes. This opinion does not bind the IRS or prevent the IRS from adopting a contrary position. If the Merger fails to qualify as a reorganization, you generally would recognize gain or loss on each share of ICB common stock surrendered in an amount equal to the difference between your adjusted tax basis in that share and the fair market value of the Old National common stock received in exchange for that share upon completion of the Merger.

***The shares of Old National common stock to be received by ICB shareholders as a result of the Merger will have different rights from the shares of ICB common stock.***

The rights associated with ICB common stock are different from the rights associated with Old National common stock. See the section of this proxy statement/prospectus entitled *Comparison of the Rights of Shareholders* for a discussion of the different rights associated with Old National common stock.

**CAUTION ABOUT FORWARD-LOOKING STATEMENTS**

This filing contains forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Certain statements contained in this filing that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, notwithstanding that such statements are not specifically identified.

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In addition, certain statements may be contained in the future respective filings of Old National and ICB with the SEC, in press releases and in oral and written statements made by or with the approval of Old National that are not statements of historical fact and constitute forward-looking statements within the meaning of the Reform Act. Examples of forward-looking statements include, but are not limited to:

statements about the benefits of the Merger between Old National and ICB, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings that may be realized from the Merger;

statements of plans, objectives and expectations of Old National or ICB or their managements or boards of directors;

statements of future economic performance; and

statements of assumptions underlying such statements.

Words such as believes, anticipates, expects, intends, targeted, continue, remain, will, should, may and other similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

the risk that the businesses of Old National and ICB will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame;

revenues following the Merger may be lower than expected;

deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;

the inability to obtain governmental approvals of the Merger on the proposed terms and schedule;

the failure of ICB's shareholders to approve the Merger;

local, regional, national and international economic conditions and the impact they may have on Old National and ICB and their customers and Old National's and ICB's assessment of that impact;

changes in the level of non-performing assets, delinquent loans, and charge-offs;

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material changes in the stock market value of Old National common stock;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

the risk that management's assumptions and estimates used in applying critical accounting policies prove unreliable, inaccurate or not predictive of actual results;

inflation, interest rate, securities market and monetary fluctuations;

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity;

prepayment speeds, loan originations and credit losses;

sources of liquidity;

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competitive pressures among depository and other financial institutions may increase and have an effect on pricing, spending, third-party relationships and revenues;

changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which Old National and ICB must comply;

the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board;

Old National's and ICB's common shares outstanding and common stock price volatility;

legislation affecting the financial services industry as a whole, and/or Old National and ICB and their subsidiaries, individually or collectively;

governmental and public policy changes;

financial resources in the amounts, at the times and on the terms required to support Old National's and ICB's future businesses; and

the impact on Old National's or ICB's businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts.

Additional factors that could cause Old National's and ICB's results to differ materially from those described in the forward-looking statements can be found in Old National's and ICB's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to Old National or ICB or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. Old National and ICB undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

We caution you not to place undue reliance on the forward-looking statements.

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**ANNUAL MEETING OF ICB S SHAREHOLDERS**

**Date, Place, Time, and Purpose**

ICB s Board of Directors is sending you this proxy statement/prospectus and proxy to use at the ICB 2012 Annual Meeting of Shareholders. At the Annual Meeting, the ICB Board of Directors will ask you (i) to vote on a proposal to approve the Merger Agreement and the Merger; (ii) to approve, on a non-binding advisory basis, certain compensation payable to ICB s executive officers in connection with the Merger; (iii) to vote on a proposal to elect one member of the Board of Directors of ICB for a three year term ending at the earlier of the 2015 annual meeting of ICB shareholders or the consummation of the Merger; (iv) to ratify the appointment of BKD, LLP, as ICB s auditors for 2012; (v) to approve, on a non-binding advisory basis, certain executive compensation payable to ICB s executive officers; and (vi) to vote on a proposal to adjourn the Annual Meeting to solicit additional proxies, if necessary. ICB does not expect any other items of business to be presented at the Annual Meeting because, among other reasons, the deadline for shareholder nominations and proposals has already passed. If other matters do properly come before the Annual Meeting, the accompanying proxy gives discretionary authority to the persons named in the proxy to vote on any other matters brought before the meeting. Those persons intend to vote the proxies in accordance with their best judgment.

The Annual Meeting will be held on July 24, 2012, at 2:00 p.m., Eastern Daylight Time, at the Holiday Inn Express, 12225 North Executive Drive, Edinburgh, Indiana 46124.

**Record Date, Voting Rights, Quorum, and Required Vote**

ICB has set the close of business on June 15, 2012, as the record date for determining the holders of ICB common stock entitled to notice of and to vote at the Annual Meeting. Only ICB shareholders at the close of business on the record date are entitled to notice of and to vote at the Annual Meeting. As of the record date, there were 3,420,879 shares of ICB common stock outstanding and entitled to vote at the Annual Meeting. Each share of ICB s common stock is entitled to one vote at the Annual Meeting on all matters properly presented. ICB also had 21,500 shares of TARP Preferred Stock outstanding on the record date, issued pursuant to the TARP Capital Purchase Program, but these shares do not have the right to vote at the Annual Meeting.

The holders of over 50% of the outstanding shares of ICB s common stock as of the record date must be present in person or by proxy at the Annual Meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain, cast broker non-votes, or withhold authority to vote on one or more of the proposals will be deemed present at the Annual Meeting. Once a share is represented for any purpose at the meeting, it is deemed present for quorum purposes for the remainder of the meeting.

Approval of the Merger Agreement and the related Merger will require the affirmative vote of at least a majority of ICB s issued and outstanding shares. Broker non-votes and abstentions from voting will have the same effect as a vote against the Merger Agreement. The directors and executive officers of ICB (and their affiliates), as a group, owned with power to vote 273,056 shares of ICB common stock, representing approximately 8.0% of the outstanding shares of ICB common stock as of the record date, including shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of ICB each executed a voting agreement pursuant to which they agreed to vote their shares, and to use reasonable efforts to cause all shares owned by such director jointly with another person or by such director s spouse to be voted, in favor of the Merger.

The advisory votes on the Merger-related compensation and executive compensation, the proposal to adjourn or postpone the Annual Meeting for the purpose of allowing additional time for the solicitation of proxies from shareholders to approve the Merger Agreement and the proposal to ratify BKD, LLP, as ICB s auditors for the year ending December 31, 2012, each requires more votes cast in favor of the proposal than are cast against it. Abstentions and broker non-votes will not be treated as NO votes and, therefore, will have no effect on these proposals.

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The nominee for director receiving the most votes will be elected. Abstentions, broker non-votes, and instructions to withhold authority to vote for a nominee will result in the nominee receiving fewer votes but will not count as votes against the nominee.

### **Voting and Revocability of Proxies**

You may vote in person at the Annual Meeting or by proxy. To ensure your representation at the Annual Meeting, we recommend you vote by proxy even if you plan to attend the Annual Meeting. You may change your proxy vote at the Annual Meeting.

ICB shareholders whose shares are held in street name by their broker, bank, or other nominee must follow the instructions provided by their broker, bank, or other nominee to vote their shares.

Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against, or abstain with respect to the approval of the Merger Agreement and the adjournment of the Annual Meeting. If you are the record holder of your shares and submit your proxy without specifying a voting instruction, your shares will be voted FOR approval of the Merger Agreement, FOR approval of the advisory vote on the Merger-related compensation, FOR adjournment of the Annual Meeting if necessary, FOR the election of management's director nominee, FOR approval of the advisory vote on executive compensation, and FOR the ratification of BKD, LLP as ICB's auditor for the year ending December 31, 2012.

You may revoke your proxy before it is voted by:

filing with the Secretary of ICB a duly executed revocation of proxy;

submitting a new proxy with a later date; or

voting in person at the Annual Meeting.

Attendance at the Annual Meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: Indiana Community Bancorp, 501 Washington Street, Columbus, IN 47201, Attention: Secretary.

### **Voting of Shares Held in ICB's 401(k) Plan**

ICB maintains a 401(k) Plan which owns approximately 2.0% of ICB's common stock. Each Plan participant instructs the trustee of the Plan how to vote the shares of ICB common stock allocated to his or her account under the Plan. If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote such participant's shares in accordance with the shareholder's instructions. Where properly executed voting instruction cards are returned to the trustee with no specific instruction as to how to vote at the Annual Meeting, the trustee will vote the shares as provided under Voting and Revocability of Proxies above. The trustee will vote the shares of ICB common stock held in the Plan but not allocated to any participant's account and shares as to which no voting instruction cards are received in the same proportion as the allocated shares in the Plan are voted with respect to the items being presented to a shareholder vote.

### **Solicitation of Proxies**

ICB and Old National will divide the costs of the distribution of this proxy statement/prospectus. In addition to soliciting proxies by mail, directors, officers, and employees of ICB may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. ICB will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

In addition, ICB has engaged Phoenix Advisory Partners, LLC to assist in soliciting proxies for the Annual Meeting and has agreed to pay them \$6,000, plus out-of-pocket expenses, for these services.



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**Recommendation of ICB's Board of Directors**

The board of directors of ICB unanimously voted in favor of the Merger Agreement and the Merger. The ICB board of directors believes that these items and the transactions they contemplate are in the best interests of ICB and its shareholders, and recommends that ICB shareholders vote FOR approval of the Merger Agreement and the Merger, FOR approval of the advisory vote on the Merger-related compensation, FOR the election of Management's director nominees, FOR the ratification of BKD, LLP as ICB's auditor for the year ending December 31, 2012, FOR approval of the advisory vote on executive compensation, and FOR adjournment of the Annual Meeting if necessary.

See The Merger -- Background of the Merger and -- ICB's Reasons for the Merger and Recommendation of the Board of Directors for a more detailed discussion of the ICB Board of Directors' recommendation with regard to the Merger Agreement, the Merger and the transactions contemplated thereby.

**INFORMATION ABOUT THE COMPANIES**

*Old National Bancorp*

*One Main Street*

*Evansville, Indiana 47708*

*(812) 464-1294*

Old National Bancorp is a bank holding company, incorporated under Indiana law and headquartered in Evansville, Indiana. Old National is the largest financial services holding company headquartered in Indiana and, with \$8.6 billion in assets, ranks among the top 100 banking companies in the United States. Since its founding in Evansville in 1834, Old National has focused on community banking by building long-term, highly valued partnerships with clients in its primary footprint of Indiana, Illinois and Kentucky. In addition to providing extensive services in retail and commercial banking, wealth management, investments and brokerage, Old National also owns Old National Insurance which is one of the top 100 largest agencies in the U.S. and the 10th largest bank-owned agency. Old National's common stock is traded on the New York Stock Exchange under the symbol ONB.

Additional information about Old National and its subsidiaries is included in documents incorporated by reference into this document. For more information, please see the section entitled "Where You Can Find More Information" beginning on page 126.

*Indiana Community Bancorp*

*501 Washington Street*

*Columbus, Indiana 47201*

*(812) 376-3323*

Indiana Community Bancorp, headquartered in Columbus, Indiana, is an Indiana bank holding company with Indiana Bank and Trust Company as its wholly owned subsidiary. Indiana Bank and Trust Company has 17 full service branches and \$985 million in total assets. Since its founding in 1908, Indiana Bank and Trust Company has built its reputation and its legacy on creating strong partnerships, providing flexible financial solutions and actively supporting the communities within its footprint. ICB's common stock is traded on the NASDAQ Global Market under the symbol INCB.

Additional information about ICB and Indiana Bank and Trust Company is included elsewhere in this proxy statement/prospectus.

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**PROPOSAL 1 - THE MERGER**

**Background of the Merger**

As part of its ongoing consideration and evaluation of ICB's long-term prospects and strategies, the board of directors of ICB has periodically discussed and reviewed strategic opportunities to maximize value for its shareholders. These opportunities have included, among other alternatives, continuing as an independent institution, growing internally and through branch acquisitions, or acquiring, affiliating, or merging with another institution.

Until 2011, ICB's board of directors had concluded that ICB's shareholders, customers, and employees were best served by ICB remaining as an independent financial institution. However, due substantially to the prolonged regional and national economic downturn and the related pressures on commercial borrowers and the commercial real estate market, the operating environment for ICB and Indiana Bank and Trust Company became increasingly difficult over the last several years, leading to increased loan loss provisions, decreased loan originations, diminished growth opportunities, increased core operating expenses, and declining financial performance.

As with many community banks during this time period, conditions during 2008 and 2009 were especially challenging for ICB and Indiana Bank and Trust Company as a result of the financial crisis and the downturn in the real estate market. During this period Indiana Bank and Trust Company experienced increases in its nonperforming assets, and its loan loss provisions, and in 2009 experienced a net loss for the first time in many years. In an effort to address these challenges, in December 2008, ICB participated in the U.S. Treasury's Capital Purchase Program in order to bolster its capital position, and received \$21,500,000 in exchange for the issuance to the U.S. Treasury of 21,500 shares of TARP Preferred Stock and a warrant to purchase 188,707 shares of ICB's common stock. However, despite the additional capital injection resulting from the TARP Purchase, ICB continued to struggle financially during 2009. In part to preserve capital to permit eventual redemption of the TARP preferred stock, ICB reduced its quarterly dividend from \$.12 per share to \$.01 per share for the third quarter of 2009 and has kept its dividend at that level since that time.

As a result of ICB's financial difficulties in 2009, on November 24, 2009, at the direction of the Federal Reserve Bank of Chicago (FRB) and the Indiana Department of Financial Institutions (IDFI), the board of directors of Indiana Bank and Trust Company adopted a resolution addressing, among other things, plans to deal with certain classified loans, a requirement to obtain written approval from the FRB and IDFI prior to the declaration or payment of dividends, and profitability planning. Additionally, on that same date, at the direction of the FRB, ICB's board adopted a resolution requiring ICB to obtain the written approval of the FRB prior to the declaration or payment of dividends, any increase in debt, making distributions on its trust preferred obligations, or the repurchase of any of ICB's stock. In light of these regulatory actions and in response to ICB's challenging position, ICB's board of directors during 2010 implemented a number of initiatives to increase earnings, decrease operating expenses, improve asset quality, and bolster Indiana Bank and Trust Company's capital position. These actions resulted in improved performance for ICB during 2010, including increased net interest income, lower non-interest expenses, an increase in net income to pre-2008 levels, and improved capital ratios.

While these efforts by management, including the TARP Purchase, stabilized ICB's capital position and improved its performance in 2010, ICB's opportunities for additional earnings growth, consistent with the rest of the banking industry, remained constrained due to weak loan demand, low interest rates, higher capital requirements, increased regulatory costs, and a limited field of attractive acquisition opportunities. As a result, the operating environment for ICB continued to be challenging during 2011. In the third quarter of 2011, ICB recorded a loss of \$5.8 million resulting from a \$14.1 million provision for loan losses. This provision was attributable to significant net charge-offs during the quarter relating primarily to loans to nine commercial customers. During that same quarter, ICB repositioned its balance sheet to improve its net interest margin by prepaying \$55.0 million in FHLB advances, which caused ICB to incur a \$1.4 million prepayment expense.

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Recognizing the need to further bolster its financial performance and competitive position for the benefit of its shareholders, throughout 2011, the senior management and directors of ICB focused on potential strategic alternatives involving the merger of ICB with another financial institution. Among other considerations discussed by the directors was the continued depression of the market for common stock of community banks and the difficulty in raising capital to redeem ICB's TARP Preferred Stock without significantly diluting ICB's earnings per share, book value and tangible book value per share and existing ICB shareholder ownership levels.

Sandler O'Neill, as part of its investment banking business, is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and distributions of listed and unlisted securities. Sandler O'Neill is familiar with the market for common stocks of publicly and privately traded banks, thrifts, and bank and thrift holding companies. ICB has sought the counsel of Sandler O'Neill over the past several years to assist it with various matters, including the balance sheet restructuring and other matters occurring during the third quarter of 2011.

Because of Sandler O'Neill's extensive experience and capabilities related to business combinations of financial institutions, its reputation as a leading investment banking firm in the financial services area, and ICB's previous experience with Sandler O'Neill, in August 2011 ICB's management contacted Sandler O'Neill and requested that it assist ICB in reviewing ICB's possible strategic alternatives and provide advice regarding a possible business combination with another entity. ICB's Board of Directors considered the fact that Sandler O'Neill had provided services to one or more of the potential transaction partners, but concluded that such services would not create a conflict that would adversely affect ICB or its shareholders. Initial discussions with Sandler O'Neill included an analysis of ICB's and Indiana Bank and Trust Company's financial results, developments in the banking industry in general, and the strategic rationale for a business combination with another entity. During these discussions, ICB's management emphasized that Sandler O'Neill should focus on potential transaction partners that had strong currencies and growth potential to maximize value for ICB's shareholders. Sandler O'Neill identified nine potential strategic partners (seven regional and two super-regional) that may have an interest in pursuing a transaction with ICB. Prior to this time, a few of these parties, including Old National, had contacted ICB management informally with respect to a strategic business combination. After further discussions, ICB's management invited representatives of Sandler O'Neill to make a presentation regarding potential strategic alternatives at an upcoming director retreat that was to be held in late October 2011.

On October 24, 2011, ICB's board of directors held a retreat which had been called for the purpose of discussing alternative strategic initiatives for ICB (and not for the specific purpose of evaluating any particular potential transaction or strategic partner). Representatives of Sandler O'Neill were in attendance. At the meeting, Sandler O'Neill made a presentation to the board which included an analysis of ICB's and Indiana Bank and Trust Company's competition and the status of the merger market, the condition of the banking industry as a whole, possible prices that could be achieved in a sale of control, and a list of potential merger partners. All of these issues were analyzed in conjunction with ICB's goal to maximize shareholder value. At this meeting, Sandler O'Neill also presented an affordability and pro forma analysis of potential acquirors, which was intended to inform the directors of the potential financial merger capabilities of certain potential acquirors to pay a certain level of transaction consideration based on assumed financial metrics, and to explain the forecasted effects of such a transaction on the combined entity. Sandler O'Neill's analysis covered the nine potential acquirors it had initially identified to ICB. After Sandler O'Neill's presentation, the board of directors considered each of the nine potential business combination partners and various factors to consider with respect to each of them, and engaged in an extensive discussion regarding Sandler O'Neill's analysis. In part based on management's efforts over the past three years to improve performance, it was the consensus of the board that, given the information presented by Sandler O'Neill, there were few realistic growth opportunities by acquisition and that organic growth would be difficult and take years to have a significant impact on shareholders. Following further discussion among the directors regarding the strategic alternatives available to ICB and the initial benefits and drawbacks of being a party to a transaction with the potential partners discussed at the meeting, ICB's board determined that ICB should explore a strategic combination with a larger financial institution that presented the greatest opportunity to provide increased short- and long-term returns for shareholders. Sandler O'Neill's analysis indicated that Old

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National would be the financial institution most likely to be interested in a combination with ICB and best able to pay a fair price to ICB's shareholders. ICB was also advised that Old National would be more interested in ICB if ICB negotiated a transaction with them directly, rather than conducting an auction process. The board decided that Sandler O'Neill should commence discussions with representatives of Old National regarding a potential transaction, while remaining open to a transaction with another potential acquiror, if negotiations with Old National were not successful or did not result in any offer that the Board concluded was fair to its shareholders. ICB's board authorized Sandler O'Neill to contact Old National to begin initial discussions. ICB then contacted its legal counsel, Barnes & Thornburg LLP ( Barnes & Thornburg ), to discuss various initial issues regarding a possible strategic transaction, including a transaction with Old National.

Following the October 24, 2011 meeting, Sandler O'Neill and Old National engaged in discussions regarding a possible strategic transaction between ICB and Old National. During these discussions, the parties considered what a combined institution might look like and what the prospects were for success as a combined organization. Sandler O'Neill reported back to ICB's management on the results of these initial discussions and recommended that more detailed discussions should ensue for the purpose of encouraging Old National to present a formal proposal for ICB's board to consider.

At about this same time, representatives of another regional banking institution, referred to herein as Bank A, contacted John K. Keach, Jr., ICB's President, Chief Executive Officer, and Chairman of the Board, on an unsolicited basis to explore the possibility of opening discussions regarding a strategic combination. From time to time, Mr. Keach received informal expressions of general interest from other financial institutions that were pursuing growth strategies by acquisition, and the initial contact from Bank A was of this nature. The initial discussions between Mr. Keach and Bank A were general in nature and did not immediately result in significant further action being taken by either party. Mr. Keach reported to ICB's board, as well as to Barnes & Thornburg and Sandler O'Neill, that he had initial informal discussions with Bank A.

ICB's management concluded that Old National and its representatives should be permitted to commence due diligence on ICB and Indiana Bank and Trust Company and directed Sandler O'Neill to communicate this to Old National. ICB then instructed Barnes & Thornburg to prepare a draft confidentiality agreement, which was delivered to ICB, Old National, and Sandler O'Neill on October 28, 2011. ICB and Old National executed the joint confidentiality agreement on October 28, 2011.

During the remainder of October and into early November 2011, ICB and its advisors continued analyzing various issues relating to a possible merger transaction and preparing for due diligence. At the same time, Sandler O'Neill continued preliminary discussions with Old National regarding the outline of a possible transaction between ICB and Old National, and ICB had additional preliminary discussions with Bank A regarding the possibility of Bank A conducting initial due diligence on ICB. On November 14, 2011, ICB and Bank A executed a joint confidentiality agreement, but due diligence with Bank A was not commenced because ICB and Old National were pursuing due diligence investigations at that time. From early- to mid-November, Old National and its advisors engaged in documentary due diligence of ICB and Indiana Bank and Trust Company, conducted interviews with key members of ICB's management, and performed due diligence on ICB's loan portfolio. In addition, ICB and Barnes & Thornburg continued analyzing a number of issues relating to a potential transaction, including various TARP repayment and employee benefits issues.

On November 21, 2011, the Merger and Acquisitions Committee of the Board of Old National held a meeting to discuss the results of its initial due diligence and a preliminary financial analysis of ICB. After extensive discussion among the members of the Committee, the Committee authorized a written non-binding indication of interest to be delivered to ICB providing the preliminary outline of a potential combination of the two institutions. The Committee instructed that the indication of interest should contemplate a valuation per share of common stock of ICB in the range of \$26.00 to \$29.00 in an all stock merger transaction, resulting in an exchange ratio of between 2.3 to 2.6 shares of Old National common stock for each share of ICB common stock. That same day after the meeting, Robert G. Jones, Jr., the President and Chief Executive Officer of Old National,

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submitted the written non-binding indication of interest to ICB, as instructed by the Committee. Old National's written proposal represented a value range of approximately \$91.5 million to \$102.1 million for ICB and approximately 136% to 152% of ICB's tangible book value.

Upon receipt of the written indication of interest, on November 22, 2011, ICB held a meeting of its board of directors at which representatives of Barnes & Thornburg and Sandler O'Neill were present. At this meeting, Mr. Keach provided the board with an update on the status of discussions with Old National. Mr. Keach presented Old National's written indication of interest to the board and described its initial terms. At this meeting, Sandler O'Neill provided the board with a financial analysis of Old National's initial proposal, presented a detailed analysis of a potential transaction between ICB and Old National, and contrasted the proposal with recent comparable merger transactions across the country announced in 2010 and 2011. A representative of Barnes & Thornburg also advised the board regarding the legal standards and fiduciary duties applicable to dealing with acquisition offers, factors to consider when evaluating offers, actions that can be taken when responding to offers, and legal considerations related to maintaining the confidentiality of any potential transaction being considered by the board. After extensive discussion and consideration by the directors regarding Old National's proposal and the presentations by Sandler O'Neill and Barnes & Thornburg, the board determined that at that time Old National had the greatest ability to offer the highest value for ICB shareholders and that ICB should pursue further negotiations with Old National. After the meeting, Sandler O'Neill communicated to Old National that ICB was interested in pursuing further discussions with Old National, and that the parties should proceed with the negotiation of a definitive agreement. Based on this Board recommendation, ICB's management determined not to pursue further discussions with Bank A.

Between November 23 and 30, 2011, Old National continued with additional due diligence and conducted additional interviews with management of ICB. Old National's legal counsel, Krieg DeVault LLP (Krieg DeVault), began drafting a definitive merger agreement, and on December 1, 2011 delivered a first draft of the definitive merger agreement to Barnes & Thornburg, which, among other things, contained provisions regarding possible exchange ratio reductions based upon the level of ICB's delinquent loans and shareholders' equity prior to closing. An exchange ratio was not set forth in that draft merger agreement. During the first several weeks of December, ICB, Barnes & Thornburg, and Sandler O'Neill conducted a thorough review of the first draft of the merger agreement, and analyzed numerous issues relating to the proposed transaction, including employee benefits and executive compensation issues, termination provisions, and tax issues. Old National also continued with additional due diligence on ICB's loan portfolio. At this time, ICB, Old National, and their respective legal counsels also began preparing the disclosure schedules to the merger agreement. On December 6, 2011, Old National executed an engagement letter with RBC Capital Markets to act as its financial advisor in connection with the negotiation of the Merger. Additionally, on December 11, 2011, ICB formally retained Sandler O'Neill as its financial advisor in connection with a possible business combination with another financial institution. During mid to late December, ICB, Old National, and their representatives engaged in numerous discussions regarding ICB's loan portfolio and asset quality. These discussions on the loan portfolio continued into early January 2012.

In early January it became apparent that Old National's credit mark on Indiana Bank and Trust Company's loan portfolio to be used to record the merger under purchase accounting was higher than Indiana Bank and Trust Company believed warranted. At one point, the credit mark Old National arrived at was \$99 million. This position, along with higher than anticipated one-time charges and lower than anticipated cost savings, indicated that ICB was likely to receive an offer from Old National that was below the range provided in its original letter of intent. Indiana Bank and Trust Company's management provided additional information on Indiana Bank and Trust Company's loan portfolio to Old National and after that information was evaluated, Old National revised its calculated credit mark to \$87 million. On January 13, 2012, Sandler was advised that Old National had revised its initial proposal and indicated a willingness to pay consideration of \$22.50 for each share of ICB common stock.

On January 13, 2012, ICB's board of directors held a special meeting via teleconference to evaluate the status of the proposed transaction and discuss Old National's revised offer. Representatives of Barnes &

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Thornburg and Sandler O'Neill participated in this meeting. Management of ICB and Sandler O'Neill discussed the reasons for the revised price, including a higher than anticipated penalty for terminating Indiana Bank and Trust Company's data processing contract, the level of retention and severance payments Old National deemed appropriate to deal fairly and effectively with ICB's employees, lower potential cost savings, and Old National's view of the appropriate credit mark on the loan portfolio. To assist the board in evaluating whether ICB should proceed with the revised offer, Sandler O'Neill discussed an updated acquirors' affordability and pro forma analysis, which was originally presented to the directors at the October 24, 2011 board meeting. This analysis was updated to reflect the revised offer from Old National, current information on one-time charges, and other matters. Sandler O'Neill went through the analysis and financial metrics for the benefit of the directors for the purpose of keeping them fully informed regarding Old National's proposal compared to what other potential acquirors were expected to be able to pay in a transaction. Sandler O'Neill compared the pro forma effects of a transaction with Old National with the pro forma effects on the six other potential regional acquirors (other than Old National) and the two super-regional acquirors identified in the analysis. Based on this analysis, it was concluded that none of the other potential acquirors could structure reasonably an offer close to the \$22.50 being offered by Old National. Following Sandler O'Neill's presentation and updated analysis of the Old National proposal, the directors engaged in further discussions regarding Sandler O'Neill's presentation, the advantages of Old National's updated offer, and the basis for Old National's revised price. The directors also discussed the possibility of negotiating a price increase based on improvements in the quality of ICB's loan portfolio prior to closing. After further discussion among the directors, the board determined that Old National's revised proposal still was superior to what other potential acquirors likely would be able to pay for ICB, but that the proposal was not yet adequate to justify the execution of a definitive agreement. In this regard, the board determined that ICB should pursue further discussions with Old National, but directed management to attempt to negotiate an increase in the pricing to \$23.00 per share, an increase in the purchase price if the quality of ICB's loan portfolio improved prior to closing, and a fixed exchange ratio with no caps.

Between January 14 and 18, 2012, ICB, Old National, and their respective legal counsels, along with Sandler O'Neill and RBC, continued to negotiate the terms of the transaction, with specific emphasis on the pricing of the transaction, pricing adjustment provisions, and the mark on ICB's loan portfolio to be used for these purposes. On January 19, 2012, Barnes & Thornburg delivered a revised draft of the definitive merger agreement to Krieg DeVault, reflecting these negotiations. On January 19 and 20, 2012, Old National discussed the revised draft of the merger agreement with Krieg DeVault and proposed further revisions regarding, among other things, the pricing adjustment provisions. On January 20, Krieg DeVault delivered a further revised draft of the merger agreement to Barnes & Thornburg, which included a proposed exchange ratio of 1.90 shares of Old National common stock for each share of ICB common stock, subject to downward adjustments based on prescribed levels of ICB's delinquent loans and shareholders' equity prior to closing. This exchange ratio resulted in an implied deal value of \$23.64 per share of ICB common stock, based on Old National's closing stock price on January 20, 2012. The revised draft of the merger agreement also proposed increases and decreases to the exchange ratio based on the credit mark ten days prior to closing on specified loans in ICB's portfolio (referred to as "special loans") which were the subject of the on-going negotiations regarding ICB's asset quality.

Between January 21 and 23, 2012, Barnes & Thornburg discussed the revised draft of the merger agreement with ICB. After careful consideration of the revised draft of the merger agreement and the other strategic options available to ICB at the time, including the likely inability of other potential acquirors such as Bank A to make a superior offer, ICB's management believed that the proposal set forth in the revised merger agreement was the highest and best offer Old National would make and the highest and best offer ICB was likely to receive from a potential acquiror, and that it was in the best interests of ICB's shareholders to move towards execution of the merger agreement on an expedited basis. Therefore, on January 23, 2012, Barnes & Thornburg conferred with Krieg DeVault to finalize the terms of the definitive merger agreement and to discuss a public announcement of the transaction, and both ICB and Old National, and their respective legal counsels, began finalizing their disclosure schedules.

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On January 24, 2012, the board of directors of Old National met with Old National's management who presented the terms of the merger agreement that had been distributed to the board prior to the meeting and the strategic rationale for the transaction. Following this presentation, the board of directors of Old National reviewed and discussed the draft of the merger agreement and the consideration to be paid by Old National to ICB. Old National's management responded to questions from the board regarding the Merger and the Merger Consideration. Following a lengthy discussion, the board voted to approve management's finalization and execution of the merger agreement and all related documents.

On January 24, 2011, ICB's board of directors held a special meeting, at which Barnes & Thornburg and Sandler O'Neill participated. A representative of Barnes & Thornburg led a discussion regarding the provisions of the latest merger agreement draft and responded to numerous questions from directors. In addition, representatives of Sandler O'Neill provided a detailed analysis of the financial aspects of the proposed merger and orally delivered its opinion (subsequently confirmed in writing) that the Exchange Ratio was fair, from a financial point of view, to ICB's shareholders. After discussion of the proposed transaction and the merger agreement terms, ICB's board of directors approved the merger agreement and authorized the execution of the merger agreement and all related documents.

ICB and Old National executed the definitive merger agreement after the close of business on Tuesday, January 24, 2012. Old National and ICB issued a joint press release publicly announcing the transaction prior to the opening of the financial markets on the morning of Wednesday, January 25, 2012.

### **ICB's Reasons for the Merger and Recommendation of the Board of Directors**

ICB's board of directors has determined that the Merger Agreement and the Merger are in the best interests of ICB and its shareholders and recommends that ICB's shareholders vote FOR the approval of the Merger Agreement and the transactions contemplated by the Merger Agreement.

In its deliberations and in making its determination, ICB's board of directors considered many factors including, without limitation, the following:

the business, earnings, operations, financial condition, management, prospects, capital levels, and asset quality of both Old National and ICB;

the current and prospective business and economic environments in which ICB operates, including challenging national, regional, and local economic conditions, the competitive environment for Indiana financial institutions characterized by intensifying competition from out-of-state financial institutions, the continuing consolidation of the financial services industry, the increased regulatory burdens on financial institutions, and the uncertainties in the regulatory climate going forward;

ICB's belief that ICB needs to grow to be in a position to deliver a competitive return to its shareholders;

the likelihood that acquisition opportunities for ICB as a buyer are limited since potential targets within ICB's market area are either very small, have credit quality issues or have clearly expressed a strong desire to remain independent for the foreseeable future;

Old National's ability and resources to negotiate, execute, and close, and conduct due diligence in connection with, a definitive merger agreement on an expedited basis;

ICB's board's belief that, after consideration of potential alternatives, including the likely inability of other potential strategic partners to consummate a transaction on terms superior to those offered in the Merger Agreement, the Merger is expected to provide greater benefits to ICB's shareholders than the range of possible alternatives, including continuing to operate ICB on a

stand-alone basis or pursuing a transaction with another bidder;

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Investors remaining focused on the trading liquidity of a bank's shares and generally valuing companies with greater market capitalizations with higher valuations;

ICB's belief that redemption of its TARP Preferred Stock will be required in order for ICB to be able to best increase shareholder returns;

ICB's below tangible book valuation, resulting in part by continuing to hold the TARP Preferred Stock;

ICB's below tangible book valuation that will likely create significant dilution for existing shareholders in the event of a common equity raise for repayment of the TARP Preferred Stock;

the likelihood that the alternative of a common equity raise would be dilutive to ICB's existing shareholders and that, other than the redemption of the TARP Preferred Stock, there are few uses for additional capital given the lack of significant growth opportunities;

Old National's access to capital and managerial resources relative to that of ICB;

full repayment of ICB's TARP Preferred Stock before closing of the Merger;

the benefits of being part of a larger and more diversified combined financial institution and the risks of continuing to be an independent company, given the limited liquidity of ICB's common stock and ICB's access to capital relative to Old National;

the perceived compatibility of the business philosophies and cultures of ICB and Old National, which ICB's board believed would facilitate the integration of the operations of the two companies;

the board's desire to provide ICB's shareholders with the prospects for greater future appreciation on their investments in ICB common stock than the amount the board of directors believes ICB could achieve independently;

the board's desire to provide ICB's shareholders with a greater cash dividend and greater future prospects for increases in that cash dividend (based on the Exchange Ratio, ICB's pro forma equivalent annual cash dividend would be \$0.36 per share, compared to \$0.04 per share currently, an improvement of approximately nine fold);

the expectation that the historical liquidity of Old National's stock will offer ICB shareholders the opportunity to participate in the growth and opportunities of Old National by retaining their Old National stock following the Merger, or to exit their investment, should they prefer to do so;

the financial and other terms and conditions of the Merger Agreement, including the fact that the Exchange Ratio (assuming no adjustments) represents approximately 121% of ICB's tangible book value as of the date of the Merger Agreement, the provision giving ICB the right to terminate the Merger Agreement in the event of a specified decline in the market value of Old National common stock relative to a designated market index unless Old National agrees to pay additional Merger Consideration, and provisions providing for the payment of a \$3.25 million termination fee if the Merger Agreement is terminated under certain

circumstances;

the fact that the value of the merger consideration prior to the public announcement of the Merger represented a significant premium over recent trading prices for ICB common stock;

the overall greater scale that will be achieved by the Merger that will better position the combined company for future growth;

Old National's long-term growth strategy in Central and Southern Indiana;

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the complementary geographic locations of ICB and Old National branch networks in Central and Southern Indiana, Illinois, and Kentucky;

the historical and current market prices of Old National and ICB common stock;

the fact that ICB's shareholders would own approximately 6.7% of the issued and outstanding shares of common stock of the combined company, on a pro forma basis;

the financial analyses prepared by Sandler O'Neill, ICB's financial advisor, and the opinion dated as of January 25, 2012, delivered to ICB's board by Sandler O'Neill, to the effect that the Exchange Ratio is fair, from a financial point of view, to ICB's shareholders;

the interests of ICB's directors and executive officers in the Merger, in addition to their interests generally as shareholders, as described under "Interests of Certain Directors and Officers of ICB in the Merger";

the likelihood that the regulatory approvals necessary to complete the transaction would be obtained;

the effect of the Merger on ICB's and Indiana Bank and Trust Company's employees, including the prospects for continued employment and the severance and other benefits agreed to be provided by Old National to ICB employees; and

the effect of the Merger on ICB's and Indiana Bank and Trust Company's customers and the communities in which they conduct business.

The foregoing discussion of the factors considered by the ICB board of directors is not intended to be exhaustive, but rather includes the material factors considered by the ICB board of directors. In reaching its decision to approve the Merger Agreement, the Merger, and the other transactions contemplated by the Merger Agreement, the ICB board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The ICB board of directors considered all these factors as a whole, including discussions with, and questioning of, ICB's management and ICB's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. The ICB board of directors also relied on the experience of Sandler O'Neill, as its financial advisor, for analyses of the financial terms of the Merger and for its opinion as to the fairness, from a financial point of view, of the Exchange Ratio representing the merger consideration to be received by the holders of ICB common stock.

**For the reasons set forth above, the ICB board of directors unanimously determined that the Merger, the Merger Agreement, and the transactions contemplated by the Merger Agreement are advisable and in the best interests of ICB and its shareholders, and unanimously approved and adopted the Merger Agreement. The ICB board of directors unanimously recommends that ICB shareholders vote FOR approval of the Merger Agreement and the Merger.**

**Old National's Reasons For the Merger**

Old National's board of directors concluded that the Merger Agreement is in the best interests of Old National and its shareholders. In deciding to approve the Merger Agreement, Old National's board of directors considered a number of factors, including, without limitation, the following:

ICB's community banking orientation and its compatibility with Old National and its subsidiaries;

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a review of the demographic, economic and financial characteristics of the markets in which ICB operates, including existing and potential competition and history of the market areas with respect to financial institutions;

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management's review of regulatory restrictions affecting ICB and Indiana Bank and Trust Company and management's assessment of the conditions giving rise to such restrictions; and

management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality, of ICB and Indiana Bank and Trust Company.

### **Effects of the Merger**

The respective Boards of Directors of Old National and ICB believe that, over the long-term, the Merger will be beneficial to Old National shareholders, including the current shareholders of ICB who will become Old National shareholders if the Merger is completed. The Old National board of directors believes that one of the potential benefits of the Merger is the cost savings that may be realized by combining the two companies and integrating Indiana Bank and Trust Company as a banking subsidiary of Old National, which savings are expected to enhance Old National's earnings.

Old National expects to reduce expenses by consolidating certain locations and combining accounting, data processing, retail and lending support, and other administrative functions after the Merger, which will enable Old National to achieve economies of scale in these areas. Promptly following the completion of the Merger, which is expected to occur during the third quarter of 2012, Old National plans to begin the process of eliminating redundant functions, and eliminating duplicative expenses.

The amount of any cost savings Old National may realize in 2012 will depend upon how quickly and efficiently Old National is able to implement the processes outlined above during the year.

Old National believes that it will achieve cost savings based on the assumption that it will be able to:

reduce data processing costs;

reduce staff;

achieve economies of scale in advertising and marketing budgets;

consolidate branches;

reduce legal and accounting fees; and

achieve other savings through reduction or elimination of miscellaneous items such as insurance premiums, travel and automobile expense, and investor relations expenses.

Old National has based these assumptions on its present assessment of where savings could be realized based upon the present independent operations of the two companies. Actual savings in some or all of these areas could be higher or lower than is currently expected.

Old National also believes that the Merger will be beneficial to the customers of ICB as a result of the additional products and services offered by Old National and its subsidiaries and because of the increased lending capability.

### **Opinion of Financial Advisor to ICB**

ICB retained Sandler O'Neill to serve as its financial advisor and provide a fairness opinion in connection with the Merger. As part of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, initial and secondary offerings of securities, and valuations for other purposes.

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On January 24, 2012, the board of directors of ICB met to evaluate the proposed Merger and the terms of the Merger Agreement. At this meeting, Sandler O'Neill rendered its oral opinion, which was subsequently confirmed in writing, on January 25, 2012, that, as of that date and based upon and subject to various assumptions, matters considered, and limitations on Sandler O'Neill's review described in the opinion, the Exchange Ratio set forth in the Merger Agreement was fair, from a financial point of view, to the existing shareholders of ICB common stock. Sandler O'Neill's opinion was based on their experience as investment

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bankers, their activities as described below, and all other factors Sandler O'Neill deemed relevant. No limitations were imposed by ICB on Sandler O'Neill with respect to the investigations made or the procedures followed in rendering its opinion. The opinion was approved by Sandler O'Neill's fairness opinion committee.

The full text of Sandler O'Neill's written opinion to ICB's board of directors, dated January 25, 2012, which sets forth the assumptions made, matters considered and extent of review by Sandler O'Neill, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. You should read the fairness opinion carefully and in its entirety. The following summary of Sandler O'Neill's opinion is qualified in its entirety by reference to the full text of the opinion. Sandler O'Neill's opinion is directed to ICB's board of directors and does not constitute a recommendation to any shareholder of ICB as to how a shareholder should vote with regard to the Merger at the ICB Annual Meeting described in this proxy statement/prospectus. The opinion addresses only the fairness to existing ICB shareholders, from a financial point of view, of the Exchange Ratio set forth in the Merger Agreement. The opinion does not address the relative merits of the Merger or any alternatives to the Merger, the underlying decision of ICB's board of directors to approve or proceed with or effect the Merger, or any other aspect of the Merger. No opinion was expressed by Sandler O'Neill as to whether any alternative transaction might produce consideration for the holders of ICB's common stock in an amount in excess of that contemplated in the Merger.

Sandler O'Neill has consented to the inclusion of its opinion and to the inclusion of the summary of its opinion in this proxy statement/prospectus. In giving such consent, Sandler O'Neill does not concede that it comes within the category of persons whose consent is required under the Securities Act of 1933, as amended (Securities Act), or the rules and regulations of the Securities and Exchange Commission thereunder, nor does it concede that it is an expert within the meaning of the term "expert" as used in the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder with respect to any part of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part.

By letter dated December 11, 2011, ICB retained Sandler O'Neill to act as its financial advisor and provide a fairness opinion in connection with the Merger. Sandler O'Neill, as part of its investment banking business, is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to ICB in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the Merger Agreement. At a meeting of ICB's board of directors on January 24, 2012, ICB's board reviewed the Merger Agreement and Sandler O'Neill delivered to the board its oral opinion, followed by delivery of its written opinion on January 25, 2012, that, as of such date, the Exchange Ratio of 1.90 shares of Old National common stock for each share of ICB common stock was fair to the holders of ICB common stock from a financial point of view.

**The full text of Sandler O'Neill's written opinion dated January 25, 2012 is attached as Appendix B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. ICB shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed Merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to ICB's board and is directed only to the fairness of the Exchange Ratio to ICB's shareholders from a financial point of view. It does not address the underlying business decision of ICB to engage in the Merger or any other aspect of the Merger and is not a recommendation to any ICB shareholder as to how such shareholder should vote at the special meeting with respect to the Merger or any other matter.**

In connection with this opinion, Sandler O'Neill reviewed, among other things: (i) the Merger Agreement; (ii) certain publicly available financial statements and other historical financial information of ICB that Sandler O'Neill deemed relevant, including a draft of ICB's earnings press release for the year ended

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December 31, 2011; (iii) certain publicly available financial statements and other historical financial information of Old National that Sandler O'Neill deemed relevant; (iv) internal financial projections for ICB for the years ending December 31, 2012 through December 31, 2015 as discussed with senior management of ICB; (v) publicly available mean earnings estimates for Old National for the years ending December 31, 2012 and December 31, 2013 as published by I/B/E/S; (vi) the pro forma financial impact of the Merger on Old National, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings as determined by the senior managements of ICB and Old National; (vii) the publicly reported historical price and trading activity for ICB's and Old National's common stock, including a comparison of certain financial and stock market information for ICB and Old National with similar publicly available information for certain other commercial banks, the securities of which are publicly traded; (viii) the terms and structures of other recent mergers and acquisition transactions in the commercial banking sector; (ix) the current market environment generally and in the commercial banking sector in particular; (x) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant. Sandler O'Neill also discussed with certain members of senior management of ICB the business, financial condition, results of operations and prospects of ICB and held similar discussions with senior management of Old National concerning the business, financial condition, results of operations and prospects of Old National.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided to it by ICB and Old National or that was otherwise reviewed by Sandler O'Neill and assumed such accuracy and completeness for purposes of preparing its letter. Sandler O'Neill further relied on the assurances of the respective managements of ICB and Old National that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of ICB and Old National or any of their respective subsidiaries. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of ICB, Old National or the combined entity after the Merger and Sandler O'Neill did not review any individual credit files relating to ICB or Old National. Sandler O'Neill assumed with ICB's consent that the respective allowances for loan losses for both ICB and Old National are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

Sandler O'Neill assumed that there has been no material change in the respective assets, financial condition, results of operations, business or prospects of ICB or Old National since the date of the most recent financial data made available to it. Sandler O'Neill also assumed in all respects material to its analysis that ICB and Old National will remain as a going concern for all periods relevant to its analyses. Sandler O'Neill expressed no opinion as to any of the legal, accounting and tax matters relating to the Merger and any other transactions contemplated in connection therewith.

Sandler O'Neill's analyses and the views expressed in its opinion are necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to it as of the date of its opinion. Events occurring after the date of its opinion could materially affect its views. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion letter or otherwise comment upon events occurring after the date of its opinion. Sandler O'Neill expressed no opinion as to what the value of Old National's common stock will be when issued to ICB's shareholders or the prices at which ICB's or Old National's securities may trade at any time.

In rendering its January 24, 2012 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most

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appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather Sandler O'Neill made its determination as to the fairness of the Exchange Ratio on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to ICB or Old National and no transaction is identical to the Merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or Merger transaction values, as the case may be, of ICB and Old National and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of ICB, Old National and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the ICB board at the board's January 24, 2012 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of ICB's common stock or the prices at which Old National's common stock may be sold at any time. The analysis and opinion of Sandler O'Neill was among a number of factors taken into consideration by ICB's board in making its determination to approve the Merger Agreement, and the analyses described below should not be viewed as determinative of the decision of ICB's board or management with respect to the fairness of the Merger.

At the January 24, 2012 meeting of ICB's board of directors, Sandler O'Neill presented certain financial analyses of the Merger. The summary below is not a complete description of the analyses underlying the opinion of Sandler O'Neill or the presentation made by Sandler O'Neill to ICB's board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

**Summary of Proposal**

Sandler O'Neill reviewed the financial terms of the proposed transaction. Using an exchange ratio of 1.9000 shares of Old National's common stock for every one share of ICB common stock, Sandler O'Neill calculated an approximate aggregate transaction value of \$84.3 million based on Old National's closing stock price on January 20, 2011 of \$12.44. Based upon financial information as of or for the twelve month period ended December 31, 2011, Sandler O'Neill calculated the following transaction ratios:

Transaction Value / Book Value:	121%
Transaction Value / Tangible Book Value:	121%
Market Premium, as of January 20, 2012:	62.0%
Core Deposit Premium:	2.3%

**Table of Contents****ICB - Comparable Company Analysis**

Sandler O'Neill also used publicly available information to compare selected financial information for ICB and a group of financial institutions selected by Sandler O'Neill. ICB's peer group consisted of selected public banks headquartered in the Midwest with assets as most recently reported between \$700 million and \$1.3 billion:

Ames National Corporation Baraboo Bancorp.	Hawthorn Bancshares, Inc. LNB Bancorp, Inc.
Camco Financial Corp.	MBT Financial Corp.
Community Bank Shares of Indiana, Inc. Farmers National Banc Corp. First Bankers Trustshares, Inc. First Business Financial Services, Inc.	Ohio Valley Banc Corp. S.B.C.P. Bancorp, Inc. Southern Missouri Bancorp, Inc. Two Rivers Financial Group, Inc.
First Citizens Banc Corp	West Bancorporation, Inc.
First Financial Service Corp.	

The analysis compared publicly available financial information for ICB and the high, low, mean and median financial and market trading data for the ICB peer group as of or for the twelve-month period ended September 30, 2011 or most recently reported. The table below sets forth the data for ICB and the median data for ICB's peer group as of or for the twelve-month period ended September 30, 2011 or most recently reported, with pricing data as of January 20, 2012.

## Comparable Company Analysis

	Comparable Group	
	ICB	Median
Total Assets (in millions)	\$985	\$1,036
Tangible Common Equity / Tangible Assets	6.79%	6.33%
Total Risk Based Capital Ratio	13.41%	14.99%
Return on Average Assets	(0.17%)	0.59%
Net Interest Margin	3.58%	3.65%
Non-Performing Assets / Total Assets	4.35%	2.76%
Non-Performing Loans / Loans	5.25%	3.92%
Reserves / Non-Performing Loans	40.4%	47.6%
Net Charge-offs / Avg. Loans	2.63%	0.72%
Market Capitalization (in millions)	\$49.8	\$42.0
Price / LTM Earnings Per Share	NM	9.4x
Price / Tangible Book Value	74%	70%
Dividend Yield	0.27%	2.34%

**Table of Contents****Old National - Comparable Company Analysis**

Sandler O'Neill also used publicly available information to compare selected financial information for Old National and a group of financial institutions selected by Sandler O'Neill. Old National's peer group consisted of selected publicly traded commercial banks headquartered in the Midwest with assets between \$4 billion and \$16 billion as most recently reported:

Chemical Financial Corp.	MB Financial Inc.
Citizens Republic Bancorp Inc.	Park National Corp.
First Financial Bancorp.	PrivateBancorp Inc.
First Merchants Corp.	UMB Financial Corp.
First Midwest Bancorp Inc.	Wintrust Financial Corp.

FirstMerit Corp.

The analysis compared publicly available financial information for Old National and the high, low, mean and median financial and market trading data for Old National's peer group as of or for the twelve-month period ended September 30, 2011 or most recently reported. The table below sets forth the data for Old National and the median data for Old National peer group as of or for the twelve-month period ended September 30, 2011 or most recently reported, with pricing data as of January 20, 2012.

## Comparable Company Analysis

	Comparable Group	
	Old National	Median
Total Assets (in millions)	\$8,933	\$9,600
Tangible Common Equity / Tangible Assets	8.41%	7.86%
Total Risk Based Capital Ratio	13.70%	14.89%
Return on Average Assets	0.70%	0.52%
Net Interest Margin	3.69%	3.88%
Non-Performing Assets / Total Assets	1.50%	2.41%
Non-Performing Loans / Loans	3.01%	3.14%
Reserves / Non-Performing Loans	52.5%	73.4%
Net Charge-offs / Avg. Loans	0.46%	1.32%
Market Capitalization (in millions)	\$1,178.7	\$1,007.0
Price / 2011E Earnings Per Share	16.4x	19.7x
Price / 2012E Earnings Per Share	12.7x	14.3x
Price / Tangible Book Value	162%	134%
Dividend Yield	2.25%	0.58%

**ICB - Stock Price Performance**

Sandler O'Neill reviewed the history of the publicly reported trading prices of ICB's common stock for the one-year period ended January 20, 2012. Sandler O'Neill also reviewed the history of the publicly reported trading prices of ICB's common stock for the three-year period ended January 20, 2012. Sandler O'Neill then compared the relationship between the movements in the price of ICB's common stock against the movements in the prices of ICB's peers used for comparable company analysis and the Nasdaq Bank Index.

## ICB's One Year Stock Performance

Beginning Index Value

Ending Index Value

	January 20, 2011(1)	January 20, 2012
ICB	0.0%	(4.9%)
ICB Peers	0.0%	5.2%
Nasdaq Bank Index	0.0%	(5.9%)

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## ICB's Three Year Stock Performance

	<u>Beginning Index Value</u>	<u>Ending Index Value</u>
	January 20, 2009(1)	January 20, 2012
ICB	0.0%	22.4%
ICB Peers	0.0%	(16.9%)
Nasdaq Bank Index	0.0%	9.6%

(1)The beginning index values were set at 0.0% for purposes of this analysis.

**Old National - Stock Price Performance**

Sandler O'Neill reviewed the history of the publicly reported trading prices of Old National's common stock for the one-year period ended January 20, 2012. Sandler O'Neill also reviewed the history of the publicly reported trading prices of Old National's common stock for the three-year period ended January 20, 2012. Sandler O'Neill then compared the relationship between the movements in the price of Old National's common stock against the movements in the prices of Old National's peers used for comparable company analysis and the Nasdaq Bank Index.

## Old National's One Year Stock Performance

	<u>Beginning Index Value</u>	<u>Ending Index Value</u>
	January 20, 2011	January 20, 2012
Old National	0.0%	7.9%
Old National Peers	0.0%	(3.5%)
Nasdaq Bank Index	0.0%	(5.9%)

## Old National's Three Year Stock Performance

	<u>Beginning Index Value</u>	<u>Ending Index Value</u>
	January 20, 2009	January 20, 2012
Old National	0.0%	(2.7%)
Old National Peers	0.0%	12.7%
Nasdaq Bank Index	0.0%	9.6%

**ICB - Net Present Value Analysis**

Sandler O'Neill performed an analysis that estimated the present value of ICB through December 31, 2015.

The analysis assumed that ICB performed in accordance with the financial projections for years ended December 2011 through 2015 provided by ICB management.

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To approximate the terminal value of ICB common stock at December 31, 2015, Sandler O'Neill applied price to forward earnings multiples of 9.0x to 14.0x and multiples of tangible book value ranging from 70% to 120%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0%.

### Earnings Per Share Multiples

Discount Rate	9.0x	10.0x	11.0x	12.0x	13.0x	14.0x
10.0%	\$11.22	\$12.45	\$13.68	\$14.91	\$16.14	\$17.37
11.0%	\$10.77	\$11.95	\$13.14	\$14.32	\$15.50	\$16.68
12.0%	\$10.35	\$11.48	\$12.62	\$13.75	\$14.89	\$16.02
13.0%	\$9.94	\$11.04	\$12.13	\$13.22	\$14.31	\$15.40
14.0%	\$9.56	\$10.61	\$11.66	\$12.70	\$13.75	\$14.80
14.5%	\$9.39	\$10.42	\$11.44	\$12.47	\$13.50	\$14.53
15.0%	\$9.19	\$10.20	\$11.21	\$12.22	\$13.22	\$14.23

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## Tangible Book Value Multiples

Discount Rate	70%	80%	90%	100%	110%	120%
10.0%	\$12.04	\$13.74	\$15.44	\$17.14	\$18.84	\$20.54
11.0%	\$11.56	\$13.20	\$14.83	\$16.46	\$18.09	\$19.73
12.0%	\$11.11	\$12.68	\$14.25	\$15.81	\$17.38	\$18.95
13.0%	\$10.68	\$12.18	\$13.69	\$15.20	\$16.70	\$18.21
14.0%	\$10.26	\$11.71	\$13.16	\$14.61	\$16.06	\$17.50
14.5%	\$10.08	\$11.50	\$12.92	\$14.34	\$15.76	\$17.18
15.0%	\$9.87	\$11.26	\$12.65	\$14.05	\$15.44	\$16.83

Sandler O Neill also considered and discussed with the ICB board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming ICB net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for ICB common stock, using a discount rate of 14.47%:

## Earnings Per Share Multiples

Annual Budget						
Variance	9.0x	10.0x	11.0x	12.0x	13.0x	14.0x
(25.0%)	\$7.07	\$7.84	\$8.61	\$9.39	\$10.16	\$10.93
(20.0%)	\$7.53	\$8.36	\$9.18	\$10.00	\$10.83	\$11.65
(15.0%)	\$8.00	\$8.87	\$9.75	\$10.62	\$11.50	\$12.37
(10.0%)	\$8.46	\$9.39	\$10.31	\$11.24	\$12.16	\$13.09
(5.0%)	\$8.92	\$9.90	\$10.88	\$11.86	\$12.83	\$13.81
0.0%	\$9.39	\$10.42	\$11.44	\$12.47	\$13.50	\$14.53
5.0%	\$9.85	\$10.93	\$12.01	\$13.09	\$14.17	\$15.25
10.0%	\$10.31	\$11.44	\$12.58	\$13.71	\$14.84	\$15.97
15.0%	\$10.78	\$11.96	\$13.14	\$14.32	\$15.51	\$16.69
20.0%	\$11.24	\$12.47	\$13.71	\$14.94	\$16.18	\$17.41
25.0%	\$11.70	\$12.99	\$14.27	\$15.56	\$16.85	\$18.13

Sandler O Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Sandler O Neill also considered and presented ICB's NPV valuation in the case of full repayment of its \$21.5 million of TARP Preferred Stock, as well as an associated \$21.5 million common equity issuance.

## Earnings Per Share Multiples

Discount Rate	9.0x	10.0x	11.0x	12.0x	13.0x	14.0x
10.0%	\$9.82	\$10.89	\$11.97	\$13.05	\$14.13	\$15.20
11.0%	\$9.43	\$10.46	\$11.50	\$12.53	\$13.56	\$14.60
12.0%	\$9.06	\$10.05	\$11.04	\$12.04	\$13.03	\$14.02
13.0%	\$8.70	\$9.66	\$10.61	\$11.57	\$12.52	\$13.47
14.0%	\$8.37	\$9.28	\$10.20	\$11.12	\$12.04	\$12.95
14.5%	\$8.21	\$9.11	\$10.01	\$10.91	\$11.82	\$12.72
15.0%	\$8.05	\$8.93	\$9.81	\$10.69	\$11.57	\$12.45



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## Tangible Book Value Multiples

Discount Rate	70%	80%	90%	100%	110%	120%
10.0%	\$10.19	\$11.62	\$13.06	\$14.50	\$15.94	\$17.37
11.0%	\$9.78	\$11.16	\$12.54	\$13.92	\$15.30	\$16.68
12.0%	\$9.40	\$10.72	\$12.05	\$13.37	\$14.70	\$16.02
13.0%	\$9.03	\$10.30	\$11.58	\$12.85	\$14.12	\$15.40
14.0%	\$8.68	\$9.91	\$11.13	\$12.35	\$13.58	\$14.80
14.5%	\$8.52	\$9.72	\$10.93	\$12.13	\$13.33	\$14.53
15.0%	\$8.35	\$9.53	\$10.70	\$11.88	\$13.06	\$14.23

## Earnings Per Share Multiples

## Annual Budget

Variance	9.0x	10.0x	11.0x	12.0x	13.0x	14.0x
(25.0%)	\$6.19	\$6.86	\$7.54	\$8.21	\$8.89	\$9.56
(20.0%)	\$6.59	\$7.31	\$8.03	\$8.75	\$9.47	\$10.19
(15.0%)	\$7.00	\$7.76	\$8.53	\$9.29	\$10.06	\$10.82
(10.0%)	\$7.40	\$8.21	\$9.02	\$9.83	\$10.64	\$11.46
(5.0%)	\$7.81	\$8.66	\$9.52	\$10.37	\$11.23	\$12.09
0.0%	\$8.21	\$9.11	\$10.01	\$10.91	\$11.82	\$12.72
5.0%	\$8.62	\$9.56	\$10.51	\$11.46	\$12.40	\$13.35
10.0%	\$9.02	\$10.01	\$11.00	\$12.00	\$12.99	\$13.98
15.0%	\$9.43	\$10.46	\$11.50	\$12.54	\$13.57	\$14.61
20.0%	\$9.83	\$10.91	\$12.00	\$13.08	\$14.16	\$15.24
25.0%	\$10.24	\$11.37	\$12.49	\$13.62	\$14.74	\$15.87

**Old National Net Present Value Analysis**

Sandler O Neill also performed an analysis that estimated the present value of Old National through December 31, 2015.

The analysis assumed that Old National performed in accordance with mean analyst EPS estimates for 2011, 2012 and 2013, and that EPS grew at a 2% long term growth rate for 2014 and 2015.

To approximate the terminal value of Old National common stock at December 31, 2015, Sandler O Neill applied price to forward earnings multiples of 11.0x to 16.0x and multiples of tangible book value ranging from 100% to 200%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0%.

## Earnings Per Share Multiples

Discount Rate	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
10.0%	\$ 9.21	\$ 9.95	\$ 10.68	\$ 11.41	\$ 12.14	\$ 12.87
11.0%	\$ 8.89	\$ 9.59	\$ 10.29	\$ 10.99	\$ 11.70	\$ 12.40
12.0%	\$ 8.57	\$ 9.25	\$ 9.92	\$ 10.60	\$ 11.28	\$ 11.95
12.1%	\$ 8.54	\$ 9.21	\$ 9.89	\$ 10.56	\$ 11.24	\$ 11.91
13.0%	\$ 8.27	\$ 8.92	\$ 9.57	\$ 10.22	\$ 10.88	\$ 11.53
14.0%	\$ 7.98	\$ 8.61	\$ 9.24	\$ 9.87	\$ 10.49	\$ 11.12
15.0%	\$ 7.71	\$ 8.31	\$ 8.92	\$ 9.52	\$ 10.13	\$ 10.73



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## Tangible Book Value Multiples

Discount Rate	100%	120%	140%	160%	180%	200%
10.0%	\$ 7.85	\$ 9.19	\$ 10.52	\$ 11.85	\$ 13.19	\$ 14.52
11.0%	\$ 7.57	\$ 8.86	\$ 10.14	\$ 11.42	\$ 12.71	\$ 13.99
12.0%	\$ 7.31	\$ 8.54	\$ 9.78	\$ 11.02	\$ 12.25	\$ 13.49
12.1%	\$ 7.28	\$ 8.51	\$ 9.74	\$ 10.98	\$ 12.21	\$ 13.44
13.0%	\$ 7.06	\$ 8.25	\$ 9.43	\$ 10.62	\$ 11.81	\$ 13.00
14.0%	\$ 6.81	\$ 7.96	\$ 9.11	\$ 10.25	\$ 11.40	\$ 12.54
15.0%	\$ 6.58	\$ 7.69	\$ 8.79	\$ 9.89	\$ 11.00	\$ 12.10

Sandler O Neill also considered and discussed with the ICB board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming Old National net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for Old National common stock, using a discount rate of 12.10%:

## Earnings Per Share Multiples

Annual Budget Variance	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
(25.0%)	\$6.69	\$7.19	\$7.70	\$8.20	\$8.71	\$9.21
(20.0%)	\$7.06	\$7.60	\$8.14	\$8.68	\$9.21	\$9.75
(15.0%)	\$7.43	\$8.00	\$8.57	\$9.15	\$9.72	\$10.29
(10.0%)	\$7.80	\$8.41	\$9.01	\$9.62	\$10.23	\$10.83
(5.0%)	\$8.17	\$8.81	\$9.45	\$10.09	\$10.73	\$11.37
0.0%	\$8.54	\$9.21	\$9.89	\$10.56	\$11.24	\$11.91
5.0%	\$8.91	\$9.62	\$10.33	\$11.03	\$11.74	\$12.45
10.0%	\$9.28	\$10.02	\$10.76	\$11.51	\$12.25	\$12.99
15.0%	\$9.65	\$10.43	\$11.20	\$11.98	\$12.75	\$13.53
20.0%	\$10.02	\$10.83	\$11.64	\$12.45	\$13.26	\$14.07
25.0%	\$10.39	\$11.24	\$12.08	\$12.92	\$13.76	\$14.60

Sandler O Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Analysis of Selected Merger Transactions**

Sandler O Neill reviewed a set of comparable mergers and acquisitions. The set of mergers and acquisitions included 23 transactions announced from January 1, 2011 through January 20, 2012 involving nationwide commercial banks and thrifts with announced deal values between \$25 million and \$150 million. Sandler O Neill reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price at announcement to last twelve months earnings per share, transaction price to seller's stock price the day before transaction announcement, and tangible book premium to core deposits. As illustrated in the following table, Sandler O Neill compared the proposed Merger multiples to the median multiples of comparable transactions.

	ICB/ Old National	Median Nationwide Deals
Transaction Value / Book Value Per Share:	121%	115%
Transaction Value / Tangible Book Value Per Share:	121%	116%
Transaction Value / Last Twelve Months Earnings Per Share:	NM	24.6x
Transaction Value / Seller Stock Price, as of April 25, 2011:	62.0	60.5%
Core Deposit Premium:	2.3%	3.1%

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### **Pro Forma Results and Capital Ratios**

Sandler O'Neill analyzed certain potential pro forma effects of the Merger, assuming the following: (1) the Merger closes on June 30, 2012; (2) the deal value per share is equal to \$23.64 per ICB share, given a 1.9x exchange ratio and Old National's stock price on January 20, 2011 of \$12.44; (3) 36% cost savings of ICB projected operating expense which is fully-realized in 2013; (4) approximately \$19.3 million in pre-tax transaction costs and expenses; (5) various purchase accounting assumptions (6) a core deposit intangible of \$11.4 million (7 year, sum-of-year's amortization method); (7) a 2.50% pre-tax opportunity cost of cash; (8) ICB's performance was calculated in accordance with ICB's management's budget and guidance; and (9) Old National's performance was calculated in accordance with Old National's management's guidance. The analyses indicated that, for the years ending December 31, 2012 through 2016, the Merger (excluding transaction expenses) would be accretive to Old National's projected earnings per share. The analyses also indicated that for the year ending December 31, 2012, the Merger would result in Old National's regulatory capital ratios being above guidelines for well capitalized status. The actual results achieved by the combined company may vary from projected results and the variations may be material.

### **Conclusion**

Based on the above analyses and subject to the limitations and exceptions set forth in Sandler O'Neill's written opinion, Sandler O'Neill concluded that the 1.9x exchange ratio was fair to the holders of ICB common stock from a financial point of view. As described above, Sandler O'Neill's opinion was among the many factors taken into consideration by ICB's Board of Directors in making its determination to approve the Merger.

### **Sandler O'Neill's Relationship**

Sandler O'Neill acted as ICB's financial advisor in connection with the Merger and will receive a fee for its services. ICB has paid Sandler O'Neill a non-refundable retainer of \$50,000 and a fairness opinion fee of \$150,000. In addition, ICB has agreed to pay Sandler O'Neill a transaction fee of 1.25% of the value of the Merger Consideration, \$250,000 of which was payable upon the signing of the Merger Agreement, and the remainder of which is contingent upon completion of the Merger. ICB has also agreed to indemnify Sandler O'Neill against certain liabilities arising out of its engagement and to reimburse Sandler O'Neill for certain of its reasonable out-of-pocket expenses. In the ordinary course of its business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to ICB and Old National and their respective affiliates. In the past two years Sandler O'Neill has provided certain investment banking services to Old National. For those services Sandler O'Neill received compensation totaling approximately \$3.65 million. Between now and the closing of the Merger, Sandler O'Neill may provide additional investment banking services to Old National which are unrelated to the Merger. In such an event, Old National will pay Sandler O'Neill a non-refundable retainer for these services as well as other compensation which will depend on its success in providing such services.

Except as disclosed above, there are no material relationships that existed during the two years prior to the date of Sandler O'Neill's opinion or that are mutually understood to be contemplated in which any compensation was received or is intended to be received as a result of the relationship between Sandler O'Neill and ICB.

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**THE MERGER AGREEMENT**

**Structure of the Merger**

Subject to the terms and conditions of the Merger Agreement, at the completion of the Merger, ICB will merge with and into Old National, with Old National as the surviving corporation of such Merger. The separate existence of ICB will terminate and the ICB common stock will cease to be listed on the NASDAQ Global Market and will be cancelled as a consequence of the Merger. The Old National common shares will continue to be listed on the NYSE under the symbol "ONB". Simultaneous with the Merger, Indiana Bank and Trust Company will be merged with and into Old National Bank, a wholly-owned subsidiary of Old National.

Under the Merger Agreement, the officers and directors of Old National serving at the effective time of the Merger will continue to serve as the officers and directors of Old National after the Merger is consummated.

**Merger Consideration**

If the Merger is completed, your shares of ICB common stock will be converted into the right to receive 1.90 shares of Old National common stock (the "Exchange Ratio"), subject to adjustment as provided below (as adjusted, the "Merger Consideration"). No fractional shares of Old National common stock will be issued in the Merger. Instead, Old National will pay to each holder of ICB common stock who otherwise would be entitled to a fractional share of Old National common stock an amount in cash (without interest) determined by multiplying such fraction by the average of the per-share closing prices of a share of Old National common stock during the ten trading days preceding the fifth calendar day preceding the effective time of the Merger (the "Average Old National Closing Price").

The Exchange Ratio is subject to adjustment as follows:

*Decrease in Consolidated Shareholders' Equity.* If as of the end of the month prior to the effective time of the Merger the ICB consolidated shareholders' equity is less than \$65.862 million, the Exchange Ratio shall be decreased to a quotient determined by dividing the Adjusted Purchase Price by the total number of shares of ICB common stock outstanding, and further dividing that number by the Average Old National Closing Price. For purposes of the computation, the Adjusted Purchase Price shall be equal to (x) the total Purchase Price, less (y) the difference between \$65.862 million and the ICB consolidated shareholders' equity as of the end of the month prior to the effective time of the Merger multiplied by 120%. The Purchase Price shall be the Exchange Ratio in effect at the time of the adjustment multiplied by the Average Old National Closing Price multiplied by the total number of shares of ICB common stock outstanding at the effective time of the Merger. The ICB consolidated shareholders' equity shall be determined in accordance with generally accepted accounting principles, less (i) the ICB TARP Preferred Stock and (ii) the net accumulated other comprehensive income/(loss) as of the Computation Date, determined in accordance with GAAP, and to which shall be added the following:

- i. any accruals, reserves or charges resulting from expenses of the Merger and other transactions contemplated by the Merger Agreement; and
- ii. any accruals, reserves or charges taken by ICB at the request of Old National; and
- iii. any losses after December 31, 2011, relating to certain designated Special Loans (defined below) of ICB (including charge offs, write downs or losses arising from the sale or refinancing of such loans) which do not exceed the loan charges determined by Old National with respect to such loans.

If the Merger closed as of May 31, 2012, there would have been no adjustment to the Merger Consideration based upon the shareholders' equity provision. The Exchange Ratio remains subject to change, however, based upon the shareholder equity (computed in accordance with the terms of the Merger Agreement) as of end of the month before to the closing of the Merger.



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*Increase in ICB Delinquent Loans.* If the aggregate amount of ICB delinquent loans (excluding certain loans designated as Special Loans ) as of the tenth day prior to the effective time of the Merger is greater than \$34.5 million, the Exchange Ratio (following any adjustments required as a result of a decrease in consolidated shareholders' equity) shall be decreased by the following amounts:

**ICB Delinquent Loans**

(dollars in millions)	Decrease to Exchange Ratio
Greater than \$34.5, less than or equal to \$35.5	(0.0350)
Greater than \$35.5, less than or equal to \$36.5	(0.0701)
Greater than \$36.5, less than or equal to \$37.5	(0.1051)
Greater than \$37.5, less than or equal to \$38.5	(0.1401)
Greater than \$38.5, less than or equal to \$39.5	(0.1751)
Greater than \$39.5, less than or equal to \$40.5	(0.2218)
Greater than \$40.5, less than or equal to \$41.5	(0.2685)
Greater than \$41.5, less than or equal to \$42.5	(0.3152)
Greater than \$42.5, less than or equal to \$43.5	(0.3620)
Greater than \$43.5, less than or equal to \$44.5	(0.4087)
Greater than \$44.5, less than or equal to \$45.5	(0.4554)
Greater than \$45.5, less than or equal to \$46.5	(0.5021)
Greater than \$46.5, less than or equal to \$47.5	(0.5488)
Greater than \$47.5, less than or equal to \$48.5	(0.5955)
Greater than \$48.5	(0.6422)

The term "ICB delinquent loans" means the total of (i) all loans with principal or interest that are 30 to 89 days past due, (ii) all loans with principal or interest that are at least 90 days past due and still accruing, (iii) all loans with principal or interest that are nonaccruing, (iv) restructured and impaired loans, (v) other real estate owned, (vi) net charge offs from the date of the Merger Agreement through the last day of the month immediately preceding the closing date of the Merger, and (vii) write-downs of other real estate owned from the date of the Merger Agreement through the tenth day prior to the closing date of the Merger.

If the Merger closed as of May 31, 2012, no adjustment to the Merger Consideration would be required as a result of the delinquent loan provisions of the Merger Agreement. The Exchange Ratio remains subject to change, however, based upon changes to the ICB delinquent loans between May 31, 2012, and 10 days before the closing of the Merger.

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*Increase in Credit Mark for Certain ICB Delinquent Loans.* If the credit mark applied to a certain identified group of ICB delinquent loans (the Special Loans ) using the reserves related to the Special Loans as of December 31, 2011, and excluding any charge-offs related to the Special Loans after December 31, 2011, as determined by Old National in a manner consistent with the methodology and using the assumptions Old National used to determine such credit mark as of the date of the Merger Agreement as shared with ICB, as of the end of the tenth day prior to the effective time of the Merger is (i) less than \$31.982 million, or (ii) greater than \$33.982 million, the Exchange Ratio shall be adjusted by the following amounts:

<b>Credit Mark</b>	<b>Increase or (Decrease) to Exchange Ratio</b>
<b>(dollars in millions)</b>	
Less than \$22.982	0.0987
\$22.982 or greater, less than \$23.982	0.0911
\$23.982 or greater, less than \$24.982	0.0835
\$24.982 or greater, less than \$25.982	0.0759
\$25.982 or greater, less than \$26.982	0.0683
\$26.982 or greater, less than \$27.982	0.0607
\$27.982 or greater, less than \$28.982	0.0531
\$28.982 or greater, less than \$29.982	0.0455
\$29.982 or greater, less than \$30.982	0.0304
\$30.982 or greater, less than \$31.982	0.0152
\$31.982 or greater, less than or equal to \$33.982	No Adjustment
Greater than \$33.982, less than or equal to \$34.982	(0.0455)
Greater than \$34.982, less than or equal to \$35.982	(0.0607)
Greater than \$35.982, less than or equal to \$36.982	(0.0759)
Greater than \$36.982, less than or equal to \$37.982	(0.0911)
Greater than \$37.982, less than or equal to \$38.982	(0.1063)
Greater than \$38.982, less than or equal to \$39.982	(0.1214)
Greater than \$39.982, less than or equal to \$40.982	(0.1366)
Greater than \$40.982, less than or equal to \$41.982	(0.1518)
Greater than \$41.982, less than or equal to \$42.982	(0.1985)
Greater than \$42.982, less than or equal to \$43.982	(0.2452)
Greater than \$43.982, less than or equal to \$44.982	(0.2919)
Greater than \$44.982, less than or equal to \$45.982	(0.3386)
Greater than \$45.982	(0.3853)

Any adjustments made with respect to the credit mark will be made following any adjustments to be made for ICB consolidated shareholders equity or ICB delinquent loans.

If the Merger closed as of May 31, 2012, the Exchange Ratio would not have been adjusted as a result of the credit mark as of May 31, 2012, including additional adjustments to the credit mark for information (such as appraisals, loans sales and refinancings) through June 18, 2012. The Exchange Ratio remains subject to change, however, based upon further changes in the credit mark for the Special Loans between June 18, 2012, and 10 days before the closing of the Merger.

*Decrease in Market Price of Old National Common Stock.* Additionally, ICB may terminate the Merger Agreement if, at any time during the five-day period commencing on the first date on which all bank regulatory approvals (and waivers, if applicable) necessary for consummation of the Merger have been received (disregarding any waiting period) (the determination date ), such termination to be effective on the tenth day following such determination date if both of the following conditions are satisfied:

- i the average of the daily closing price of Old National common stock as reported on the New York Stock Exchange for the ten consecutive trading days immediately preceding the determination date (the ONB Market Value ) is less than \$9.896; and



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the number obtained by dividing the ONB Market Value by \$12.37 (the Initial ONB Market Value, which may be adjusted to account for certain transactions involving the stock of Old National, such as a stock dividend, reclassification or similar transaction between the date of the Merger Agreement and the determination date) (the ONB Ratio ) is less than the quotient (such quotient, the Index Ratio ) obtained by dividing the average of the daily closing value for the five consecutive trading days immediately preceding the determination date of a group of financial institution holding companies comprising the Nasdaq Bank Index (the Final Index Price ) by the closing value of the Nasdaq Bank Index on January 24, 2012 (the Initial Index Price ), minus 0.20.

If ICB elects to exercise its termination right as described above, it must give prompt written notice thereof to Old National. During the five-business day period commencing with its receipt of such notice, Old National shall have the option to increase the consideration to be received by the holders of ICB common stock by adjusting the Exchange Ratio to the lesser of (i) a quotient, the numerator of which is equal to the product of the Initial ONB Market Value, the Exchange Ratio (as then in effect), and the Index Ratio, minus 0.20, and the denominator of which is equal to the ONB Market Value on the determination date; or (ii) the quotient determined by dividing the Initial ONB Market Value by the ONB Market Value on the determination date, and multiplying the quotient by the product of the Exchange Ratio (as then in effect) and 0.80. If Old National elects, it shall give, within such five-business day period, written notice to ICB of such election and the revised Exchange Ratio, whereupon no termination shall be deemed to have occurred and the Merger Agreement shall remain in full force and effect in accordance with its terms (except as the Exchange Ratio shall have been so modified). Because the formula is dependent on the future price of Old National's common stock and that of the index group, it is not possible presently to determine what the adjusted Merger Consideration would be at this time, but, in general, more shares of Old National common stock would be issued, to take into account the extent by which the average price of Old National's common stock exceeded the decline in the average price of the common stock of the index group.

**Treatment of Options to Acquire Shares of ICB Common Stock**

The Merger Agreement provides that each option to acquire shares of ICB common stock outstanding as of the effective date of the Merger will be converted into an option to purchase a number of shares of Old National common stock equal to the product (rounded down to the nearest whole share) of (A) the number of shares of ICB common stock subject to the ICB stock option and (B) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (1) the exercise price of such ICB stock option divided by (2) the Exchange Ratio. All such options are fully vested. Each converted ICB stock option will continue to be governed by the same terms and conditions as were applicable under the related ICB stock option immediately prior to the effective time of the Merger.

The officers and directors of ICB hold options to purchase 173,448 shares of ICB common stock as of June 15, 2012.

**Treatment of ICB Restricted Stock**

The Merger Agreement provides that shares of restricted stock granted under the ICB 2010 Stock and Incentive Plan to persons other than John K. Keach, Jr. that are subject to transfer restrictions immediately prior to the Closing shall have those restrictions lapse at Closing and such shares shall convert into the Merger Consideration. Shares of restricted stock held by Mr. Keach shall be converted into the Merger Consideration at closing, but shall continue to be held by Mr. Keach subject to the vesting and transferability restrictions set forth in the award agreements for such restricted stock. The officers and directors of ICB (other than Mr. Keach) held 16,500 shares of restricted stock as of June 15, 2012. Mr. Keach held 21,000 shares of restricted stock on that date.

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### **Treatment of ICB s 401(k) Plan**

The ICB 401(k) plan ( 401(k) Plan ) will be terminated no later than the day prior to the effective time of the Merger, and as soon as administratively feasible thereafter the individual account balances of all participants in the 401(k) Plan will be distributed or rolled over to another eligible plan, or to an individual retirement account or annuity, as each participant elects.

### **Exchange and Payment Procedures**

At and after the effective time of the Merger, each certificate representing shares of ICB common stock will represent only the right to receive the Merger Consideration in accordance with the terms of the Merger Agreement. Old National will reserve a sufficient number of shares of Old National common stock to be issued as a part of the Merger Consideration. Promptly after the effective time of the Merger, but in no event more than five business days thereafter, Old National will mail a letter of transmittal to each holder of ICB common stock that will include detailed instructions on how such holder may exchange such holder s ICB common shares for the Merger Consideration.

Old National will cause a certificate representing the number of whole shares of Old National common stock that each holder of ICB common stock has the right to receive and a check in the amount of any cash that such holder has the right to receive in lieu of fractional shares of Old National common stock to be delivered to such shareholder upon delivery to Old National of certificates representing such shares of ICB common stock and a properly completed letter of transmittal. No interest will be paid on any Merger Consideration that any such holder shall be entitled to receive.

No dividends or other distributions on Old National common stock with a record date occurring after the effective time of the Merger will be paid to the holder of any unsurrendered old certificate representing shares of ICB common stock converted into the right to receive shares of Old National common stock until the holder surrenders such old certificate in accordance with the Merger Agreement.

The stock transfer books of ICB will be closed immediately at the effective time of the Merger and after the effective time there will be no transfers on the stock transfer records of ICB of any shares of ICB common stock. Old National will be entitled to rely on ICB s stock transfer books to establish the identity of those persons entitled to receive Merger Consideration. If any old certificate is lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming such old certificate to be lost, stolen, or destroyed and, if required by Old National, the posting by such person of a bond or other indemnity as Old National may reasonably direct as indemnity against any claim that may be made with respect to the old certificate, Old National will issue the Merger Consideration in exchange for such lost, stolen or destroyed certificate.

### **Dividends and Distributions**

Until ICB common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time of the Merger with respect to Old National common shares into which shares of ICB common stock may have been converted will accrue but will not be paid. When such certificates have been duly surrendered, Old National will pay any unpaid dividends or other distributions, without interest. After the effective time of the Merger, there will be no transfers on the stock transfer books of ICB of any shares of ICB common stock. If certificates representing shares of ICB common stock are presented for transfer after the completion of the Merger, they will be cancelled and exchanged for the Merger Consideration.

### **Representations and Warranties**

The Merger Agreement contains representations and warranties of ICB, on the one hand, and Old National, on the other hand, to each other, as to, among other things:

the corporate organization and existence of each party;

the authority of each party to enter into the Merger Agreement, perform its obligations under the Merger Agreement and make it valid and binding;

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the fact that the Merger Agreement does not conflict with or violate:

the articles of incorporation and bylaws of each party,

applicable law, and

agreements, instruments or obligations of each party;

the capitalization of ICB and Old National;

each party's compliance with applicable law;

the accuracy of statements made and materials provided to the other party;

the absence of material litigation;

each party's financial statements and filings with applicable regulatory authorities;

the absence of undisclosed obligations or liabilities;

title to its assets;

the adequacy of its loan loss reserves;

employee benefit plans and related matters;

the filing and accuracy of tax returns;

the adequacy of each party's deposit insurance and other policies of insurance;

books and records;

payments to be made to any brokers or finders in connection with the Merger;

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Securities and Exchange Commission filings; and

Community Reinvestment Act.

In addition, the Merger Agreement contains representations and warranties of ICB to Old National as to:

material contracts;

loans and investments;

the inapplicability to the Merger and the transactions contemplated thereby of the anti-takeover provisions in ICB's articles of incorporation and bylaws;

obligations to employees;

events occurring since September 30, 2011;

insider transactions;

indemnification agreements;

shareholder approval;

intellectual property;

compliance with the Bank Secrecy Act;

agreements with regulatory agencies;

internal controls;

fiduciary accounts;

the receipt of a fairness opinion from ICB's financial advisor; and

the U.S. Treasury's Capital Purchase Program.

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None of the representations and warranties of the parties will survive the consummation of the Merger. Additionally, the parties qualified many of the representations and warranties contained in the Merger Agreement with exceptions set forth in disclosure schedules which were separately delivered by each party to the other party to the Merger Agreement.

### **Conduct of Business Prior to Completion of the Merger**

#### ***ICB Restrictions***

Under the Merger Agreement, ICB has agreed to certain restrictions on its activities until the Merger is completed or terminated. In general, ICB and its subsidiary, Indiana Bank and Trust Company, are required to conduct their business diligently, substantially in the manner as it is presently being conducted, and in the ordinary course of business.

The following is a summary of the more significant restrictions imposed upon ICB, subject to the exceptions set forth in the Merger Agreement. Specifically, without the prior consent of Old National, ICB and Indiana Bank and Trust Company may not:

make any change in the capitalization or the number of issued and outstanding shares of ICB or Indiana Bank and Trust Company;

authorize a class of stock or issue, or authorize the issuance of, securities other than or in addition to its issued and outstanding common stock as of the date of the Merger Agreement;

distribute or pay any dividends on its shares of common stock, or authorize a stock split, or make any other distribution to its shareholders; except that (i) Indiana Bank and Trust Company may pay cash dividends to ICB in the ordinary course of business for payment of ICB's reasonable and necessary business and operating expenses and to provide funds for ICB's dividends to its shareholders, (ii) ICB may pay to its shareholders its usual and customary cash dividend of no greater than \$0.01 per share for any quarterly period, provided that no dividend may be paid by ICB for the quarterly period in which the Merger is scheduled to be consummated or consummated if, during such period, ICB shareholders will become entitled to receive dividends on their shares of Old National common stock received pursuant to the Merger Agreement, and (iii) ICB may pay its regular quarterly cash dividend on the TARP Preferred Stock issued to the U.S. Treasury in accordance with the terms thereof;

redeem any of its outstanding shares of common stock;

merge, combine, consolidate, or effect a share exchange with, or sell its assets or any of its securities to any other person, corporation, or entity, or enter into any other similar transaction not in the ordinary course of business;

purchase any assets or securities or assume any liabilities of another bank holding company, bank, corporation, or other entity, except in the ordinary course of business necessary in managing its investment portfolio, and then only to the extent such securities have a quality rating of AAA;

which consent shall be deemed received unless Old National objects within five business days after receipt of written notice from ICB, to make, renew or otherwise modify any loan or commitment to lend money, or issue any letter of credit to any person if the loan is an existing credit on the books of ICB or Indiana Bank and Trust Company and is, or in accordance with bank regulatory definitions should be, classified as Substandard, Doubtful or Loss or such loan is in an amount in excess of \$250,000 and is, or in accordance with bank regulatory definitions should be, classified as special mention, or make, renew or otherwise modify any loan if immediately after making such loan such person would be directly indebted to ICB or Indiana Bank and Trust Company in an aggregate amount in excess of \$1 million, or make, renew or otherwise modify any loan secured by an owner-occupied 1-4 single-family residence that does not conform with secondary market underwriting standards or such loan has a principal balance in excess of \$417,000 (except for such

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loans which ICB originates for sale into the secondary market, in which case such dollar threshold shall be \$750,000), or in any event if such loan does not conform with Indiana Bank and Trust's credit policies and exceeds 120 days to maturity;

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make any investment subject to any restrictions, whether contractual or statutory, which materially impairs the ability of ICB or Indiana Bank and Trust to dispose freely of such investment at any time, or subject any of their properties or assets to a mortgage, lien, claim, charge, option, restriction, security interest, or encumbrance, except for tax and other liens that arise by operation of law and with respect to which payment is not past due or is being contested in good faith by appropriate proceedings, and except for pledges or liens required to be granted in connection with acceptance by ICB or Indiana Bank and Trust Company of government deposits and pledges or liens in connection with Federal Home Loan Bank borrowings;

except as contemplated by the Merger Agreement, promote to a new position or increase the rate of compensation, or enter into any agreement to promote to a new position or increase the rate of compensation, of any director, officer, or employee of ICB or Indiana Bank and Trust Company, or modify, amend, or institute new employment policies or practices, or enter into, renew, or extend any employment, indemnity, reimbursement, consulting, compensation or severance agreements with respect to any present or former directors, officers, or employees of ICB or Indiana Bank and Trust Company;

except as contemplated by the Merger Agreement, execute, create, institute, modify, amend or terminate any pension, retirement, savings, stock purchase, stock bonus, stock ownership, stock option, stock appreciation or depreciation right, or profit sharing plans; any employment, deferred compensation, consulting, bonus, or collective bargaining agreement; any group insurance or health contract or policy; or any other incentive, retirement, welfare, or employee welfare benefit plan, agreement, or understanding for current or former directors, officers, or employees of ICB or Indiana Bank and Trust Company; or change the level of benefits or payments under any of the foregoing, or increase or decrease any severance or termination of pay benefits or any other fringe or employee benefits other than as required by law or regulatory authorities or the terms of any of the foregoing;

amend, modify, or restate ICB's or Indiana Bank and Trust Company's respective organizational documents;

give, dispose of, sell, convey, or transfer, assign, hypothecate, pledge, or encumber, or grant a security interest in or option to or right to acquire any shares of common stock or substantially all of the assets (other than in the ordinary course consistent with past practice) of ICB or Indiana Bank and Trust Company, or enter into any agreement or commitment relative to the foregoing;

fail to accrue, pay, discharge and satisfy all debts, liabilities, obligations, and expenses, including, without limitation, trade payables, incurred in the regular and ordinary course of business as such debts, liabilities, obligations, and expenses become due, unless the same are being contested in good faith;

issue, or authorize the issuance of, any securities convertible into or exchangeable for any shares of the capital stock of ICB or Indiana Bank and Trust Company;

open, close, move, or, in any material respect, expand, diminish, renovate, alter, or change any of its offices or branches other than as contemplated in the Merger Agreement;

pay or commit to pay any management or consulting or other similar type of fees other than as contemplated in the Merger Agreement;

change in any material respect its accounting methods, except as may be necessary and appropriate to conform to changes in tax laws requirements, changes in GAAP or regulatory accounting principles or as required by ICB's independent auditors or its regulatory authorities;

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change in any material respects its underwriting, operating, investment or risk management or other similar policies of ICB or Indiana Bank and Trust Company except as required by applicable law or policies imposed by any regulatory authority or governmental entity;

make, change or revoke any material tax election, file any material amended tax return, enter into any closing agreement with respect to a material amount of taxes, settle any material tax claim or assessment or surrender any right to claim a refund of a material amount of taxes; or

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enter into any contract, agreement, lease, commitment, understanding, arrangement, or transaction or incur any liability or obligation, other than as specifically contemplated under the Merger Agreement, requiring payments by ICB or Indiana Bank and Trust Company that exceed \$100,000, whether individually or in the aggregate, or that is not a trade payable or incurred in the ordinary course of business.

### ***Old National Restrictions***

The following is a summary of the more significant restrictions imposed upon Old National, subject to the exceptions set forth in the Merger Agreement. In particular, Old National may not knowingly:

take any action that is intended or reasonably likely to result in any of its representations and warranties set forth in the Merger Agreement being or becoming untrue in any respect at or prior to the effective time of the Merger, any of the conditions to the Merger not being satisfied, a material violation of any provision of the Merger Agreement, or a delay in the consummation of the Merger, except, in each case, as may be required by applicable law or regulation.

### **Covenants**

In addition to the restrictions noted above, ICB and Old National have agreed to take several other actions, such as:

in the case of ICB, to submit the Merger Agreement to its shareholders at a meeting to be called and held at the earliest possible reasonable date;

in the case of ICB, to proceed expeditiously, cooperate fully and use commercially reasonable efforts to assist Old National in procuring all consents, authorizations, approvals, registrations and certificates, in completing all filings and applications and in satisfying all other requirements prescribed by law which are necessary for consummation of the Merger, and to ensure that any materials or information provided by ICB to Old National for use by Old National in any filing with any state or federal regulatory agency or authority shall not contain any untrue or misleading statement of material fact or shall omit to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not false or misleading;

in the case of ICB, to use commercially reasonable efforts to obtain any required third party consents to agreements, contracts, commitments, leases, instruments and documents;

in the case of ICB, to use commercially reasonable efforts to maintain insurance on its assets, properties and operations, fidelity coverage and directors and officers liability insurance in such amounts and with regard to such liabilities and hazards as were insured by ICB as of the date of the Merger Agreement;

in the case of ICB, to continue to accrue reserves for employee benefits and Merger related expenses, and to consult and cooperate in good faith with Old National on (i) conforming the loan and accounting policies and practices of ICB to those policies and practices of Old National for financial accounting and/or income tax reporting purposes; (ii) determining the amount and timing for recognizing ICB's expenses of the Merger; provided, that no such modifications need be effected prior to the 5 day preceding the closing date of the Merger and until Old National has certified to ICB that all conditions to the obligation of Old National to consummate the Merger have been satisfied;

to coordinate with each other prior to issuing any press releases;

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in the case of ICB and Old National, to supplement, amend and update the disclosure schedules to the Merger Agreement as necessary;

in the case of ICB and Old National, to give the other party's representatives and agents, including investment bankers, attorneys or accountants, upon reasonable notice, access during normal business hours throughout the period prior to the effective time of the Merger to the other party's properties, facilities operations, books and records;

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in the case of ICB and Old National, to deliver updated financial statements, any reports, notices or proxy statements sent by either party to any governmental authority, and any orders issued by any governmental authority, to the other party when available;

in the case of ICB, to cooperate with an environmental consulting firm designated by Old National in the conduct by such firm of a phase one and/or phase two environmental investigation on all real property owned or leased by ICB or Indiana Bank and Trust Company as of the date of the Merger Agreement, and any real property acquired or leased by ICB or Indiana Bank and Trust Company after the date of the Merger Agreement;

in the case of ICB and Old National, to not knowingly take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties set forth in the Merger Agreement being or becoming untrue in any material respect, (ii) any of the conditions to the Merger not being satisfied, (iii) a material violation of any provision of the Merger Agreement, or (iv) a material delay in the consummation of the Merger;

in the case of ICB, except with respect to the Change of Control Agreements between ICB or Indiana Bank and Trust Company and two employees which will be assumed by Old National following the effective time of the Merger, the severance agreement to be entered into between Mark T. Gorski and Old National, and the employment agreement to be entered into between John K. Keach, Jr. and Old National, not to create any employment contract, agreement or understanding with or employment rights for any of the officers or employees of ICB or Indiana Bank and Trust Company, or prohibit or restrict Old National from changing, amending or terminating any employee benefits provided to its employees from time to time, without the consent of Old National;

in the case of ICB, to take such actions as necessary to terminate the Indiana Community Bancorp 401(k) Plan as of the day prior to the effective time of the Merger, and to thereafter to distribute or otherwise transfer the account balances of participants in accordance with the applicable plan termination provisions;

in the case of ICB, to take all actions necessary to assign any ICB group insurance policies to Old National as of the effective time of the Merger and to provide Old National with all necessary financial, enrollment, eligibility, contractual and other information related to ICB's welfare benefit and cafeteria plans to assist Old National in the administration of such plans after the effective time of the Merger;

in the case of ICB, to transfer sponsorship of its participation in the Pentegra Defined Benefit Plan for Financial Institutions to Old National as of the effective time of the Merger;

in the case of ICB, to terminate the Home Federal Savings Bank Excess Benefit Plan Agreement between Indiana Bank and Trust Company and John K. Keach, Jr., no later than the effective time of the Merger, and pay the present value of those benefits in a lump sum to Mr. Keach at the closing of the Merger;

in the case of ICB, to terminate the Supplemental Executive Retirement Agreements between ICB or Indiana Bank and Trust Company and its employees and the Director Deferred Compensation Agreements or Director Compensation Agreement between ICB or Indiana Bank and Trust Company and three former directors of ICB, no later than the effective time of the Merger, and to pay the accrued benefits under those agreements to the employees (other than Mark T. Gorski) and directors in a lump sum at closing and the present value of benefits payable to Mark T. Gorski under his agreement in a lump sum at closing;

in the case of ICB, to provide Old National with all financial, enrollment, investment, deferred election and other information related to each director fee deferral agreement to assist Old National in the administration of such agreements after the effective time of the Merger;

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amend the Director Deferred Fee Agreements of directors David Laitinen, Harold Force and John Beatty and the Director Deferred Compensation Agreement of Howard Nolting to integrate those agreements into the Directors Deferred Compensation Plan of Old National;

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in the case of ICB, to terminate the Indianapolis Growth Market Plan and Senior Management Annual Incentive Compensation Plan effective immediately on or prior to the effective time of the Merger;

in the case of ICB, to ensure that no further equity grants or awards of any kind are awarded under ICB's stock option or long-term incentive plans;

in the case of ICB to terminate the Indiana Community Bancorp Dividend Reinvestment and Stock Purchase Plan effective no later than the effective time of the Merger;

in the case of ICB and Old National, to take such actions that will cause any shares of ICB common stock owned by executive officers and directors of ICB and canceled in the Merger to qualify for the short-swing trading exemptions provided in Rule 16b-3(d) under the 1934 Act;

in the case of Old National, to take such actions as are necessary for Old National to assume the obligations of ICB under any indenture or other agreement to which ICB is a party with respect to trust preferred securities;

in the case of ICB, to receive within ten days of the date of the Merger Agreement the written fairness opinion of Sandler O'Neill that the Exchange Ratio is fair to the shareholders of ICB from a financial point of view;

in the case of ICB, to use its best efforts to cause or facilitate the repurchase of the TARP Preferred Stock issued to the U.S. Treasury as part of its TARP Capital Purchase Program;

in the case of ICB, to terminate the Stock Pledge Agreement dated February 2, 2009, between ICB and Cole Taylor;

in the case of Old National, to file all applications and notices to obtain the necessary regulatory approvals for the transactions contemplated by the Merger Agreement;

in the case of Old National, to file a registration statement with the SEC covering the shares of Old National common stock to be issued to ICB shareholders pursuant to the Merger Agreement;

in the case of Old National, to make available to the officers and employees of ICB who continue as employees after the effective time, substantially the same benefits, including severance benefits, as Old National offers to similarly situated officers and employees, including credit for prior service with ICB and Indiana Bank and Trust Company for purposes of eligibility and vesting;

in the case of Old National, amend its Old National Bancorp Employee Stock Ownership and Savings Plan to permit participation by ICB employees from and after the effective time;

in the case of Old National, to permit retirees of ICB participating in ICB's health plan to continue to participate in Old National's health plans in accordance with their terms if ICB's health plan is terminated by Old National;

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in the case of Old National, to permit ICB's employees to be subject to Old National's vacation policy as of the first day of the calendar year next following the effective time, remaining subject to the ICB vacation policy for the calendar year in which the Merger occurs;

in the case of Old National, to provide severance benefits to those employees of ICB or Indiana Bank and Trust Company as of the effective time of the Merger who are not employed by Old National at the effective time or whose employment is involuntarily terminated by Old National within 12 months after the effective time in an amount equal to one week of pay for each year of service of such employee with ICB or Indiana Bank and Trust Company, with a minimum of five weeks of pay;

in the case of Old National, on or before the effective time of the Merger, offer a severance agreement to Mark T. Gorski, ICB's Executive Vice President, Treasurer, and Chief Financial Officer;

in the case of Old National, on or before the effective time of the Merger, offer an employment agreement to John K. Keach, Jr., ICB's Chairman of the Board, President, and Chief Executive Officer;

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in the case of Old National, authorize the payment of and pay retention bonuses upon reaching certain milestones to selected employees of ICB identified by ICB and Old National, in amounts agreed to by ICB and Old National; and

in the case of Old National, maintain a directors and officers liability insurance policy for one year after the effective time of the Merger to cover the present and former officers and directors of ICB and Indiana Bank and Trust Company with respect to claims against such directors and officers arising from facts or events which occurred before the effective time, and for six years after the effective time, continue the indemnification and exculpation rights of the present and former officers and directors of ICB and Indiana Bank and Trust Company against all losses, expenses, claims, damages, or liabilities arising out of actions or omissions occurring on or prior to the effective time to the full extent then permitted under the articles of incorporation or bylaws of ICB or Indiana Bank and Trust Company or any indemnification arrangement or agreement disclosed to Old National.

The Merger Agreement also contains certain additional covenants relating to employee benefits and other matters pertaining to officers and directors. See The Merger Agreement Employee Benefit Matters and Interests of Certain Directors and Officers of ICB in the Merger.

**Acquisition Proposals by Third Parties**

Until the Merger is completed or the Merger Agreement is terminated, ICB has agreed that it, and its officers, directors and representatives, and those of Indiana Bank and Trust Company, will not:

Solicit, initiate or knowingly encourage or facilitate, any inquiries, offers or proposals to acquire ICB; or

Initiate, participate in or knowingly encourage any discussions or negotiations or otherwise knowingly cooperate regarding an offer or proposal to acquire ICB.

ICB may, however, furnish information regarding ICB to, or enter into and engage in discussion with, any person or entity in response to a bona fide unsolicited written proposal by the person or entity relating to an acquisition proposal, or change or withhold its recommendation to ICB's shareholders regarding the Merger if:

ICB's board of directors (after consultation with its financial advisors and outside legal counsel) determines in good faith that such proposal may be or could be superior to the Merger for ICB's shareholders and the failure to consider such proposal would likely result in a breach of the fiduciary duties of ICB's board of directors;

ICB provides any information to Old National that it intends to provide to a third party; and

ICB notifies Old National that it is prepared to change or withhold its recommendation to ICB's shareholders in response to a superior proposal, and provides Old National with the most current version of any proposed written agreement or letter of intent relating to the superior proposal, and Old National fails, within five days, to make a proposal that would, in the reasonable good faith judgment of the ICB board of directors (after consultation with financial advisors and outside legal counsel) cause the offer that previously constituted a superior proposal to no longer constitute a superior proposal.

For purposes of the Merger Agreement, the term superior proposal means any acquisition proposal relating to ICB or Indiana Bank and Trust Company, or to which ICB or Indiana Bank and Trust Company may become a party, that the ICB board of directors determines in good faith (after having received the advice of its financial advisors) to be (i) more favorable to the shareholders of ICB from a financial point of view than the Merger (taking into account all the terms and conditions of the proposal and the Merger Agreement, including the \$3.25 million termination fee) and (ii) reasonably capable of being completed without undue delay.

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**Conditions to the Merger**

The obligation of Old National and ICB to consummate the Merger is subject to the satisfaction or waiver, on or before the completion of the Merger, of a number of conditions, including:

The Merger Agreement must receive the approval of ICB's shareholders;

The representations and warranties made by the parties in the Merger Agreement must be true, accurate and correct in all material respects as of the effective date of the Merger unless the inaccuracies do not or will not have a Material Adverse Effect (as defined below) on the party making the representations and warranties. For purposes of the Merger Agreement, Material Adverse Effect is defined to mean any effect which is material and adverse to the results of operations, properties, assets, liabilities, conditions (financial or otherwise), value or business of ICB and its subsidiaries, taken as a whole, or Old National and its subsidiaries, taken as a whole, or which would materially impair the ability of ICB or Old National to perform its obligations under the Merger Agreement or otherwise materially threaten or impede the consummation of the Merger and the other transactions contemplated by the Merger Agreement; provided, however, that a Material Adverse Effect shall not include the impact of: (a) changes in banking and similar laws of general applicability to banks or their holding companies or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or their holding companies generally, (c) effects of any action or omission taken by ICB with the prior written consent of Old National, (d) changes resulting from expenses (such as legal, accounting and investment bankers' fees) incurred in connection with the Merger Agreement or the transactions contemplated therein, (e) any loss related to ICB's Special Loans, as such term is defined in the Merger Agreement (including charge offs, write downs, or losses arising from the sale or refinancing of any Special Loan), (f) the impact of the announcement of the Merger Agreement and the transactions contemplated thereby, and compliance with the Merger Agreement on the business, financial condition or results of operations of ICB and its subsidiaries or Old National and its subsidiaries, and (g) the occurrence of any military or terrorist attack within the United States or any of its possessions or offices; provided that, in no event shall a change in the trading price of ICB common stock, by itself, or Old National common stock, by itself, be considered to constitute a Material Adverse Effect on ICB and its subsidiaries or Old National and its subsidiaries, taken as a whole (the foregoing proviso does not however prevent or otherwise affect a determination that any effect underlying such decline has resulted in a Material Adverse Effect); and provided further, that without regard to any other provision of the Merger Agreement, a Material Adverse Effect shall be deemed to have occurred in the event of the imposition of a formal regulatory enforcement action against ICB or Indiana Bank and Trust Company following the date of the Merger Agreement;

Old National shall have registered its shares of Old National common stock to be issued to shareholders of ICB in the Merger with the SEC, and all state securities and blue sky approvals, authorizations and exemptions required to offer and sell such shares shall have been received, the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, shall have been declared effective by the Securities and Exchange Commission and no stop order suspending the effectiveness of the Registration Statement can have been issued or threatened;

All regulatory approvals required to consummate the transactions contemplated by the Merger Agreement shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain any conditions, restrictions or requirements which the Old National or ICB board of directors reasonably determines in good faith would either (i) have a Material Adverse Effect on ICB (or in the case of ICB, on Old National) or (ii) reduce the benefits of the Merger to such a degree that Old National (or in the case of ICB, that ICB) would not have entered into the Merger Agreement had such conditions, restrictions or requirements been known; and

None of Old National, ICB or Indiana Bank and Trust Company, or any of Old National's subsidiaries shall be subject to any statute, rule, regulation, injunction, order or decree which prohibits, prevents or makes illegal completion of the Merger, and no material claim, litigation or proceeding shall have been initiated or threatened relating to the Merger Agreement or the Merger.

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The obligation of Old National to consummate the Merger also is subject to the fulfillment of other conditions, including:

ICB and Indiana Bank and Trust Company must have performed, in all material respects, all of their covenants and agreements as required by the Merger Agreement at or prior to the effective time of the Merger;

Old National must have received from ICB at the closing of the Merger all the items, documents, and other closing deliveries of ICB, in form and content reasonably satisfactory to Old National, required by the Merger Agreement;

Old National must have received an opinion from Krieg DeVault LLP that the Merger constitutes a tax free reorganization for purposes of Section 368 of the Internal Revenue Code, as amended;

Old National must have received a letter of tax advice, in a form satisfactory to Old National, from ICB's outside, independent certified public accountants to the effect that any amounts that are paid by ICB or Indiana Bank and Trust Company before the effective time of the Merger, or required under ICB's employee benefit plans or the Merger Agreement to be paid at or after the effective time, to persons who are disqualified individuals under Section 280G of the Internal Revenue Code with respect to ICB, Indiana Bank and Trust Company, or their successors, and that otherwise should be allowable as deductions for federal income tax purposes, should not be disallowed as deductions for such purposes by reason of Section 280G of the Code;

The Old National common stock to be issued to ICB shareholders must have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

As of ten days prior to the closing of the Merger, ICB shall not hold ICB delinquent loans in excess of \$49.5 million;

As of ten days prior to the closing of the Merger, the credit mark on ICB's Special Loans shall not be greater than \$43.982 million;

As of the end of the month prior to the effective time, the ICB consolidated shareholders' equity (as adjusted under the Merger Agreement) shall not be less than \$59.862 million; and

The TARP Purchase shall have occurred.

The obligation of ICB to consummate the Merger also is subject to the fulfillment of other conditions, including:

Old National must have performed, in all material respects, all of its covenants and agreements as required by the Merger Agreement at or prior to the effective time of the Merger;

ICB must have received from Old National at the closing of the Merger all the items, documents, and other closing deliveries of Old National, in form and content reasonably satisfactory to ICB, required by the Merger Agreement;

The shares of Old National common stock to be issued as part of the Merger must have been approved for listing on the New York Stock Exchange, subject to official notice of issuance; and

ICB must have received an opinion from Krieg DeVault LLP that the Merger constitutes a reorganization for purposes of Section 368 of the Code, as amended.

**Expenses**

Except as otherwise provided in the Merger Agreement, ICB and Old National will be responsible for their respective expenses incidental to the Merger.

**Employee Benefit Matters**

The Merger Agreement requires Old National to make available to the officers and employees of ICB and Indiana Bank and Trust Company who continue as employees of Old National or any subsidiary substantially

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the same employee benefits on substantially the same terms and conditions as Old National offers to similarly situated officers and employees. ICB and Indiana Bank and Trust Company employees will receive full credit, after the Merger, for all prior service with ICB, Indiana Bank and Trust Company, or their predecessors for purposes of any applicable eligibility and vesting service requirements under any of Old National's employee benefit plans. ICB and Indiana Bank and Trust Company employees who become employees of Old National or any of its subsidiaries will become eligible to participate in Old National's employee benefit plans as soon as reasonably practicable after the effective time of the Merger, or if later, as of the termination of the corresponding ICB benefit plan. In the event that Old National determines, in its discretion, to terminate the ICB health plan, retirees of ICB and Indiana Bank and Trust Company who are participating the ICB health plan as of the date it is terminated will be eligible to participate in the Old National health plans in accordance with the terms of those plans. Continuing employees, if they initially become covered under Old National's medical, dental, and health plans for less than a full calendar year, will not be subject to any deductibles, co-pays, waiting periods or pre-existing condition limitations under such plans of Old National or its subsidiaries other than those to which they otherwise would have been subject under the medical, dental and health plans of ICB or Indiana Bank and Trust Company for the calendar year in which they cease to be covered under such plan of ICB or Indiana Bank and Trust Company. Retirees of ICB participating in the ICB health plan who become covered under Old National's health plan will not be subject to any waiting periods or additional pre-existing condition limitations under Old National's health plan.

As of the effective time, Old National shall amend, as necessary, the Old National Bancorp Employee Stock Ownership and Savings Plan (Old National KSOP) so that from and after the effective time continuing employees will accrue benefits pursuant to the Old National KSOP and continuing employees shall receive credit for eligibility and vesting purposes for the service of such employees with ICB and its subsidiaries or their predecessors prior to the effective time, as if such service were with Old National or its subsidiaries.

After the effective time, Old National shall continue to maintain all fully insured employee welfare benefit and cafeteria plans currently in effect at the effective time until such time as Old National determines to modify or terminate any or all of those plans.

Continuing employees shall continue to be subject to ICB's vacation policy for the year in which the effective time of the Merger occurs, and shall be subject to Old National's vacation policy as of the first day of the calendar year next following the effective time of the Merger. Additionally, at the effective time, continuing employees shall be entitled to reimbursement for business related travel pursuant to Old National's reimbursement policy and sick time pursuant to Old National's sick time policy. All accrued and unpaid sick time of ICB employees at the effective time of the Merger, up to 160 hours per employee, will be carried over to Old National's sick time policy.

After the effective time, Old National shall continue to maintain and administer ICB's stock option plans until such time as all options granted or awarded under such plans have been exercised or lapse and Mr. Keach's restricted shares have vested in full.

After the Merger Old National shall provide COBRA continuation coverage for each qualified beneficiary entitled to such coverage under applicable federal law.

**Termination**

Subject to conditions and circumstances described in the Merger Agreement, either Old National or ICB may terminate the Merger Agreement if, among other things, any of the following occur:

ICB shareholders do not approve the Merger Agreement at the ICB Annual Meeting;

any governmental authority shall have issued an order, decree, judgment or injunction that permanently restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger, and such order shall have become final and non-appealable, or if any consent or approval of a governmental authority whose consent or approval is required to consummate the Merger has been denied;

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the Merger has not been consummated by August 31, 2012 (provided the terminating party is not then in willful breach of the Merger Agreement); or

the respective Boards of Directors of Old National and ICB mutually agree to terminate the Merger Agreement.

Additionally, Old National may terminate the Merger Agreement at any time prior to the effective time of the Merger if any of the following occur:

any event shall have occurred which is not capable of being cured prior to August 31, 2012 and would result in a condition to the Merger not being satisfied;

ICB breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by August 31, 2012, or has not been cured by ICB within 20 business days after ICB's receipt of written notice of such breach from Old National;

there has been a Material Adverse Effect on ICB on a consolidated basis as of the effective time, as compared to that in existence as of January 24, 2012;

Old National elects to exercise its right of termination pursuant to the Merger Agreement regarding certain environmental matters (see Environmental Inspections ); or

ICB's Board of Directors shall fail to include its recommendation to approve the Merger in the proxy statement/prospectus related to ICB's special shareholders' meeting;

ICB's board of directors, after receiving an acquisition proposal from a third party, has withdrawn, modified or changed its approval or recommendation of the Merger Agreement and approved or recommended an acquisition proposal with a third party;

ICB shall have entered into, or publicly announced its intention to enter into, a definitive agreement, agreement in principle or letter of intent with respect to an acquisition proposal; or

a quorum could not be convened at the meeting of the shareholders of ICB or at a reconvened meeting held at any time prior to August 31, 2012.

ICB may terminate the Merger Agreement at any time prior to the effective time of the Merger if any of the following occur:

any event shall have occurred which is not capable of being cured prior to August 31, 2012 and would result in a condition to the Merger not being satisfied;

Old National breaches or fails to perform any of its representations, warranties or covenants contained in the Merger Agreement which breach or failure to perform would give rise to the failure of a condition to the Merger, and such condition is not capable of being cured by August 31, 2012, or has not been cured by Old National within 20 business days after Old National's receipt of written notice of such

breach from ICB; or

there has been a Material Adverse Effect on Old National on a consolidated basis as of the effective time, as compared to that in existence as of January 24, 2012.

Additionally, ICB may terminate the Merger Agreement if, at any time during the five-day period commencing on the first date on which all bank regulatory approvals (and waivers, if applicable) necessary for consummation of the Merger have been received (disregarding any waiting period) (the determination date), such termination to be effective the tenth day following such date if both of the following conditions are satisfied:

the average of the daily closing prices of Old National common stock as reported on the New York Stock Exchange for the ten consecutive trading days immediately preceding the determination date (the Old National Market Value) is less than \$9.896; and

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the number obtained by dividing the Old National Market Value by \$12.37 (the Initial Old National Market Value, which may be adjusted to account for certain transactions involving the stock of Old National, such as a stock dividend, reclassification or similar transaction between January 24, 2012 and the determination date) (the Old National Ratio) is less than the number (such number, the Index Ratio) obtained by dividing the average of the daily closing value for the five consecutive trading days immediately preceding the determination date of a group of financial institution holding companies comprising the Nasdaq Bank Index (the Final Index Price) by the closing value of a group of financial institution holding companies comprising the Nasdaq Bank Index on January 24, 2012 (the Initial Index Price), minus 0.20.

If ICB elects to exercise its termination right as described above, it must give prompt written notice thereof to Old National. During the five business day period commencing with its receipt of such notice, Old National shall have the option to increase the consideration to be received by the holders of ICB common stock by adjusting the Exchange Ratio to equal the lesser of (i) a quotient, the numerator of which is equal to the product of the Initial Old National Market Value, the Exchange Ratio (as then in effect), and the Index Ratio, minus 0.20, and the denominator of which is equal to Old National Market Value on the determination date; or (ii) the quotient determined by dividing the Initial Old National Market Value by the Old National Market Value on the determination date, and multiplying the quotient by the product of the Exchange Ratio (as then in effect) and 0.80. If Old National elects, it shall give, within such five business day period, written notice to ICB of such election and the revised Exchange Ratio, whereupon no termination shall be deemed to have occurred and the Merger Agreement shall remain in full force and effect in accordance with its terms (except as the Exchange Ratio shall have been so modified). Because the formula is dependent on the future price of Old National's common stock and that of the index group, it is not possible presently to determine what the adjusted Merger Consideration would be at this time, but, in general, more shares of Old National common stock would be issued, to take into account the extent by which the average price of Old National's common stock exceeded the decline in the average price of the common stock of the index group.

Under certain circumstances described in the Merger Agreement, a \$3.25 million termination fee may be payable by ICB to Old National if the Merger Agreement is terminated and the Merger is not consummated. See The Merger Agreement--Termination Fee.

**Termination Fee**

ICB shall pay Old National a \$3.25 million termination fee if the Merger Agreement is terminated for any of the following reasons:

If Old National terminates the Merger Agreement because ICB's board of directors fails to include its recommendation to approve the Merger in the proxy statement/prospectus delivered to shareholders or has withdrawn, modified or changed its approval or recommendation of the Merger Agreement or approves or publicly recommends an acquisition proposal with a third party, or ICB has entered into or publicly announced an intention to enter into another acquisition proposal;

If either party terminates the Merger Agreement because it is not approved by the requisite vote of the shareholders of ICB at the meeting called for such purpose or by Old National because a quorum could not be convened at ICB's shareholder meeting called to approve the Merger and, prior to the date that is twelve months after such termination ICB or Indiana Bank and Trust Company enters into any acquisition agreement with a third party or an acquisition proposal is consummated; or

If either party terminates the Merger Agreement because the consummation of the Merger has not occurred by August 31, 2012 and (A) prior to the date of such termination an acquisition proposal was made by a third party and (B) prior to the date that is twelve months after such termination, ICB or Indiana Bank and Trust Company enters into any acquisition agreement or any acquisition proposal is consummated.

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### **Management and Operations After the Merger**

Old National's officers and directors serving at the effective time of the Merger shall continue to serve as Old National's officers and directors until such time as their successors have been duly elected and qualified or until their earlier resignation, death, or removal from office. Old National's Articles of Incorporation and Bylaws in existence as of the effective time of the Merger shall remain Old National's Articles of Incorporation and Bylaws following the effective time, until such Articles of Incorporation and Bylaws are further amended as provided by applicable law.

### **Environmental Inspections**

Under the Merger Agreement, Old National has the right to terminate the Merger Agreement and not consummate the transaction if any of the real estate owned by ICB or Indiana Bank and Trust Company is determined to be contaminated and the cost to remediate such contamination would be estimated in good faith to exceed \$1.5 million. In order for Old National to avail itself of this termination provision, it is required to request that Phase I environmental investigations be commenced with respect to such real estate. Old National is currently in the process of obtaining such environmental investigations.

### **Effective Time of Merger**

Unless otherwise mutually agreed to by the parties, the effective time of the Merger will occur on the last business day of the month following the fulfillment of all conditions precedent to the Merger and the expiration of all waiting periods in connection with the bank regulatory applications filed for the approval of the Merger. The parties currently anticipate closing the Merger in the third quarter of 2012.

### **Regulatory Approvals for the Merger**

Under the terms of the Merger Agreement, the Merger cannot be completed until Old National receives necessary regulatory approvals, which include the approval of the Office of the Comptroller of the Currency and the Federal Reserve Board. Old National has filed applications with each regulatory authority to obtain the approvals. Although Old National does not know of any reason why it would not obtain regulatory approvals in a timely manner, Old National cannot be certain when such approvals will be obtained or if they will be obtained.

### **Voting Agreements**

As of the record date, the directors of ICB beneficially owned 240,446 shares or approximately 7.0% of the outstanding shares of ICB common stock, excluding shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of ICB each executed a voting agreement pursuant to which they agreed to vote their shares, and to use reasonable efforts to cause all shares owned by such director jointly with another person or by such director's spouse to be voted, in favor of the Merger.

### **Accounting Treatment of the Merger**

Old National will account for the Merger under the acquisition method of accounting in accordance with United States generally accepted accounting principles. Using the purchase method of accounting, the assets (including identified intangible assets) and liabilities of ICB will be recorded by Old National at their respective fair values at the time of the completion of the Merger. The excess of Old National's purchase price over the net fair value of the tangible and identified intangible assets acquired over liabilities assumed will be recorded as goodwill.

### **New York Stock Exchange Listing**

Old National common stock currently is listed on the New York Stock Exchange under the symbol ONB. The shares to be issued to the ICB shareholders in the Merger will be eligible for trading on the NYSE.

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**No Dissenters Rights of Appraisal**

Dissenters rights are statutory rights that, if available under law, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. Dissenters rights are not available in all circumstances, and exceptions to these rights are provided in the Indiana Business Corporation Law. Because shares of ICB common stock are sold on a national exchange, holders of ICB common stock will not have dissenters rights in connection with the Merger.

**INTERESTS OF CERTAIN DIRECTORS AND OFFICERS**

**OF ICB IN THE MERGER**

When considering the recommendation of the ICB board of directors, you should be aware that some of the employees and directors of ICB and Indiana Bank and Trust Company have interests that are different from, or in conflict with, your interests. The board of directors was aware of these interests when it approved the Merger Agreement. Except as described below, to the knowledge of ICB, the officers and directors of ICB do not have any material interest in the Merger apart from their interests as shareholders of ICB.

**Treatment of Stock Options**

The Merger Agreement provides that each option to acquire shares of ICB common stock outstanding as of the effective date of the Merger will be converted into options to purchase a number of shares of Old National common stock equal to the product (rounded down to the nearest whole share) of the number of shares of ICB common stock subject to such option and the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to the exercise price of the ICB stock option divided by the Exchange Ratio. All of such stock options are fully vested. Additionally, following the effective time, each converted ICB stock option will continue to be governed by the same terms and conditions as were applicable under the related ICB stock option immediately prior to the effective time.

The officers and directors of ICB held options to purchase 173,448 shares of ICB common stock at an average exercise price of \$24.389 per share as of June 15, 2012. John K. Keach, Jr., the current Chairman of the Board, President and Chief Executive Officer of ICB, holds options to purchase 35,000 shares at an average option price per share of \$24.3469 and Mark T. Gorski, the current Executive Vice President, Treasurer and Chief Financial Officer of ICB, holds options to purchase 25,000 shares at an average option price per share of \$24.3428.

**Treatment of Restricted Stock**

Subject to any action required by ICB's Stock Option Committee and any consent required by any holder of restricted stock, shares of restricted stock granted to persons other than John K. Keach, Jr. that are subject to transfer restrictions immediately prior to the effective time of the Merger shall have those restrictions lapse at Closing and such shares shall convert into the Merger Consideration. Shares of restricted stock held by Mr. Keach shall be converted at the Closing into the Merger Consideration, but such Merger Consideration shall continue to be held subject to the vesting and transferability restrictions set forth in the award agreements for such restricted stock and shall continue to be subject to the terms of the Indiana Community Bancorp 2010 Stock Option and Incentive Plan.

The officers and directors of ICB hold 37,500 shares of ICB restricted stock. Mr. Gorski owns 3,000 shares of restricted stock. Mr. Keach owns 21,000 shares of restricted stock; 6,000 of those shares vested on May 25, 2012, but become transferable only upon ICB's redemption of its TARP Preferred Stock.

**Severance Payments Payable to Certain Employees of ICB**

Old National has agreed that for purposes of determining severance payments payable to certain non-executive officers and employees of ICB who are not employed by Old National from and after the closing

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of the Merger or who are involuntarily terminated within 12 months following the closing, the severance benefits shall be equal to one week of pay for each year of service with ICB or its subsidiaries or Old National or its subsidiaries, with a minimum severance equal to five weeks of pay. Partial years of service will be rounded up for a fractional year of six months of service or more, and rounded down for fractional years of less than six months of service.

### **Change in Control Agreements**

Old National has agreed to assume the change in control agreements between ICB or Indiana Bank and Trust Company and two employees, and to pay those employees the benefits to which they are entitled under those agreements on the next business day following the Closing. Under the change in control agreements, each of those employees will be entitled to an estimated payment of \$500,000, payable in a lump sum one day following the closing of the Merger. Since the date of the Merger Agreement, one employee has resigned and Old National has further agreed to pay as provided under such person's change in control agreement, as amended.

### **Offer of Employment and Severance Agreement**

On January 19, 2012, Old National presented a written offer of employment to Mark T. Gorski, which Mr. Gorski accepted. Pursuant to the offer of employment, Mr. Gorski will be employed by Old National Bank following completion of the Merger as Senior Vice President, Financial Planning and Analysis Manager, and will receive an annual base salary of \$185,000. Mr. Gorski also will be paid a \$70,000 cash retention bonus by Old National Bank, \$35,000 of which is payable at the closing of the Merger and \$35,000 one year later. In addition, Mr. Gorski will be granted 4,500 shares of Old National restricted common stock at the closing of the Merger that will vest over a three-year period.

In addition, pursuant to the Merger Agreement, on or before the effective time of the Merger, Old National has agreed to enter into a severance agreement with Mr. Gorski which has a one-year term but is renewable for additional one-year periods. Pursuant to the severance agreement, upon the termination of Mr. Gorski's employment for any reason (including by Mr. Gorski for Good Reason, as defined in the agreement), Mr. Gorski shall be entitled to receive (i) any earned but unpaid base salary through his termination date, (ii) any reimbursements to which he is entitled under Old National's established reimbursement procedures (to the extent Mr. Gorski applies for reimbursement in accordance with such procedures), (iii) any accrued vacation pay and benefits (other than severance) payable to Mr. Gorski under Old National's incentive compensation or employee benefit plans or programs, and (iv) to the extent Mr. Gorski is terminated without cause before payment in full of his \$70,000 cash retention bonus provided under his written offer of employment, Mr. Gorski shall be paid the unpaid balance of that cash retention bonus.

In the event Mr. Gorski's employment is terminated by Old National for any reason other than Unacceptable Performance, Disability or death (as such terms are defined in the agreement), or by Mr. Gorski for any Good Reason (as defined in the agreement), Old National shall pay Mr. Gorski a lump-sum severance payment equal to his weekly pay multiplied by the greater of (i) fifty-two, or (ii) two times the number of years Mr. Gorski has worked for Old National. However, if Mr. Gorski's employment is terminated by Old National for Unacceptable Performance, Disability, or death, Mr. Gorski will not be entitled to any benefits or payments under the agreement.

In consideration of the severance benefits, Mr. Gorski has agreed that during the term of the severance agreement and for a period of one year following the termination of his employment he shall not, directly or indirectly, (i) solicit any customer of Old National for a competitive product or service, (ii) solicit any prospective customer of Old National for a competitive product or service, (iii) request any customer, prospective customer or supplier to terminate, reduce, limit or change its business or relationship with Old National, or (iv) induce, request or attempt to influence any employee of Old National to terminate his employment.

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The term of the severance agreement is one year, provided that the agreement shall automatically renew for additional one-year terms unless either Old National or Mr. Gorski give the other notice at least 60 days prior to a renewal date that the term shall not be extended.

### **Employment Agreement**

On or before the effective time of the Merger, Old National has agreed to enter into an employment agreement with John K. Keach, Jr., the current Chairman of the Board, President, and Chief Executive Officer of ICB, under which he will report to the Executive Vice President-Director of Corporate Development of Old National. The employment agreement shall have a term of two years and shall require Old National to pay Mr. Keach a base salary of \$200,000, as such base salary may be increased from time to time, and a signing bonus in an amount equal to the maximum amount that Mr. Keach is entitled to receive under Section 280G of the Internal Revenue Code without causing a disallowance of the deduction of such amount for federal income tax purposes, which bonus is estimated to be \$1.348 million. Mr. Keach will be eligible to participate in such benefit plans of Old National as are made available to, and on such terms and conditions applicable to, other similarly situated executives of Old National and subject to the terms of such benefit plans. Mr. Keach will be entitled to a minimum number of weeks of annual vacation in accordance with Old National's vacation policies as in effect from time to time for similarly situated executive employees, and will be entitled to reimbursement, in accordance with Old National's reimbursement policies, of his reasonable business expenses incurred in connection with the performance of his duties.

Pursuant to the employment agreement, Old National shall be entitled to terminate Mr. Keach's employment at any time, with or without cause. Upon termination of his employment for any reason, Mr. Keach shall be entitled to receive (i) any earned but unpaid base salary through his termination date, (ii) any accrued vacation pay through his termination date, (iii) any reimbursements to which he is entitled under Old National's established reimbursement procedures (to the extent Mr. Keach applies for reimbursement in accordance with such procedures), and (iv) any benefits (other than severance) payable to Mr. Keach under Old National's incentive compensation or employee benefit plans or programs. In addition, if such termination is without cause, Mr. Keach shall be entitled to be paid his base salary for the balance of the term of the employment agreement. If Mr. Keach's employment is terminated before the restricted shares of Old National common stock he acquired on the effective date of the Merger have vested in full according to the terms of grant of such shares, the remaining unvested shares shall vest in full and be delivered to Mr. Keach upon his termination of employment.

In consideration of the employment agreement, Mr. Keach has agreed that during the term of the employment agreement and for a period of two years year following the termination of his employment he shall not, directly or indirectly, (i) solicit any customer of Old National for a competitive product or service, (ii) solicit any prospective customer of Old National for a competitive product or service, (iii) request any customer, prospective customer or supplier to terminate, reduce, limit or change its business or relationship with Old National, or (iv) induce, request or attempt to influence any employee of Old National to terminate his employment. Mr. Keach has further agreed that during the term of the employment agreement and for a period of two years following the termination of his employment he will not engage in a business competitive with the community banking business of Old National in the State of Indiana or offer employment to any person who is, or within the prior two years was, an employee of Old National.

### **Retention Bonuses**

Old National has agreed that ICB may pay retention bonuses for certain non-executive officer employees upon reaching certain milestones, in amounts to be agreed to by ICB and Old National. The aggregate amount of the bonuses expected to be paid is approximately \$500,000.

### **Supplemental Employee Retirement Agreements**

In connection with the Merger, Mark T. Gorski will be paid, in a lump sum at the closing of the Merger, the present value of the benefits he is entitled to upon a change in control under his Supplemental Executive

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Retirement Agreement (the Gorski SERP ). Assuming the Merger closed on July 31, 2012, the estimated benefit payable to Mr. Gorski under the Gorski SERP is \$313,495. Of that amount, \$228,178 represents the enhanced amount payable as a result of the change in control effected by the Merger.

Pursuant to the terms of his Supplemental Executive Retirement Plan Agreement (the Keach SERP ), Mr. Keach will be paid upon termination of his agreement (which is to occur on the closing date of the Merger) a lump sum payment equal to the present value of the benefits he otherwise would be entitled to receive under the Keach SERP. Assuming the Merger closed on July 31, 2012, the amount of this benefit is estimated at \$1,046,555. This does not represent any acceleration of benefit resulting from the change of control effected by the Merger.

In addition to the foregoing, 12 non-executive officers and former employees and directors will receive a lump sum payment at closing equal to the accrued benefits they are entitled to receive under their supplemental executive retirement agreements and director deferred compensation agreements.

### **Excess Benefit Plan Agreement of John K. Keach, Jr.**

Pursuant to the terms of the Excess Benefit Plan Agreement of John K. Keach, Jr. (the Excess Benefit Plan ), Mr. Keach will receive upon termination of that agreement a lump sum payment equal to the present value of his benefits otherwise payable under that agreement. The amount will be paid at closing of the Merger. Assuming the Merger closed on July 31, 2012, the payments to Mr. Keach under the Excess Benefit Plan are estimated at \$1,081,165. This benefit does not represent any acceleration of benefits resulting from the change of control effected by the Merger.

### **Amendment of Director Deferred Fee Agreements and Director Deferred Compensation Agreement**

David Laitinen, Harold Force and John Beatty, current directors of ICB, and Harvard Nolting, a former director who retired from the Board of ICB in December, 2011, each are parties to Director Deferred Fee Agreements and, in the case of Mr. Nolting, a Director Deferred Compensation Agreement (collectively, the Director Agreements ). At the closing, these Director Agreements, subject to the consents of the affected directors, will be amended to become subject to the terms of the Directors Deferred Compensation Plan sponsored by Old National (the ONB Director Plan ). The directors' benefits under the Old National plan will be distributed in accordance with the distribution provisions in effect under the Director Agreements with ICB. However, interest on the account balances of the ICB directors and former directors under the ONB Director Plan will be credited based upon the Bloomberg Bond index fund (although there is also an option to tie such balances to a hypothetical fund investing in Old National common stock). Generally, the interest credited under the ONB Director Plan is expected to be higher than the interest rate currently credited on the accounts of David Laitinen, Harold Force, and John Beatty, but lower than the interest rates currently credited to the account balance of Mr. Nolting.

### **Indemnification and Insurance of Directors and Officers**

Old National has agreed that all rights to indemnification and exculpation from liabilities for acts or omissions occurring prior to the effective time of the Merger existing in favor of current or former directors and officers of ICB and Indiana Bank and Trust Company as provided in the articles of incorporation or bylaws of ICB and Indiana Bank and Trust Company and any existing indemnification agreements or arrangements disclosed to Old National shall survive the Merger and continue for a period of six years after the effective time of the Merger to the extent permitted by law.

In addition, Old National has agreed to cause ICB's and Indiana Bank and Trust Company's directors and officers to be covered for a period of one year after the effective time of the Merger by ICB's existing directors' and officers' liability insurance policy (or a substitute policy obtained by Old National having the same coverages and amounts and terms and conditions that are not less advantageous to such directors and officers)

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with respect to acts or omissions occurring before the effective time of the Merger; provided that Old National shall not be required to spend more than 200% of the annual premium paid by ICB for such insurance. If the cost of insurance exceeds such limit, Old National will use its reasonable efforts to obtain as much comparable coverage as possible.

### **COMPARISON OF THE RIGHTS OF SHAREHOLDERS**

Under the Merger Agreement, ICB shareholders will exchange their shares of ICB common stock for shares of Old National common stock and cash. ICB is organized under the laws of the State of Indiana, and the ICB shareholders are governed by the applicable laws of the State of Indiana, including the Indiana Business Corporation Law ( *IBCL* ), and ICB's articles of incorporation and bylaws. Old National is also an Indiana corporation, and is governed by the laws of the State of Indiana and its articles of incorporation and bylaws. Upon consummation of the Merger, ICB's shareholders will become Old National shareholders, and the Articles of Incorporation of Old National (the *Old National Articles* ), the Bylaws of Old National (the *Old National Bylaws* ), the Indiana Business Corporation Law ( *IBCL* ), and rules and regulations applying to public companies will govern their rights as Old National shareholders.

The following summary discusses some of the material differences between the current rights of Old National shareholders and ICB shareholders under the *Old National Articles*, the *Old National Bylaws*, the Articles of Incorporation of ICB (the *ICB Articles* ), and the Bylaws of ICB (the *ICB Bylaws* ).

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the *Old National Articles*, the *Old National Bylaws*, the *ICB Articles* and the *ICB Bylaws*, as applicable.

#### **Authorized Capital Stock**

##### *Old National*

Old National currently is authorized to issue up to 150,000,000 shares of common stock, no par value, of which approximately 94,674,000 shares were outstanding as of March 31, 2012. Old National also is authorized to issue up to 2,000,000 shares of preferred stock, no par value. One million shares of preferred stock are designated as Series A Preferred Stock, and 100,000 shares of preferred stock are designated as Fixed Rate Cumulative Perpetual Preferred Stock, Series T. The board of directors may by resolution increase or decrease the number of shares of preferred stock, provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the corporation convertible into Series A Preferred Stock. Currently, there are no shares of Old National preferred stock outstanding. If any series of preferred stock is issued, the Old National board of directors may fix the designation, relative rights, preferences and limitations, and any other powers, preferences and relative, participating, optional and special rights, and any qualifications, limitations and restrictions, of the shares of that series of preferred stock.

As of May 31, 2012, options to purchase approximately 6,038,000 shares of Old National common stock were outstanding.

##### *ICB*

ICB currently is authorized to issue up to 15,000,000 shares of common stock, no par value per share, of which 3,420,879 shares were outstanding as of June 15, 2012. ICB also is authorized to issue up to 2,000,000 shares of preferred stock, no par value, of which 21,500 shares are designated as Fixed Rate Cumulative Perpetual Preferred Stock, Series A, with a liquidation preference of \$1,000 a share, all of which shares have been issued to the United States Treasury ( *UST* ) pursuant to the Capital Purchase Program. For any series of

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preferred stock issued, the ICB board of directors may fix the designation, relative rights, preferences and limitations, and any other powers, preferences and relative, participating, optional and special rights, and any qualifications, limitations and restrictions, of the shares of that series of preferred stock.

As of June 15, 2012, options to purchase 44,573 shares of ICB common stock were outstanding under the ICB 1995 Stock Option Plan for an average price per share of \$24.639; options to purchase 4,161 shares of ICB common stock were outstanding under the ICB 1999 Stock Option Plan for an average price per share of \$25.1872; options to purchase 124,714 shares of ICB common stock were outstanding under the ICB 2001 Stock Option and Incentive Plan for an average price per share of \$24.273; and a warrant to purchase 188,707 shares of ICB common stock at a price of \$17.09 per share has been issued to the U.S. Treasury pursuant to the Capital Purchase Program.

## **Voting Rights and Cumulative Voting**

### *Old National*

Each holder of Old National common stock generally has the right to cast one vote for each share of Old National common stock held of record on all matters submitted to a vote of shareholders of Old National. If Old National issues shares of preferred stock, the holders of such preferred stock also may possess voting rights. Indiana law permits shareholders to cumulate their votes in the election of directors if the corporation's articles of incorporation so provide. However, the Old National Articles do not grant cumulative voting rights to its shareholders.

### *ICB*

Each holder of ICB common stock generally has the right to cast one vote for each share of ICB common stock held of record on all matters submitted to a vote of shareholders of ICB. Holders of shares of TARP Preferred Stock are only entitled to vote on certain matters, as set forth in the Certificate of Designations for such TARP Preferred Stock, which matters include amendments to the Certificate of Designations, elections of directors upon the failure to pay dividends on the TARP Preferred Stock for a specified period of time, and approval of transactions in which the rights, preferences, privileges or voting rights of the TARP Preferred Stock are materially less favorable than prior to the transaction. If ICB issues additional shares of preferred stock the holders of such preferred stock also may possess voting rights. The ICB Articles do not grant cumulative voting rights to its shareholders.

## **Dividends**

Old National and ICB may pay dividends and make other distributions at such times, in such amounts, to such persons, for such consideration, and upon such terms and conditions as Old National's and ICB's respective board of directors may determine, subject to all statutory and regulatory restrictions, including bank regulatory restrictions discussed elsewhere in this proxy statement/prospectus.

## **Liquidation**

In the event of the liquidation, dissolution, and/or winding-up of Old National or ICB, the holders of shares of Old National and ICB common stock, as the case may be, are entitled to receive, after the payment of or provision of payment for Old National's and ICB's respective debts and other liabilities and of all shares having priority over the common stock, a ratable share of the remaining net assets of Old National and ICB, respectively.

## **Preferred Stock**

In general, the boards of directors of Old National and ICB are authorized to issue preferred stock in series and to fix and state the voting powers, designations, preferences, and other rights of the shares of each such series and the limitations thereof. The board of directors may by resolution increase or decrease the number of preferred stock, provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a

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number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the corporation convertible into Series A Preferred Stock. If Old National or ICB were to issue preferred stock, such preferred stock may have a priority rank over its common stock with respect to dividend rights, liquidation preferences, or both, and may have full or limited voting rights, and the holders of such preferred stock may be entitled to vote as a separate class or series under certain circumstances, regardless of any other voting rights such holders may possess.

### **Issuance of Additional Shares**

#### *Old National*

Except in connection with the proposed Merger with ICB, and as otherwise may be provided herein, Old National has no specific plans for the issuance of additional authorized shares of its common stock or for the issuance of any shares of preferred stock. In the future, the authorized but unissued shares of Old National common and preferred stock will be available for general corporate purposes, including, but not limited to, issuance as stock dividends or in connection with stock splits, issuance in future mergers or acquisitions, issuance under a cash dividend reinvestment and/or stock purchase plan, or issuance in future underwritten or other public or private offerings.

Section 23-1-26-2 of the IBCL permits the board of directors of an Indiana corporation to authorize the issuance of additional shares, unless the corporation's articles of incorporation reserve such a right to the corporation's shareholders. Under the Old National Articles, no shareholder approval will be required for the issuance of these shares. As a result, Old National's board of directors may issue preferred stock, without shareholder approval, possessing voting and conversion rights that could adversely affect the voting power of Old National's common shareholders, subject to any restrictions imposed on the issuance of such shares by the New York Stock Exchange.

#### *ICB*

The ICB Articles provide that the board of directors has authority to authorize and direct the issuance by ICB of shares of preferred stock and common stock at such times, in such amounts, to such persons, for such considerations and upon such terms as it may from time to time determine upon, subject only to the restrictions, limitations, conditions and requirements imposed by the Act, other applicable laws and the articles. ICB has no specific plans for the issuance of additional authorized shares of its common or preferred stock.

### **Number of and Restrictions Upon Directors**

#### *Old National*

The Old National Bylaws state that the board of directors shall be composed of twelve (12) members. Each director holds office for the term for which he was elected and until his successor shall be elected and qualified, whichever period is longer, or until his death, resignation, or removal. The Old National Bylaws provide that a director shall not qualify to serve as such effective as of the end of the term during which he becomes 72 years of age. The Old National Bylaws further provide that the Board may establish other qualifications for directors in its Corporate Governance Guidelines in effect from time to time.

#### *ICB*

The ICB Bylaws provide that the board of directors shall be composed of not less than five (5) nor more than fifteen (15) members, and if the board of directors by resolution has not specified the number of directors the number shall be seven (7). The ICB board of directors is divided into three classes, designated as Class 1, Class 2, and Class 3, as nearly equal in number as possible, with the term of office of one class expiring each year. Any additional directorships resulting from an increase in the number of directors will be apportioned among the classes as equally as possible.

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### **Removal of Directors**

#### *Old National*

Under Indiana law, directors may be removed in any manner provided in the corporation's articles of incorporation. In addition, the shareholders or directors may remove one or more directors with or without cause, unless the articles of incorporation provide otherwise. Under the Old National Bylaws, and with the exception of a director elected by the holders of one or more series of preferred stock, any director or the entire board of directors may be removed, with or without cause, only by (i) the affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding shares of Old National common stock at a meeting of shareholders called expressly for the purpose of removing one or more directors, or (ii) the affirmative vote of not less than two-thirds (2/3) of the actual number of directors elected and qualified and then in office.

#### *ICB*

Under the ICB Articles, subject to the rights of any series of Preferred Stock then outstanding, any director or the entire board of directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least eighty percent (80%) of the outstanding shares of ICB capital stock who are entitled to vote on the election of directors at a meeting of shareholders called for that purpose. For this purpose, cause is defined in 12 C.F.R. § 163.39.

### **Special Meetings of the Board**

#### *Old National*

The Old National Bylaws provide that special meetings of the board of directors may be called by, or at the request of, the Chairman of the Board, the CEO and the President of Old National, or by not less than a majority of the members of the board of directors.

#### *ICB*

The ICB Bylaws provide that special meetings of the ICB board of directors may be called by the Chairman of the Board, the President, or by at least two directors.

### **Classified Board of Directors**

#### *Old National*

Neither the Old National Articles nor the Old National Bylaws provide for a division of the Old National board of directors into classes.

#### *ICB*

The ICB Articles provide that ICB's board of directors shall be divided into three classes, with directors in each class elected to staggered three-year terms. Consequently, it could take two annual elections to replace a majority of ICB's board of directors.

### **Advance Notice Requirements for Presentation of Business and Nominations of Directors at Annual Meetings of Shareholders**

#### *Old National*

The Old National Bylaws provide that nominations for the election of directors may be made only by the board of directors following the recommendation of the Old National Corporate Governance and Nominating Committee. The Committee will consider candidates for election suggested by shareholders, subject to the suggestions having been made in compliance with certain requirements set forth in the Bylaws.

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Additionally, shareholders may submit proposals for business to be considered at Old National's annual meeting of shareholders, and include those proposals in Old National's proxy and proxy statement delivered to shareholders, in accordance with the requirements of Rule 14a-8 of Regulation 14A promulgated under the Securities Exchange Act of 1934.

### *ICB*

Nominations for election to the ICB board of directors may be made by the ICB board of directors, by any nominating committee or person appointed by the board of directors, or by any ICB shareholder entitled to vote for the election of directors at the meeting. Nominations, other than those made by or on behalf of the existing management of ICB, must be made in writing to the Secretary of ICB not less than sixty (60) days prior to any meeting of shareholders called for the election of Directors, and must contain information prescribed by the Bylaws.

Additionally, shareholders may submit proposals for business to be considered at ICB's annual meeting of shareholders, and include those proposals in ICB's proxy and proxy statement delivered to shareholders, in accordance with the requirements of Rule 14a-8 of Regulation 14A promulgated under the Securities Exchange Act of 1934.

## **Special Meetings of Shareholders**

### *Old National*

The Old National Bylaws state that special shareholders' meetings may be called by the board of directors, the Chairman of the Board, the Chief Executive Officer or the President of Old National, and shall be called by the Chairman of the Board, CEO, President or Secretary at the written request of a majority of the members of the board of directors or upon delivery to Old National's Secretary of a signed and dated written demand for a special meeting from the holders of at least 25% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

### *ICB*

The ICB Articles and By-Laws provide that special meetings of ICB shareholders may be called by the Chairman of the ICB Board of Directors or by the Board pursuant to a resolution adopted by a majority of the total number of Directors of ICB.

## **Provisions for Regulation of Business and Conduct of Affairs of Corporation**

The Old National and ICB Articles allow meetings of shareholders to occur within or without the State of Indiana, and allow any action required or permitted to be taken at any meeting of the shareholders to be taken without a meeting if a consent in writing setting forth the action is signed by all the shareholders entitled to vote with respect to it, and the consent is filed with the minutes of the proceedings of the shareholders.

The Old National and ICB Articles allow meetings of the board of directors or any committee thereof to be held within or without the State of Indiana, and allow any action required or permitted to be taken without a meeting if a consent in writing setting forth the action taken is signed by all the members of the board of directors, or of such committee, and the written consent is filed with the minutes of the proceedings of the board or committee.

## **Indemnification**

Under the IBCL, an Indiana corporation may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if (i) the individual's conduct was in good faith, (ii) the individual reasonably believed, in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the best interests of the corporation, and in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests,

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and (iii) in the case of any criminal proceeding, the individual either had reasonable cause to believe that the individual's conduct was lawful, or the individual had no reasonable cause to believe that the individual's conduct was unlawful.

Unless limited by its articles of incorporation, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the director is or was a director of the corporation against reasonable expenses incurred by the director in defense of the proceeding.

### *Old National*

The Old National Articles and Bylaws provide that every person who is or was a director, officer or employee of Old National or any other corporation for which he is or was serving in any capacity at the request of Old National shall be indemnified by Old National against any and all liability and expense that may be incurred by him in connection with, resulting from, or arising out of any claim, action, suit or proceeding, provided that the person is wholly successful with respect to the claim, action, suit or proceeding, or acted in good faith in what he reasonably believed to be in or not opposed to the best interests of Old National or any other corporation for which he is or was serving in any capacity at the request of Old National. Old National will also indemnify each director, officer and employee acting in such capacity in connection with criminal proceedings provided the director, officer or employee had no reasonable cause to believe that his conduct was unlawful. The indemnification by Old National extends to attorney fees, disbursements, judgments, fines, penalties or settlements. Old National may also advance expenses or undertake the defense of a director, officer or employee upon receipt of an undertaking by such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification.

In order for a director, officer or employee to be entitled to indemnification, the person must be wholly successful with respect to such claim or either the board of directors of Old National acting by a quorum consisting of Directors who are not parties to, or who have been wholly successful with respect to such claim, action, suit or proceeding, or independent legal counsel must determine that the director, officer or employee has met the standards of conduct required by the Articles.

### *ICB*

ICB's Articles provide for the indemnification of its directors, officers, employees and agents, and of any person serving at the request of ICB as a director, officer, employee, partner or trustee of another enterprise, who is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal. ICB indemnifies such persons for any expenses (including counsel fees), judgments, settlements, penalties and fines in accordance with such action, suit or proceeding, provided such persons acted in good faith in a manner he reasonably believed, in the conduct of his official capacity, was in the best interests of ICB, and in all other cases, was not opposed to the best interests of ICB. With respect to criminal proceedings, the person seeking indemnification must have either had reasonable cause to believe his conduct was lawful or no reasonable cause to believe his conduct was unlawful. ICB may also advance expenses or undertake the defense of an indemnified person upon receipt of an undertaking by such person to repay such expenses if it should ultimately be determined that he is not entitled to indemnification.

In order for a director, officer, employee or agent to be entitled to indemnification, the person must be wholly successful with respect to such claim or either (i) the board of directors of ICB acting by a quorum consisting of Directors who are not parties to, or who have been wholly successful with respect to such claim, action, suit or proceeding, (ii) independent legal counsel or (iii) the shareholders of ICB must determine that the director, officer, employee or agent has met the standards of conduct required by the Articles.

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### **Additional Restrictions on Directors**

Old National's Articles allow directors to have an interest in a contract or transaction with the Corporation, if the interest is disclosed to or known by the board of directors, and the board approves the transaction by a majority vote of those present, with the interested director to be counted in determining the existence of a quorum, but not in calculating a majority to approve the transaction.

ICB's Articles allow directors to have an interest in contracts with ICB if the material facts of the transaction and the directors' interest were disclosed or known to the board of directors, a committee of the board of directors with authority to act on thereon, or the shareholders entitled to vote thereon, and the board of directors, committee or shareholders approved the transaction. Approval of the transaction by the board of directors, or an appointed committee to act on its behalf, requires the affirmative vote of a majority of the directors who have no interest in the transaction. Approval of the transaction by the shareholders requires the affirmative vote of a majority of the shares entitled to vote on the matter, including shares held by the director having an interest in the transaction.

### **Preemptive Rights**

#### *Old National*

Although permitted by the IBCL, Old National's Articles do not provide for preemptive rights to subscribe for any new or additional common stock or other securities of the respective entity.

#### *ICB*

ICB's Articles do not provide holders of ICB common or preferred stock with preemptive rights with respect to any shares that may be issued.

### **Amendment of Articles of Incorporation and Bylaws**

#### *Old National*

Except as otherwise provided below, amendments to the Old National Articles must be approved by a majority vote of Old National's board of directors and also by a majority vote of the outstanding shares of Old National's voting stock. Amendments to the terms of any series of preferred stock that materially alter or change the powers, preferences or special rights of the preferred stock adversely must be approved by the holders of at least two-thirds of the outstanding shares of preferred stock, voting separately as a class. Additionally, the following provisions of the Articles of Old National may not be altered, amended or repealed without the affirmative vote of at least two-thirds (2/3) of the board of directors or the holders of at least 80% of the outstanding shares of Old National common stock, at a shareholders' meeting called for that purpose:

Section 11, which requires the affirmative vote of 80% of the outstanding shares of Old National common stock to approve certain business combinations which are not approved and recommended by the vote of two-thirds of the entire board of directors of Old National;

Section 12, which requires that the board of directors, in connection with exercising its business judgment in determining what is in the best interests of Old National and its shareholders when evaluating a business combination, consider factors in addition to the adequacy of the financial consideration, such as social and economic effects of the transaction, the business and financial condition of the acquiring person or entity, and the competence, experience and integrity of the acquiring person's management; and

Section 13, which provides that shareholders who acquire 15% of the outstanding Old National common stock and who seek to acquire additional shares of common stock must offer and pay for such additional shares a consideration that is at least equal to the highest percent over market value paid to acquire Old National common stock then held by such person.

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The Old National Bylaws may be amended only by a majority vote of the total number of directors of Old National.

### *ICB*

In general, ICB's Articles may be amended upon a majority vote of the ICB board of directors and a majority vote of ICB's shareholders. The amendment of certain provisions of ICB's Articles, however, requires the affirmative vote of at least 80% of the total number of ICB shares entitled to vote on the matter. These include provisions relating to: the number, terms, classification, and removal of directors; shareholder nomination of director candidates and introduction of business; calling of special shareholder meetings; the authority of directors to alter, amend or repeal the Code of By-Laws; and shareholder voting rights on certain business combinations involving ICB which are not recommended by ICB's directors or are proposed by a person or group holding 10% or more of ICB's common stock and such proposal does not treat all ICB shareholders equally.

The affirmative vote of a majority of the actual number of ICB's Directors elected and qualified at the time of the action is required to make, alter, amend, or repeal ICB's By-Laws.

## **RESTRICTIONS ON UNSOLICITED CHANGES IN CONTROL**

### **(ANTI-TAKEOVER PROTECTIONS)**

#### **General**

The Old National Articles and the ICB Articles include several provisions intended to protect the interests of each company and its shareholders from unsolicited changes in control. These provisions authorize the applicable board of directors to respond to such unsolicited offers that would effect a change in control in a manner that, in the board's judgment, will best protect the interests of the company and its subsidiaries. Although each board of directors believes that the acquisition restrictions described below are beneficial to its shareholders, the provisions may have the effect of rendering the company less attractive to potential acquirors, thereby discouraging future takeover attempts that certain shareholders might deem to be in their best interests, or pursuant to which shareholders might receive a substantial premium for their shares over then current market prices, but would not be approved by the company's board of directors. These acquisition restrictions also will render the removal of management and the incumbent board of directors more difficult. However, each of Old National's and ICB's board of directors has concluded that the potential benefits of these restrictive provisions outweigh the possible disadvantages.

#### **Old National's and ICB's Articles and Bylaws**

**Directors.** Certain provisions in the Old National Bylaws, ICB Articles, and ICB Bylaws impede changes in the majority control of the companies' Boards of Directors. The ICB Articles and Bylaws provide that the board of directors will be divided into three classes, with directors in each class elected for staggered three-year terms. As a result, it takes two annual elections to replace a majority of ICB's board of directors.

The Old National Bylaws provide that any vacancy occurring in Old National's board of directors, including a vacancy created by an increase in the number of directors, shall be filled for the remainder of the unexpired term only by a majority vote of the directors of the company then in office. The ICB Articles provide that any vacancy on the board of directors caused by an increase in the number of directors shall be filled by a majority vote of the members of the board of directors. Finally, the Old National Bylaws and ICB Bylaws impose certain notice and information requirements in connection with the nomination by shareholders of candidates for election to the respective board of directors or the proposal by shareholders of business to be acted upon at an annual meeting of shareholders.

The Old National Bylaws provide that any director, exclusive of directors who may be elected by the holders of any one or more series of preferred stock, or the entire board of directors may be removed, with or

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without cause, only by (i) the affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding shares of Old National common stock at a meeting of shareholders called expressly for the purpose of removing one or more directors, or (ii) the affirmative vote of not less than two-thirds (2/3) of the actual number of directors elected and qualified and then in office.

The ICB Articles provide that subject to the rights of any holders of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause, as defined in 12 CFR § 163.39, and only by the affirmative vote of at least eighty percent (80%) of the outstanding shares of ICB capital stock who are entitled to vote on the election of directors at a meeting of shareholders called for that purpose.

**Restrictions on Call of Special Meetings.** The Old National Bylaws provide that special shareholders meetings may be called by the board of directors, the Chairman of the Board, the Chief Executive Officer or the President of Old National, and shall be called by the Chairman of the Board, Chief Executive Officer, President or Secretary at the written request of a majority of the members of the board of directors or upon delivery to Old National's Secretary of a signed and dated written demand for a special meeting from the holders of at least 25% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. The ICB By-Laws provide that a special meeting of ICB's shareholders may be called by the Chairman of the ICB board of directors, or by the board of directors pursuant to a resolution adopted by a majority of the directors.

**No Cumulative Voting.** The Old National Articles and the ICB Articles each provide that there shall be no cumulative voting rights in the election of directors.

**Authorization of Preferred Stock.** Old National and ICB are each authorized to issue preferred stock from time to time in one or more series subject to applicable provisions of law, and the board of directors of the company is authorized to fix the designations, powers, preferences, and relative participating, optional, and other special rights of such shares, including voting rights (if any and which could be as a separate class) and conversion rights. In the event of a proposed merger, tender offer, or other attempt to gain control of Old National or ICB not approved by the applicable board of directors, it might be possible for the board of directors of Old National or ICB to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of such a transaction. An effect of the possible issuance of preferred stock, therefore, may be to deter a future takeover attempt. Neither board of directors has any present plans or understandings for the issuance of any preferred stock and neither intends to issue any preferred stock except on terms that the Board may deem to be in the best interests of Old National or ICB, as applicable, and its shareholders.

**Limitations on Significant Shareholders.** The Old National Articles provide that shareholders who acquire 15% of the outstanding Old National common stock and who seek to acquire additional shares of common stock must offer and pay for such additional shares a consideration that is at least equal to the highest percent over market value paid to acquire Old National common stock then held by such person. Any purchases of shares in violation of this provision are null and void.

**Evaluation of Offers.** The Old National Articles require that the board of directors, in connection with exercising its business judgment in determining what is in the best interests of Old National and its shareholders when evaluating a business combination, consider factors in addition to the adequacy of the financial consideration, such as social and economic effects of the transaction, the business and financial condition of the acquiring person or entity, and the competence, experience and integrity of the acquiring person's management. Similarly, ICB's Articles permit its Board of Directors, in evaluating business combinations, to consider the long-term interests of ICB, the social and economic effects of such business combinations on present and former employees, suppliers, or customers of ICB, and the effect upon communities in which officers of ICB are located. By having these standards and provisions in the Old National Articles and ICB Articles, the Old National and ICB board of directors may be in a stronger position to oppose such a transaction if the respective Board concludes that the transaction would not be in the best interests, even if the price offered is significantly greater than the then market price of any equity security.

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### **Procedures for Certain Business Combinations.**

#### *ONB*

The Old National Articles require the affirmative vote of 80% of the outstanding shares of Old National common stock to approve certain business combinations which are not approved and recommended by the vote of two-thirds of the entire board of directors of Old National.

#### *ICB*

ICB's Articles provide that the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding common stock of ICB shall be required to approve any merger or consolidation, sale of assets, issuance or transfer of securities, adoption of a plan of liquidation or dissolution, or reclassification of securities, in each case involving a shareholder who beneficially owns 10% or more of the voting power of ICB common stock, unless, in the case of transactions not involving the payment cash or other consideration to the shareholders of ICB, the transaction was approved by a majority vote of ICB's Board of Directors, or in the case of a transaction involving the payment of cash or other consideration to shareholders of ICB, (i) the transaction was approved by a majority vote of ICB's directors unaffiliated with the 10% or greater shareholder, or (ii) the transaction involves consideration per share generally equal to the higher of (A) the highest amount paid by such 10% shareholder or its affiliates in acquiring any shares of the ICB common stock or (B) the Fair Market Value of such shares (generally, the highest closing bid paid for the common stock during the thirty days preceding the date of the announcement of the proposed business combination or on the date the 10% or greater shareholder became such, whichever is higher). Business combinations meeting the above criteria require the affirmative vote of a majority of the outstanding shares of common stock of ICB.

**Amendments to Articles and Bylaws.** In general amendments to the Old National Articles must be approved by a majority vote of Old National's board of directors, and also by the holders of a majority of Old National's shares of common stock; provided, however, approval by at least 80% of the outstanding voting shares is required to amend provisions of Old National's Articles relating to (i) approval of certain business combinations; (ii) exercise of directors' business judgment in evaluating certain business combinations; and (iii) limitations on further purchases of shares by shareholders who own 15% or more of the company's outstanding shares. Additionally amendments to the Old National articles negatively affecting the preferred stock holders require a two-thirds vote of the preferred stock holders. In general, ICB's Articles may be amended upon the approval of the board of directors and by the vote of the shareholders if more votes are cast in favor of the amendment than votes cast opposing it. The amendment of certain provisions of ICB's Articles, however, requires the affirmative vote of at least 80% of the total number of ICB shares entitled to vote on the matter. These include provisions relating to: the number, terms, classification, and removal of directors; shareholder nomination of director candidates and introduction of business; calling of special shareholder meetings; the authority of directors to alter, amend or repeal the Code of By-Laws; and provisions dealing with certain business combinations involving ICB and persons or groups holding 10% or more of ICB's common stock.

The Old National Bylaws may be amended only by a majority vote of the total number of directors of Old National. The ICB By-Laws may be amended only by a majority vote of the total number of directors of ICB.

### **State and Federal Law**

**State Law.** Several provisions of the IBCL could affect the acquisition of shares of Old National common stock or ICB common stock, or otherwise affect the control of Old National or ICB. Chapter 43 of the IBCL prohibits certain business combinations, including mergers, sales of assets, recapitalizations, and reverse stock splits, between corporations such as Old National or ICB (assuming that either company has over 100 shareholders) and an interested shareholder (defined as the beneficial owner of 10% or more of the voting power of the outstanding voting shares) for five years following the date on which the shareholder obtained 10% ownership, unless the acquisition was approved in advance of that date by the board of directors of the respective companies. If prior approval is not obtained, several price and procedural requirements must be met before the business combination can be completed.

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In addition, the IBCL contains provisions designed to assure that minority shareholders have some say in their future relationship with Indiana corporations in the event that a person makes a tender offer for, or otherwise acquires, shares giving that person more than 20%, 33 1/3%, and 50% of the outstanding voting securities of corporations having 100 or more shareholders (the Control Share Acquisition Statute). Under the Control Share Acquisition Statute, if an acquirer purchases those shares at a time when the corporation is subject to the Control Share Acquisition Statute, then until each class or series of shares entitled to vote separately on the proposal, by a majority of all votes entitled to be cast by that group (excluding shares held by officers of the corporation, by employees of the corporation who are directors thereof, and by the acquirer), approves in a special or annual meeting the rights of the acquirer to vote the shares that take the acquirer over each level of ownership as stated in the statute, the acquirer cannot vote those shares. An Indiana corporation otherwise subject to the Control Share Acquisition Statute may elect not to be covered by the statute by so providing in its articles of incorporation or by-laws. Both Old National and ICB have elected to remain subject to this statute because of the desire of the respective companies to discourage non-negotiated hostile takeovers by third parties. However, the Control Share Acquisition Statute does not apply to a plan of affiliation and merger, if the corporation complies with the applicable merger provisions and is a party to the plan of merger. Thus, the provisions of the Control Share Acquisition Statute do not apply to the Merger.

The IBCL specifically authorizes Indiana corporations to issue options, warrants, or rights for the purchase of shares or other securities of the corporation or any successor in interest of the corporation. These options, warrants, or rights may, but need not be, issued to shareholders on a pro rata basis.

The IBCL specifically authorizes directors, in considering the best interests of a corporation, to consider the effects of any action on shareholders, employees, suppliers, and customers of the corporation, and communities in which offices or other facilities of the corporation are located, and any other factors the directors consider relevant. As described above, both the Old National Articles and ICB Articles contain provisions having a similar effect. Under the IBCL, directors are not required to approve a proposed business combination or other corporate action if the directors determine in good faith that such approval is not in the best interests of the corporation. In addition, the IBCL states that directors are not required to redeem any rights under, or render inapplicable, a shareholder rights plan or to take or decline to take any other action solely because of the effect such action might have on a proposed change of control of the corporation or the amounts to be paid to shareholders upon such a change of control. The IBCL explicitly provides that the different or higher degree of scrutiny imposed in Delaware and certain other jurisdictions upon director actions taken in response to potential changes in control will not apply. The Delaware Supreme Court has held that defensive measures in response to a potential takeover must be reasonable in relation to the threat posed.

In taking or declining to take any action or in making any recommendation to a corporation's shareholders with respect to any matter, directors are authorized under the IBCL to consider both the short-term and long-term interests of the corporation as well as interests of other constituencies and other relevant factors. Any determination made with respect to the foregoing by a majority of the disinterested directors shall conclusively be presumed to be valid unless it can be demonstrated that such determination was not made in good faith.

Because of the foregoing provisions of the IBCL, the Boards of Directors of Old National and ICB each have flexibility in responding to unsolicited proposals to acquire Old National or ICB, as the case may be, and accordingly it may be more difficult for an acquirer to gain control of Old National or ICB in a transaction not approved by the respective Boards of Directors.

**Federal Limitations.** Subject to certain limited exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require approval of the Federal Reserve Board prior to any person or company acquiring control of a bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank

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holding company. Control is rebuttably presumed to exist if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either the bank holding company has registered securities under Section 12 of the Securities Exchange Act of 1934 or no other person owns a greater percentage of that class of voting securities immediately after the transaction.

**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

**General.** The following is a summary of the material anticipated United States federal income tax consequences generally applicable to a U.S. Holder (as defined below) of ICB common stock with respect to the exchange of ICB common stock for Old National common stock pursuant to the merger. This discussion assumes that U.S. Holders hold their ICB common stock as capital assets within the meaning of section 1221 of the Internal Revenue Code. This summary is based on the Internal Revenue Code, administrative pronouncements, judicial decisions and Treasury Regulations, each as in effect as of the date of this proxy statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. No advance ruling has been sought or obtained from the Internal Revenue Service, regarding the United States federal income tax consequences of the merger. As a result, no assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

This summary does not address any tax consequences arising under United States federal tax laws other than United States federal income tax laws, nor does it address the laws of any state, local, foreign or other taxing jurisdiction, nor does it address any aspect of income tax that may be applicable to non-U.S. Holders of ICB common stock. In addition, this summary does not address all aspects of United States federal income taxation that may apply to U.S. Holders of ICB common stock in light of their particular circumstances or U.S. Holders that are subject to special rules under the Internal Revenue Code, such as holders of ICB common stock that are partnerships or other pass-through entities (and persons holding their ICB common stock through a partnership or other pass-through entity), persons who acquired shares of ICB common stock as a result of the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, persons subject to the alternative minimum tax, tax-exempt organizations, financial institutions, broker-dealers, traders in securities that have elected to apply a mark to market method of accounting, insurance companies, persons having a functional currency other than the U.S. dollar and persons holding their ICB common stock as part of a straddle, hedging, constructive sale or conversion transaction.

For purposes of this summary, a U.S. Holder is a beneficial owner of ICB common stock that is for United States federal income tax purposes:

- a United States citizen or resident alien;
- a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized under the laws of the United States or any state therein or the District of Columbia;
- a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) it was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; and
- an estate, the income of which is subject to United States federal income taxation regardless of its source.

If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds ICB common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership.

Old National and ICB have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The obligations of Old National and ICB to consummate the Merger are conditioned upon the receipt of an opinion from Krieg DeVault LLP, counsel to Old National, to the effect that the Merger will for federal income tax purposes qualify as a reorganization based upon customary

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representations made by Old National and ICB. Old National and ICB have not requested and do not intend to request any ruling from the Internal Revenue Service. Accordingly, Old National urges each ICB shareholder to consult their own tax advisors as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local and other applicable tax laws and the effect of any proposed changes in the tax laws. Assuming the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code or will be treated as part of a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the material United States federal income tax consequences of the Merger are as follows:

- no gain or loss will be recognized by Old National, its subsidiaries or ICB or Indiana Bank and Trust Company by reason of the merger;
- you will not recognize gain or loss if you exchange your ICB common stock solely for Old National common stock, except to the extent of any cash received in lieu of a fractional share of Old National common stock;
- your aggregate tax basis in the Old National common stock that you receive in the Merger (including any fractional share interest you are deemed to receive and exchange for cash), will equal your aggregate tax basis in the ICB common stock you surrendered, less any basis attributable to fractional share interests in ICB common stock for which cash is received; and
- your holding period for the Old National common stock that you receive in the Merger will include your holding period for the shares of ICB common stock that you surrender in the merger.

**Cash Received Instead of a Fractional Share of Old National Common Stock.** A shareholder of ICB who receives cash instead of a fractional share of Old National common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by Old National of the fractional share. As a result, a ICB shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The maximum federal income tax rate for long term capital gains for 2012 is 15%.

**Backup Withholding and Information Reporting.** Payments of cash to a holder of ICB common stock instead of a fractional share of Old National common stock may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the holder, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, ICB urges ICB shareholders to consult their own tax advisors as to the specific tax consequences to them resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.

**PROPOSAL 2 NON-BINDING ADVISORY VOTE ON**

**EXECUTIVE OFFICER MERGER-RELATED COMPENSATION ARRANGEMENTS**

As required by Section 14A of the Exchange Act and Rule 14a-21(c) promulgated thereunder, which were enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, ICB is required to submit a proposal to its shareholders for a non-binding advisory vote to approve the payment of certain compensation to the named executive officers of ICB that is based on or otherwise relates to the Merger. This

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proposal, commonly known as say-on-golden parachute, gives ICB shareholders the opportunity to express their views on the compensation that certain of ICB's named executive officers may be entitled to receive that is based on or otherwise relates to the Merger.

The compensation that ICB's named executive officers may be entitled to receive that is based on or otherwise relates to the Merger is summarized in the table below entitled Golden Parachute Compensation, and a narrative description of such compensation is included in Interests of Certain Officers and Directors of ICB in the Merger, beginning on page 62. This summary includes all compensation and benefits that may be paid or provided following a change in control. ICB's only named executive officers are John K. Keach, Jr. and Mark T. Gorski.

Therefore, ICB is requesting the approval of ICB's shareholders, on a non-binding advisory basis, of the compensation of the named executive officers of ICB based on or related to the Merger and the agreements and understandings concerning such compensation. As required by Rule 14a-21(c) of the Exchange Act, ICB is asking its shareholders to adopt the following resolution:

RESOLVED, that the compensation to be paid or become payable to the named executive officers of Indiana Community Bancorp that is based on or otherwise relates to the Merger of Indiana Community Bancorp with and into Old National Bancorp, and the agreements and understandings concerning such compensation, as disclosed in the table below entitled Golden Parachute Compensation pursuant to Item 402(t) of Regulation S-K and the associated narrative discussion, are hereby APPROVED.

The vote on this Proposal 2 is a vote separate and apart from the vote on Proposal 1 to approve the Merger Agreement and the Merger and is also separate and apart from the vote on the compensation of ICB's executives unrelated to the Merger described in Proposal 5. Accordingly, you may vote to approve this Proposal 2 on Merger-related compensation and vote not to approve Proposal 1 on the Merger Agreement and vice versa. You may also vote to approve this Proposal 2 on Merger-related compensation and vote not to approve Proposal 5 on compensation unrelated to the Merger. Because the proposal is advisory in nature only, a vote for or against approval will not be binding on either ICB or Old National regardless of whether the Merger is approved. Accordingly, as the compensation to be paid to the named executive officers of ICB based on or related to the Merger is contractual with the executives, regardless of the outcome of this vote, such compensation will be payable, subject only to the conditions applicable thereto, if the Merger is completed. This proposal includes compensation that would be paid or provided by ICB if paid or provided prior to or upon the closing of the Merger, and which would be paid or provided by Old National if paid or provided following closing of the Merger. If the Merger is not completed, ICB's Board of Directors will consider the results of the vote in making future executive compensation decisions.

The named executive officers of ICB named below are entitled to receive certain compensation that is based on or that otherwise relates to the Merger. This compensation, collectively referred to as golden parachute compensation, is described in narrative form in the section entitled Interests of Certain Officers and Directors of ICB in the Merger beginning on page 62. The descriptions and quantifications of the payments in the table below are intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about compensation and benefits that each of ICB's named executive officers will or may receive in connection with the Merger. Some compensation disclosed in this table and its footnotes would be paid (if at all) only pursuant to understandings with Old National that are not subject to the advisory vote that is the subject of this Proposal 2.

The following table sets forth the aggregate dollar value of the various elements of compensation that each named executive officer of ICB would receive that is based on or otherwise relates to the Merger, assuming the following:

the Merger closes on July 31, 2012;

with respect to compensation payable under the employment agreement of Mr. Keach and the severance agreement of Mr. Gorski, it is assumed that the employment of Messrs. Keach and

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Gorski is terminated by Old National or Old National Bank without cause immediately following the closing of the Merger and after they have signed their employment agreement and severance agreement, respectively;

shares of Old National common stock are valued at \$11.98 per share, the average closing market price of Old National's shares of common stock over the first five business days following the public announcement of the Merger; and

shares of ICB common stock are valued at \$20.92 per share, the average closing market price of ICB's shares of common stock over the first five business days following the public announcement of the Merger.

Any changes in these assumptions would affect the amounts shown in the following table. Because all stock options held by Mr. Keach and Mr. Gorski are fully vested and all account balances of Mr. Keach under his supplemental executive retirement plan agreement and his excess benefit plan agreement are fully vested, the values associated with such vested stock options and vested account balances are not included in the following table.

**Golden Parachute Compensation**

Name	Cash	Equity	Pension/ NQDC	Perquisites/ Benefits	Tax Reimbursement	Other (\$)	Total
	(\$)	(\$)	(\$) <sup>(5)</sup>	(\$)	(\$)	(\$)	(\$)
John K. Keach, Jr. Chairman of the Board, President and Chief Executive Officer	\$1,747,916 <sup>(1)</sup>	\$313,800 <sup>(3)</sup>	---	---	---	---	\$2,061,716
Mark T. Gorski Executive Vice President, Treasurer, and Chief Financial Officer	\$255,000 <sup>(2)</sup>	\$116,670 <sup>(4)</sup>	\$228,178	---	---	---	\$599,848

- (1) Includes (i) a \$1,347,916 signing bonus payable by Old National at the time of execution of Mr. Keach's employment agreement with Old National, which is a single-trigger arrangement payable upon a change in control and not conditioned upon termination or resignation of Mr. Keach, and (ii) two years of Mr. Keach's base salary of \$200,000 payable under his employment agreement assuming he is terminated without cause immediately following the execution of his employment agreement, which is a double-trigger arrangement payable in the event of a change in control conditioned upon a termination of employment without cause following the change in control during the term of the employment agreement. Pursuant to the terms of his two-year employment agreement, Mr. Keach is entitled to be paid his base salary for the balance of the term of his two-year employment contract if he is terminated without cause. Mr. Keach's signing bonus is equal to the maximum amount that Mr. Keach is entitled to receive under Section 280G of the Internal Revenue Code.
- (2) Includes for Mr. Gorski, (a) a \$70,000 cash retention bonus which is a single-trigger arrangement, and (b) one year's base salary of \$185,000 to which he would be entitled if he is terminated without cause immediately following the execution of his severance agreement with Old National, which is a double-trigger arrangement. Pursuant to the terms of his severance agreement, Mr. Gorski is entitled to be paid a single lump sum equal to his weekly pay multiplied by the greater of (i) fifty-two (52) or (ii) two (2) times his years of service on the sixtieth (60<sup>th</sup>) day following his termination, provided he has executed and submitted a Release of Claims and the statutory period during which he may revoke the release has expired. Mr. Gorski is also entitled pursuant to the terms of his severance agreement to payment in full upon his termination without cause of any unpaid balance of his cash retention bonus offered in the written offer of employment from Old National, dated January 19, 2012.
- (3) The amount in this column includes the dollar value (\$313,800) of accelerated restricted stock awards of 15,000 shares of ICB common stock, assuming that Mr. Keach is terminated without cause immediately following the closing of the Merger and valuing such shares at \$20.92 per share, the average closing price of ICB's shares over the first five business days following the first public announcement of the Merger. This is a double-trigger arrangement payable in the event of a change in control conditioned upon a termination of employment without cause following the change in control during the term of the employment agreement.
- (4) The amount in this column includes the dollar value (\$62,760) of accelerated restricted stock awards for Mr. Gorski at the closing of the Merger, assuming Mr. Gorski receives 3,000 accelerated shares of ICB restricted stock at closing. These shares are valued at \$20.92 per share, the average closing price of ICB's shares over the first five business days following the first public announcement of the Merger. Also included for Mr. Gorski is the value (\$53,910) of 4,500 restricted shares of Old National common stock which will be paid to Mr. Gorski at the closing of the Merger. These shares are valued at \$11.98 per share,

the average closing price of Old National's shares

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over the first five business days following the first public announcement of the Merger. These amounts represent a single-trigger arrangement payable upon a change in control and not conditioned upon termination or resignation of Mr. Gorski.

- (5) Amounts in this column represent the aggregate dollar value of the accelerated benefit (\$228,178) of Mr. Gorski under his Supplemental Executive Retirement Agreement ( Gorski SERP ) payable at the closing of the Merger. Mr. Gorski is also entitled to a benefit under the Gorski SERP equal to \$85,317 which represents the amount payable to him at closing that had vested and was not accelerated at the closing of the Merger. The present value of these benefits was determined using 120% of the applicable federal rate for June, 2012 under section 1274(d) of the Code, using the short-term rate for the first 36 months, the mid-term rate for three to nine years, and the long-term rate for more than nine years. Mr. Keach will receive a lump sum payment estimated at \$1,046,555 under the Keach SERP and a lump sum payment estimated at \$1,081,165 under the Keach Excess Benefit Plan at the closing of the Merger. Neither of these amounts payable to Mr. Keach represents an enhanced benefit as these represent fully vested benefits under those agreements.

For the non-binding advisory resolution relating to the Merger-related compensation arrangements to be approved, more votes must be cast by ICB s shareholders in favor of the proposal than are cast against it. Abstentions and broker non-votes will not be included in the vote count and will have no effect on the outcome of the proposal. Applicable law prohibits ICB or its subsidiaries from making golden parachute payments to ICB s directors, officers, or employees so long as ICB or Indiana Bank and Trust Company are subject to applicable restrictions under the U.S. Treasury s Troubled Asset Relief Program. Those restrictions will not apply if Mr. Gorski and Mr. Keach are employed by Old National following the Merger, as anticipated, or after the TARP Preferred Stock is redeemed, also expected to occur prior to the closing.

**ICB s Board of Directors unanimously recommends that shareholders vote FOR the approval of the non-binding advisory resolution approving the Merger-related compensation of ICB s named executive officers, and the agreements or understandings concerning such compensation.**

**DESCRIPTION OF ICB**

**Business**

*General*

ICB is an Indiana corporation organized as a bank holding company authorized to engage in activities permissible for a bank holding company. The principal asset of ICB consists of 100% of the issued and outstanding capital stock of Indiana Bank and Trust Company.

Indiana Bank and Trust Company began operations in Seymour, Indiana under the name New Building and Loan Association in 1908. Indiana Bank and Trust Company received its federal charter and changed its name to Home Federal Savings and Loan Association in 1950. On November 9, 1983, Home Federal Savings and Loan Association became a federal savings bank and its name was changed to Home Federal Savings Bank. On January 14, 1988, Home Federal Savings Bank converted to stock form and on March 1, 1993, Home Federal Savings Bank reorganized by converting each outstanding share of its common stock into one share of common stock of ICB, thereby causing ICB to be the holding company of Home Federal Savings Bank. On December 31, 2001 Indiana Bank and Trust Company, a member of the Federal Reserve System, completed a charter conversion to an Indiana commercial bank. On September 24, 2002, ICB announced a change in its fiscal year end from June 30 to December 31. On October 22, 2002, Home Federal Savings Bank changed its name to HomeFederal Bank.

On March 1, 2008, HomeFederal Bank changed its name to Indiana Bank and Trust Company. Indiana Bank and Trust Company currently provides services through its main office at 501 Washington Street in Columbus, Indiana, eighteen full service branches located in south central Indiana and the STAR network of automated teller machines at fourteen locations in Seymour, Columbus, North Vernon, Osgood, Salem, Madison, Batesville, Greensburg, Greenwood and Indianapolis. As a result, Indiana Bank and Trust Company serves primarily Bartholomew, Jackson, Jefferson, Jennings, Scott, Ripley, Decatur, Marion, Johnson and Washington Counties in Indiana. Indiana Bank and Trust Company also participates in the nationwide electronic funds transfer networks known as Plus System, Inc. and Cirrus System.

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Online banking and telephone banking are also available to Indiana Bank and Trust Company customers. Online Banking services, including Online Bill Payment, are accessed through ICB's website, [www.myindianabank.com](http://www.myindianabank.com). In addition to online banking services, ICB also makes available, free of charge at the website, ICB's annual report on Form 10-K, its proxy statement, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such material is electronically filed with the SEC. The information on ICB's website is not incorporated into this Form 10-K.

Management analyzes the operation of ICB assuming one operating segment, community banking services. Indiana Bank and Trust Company directly, and through its subsidiaries indirectly, offers a wide range of consumer and commercial community banking services. These services include: (i) residential real estate loans; (ii) commercial and commercial real estate loans; (iii) checking accounts; (iv) regular and term savings accounts and savings certificates; (v) consumer loans; (vi) debit cards; (vii) credit cards; (viii) Individual Retirement Accounts and Keogh plans; (ix) trust services; and (x) commercial demand deposit accounts.

Indiana Bank and Trust Company's primary source of revenue is interest from lending activities. Its principal lending activity is the origination of commercial real estate loans secured by mortgages on the underlying property and commercial loans through the cultivation of profitable business relationships. These loans constituted 62.6% of Indiana Bank and Trust Company's loans at March 31, 2012, and 61.5% of such loans at December 31, 2011. Indiana Bank and Trust Company also originates one-to-four family residential loans, the majority of which are sold servicing released. At March 31, 2012, one-to-four family residential loans were 12.7% of Indiana Bank and Trust Company's lending portfolio, and were 12.4% at December 31, 2011. In addition, Indiana Bank and Trust Company makes secured and unsecured consumer related loans including consumer auto, second mortgage, home equity, mobile home, and savings account loans. At March 31, 2012, approximately 13.4% of its loans were consumer-related loans. Indiana Bank and Trust Company also makes construction loans and land acquisition loans, which constituted 5.8% and 5.5% of Indiana Bank and Trust Company's loans at March 31, 2012, respectively.

Based upon a closing price of \$14.51 for ICB's stock on January 24, 2012, ICB's annual dividend of \$.04 per share provided a dividend yield of 0.276 percent. ICB's stock trades on the NASDAQ Global Market under the symbol INCB.

### *Competition*

Indiana Bank and Trust Company operates in south central Indiana and makes almost all of its loans to, and accepts almost all of its deposits from, residents of Bartholomew, Jackson, Jefferson, Jennings, Johnson, Scott, Ripley, Washington, Decatur and Marion counties in Indiana. Indiana Bank and Trust Company is subject to competition from various financial institutions, including state and national banks, state and federal thrift associations, credit unions and other companies or firms, including brokerage houses, that provide similar services in the areas of Indiana Bank and Trust Company's home and branch offices. Also, in Seymour, Columbus, North Vernon, Batesville, and the Greenwood area, Indiana Bank and Trust Company must compete with banks and savings institutions in Indianapolis. To a lesser extent, Indiana Bank and Trust Company competes with financial and other institutions in the market areas surrounding Cincinnati, Ohio and Louisville, Kentucky. Indiana Bank and Trust Company also competes with money market funds that currently are not subject to reserve requirements, and with insurance companies with respect to its Individual Retirement and annuity accounts.

Under current law, bank holding companies may acquire thrifts. Thrifts may also acquire banks under federal law. Affiliations between banks and thrifts based in Indiana have increased the competition faced by Indiana Bank and Trust Company and ICB.

The Gramm-Leach-Bliley Act allows insurers and other financial service companies to acquire banks; removes various restrictions that previously applied to bank holding company ownership of securities firms and mutual fund advisory companies; and establishes the overall regulatory structure applicable to bank holding

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companies that also engage in insurance and securities operations. These provisions in the Act may increase the level of competition Indiana Bank and Trust Company faces from securities firms and insurance companies.

The primary factors influencing competition for deposits are interest rates, service and convenience of office locations. Competition is affected by, among other things, the general availability of lendable funds, general and local economic conditions, current interest rate levels, and other factors that are not readily predictable.

**Table of Contents****Properties**

Indiana Bank and Trust Company conducts its business from its main office at 501 Washington Street, Columbus, Indiana and 18 other full-service branches and a commercial loan office in Indianapolis. Indiana Bank and Trust Company owns a building that it uses for certain administrative operations located at 3801 Tupelo Drive, Columbus, Indiana. Information concerning these properties, as of December 31, 2011, is presented in the following table:

Description and Address	Owned or Leased	Net Book Value of Property, Furniture and Fixtures	Approximate Square Footage	Lease Expiration
Principal Office:	Owned	\$ 3,214,067	21,600	N/A
501 Washington Street				
Administrative Operations Office:	Owned	\$ 2,623,685	16,920	N/A
3801 Tupelo Drive, Columbus				
Branch Offices:				
Columbus Branches:				
1020 Washington Street	Owned	\$ 346,714	800	N/A
3805 25th Street	Leased	\$ 103,814	5,800	09/2022
2751 Brentwood Drive	Leased	\$ 111,849	3,200	09/2022
4330 West Jonathon Moore Pike	Owned	\$ 459,974	2,600	N/A
1901 Taylor Road	Leased	\$ 4,171	400	03/2012
Hope Branch				
8475 North State Road 9, Suite 4	Leased	\$ 68,697	1,500	03/2012
Austin Branch				
2879 North US Hwy 31	Owned	\$ 417,339	2,129	N/A
Brownstown Branch				
101 North Main Street	Leased	\$ 14,338	2,400	Year to Year
North Vernon Branch				
1420 North State Street	Owned	\$ 2,223,238	1,900	N/A
Osgood Branch				
820 South Buckeye Street	Owned	\$ 78,133	1,280	N/A
Salem Branch				
1208 South Jackson	Owned	\$ 478,951	1,860	N/A
Seymour Branches:				
222 W. Second Street	Leased	\$ 159,459	9,200	09/2022
1117 East Tipton Street	Leased	\$ 75,680	6,800	09/2022
Batesville Branch				
114 State Rd 46 East	Owned	\$ 424,709	2,175	N/A
Madison Branch				
201 Clifty Drive	Owned	\$ 345,519	2,550	N/A
Greensburg Branch				
1801 Greensburg Crossing	Owned	\$ 570,933	1,907	N/A
Indianapolis Branches:				
8740 South Emerson Avenue	Owned	\$ 1,752,287	5,000	N/A
1510 West Southport Road	Owned	\$ 1,658,502	3,100	N/A
Indianapolis Commercial Loan Office:				
201 South Capitol Ave, Suite 700	Leased	\$ 314,121	12,163	04/2021
Property Purchased for New Branch:				
SR 135 and Main Street, Greenwood	Owned	\$ 1,160,562	N/A	N/A

**Table of Contents****Legal Proceedings**

ICB and Indiana Bank and Trust Company are involved from time to time as plaintiff or defendant in various legal actions arising in the normal course of business. While the ultimate outcome of these proceedings cannot be predicted with certainty, it is the opinion of ICB's management that the resolution of these proceedings should not have a material effect on ICB's consolidated financial position or results of operations.

**Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

ICB's common stock is quoted on the NASDAQ Global Market under the symbol INCB. As of December 31, 2011, there were 321 shareholders of record of ICB's common stock. The following table sets forth, for the periods indicated, the high and low sales prices for ICB's common stock as reported on the NASDAQ Global Market and the dividends paid by ICB on the shares of common stock:

Quarter	2012		2011		Price Per Share 2010		Dividends Declared		
	High	Low	High	Low	High	Low	2012	2011	2010
First Quarter	\$ 23.64	\$ 14.31	\$ 17.25	\$ 14.75	\$ 9.80	\$ 7.50	\$ .01	\$ .01	\$ .01
Second Quarter									
Third Quarter			17.31	15.34	12.75	9.10	\$ .01	\$ .01	\$ .01
Fourth Quarter			17.50	13.84	13.70	11.89	\$ .01	\$ .01	\$ .01
Quarter			15.44	13.88	17.25	12.50	\$ .01	\$ .01	\$ .01

It is currently the policy of ICB's Board of Directors to continue to pay quarterly dividends, but any future dividends are subject to the restrictions set forth in the Merger Agreement and are subject to the Board's discretion based on its consideration of ICB's operating results, financial condition, capital, income tax considerations, regulatory restrictions and other factors. During 2011 and the first quarter of 2012, ICB paid quarterly dividends of \$.01 per share.

Since ICB has no independent operations or other subsidiaries to generate income, its ability to accumulate earnings for the payment of cash dividends to its shareholders is directly dependent upon the ability of Indiana Bank and Trust Company to pay dividends to ICB. See ICB's Management Discussion and Analysis for a discussion of the bank regulatory restrictions on its ability to pay dividends.

Income of Indiana Bank and Trust Company appropriated to bad debt reserves and deducted for federal income tax purposes is not available for payment of cash dividends or other distributions to ICB without the payment of federal income taxes by Indiana Bank and Trust Company on the amount of such income deemed removed from the reserves at the then-current income tax rate. At December 31, 2011, none of Indiana Bank and Trust Company's retained income represented bad debt deductions for which no federal income tax provision had been made.

ICB repurchased no shares of its common stock during 2011 or the first quarter of 2012.

**Table of Contents****Principal Holders of Common Stock**

The following table provides information as of June 15, 2012, about each person known by ICB to own beneficially 5% or more of the outstanding shares of its common stock.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Class
Financial Edge Fund, L.P.	317,877 (1)	9.3%
Financial Edge-Strategic Fund, L.P.		
Goodbody/PL Capital, L.P.		
PL Capital, LLC		
PL Capital Advisors, LLC		
Goodbody/PL Capital, LLC		
John W. Palmer		
Richard J. Lashley		
PL Capital/Focused Fund, L.P.		
20 East Jefferson Avenue, Suite 22 Naperville, Illinois 60540		
Stieven Financial Investors, L.P.	281,389 (2)	8.2%
Stieven Financial Offshore Investors, Ltd.		
Stieven Capital Advisors, L.P.		
Joseph A. Stieven		
Steven L. Covington		
Daniel M. Elletson		
12412 Powerscourt Drive, Suite 250 St. Louis, Missouri 63131		

- (1) According to an Amendment to Schedule 13D, filed August 4, 2008, includes (1) 145,638, 52,870, and 50,035 shares owned by Financial Edge Fund, L.P., Financial Edge-Strategic Fund, L.P., and PL Capital/Focused Fund, L.P., respectively, each of which is advised by PL Capital Advisors, LLC, and has PL Capital, LLC as its general partner, (2) 69,234 shares held by Goodbody/PL Capital, L.P., whose general partner is Goodbody/PL Capital, LLC, and whose investment advisor is PL Capital Advisors LLC, and (3) 100 shares beneficially owned by Richard J. Lashley in his individual capacity. Richard J. Lashley and John W. Palmer are managing members of PL Capital, LLC, Goodbody/PL Capital, LLC, and PL Capital Advisors, LLC.

- (2) According to a Schedule 13G filed on February 1, 2012, includes 239,711 shares owned by Stieven Financial Investors, L.P. ( SFI ), a Delaware limited partnership, and 41,678 shares owned by Stieven Financial Offshore Investors, Ltd. (SFOI ), a Cayman Islands exempted company. Stieven Capital Advisors, L.P. ( SCA ), a Delaware limited partnership, serves as investment manager to SFI and SFOI. Joseph A. Stieven is Chief Executive Officer of SCA, and Steven Covington and Daniel M. Elletson are managing directors of SCA, with respect to the beneficial ownership of shares of common stock owned by SFI and SFOI.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**

**FINANCIAL CONDITION AND RESULTS OF OPERATION**

This Management's Discussion and Analysis should be read with the consolidated financial statements included elsewhere in this proxy statement/prospectus. The financial statements reflect the consolidated financial condition and results of operations of Indiana Community Bancorp and its wholly-owned subsidiary, Indiana Bank and Trust Company.

The following financial information presents an analysis of the asset and liability structure of ICB and a discussion of the results of operations for each of the periods presented herein as well as a discussion of ICB's sources of liquidity and capital resources.

**General**

ICB's earnings in recent years reflect the fundamental changes that have occurred in the regulatory, economic and competitive environment in which commercial banks operate. ICB's earnings are primarily

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dependent upon its net interest income. Interest income is a function of the average balances of loans and investments outstanding during a given period and the average yields earned on such loans and investments. Interest expense is a function of the average amount of deposits and borrowings outstanding during the same period and the average rates paid on such deposits and borrowings. Net interest income is the difference between interest income and interest expense.

ICB is subject to interest rate risk to the degree that its interest-bearing liabilities, primarily deposits and borrowings with short- and medium-term maturities, mature or reprice more rapidly, or on a different basis, than its interest-earning assets. While having liabilities that mature or reprice more frequently on average than assets would typically be beneficial in times of declining interest rates, in the current low rate environment, interest-bearing liabilities are near their minimum rate. In this environment, declining interest rates could result in compression of ICB's margin. ICB's net income is also affected by such factors as fee income and gains or losses on sale of loans.

**Results of Operations for the Three Months Ended March 31, 2012*****Overview***

ICB reported a net loss of \$2.6 million for the quarter ended March 31, 2012 compared to net income of \$1.3 million for the quarter ended March 31, 2011. Basic and diluted earnings / (loss) per common share were \$(0.87) and \$0.31, for the quarters ended March 31, 2012 and 2011, respectively. The primary reason for the net loss in the quarter ended March 31, 2012, was the \$7.7 million provision for loan losses.

***Net Interest Income***

Net interest income before provision for loan losses decreased \$410,000 or 4.8% to \$8.2 million for the quarter ended March 31, 2012, as compared to \$8.6 million for the quarter ended March 31, 2011. The primary reason for the decrease in net interest income was a net decrease in interest earning assets less interest bearing liabilities of \$15.2 million for the quarter ended March 31, 2012, as compared to the quarter ended March 31, 2011. A factor offsetting the impact of the net decrease in interest earning assets less interest bearing liabilities on net interest income is the 17 basis points increase in the net interest margin of 3.63% for the quarter ended March 31, 2011 to 3.80% for the quarter ended March 31, 2012. The increase in the net interest margin was due to the rates paid on interest bearing liabilities declining more rapidly, by 36 basis points, than the rates earned on interest bearing assets, which declined 17 basis points, for the two comparative quarters.

***Provision for Loan Losses***

The provision for loan losses increased \$6.2 million to \$7.7 million for the quarter ended March 31, 2012, compared to \$1.6 million for the quarter ended March 31, 2011. Net charge offs were \$4.6 million for the current quarter compared to \$1.6 million for the first quarter of 2011. Late in March 2012, ICB made the decision to pursue the sale of certain Special Loans, being monitored for purposes of determining adjustments to the exchange ratio in the merger of ICB with ONB (the Special Loans), with balances totaling \$9.0 million. The Special Loans that were identified for sale were written down to fair value upon transfer to loans held for sale. The charge to the allowance balance upon transfer to the held for sale category was \$2.7 million. In addition, at the end of the quarter, ICB was informed by one of its largest customers that fraudulent financial information and borrowing base certificates had been provided to ICB throughout 2011. While the investigation is still ongoing, ICB was able to obtain updated information regarding the collateral securing this loan prepared by a third party. Based on this information, ICB recorded a specific reserve of \$3.1 million to recognize the collateral shortfall on this loan. In addition, two commercial real estate properties were charged down \$1.0 million due to receiving updated appraisals values in the first quarter of 2012.

ICB's allowance for loan losses increased \$3.2 million to \$18.1 million at March 31, 2012. The ratio of allowance for loan losses to nonperforming loans was relatively unchanged at 58.0% at March 31, 2012. The ratio of the allowance for loan losses to total loans increased to 2.66% at March 31, 2012, from 2.12% at December 31, 2011. See the Critical Accounting Policies, Allowance for Loan Losses section for a description of the systematic analysis Indiana Bank and Trust Company uses to determine its allowance for loan losses.

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The change to the allowance for loan loss for the three months ended March 31, 2012 and 2011 is as follows:

<b>Quarter ended March 31: (in thousands)</b>	<b>2012</b>	<b>2011</b>
Allowance beginning balance	\$ 14,984	\$ 14,606
Provision for loan losses	7,739	1,558
Charge-offs	(5,022)	(1,709)
Recoveries	436	123
Allowance ending balance	\$ 18,137	\$ 14,578

See Asset Quality section for further discussion including specific discussion of the coverage ratio (allowance to non-performing loans).

Net interest income after provision for loan losses was \$463,000 for the three month period ended March 31, 2012; a decrease of \$6.6 million as compared to net interest income after provision for loan losses of \$7.1 million for the three month period ended March 31, 2011.

**Interest Income**

Total interest income for the three months ended March 31, 2012 decreased \$1.4 million or 12.3% from \$11.3 million for the quarter ending March 31, 2011 to \$9.9 million for the quarter ending March 31, 2012. Three factors impacting the decrease in interest income are; 1) the \$94.7 million decrease in average interest earning assets. The decrease in average interest earning assets was due to a \$43.0 million decrease in the average balance of available for sale securities in Q1 of 2012 compared to Q1 of 2011. ICB sold approximately \$71.0 million investment securities in the third quarter of 2011 using the funds to prepay \$55.0 million of FHLB advances. In addition the average balances of loans decreased \$43.8 million for the quarter ended March 31, 2012, as compared to the quarter ended March 31, 2011; 2) the average balance of nonaccrual loans for the first quarter 2012 was \$31.0 million as compared to the average balance of nonaccrual loans for the first quarter 2011 of \$18.5 million and 3.) a 17 basis point decline in the interest earned on average interest earning assets for the two comparative quarters.

**Interest Expense**

Total interest expense for the three months ended March 31, 2012 decreased \$977,000 or 36.5% as compared to the same period a year ago. The weighted average interest rates paid on average interest bearing liabilities decreased 36 basis points, from the three month period ended March 31, 2012 compared to the three month period ended March 31, 2011. The decrease in rates paid on interest bearing liabilities resulted primarily from the changing mix of demand and interest bearing liabilities. The average balances of demand accounts, which currently do not earn interest increased \$16.4 million. Average consumer interest checking balances increased \$27.0 million, while public fund interest checking balances decreased \$16.1 million. The decrease in average balance of money market accounts was \$5.0 million. The decrease in average balances of higher costing certificates of deposit was \$58.2 million for the first quarter of 2012 as compared to the first quarter of 2011. The average rate paid on all retail deposits decreased approximately 36 basis points over the comparative periods. In addition, the prepayment of \$55.0 million of FHLB advances during the third quarter of 2011 accounted for \$258,000 of the decrease in interest expense.

**Non Interest Income**

Total non interest income increased \$527,000 or 22.5% to \$2.9 million for the quarter. This increase was due primarily to three net factors; a) an \$203,000 increase on the gain on sale of loans; b) a \$395,000 increase in net gain/(loss) on real estate owned; and c) a \$184,000 decrease in gain on securities. The increase in gain on sale of loans resulted from an increase of \$6.6 million in loans sold and a 22 basis point increase in the return on loan sales for the first quarter of 2012 as compared to the first quarter of 2011. A \$482,000 write down on real estate owned (REO), due to sales negotiations, resulted in a net loss on REO of \$387,000 in the first

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quarter of 2011. In comparison there was very minimal activity in REO sales in the first quarter of 2012. Non interest income decreased \$184,000 for gains on the sale of securities that occurred in the first quarter of 2011 while no gains were reported for the first quarter of 2012. Various other categories of non interest income posted small increases and decreases which netted to a \$113,000 increase in non interest income.

**Non Interest Expenses**

Non interest expenses increased \$79,000 or 1.0% to \$7.6 million for the quarter. The primary increase in non interest expenses resulted from merger expenses of \$502,000. Offsetting this increase in non interest expense was a decrease in FDIC insurance expense of \$231,000. Effective April 1, 2011, the Federal Deposit Insurance Corporation, (FDIC) changed to an asset based assessment from a deposit based assessment for the calculation of FDIC insurance premiums. ICB benefitted from the change in the assessment base, which reduced its deposit premiums.

**Taxes**

Pretax loss for the quarter ended March 31, 2012 was \$4.3 million compared to pretax income of \$1.8 million for the quarter ended March 31, 2011. In the quarter ended March 31, 2012, ICB's pretax loss of \$4.3 million resulted in a tax credit of \$1.7 million after considering permanent federal and state tax differences of approximately \$229,000 and \$407,000, respectively. In the quarter ended March 31, 2012, ICB recorded pretax income of \$1.8 million that resulting in a tax expense of \$490,000 after considering federal and state permanent tax differences of approximately \$243,000 and \$1.2 million, respectively. As of March 31, 2012, ICB had a deferred tax asset of \$9.4 million. Based on proforma core earnings of ICB in combination with anticipated charge offs, management anticipates generating sufficient pretax income over the next four years which would result in the realization of the deferred tax asset. Therefore, no valuation allowance was established for the deferred tax asset. Additionally, current expectations are that the combined income of the merged companies will generate sufficient income in future years to realize the deferred tax asset.

**Asset Quality**

The following table sets forth information concerning non-performing assets of ICB. Real estate owned includes property acquired in settlement of foreclosed loans that is carried at net realizable value. (dollars in thousands)

As of	March 31, 2012	December 31, 2011
<b>Non-accruing loans</b>		
Residential mortgage loans	\$ 756	\$ 849
Commercial and commercial real estate loans	27,026	32,788
Second and home equity loans	237	264
Other consumer loans	69	70
Total	28,088	33,971
<b>90 days past due and still accruing loans</b>		
Residential mortgage loans	87	87
Commercial and commercial mortgage loans	0	0
Total	87	87
Troubled debt restructured loans	3,095	3,082
<b>Total non performing loans</b>	<b>31,270</b>	<b>37,140</b>
Real estate owned	7,901	5,736
<b>Total non-performing assets</b>	<b>\$ 39,171</b>	<b>\$ 42,876</b>

<b>Non-performing assets to total assets</b>	<b>4.04%</b>	<b>4.35%</b>
<b>Non-performing loans to total loans</b>	<b>4.59%</b>	<b>5.25%</b>
<b>Allowance for loan losses to non-performing loans</b>	<b>58.00%</b>	<b>40.34%</b>

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Nonperforming assets totaled \$39.2 million at March 31, 2012 compared to \$42.9 million at December 31, 2011. The decrease in nonperforming loans is related to; a) \$1.9 million of charge offs due to new appraisals received in the first quarter of 2012; and b) transfers of \$3.0 million of nonperforming loans to the real estate owned category. REO increased in the first quarter of 2012. This increase was the net result of the \$3.0 million transfer from non accrual loans to REO offset in part by subsequent sales of REO in the first quarter. The ratio of nonperforming assets to total assets was 4.04% at March 31, 2012 compared to 4.35% at December 31, 2011.

The total amount of TDR loans was \$5.0 million as of the March 31, 2012. Of these loans, \$1.9 million were on non accrual status and were classified as non accrual loans within non performing loans. The remaining TDR loans total \$3.1 million. TDRs at March 31, 2011 included two commercial loans which totaled \$2.3 million, or 74.0%, of total TDRs. Both of these loans represent the smaller portion or B note of larger relationships. In both relationships, the larger or A note requires both principal and interest payments while the B note receives interest only payments. One other TDR loan totaling \$328,000 has been modified to interest only loan as the current cash flow position of the borrower does not support amortizing payments. The remaining TDR loans of \$466,000 were accruing interest in accordance with their modified terms. The accruing TDR loans were classified as TDR loans within non performing loans. Comparatively, the total amount of TDR loans was \$4.2 million as of the December 31, 2011. Of these loans \$1.2 million were on non accrual status and were classified as non accrual loans within non performing loans. The remaining TDR loans totaled \$3.1 million represent the same relationships described above.

ICB does not generally forgive principal or interest on restructured loans. However, when a loan is restructured, income and principal are generally received on a delayed basis as compared to the original repayment schedule. ICB generally receives more interest than originally scheduled, as the loan remains outstanding for longer periods of time, sometimes with higher average balances than originally scheduled. The average yield on modified commercial loans was 4.6%, compared to 5.8% earned on the entire commercial loan portfolio in the first quarter of 2012.

Performing consumer TDR loans at March 31, 2012 consist of six retail loans including one residential and two second mortgages which comprise \$248,000 of the total retail TDR balance of \$269,000. The consumer TDR loans have been restructured at less than market terms and include rate modifications, extension of maturity, and forbearance. The average yield on modified residential mortgage and second mortgage loans was 5.8%, compared to 4.7% earned on the entire residential mortgage loan and second mortgage portfolios in the first quarter of 2012.

When considering the restructuring of a loan, when the borrower is having financial difficulty, ICB performs a complete analysis and underwrites the loan as it would any new origination. The analysis and underwriting considers the most recent debt service coverage analysis, pro forma financial projections prepared by the borrower, evaluation of cash flow and liquidity available from other sources tied to the credit and updated collateral valuations. Upon completion of the detailed analysis and underwriting of the credit, ICB determines whether there is a loan structure that can be supported by the current and projected operations of the borrower. ICB also considers whether the changes necessary to accomplish the pro forma financial projections appear reasonable and achievable. This determination is based on discussions with the borrower to review the plan and to understand the financial projections. Additionally, ICB considers and reviews those portions of the plan that may already have been implemented. ICB will modify the original terms of the loan agreement only when there is evidence that the plan and financial projections are achievable and that these improvements will allow for repayment of the debt in the future. Such loans are then accounted for as TDRs. The key factor ICB considers when determining whether a loan is classified as an accruing TDR or should be included as a nonaccrual loan is whether the loan is expected to be able to perform according to the restructured terms. The primary factor for determining if a loan will perform under the restructured terms is an analysis of the borrower's current cash flow projections and current financial position to verify the borrower can generate adequate cash flow to support the restructured debt service requirements. ICB sometimes restructures non accrual loans to

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improve its collateral position. A non accrual loan that is restructured would continue to be classified as non accrual until such time that there is no longer any doubt as to the collection of all principal and interest owed under the contractual terms of the restructured agreement. ICB generally requires all non-accrual loans to perform under the terms of the restructured agreement for a period of not less than three months before returning to accrual status. All loans ICB classifies as TDR are performing according to their restructured terms. TDR loans are analyzed for non accrual status using the same criteria as other loans in ICB's portfolio. No loans modified and classified as TDR loans have had any charge offs. Prior to being classified as TDR loans an immaterial amount was charged off. There is currently no specific allowance allocated to TDR loans. For additional information regarding TDR loans see note 12 to the financial statements.

The allowance for loan losses increased \$3.1 million to \$18.1 million as of March 31, 2012, from \$14.9 million as of December 31, 2011. The ratio of the allowance for loan losses to total loans was 2.66% at March 31, 2012 compared to 2.12% at December 31, 2011. See further discussion in the Critical Accounting Policies.

The allowance for loan losses consists of three components. The amount of reserves assigned based on historical loss rates, specific reserves assigned to individual loans and the qualitative/environmental allocation. Please see note 12 to the financial statements for a discussion of each of these components. The following table indicates the portion of the allowance for loan loss management has allocated, by component, to each loan type. (dollars in thousands)

As of	March 31, 2011	December 31, 2011
<b>Residential mortgage loans</b>		
Allowance based on historical loss rates	\$ 482	\$ 496
Specific allowance assigned to individual loans	0	0
Qualitative/environmental allowance	2	8
<b>Total allowance for residential mortgages</b>	<b>484</b>	<b>504</b>
<b>Commercial and commercial mortgage loans</b>		
Allowance based on historical loss rates	11,135	10,507
Specific allowance assigned to individual loans	3,244	545
Qualitative/environmental allowance	2,618	2,639
<b>Total allowance for commercial and commercial mortgage loans</b>	<b>16,997</b>	<b>13,691</b>
<b>Second and home equity loans</b>		
Allowance based on historical loss rates	477	555
Specific allowance assigned to individual loans	0	0
Qualitative/environmental allowance	2	1
<b>Total allowance for second and home equity loans</b>	<b>479</b>	<b>556</b>
<b>Other consumer loans</b>		
Allowance based on historical loss rates	124	136
Specific allowance assigned to individual loans	0	0
Qualitative/environmental allowance	53	97
<b>Total allowance for other consumer loans</b>	<b>177</b>	<b>233</b>
<b>Total Allowance for Loan Losses</b>	<b>\$ 18,137</b>	<b>\$ 14,984</b>

ICB Management reassigned all of the qualitative/environmental allowance to the commercial and commercial mortgage loan category based on a review of the past two years and current year to date net charge off history. This review indicated that the allowance based on historical loss rates for the residential mortgage loans, second and home equity loans and other consumer loans categories should be adequate. Net recoveries for



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residential mortgages, second and home equity loans and other consumer loans are \$0, \$5,000 and \$3,000, respectively, for the three months ended March 31, 2012. Net charge offs for commercial and commercial real estate loans are \$4.6 million for the same period.

The decrease in non performing assets did not result in a corresponding decrease in the allowance for loan losses due to the specific reserve of \$3.1 million for the customer who experienced fraudulent activity as discussed in the provision for loan losses section.

ICB has 51.5% of its assets in commercial installment and commercial real estate loans. The following table segregates the commercial installment and commercial real estate portfolio by property type, where the total of the property type exceeds 1% of assets of Indiana Bank and Trust Company as of March 31, 2012. (dollars in thousands)

<b>Property Description</b>	<b>BALANCE</b>	<b>PERCENTAGE OF BANK ASSETS</b>
Accounts Receivable, Inventory, and Equipment	\$ 66,918	6.92%
Shopping Center	50,416	5.21
Office Building	43,358	4.48
Manufacturing Business/Industrial	39,453	4.08
Land Only	39,225	4.05
Medical Building	32,518	3.36
Warehouse	29,884	3.09
Retail Business Store	28,903	2.99
Motel	25,472	2.63
Apartment Building	22,937	2.37
Athletic/Recreational/School	14,034	1.45
Other	11,867	1.23
Restaurant	11,865	1.23
Non-Margin Stock	9,912	1.02

**Financial Condition at March 31, 2012**

Total assets as of March 31, 2012, were \$968.8 million, a decrease of \$15.8 million or 1.6% from December 31, 2011, total assets of \$984.6 million. Portfolio loans decreased \$25.8 million from December 31, 2011. Commercial and commercial real estate loans have decreased \$19.4 million in 2012. Commercial and commercial mortgage loan charge offs of \$5.0 million, driven partially by activities designed to reduce balances of Special Loans identified in the merger agreement, accounted for 25.7% of the decreased balance in this loan segment. Additionally transfers of certain Special Loans to the held for sale category totaled \$9.0 million for the quarter. Of this \$9.0 million, \$1.2 million was sold during the first quarter of 2012. Second and home equity loan balances have declined \$3.6 million partially due to customers taking advantage of low rates and refinancing these loans into first mortgages. ICB currently sells the vast majority of residential first mortgages it originates in the secondary market. Certificates of deposits decreased \$11.3 million year to date as ICB does not negotiate rates for single service certificate of deposit customers. Higher rate public fund and commercial interest checking decreased \$35.1 million while retail interest checking increased \$9.1 million resulting in a net decrease in interest checking of \$26.0 million. Demand deposits and savings and money market accounts have increased \$13.1 million, \$6.0 million and \$5.1 million, respectively. This increase in transaction account balances is a reflection of ICB's current marketing and sales activities focus on transaction accounts aimed at attracting new customers and expanding relationships with existing customers.

Shareholders' equity decreased \$2.7 million during the first three months of 2012. Retained earnings decreased \$2.6 million from net loss, decreased \$303,000 for dividend payments on common and preferred stock,

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and \$28,000 for the amortization of the discount on preferred stock. Common stock increased \$61,000 from recognition of compensation expense associated with restricted stock issued. Additionally, ICB had other comprehensive income from unrealized gains in its securities available for sale portfolio, net of tax, of \$229,000 for the three months ended March 31, 2012.

At March 31, 2012, ICB and Indiana Bank and Trust Company exceeded all current applicable regulatory capital requirements as follows:

	Actual		For Capital Adequacy Purposes		To Be Categorized As Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2012						
Total risk-based capital (to risk-weighted assets)						
Indiana Bank and Trust Company	\$ 105,621	13.41%	\$ 62,993	8.0%	\$ 78,741	10.0%
Indiana Community Bancorp Consolidated	\$ 106,520	13.51%	\$ 63,080	8.0%	\$ 78,850	10.0%
Tier 1 risk-based capital (to risk-weighted assets)						
Indiana Bank and Trust Company	\$ 95,676	12.15%	\$ 31,496	4.0%	\$ 47,245	6.0%
Indiana Community Bancorp Consolidated	\$ 96,562	12.25%	\$ 31,540	4.0%	\$ 47,310	6.0%
Tier 1 leverage capital (to average assets)						
Indiana Bank and Trust Company	\$ 95,676	10.03%	\$ 38,156	4.0%	\$ 47,695	5.0%
Indiana Community Bancorp Consolidated	\$ 96,562	10.11%	\$ 38,188	4.0%	\$ 47,735	5.0%

**Capital Resources**

Tier I capital consists principally of shareholders' equity including Tier I qualifying junior subordinated debt, but excluding unrealized gains and losses on securities available-for-sale, less goodwill and certain other intangibles. Tier II capital consists of general allowances for loan losses, subject to limitations. Assets are adjusted under the risk-based guidelines to take into account different risk characteristics. Average assets for this purpose does not include goodwill and any other intangible assets that the Federal Reserve Board determines should be deducted from Tier I capital.

**Liquidity Resources**

Historically, ICB has maintained its liquid assets at a level believed adequate to meet requirements of normal daily activities, repayment of maturing debt and potential deposit outflows. Cash flow projections are regularly reviewed and updated to assure that adequate liquidity is maintained. Cash for these purposes is generated through the sale or maturity of investment securities and loan sales and repayments, and may be generated through increases in deposits. Loan payments are a relatively stable source of funds, while deposit flows are influenced significantly by the level of interest rates and general money market conditions. ICB's primary source of funding is its base of core customer deposits. Core deposits consist of non-interest bearing, checking, savings and money market deposits and certificate accounts of \$100,000 or less. Other sources of funds

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are certificate accounts greater than \$100,000 and public funds certificates. Borrowings may be used to compensate for reductions in other sources of funds such as deposits. As a member of the Federal Home Loan Bank ( FHLB ) system, ICB may borrow from the FHLB of Indianapolis. At March 31, 2012, ICB had no FHLB advances outstanding. ICB does have a \$15.0 million overdraft line of credit with the FHLB which had no balance as of March 31, 2011. ICB was eligible to borrow from the FHLB additional amounts up to \$22.5 million at March 31, 2012. Certificates of deposit represent an important source of funds for ICB. Historically, ICB has been able to retain certificate balances by providing competitive pricing in line with rates offered by other institutions in ICB's market area. During periods of low interest rates, customer preferences shift from certificates to interest bearing transaction accounts. Of the \$156.4 million in certificate accounts maturing in 2012, \$25.6 million are at rates of 2.0% or greater which is higher than rates currently available. As a result ICB anticipates that the rollover of certificates will be lower than historical levels. The expected result is a continued downward trend in certificate balances. However, ICB expects that a portion of these balances will be converted to or deposited in existing interest bearing transaction accounts with ICB. ICB's total transaction accounts decreased 0.3 % during the three months ended March 31, 2012 following a 19.9% increase during 2011. Certificate accounts decreased 4.3% for the three months ended March 31, 2012 after decreasing 22.6% in 2011. The certificates maturing in the next twelve months as a percentage of total certificates were 62.6% for the three months ended March 31, 2012 compared to 59.5% at December 31, 2011. ICB continually monitors balance trends along with customer preferences and competitive pricing within ICB's market footprint to manage this critical liquidity component.

In addition at March 31, 2012, ICB had commitments to purchase loans of \$5.0 million, as well as commitments to fund loan originations of \$21.0 million, unused home equity lines of credit of \$38.6 million and unused commercial lines of credit of \$55.1 million, as well as commitments to sell loans of \$13.0 million. Generally, a significant portion of amounts available in lines of credit will not be drawn. Commitments to borrow or extend credit do not necessarily represent future cash requirements in that these commitments often expire without being drawn upon. Commitments to fund lines of credit and undisbursed portions of loan in process have remained relatively steady at 31.8% of the total credit at March 31, 2012 and December 31, 2011. In the opinion of management, ICB has sufficient cash flow and borrowing capacity to meet current and anticipated funding commitments.

**Results of Operations for the Fiscal Year Ended December 31, 2011*****Overview***

Based on the challenging environment that existed within the banking sector for 2011, credit risk management and capital management were the key focal points. Total assets were \$984.6 million as of December 31, 2011, a decrease of \$58.7 million from December 31, 2010. During the third quarter, the Indiana Bank and Trust Company prepaid the remaining Federal Home Loan Bank advances which totaled \$55 million including the prepayment penalty. The majority of the funding for the prepayment of advances came from the sale of securities. The Indiana Bank and Trust Company was able to capitalize on a temporary change in the market to sell securities at a substantial gain. The gain on sale of securities for the year was \$2.4 million which more than offset the prepayment penalty of \$1.4 million. This balance sheet restructuring eliminated the remaining wholesale funding from the balance sheet. With the improved liquidity of the Indiana Bank and Trust Company resulting from deposit growth coupled with decreases in loans, management determined that it was prudent to decrease the size of ICB which served to strengthen the capital ratios. Total loans decreased \$40.3 million for the year. Commercial and commercial mortgage loans decreased \$32.7 million for the year. Commercial lending activity remained slow during 2011 driven primarily by limited new business expansion combined with intense competition for high quality commercial installment relationships. Residential mortgage loans and consumer loans decreased \$7.6 million for the year. While residential mortgage volume was relatively strong during the second half of the year, the Indiana Bank and Trust Company continued to sell the majority of originations in the secondary market. Demand for home equity and second mortgage loans remained soft within the Indiana Bank and Trust Company's market footprint. Total retail deposits increased \$15.2 million for the year. The Indiana Bank and Trust Company continued its successful growth of transaction deposits as total

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checking, savings and money market balances increased \$66.4 million. Certificates of deposit decreased \$51.2 million for the year as the continued low interest rate environment has resulted in rates on certificates of deposit that are not attractive to consumers.

The provision for loan losses and net charge offs totaled \$19.5 million and \$19.1 million, respectively, for the year both totals were substantially above 2010 levels. Beginning midyear, the Indiana Bank and Trust Company began to see movement in the commercial real estate market which provided an opportunity for management to pursue an aggressive divestiture strategy related to problem assets. These market conditions and management's negotiations of the sale of problem assets with end users produced clarity in the value of assets underlying certain problem loans. Management charged down many problem assets primarily in the third quarter to align valuations with its strategy to divest of problem loans in the near term. The allowance for loan losses increased \$378,000 for the year to \$15.0 million. The ratio of the allowance for loan losses to total loans was 2.12% at December 31, 2011 compared to 1.95% at December 31, 2010.

Non interest income, excluding net gains on sale of securities and other than temporary impairment losses from each period, decreased \$380,000 for the year. Service fees on deposits decreased \$333,000, or 5.2%, for the year due primarily to a decrease in overdraft fees. Miscellaneous income included a net loss on the writedown of other real estate of \$495,000. While not a core activity, the Indiana Bank and Trust Company has taken advantage of interest rate volatility in the securities market to reposition a portion of the securities portfolio and to provide funds to prepay Federal Home Loan Bank advances. Gain on sale of securities net of other than temporary impairment totaled \$2.3 million for the year. Non interest expense, excluding the Federal Home Loan Bank advance prepayment fee of \$1.4 million, increased \$860,000 for the year. Compensation and employee benefits increased \$995,000, or 6.8%, for the year due primarily to costs associated with additional personnel added to the commercial and investment advisory departments during the second half of 2010, increased medical and pension costs and increased costs related to restricted stock grants. FDIC insurance expense decreased \$536,000 for the year due to a change in the method used to calculate ICB's quarterly contribution. Marketing expense increased \$207,000 for the year as ICB increased the marketing budget to support growth opportunities for core deposits within its market footprint.

***Asset/Liability Management***

ICB follows a program designed to decrease its vulnerability to material and prolonged increases in interest rates. This strategy includes 1) selling certain longer term, fixed rate loans from its portfolio; 2) increasing the origination of adjustable rate loans; 3) improving its interest rate gap by shortening the maturities of its interest-earning assets; and 4) increasing its non interest income.

A significant part of ICB's program of asset and liability management has been the increased emphasis on the origination of adjustable rate and/or short-term loans, which include adjustable rate residential construction loans, commercial loans, and consumer-related loans. ICB continues to originate fixed rate residential mortgage loans. However, management's strategy is to sell substantially all residential mortgage loans that ICB originates. ICB sells the servicing on mortgage loans sold, thereby increasing non interest income. The proceeds of these loan sales are used to reinvest in other interest-earning assets or to repay wholesale borrowings.

ICB continues to assess methods to stabilize interest costs and match the maturities of liabilities to assets. During 2011, transaction deposits increased at a greater rate than certificates of deposit resulting in a shorter duration of repricing for retail deposits. This shift in retail deposits resulted from customer preference for more liquid accounts due to historically low interest rates. In addition, ICB implemented a strategy geared toward expanding relationships with customers that only maintain certificates of deposit with ICB or allowing these customers to pursue higher rates elsewhere. Retail deposit specials are competitively priced to attract deposits in ICB's market area. However, when retail deposit funds become unavailable due to competition, ICB employs FHLB advances to maintain the necessary liquidity to fund lending operations.

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ICB applies early withdrawal penalties to protect the maturity and cost structure of its deposits and utilizes longer term, fixed rate borrowings when the cost and availability permit the proceeds of such borrowings to be invested profitably.

**Interest Rate Spread**

The following table sets forth information concerning ICB's interest-earning assets, interest-bearing liabilities, net interest income, interest rate spreads and net yield on average interest-earning assets during the periods indicated (including amortization of net deferred fees which are considered adjustments of yields). Average balance calculations were based on daily balances. (dollars in thousands)

	Year Ended December 2011			Year Ended December 2010			Year Ended December 2009		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield Rate	Average Balance	Interest	Average Yield/Rate
<b>Assets:</b>									
Residential mortgage loans	\$ 97,022	\$ 4,148	4.28%	\$ 98,450	\$ 4,625	4.70%	\$ 115,140	\$ 6,192	5.38%
Commercial & commercial mortgage loans	511,183	28,559	5.59%	525,235	30,154	5.74%	530,359	30,192	5.69%
Second and home equity loans	89,386	4,130	4.62%	94,611	4,581	4.84%	98,608	4,992	5.06%
Other consumer loans	10,505	819	7.80%	13,143	1,079	8.21%	17,815	1,452	8.15%
Securities	214,855	4,964	2.31%	216,839	5,366	2.47%	137,576	4,164	3.03%
Short-term investments	9,533	29	0.30%	19,600	59	0.30%	41,971	99	0.24%
<b>Total interest-earning assets (1)</b>	<b>932,484</b>	<b>\$ 42,649</b>	<b>4.57%</b>	<b>967,878</b>	<b>\$ 45,864</b>	<b>4.74%</b>	<b>941,469</b>	<b>\$ 47,091</b>	<b>5.00%</b>
Allowance for loan losses	(14,655)			(14,689)			(10,090)		
Cash and due from banks	13,199			12,525			12,913		
Indiana Bank and Trust Company premises and equipment	16,532			15,980			15,011		
Other assets	70,460			67,175			62,190		
<b>Total assets</b>	<b>\$ 1,018,020</b>			<b>\$ 1,048,869</b>			<b>\$ 1,021,493</b>		
<b>Liabilities</b>									
<b>Interest-bearing liabilities:</b>									
<b>Deposits:</b>									
Transaction accounts	\$ 564,761	\$ 2,761	0.49%	\$ 547,286	\$ 3,594	0.66%	\$ 445,580	\$ 3,914	0.88%
Certificate accounts	294,071	5,488	1.87%	332,720	8,635	2.60%	339,152	10,949	3.23%
FHLB advances	35,115	692	1.97%	53,499	1,089	2.04%	112,290	4,278	3.81%
Other borrowings	17,285	317	1.83%	15,609	312	2.00%	15,464	412	2.66%
<b>Total interest-bearing liabilities</b>	<b>911,232</b>	<b>\$ 9,258</b>	<b>1.02%</b>	<b>949,114</b>	<b>\$ 13,630</b>	<b>1.44%</b>	<b>912,486</b>	<b>\$ 19,553</b>	<b>2.14%</b>
Other liabilities	16,771			12,225			18,799		
<b>Total liabilities</b>	<b>928,003</b>			<b>961,339</b>			<b>931,285</b>		
Total shareholders' equity	90,017			87,530			90,208		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,018,020</b>			<b>\$ 1,048,869</b>			<b>\$ 1,021,493</b>		
<b>Net Interest Income</b>		<b>\$ 33,391</b>			<b>\$ 32,234</b>			<b>\$ 27,538</b>	
<b>Net Interest Rate Spread</b>			<b>3.56%</b>			<b>3.30%</b>			<b>2.86%</b>
<b>Net Earning Assets</b>	<b>\$ 21,252</b>			<b>\$ 18,764</b>			<b>\$ 28,983</b>		

<b>Net Interest Margin (2)</b>	3.58%	3.33%	2.93%
<b>Average Interest-earning Assets to Average Interest-bearing Liabilities</b>			
	102.33%	101.98%	103.18%

- (1) Average balances are net of non-performing loans.
- (2) Net interest income divided by the average balance of interest-earning assets.

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The following table sets forth the changes in ICB's interest income and interest expense resulting from changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities. Changes not solely attributable to volume or rate changes have been allocated in proportion to the changes due to volume or rate. (dollars in thousands)

	Year Ended Dec 2011 vs. Dec 2010 Increase/(Decrease)			Year Ended Dec 2010 vs. Dec 2009 Increase/(Decrease)		
	Due to Rate	Due to Volume	Total Change	Due to Rate	Due to Volume	Total Change
<b>Interest Income on Interest-Earning Assets:</b>						
Residential mortgage loans	\$ (411)	\$ (66)	\$ (477)	\$ (730)	\$ (837)	\$ (1,567)
Commercial & commercial mortgage loans	(799)	(796)	(1,595)	270	(308)	(380)
Second and home equity loans	(205)	(246)	(45)	(213)	(198)	(411)
Other consumer loans	(52)	(208)	(260)	11	(384)	(373)
Securities	(353)	(49)	(402)	(556)	1,758	1,202
Short-term investments	1	(31)	(30)	42	(82)	(40)
<b>Total</b>	<b>(1,819)</b>	<b>(1,396)</b>	<b>(3,215)</b>	<b>(1,176)</b>	<b>(51)</b>	<b>(1,227)</b>
<b>Interest Expense on Interest-Bearing Liabilities:</b>						
<b>Deposits:</b>						
Transaction accounts	(952)	119	(833)	(3,328)	3,008	(320)
Certificate accounts	(2,226)	(921)	(3,147)	(2,110)	(204)	(2,314)
FHLB advances	(34)	(363)	(397)	(1,501)	(1,688)	(3,189)
Other borrowings	(16)	21	5	(104)	4	(100)
<b>Total</b>	<b>(3,228)</b>	<b>(1,144)</b>	<b>(4,372)</b>	<b>(7,043)</b>	<b>1,120</b>	<b>(5,923)</b>
<b>Net Change in Net Interest Income</b>	<b>\$ 1,409</b>	<b>\$ (252)</b>	<b>\$ 1,157</b>	<b>\$ 5,867</b>	<b>\$ (1,171)</b>	<b>\$ 4,696</b>

**Comparison of Fiscal Year Ended December 31, 2011 and Fiscal Year Ended December 31, 2010****General**

ICB reported a net loss of \$1.7 million for the year ended December 31, 2011. This compared to net income of \$5.6 million for the year ended December 31, 2010, representing a decrease of \$7.4 million.

**Net Interest Income**

Net interest income increased \$1.2 million, or 3.6%, for the year ended December 31, 2011, compared to the year ended December 31, 2010. The net interest margin increased 25 basis points from 3.33% for the year ended December 31, 2010 to 3.58% for the year ended December 31, 2011. The increase in the net interest margin was due to the rates paid on interest bearing liabilities declining more rapidly, by 42 basis points, than the rates earned on interest bearing assets, which declined 17 basis points, for the two comparative twelve month periods. Interest income decreased \$3.2 million, or 7.0%, due primarily to declining rates and balances on the loan portfolio, as well as the impact of loans on non-accrual status. ICB would have recorded interest income of \$2.5 million and \$1.7 million for the years ended December 31, 2011 and 2010, respectively, if loans on non-accrual status had been current in accordance with their original terms. The largest contributor to the decrease in the interest bearing liability rate was a 73 basis point decrease in rates paid for certificates of deposit for the year ended December 31, 2011, as compared to the year ended December 31, 2010. The average balance on retail certificates of deposit decreased \$39.8 million to \$291.8 million at December 31, 2011, compared to the prior year's average balance of \$331.8 million. In the current low rate environment customers often prefer a liquid deposit account, moving from certificates of deposit into transaction accounts. In addition, ICB implemented a strategy of

expanding relationships with single service certificate of deposit customers. These customers sometimes choose to pursue higher rates elsewhere. Finally, in the third quarter of 2011, ICB funded the pay off of \$55.0 million of FHLB advances through the sale of securities, reducing higher costing wholesale funding.

**Table of Contents****Provision for Loan Losses**

The provision for loan losses totaled \$19.5 million for 2011 compared to \$7.2 million for 2010. The increase in the provision for loan losses was driven by deterioration in credit quality along with a decrease in the value of the collateral securing problem loans. Net charge offs totaled \$19.1 million for 2011. Charge offs for the year were primarily related to nine commercial customers with total balances prior to charge off of \$35.0 million and which accounted for \$14.2 million of the charge offs for the year. Among those nine relationships, ICB experienced deterioration related to four large investment real estate customers during the year. These four customers accounted for \$26.4 million of the loan balances and \$11.7 million of the charge offs for the year. In addition, ICB charged off previously recognized specific reserves totaling \$2.5 million related to five commercial customers with balances totaling \$8.6 million. The loans to these nine customers were in the Indianapolis market. Total nonperforming loans increased \$7.1 million to \$37.1 million at December 31, 2011 compared to \$30.0 million at December 31, 2010. The provision for loan losses covered net charge offs for the year and increased the allowance for loan losses by \$378,000 to \$15.0 million at December 31, 2011. The increase in the allowance for loan losses combined with the decrease in loan balances resulted in an increase in the ratio of the allowance for loan losses to total loans of 17 basis points to 2.12% at December 31, 2011 compared to 1.95% at December 31, 2010. See the section captioned Allowance for Loan Losses elsewhere in this discussion for further analysis of the provision for loan losses.

**Non Interest Income**

Non interest income increased \$1.4 million, or 11.7%, for the year. This increase was primarily due to the increase in gain on the sale of securities of \$1.6 million. The gain on sale of securities resulted from the repositioning transaction ICB completed in the third quarter of 2011. The repositioning strategy involved selling \$71.0 million of securities and prepaying \$55 million of advances. The securities sales resulted in the recognition of \$2.1 million in gain on sale of securities. Without the gain on securities available for sale, non interest income would have decreased \$269,000, or 2.3%, which is the result of net changes in several non interest income categories. Service fees on deposits decreased \$333,000, or 5.2%, driven by a net reduction in overdraft privilege fees of \$423,000, or 11.9%. In the third quarter of 2010, regulatory changes required customers to opt-in to the overdraft privilege protection program. Another factor decreasing non interest income is the \$207,000 increase in loss on sale of real estate owned. Negotiations in the first quarter of 2011, with a qualified borrower, resulted in a letter of intent to purchase a bank owned property that resulted in a \$482,000 write down on REO. Gain on sale of loans decreased \$132,000 year over year. The decrease in gain on sale of loans reflects the \$8.9 million decrease in loan originations for sale. While residential mortgage rates remain at historically low levels, the past two years have seen multiple refinancing periods when customers who were qualified to refinance their homes did so. This past refinancing activity has reduced the potential number of customers interested in refinancing their homes. Categories which produced increases in non interest income include other than temporary impairment losses of \$111,000, increases in trust and asset management fees of \$105,000 and miscellaneous increases of \$199,000. ICB sold all of its remaining redemption in kind securities received from the Shay fund in 2011. These securities historically have been the source of ICB's other than temporary impairment charges. Trust and asset management fees increased due to the increases in the trust department's client base. Miscellaneous fees increased due to increases in dividends received on FHLB stock of \$27,000, increases in other fees and credit card fees of \$55,000 and a loss on sale of other assets that occurred in 2010 of \$63,000.

**Non Interest Expenses**

Non interest expenses totaled \$31.1 million for the year ended December 31, 2011, an increase of \$2.2 million, or 7.7%, compared to the year ended December 31, 2010. Included in the increase in non interest expenses was a prepayment penalty of \$1.4 million due to the repayment of \$55 million in FHLB advances related to the previously mentioned repositioning strategy. Compensation and employee benefits increased \$995,000, or 6.8%, year over year. This increase is the result of several factors including: 1) a \$240,000 net increase in restricted stock expense and directors compensation as directors and key management personnel compensation was restructured to include equity incentive plans; 2) in 2010 the restructure resulted in a \$327,000

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credit for previously accrued expenses under a long term incentive plan which was terminated; 3) a \$353,000 increase related to funding requirements for ICB's frozen pension plan; 4) early retirement plan expenses of \$159,000; 5) a \$142,000 increase related to the employee health insurance plan; and 6) increases in personnel in the retail banking, commercial and investment advisory services areas. Other expenses which increased were marketing and loan expenses of \$207,000, or 25.6%, and \$267,000, or 27.4%, respectively. The marketing budget was increased to attract core deposits in ICB's market. The increase in loan expenses is the result of attorney fees, property taxes and insurance premiums associated with challenged loans. Offsetting this increase to non interest expenses was a \$536,000, or 25.9%, decrease in FDIC premiums due to the change to the assessment base from deposit based to asset based.

**Income Taxes**

ICB had an income tax credit of \$2.5 million for the year ended December 31, 2011, a decrease of \$4.6 million compared to the year ended December 31, 2010. This decrease mirrors the decrease in pre-tax income of \$12.0 million. ICB currently has a deferred tax asset of \$8.3 million. The pretax loss experienced in 2011 was primarily due to unusually high net charge offs of \$19.1 million, which led to a \$19.5 million provision charge for the year. In 2011, management determined that based on current market conditions, the best course of action was to aggressively pursue divestiture of the underlying assets. In the third quarter ICB charged the carrying value of the loans down to levels consistent with recently negotiated letters of intent or purchase agreements which resulted in net charge offs of \$13.3 million. ICB does not anticipate another such charge, although there can be no guarantee of this. Based on pro forma core earnings of ICB in combination with anticipated charge offs, management anticipates generating sufficient pretax income over the next three years which would result in the realization of the deferred tax asset. Therefore, no valuation allowance was established for the deferred tax asset. On January 25, 2012, ICB entered into a Merger agreement with Old National Bancorp headquartered in Evansville. This agreement must be approved by a shareholder vote at ICB's annual meeting and by bank regulators. As with ICB's anticipated earnings, based on estimated pro forma core earnings of the merged companies in combination with anticipated charge offs, management anticipates generating sufficient pretax income over the next three years which would result in the realization of the deferred tax asset. Therefore, no valuation allowance was established for the deferred tax asset.

**Financial Condition at December 31, 2011**

Total assets as of December 31, 2011, were \$984.6 million, a decrease of \$58.7 million, or 5.6%, from December 31, 2010 total assets of \$1.04 billion. As mentioned previously, ICB completed a repositioning strategy prepaying \$55.0 million in FHLB advances with funds from security sales. The decision to execute the balance sheet repositioning strategies was triggered by the extreme movements in the market over the last several months and most notably during the early part of August. As a result of the market volatility, ICB had a large unrealized gain in the securities portfolio. As growth and preservation of capital is a key strategy for ICB, it was determined that realizing a portion of the security gains and converting these amounts to permanent capital was prudent. In conjunction with the securities transactions, ICB reviewed its remaining wholesale funding. The currently structured variable rate Federal Home Loan Bank advances had a total cost of approximately 2.05%, which in many cases was equal to or higher than the reinvestment rate on many of the security classes utilized by ICB. Portfolio loans decreased \$39.6 million from December 31, 2011. Commercial and commercial real estate loans have decreased \$32.7 million in 2011. Net commercial and commercial mortgage loan charge offs of \$18.4 million, driven partially by the problem asset divestiture strategy, accounted for 56.3% of the decreased balance in this loan segment. Additionally commercial lending activity has been slow during 2011 driven primarily by limited new business expansion combined with intense competition for high quality commercial relationships. Seconds and home equity loan balances have declined \$6.5 million partially due to customers taking advantage of the low rates and refinancing these loans into first mortgages. ICB currently sells the vast majority of residential first mortgages it originates in the secondary market. Certificates of deposit decreased \$51.2 million in 2011 as ICB does not negotiate rates for single service certificate of deposit customers. Public fund interest checking increased \$12.3 million in 2011, primarily due to the receipt of tax payments in the fourth quarter. These volatile funds typically are withdrawn the quarter after they're received. Retail interest checking increased

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\$32.4 million resulting in a total increase in interest checking of \$44.7 million. Demand deposits and savings have increased \$17.4 million and \$6.4 million, respectively. This increase in transaction account balances is a reflection of ICB's current marketing and sales activities focus on transaction accounts aimed at attracting new customers and expanding relationships with existing customers.

Shareholders' equity decreased \$515,000 during 2011. Retained earnings decreased \$1.7 million from net loss, \$1.2 million for dividend payments on common and preferred stock, and \$109,000 for the amortization of the discount on preferred stock. Common stock increased \$505,000 from recognition of compensation expense associated with restricted stock issued and the vesting of stock options. Additionally, ICB had other comprehensive income from unrealized gains in its securities available for sale portfolio, net of tax, of \$2.1 million for the twelve months ended December 31, 2011.

***Asset Quality***

In accordance with ICB's classification of assets policy, management evaluates the loan and investment portfolio each month to identify assets that may contain probable losses. In addition, management evaluates the adequacy of its allowance for loan losses.

***Securities***

Management reviews its investment portfolio for other than temporary impairment on a quarterly basis. The review includes an analysis of the facts and circumstances of each individual investment such as the severity of loss, the length of time the fair value has been below cost, the expectation for that security's performance, the creditworthiness of the issuer, and the timely receipt of contractual payments. Additional consideration is given to the fact that it is not more-likely-than-not ICB will be required to sell the investments before recovery of their amortized cost basis, which may be maturity.

ICB had two corporate securities with a face amount of \$2.0 million which had an unrealized loss of \$569,000 as of December 31, 2011, which is a \$100,000 decrease compared to the prior quarter value. These two securities are backed by Bank of America, the purchaser of Nations Bank, and Chase. Management expects the outcome of these two investments to be an all or none scenario, whereby if either Bank of America or Chase becomes insolvent, Indiana Bank and Trust Company would not be repaid, or conversely, if these two national banks remain going concerns Indiana Bank and Trust Company would be repaid. Currently the Bank of America and Chase investments are rated BA1 and A2, respectively, by Moody's rating system. Both of the issuers of these bonds are considered well capitalized banks under the current regulatory definition. Management believes that the decline in market value is due primarily to the interest rate and maturity as these securities carry an interest rate of LIBOR plus 55 basis points with maturity beyond ten years. ICB does not intend to sell these investments and it is not more-likely-than-not ICB will be required to sell the investments before recovery of their amortized cost basis, which may be maturity. Based on these criteria, management determined the two corporate securities did not have any other than temporary impairment.

In reviewing the remaining available for sale securities at December 31, 2011, for other than temporary impairment, management considered the change in market value of the securities in the fourth quarter of 2011, the expectation for the security's future performance based on the receipt, or non receipt, of required cash flows, Moody's and S&P ratings where available, and if it is not more-likely-than-not ICB will be required to sell the investments before recovery of their amortized cost bases, which may be maturity. The receipt or non-receipt of all required payments is the primary criterion management uses to determine if a security is other than temporarily impaired. When payment due is not received, management views the payment default as a credit default and writes off the entire balance of the security.

All contractual payments on all investments were received as required in the current quarter. Based on this criterion, management concluded that no securities were other than temporarily impaired.

**Table of Contents****Non-Performing Assets**

The following table sets forth information concerning non-performing assets of ICB. Real estate owned includes property acquired in settlement of foreclosed loans that is carried at net realizable value. (dollars in thousands)

As of	Dec 2011	Dec 2010	Dec 2009	Dec 2008	Dec 2007
<b>Non-accruing loans:</b>					
Residential mortgage loans	\$ 849	\$ 1,412	\$ 3,093	\$ 2,349	\$ 2,284
Commercial and commercial mortgage loans	32,788	18,082	15,892	19,352	7,622
Second and home equity loans	264	678	798	696	466
Other consumer loans	70	106	106	137	144
<b>Total</b>	<b>33,971</b>	<b>20,278</b>	<b>19,889</b>	<b>22,534</b>	<b>10,516</b>
<b>90 days past due and still accruing loans:</b>					
Residential mortgage loans	87	92	131	481	64
Commercial and commercial mortgage loans	0	0	1,279	37	0
<b>Total</b>	<b>87</b>	<b>92</b>	<b>1,410</b>	<b>518</b>	<b>64</b>
<b>Troubled debt restructured</b>	<b>3,082</b>	<b>9,684</b>	<b>499</b>	<b>1,282</b>	<b>874</b>
<b>Total non-performing loans</b>	<b>37,140</b>	<b>30,054</b>	<b>21,798</b>	<b>24,334</b>	<b>11,454</b>
<b>Real estate owned</b>	<b>5,736</b>	<b>4,389</b>	<b>12,627</b>	<b>3,379</b>	<b>311</b>
<b>Total Non-Performing Assets</b>	<b>\$ 42,876</b>	<b>\$ 34,443</b>	<b>\$ 34,425</b>	<b>\$ 27,713</b>	<b>\$ 11,765</b>
<b>Non-performing assets to total assets</b>	<b>4.35%</b>	<b>3.30%</b>	<b>3.41%</b>	<b>2.86%</b>	<b>1.29%</b>
<b>Non-performing loans to total loans</b>	<b>5.25%</b>	<b>4.02%</b>	<b>2.95%</b>	<b>3.03%</b>	<b>1.51%</b>
<b>Allowance for loan losses to non-performing loans</b>	<b>40.34%</b>	<b>48.60%</b>	<b>60.16%</b>	<b>35.30%</b>	<b>60.87%</b>

ICB promptly charges off commercial loans, or portions thereof, when available information confirms that specific loans are uncollectible based on information that includes, but is not limited to: a) the deteriorating financial condition of the borrower, b) declining collateral values, and/or c) legal action, including bankruptcy, that impairs the borrower's ability to adequately meet its obligations. For impaired loans that are considered to be solely collateral dependent, a partial charge off is recorded when a loss has been confirmed by an updated appraisal or other appropriate valuation of the collateral. Partial charge offs on non performing loans for the periods ended December 31, 2011 and December 31, 2010 were \$15.6 million and \$6.7 million, respectively. By recording partial charge offs on nonperforming loans, ICB has the remaining loan recorded at the estimated net realizable value, and accordingly, does not have any valuation allowance connected with these loans. This impact of partial charge offs results in a lower coverage ratio of the allowance for loan losses to nonperforming loans.

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ICB's non performing loans at December 31, 2011 and December 31, 2010 consisted of the following: (dollars in thousands)

<b>Non Performing Loans</b>	<b>Period Ended December 31, 2011</b>		<b>Period Ended December 31, 2010</b>	
	<b>Amount</b>	<b>Percentage of total nonperforming loans</b>	<b>Amount</b>	<b>Percentage of total nonperforming loans</b>
Non performing loans with partial charge offs	\$ 20,977	56.5%	\$ 9,089	30.2%
Non performing loans without partial charge offs	\$ 16,163	43.5%	\$ 20,965	69.8%
<b>Total Non Performing Loans</b>	<b>\$ 37,140</b>	<b>100.0%</b>	<b>\$ 30,054</b>	<b>100.0%</b>

The result of recording partial charge offs on non performing loans had the following impact on certain credit quality statistics at December 31, 2011 and December 31, 2010:

<b>Credit Quality Statistics</b>	<b>Period Ended December 31, 2011</b>		<b>Period Ended December 31, 2010</b>	
	<b>Non performing loans with partial charge offs</b>	<b>Non performing loans without partial charge offs</b>	<b>Non performing loans with partial charge offs</b>	<b>Non performing loans without partial charge offs</b>
Non performing loans to total loans	5.25%	7.39%	4.02%	4.87%
Allowance for loan losses to total loans	2.12%	2.07%	1.95%	1.94%
Allowance for loan losses to nonperforming loans	40.34%			