

OLD NATIONAL BANCORP /IN/  
Form 424B3  
September 26, 2014  
Table of Contents

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-198642**

**PROXY STATEMENT FOR THE SPECIAL MEETING OF  
FOUNDERS FINANCIAL CORPORATION SHAREHOLDERS**

**and**

**PROSPECTUS OF**

**OLD NATIONAL BANCORP**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The Boards of Directors of Founders Financial Corporation ( Founders ) and Old National Bancorp ( Old National ) have unanimously approved an Agreement and Plan of Merger (the Merger Agreement ), pursuant to which Founders will merge with and into Old National (the Merger ). If the Merger Agreement is approved by the shareholders of Founders and all other closing conditions are satisfied, each shareholder of Founders will be entitled to \$38.00 in cash and 3.25 shares of Old National common stock for each share of Founders common stock owned before the Merger, subject to certain adjustments as described in the Merger Agreement (collectively, the Merger Consideration ). The Founders board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Founders, Founders Bank & Trust and the Founders shareholders.

The Merger is conditioned upon, among other things, the approval of the Merger Agreement by the Founders shareholders. This document is a proxy statement that the Founders board of directors is using to solicit proxies for use at a special meeting of shareholders to be held on October 28, 2014. At the meeting, the Founders shareholders will be asked (1) to approve the Merger Agreement, (2) to adjourn the meeting if necessary to solicit additional proxies, and (3) 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 3,480,074 shares of Old National common stock in connection with completion of the Merger.

Old National common stock is listed on the NASDAQ Global Select Market under the trading symbol ONB. On July 25, 2014, the date of execution of the Merger Agreement, the closing price of a share of Old National common stock was \$13.87. On September 22, 2014, the closing price of a share of Old National common stock was \$13.38.

**For a discussion of certain risk factors relating to the Merger, see the section captioned Risk Factors beginning on page 15.**

**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 and prospectus or determined if this proxy statement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with completion of 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 and prospectus is dated September 23, 2014, and it  
is first being mailed to Founders shareholders on or about September 29, 2014.**

**Table of Contents**

**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 October 20, 2014, to receive them before the special 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" beginning on page 90.

Table of Contents

**FOUNDERS FINANCIAL CORPORATION**

**5200 Cascade Road, S.E.**

**Grand Rapids, Michigan 49546**

**(616) 956-9030**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON OCTOBER 28, 2014**

To the Shareholders of Founders Financial Corporation:

We will hold a special meeting of the shareholders of Founders Financial Corporation ( Founders ) on October 28, 2014, at 4:00 p.m., Eastern Time, at the principal office of Founders, 5200 Cascade Road, S.E., Grand Rapids, Michigan 49546, to consider and vote upon:

1. *Merger Proposal.* A proposal to approve the Merger Agreement. Immediately following the consummation of the Merger, Founders Bank & Trust will merge with Old National Bank, the wholly-owned banking subsidiary of Old National. In connection with completion of the Merger, you will be entitled to receive in exchange for each of your shares of Founders common stock:

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

\$38.00 in cash.

2. *Adjournment.* A proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes present at the special meeting in person or by proxy to approve the Merger Agreement (the Adjournment Proposal ).

3. *Other Matters.* Such other matters as may properly come before the special meeting or any adjournment of the special meeting. The Founders board of directors is not aware of any such other matters as of the date of this proxy statement and prospectus.

The proxy statement and 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 15 of the enclosed proxy statement and prospectus for a discussion of certain risk factors relating to the Merger.**

**The board of directors of Founders unanimously recommends that shareholders vote (1) FOR approval of the Merger Agreement and (2) FOR approval of the Adjournment Proposal.**

The board of directors of Founders fixed the close of business on September 18, 2014, as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

**YOUR VOTE IS VERY IMPORTANT.** The Merger Agreement must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of Founders common stock entitled to vote. If you do not return your proxy or do not vote in person at the special meeting, the effect will be the same as a vote against the Merger Agreement. Whether or not you plan to attend the special meeting in person, we urge you to date, sign and return promptly the enclosed proxy in the accompanying envelope. You may revoke your proxy at any time before the special meeting by sending a written notice of revocation, submitting a new proxy or by attending the special meeting and voting in person.

By Order of the Board of Directors

**/s/ Gregory S. Conway**

Gregory S. Conway

Secretary

September 23, 2014

Table of Contents

## TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING</u>	1
<u>SUMMARY</u>	4
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF OLD NATIONAL</u>	13
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF FOUNDERS</u>	14
<u>RISK FACTORS</u>	15
<u>CAUTION ABOUT FORWARD-LOOKING STATEMENTS</u>	19
<u>SPECIAL MEETING OF THE FOUNDERS SHAREHOLDERS</u>	21
<u>INFORMATION ABOUT THE COMPANIES</u>	23
<u>PROPOSAL 1 THE MERGER</u>	24
<u>Background of the Merger</u>	24
<u>Founders' Reasons for the Merger and Recommendation of the Board of Directors</u>	31
<u>Old National's Reasons For the Merger</u>	34
<u>Effects of the Merger</u>	35
<u>Opinion of Financial Advisor to Founders</u>	35
<u>THE MERGER AGREEMENT</u>	50
<u>Structure of the Merger</u>	50
<u>Merger Consideration</u>	50
<u>Treatment of Founders Stock-Based Awards</u>	51
<u>Exchange and Payment Procedures</u>	51
<u>Dividends and Distributions</u>	52
<u>Representations and Warranties</u>	52
<u>Conduct of Business Prior to Completion of the Merger</u>	54
<u>Covenants</u>	58
<u>Acquisition Proposals by Third Parties</u>	60
<u>Changes in Founders Board Recommendation</u>	61
<u>Conditions to the Merger</u>	61
<u>Expenses</u>	64
<u>Employee Benefit Matters</u>	64
<u>Termination</u>	64
<u>Termination Fee</u>	65
<u>Management and Operations After the Merger</u>	66
<u>Environmental Inspections</u>	66
<u>Effective Time of the Merger</u>	66
<u>Regulatory Approvals for the Merger</u>	66
<u>Voting Agreements</u>	67
<u>Accounting Treatment of the Merger</u>	67
<u>NASDAQ Global Select Market Listing</u>	67
<u>No Dissenters' Rights</u>	67
<u>INTERESTS OF CERTAIN DIRECTORS AND EXECUTIVE OFFICERS OF FOUNDERS IN THE MERGER</u>	68
<u>Treatment of Founders' Stock-Based Awards</u>	68
<u>Existing Employment Agreements with Founders' Executive Officers</u>	68
<u>Offers of Employment to Certain Founders' Executive Officers</u>	69
<u>Cash Incentive Payments and Retirement Plan Contributions</u>	69

<u>Retention Bonus to Certain Executive Officer</u>	69
<u>Indemnification and Insurance of Directors and Officers</u>	69
<u>COMPARISON OF THE RIGHTS OF SHAREHOLDERS</u>	70
<u>Authorized Capital Stock</u>	70
<u>Issuance of Additional Shares</u>	70
<u>Number, Classification and Qualifications of Directors</u>	71

**Table of Contents**

<u>Election of Directors</u>	71
<u>Removal of Directors</u>	72
<u>Transactions Involving Directors</u>	73
<u>Director Liability</u>	73
<u>Indemnification of Directors, Officers and Employees</u>	73
<u>Advance Notice Requirements for Presentation of Business and Nominations of Directors at Annual Meetings of Shareholders</u>	75
<u>Special Meetings of Shareholders</u>	76
<u>Shareholder Action Without a Meeting</u>	76
<u>Amendment of Articles of Incorporation and By-laws</u>	76
<u>Business Combination Restrictions and Other Shareholder Limitations</u>	77
<u>MATERIAL FEDERAL INCOME TAX CONSEQUENCES</u>	81
<u>PROPOSAL 2 ADJOURNMENT OF THE SPECIAL MEETING</u>	83
<u>FOUNDERS BUSINESS</u>	85
<u>MARKET FOR FOUNDERS COMMON STOCK AND DIVIDENDS</u>	85
<u>SECURITIES OWNERSHIP OF FOUNDERS COMMON STOCK</u>	88
<u>EXPERTS</u>	90
<u>LEGAL MATTERS</u>	90
<u>SHAREHOLDER PROPOSALS FOR NEXT YEAR</u>	90
<u>Old National</u>	90
<u>Founders</u>	90
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	90



**Table of Contents**

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

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

A: You are being asked to vote to approve the Merger Agreement, pursuant to which Founders will merge with and into Old National. Old National would be the surviving entity in the Merger, and Founders would no longer be a separate company.

Additionally, you are being asked to vote to approve the Adjournment Proposal.

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

A: If the Merger is completed, each share of Founders common stock will be converted into the right to receive 3.25 shares of Old National common stock, subject to adjustment as summarized below, and \$38.00 in cash (collectively, the Merger Consideration ). The Exchange Ratio is subject to adjustment as follows:

if, as of the end of the month prior to the effective time of the Merger, the Founders shareholders equity (computed in accordance with the terms of the Merger Agreement) is less than \$39,200,000, the Exchange Ratio will be decreased 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) is less than \$11.13 per share and decreases by more than 20% in relation to the change in the NASDAQ Bank Index, Founders will have the right to terminate the Merger Agreement unless Old National elects to increase the Exchange Ratio.

See The Merger Agreement Merger Consideration for a more complete discussion of the Merger Consideration to be paid in the Merger.

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

A: You should review Risk Factors beginning on page 15.

**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.

**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 Merger Agreement by Founders shareholders at the special meeting. We currently expect to complete the Merger in the first half of 2015.

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

A: We have structured the Merger so that Old National, Founders, and their respective shareholders will generally not recognize any gain or loss for federal income tax purposes on the exchange of Founders shares for Old National shares in the Merger. Some Founders shareholders, however, may have taxable gain with respect to the cash received in the Merger. As a condition to the closing, Founders and Old National must each receive an opinion of counsel confirming these tax consequences. See *Material Federal Income Tax Consequences* beginning on page 81.

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

**Table of Contents**

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

A: Because the required vote of Founders shareholders on the Merger Agreement is based upon the number of outstanding shares of Founders common stock entitled to vote rather than upon the number of shares actually voted, a failure to vote and abstentions will have the same practical effect as a vote AGAINST approval of the Merger Agreement.

The vote on the Adjournment Proposal requires more votes to be cast in favor of this proposal than against. A failure to vote and abstentions will have no effect on this proposal.

If you properly complete and sign your proxy but do not indicate how your shares of Founders common stock should be voted on a proposal, the shares of Founders common stock represented by your proxy will be voted as the Founders board of directors recommends and therefore, FOR approval of the Merger Agreement and FOR approval of the Adjournment Proposal.

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

A: No. Under the Founders articles of incorporation and the Michigan Business Corporation Act ( MBCA ), the Founders shareholders will not have dissenters' rights in connection with the Merger.

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

A: After reading this proxy statement and prospectus, you may vote either: (1) by mail (by completing and signing the proxy that accompanies this prospectus and proxy statement) or (2) in person (by either delivering the completed proxy or by casting a ballot if attending the special meeting). In the event that you choose not to exercise your vote in person, you should mail your signed proxy in the accompanying pre-addressed, postage-paid envelope as soon as possible so that your shares can be voted at the October 28, 2014, Founders special meeting.

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

A: Yes. You can change your vote at any time before your proxy is voted at the special 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, dated at a date later than your most recent proxy. Third, you can attend the special meeting and vote in person. Your attendance at the special meeting will not, however, by itself revoke your proxy.

**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 special meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain will be treated as present for determining the presence or absence of a quorum.

**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 certificated 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. The amount of cash and shares of Old National common stock to be issued in the Merger have been fixed, subject to those adjustments summarized in this proxy statement and prospectus.

**Table of Contents**

**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:

Founders Financial Corporation  
5200 Cascade Road, S.E.  
Grand Rapids, Michigan 49546  
(616) 956-9030  
Attn: Gregory S. Conway

**Table of Contents**

**SUMMARY**

*This summary highlights selected information in this proxy statement and 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 and prospectus. A list of the documents incorporated by reference appears under the caption *Where You Can Find More Information* on page 90.*

**The Companies** (page 23)

*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 \$10.4 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, southeastern Illinois, western Kentucky and southwestern Michigan. 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 listed on the NASDAQ Global Select Market under the symbol *ONB*.

*Founders Financial Corporation*

*5200 Cascade Road, S.E.*

*Grand Rapids, Michigan 49546*

*(616) 956-9030*

Founders Financial Corporation, a bank holding company incorporated under Michigan law and headquartered in Grand Rapids, Michigan, is a community-based financial services company. Its wholly owned subsidiary, Founders Bank & Trust, provides a wide variety of financial products and services, including personal and business banking, mortgage and wealth management through four full service banking centers in Kent County, Michigan.

**Special Meeting of Shareholders; Required Vote** (page 21)

The special meeting of Founders shareholders is scheduled to be held at the principal office of Founders, 5200 Cascade Road, S.E., Grand Rapids, Michigan 49546 at 4:00 p.m., Eastern Time, on October 28, 2014. At the Founders special meeting, you will be asked to vote to approve the Merger Agreement. You will also be asked to approve the Adjournment Proposal. Only Founders shareholders of record as of the close of business on September 18, 2014, are entitled to notice of, and to vote at, the Founders special meeting and any adjournments or postponements of the Founders special meeting.

As of the record date, there were 1,046,703 shares of Founders common stock outstanding. The directors and executive officers of Founders (and their affiliates), as a group, beneficially owned 222,399 shares of Founders common stock, including shares subject to options currently exercisable but not exercised, representing approximately 20.9% of the outstanding shares of Founders common stock as of the record date.

## **Table of Contents**

Approval of the Merger Agreement requires the affirmative vote of holders of at least two-thirds of the outstanding shares of Founders common stock entitled to vote. Approval of the Adjournment Proposal requires more votes cast in favor of the proposal than are cast against it.

No approval by Old National shareholders is required.

## **The Merger and the Merger Agreement** (pages 24 and 50 )

The Merger Agreement provides that, if all of the conditions are satisfied or waived, Founders will be merged with and into Old National, with Old National surviving. Immediately following the Merger, Founders Bank & Trust 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 and prospectus and is incorporated by reference herein.

## **What Founders Shareholders Will Receive in the Merger** (page 50)

If the Merger is completed, each share of Founders common stock will be converted into the right to receive 3.25 shares of Old National common stock, subject to the following adjustments, and \$38.00 in cash:

if, as of the end of the month prior to the effective time, the Founders shareholders' equity (computed in accordance with the terms of the Merger Agreement) is less than \$39,200,000, the Exchange Ratio will be decreased 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) is less than \$11.13 per share and decreases by more than 20% in relation to the NASDAQ Bank Index, Founders will have the right to terminate the Merger Agreement unless Old National agrees to increase the Exchange Ratio.

## **Treatment of Founders' Stock-Based Awards** (page 51)

The Merger Agreement provides that Old National and Founders will take all requisite action so that, at the effective time of the Merger, each of the stock-based awards issued and still outstanding under Founders' stock plans will be converted into an award of Old National common stock based on the Merger Consideration. All Founders stock-based awards will fully vest as of the effective time of the Merger.

Notwithstanding the foregoing, by September 8, 2014, any holder may elect and consent to the cash-out of all of the holder's Founders stock options, into an amount of cash for each share of Founders common stock subject to such Founders stock options equal to (a) the sum of (1) the Exchange Ratio multiplied by the Final Purchaser Price and (2) \$38.00 minus (b) the amount of the exercise price per share of such Founders stock options, which amount shall be paid in a lump sum as soon as administratively possible following the effective time of the Merger. Old National has agreed to extend the election period until seven days before the closing date of the Merger; provided that the extension of the election period shall not extend the exercise period of any Founders stock options.

## **Recommendations of Founders Board of Directors** (page 31)



The Founders board of directors unanimously adopted the Merger Agreement and approved and authorized the proposed Merger. The Founders board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Founders, Founders Bank & Trust and the Founders shareholders. The

## **Table of Contents**

Founders board of directors unanimously recommends that Founders shareholders vote FOR approval of the Merger Agreement. In reaching its determination, the Founders board of directors considered a number of factors, which are described in the section captioned Proposal 1 The Merger Founders Reasons for the Merger and Recommendation of the Board of Directors beginning on page 31. Because of the wide variety of factors considered, the Founders 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 Founders board of directors also unanimously recommends that you vote FOR approval of the Adjournment Proposal.

### **No Dissenters Rights (page 67)**

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 MBCA. Under the Founders articles of incorporation and the MBCA, holders of Founders common stock will not have dissenters rights in connection with the Merger.

### **Voting Agreements (page 67)**

As of the record date, the directors of Founders beneficially owned 217,535 shares of Founders common stock, including shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, all of the directors of Founders 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, for approval of the Merger Agreement.

### **Opinion of Founders Financial Advisor (page 35)**

In connection with the Merger, the Founders board of directors received an oral and a written opinion, dated July 25, 2014, from Founders financial advisor, Donnelly Penman & Partners Inc. ( Donnelly Penman ), 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 Merger Consideration described in the Merger Agreement is fair, from a financial point of view, to the holders of Founders common stock. The full text of Donnelly Penman s written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on the review undertaken by Donnelly Penman in rendering its opinion, is attached to this document as Annex B. We encourage you to read the entire opinion carefully. The opinion of Donnelly Penman is directed to the Founders board of directors and does not constitute a recommendation to any Founders shareholder as to how to vote at the Founders special meeting or any other matter relating to the proposed Merger.

### **Reasons for the Merger (page 31)**

The Founders board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Founders, Founders Bank & Trust and the Founders shareholders. The Founders board of directors unanimously recommends that Founders shareholders vote FOR the proposal to approve the Merger Agreement.



**Table of Contents**

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

all of the factors identified for consideration in Article XI of the Founders articles of incorporation, which include, without limitation, fairness, impact on Founders and its employees and customers, impact on communities served, the condition of Old National, Old National's reputation, and Old National's intentions;

the business strategy and strategic plan of Founders, its prospects for the future, and projected financial results;

a review of the risks and prospects of Founders remaining independent, including the challenges of the current financial, operating and regulatory climate and the increasing costs associated with banking regulation, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;

management's financial forecasts, and management's assessment of the execution risk involved in attaining the performance levels presented in the forecasts;

the absence of a liquid trading market in which shareholders can sell Founders shares and the increasing liquidity needs of Founders shareholders;

the greater market capitalization of Old National and the trading volume and liquidity of Old National common stock;

recent conditions and activity in the M&A market providing a unique window of opportunity for a merger of Founders which would deliver accelerated and enhanced shareholder value, as compared to organic growth; and

the purchase price per share of Founders common stock to be paid by Old National and the resulting valuation multiples.

For more information on the factors considered by the Founders board of directors in reaching its determination to recommend approval of the Merger Agreement, see Proposal 1 The Merger Founders Reasons for the Merger and Recommendation of the Board of Directors beginning on page 31.

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:

Founders' community banking orientation in Grand Rapids and Kent County, Michigan and its perceived compatibility with Old National and its subsidiaries;

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

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

**Regulatory Approvals** (page 66)

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 (the OCC) and the Board of Governors of the Federal Reserve System (the Federal Reserve Board). Old National has filed an application with the OCC for approval and a waiver request with the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority from the Federal Reserve Board, requesting a waiver of the application requirements. Old National cannot be certain when such approvals will be obtained or if they will be obtained.

**Table of Contents**

**Issued Old National Shares Will be Eligible for Trading** (page 67)

The shares of Old National common stock to be issued upon completion of the Merger will be eligible for trading on the NASDAQ Global Select Market.

**Conditions to the Merger** (page 61)

The respective obligations of Old National and Founders to consummate the Merger are 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 special meeting by holders of at least two-thirds of the outstanding shares of Founders common stock entitled to vote;

approval of the Merger by the appropriate regulatory authorities;

the consummation of the Merger shall not be illegal or otherwise prohibited and no temporary, preliminary or permanent restraining order preventing the consummation of the Merger is in effect;

the Registration Statement on Form S-4, of which this proxy statement and 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 of 1933, and no stop order suspending the effectiveness of the Registration Statement shall have been issued or threatened by the Securities and Exchange Commission;

the shares of Old National common stock to be issued upon completion of the Merger shall have been authorized for listing on the NASDAQ Global Select Market;

the representations and warranties made by the parties in the Merger Agreement must be true and correct as of the closing date of the Merger or as otherwise required in the Merger Agreement, unless the inaccuracies do not or would not reasonably be expected to result in a material adverse effect;

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 the closing date of the Merger;

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

since December 31, 2013, there shall not have been any change, state of facts, event, development or effect that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect for either party;

Founders must have received an opinion from Warner Norcross & Judd LLP, counsel to Founders, and Old National must have received an opinion from Krieg DeVault LLP, counsel to Old National, each dated as of the closing date, to the effect that the Merger constitutes a tax-free reorganization for purposes of Section 368(a) 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 Founders independent certified public accounting firm to the effect that any amounts that are paid by Founders before the effective time of the Merger, or required 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 Founders, Founders Bank & Trust 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; and

Founders consolidated shareholders equity (computed in accordance with the Merger Agreement) shall not be less than \$35,000,000.

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

## **Table of Contents**

### **Termination (page 64)**

Old National or Founders may mutually agree at any time to terminate the Merger Agreement without completing the Merger, even if the Founders 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 May 30, 2015, if any governmental entity has issued a final and nonappealable order or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Merger or if the Founders shareholders do not approve the Merger Agreement at the Founders special 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 business days of written notice of the breach.

Old National has the right to terminate the Merger Agreement if the Founders board of directors changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover proposal, if Founders enters into an agreement relating to a takeover proposal, or in the absence of a takeover proposal and only during the period which is ten days before the mailing date of the proxy statement and prospectus and the date of the Founders special meeting, the Founders board of directors fails to publicly reaffirm its recommendation within five business days of a written request by Old National.

Old National has the right to terminate the Merger Agreement if the after-tax cost of all remedial or other corrective actions and measures required by applicable law to be taken with respect to Founders' real property is estimated to exceed, in the aggregate, \$1,500,000, or if the cost of such actions and measures cannot be reasonably estimated. Old National's right to terminate exists for a period of fifteen business days following Founders' receipt of Old National's notice of the amount of after-tax cost.

Founders has the right to terminate the Merger Agreement to enter into a definitive agreement that constitutes a superior proposal and prior to or simultaneously with termination pays the termination fee described below.

Founders has the right to terminate the Merger Agreement if Old National's common stock average closing price for the ten trading days ending on the sixth business day prior to the closing date of the Merger is below \$11.13 per share, and the decrease in Old National stock price from \$13.91 per share is more than 20% greater than the decrease in the NASDAQ Bank Index for the period from July 24, 2014 ending on the sixth business day prior to the closing date. Old National has the right to prevent Founders' termination by agreeing to Founders' request to increase the Exchange Ratio pursuant to a formula set forth in the Merger Agreement.

### **Termination Fee (page 65)**

Founders is required to pay Old National a \$3,500,000 termination fee in the following circumstances:

if Old National terminates the Merger Agreement because the Founders board changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover proposal, if Founders enters into an agreement relating to a takeover proposal, or in the absence of a takeover proposal and only during the period which is ten days before the mailing date of the proxy statement and prospectus and the date of the Founders special meeting, the Founders board of directors fails to publicly reaffirm its recommendation within five business days of a written request by Old National;



if Old National terminates the Merger Agreement because Founders has breached the Merger Agreement, such that the conditions to Old National's obligations to complete the Merger are not

## **Table of Contents**

satisfied, and which either (A) cannot be cured by May 30, 2015 or (B) if capable of being cured by May 30, 2015, have not been cured within thirty business days following receipt of written notice from Old National of such breach, provided that Old National is not then in breach of the Merger Agreement, such that the conditions to Founders' obligations to complete the Merger are not satisfied, and (1) any person has made a takeover proposal to Founders on or after the date of the Merger Agreement but prior to the date that the Merger Agreement is terminated, and (2) within twelve months after the date of termination, Founders consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal;

if (A) the Merger Agreement is terminated by Old National or Founders because the Merger does not occur on or before May 30, 2015 or the Merger Agreement is terminated by Old National or Founders because the Founders shareholder meeting has concluded and been finally adjourned and the Founders shareholder approval has not been obtained; (B) any person has made a takeover proposal to Founders on or after the date of the Merger Agreement but prior to (1) the date that the Merger Agreement is terminated, in the event the Merger Agreement is terminated by Founders because the Merger does not occur on or before May 30, 2015, or (2) the Founders shareholder meeting, in the case of a termination because the Founders shareholder meeting has concluded and been finally adjourned and the Founders shareholder approval has not been obtained; and (C) within twelve months after the date of termination, Founders consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal; or

if Founders terminates the Merger Agreement, prior to receipt of the Founders shareholder approval, to enter into a definitive agreement that constitutes a superior proposal.

## **Interests of Certain Directors and Executive Officers of Founders in the Merger That are Different From Yours (page 68)**

You should be aware that some of Founders' directors and executive officers may have interests in the Merger that are different from, or in addition to, their interests as shareholders. The Founders board of directors was aware of these interests and took them into account in adopting the Merger Agreement.

Additionally, Old National is obligated under the Merger Agreement to provide continuing indemnification to the officers and directors of Founders and Founders Bank & Trust for a period of six years following the Merger and to provide such directors and officers with directors' and officers' liability insurance and fiduciary insurance for a period of six years following the Merger.

## **Accounting Treatment of the Merger (page 67)**

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 70)**

When the Merger is completed, Founders shareholders, whose rights are governed by the Founders 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 by-laws. Old National is organized under Indiana law and Founders is organized under Michigan law. To review the differences in the rights of shareholders under each company's governing documents, see Comparison of the Rights of Shareholders beginning on page 70.



**Table of Contents****Material Federal Income Tax Consequences of the Merger** (page 81)

Old National and Founders 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, Founders shareholders will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of Founders shares for Old National shares in the Merger. With respect to cash received in the Merger, Founders shareholders will recognize gain (but not loss) in an amount equal to the lesser of (A) the amount of cash received in the Merger, and (B) the excess, if any, of (1) the sum of the amount of cash and the fair market value of the Old National common stock received in the Merger over (2) the Founders shareholder's aggregate tax basis in the Founders common stock surrendered in exchange for Old National common stock.

To review the tax consequences of the Merger to Founders shareholders in greater detail, please see the section **Material Federal Income Tax Consequences** beginning on page 81.

**Comparative Per Share Data**

The following table shows information about Old National's and Founders' book value per share, cash dividends per share, and diluted earnings 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, it has been assumed that Old National and Founders had been merged throughout those periods along with certain other assumptions.

The information listed as Pro Forma Equivalent Founders Share was obtained by multiplying the Pro Forma Combined amounts by a fixed Exchange Ratio of 3.25. This information is presented to reflect the fact that Founders shareholders will receive shares of Old National common stock for each share of Founders common stock exchanged in the Merger. It is also anticipated 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. Further, the pro forma information below excludes one-time expenses related to the Merger. The pro forma information also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

	<b>Old National Historical</b>	<b>Founders Historical</b>	<b>Pro Forma Combined</b>	<b>Pro Forma Equivalent Founders Share</b>
<b>Book value per share:</b>				
at June 30, 2014	\$ 12.07	\$ 39.60	\$ 12.28	\$ 39.91
at December 31, 2013	\$ 11.64	\$ 37.48	\$ 12.18	\$ 39.59
<b>Cash dividends per share:</b>				
Six months ended June 30, 2014	\$ 0.22	\$ 0.46	\$ 0.22	\$ 0.72
Year ended December 31, 2013	\$ 0.40	\$ 0.83	\$ 0.40	\$ 1.30
<b>Diluted earnings per share:</b>				
Six months ended June 30, 2014	\$ 0.44	\$ 2.30	\$ 0.53	\$ 1.72
Year ended December 31, 2013	\$ 1.00	\$ 5.52	\$ 1.11	\$ 3.61



---

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

The following table presents quotation information for Old National common stock on the NASDAQ Global Select Market for July 24, 2014, which was the last trading day prior to the announcement of the signing of the Merger Agreement and September 22, 2014, which was the last practicable trading day for which information was available prior to the date of this proxy statement and prospectus.

	<b>Old National Common Stock</b>		
	<b>High</b>	<b>Low</b>	<b>Close</b>
July 24, 2014	\$ 14.03	\$ 13.75	\$ 13.87
September 22, 2014	\$ 13.51	\$ 13.28	\$ 13.38

Founders common stock is not traded on an established public trading market.

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

The selected consolidated financial data presented below, as of and for the six months ended June 30, 2014 and 2013, is unaudited. The selected consolidated financial data presented below, as of and for each of the years in the five-year period ended December 31, 2013, 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 and prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	<b>Six Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>June 30,</b>		<b>(Dollar amounts in thousands except per share data)</b>				
	<b>(unaudited)</b>						
<b>Results of Operations</b>							
Net interest income	\$ 167,960	\$ 158,241	\$ 317,424	\$ 308,757	\$ 272,873	\$ 218,416	\$ 231,399
Provision for loan losses	(363)	(2,848)	(2,319)	5,030	7,473	30,781	63,280
Noninterest income	80,216	92,559	184,758	189,816	182,883	170,150	163,460
Noninterest expense	186,356	177,099	361,984	365,758	348,521	314,305	338,956
Income (loss) before income tax	62,183	76,549	142,517	127,785	99,762	43,480	(7,377)
Income tax (benefit)	16,900	24,126	41,597	36,110	27,302	5,266	(21,114)
Net income	45,283	52,423	100,920	91,675	72,460	38,214	13,737
Net income available to common shareholders	45,283	52,423	100,920	91,675	72,460	38,214	9,845
Dividends paid on common stock	22,631	20,211	40,278	34,657	26,513	24,361	30,380
<b>Per Common Share</b>							
Earnings per share (basic)	0.44	0.52	1.00	0.95	0.76	0.44	0.14
Earnings per share	0.44	0.52	1.00	0.95	0.76	0.44	0.14

(diluted)							
Dividends paid	0.22	0.20	0.40	0.36	0.28	0.28	0.44
Book value end of period	12.07	11.57	11.64	11.81	10.92	10.08	9.68
Market value end of period	14.28	13.83	15.37	11.87	11.65	11.89	12.43
<b>At Period End</b>							
Total assets	10,387,933	9,641,071	9,581,744	9,543,623	8,609,683	7,263,892	8,005,335
Investment securities	3,388,961	3,060,150	3,134,935	2,903,612	2,555,866	2,598,432	2,882,228
Loans, excluding held for sale	5,538,868	5,176,222	5,082,964	5,196,594	4,767,203	3,743,451	3,835,486
Allowance for loan losses	46,152	49,318	47,145	54,763	58,060	72,309	69,548
Total deposits	7,555,003	6,840,093	7,210,903	7,278,953	6,611,563	5,462,925	5,903,488
Other borrowings	902,015	884,347	556,388	237,493	290,774	421,911	699,059
Shareholders equity	1,277,331	1,166,978	1,162,640	1,194,565	1,033,556	878,805	843,826
<b>Financial Ratios</b>							
Return on average assets	0.93%	1.10%	1.05%	1.04%	0.86%	0.50%	0.17%
Return on average common shareholders equity	7.47%	8.75%	8.54%	8.34%	7.24%	4.40%	1.41%
Allowance for loan losses to total loans (period end) (excluding held for sale)	0.83%	0.95%	0.93%	1.05%	1.22%	1.93%	1.81%
Shareholders equity to total assets (period end)	12.30%	12.10%	12.13%	12.52%	12.00%	12.10%	10.54%
Average equity to average total assets	12.44%	12.52%	12.33%	12.49%	11.94%	11.46%	9.06%



Dividend payout ratio	49.98%	38.55%	39.91%	37.80%	36.59%	63.75%	308.59%
--------------------------	--------	--------	--------	--------	--------	--------	---------

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

The selected consolidated financial data presented below, as of and for the six months ended June 30, 2014 and 2013, is unaudited. The selected consolidated financial data presented below, as of and for each of the years in the five-year period ended December 31, 2013, is derived from Founders' audited historical financial statements. Per share amounts have been adjusted to reflect all completed stock dividends and splits. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	Six months ended		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	June 30,		(Dollar amounts in thousands except per share data)				
	(unaudited)						
<b>Results of Operations</b>							
Net interest income	\$ 7,649	\$ 7,655	\$ 15,249	\$ 15,475	\$ 14,939	\$ 13,772	\$ 10,918
Provision for loan losses	110	135	255	782	1,000	2,600	2,675
Noninterest income	2,838	3,644	6,488	7,097	4,620	5,899	4,349
Noninterest expense	7,274	7,042	14,085	13,292	12,527	12,692	10,986
Income before federal income tax	3,103	4,122	7,397	8,498	6,032	4,379	1,606
Federal income tax	688	960	1,657	2,179	1,745	1,182	249
Net income	2,415	3,162	5,740	6,319	4,287	3,197	1,357
Dividends paid on common stock	479	392	826	672	415		
<b>Per Common Share</b>							
Basic earnings per share	2.32	3.07	5.57	5.91	3.86	2.83	1.19
Diluted earnings per share	2.30	3.04	5.52	5.84	3.83	2.81	1.18
Dividends paid	0.46	0.41	0.83	0.75	0.45		
Book value end of period	39.60	35.95	37.48	34.43	28.99	24.36	21.48
Market value end of period	48.25	41.50	47.00	39.58	31.67	25.42	19.70
<b>At Period End</b>							
Total assets	465,564	467,583	455,975	452,367	430,834	408,040	388,703
Securities available for sale	81,586	79,158	89,345	87,911	79,401	48,674	45,015

Edgar Filing: OLD NATIONAL BANCORP /IN/ - Form 424B3

Loans held for sale	8,039	8,488	3,900	10,304	5,064	7,660	5,848
Net loans	342,664	325,988	326,035	319,112	304,708	314,063	300,816
Total deposits	378,258	385,719	367,416	373,370	364,021	331,974	287,644
Other borrowings	44,226	41,658	47,379	39,799	34,282	47,557	75,787
Shareholders equity	41,451	37,147	38,873	35,237	30,897	27,373	24,224

**Financial Ratios**

Return on average assets	1.50%	1.40%	1.26%	1.43%	1.01%	0.79%	0.36%
Return on average common shareholders equity	13.35%	15.12%	15.33%	18.63%	14.72%	12.09%	5.69%
Average equity to average total assets	8.65%	8.07%	8.21%	7.67%	6.89%	6.52%	6.28%
Dividend payout ratio	19.8%	12.4%	14.4%	10.6%	9.7%	0.0%	0.0%

**Table of Contents**

**RISK FACTORS**

In addition to the other information contained in or incorporated by reference into this proxy statement and 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, 2013, 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 and prospectus titled [Caution About Forward-Looking Statements](#).

***Founders 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.***

Upon completion of the Merger, each share of Founders common stock will be converted into the Merger Consideration. The Exchange Ratio is subject to downward adjustment, as described in the Merger Agreement and in this proxy statement and prospectus in the event that Founders' consolidated shareholders' equity is less than \$39,200,000 as of the end of month prior to the effective time. See [The Merger Agreement - Merger Consideration](#) for a more complete discussion of the Merger Consideration to be paid in the Merger.

Additionally, the market value of the Merger Consideration may vary from the closing price of Old National common stock on the date the Merger was announced, on the date that this document was mailed to Founders shareholders, on the date of the special meeting of the Founders shareholders and on the date the Merger is completed 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 Founders shareholders will receive upon completion of the Merger. Accordingly, at the time of the special meeting, Founders 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 business, operations and prospects, and regulatory considerations. Many of these factors are beyond Old National's or Founders' control. You should obtain current market quotations for shares of Old National common stock and for shares of Founders 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 OCC. 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 Founders 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.

***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 Founders.***

The Merger Agreement with Old National is subject to a number of conditions which must be fulfilled in order to close the Merger. Those conditions include: Founders shareholder approval, regulatory approvals, the continued

accuracy of certain representations and warranties by both parties and the performance by both parties

**Table of Contents**

of certain covenants and agreements. In particular, Old National is not obligated to close the Merger if Founders consolidated shareholders' equity is less than \$35,000,000, subject to adjustments in the Merger Agreement, as of the end of the month prior to the effective time of the Merger or after-tax environmental costs exceed \$1,500,000.

In addition, certain circumstances exist where Founders 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 certain thresholds set forth in the Merger Agreement. See "The Merger Agreement - Merger Consideration" for a more complete discussion of the Merger Consideration to be paid in the Merger 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 Founders, including:

Founders' 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;

Founders 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 Founders common stock might decline to the extent that Founders' market price following announcement of the Merger reflects a market assumption that the Merger will be completed.

If the Merger Agreement is terminated and the Founders board of directors seeks another merger or business combination, under certain circumstances Founders may be required to pay Old National a \$3,500,000 termination fee. Founders shareholders cannot be certain that Founders would 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.

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

The Founders shareholders currently have the right to vote in the election of the Founders board of directors and on other matters affecting Founders. When the Merger occurs, each Founders 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 Founders. Because of this, the Founders shareholders will have less influence on the management and policies of Old National than they now have on the management and policies of Founders.

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

Founders Bank & Trust will be merged with and into Old National Bank immediately following the closing of the Merger. The difficulties of merging the operations of Founders Bank & Trust 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 Old National, Old National Bank or Founders Bank & Trust, and the loss of key personnel. The integration of

**Table of Contents**

Founders Bank & Trust with Old National Bank will require the experience and expertise of certain key employees of Founders Bank & Trust 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 Founders Bank & Trust into Old National Bank. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and integration of Founders Bank & Trust 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 Founders.***

Until the completion of the Merger, with some exceptions, Founders 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, Founders has agreed to pay a termination fee of \$3,500,000 to Old National if Founders terminates the Merger Agreement to enter into a definitive agreement for a superior proposal or Old National terminates the Merger Agreement because the Founders board changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover proposal, if Founders enters into an agreement relating to a takeover proposal, or in the absence of a takeover proposal and only during the period which is ten days before the mailing date of the proxy statement and prospectus and the date of the Founders special meeting, the Founders board of directors fails to publicly reaffirm its recommendation within five business days of a written request by Old National. These provisions could discourage other companies from trying to acquire Founders even though such other companies might be willing to offer greater value to the Founders shareholders than Old National has offered in the Merger Agreement. The payment of the termination fee also could have a material adverse effect on Founders' financial condition.

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

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

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

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

The fairness opinion of Donnelly Penman was dated as of July 25, 2014. Founders does not intend to obtain any further update of the Donnelly Penman fairness opinion. Changes in the operations and prospects of Old National and Founders, general market and economic conditions, and other factors both within and outside of Old National's and Founders' control, on which the opinion of Donnelly Penman is based, may alter the relative value of the companies. Therefore, the Donnelly Penman opinion does not address the fairness of the Merger Consideration as of the date of this proxy statement and prospectus, the date of the special meeting 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 Founders shares.***



Founders 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

**Table of Contents**

National and Founders will, as a condition to closing, each obtain an opinion from their respective legal counsel that the Merger will constitute a reorganization for federal tax purposes. These opinions do not bind the Internal Revenue Service or prevent the Internal Revenue Service 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 Founders 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 Merger Consideration received in exchange for that share upon completion of the Merger.

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

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

***Each party is subject to business uncertainties and contractual restrictions while the Merger is pending, which could adversely affect each party's business and operations.***

In connection with the pendency of the Merger, it is possible that some customers and other persons with whom Old National or Founders has a business relationship may delay or defer certain business decisions or might seek to terminate, change or renegotiate their relationships with Old National or Founders, as the case may be, as a result of the Merger, which could negatively affect Old National's or Founders' respective revenues, earnings and cash flows, as well as the market price of Old National common stock or Founders common stock, regardless of whether the Merger is completed.

Under the terms of the Merger Agreement, Founders is subject to certain restrictions on the conduct of its business prior to completing the Merger, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect Founders' businesses and operations prior to the completion of the Merger.

**Table of Contents**

**CAUTION ABOUT FORWARD-LOOKING STATEMENTS**

This document, and the documents incorporated by reference into it, contain 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.

In addition, certain statements may be contained in the future filings of Old National 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 Founders, 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 Founders 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 expressions are intended to 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 Founders 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 the Founders shareholders to approve the Merger;

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

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

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

**Table of Contents**

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;

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 Founders 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 Founders' common shares outstanding and common stock price volatility;

legislation affecting the financial services industry as a whole, and/or Old National and Founders 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 Founders' future businesses; and

the impact on Old National's or Founders' 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 Founders' results to differ materially from those described in the forward-looking statements can be found in Old National's Annual Report on Form 10-K, Quarterly Report 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 Founders 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 Founders 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.

**Table of Contents**

**SPECIAL MEETING OF THE FOUNDERS SHAREHOLDERS**

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

The Founders board of directors is sending you this proxy statement and prospectus and proxy to use at the special meeting. At the special meeting, the Founders board of directors will ask you to vote (1) on a proposal to approve the Merger Agreement and (2) to approve the Adjournment Proposal. Founders does not expect any other items of business to be presented at the special meeting. If other matters do properly come before the special 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 judgment.

The special meeting will be held on October 28, 2014, at 4:00 p.m., Eastern Time, at the principal office of Founders, 5200 Cascade Road, S.E., Grand Rapids, Michigan 49546.

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

Founders has set the close of business on September 18, 2014, as the record date for determining the holders of Founders common stock entitled to notice of and to vote at the special meeting. Only Founders shareholders at the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the record date, there were 1,046,703 shares of Founders common stock outstanding and entitled to vote at the special meeting. Each share of Founders common stock is entitled to one vote at the special meeting on all matters properly presented.

The holders of over 50% of the outstanding shares of Founders common stock as of the record date must be present in person or by proxy at the special meeting to constitute a quorum. In determining whether a quorum is present, shareholders who abstain will be treated as present for determining the presence or absence of a quorum.

Approval of the Merger Agreement will require the affirmative vote of holders of at least two-thirds of Founders outstanding shares entitled to vote. Abstentions from voting will have the same effect as a vote against the Merger Agreement. The directors and executive officers of Founders (and their affiliates), as a group, owned with power to vote 222,399 shares of Founders common stock, representing approximately 20.9% of the outstanding shares of Founders 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 Founders 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, for approval of the Merger Agreement.

The vote on the Adjournment Proposal requires more votes cast in favor of the proposal than are cast against it. Abstentions will have no effect on this proposal.

**Voting and Revocability of Proxies**

You may vote in one of two ways: (1) by mail (by completing and signing the proxy that accompanies this prospectus and proxy statement), or (2) in person (by either delivering the completed proxy or by casting a ballot if attending the special meeting). To ensure your representation at the special meeting, we recommend you vote by proxy even if you plan to attend the special meeting.

Voting instructions are included on your proxy. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. If you submit your proxy without specifying a voting instruction, your shares will

be voted FOR approval of the Merger Agreement and FOR approval of the Adjournment Proposal.



## **Table of Contents**

You may revoke your proxy before it is voted by:

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

submitting a new proxy with a later date; or

voting in person at the special meeting.

Attendance at the special 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: Founders Financial Corporation, 5200 Cascade Road, S.E., Grand Rapids, MI, 49546, Attention: Gregory S. Conway, Secretary.

## **Solicitation of Proxies**

Old National will pay the costs of the distribution of this proxy statement and prospectus. In addition to soliciting proxies by mail, directors, officers, and employees of Founders may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. Founders 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.

## **Recommendation of the Founders Board of Directors**

The Founders board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Founders, Founders Bank & Trust and the Founders shareholders. The Founders board of directors unanimously recommends that Founders shareholders vote **FOR** approval of the Merger Agreement and **FOR** approval of the Adjournment Proposal.

See **The Merger Background of the Merger** and **Founders Reasons for the Merger and Recommendation of the Board of Directors** for a more detailed discussion of the Founders board of directors' recommendation with regard to the Merger Agreement.

**Table of Contents**

**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 \$10.4 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, southeastern Illinois, western Kentucky and southwestern Michigan. 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 listed on the NASDAQ Global Select Market 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 90.

*Founders Financial Corporation*

*5200 Cascade Road, S.E.*

*Grand Rapids, Michigan 49546*

*(616) 956-9030*

Founders Financial Corporation, a bank holding company incorporated under Michigan law and headquartered in Grand Rapids, Michigan, is a community-based financial services company. Its wholly owned subsidiary, Founders Bank & Trust, provides a wide variety of financial products and services including personal and business banking, mortgage and wealth management through four full service banking centers in Kent County, Michigan.

Additional information about Founders and Founders Bank & Trust is included elsewhere in this document.

**Table of Contents**

**PROPOSAL 1 THE MERGER**

**Background of the Merger**

The Founders board of directors regularly evaluates Founders' strategy and opportunities to strengthen its business and create value for its shareholders through various strategic initiatives, alternatives and transactions, giving consideration to developments in the banking industry, regulatory environment, conditions in the communities that Founders serves, competitive considerations and other factors.

Founders Bank & Trust was organized in 1991 as Founders Trust Personal Bank with an original investment in common stock of \$3.8 million. Additional offerings of common stock were sold for total investment of \$1.0 million in 1994 and \$2.5 million in 2001. A majority of Founders shares continue to be held by individuals who invested in the initial capital offering.

When considering strategic alternatives from inception to present, management and the board of directors regularly examined the possibility of acquiring other institutions to gain additional profitability through scale. However opportunities were extremely limited due in large part to the existence of very few banks of a smaller, realistic size which were available for potential acquisition.

Management and the board of directors also regularly considered the merits of maintaining an independence strategy versus the opportunity to pursue additional shareholder value through sale of Founders. The independence strategy was maintained due to the strong financial performance of Founders, including reporting a profit in 78 consecutive quarters. As the financial performance relative to peers, market share and reputation of Founders continued to grow, management and the board of directors began to receive increasing levels of interest from other financial institutions. While no specific or actionable offers were presented to Founders, the general message was that at a time in the future there would be broad interest, should Founders elect to seek partnership with a merger of equals or a larger bank.

Throughout Founders' history, the board of directors viewed the general lack of liquidity in Founders stock as a key strategic weakness to the independence strategy. Founders shares are not traded in an established market. They are traded infrequently and generally in private transactions between individuals. During 2012 and 2013, there were fewer than 40 transactions in Founders shares, generally small, reported to Founders management. Strategic alternatives to create shareholder liquidity were believed to be relatively limited.

In addition, during the post financial crisis period, management and the board of directors assessed significant operating risk increases in the banking industry. Specifically, costs associated with increasing compliance and safety and soundness regulatory burdens, necessary technology enhancements, and increasing competition were noted as threats to a continued independence strategy. During the same period of time, public announcements of community bank acquisitions began to report transaction valuation multiples which had generally been unavailable since before the beginning of the financial crisis.

In combination, during 2013, all of these factors led the board of directors to serious consideration of whether the present independence strategy should be retained, or modified to seek a strategic partnership through acquisition of Founders.

Donnelly Penman has been engaged by the Founders board of directors on a continuing basis for many years to provide periodic valuations of Founders common stock to serve as a basis for valuing shares held by Founders Bank & Trust in trust and fiduciary accounts and shares subject to stock option and restricted stock awards. On May 29, 2013, at the invitation of the Board, representatives of Donnelly Penman provided a general presentation to the Founders

board of directors which addressed, among other subjects:

discussion of the community bank environment including current macro issues facing community banks,

**Table of Contents**

financial data and performance metrics for a peer group of publicly held Michigan bank holding companies comparing valuation multiples of larger and smaller banks,

a discussion of potentially available growth strategies,

merger and acquisitions ( M&A ) market update,

capital market summary,

a discussion of strategic alternatives available to Founders,

identification of likely merger partners if Founders were to pursue a merger with a larger institution,

a discussion of what a potential merger might look like, and

discussion of a possible managed sale process with transaction process alternatives.

Following this presentation, the board of directors held a general discussion of the strategic alternatives available to Founders. This discussion continued informally at several meetings held later in 2013.

On June 19, 2013, the Founders board of directors met with a representative of Founders legal counsel, Warner Norcross & Judd LLP ( Warner Norcross ), to discuss the process for considering and possibly pursuing a strategic alternative to remaining independent. This representative discussed with the board of directors the fiduciary duties of directors when considering a sale or merger, described a typical process and answered a variety of questions posed by directors. In July 2013, the board of directors determined that additional information and analysis was warranted, and instructed management to continue to provide this as applicable in the future. After the board of directors meetings in both September and October 2013, the board held executive sessions for purpose of continuing to discuss financial considerations, timing issues and next steps.

On January 8, 2014, Old National and United Bancorp, Inc. ( United ) of Ann Arbor, Michigan announced the execution of an agreement under which Old National would partner with United through a stock and cash merger. The valuation multiples of this transaction, including a price to tangible book value multiple in excess of 200%, were the highest valuation multiples seen for an acquisition of a Michigan bank for many years. This announcement was received and informally discussed among Founders directors and management team. United was well known to Founders management and, although larger, was viewed as a fairly comparable bank and this transaction was viewed as an indication of the approximate valuation Founders shareholders could realize if Founders chose to pursue a merger.

In early 2014, the Founders board of directors requested that Donnelly Penman provide an update of its previous presentation and advise the board of directors regarding the strategic alternatives specifically available to Founders. At a meeting of the full board of directors held on February 7, 2014, the board of directors received and discussed a presentation by Donnelly Penman. This presentation addressed:

an update on the general M&A market for financial institutions,

a Founders situation assessment,

specific M&A considerations to Founders,

an analysis of Founders' strategic positioning,

a review of 12 identified potential merger partners, including an assessment of willingness and capacity to pay with a range of estimated deal values,

a summary of Donnelly Penman's financial institutions M&A experience, and

discussion of a possible managed sale process, which included presentation of several alternative approaches.

**Table of Contents**

Recent representative M&A transactions involving comparable community banks were discussed in detail.

On February 19, 2014, the Founders board of directors held a meeting at which a representative of Warner Norcross provided a review of the fiduciary and legal obligations applicable to directors when considering a sale or merger of a company and provided an overview of a typical process involved with selling or merging a community bank holding company. The Warner Norcross representative also reviewed with the board of directors provisions of Article XI of the Founders articles of incorporation which addresses the process for considering business combinations. These provisions require the board of directors to determine that a proposed business combination complies with all laws before accepting an acquisition proposal. Article XI then directs the board of directors to evaluate a proposal and determine whether the proposal is in the best interest of Founders, including its subsidiaries, and its shareholders. These provisions authorize the board of directors to consider:

fairness,

impact on Founders and its employees and customers,

impact on communities served,

condition of the offeror, and

the offeror's reputation and intentions.

At that meeting, the Founders board of directors unanimously determined that it would be in the best interests of Founders and its shareholders to explore and consider alternatives to Founders' previously determined and announced strategy of remaining independent while continuing that strategy during the period of this consideration. The board of directors established a special committee of the board of directors (the Committee) consisting of directors Gary Malburg (Chairman), Charles Bukrey and Brent Slay, all independent directors. The purpose of the Committee was to evaluate and advise the board of directors regarding strategic alternatives available to Founders. Directors Laurie Beard, President and Chief Executive Officer, and Greg Conway, Executive Vice President, although not formal members of the Committee, attended and participated in all meetings of the Committee.

The Founders board of directors discussed the managed sale process alternatives presented by Donnelly Penman and determined that a focused solicitation of a relatively small number of the most likely merger partners was the preferred process. This was due to the belief that there was a relatively small and identifiable universe of potential partners likely to present the highest offers and a need to preserve confidentiality of the process and competitively sensitive business information.

The board of directors unanimously authorized engagement of Donnelly Penman to act as financial advisor to Founders and its board of directors in connection with exploration of alternatives to remaining independent. The board of directors authorized the officers to negotiate and enter into an agreement with Donnelly Penman. In engaging Donnelly Penman, the board of directors considered, among other things, the type and amount of Donnelly Penman's fees, Donnelly Penman's expertise in advising financial institutions, including in M&A transactions, Donnelly Penman's professional reputation, and Donnelly Penman's established history of advising Founders over many years.

The board of directors was advised of and considered Donnelly Penman's past relationships with the identified potential merger partners, including Old National. The board of directors did not seek or consider proposals from other financial advisors because of the factors listed above and the need to maintain strict confidentiality of the process. On March 6, 2014, the Committee met and approved the Donnelly Penman engagement agreement.

A virtual data room was established. During the first week of March, Founders began populating the data room with materials for potential merger partners' due diligence investigation.

On April 15, 2014, Donnelly Penman presented to the Committee a summary of potential merger candidates which identified six potential merger partners (the Potential Merger Partners) as the most likely to be interested



## **Table of Contents**

and capable of presenting an attractive merger proposal. Donnelly Penman presented business and financial information about each Potential Merger Partner. The presentation included an assessment of the willingness and capacity to pay and a range of estimated transaction values for each Potential Merger Partner and an assessment, based on Donnelly Penman's knowledge of and experience with each Potential Merger Partner, of that company's likely interest in a merger with Founders.

On April 16, 2014, the Founders board of directors held a meeting at which the board of directors discussed the Potential Merger Partners presented by Donnelly Penman to the Committee. A representative of Warner Norcross was present at the meeting and provided a review of the fiduciary and legal obligations applicable to directors when considering a sale or merger of a company. At the conclusion of the meeting, the board of directors unanimously authorized Donnelly Penman to contact each of the six Potential Merger Partners to determine their interest in participating in a process. If they expressed a desire to participate, Donnelly Penman was authorized to provide a letter, which very generally described but did not identify Founders and the process to be followed and a proposed confidentiality agreement. Donnelly Penman was also authorized to provide a confidential information memorandum describing Founders to each Potential Merger Partner that entered into a confidentiality agreement and to request each such Potential Merger Partner to provide a written but non-binding preliminary indication of interest by a specified date.

On May 1, 2014, Donnelly Penman contacted all six Potential Merger Partners electronically to inquire generally about their interest in participating in a process of considering a potential merger with a then unnamed community bank. Each of the six Potential Merger Partners expressed interest in a possible transaction and executed a customary confidentiality agreement. Donnelly Penman prepared a confidential information memorandum and distributed it to the six Potential Merger Partners on May 9, 2014.

All six Potential Merger Partners were granted access to Founders' virtual data room between May 13, 2014 and June 5, 2014. During this period and in the following weeks, the data room was supplemented with additional due diligence materials in response to the due diligence requests of the Potential Merger Partners.

The deadline for the Potential Merger Partners to submit written but non-binding indications of interest was initially set for May 30, 2014, but was extended to June 2, 2014 to accommodate Potential Merger Partners' time constraints. All six of the Potential Merger Partners submitted written but non-binding indications of interest on June 2, 2014.

Donnelly Penman prepared a written summary of the indications of interest. That summary and copies of the indication of interest letters were circulated to members of the Committee prior to the Committee's meeting scheduled for June 3, 2014. Analyst reports on those Potential Merger Partners for which such reports were available were also circulated prior to the meeting.

The Committee met on June 3, 2014 and reviewed the indication of interest letters, the summary prepared by Donnelly Penman, and the analyst reports. The Committee concluded that there was a clear divide between three higher proposals and three lower proposals and that the three higher proposals were all made by capable and highly regarded companies. The financial value of the consideration proposed in each of the three higher proposals was virtually indistinguishable. There was also a distinction in the market liquidity of the stocks of the three higher bidding Potential Merger Partners compared to the stocks of the three lower bidding Potential Merger Partners. The Committee voted unanimously to recommend to the full board of directors that the board of directors authorize Founders' management and financial advisors to proceed to the next phase of the process with the three Potential Merger Partners who submitted the higher proposals, including Old National, and to discontinue engagement with the three lower bidding Potential Merger Partners.

On June 4, 2014, the full Founders board of directors held a meeting. Prior to that meeting, the indication of interest letters, the summary prepared by Donnelly Penman, and analyst reports were made available to the board of directors. Representatives of Donnelly Penman presented a review of the indications of interest and the six Potential Merger Partners. A representative of Warner Norcross discussed fiduciary and legal obligations

## Table of Contents

applicable to directors when considering a sale or merger of a company. The Committee presented their conclusion that there was a clear divide between the three higher proposals and the three lower proposals and its recommendation. The board of directors unanimously approved the Committee's recommendation to proceed to the next phase of the process with the three Potential Merger Partners who submitted the higher proposals, including Old National, and to discontinue engagement with the other three Potential Merger Partners. The board of directors determined that the remaining Potential Merger Partners would be advised that the board of directors would expect the next round of indications of interest to include a minimum of 25% and a maximum of 50% of the per share merger consideration to be paid in cash, which was intended to give shareholders some protection against loss of value in the event of a decline in the chosen Potential Merger Partner's stock price before the merger is completed.

Between June 16, 2014 and June 29, 2014, each of the three Potential Merger Partners had access to enhanced documentation in the virtual data room and performed on-site due diligence, which included both review of documents not placed in the virtual data room and interviews with key members of Founders' management team.

On June 17, 2014, a prototype merger agreement was sent by Founders to all three Potential Merger Partners with a request for comments on the prototype merger agreement by July 7, 2014.

On June 17, 2014, the Committee met with and received a presentation from senior officers of Potential Merger Partner #3. On June 24, 2014, the Committee met with and received a presentation from representatives of Old National, including its Chairman of the Board, Chief Executive Officer, Executive Vice President, Director of Corporate Strategy, and Executive Vice President, Associate Engagement and Integration. On June 25, 2014, the Committee met with and received a presentation from senior officers of Potential Merger Partner #2.

In the two weeks ending on July 2, 2014 members of the Committee and the Founders management team held additional individual and group meetings with representatives of each of the Potential Merger Partners. On July 2, 2014, the Committee held a meeting at which Committee members discussed their observations and conclusions regarding the three Potential Merger Partners and the potential for a merger with each.

The full Founders board of directors also held a meeting on July 2, 2014, at which the board of directors received a full report from management and the Committee on their meetings with the three Potential Merger Partners and on progress on due diligence and the bidding process. The board of directors then discussed the bidding process to date and the remaining bidding process, including the deadline for submission of final indications of interest. The board of directors instructed Donnelly Penman to provide further guidance to the three Potential Merger Partners regarding the preferred mix of stock and cash consideration and to request that they increase the cash component of their proposal to a level closer to 50%.

On July 3, 2014 Potential Merger Partner #3 withdrew from the bidding process without explanation.

On July 8, 2014 Old National and Potential Merger Partner #2 each submitted revised indications of interest. During the period from July 8, 2014 until conclusion of the Founders board of directors meeting on July 10, 2014 several telephone conversations occurred during which Old National and Potential Merger Partner #2 each had opportunities to increase the value of the merger consideration they proposed. Both did. At the end of this process, Old National's proposal represented the highest value to Founders shareholders with clear separation between the value of Old National's proposal and the value of the proposal of Potential Merger Partner #2.

On July 9, 2014 the Committee met with representatives of Donnelly Penman, Warner Norcross, and Founders management to evaluate the two proposals received. The meeting began with an extensive discussion of each of the two Potential Merger Partners as a merger partner and the perceived relative advantages and



**Table of Contents**

disadvantages of each Potential Merger Partner, focusing primarily on the factors identified in Article XI of the Founders articles of incorporation and without regard to the value of the merger consideration proposed by each. The President and the Executive Vice President were asked to and did advise the Committee of their individual evaluations. Donnelly Penman representatives then reviewed with the Committee a draft of the presentation they would make to the full board of directors on July 10, 2014 which presentation is discussed in more detail below. At that time, Old National's proposal represented the distinctly higher economic value of total consideration per share proposed by the two Potential Merger Partners, although it was recognized that either or both of the Potential Merger Partners might increase the value of their proposal before conclusion of the board of directors meeting. After extensive discussion, the Committee concluded that Old National was an acceptable merger partner, that Old National's proposal was an acceptable proposal, and that the Committee would recommend that the full board of directors accept the Old National proposal and proceed to negotiate exclusively with Old National if Old National's proposal continued to represent the highest economic value of total consideration per share at the time of the decision of the board of directors on the following day.

The Founders board of directors held a special meeting on July 10, 2014 to consider the two proposals. All directors were present and participated in that meeting in person or by telephone. Members of the Committee and management reported to the full board of directors on the meetings with representatives of Old National and Potential Merger Partner #2. Each member of the Committee, the President, and the Executive Vice President were asked to and did provide his or her personal evaluation of the relative impact of the two proposals on Founders, Founders Bank & Trust, their employees and customers, and the communities served by Founders Bank & Trust.

A Warner Norcross representative reviewed with the board of directors provisions in Article XI of the Founders articles of incorporation, which address the process for considering proposals for business combinations. These provisions require the board of directors to determine that a proposed business combination complies with all laws. It then directs the board of directors to evaluate a proposal and determine whether the proposal is in the best interest of Founders and Founders shareholders. These provisions authorize the board of directors to consider:

fairness,

impact on Founders and its employees and customers,

impact on communities served,

condition of the offeror, and

the offeror's reputation and intentions.

The board of directors conducted an extensive discussion of all of these factors.

A representative of Donnelly Penman provided a written and verbal presentation which analyzed and compared the two proposals in detail. The presentation also included a mergers and acquisitions market update and updates of the Founders standalone valuation, dividend discount model valuation and comparable company analyses which had been presented in Donnelly Penman's earlier presentations. It also included company profiles and business and financial

information about each of the two Potential Merger Partners and compared their key performance measures.

The Founders board of directors voted unanimously to proceed to the next phase of the process and authorized the officers and representatives of Founders to continue engagement with Old National exclusively and discontinue engagement with Potential Merger Partner #2. The officers and attorneys of Founders were authorized to negotiate exclusively with Old National to produce a mutually acceptable form of merger agreement to be considered by the board of directors for adoption at a later meeting.

## Table of Contents

Following the meeting, Donnelly Penman informed Old National that Founders had determined to proceed exclusively with it to negotiate a definitive merger agreement and informed Potential Merger Partner #2 that Founders had determined not to proceed any further with Potential Merger Partner #2 at that time.

During the time period beginning on July 10, 2014 and ending on July 25, 2014, Warner Norcross and Old National's legal counsel, Krieg DeVault LLP ( Krieg DeVault ), with the participation of Donnelly Penman and management of Founders and Old National, proceeded to negotiate a proposed definitive merger agreement. Multiple drafts of the merger agreement were exchanged between Warner Norcross and Krieg DeVault and several negotiating sessions occurred. Also, during this time period, each party prepared, circulated and finalized its disclosure letter listing certain supplements and exceptions to the representations and warranties and covenants contained in the merger agreement.

On July 22, 2014, an informal meeting of the Founders board of directors was held at which representatives of Warner Norcross provided a comprehensive review of the proposed merger agreement. Various provisions of the merger agreement were discussed and questions regarding the merger agreement were asked and answered.

On July 25, 2014, the Founders board of directors held a special meeting to consider and adopt the proposed merger agreement. All directors were present and participated in the meeting in person or by telephone. Among other things, the following occurred at the meeting:

A representative of Warner Norcross advised that a proposed merger agreement, pursuant to which Founders would merge with and into Old National, had been successfully negotiated and would be presented for adoption by the board of directors at the meeting. Warner Norcross referred to the comprehensive review of the merger agreement that previously occurred at an informal meeting of the board of directors held on July 22, 2014. Additional questions from directors related to the merger agreement were asked and answered.

A representative of Warner Norcross discussed the fiduciary and legal obligations applicable to directors when considering a sale or merger of a company. This representative also delivered the oral opinion of Warner Norcross that the proposed merger would be in compliance with all applicable laws, as contemplated by Article XI of the articles of incorporation.

A representative of Donnelly Penman presented Donnelly Penman's fairness analysis. This analysis included, among other things, a review of the marketing process conducted, a review of the fairness opinion process, a summary of the terms of the proposed merger, including the Merger Consideration, valuation multiples of the Merger Consideration compared to comparable transactions, pro forma analyses and transaction analyses.

Donnelly Penman delivered its oral opinion that, as of July 25, 2014, and based on assumptions presented, the Merger Consideration to be received by holders of Founders common stock was fair to the shareholders of Founders from a financial point of view.

The Founders board of directors discussed the Merger Agreement and the fairness analysis and fairness opinion. At the conclusion of the meeting, the board of directors voted unanimously to:

determine, based on the evaluation and consideration of all reports and information available to the board of directors as of the date of the meeting and all factors the board of directors deemed relevant, including those identified in Article XI of the Founders articles of incorporation and such additional factors as the board of directors deemed relevant, including without limitation the Donnelly Penman fairness opinion, the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement was in the best interest of Founders, Founders Bank & Trust and the Founders shareholders;

authorize and approve the Merger and all other transactions contemplated by the Merger Agreement;



## **Table of Contents**

adopt the Merger Agreement;

authorize officers of Founders to execute and deliver the Merger Agreement; and

recommend that Founders shareholders vote for approval of the Merger Agreement.

Promptly following the meeting on Friday, July 25, 2014, Founders and Old National executed and delivered the Merger Agreement and respective disclosure letters. On Monday, July 28, 2014, before the U.S. financial markets opened, Founders and Old National issued a joint press release announcing execution of the Merger Agreement and the terms of the Merger.

### **Founders Reasons for the Merger and Recommendation of the Board of Directors**

In recent years, a number of banks approached Founders about the possibility of a partnership. While policy of the Founders board of directors had steadily remained to maintain independence, they ultimately recognized that the assessment of potential valuation that was being proposed demanded that they explore the possibility of being acquired. Also, the risks of remaining independent were growing, as well as the expected cost increases related to regulatory compliance, technology and healthcare which could make it challenging to maintain the strong profitability Founders shareholders had come to expect. As a result, offers were entertained from a number of financial institutions, a bidding process ensued and Old National was ultimately deemed the best fit from both a business and cultural point of view.

In determining that the Merger, the Merger Agreement and the Merger Consideration are in the best interest of Founders, Founders Bank & Trust and Founders shareholders, in authorizing and approving the Merger, in adopting the Merger Agreement and in recommending that Founders shareholders vote for approval of the Merger Agreement, the Founders board of directors consulted with members of Founders management, Donnelly Penman and Warner Norcross, and also considered a number of factors that the Founders board of directors viewed as relevant to its decisions under the circumstances, including, without limitation, the following factors:

All of the factors identified for consideration in Article XI of the Founders articles of incorporation, which include, without limitation:

*Fairness.* The fairness of the transaction and consideration to be received by Founders and all of its shareholders;

*Impact on the Corporation.* The possible social and economic impact of the proposal and its consummation on Founders, Founders Bank & Trust and their employees, and customers; including the possible impact on their ability to fulfill legal obligations as a financial institution under applicable laws and regulations;

*Impact on Communities.* The possible social and economic impact of the proposal and its consummation on the communities which Founders and Founders Bank & Trust serves;

*Condition of Offeror.* The business and financial conditions and future prospects of Old National;

*Offeror's Reputation.* The apparent competence, experience, and integrity of Old National and its management; and

*Offeror's Intentions.* The actual or apparent intentions of Old National regarding the operation of Founders and Founders Bank & Trust, and the use or disposition of the assets of Founders and Founders Bank & Trust after the proposal is consummated.

The business strategy and strategic plan of Founders, its prospects for the future, and projected financial results.

A review of the risks and prospects of Founders remaining independent, including the challenges of the current financial, operating and regulatory climate and the increasing costs associated with banking regulation, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

**Table of Contents**

Management's financial forecasts, and management's assessment of the execution risk involved in attaining the performance levels presented in the forecasts.

The absence of a liquid trading market in which shareholders can sell Founders shares and the increasing liquidity needs of Founders shareholders.

The greater market capitalization of Old National and the trading volume and liquidity of Old National common stock in the event Founders shareholders desire to sell the shares of Old National common stock to be received by them upon completion of the Merger.

Recent conditions and activity in the M&A market providing a unique window of opportunity for a merger of Founders which would deliver accelerated and enhanced shareholder value, as compared to organic growth.

Limited opportunities for Founders to grow and increase shareholder value through acquisition of other banks.

The purchase price per share of Founders common stock to be paid by Old National and the resulting valuation multiples, all of which were significantly higher than the median valuation multiples for comparable transactions (based on Old National's closing price per share of \$13.87 on July 24, 2014 and the total purchase price per share of \$83.08 as of that date):

Price to tangible book value per share at June 30, 2014 of 213%

Price to last twelve months earnings per share at June 30, 2014 of 17.67x

Price to estimated 2014 earnings per share of 17.93x

Price to estimated 2015 earnings per share of 17.29x

Premium to core deposits of 15.41%

Premium to most recent independent valuation of Founders common stock as of April 1, 2014 of 72%

The form and amount of the Merger Consideration, including the tax-free treatment of stock component of the Merger Consideration.

A cash component of \$38 per share in the total consideration valued at \$83.08, which adds stability to the value of the Merger Consideration and protects Founders shareholders from a possible decrease in the value of Old National shares.

Old National's present annual cash dividend of \$0.44 per share, which is equivalent to \$1.43 per share on the Founders shares exchanged for Old National shares, compared to Founders current annual dividend rate of \$1.00 per share.

Founders and Old National's shared values, common cultures and commitment to serving their clients and communities.

Old National's three prong approach to community engagement, which includes encouraging associate volunteerism, community partnerships and charitable giving. Old National pledged a minimum of a 50% increase in community partnerships and charitable giving the first year and equal or better in years two and three with a goal of the partnership to provide an even greater impact to local communities.

Old National has been named one of the World's Most Ethical Companies for three years in a row, the only U.S. institution in the banking category to receive this honor.

Old National's historically strong financial condition, results of operations, and market performance.

A review of the historical financial statements and condition of Founders and certain other internal information, primarily financial in nature, relating to the business, earnings and balance sheet of Founders.

**Table of Contents**

Comparative standalone and pro forma equivalent analyses of Founders, Old National and the combined company, and the book and tangible book values per share, earnings per share, dividends and capital levels of each entity and the pro forma equivalent values for Old National shares to be held by Founders shareholders after the Merger.

The ability of Old National to complete a merger transaction from a financial and regulatory perspective and Old National's demonstrated ability to successfully complete previous merger transactions.

Pro forma capital ratios for Old National which exceed regulatory thresholds for well capitalized status and the absence of identified regulatory impediments to completion of the Merger.

The likelihood of successful integration and operation of the combined company.

The scale, scope, strength and diversity of operations, product lines and delivery systems that could be achieved by the combined company.

The ability of the combined company to provide more comprehensive financial services and higher loan limits to Founders' customers, and the potential for operating synergies and cross-marketing of products and services across the combined company.

The likelihood of obtaining the shareholder approval needed to complete the transaction.

The analyses presented by Warner Norcross as to the structure of the Merger, the Merger Agreement, the fiduciary and legal obligations applicable to directors when considering a sale or merger of a company, and the process that Founders and its board of directors employed in considering potential strategic alternatives, including the Merger with Old National.

The board of directors' evaluation of the Old National proposal and its determination in its judgment that the proposal would be in compliance with all applicable laws, based in part upon the opinion of independent legal counsel, all as required by Article XI of the Founders articles of incorporation.

The thorough managed process conducted by Founders, with the assistance of its advisors, to explore the interest of all reasonable likely and capable acquirors.

Certain structural protections included in the Merger Agreement, including:

the Merger Agreement does not preclude a third party from making an unsolicited proposal for an alternative takeover proposal with Founders and, under certain circumstances more fully described under The Merger Agreement Acquisition Proposals by Third Parties beginning on page 60, Founders may furnish non-public information to and enter into discussions with such a third party regarding an alternative takeover proposal; and the ability of the Founders board of directors to withdraw, amend or qualify its board recommendation of the Merger or recommend a superior proposal or terminate the Merger Agreement to enter into a definitive agreement for a superior proposal if certain requirements are met, in each case subject to the payment of a termination fee by Founders of \$3,500,000, the amount of which was negotiated at arm's length and was determined by the Founders board of directors to be reasonable.

The financial analyses reviewed and discussed with the Founders board of directors by representatives of Donnelly Penman and the oral opinion of Donnelly Penman delivered to the Founders board of directors on July 25, 2014 (which was subsequently confirmed in writing by delivery of Donnelly Penman's written opinion dated July 25, 2014), that the Merger Consideration is fair to Founders shareholders from a financial point of view.

The Founders board of directors also considered a number of potential risks and uncertainties in connection with its consideration of the proposed Merger, including, without limitation, the following:

the challenges of integrating Founders' business, operations, customers and employees with those of Old National;

**Table of Contents**

the need to obtain approval by shareholders of Founders and regulatory approvals in order to complete the transaction;

the status, developments related to, and likelihood of completion and successful integration of Old National and other pending mergers;

the risks associated with the operations of the combined company, including the ability of Old National to achieve the anticipated cost savings;

the restrictions on the conduct of Founders' business while the Merger is pending;

the impact that provisions of the Merger Agreement relating to payment of a termination fee by Founders may have on Founders receiving an alternative takeover proposal;

the potential costs associated with executing the Merger Agreement, including change in control payments, estimated advisor fees, and other transaction expenses; and

the risk of shareholder litigation in connection with the Merger.

This discussion of the information and factors considered by the Founders board of directors in reaching its conclusions and recommendation includes the factors identified above, but is not intended to be exhaustive and may not include all of the factors considered by the Founders board of directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the other transactions contemplated by the Merger Agreement, and the complexity of these matters, the Founders board of directors did not find it useful and did not attempt to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the Merger and the other transactions contemplated by the Merger Agreement, and to make its recommendation to Founders shareholders. Rather, the Founders board of directors viewed its decisions as being based on the totality of the information presented to it and the factors it considered, including its discussions with and questioning of members of Founders management and outside legal and financial advisors. In addition, individual members of the Founders board of directors may have assigned different weights to different factors.

Certain of Founders directors and executive officers have financial interests in the Merger that are different from, or in addition to, those of Founders shareholders generally. The Founders board of directors was aware of and considered these potential interests, among other matters, in evaluating the Merger and in making its recommendation to Founders shareholders. For a discussion of these interests, see *Interests of Certain Directors and Executive Officers of Founders in the Merger* beginning on page 68.

**The Founders board of directors unanimously determined that the Merger, the Merger Agreement and the Merger Consideration would be in compliance with all applicable laws and that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement is in the best interest of Founders, Founders Bank & Trust and the Founders shareholders. The Founders board of directors unanimously recommends that Founders shareholders vote FOR approval of the Merger Agreement.**

**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:

Founders' community banking orientation in Grand Rapids and Kent County, Michigan and its perceived compatibility with Old National and its subsidiaries;

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



## **Table of Contents**

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

### **Effects of the Merger**

The respective Boards of Directors of Old National and Founders believe that, over the long-term, the Merger will be beneficial to Old National shareholders, including the current shareholders of Founders 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 Founders Bank & Trust as a banking subsidiary of Old National, which savings are expected to enhance Old National's earnings.

Old National expects to reduce expenses by combining accounting, data processing, retail and lending support, and other administrative functions after completion of 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 in the first half of 2015, 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 2015 and beyond will depend upon how quickly and efficiently Old National is able to implement the processes outlined above.

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;

- 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 Founders 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 Founders**

By letter dated March 7, 2014, Founders retained Donnelly Penman to act as independent financial advisor to the board of directors in connection with a possible business combination of Founders with another party. Donnelly

Penman is an investment banking firm of recognized standing with a business specialty in financial institutions. In the ordinary course of its investment banking business, Donnelly Penman is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Donnelly Penman acted as financial advisor in connection with the proposed Merger and participated in certain of the negotiations leading to the execution of the Merger Agreement. At a meeting of the Founders board of directors on July 25, 2014, Donnelly Penman delivered to the Founders board of directors its oral opinion,

**Table of Contents**

followed by delivery of its written opinion, that, the Merger Consideration was fair to the holders of Founders common stock from a financial point of view. The full text of Donnelly Penman's written opinion dated July 25, 2014 is attached as Annex B to this proxy statement and prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Donnelly Penman in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Founders shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed Merger. Donnelly Penman has consented to the inclusion of its written opinion and this description of its opinion in this proxy statement and prospectus.

Donnelly Penman's opinion speaks only as of the date of the opinion. The opinion was directed to the Founders board of directors and is directed only to the fairness of the Merger Consideration to be paid to the holders of Founders common stock from a financial point of view. It does not address the underlying business decision of Founders to engage in the Merger or any other aspect of the Merger and is not a recommendation to any Founders shareholder as to how such shareholder should vote at the special meeting with respect to the approval of the Merger Agreement or any other matter.

In connection with rendering its opinion, Donnelly Penman reviewed and considered, among other things:

the Merger Agreement;

certain nonpublic information for Founders, including each of its audited financial statements for the years ended December 31, 2013 and 2012, and the internal financial results for the each of the quarterly periods ended on March 31, and June 30, 2014, provided by Founders management;

certain publicly-available information for Old National, including each of its Annual Reports to Shareholders and Annual Reports on Form 10-K for the years ended December 31, 2013, 2012 and 2011 and the quarterly report on Form 10-Q for the quarterly period ended on March 31, 2014;

certain information, including historical and forecasted financial information, relating to earnings, dividends, assets, liabilities and prospects of Founders furnished by senior management of Founders;

Founders' senior management projected earnings estimates for fiscal years 2014 through 2018, which were deemed reasonable by Founders' management;

the most recently available consensus analyst estimates for projected earnings for Old National for fiscal years 2014, 2015, and 2016;

the financial condition and operating results of certain other financial institutions that Donnelly Penman deemed comparable;

a contribution analysis of Founders and Old National to the combined entity with regard to certain financial metrics as of June 30, 2014 and March 31, 2014, respectively;

the recent stock prices and trading activity for the common stock of Old National during the last ten years and up until the trading day prior to the execution of the Merger Agreement;

various valuation analyses of Founders that Donnelly Penman performed including a cash dividend analysis, analysis of comparable transactions, a dividend discount analysis, and an accretion/dilution analysis;

various valuation analyses of Old National that Donnelly Penman performed including an analysis of comparable companies and a pro forma dividend discount analysis;

information with respect to the potential pro forma impact of the Merger; and

such other information, financial studies, analyses and investigations and such other factors that Donnelly Penman deemed relevant for the purposes of its opinion.

---

**Table of Contents**

Donnelly Penman also held discussions with the senior management of Founders regarding past and current business operations, regulatory relations, financial condition and future prospects of Founders and such other matters as Donnelly Penman deemed relevant to its inquiry. Donnelly Penman also held discussions with the senior management of Old National with regard to their business operations, regulatory relations, and the published mean earnings estimates. Donnelly Penman relied upon the management of Founders and Old National as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefore, including, but not limited to, any potential cost savings and operating synergies) prepared by and provided to us by management of Founders and Old National and Donnelly Penman has assumed, at the direction of Founders and Old National that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements and that they provide a reasonable basis upon which Donnelly Penman could form its opinion. Such forecasts and projections were not prepared with the expectation of public disclosure. All such projected financial information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projected financial information. Donnelly Penman relied on this projected information without independent verification or analysis and do not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

In conducting its review and arriving at its opinion, Donnelly Penman, with Founders consent, has relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by Founders and Old National or upon publicly available information. Donnelly Penman assumed that the stock consideration of the Merger will be treated as a tax-free reorganization for federal income tax reporting. Donnelly Penman did not undertake any responsibility for the accuracy, completeness or reasonableness of, or any obligation independently to verify, such information. Donnelly Penman further relied upon the assurance of management of Founders and Old National that they were unaware of any facts that would make the information provided or available to it incomplete or misleading in any respect. Donnelly Penman did not make any independent evaluations, valuations or appraisals of the assets or liabilities of Founders and Old National. Donnelly Penman did not review any individual credit files and assumed that the aggregate allowances for credit losses relating to the loans of Founders and Old National were and will continue to be adequate after the Merger to cover such losses. Donnelly Penman's opinion is necessarily based upon economic and market conditions and other circumstances as they existed and evaluated by it on the date of this opinion. Donnelly Penman does not have any obligation to update this opinion, unless requested by Founders in writing to do so, and Donnelly Penman expressly disclaims any responsibility to do so in the absence of such a written request.

No limitations were imposed by Founders on Donnelly Penman or on the scope of its investigation or the procedures that were followed by Donnelly Penman in rendering this opinion. The form and amount of the Merger Consideration was determined through arm's length negotiations between Founders and Old National. Donnelly Penman was not requested to opine as to, and this opinion does not address, Founders' underlying business decision to proceed with or effect the Merger or the relative merits of the Merger compared to any alternative transaction that might be available to Founders. Further, Donnelly Penman's fairness opinion does not constitute a recommendation to the shareholders of Founders with respect to any approval of the Merger Agreement or the Merger. Additionally, Donnelly Penman was not requested to opine as to, and this opinion does not address, the fairness of the amount or nature of the compensation to any of Founders' officers, directors or employees.

In its analyses, Donnelly Penman has made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of Founders and Old National. The credit, financial and stock markets have been experiencing unusual volatility and Donnelly Penman expresses no opinion or view as to any potential effects of such volatility on Founders, Old National or the Merger. Further, for

purposes of its analyses and this opinion, Donnelly Penman assumed the value of a share of Old National common stock is equivalent to the current market price of Old National common stock and that

**Table of Contents**

the current market price of Old National common stock is a reasonable basis on which to evaluate Old National. Any estimates contained in Donnelly Penman's analyses are not necessarily indicative of future results or value, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals or to necessarily reflect the prices at which companies or their securities actually may be sold. No company or merger utilized in Donnelly Penman's analyses was identical to Founders, Old National or the Merger. Accordingly, such analyses are not based solely on arithmetic calculations; rather, they involve complex considerations and judgments concerning differences in financial and operating characteristics of the relevant companies, the timing of the relevant mergers and prospective buyer interests, as well as other factors that could affect the public trading markets of Founders or companies to which it is being compared. None of the analyses performed by Donnelly Penman was assigned a greater significance than any other.

At the July 25, 2014 meeting of the Founders board of directors, Donnelly Penman presented certain financial analyses of the Merger. The summary below is not a complete description of the analyses underlying the opinions of Donnelly Penman or the presentation made by Donnelly Penman to the Founders board of directors, but is instead a summary of the material analyses performed and presented in connection with the opinion.

***Summary of Financial Terms***

Donnelly Penman reviewed the financial terms of the proposed Merger. Shares of Founders common stock issued and outstanding immediately prior to the Merger will be converted into the right to receive 3.25 shares of Old National common stock plus \$38.00 per share in cash consideration. The aggregate transaction value of approximately \$88.2 million is based upon Old National's closing stock price as of July 24, 2014 (the last trading day prior to Donnelly Penman's fairness opinion presentation to the Founders board of directors) of \$13.87 and 1,046,703 common shares outstanding at Founders (which includes all restricted stock awards). In addition, Founders had 24,089 in-the-money options outstanding with a weighted average strike price of \$30.80.

Based upon financial information as of and for the quarter ended June 30, 2014, Donnelly Penman calculated the following transaction ratios:

	<b>Transaction Valuation</b>
<b>Implied Price:</b>	\$ 84.28
<b>Median Price/LTM EPS</b>	17.67x
<b>Median Price/Book Value</b>	2.13x
<b>Median Price/Tangible Book Value</b>	2.13x
<b>Median Premium to Core Deposits</b>	15.41%

***Dividend Analysis***

Donnelly Penman noted that Founders currently pays an annual cash dividend per share of \$1.00 (2.07% effective dividend yield based on Donnelly Penman's standalone valuation analysis of Founders of \$48.25 per share as of June 30, 2014) and that Old National pays a \$0.11 quarterly dividend (or \$0.44 on an annualized basis). Donnelly Penman noted that under current quarterly dividend distribution rates for both companies and assuming a 3.25 exchange ratio per Founders share that the effective dividend for Founders would be approximately \$1.43 (\$0.44 Old National annual dividend multiplied by 3.25 exchange ratio, equaling \$1.43)





**Table of Contents**

resulting in a material increase in both the nominal amount of the cash dividend as well as the effective yield (2.96% dividend yield pro forma compared to 2.07% Founders as a standalone entity) for Founders shareholders (after this Merger is completed).

	<b>Old National</b>
<b>Stock Price:</b> <i>As of 7/24/2014</i>	\$ 13.87
<b>Equity:</b>	
BV/Share as of March 31, 2014	\$ 11.84
TBV/Share as of March 31, 2014	\$ 8.08
<b>Earnings:</b>	
LTM EPS	\$ 1.02
2014 EPS (Est.)	\$ 0.99
<b>Annual Dividends:</b>	
2014	\$ 0.44
2013	\$ 0.40
2012	\$ 0.36
2011	\$ 0.28
2010	\$ 0.28
2009	\$ 0.44

	<i>As of 6/30/2014 Founders</i>	<i>Pro Forma As of 3/31/2014 Old National</i>
<i>Exchange Ratio</i>		3.25
<b>Equity:</b>		
BV/Share	\$ 39.60	\$ 38.48
TBV/Share	\$ 39.60	\$ 26.26
<b>Earnings:</b>		
LTM EPS	\$ 4.77	\$ 3.32
2014 EPS (Est.)	\$ 4.70	\$ 3.22
<b>Dividends:</b>		
Annual Dividend	\$ 1.00	\$ 1.43
Dividend Yield (% of FFC per share value of \$48.25 as of 6/30/14)	2.07%	2.96%

**Table of Contents****Contribution Analysis**

The contribution analysis performed by Donnelly Penman compares the relative contribution of key balance sheet and income statement measures by Old National and Founders to the pro forma company.

**Contribution Analysis <sup>(1)</sup>**

(\$ in 000s)

	Old National	Founders	Percent Contribution	
	3/31/2014 <sup>(2)</sup>	6/30/2014 <sup>(3)</sup>	Old National	Founders
Total Assets	\$ 9,544,780	\$ 465,564	95.3%	4.7%
Total Loans, Net	5,030,897	342,664	93.6%	6.4%
Total Deposits	7,258,162	378,258	95.0%	5.0%
Common Equity	1,185,237	41,451	96.6%	3.4%
2013 FYE Net Income	\$ 100,920	\$ 5,740	94.6%	5.4%
2014F FYE Net Income <sup>(4)</sup>	\$ 114,823	\$ 4,921	95.9%	4.1%
2015F FYE Net Income <sup>(5)</sup>	\$ 139,601	\$ 5,101	96.5%	3.5%
Shares Outstanding (Pro Forma Company) <sup>(6)</sup>	105,823,414	3,401,785	96.9%	3.1%
<b>Average<sup>(7)</sup></b>			<b>95.4%</b>	<b>4.6%</b>
<b>Total Consideration Received as % of Market Capitalization<sup>(8)</sup></b>				<b>5.82%</b>

**Footnotes:**

- (1) Contribution analysis is prior to any ASC 805 impacts (formerly known as FAS 141R) accounting adjustments
- (2) Old National information source: SNL Financial
- (3) Founders information source: Founders management
- (4) Old National 2014 FYE Net Income based on consensus estimates (\$0.99 EPS \* 116,453,125 shares outstanding EPS rounded from \$0.986)
- (5) Old National 2015 FYE Net Income based on consensus estimates (\$1.18 EPS \* 118,205,889 shares outstanding EPS rounded from \$1.181)
- (6) Founders shares outstanding as of 6/30/2014 of 1,046,703 multiplied by fixed exchange ratio of 3.25
- (7) Average excludes shares outstanding from the calculation.
- (8) Total Consideration of \$88,216,718 divided by pro forma market capitalization \$1,514,953,507 (109,225,199 shares outstanding \* \$13.87)

The range of contribution from Founders ranges from 3.4% to 6.4% in the pro forma company, with an average of 4.6% (excluding pro forma shares outstanding from the calculation). Founders shareholders will own approximately 3.1% of the pro forma company, but the total consideration received as a percentage of Old National's market capitalization is 5.8%.

**Old National Comparable Company Analysis**

Donnelly Penman also used publicly available information to compare selected financial and market trading information for Old National and a group of financial institutions Donnelly Penman deemed to be comparable, based on asset size. The Old National peer group consisted of the following publicly-traded institutions headquartered in the Midwest (which includes the following states: Illinois, Iowa, Indiana, Michigan, and Ohio, although this is not

exhaustive of all states that are included in the Midwest region per SNL Financial) with total assets between \$5.0 and \$15.0 billion (that are not takeover targets).

Chemical Financial Corporation (CHFC)

First Financial Bancorp (FFBC)

First Merchants Corporation (FRME)

First Midwest Bancorp, Inc. (FMBI)

**Table of Contents**

Heartland Financial USA, Inc. (HTLF)

MB Financial, Inc. (MBFI)

Park National Corporation (PRK)

PrivateBancorp, Inc. (PVTB)

TFS Financial Corporation (TFSL)

The analysis compared publicly available financial information for Old National and the median financial and market trading data for the Old National peer group as of and for the last twelve months ended March 31, 2014. The table below sets forth a sample of summary data for Old National and the median data for the Old National peer group as of and for the last twelve months ended March 31, 2014, with pricing data as of July 24, 2014.

(Values are in millions of dollars, except per share data)

	Recent Growth		Capitalization		Return Metrics			Valuation Summary			
	Assets	Market Cap	LTM Gross Loan Growth	LTM EPS Growth	Tier 1 Leverage Ratio	Tangible Common Equity / Assets	LTM Pre-, Pre-ROAA	LTM ROAA	LTM ROATCE	P / BV	P / TBV
Heartland Financial USA, Inc.	6,338,328	835,945	13.57%	5.32%	9.90%	9.28%	1.66%	0.95%	11.24%	115.56%	138.05%
MB Financial, Inc.	6,499,089	944,116	2.21%	-21.82%	9.94%	9.23%	1.54%	0.79%	8.51%	133.78%	155.93%
Park National Corporation	5,452,936	728,044	25.60%	6.02%	9.65%	8.57%	1.66%	0.98%	12.47%	108.67%	155.39%
PrivateBancorp, Inc.	8,328,519	1,254,726	8.46%	NA	9.53%	9.25%	1.63%	0.99%	NA	120.72%	164.14%
TFS Financial Corporation	5,747,102	437,179	28.13%	-38.41%	9.50%	5.78%	1.13%	0.59%	10.38%	116.38%	132.68%
Old National Bancorp	9,437,303	1,504,135	-2.44%	-2.31%	11.65%	9.97%	1.69%	1.00%	11.27%	110.30%	163.60%
Old National Bancorp	6,811,072	1,154,433	4.22%	15.19%	9.45%	8.82%	1.58%	1.13%	13.25%	173.22%	194.32%
Old National Bancorp	14,304,782	2,286,217	8.23%	55.14%	10.60%	8.74%	1.90%	0.95%	11.02%	163.59%	176.38%
Old National Bancorp	11,534,441	4,174,897	4.90%	150.00%	NA	16.26%	1.11%	0.57%	3.46%	222.56%	223.71%

onal	<b>7,569,796</b>	<b>1,204,579</b>	<b>6.56%</b>	<b>6.02%</b>	<b>9.65%</b>	<b>9.02%</b>	<b>1.60%</b>	<b>0.96%</b>	<b>11.02%</b>	<b>127.25%</b>	<b>163.87%</b>
	9,544,780	1,466,274	-0.78%	6.25%	9.32%	8.82%	1.81%	1.08%	13.49%	117.12%	171.72%

*Footnote:*

(1) Financial data for the comparable group (with the exception of stock price) is as of March 31, 2014.

Donnelly Penman noted that Old National had financial and performance metrics that were generally comparable to the peer group presented above. No financial institution used in the above analyses as a comparison is identical to Old National. Accordingly, an analysis of the results of the foregoing necessarily 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 of the financial institutions to which Old National was compared.

### ***Old National Trading Analysis***

Donnelly Penman reviewed the stock prices, relative performance and trading volumes of Old National over various time frames and compared the price performance to various indices. Additionally, Donnelly Penman charted the published stock price and tangible book value multiples for Old National over the last ten years.

**Table of Contents**

Donnelly Penman noted that Old National has significantly greater liquidity in its stock compared to Founders stock, as it is a publicly traded company whereas Founders is privately held.

**Trading / Volume / Stock Performance Analysis(1)(2)**

	<b>Old National</b>		
	<b>Price</b>	<b>Avg. Daily Volume</b>	<b>Volume as % of Founders Shares Outstanding(3)</b>
7/24/2014	\$ 13.87	494,244	14.53%
7/23/2014	\$ 13.78	475,976	13.99%
30-Day Average	\$ 14.08	505,366	14.86%
90-Day Average	\$ 13.95	614,774	18.07%
180-Day Average	\$ 14.08	617,927	18.16%
1-Year Average	\$ 14.30	556,769	16.37%

	<b>Price Performance</b>			
	<b>Old National</b>	<b>SNL Midwest Bank</b>	<b>SNL Mid Cap Bank</b>	<b>S&amp;P 500</b>
30-Day Return	-1.21%	-0.71%	-2.22%	1.95%
90-Day Return	-0.64%	4.68%	0.57%	6.69%
180-Day Return	-5.90%	-0.38%	-6.07%	7.76%
1-Year Return	-7.35%	9.46%	2.33%	17.92%
3-Year Return	31.59%	54.91%	35.61%	48.64%
5-Year Return	41.68%	96.09%	75.02%	103.01%
10-Year Return	-38.29%	-19.81%	-47.26%	83.38%

**Footnotes:**

(1) All averages and return data are as of 7/24/2014

(2) Source: SNL Financial

(3) 1,046,703 Shares Outstanding times Fixed Exchange Ratio of 3.25 equalling 3,401,784 (rounding down)

Donnelly Penman noted the above analysis shows that Old National stock had lower returns compared to each of the indices to which it is compared in most time periods noted.

**Analysis of Selected Merger Transactions National Group**

Donnelly Penman reviewed a representative set of comparable mergers and acquisitions.

The set of mergers and acquisitions included 30 transactions announced from January 1, 2013 through July 24, 2014 for all transactions with deal values between \$50 million and \$150 million, and target institutions producing at least 0.50% latest twelve months return on average assets. Donnelly Penman deemed these transactions to be reflective of the proposed Merger. Donnelly Penman reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price to last twelve months earnings per share, and premium to core deposits. As illustrated in the following table, Donnelly Penman compared the proposed Merger multiples to the median

multiples of these comparable transactions.

**Table of Contents**

Transaction Information	Transaction Multiples and Values										Target NPAs / Assets
	Target State	Announce Date	Completion Date	Deal Value	Stock Consideration	Book Value (%)	Tang. Book Value (%)	LTM EPS (x)	Premium to Core Deposits	Target Assets	
Corp, Inc.	IL	3/20/2014		\$ 52,000	NA	113.14%	117.46%	4.16x	2.15%	\$ 465,702	4.09%
Shares	NC	11/1/2013	4/1/2014	\$ 65,163	92.41%	136.13%	137.92%	6.77x	NA	\$ 376,488	1.41%
Bank,	LA	1/8/2014		\$ 112,000	79.58%	219.72%	219.72%	15.83x	12.76%	\$ 664,161	1.12%
	TX	2/6/2013	5/31/2013	\$ 57,420	31.73%	126.62%	130.01%	13.16x	4.48%	\$ 442,832	0.97%
Bank	PA	6/18/2014		\$ 77,765	97.17%	233.83%	234.06%	14.70x	25.31%	\$ 370,261	0.36%
al	OH	10/10/2013	3/1/2014	\$ 98,064	70.89%	121.11%	121.11%	7.47x	6.00%	\$ 756,779	5.16%
ncorp	ID	7/23/2014		\$ 122,111	87.42%	123.38%	123.38%	12.07x	NA	\$ 920,162	NA
l	IN	9/10/2013	4/25/2014	\$ 107,968	70.42%	174.94%	174.94%	15.88x	9.84%	\$ 680,941	2.22%
Banking	AR	3/24/2014		\$ 66,489	80.14%	160.77%	164.69%	15.59x	9.11%	\$ 431,378	2.21%
Bancorp	NJ	1/29/2013	5/31/2013	\$ 65,699	86.93%	151.95%	151.95%	18.79x	7.86%	\$ 368,930	0.29%
na	GA	6/24/2014		\$ 82,255	59.02%	135.13%	135.13%	16.93x	6.90%	\$ 523,083	2.48%
k	CA	1/22/2013	4/30/2013	\$ 57,500	NA	65.80%	65.97%	9.57x	-24.14%	\$ 581,807	14.75%
ecurity	AR	7/1/2013	6/13/2014	\$ 123,394	40.03%	84.03%	137.34%	14.20x	5.18%	\$ 954,386	0.38%
c Trust	NH	3/4/2014		\$ 134,412	NA	216.13%	216.13%	17.90x	11.68%	\$ 907,683	0.93%
cs shares,	FL	7/30/2013	1/17/2014	\$ 77,757	63.51%	151.01%	151.01%	16.45x	6.19%	\$ 572,324	3.61%
	PA	6/4/2014		\$ 141,967	58.56%	140.30%	147.64%	19.02x	7.73%	\$ 846,016	1.20%
	DE	11/25/2013		\$ 64,778	50.57%	130.01%	130.01%	28.03x	7.13%	\$ 307,712	4.26%



## Financial

Group, Inc.	SC	6/5/2014		\$ 51,599	100.00%	156.36%	156.36%	23.30x	9.18%	\$ 305,866	1.39%
ares, Inc.	KS	6/12/2013	10/18/2013	\$ 61,500	70.00%	101.87%	124.94%	11.01x	2.26%	\$ 752,267	0.48%
	TX	3/28/2013	7/22/2013	\$ 76,802	NA	91.08%	100.00%	17.12x	NA	\$ 605,611	0.35%
Bank	CA	6/3/2014		\$ 104,339	90.83%	173.41%	173.41%	19.00x	7.80%	\$ 775,912	0.57%
ial	PA	4/14/2014		\$ 55,008	62.64%	104.46%	106.79%	25.20x	2.37%	\$ 319,027	1.54%
ity Bank	CA	2/18/2014	5/15/2014	\$ 57,000	NA	103.56%	133.26%	28.79x	4.14%	\$ 412,295	2.01%
ank	PA	12/20/2013	5/30/2014	\$ 124,409	74.93%	190.58%	190.58%	19.20x	9.72%	\$ 949,224	0.86%
	MT	2/10/2014		\$ 73,189	45.55%	114.16%	121.26%	15.70x	3.22%	\$ 646,483	2.89%
Corp.	IN	6/4/2014		\$ 67,291	72.58%	158.57%	158.57%	27.31x	9.99%	\$ 366,080	NA
, Inc.	TX	3/17/2014		\$ 56,400	NA	188.24%	188.24%	36.67x	13.70%	\$ 279,776	0.00%
Corp.	OH	2/19/2013	10/12/2013	\$ 109,644	96.94%	141.37%	141.37%	22.78x	6.90%	\$ 781,798	4.73%
unity	CA	10/21/2013	2/28/2014	\$ 55,976	86.50%	135.23%	145.18%	18.45x	6.80%	\$ 446,956	2.28%
ncial	IL	7/8/2014		\$ 60,773	71.29%	120.34%	137.73%	19.12x	3.55%	\$ 581,521	2.80%
				\$ 70,240	71.93%	135.68%	139.65%	17.03x	6.90%	\$ 576,923	1.47%
ncial	MI	7/28/2014		\$ 88,217	55.19%	212.82%	212.82%	17.67x	15.41%	\$ 466,236	0.64%

**Table of Contents**

***Analysis of Selected Merger Transactions Midwest Group***

Further, Donnelly Penman reviewed a subset of Midwest-based comparable mergers and acquisitions, from a subset of the defined group as detailed in the national group above. The set of mergers and acquisitions included in this group includes 7 transactions announced from January 1, 2013 through July 24, 2014 for Midwest transactions with deal values between \$50 million and \$150 million, and target institutions producing at least 0.50% latest twelve month return on average assets. Donnelly Penman deemed these transactions to be reflective of the proposed Merger. Donnelly Penman reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price to last twelve months earnings per share, and premium to core deposits. As illustrated in the following table, Donnelly Penman compared the proposed Merger multiples to the median multiples of these comparable transactions.

**Table of Contents**

Transaction Information	Transaction Multiples and Values									Target	
	Target State	Announce Date	Completion Date	Deal Value	Stock Consideration	Book Value (%)	Tang. Book Value (%)	LTM EPS (x)	Premium to Core Deposits	Target Assets	Target NPAs Assets
nc.	IL	3/20/2014		\$ 52,000	NA	113.14%	117.46%	4.16x	2.15%	\$ 465,702	4.09
	OH	10/10/2013		\$ 98,064	79.65%	121.11%	121.11%	7.47x	6.00%	\$ 756,779	5.16
orporation	IN	9/10/2013		\$ 107,968	70.63%	174.94%	174.94%	15.88x	9.84%	\$ 680,941	2.22
	OH	2/19/2013	10/12/2013	\$ 109,644	100.00%	141.37%	141.37%	22.78x	6.90%	\$ 781,798	4.73
.	IN	6/4/2014		\$ 67,291	72.58%	158.57%	158.57%	27.31x	NA	\$ 366,080	NA
al	IL	7/8/2014		\$ 60,773	0.00%	120.34%	137.73%	19.12x	3.55%	\$ 581,521	2.80
	IN	5/13/2013	11/12/2013	\$ 114,679	100.00%	101.33%	101.33%	19.79x	0.22%	\$ 1,146,368	4.89
				\$ 98,064	76.12%	121.11%	137.73%	19.12x	4.78%	\$ 680,941	4.41
l	MI	7/28/2014		\$ 88,217	55.19%	212.82%	212.82%	17.67x	15.41%	\$ 466,236	0.64

**Table of Contents**

***Analysis of Selected Merger Transactions Michigan Group***

Additionally, Donnelly Penman reviewed a subset of Michigan-based mergers and acquisitions that it deemed to be comparable. The set of mergers and acquisitions included in this group includes 3 transactions announced from January 1, 2013 through July 24, 2014. Donnelly Penman deemed these transactions to be reflective of the proposed Merger. Donnelly Penman reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price to last twelve months earnings per share, and premium to core deposits. As illustrated in the following table, Donnelly Penman compared the proposed Merger multiples to the median multiples of these comparable transactions.



**Table of Contents*****Discounted Dividend Analysis Founders Standalone***

Donnelly Penman calculated an estimated equity value per share for Founders based upon the values, discounted to the present, of estimates of projected dividends from the fiscal year ending December 31, 2014 through the fiscal year ending December 31, 2018 and a projected year 2018 terminal value (assuming Founders continued to operate as an independent company). The valuation date contemplated is July 24, 2014. In conducting its analysis, Donnelly Penman utilized financial estimates provided by and deemed reasonable by Founders senior management for 2014 through 2018. Donnelly Penman further assumed, which assumption was deemed reasonable by Founders management, that dividend distributions would equal \$0.48 for the remainder of 2014 and increase to an approximate 40% payout ratio thereafter throughout the forecast period.

This analysis utilized a discount rate of 12.0% and a terminal value indication based on an average of indications as provided by utilizing a multiple of 1.50 times tangible book value at December 31, 2018 and a multiple of 12.0 times 2018 estimated net income, both based on estimates of trading valuations for similarly performing institutions based on historical data. The discount rate was derived utilizing Ibbotson Associates, Inc.'s *Stocks, Bonds, Bills and Inflation Valuation Edition 2013 Yearbook* (which we refer to as the *2013 Yearbook*) on cost of equity buildup, in addition to Donnelly Penman's analytical judgment. There is no assurance such values would be realized. The analysis resulted in an estimated equity value per share of \$50.40, before any marketability discounts.

***Discounted Dividend Analysis Pro Forma Institution***

Donnelly Penman calculated an estimated equity value per share for the pro forma institution. Donnelly Penman used the most recent consensus analyst estimates available for Old National through 2016, and then assumed net income increased by 8% annually thereafter in years 2017, 2018, and 2019, consistent with long-term growth rates from consensus estimates. Founders standalone net income projections were then added for 2015 through 2019. Donnelly Penman contemplated 32.0% estimated annual cost savings off of Founders' standalone forecasted operating expenses, tax effected at 35.0%, and added back these cost savings to calculate a pro forma net income.

Donnelly Penman estimated a dividend payout per share of \$0.48 for 2015 for the pro forma institution, moving to an approximate 40.0% dividend payout ratio in 2016 and subsequent years, which represents an assumption of Donnelly Penman for its model based on Old National's historical payout ratios and return of excess capital. This analysis utilized a discount rate of 12.0% and a terminal value indication based on a multiple of 15.0 multiplied by 2019 net income. The discount rate was derived utilizing the *2013 Yearbook on cost of equity buildup*, in addition to Donnelly Penman's analytical judgment. The terminal multiple was estimated based on a return to more normalized valuation levels based on historical data. There is no assurance such values would be realized. The analysis resulted in an estimated equity value per share of \$16.06 for the pro forma institution. Multiplying the \$16.06 pro forma equity value per share by the transaction exchange ratio of 3.25 (and adding in the \$38.00 cash consideration per share) results in an implied equity value per share to Founders shareholders of \$90.20, as compared to an equity value per share on a standalone basis of \$50.40.

Additionally, Donnelly Penman ran sensitivity analyses based on a range of discount rates between 10% and 15% and terminal multiples between 10.0x and 20.0x price to earnings. This sensitivity analysis produced value ranges between \$70.94 to \$111.30 per Founders share, after contemplating the 3.25 transaction exchange ratio and \$38.00 cash consideration.

**Table of Contents**

	Price / Earnings Exit Multiple Old National Pro Forma Per Share											
	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x	20.0x	
	10.0%	\$ 12.39	\$ 13.40	\$ 14.42	\$ 15.44	\$ 16.45	\$ 17.47	\$ 18.49	\$ 19.50	\$ 20.52	\$ 21.54	\$ 22.55
	11.0%	\$ 11.89	\$ 12.86	\$ 13.83	\$ 14.80	\$ 15.78	\$ 16.75	\$ 17.72	\$ 18.69	\$ 19.66	\$ 20.64	\$ 21.61
<b>Discount</b>	12.0%	\$ 11.41	\$ 12.34	\$ 13.27	\$ 14.20	\$ 15.13	\$ 16.06	\$ 16.99	\$ 17.92	\$ 18.85	\$ 19.78	\$ 20.71
<b>Rate</b>	13.0%	\$ 10.97	\$ 11.86	\$ 12.74	\$ 13.63	\$ 14.52	\$ 15.41	\$ 16.30	\$ 17.19	\$ 18.08	\$ 18.97	\$ 19.86
	14.0%	\$ 10.54	\$ 11.39	\$ 12.24	\$ 13.09	\$ 13.94	\$ 14.79	\$ 15.64	\$ 16.49	\$ 17.34	\$ 18.19	\$ 19.05
	15.0%	\$ 10.13	\$ 10.95	\$ 11.76	\$ 12.58	\$ 13.39	\$ 14.21	\$ 15.02	\$ 15.83	\$ 16.65	\$ 17.46	\$ 18.28

	Price / Earnings Exit Multiple Implied Founders Valuation											
	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x	20.0x	
	10.0%	\$ 78.25	\$ 81.56	\$ 84.86	\$ 88.17	\$ 91.47	\$ 94.78	\$ 98.08	\$ 101.39	\$ 104.69	\$ 108.00	\$ 111.30
	11.0%	\$ 76.64	\$ 79.80	\$ 82.96	\$ 86.11	\$ 89.27	\$ 92.43	\$ 95.59	\$ 98.75	\$ 101.91	\$ 105.07	\$ 108.23
<b>Discount</b>	12.0%	\$ 75.10	\$ 78.12	\$ 81.14	\$ 84.16	\$ 87.18	\$ 90.20	\$ 93.22	\$ 96.24	\$ 99.26	\$ 102.28	\$ 105.29
<b>Rate</b>	13.0%	\$ 73.64	\$ 76.53	\$ 79.42	\$ 82.31	\$ 85.20	\$ 88.09	\$ 90.97	\$ 93.86	\$ 96.75	\$ 99.64	\$ 102.53
	14.0%	\$ 72.25	\$ 75.02	\$ 77.78	\$ 80.55	\$ 83.31	\$ 86.08	\$ 88.84	\$ 91.60	\$ 94.37	\$ 97.13	\$ 99.90
	15.0%	\$ 70.94	\$ 73.58	\$ 76.23	\$ 78.87	\$ 81.52	\$ 84.17	\$ 86.81	\$ 89.46	\$ 92.11	\$ 94.75	\$ 97.40

***Donnelly Penman's Compensation and Other Relationships with Founders***

Donnelly Penman has acted as financial advisor to the Founders board of directors and senior management of Founders and its subsidiaries in connection with the Merger. The Founders board of directors and its subsidiaries agreed to pay Donnelly Penman advisory and transaction fees based on the closing price of the transaction, an advisory fee of \$25,000 was paid upon execution of the engagement letter, \$100,000 was paid upon delivery of Donnelly Penman's written fairness opinion. The remainder of the transaction fee due to Donnelly Penman, which is contingent upon completion of the Merger, is currently estimated to be approximately \$950,000. Founders has also agreed to indemnify Donnelly Penman against certain liabilities arising out of its engagement and to reimburse Donnelly Penman for certain of its reasonable out-of-pocket expenses.

Donnelly Penman was engaged on January 6, 2012 to provide quarterly valuations of Founders common stock in 2012 for a total annual compensation of \$11,000. On January 3, 2013, Donnelly Penman was engaged to perform a quarterly valuation for Founders in 2013 for a total annual compensation of \$11,000. On January 9, 2014, Donnelly Penman was engaged to perform a quarterly valuation for Founders, and received \$8,000 in compensation as Donnelly Penman only performed a valuation on the common stock as of January 1, 2014 and April 1, 2014. No other compensation or engagement, outside of the engagement connected to the sale of Founders, had occurred in that timeframe. It is expected that Donnelly Penman will be engaged to provide similar valuations in the future while the Merger is pending. During these periods, Donnelly Penman was not engaged by and received no compensation from Old National.

---

**Table of Contents**

**THE MERGER AGREEMENT**

**Structure of the Merger**

Subject to the terms and conditions of the Merger Agreement, at the completion of the Merger, Founders will merge with and into Old National, with Old National as the surviving corporation. The separate existence of Founders will terminate and Founders common stock will be cancelled as a consequence of the Merger. Old National common stock will continue to be listed on the NASDAQ Global Select Market under the symbol ONB. Immediately following the Merger, Founders Bank & Trust 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 Founders common stock will be converted into the right to receive 3.25 shares of Old National common stock, subject to adjustment as summarized below, and \$38.00 in cash.

The Exchange Ratio is subject to adjustment as follows:

*Decrease for Founders Consolidated Shareholders Equity.* If as of the end of the month prior to the effective time of the Merger the Founders consolidated shareholders equity is less than \$39,200,000, the Exchange Ratio shall be decreased to a quotient determined by dividing the Adjusted Stock Purchase Price by the total number of shares of Founders common stock outstanding, and further dividing that number by the Final Purchaser Price (as defined below). For purposes of the computation, the Adjusted Stock Purchase Price shall be equal to (x) the Stock Purchase Price, less (y) the difference between \$39,200,000 and the Founders consolidated shareholders equity as of the end of the month prior to the effective time of the Merger. As of August 31, 2014, Founders consolidated shareholders equity, as adjusted in accordance with the Merger Agreement, was approximately \$40.8 million.

The Stock Purchase Price shall be the Exchange Ratio in effect at the time of the adjustment multiplied by the Final Purchaser Price multiplied by the total number of shares of Founders common stock outstanding at the effective time of the Merger. The Final Purchaser Price shall be the average of the per share closing prices of a share of Old National common stock as quoted on the NASDAQ Global Select Market during the ten trading days preceding the sixth business day preceding the effective time of the Merger.

The Founders consolidated shareholders equity shall be the consolidated shareholder s equity of Founders excluding the net accumulated other comprehensive income/(loss), each as of the end of the last month which ends at least 21 days prior to the effective time of the Merger, 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 Founders at the request of Old National.

*Decrease in Market Price of Old National Common Stock.* After the closing of the Merger is properly called under the Merger Agreement, Founders may terminate the Merger Agreement if both of the following conditions exist:

the average of the closing price of Old National common stock as reported on the NASDAQ Global Select Market for the ten trading days ending on the sixth business day prior to the closing date (the Pricing Period ) (the Final Purchaser Price ) is less than \$11.13; and

---

**Table of Contents**

the number determined by dividing the Final Purchaser Price by \$13.91 (the Initial Purchaser Price), is less than the number obtained by subtracting (1) 0.20 from (2) the quotient obtained by dividing the closing price of the NASDAQ Bank Index on the last day of the Pricing Period by the closing price of the NASDAQ Bank Index on July 24, 2014.

If these conditions exist, Founders has the right to proceed with the Merger with no change to the Exchange Ratio, or request Old National to increase the Exchange Ratio to a ratio computed by multiplying the Exchange Ratio by a fraction that has as its numerator \$11.13 and that has as its denominator the Final Purchaser Price (the Adjusted Exchange Ratio). If Founders requests Old National to increase the Exchange Ratio, then Old National can either accept or decline the requested increase to the Exchange Ratio. If Old National accepts the requested increase, the Merger Agreement will remain in effect in accordance with its terms, except the Merger Consideration will be increased to reflect the Adjusted Exchange Ratio. If Old National declines the requested increase, the Merger will be abandoned, unless Founders elects to proceed with the Merger on the basis of the original Exchange Ratio.

**Treatment of Founders Stock-Based Awards**

At the effective time of the Merger, each right of any kind to receive Founders common stock or benefits measured by the value of a number of shares of Founders common stock granted under the Founders stock plans will be converted into an award with respect to a number of shares of Old National common stock equal to the product of (1) the aggregate number of shares of Founders common stock subject to such award, multiplied by (2) the sum of (A) the Exchange Ratio and (B) \$38.00 divided by the Final Purchaser Price (the Converted Stock-Based Award Ratio). Such converted awards shall otherwise continue to have, and be subject to, the same terms and conditions set forth in the applicable Founders stock plan (or any other agreement to which such converted award was subject immediately prior to the effective time of the Merger). The exercise or strike price (if any) per share of Old National common stock applicable to any converted stock-based award shall be equal to (a) the per share exercise price of such award immediately prior to the effective time divided by (b) the Converted Stock-Based Award Ratio. All unvested Founders stock-based awards will fully vest as of the effective time of the Merger.

Notwithstanding the foregoing, by September 8, 2014, any holder may elect and consent to the cash-out of all of the holder's Founders stock options, into an amount of cash for each share of Founders common stock subject to such Founders stock options equal to (a) the sum of (1) the Exchange Ratio multiplied by the Final Purchaser Price and (2) \$38.00 minus (b) the amount of the exercise price per share of such Founders stock options, which amount shall be paid in a lump sum as soon as administratively possible following the effective time of the Merger. Old National has agreed to extend the election period until seven days before the closing date of the Merger; provided that the extension of the election period shall not extend the exercise period of any Founders stock options.

**Exchange and Payment Procedures**

At and after the effective time of the Merger, each certificate representing shares of Founders 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. As soon as practicable after the effective time of the Merger, Old National will mail a letter of transmittal to each holder of Founders common stock that will include detailed instructions on how such holder may exchange such holder's Founders common shares for the Merger Consideration.

Old National will provide a written notice of ownership of uncertificated shares to each former Founders registered shareholder setting forth the number of shares of Old National common stock that each holder of Founders common stock has received in the Merger and a check in the amount of cash that such holder has the right to receive to be delivered to such shareholder upon delivery to Old National of certificates



## **Table of Contents**

representing such shares of Founders 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.

The stock transfer books of Founders will be closed at the effective time of the Merger and after the effective time there will be no transfers on the stock transfer records of Founders of any shares of Founders common stock. Old National will be entitled to rely on Founders' stock transfer books to establish the identity of those persons entitled to receive the 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 Founders 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 Founders 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.

## **Representations and Warranties**

The Merger Agreement contains representations and warranties of Founders, 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;

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

the articles of incorporation and by-laws of each party,

applicable law, and

regulatory restrictions of each party;

required regulatory approvals;

subsidiaries;

deposit insurance and payment of assessments;

the capitalization of Founders and Old National;

voting rights of securities;

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

absence of changes or events occurring since December 31, 2013;

the absence of material litigation;

regulatory filings;

each party's compliance with applicable law;

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

agreements with regulatory agencies;

**Table of Contents**

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

Community Reinvestment Act rating;

organizational documents; and

compliance with the Bank Secrecy Act.

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

absence of appraisal rights;

absence of undisclosed obligations or liabilities;

absence of indemnification claims;

the filing and accuracy of tax returns;

title to its real property and valid leasehold interests in its leased property;

intellectual property;

required licenses;

material contracts;

labor and employment matters;

employee benefit plans and related matters;

environmental matters;

duties as fiduciary;

insider transactions;

the adequacy of insurance;

the receipt of a fairness opinion from Founders' financial advisor;

the adequacy of its loan loss reserves;

loan origination and servicing;

loan guarantees;

data security and customer privacy;

loans and investments;

securities laws matters;

books and records;

joint ventures and strategic alliances; and

absence of shareholder rights plan.

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 letters which were separately delivered by each party to the other party.

**Table of Contents**

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

***Founders Restrictions***

Founders has agreed to certain covenants in the Merger Agreement restricting the conduct of its business between the date of the Merger Agreement and the earlier of the effective time of the Merger or the termination of the Merger Agreement. In general, except as expressly contemplated by the Merger Agreement or as required by applicable law or with the prior written consent of Old National (which consent will not be unreasonably withheld, conditioned or delayed), Founders will conduct its business in the ordinary course of business generally consistent with past practice in all material respects and, to the extent consistent therewith, will use its commercially reasonable efforts to preserve substantially intact its and its subsidiaries' business organization and advantageous customer and business relationships and further to keep available the services of the present officers and employees.

In addition, Founders has agreed to specific restrictions on the conduct of its business without the prior written consent of Old National (which may not be unreasonably withheld, conditioned or delayed) between the date of the Merger Agreement and the earlier of the effective time or the termination of the Merger, including, but not limited to, the following (subject, in each case, to exceptions specified below and in the Merger Agreement or previously disclosed in writing to Old National as provided in the Merger Agreement or as required by applicable law):

the amendment of its articles of incorporation or bylaws (or other comparable organizational documents);

(A) the split, combination or reclassification of any securities issued by Founders or its subsidiaries, (B) the repurchase, redemption or other acquisition of, or offer to repurchase, redeem or otherwise acquire, any securities issued by Founders or its subsidiaries, except for the acceptance of shares of common stock delivered in satisfaction of the exercise price or tax withholding obligations by holders of awards under Founders stock plans that are outstanding as of the date of the Merger Agreement who exercise such awards, and shares of common stock submitted for cancellation to satisfy tax withholding obligations that occur upon the vesting of stock-based awards that are outstanding as of the date of the Merger Agreement, or (C) the declaration, setting aside or payment of any dividend or distribution (whether in cash, stock, property or otherwise) in respect of, or enter into any contract with respect to the voting of, any shares of its capital stock, except for distributions to or from Founders' subsidiaries and except for quarterly cash dividends by Founders each in an amount not to exceed \$0.25 per share of Founders common stock and paid in a manner consistent with past practice;

the issuance, sale, pledge, disposal or encumbrance of any securities issued by Founders or any of its subsidiaries, other than the issuance of shares of common stock upon the exercise of any award granted pursuant to a Founders stock plan;

except as previously disclosed by Founders to Old National in writing or except in the ordinary course of business consistent with past practice or as required by applicable law or the express terms of any Founders benefit plan or contract in effect as of the date of the Merger Agreement, (A) the increase of the compensation (including bonus opportunities) payable or that could become payable by Founders or its subsidiaries to directors or officers or to any substantial class of employees; (B) the entry into any new or



amendment in any material respect of any existing employment, consulting, severance, termination, retention or change in control agreement with any of its past or present officers, directors or employees; (C) the establishment, adoption, entry into, amendment of, termination of, or the taking of any action to accelerate rights under any benefit plan; (D) the granting of any severance or termination pay unless provided under any benefit plan; (E) the granting of any compensatory awards that are payable in, relate to, or are determined by reference to the value of Founders common stock; (F) the funding or in any other way securing of any payment of compensation or benefit under any benefit plan;

**Table of Contents**

the promoting of any officer or any non-officer employee to an officer position or hiring or termination of employment of any officer except for termination for cause and promotions or hiring to replace;

the acquisition, by merger, consolidation, acquisition of stock or assets, or otherwise, of any business or division of a business or, except among wholly owned subsidiaries, make any capital contributions to any person, other than (A) incident to foreclosures in connection with debts previously contracted in good faith, or (B) acquisitions of personal property in the ordinary course of business generally consistent with past practice;

except in the ordinary course of business consistent with past practice, the (A) transfer, license, sale, lease or other disposition of any material assets, including capital stock or other equity interests in any subsidiary, except dealings in financial assets or investment securities and transfer, license, sale, lease or disposition of any obsolete or unused equipment, fixtures or assets in the ordinary course of business consistent with past practice; or (B) adoption or effecting of a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

except in the ordinary course of business consistent with past practice, the repurchase, prepayment or incurrence of any indebtedness for borrowed money or guarantee of any such indebtedness of another person, the issuance or sale of any debt securities or options, warrants, calls or other rights to acquire any debt securities of Founders or its subsidiaries, the guarantee of any debt securities of another person, or the entering into any keep well or other contract to maintain any financial statement condition of any other person other than a Founders subsidiary;

the application for the opening, relocation, or closing of any branch office, loan production office or other material office or facility, or the opening, relocation or closing any branch office, loan production office or other material office or facility;

the entry into or amendment or modification of, in any material respect, or the consent to the termination of (other than at its stated expiry date), any material contract, other than in the ordinary course of business consistent with past practice;

the institution, settlement or compromise of any actions pending or threatened before any arbitrator, court or other governmental entity (A) involving the payment of monetary damages or admission of liability by Founders or any of its subsidiaries of any amount exceeding \$125,000, (B) involving injunctive relief, or (C) having a material impact on Founders business;

the making of any material changes in its policies and practices with respect to underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service loans, except as required by law or regulatory agencies;

(A) the settlement or compromise of any material tax claims, audits or assessments in excess of the amount reserved for such claims, audits or assessments as set forth on the books and records; (B) the making or changing of any material tax election, changing of any annual tax accounting period, adoption or changing of any method of tax accounting; or (C) the entry into any material closing agreement, surrender in writing any right to claim a material tax refund, offset or other reduction in tax liability or consent to any extension or waiver of the limitation period applicable to any material tax claim or assessment relating to Founders or any of its respective subsidiaries;

the making of any capital expenditures or permit of any of such party's subsidiaries to make any capital expenditures, except for (A) capital expenditures not to exceed the aggregate amount set forth in Founders capital expenditure plan delivered prior to the date of the Merger Agreement, (B) capital expenditures of amounts not more than \$100,000, individually, or \$250,000, in the aggregate (excluding expenditures under (A) above), or (C) capital expenditures required by law or governmental authorities or incurred in connection with the repair or replacement of facilities destroyed or damaged due to casualty or accident (whether or not covered by insurance);

**Table of Contents**

the entry into any material new line of business or the change in any material respect of its lending, investment, underwriting, risk and asset liability management, interest rate or fee pricing with respect to depository accounts, hedging, and other material banking or operating policies or practices, except in the ordinary course of business consistent with past practice or as required by law or any regulatory agency;

the making of any material change in any method of financial accounting principles or practices, in each case except for any such change required or to be required by a change in generally accepted accounting principles or applicable law;

(A) except for loans or legally binding commitments for loans that have previously been approved and committed to by Founders prior to the date of the Merger Agreement and except for renewals of loans existing as of the date of the Merger Agreement that are not subject to (B) or (C) below, making or acquiring any loan or issuing a commitment (or renewing or extending an existing commitment) for any loan, or amending or modifying in any material respect any existing loan, that would result in total credit exposure to the applicable borrower in excess of \$4,000,000, (B) except with respect to amendments or modifications that have previously been approved and committed to by Founders prior to the date of the Merger Agreement, amending or modifying in any material respect any existing loan rated (i) special mention, with total credit exposure in excess of \$1,000,000; (ii) substandard, with total credit exposure in excess of \$400,000; or (iii) nonaccrual, doubtful, loss, restructured by Founders or past due 90 days or more, with total credit exposure in excess of \$300,000 or (C) except with respect to any such actions that have previously been approved and committed to by Founders prior to the date of the Merger Agreement, modify or amend any loan in a manner that would result in any principal forgiveness or effect any release of collateral at a value below the fair market value thereof as determined by Founders, in each case in excess of \$100,000;

the restructuring or materially changing the nature of the composition of its investment securities portfolio through purchases, sales or otherwise, or its policies with respect to the classification and reporting of such portfolios;

the purchase, or commitment to purchase or otherwise acquire any derivative or synthetic mortgage product or the entry into any interest rate swap transaction, other than the purchase and sale of collateralized mortgage obligations and interest rate swap transactions in the ordinary course of business and consistent with past practice and except for interest rate locks on real estate mortgage loans expected to be sold in the ordinary course of business;

the taking of any action that would be materially inconsistent with or contrary to the representations, warranties, and covenants made by Founders in the Merger Agreement, or the taking of any action that would cause its representations and warranties to become untrue in any material respect, except as and to the extent required by applicable law, regulatory agencies, or the Merger Agreement;

the failure to comply in all material respects with applicable law, and formally adopted internal policies and procedures applicable to the conduct of its business, except to the extent that the application of any law is being contested in good faith and Old National has been notified of such contest;

the failure to maintain its books, accounts, and records in the usual and regular manner, and in material compliance with applicable law, governmental policy issuances, GAAP and accounting standards, and formally adopted internal policies and procedures;

the failure to use commercially reasonable efforts to maintain its property and assets in their present state of repair, order, and condition, reasonable wear and tear and damage by fire or other casualty covered by insurance excepted;

the failure to use commercially reasonable efforts to maintain and keep in full force and effect insurance coverage, so long as such insurance is reasonably available, on its assets, properties, premises, operations, directors, and personnel in such amounts, against such risks and losses, and with such self-insurance requirements as are presently in force;

**Table of Contents**

the failure to charge off loans and maintain its allowance for loan and lease losses, in each case in a manner in conformity with the prior respective practices of Founders and its subsidiaries and applicable industry, regulatory, and GAAP standards;

the failure to promptly notify Old National of the threat or commencement of any material action against, relating to, or affecting: (a) Founders or its subsidiaries; (b) Founders or its subsidiaries directors or officers in their capacities as such; (c) Founders or its subsidiaries assets, liabilities, businesses, or operations; or (d) the Merger or the Merger Agreement;

the making of any loan or loan commitment or extension to any director, officer or shareholder owning 10% or more of the common stock of Founders or its subsidiaries or any affiliate of any such person, which would, when aggregated with all outstanding loans, commitments, renewals, or extensions made by Founders and its subsidiaries to the person and the person's immediate family and affiliates, exceed \$250,000, except for any renewals of existing loans on comparable terms or advances on existing lines of credit or the renegotiation or restructuring of any problem or delinquent loan or to the making of any residential mortgage loan in the ordinary course of business consistent with past practice and on terms available to Founders or its subsidiaries customers generally;

the taking of any action or omitting to take any action that would, or could reasonably be expected to prevent or impede the Merger from qualifying for its intended tax treatment;

except as required by applicable law or regulatory agencies, (A) the taking of any action that would reasonably be expected to prevent, materially impede or materially delay the consummation of the transactions contemplated by the Merger Agreement, or (B) the taking, or knowingly failure to take, any action that is reasonably likely to result in any of the conditions to the Merger not being satisfied;

the entering into or amendment of any contract or other transaction with any 10% shareholder, director, or officer of Founders or any subsidiary, except as contemplated in the Merger Agreement;

the taking of any action to pay any liability, absolute or contingent, in excess of \$100,000, except liabilities reflected on Founders' financial statements, except in the ordinary course of business consistent with past practice, or except in connection with the transactions contemplated by the Merger Agreement;

changing in any material respects its underwriting, investment or risk management or other similar policies or any of its subsidiaries except as required by law or except changes reasonably intended to reduce risk which changes are made after consultation with Old National; or

the agreement or commitment to take any of the foregoing actions.

***Old National Restrictions***

Old National has agreed to specific restrictions on the conduct of its business without the prior written consent of Founders (which may not be unreasonably withheld, conditioned or delayed) between the date of the Merger Agreement and the earlier of the effective time or the termination of the Merger, including, but not limited to, taking the following actions (subject, in each case, to exceptions specified below and in the Merger Agreement or previously disclosed in writing to Founders as provided in the Merger Agreement or as required by applicable law):

the amendment of its articles of incorporation or bylaws in a manner that would materially and adversely affect the holders of Founders common stock relative to the holders of Old National common stock;

the taking of any action or omitting to take any action that would, or could reasonably be expected to prevent or impeded the Merger from qualifying for its intended tax treatment;

**Table of Contents**

(A) the taking of any action that would reasonably be expected to prevent, materially impede or materially delay the consummation of the transactions contemplated by the Merger Agreement, or (B) the taking, or knowingly failure to take, any action that is reasonably likely to result in any of the conditions to the Merger not being satisfied; or

the agreement or commitment to take any of the foregoing actions.

**Covenants**

In addition to the restrictions noted above, the Merger Agreement contains certain other covenants and agreements, including the following covenants:

Old National agreed to use commercially reasonable efforts to prepare and cause to be filed with the SEC a Registration Statement on Form S-4, which includes this proxy statement and prospectus, as promptly as practicable following the date of the Merger Agreement (and in any event no later than 45 days);

Founders has agreed to hold a special meeting of its shareholders, as soon as practicable following the date on which the Registration Statement on Form S-4 is declared effective or the effective date can be predicted with reasonable certainty, for the purpose of seeking the Founders shareholder approval of the Merger Agreement and, except if the Founders board of directors has made an adverse recommendation change, to use its commercially reasonable efforts to solicit the requisite shareholder approval for such proposal;

Old National shall use its commercially reasonable efforts to cause (a) the shares of Old National common stock to be issued as Merger Consideration and (b) the shares of Old National common stock to be reserved for issuance upon the exercise, vesting or payment under any converted stock-based award, in each case to be approved for listing on The NASDAQ Global Select Market, subject to official notice of issuance, prior to the effective time of the Merger;

Old National shall prepare and file with the Federal Reserve Board and each other governmental entity having jurisdiction as soon as practicable after the date of this Merger Agreement, all applications and documents required to obtain, and shall use its commercially reasonable efforts to obtain, each necessary approval of or consent to consummate the Merger. Commercially reasonable efforts shall include Old National having to enter into a consent decree or other commitment containing Old National's agreement to limitations on its or its subsidiaries' conduct or actions or covenants affecting business practices, in each case as and to the extent necessary to obtain each necessary approval of or consent to consummate the Merger; provided that Old National is not obligated to take any such action unless such action is expressly conditioned upon the consummation of the Merger;

neither of the parties will issue any press release or make any public announcement relating to the Merger Agreement, the Merger or the other transactions contemplated by the Merger Agreement without the prior written approval of the other party, unless the disclosing party believes in good faith that such press release or public announcement is required to be made by applicable law, rule or regulation promulgated by any



applicable securities exchange after consultation with outside legal counsel, in which case the disclosing party will use its commercially reasonable efforts to advise and consult with the other party regarding such press release or other announcement prior to making any such disclosure;

each party, commencing on the date of the Merger Agreement through the effective time of the Merger, will permit the other party to have reasonable access to the officers and senior management, the premises, agents, books, records and contracts of or pertaining to the other party, as may reasonably be requested in writing;

**Table of Contents**

each party will hold and treat in confidence all documents and information concerning the other party and its subsidiaries furnished in connection with the Merger or Merger Agreement pursuant to the confidentiality agreement between Old National and Founders;

Old National will maintain a directors and officers liability insurance policy for six years after the effective time of the Merger to cover the present and former officers and directors of Founders and Founders Bank & Trust 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 Founders and Founders Bank & Trust 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 Founders or Founders Bank & Trust or any indemnification arrangement or agreement disclosed to Old National;

if any anti-takeover laws of any governmental entity are or may become applicable to the Merger, the parties agree to use their respective commercially reasonable efforts to take such action as reasonably necessary so that the Merger may be consummated as promptly as practicable under the terms of the Merger Agreement or so as to eliminate or minimize the effects of any such law on the Merger;

each party will take all such steps as may be required to cause any acquisitions or dispositions of Old National common stock (including derivative securities with respect to Old National common stock and converted stock based awards) resulting from the Merger and the other transactions contemplated by the Merger Agreement, by each individual who may become or is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Old National immediately following the effective time of the Merger, to be exempt under Rule 16b-3 promulgated under the Exchange Act;

each party will keep the other party reasonably informed with respect to the defense or settlement of any securityholder action against it and its directors relating to the Merger, will give the other party opportunity to consult with it regarding the defense or settlement of any such securityholder action, and will not settle any such action without the other party's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed);

the parties agree that each party will not, and will not permit any of their respective subsidiaries to, take any action, or fail to take any action, that would reasonably be expected to jeopardize the qualification of the Merger as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, and each party will use commercially reasonable efforts to cause the Merger to so qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986;

Founders will, upon Old National's request, cooperate with Old National to prepare documentation and take such other steps as may be necessary to effect the consolidation of the parties' respective subsidiary banks at the effective time of the Merger;

Founders will use commercially reasonable efforts to deliver within seven business days of the date of the Merger Agreement the written fairness opinion of Donnelly Penman that the Merger Consideration is fair to the shareholders of Founders from a financial point of view;

Founders will permit Old National to conduct environmental assessments of all real property owned, leased or used by Founders or its subsidiaries as of the date of the Merger Agreement, and any real property acquired or leased by Founders or its subsidiaries after the date of the Merger Agreement, and to cooperate with Old National in its phase one and/or phase two environmental investigation on all real property owned or leased by Founders or its subsidiaries as of the date of the Merger Agreement, and any real property acquired or leased by Founders or its subsidiaries after the date of the Merger Agreement; and

Prior to the effective time, Founders shall and shall cause its subsidiaries to make, consistent with GAAP, the rules and regulations of the SEC and applicable banking laws and regulations, such

## **Table of Contents**

appropriate accounting entries in its books and records and use commercially reasonable efforts to take such other actions as Old National may reasonably request and Founders and its subsidiaries shall deem to be appropriate or desirable in anticipation of the Merger including, without limitation, accruals or the creation of reserves for employee benefits and Merger-related expenses.

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 Founders in the Merger.

## **Acquisition Proposals by Third Parties**

Except as described below, Founders has agreed that, from the time of the execution of the Merger Agreement until the earlier of the effective time of the Merger or the termination of the Merger Agreement in accordance with the terms of the Merger Agreement, it will not and will cause its subsidiaries and representatives to not:

solicit, initiate, encourage or knowingly facilitate (including by way of furnishing non public information) any inquiries regarding, or the making of any proposal or offer that constitutes or could reasonably be expected to lead to, a proposal that constitutes takeover proposal; or

engage or enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any other party material nonpublic information in connection with any takeover proposal, or otherwise cooperate with or assist or participate in, or encourage or knowingly facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make a takeover proposal. Founders will, and will cause each of its subsidiaries and each of its and its subsidiaries representatives to, immediately upon execution of the Merger Agreement, cease any solicitation, encouragement, discussions or negotiations with any person that may be ongoing with respect to any takeover proposal.

Notwithstanding the restrictions described above, at any time prior to obtaining the Founders shareholder approval, if Founders receives a takeover proposal from a person, Founders and its representatives are permitted, subject to certain conditions, (a) to contact such person and its representatives to request that such person provide clarification of any term or condition of such takeover proposal that the Founders board of directors determines in good faith to be ambiguous or unclear, and (b) if the Founders board of directors determines in good faith, after consultation with its independent financial advisors and outside legal counsel, that such takeover proposal constitutes, or is reasonably expected to lead to, a superior proposal, and that failure to take such action would more likely than not to result in a breach of the Founders board of directors fiduciary duties, to furnish to such person information with respect to Founders and participate in discussions or negotiations with such person.

A takeover proposal means any inquiry, proposal or offer from any person (other than Old National and its subsidiaries) or group, within the meaning of Section 13(d) of the Exchange Act, relating to, in a single transaction or series of related transactions, any (1) acquisition of assets of Founders and its subsidiaries equal to more than 20% of Founders consolidated assets or to which more than 20% of Founders revenues or earnings on a consolidated basis are attributable, (2) acquisition of more than 10% of the outstanding Founders common stock or the capital stock of any subsidiary of Founders, (3) tender offer or exchange offer that if consummated would result in any person beneficially owning more than 20% of the outstanding Founders common stock, (4) merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving Founders or any of its subsidiaries or (5) any combination of the foregoing types of transactions if the sum of the percentage of consolidated assets, consolidated revenues or earnings and Founders common stock involved is more than 20%; in each case, other

than the Merger.

A superior proposal means, any bona fide written takeover proposal that the Founders board of directors has determined in its good faith judgment, after consultation with its independent financial advisors and outside

## **Table of Contents**

legal counsel, is reasonably likely to result in the consummation of a transaction more favorable to the Founders shareholders from a financial point of view than the Merger, taking into account (A) all relevant legal, regulatory and financial aspects of the proposal (including certainty of closing) and the person making the proposal, and (B) any changes to the terms of the Merger Agreement proposed by Old National in response to such proposal or otherwise, provided that for purposes of the definition of superior proposal, the references to 20% in the definition of takeover proposal above shall be deemed to be references to 50%.

The Merger Agreement requires that Founders fully inform Old National as to the status on a current basis of any takeover proposal, including any material developments, discussions or negotiations regarding any takeover proposal.

## **Changes in Founders Board Recommendation**

The Founders board of directors has agreed, subject to certain exceptions summarized below, not to:

fail to recommend the approval of the Merger Agreement,

change, qualify, withhold, withdraw or modify, or publicly propose to take such action, in a manner adverse to Old National, its recommendation to approve the Merger Agreement,

take any formal action or make any recommendation or public statement in connection with a tender offer of exchange offer other than a recommendation of rejection of such offer, taking no position with respect to such offer, or a temporary stop, look and listen communication pursuant to Rule 14d-9(f) of the Exchange Act, or

adopt, approve or recommend a takeover proposal.

Notwithstanding the restrictions described above, prior to obtaining the Founders shareholder approval, the Founders board of directors is permitted to make an adverse recommendation change if, the Founders board of directors, has determined in good faith, after consultation with its independent financial advisors and outside legal counsel, that a takeover proposal constitutes a superior proposal.

Prior to making an adverse recommendation change, the Founders board of directors must inform Old National in writing of its intention to make an adverse recommendation change and provide to Old National the material terms and conditions of the takeover proposal and identity of the person making the takeover proposal. During this notice period, Founders must negotiate with Old National (if it wishes to do so) to enable Old National to revise the terms of the Merger Agreement so that the superior proposal no longer constitutes a superior proposal. Following the notice period, the Founders board of directors must consider in good faith any changes to the Merger Agreement proposed by Old National and have determined that the superior proposal continues to constitute a superior proposal.

## **Conditions to the Merger**

The obligations of Old National and Founders to consummate the Merger are subject to the satisfaction or waiver, on or before the completion of the Merger, of a number of conditions, including:

the approval of the Merger Agreement by holders of at least two-thirds of the outstanding shares of Founders common stock entitled to vote;

the receipt and effectiveness of all required regulatory approvals, which shall not contain any conditions, restrictions or requirements which Old National's board of directors reasonably determines in good faith would, following the effective time of the Merger, have a material adverse effect on Old National or Founders;

the absence of any law making illegal or otherwise preventing the consummation of the Merger;

**Table of Contents**

the absence of any temporary, preliminary or permanent restraining order preventing the consummation of the Merger;

the absence of any order of a court or agency enjoining or prohibiting the consummation of the Merger;

the declaration of effectiveness by the SEC of this registration statement of which this proxy statement and prospectus forms a part, which registration statement must not be subject to any stop order or proceedings initiated or threatened by the SEC; and

the authorization for listing on the NASDAQ Global Select Market of the Old National common stock to be issued pursuant to the Merger, subject to official notice of issuance.

The obligations of Old National to effect the Merger are subject to satisfaction, or waiver, of the following additional conditions:

(1) the representations and warranties of Founders (other than certain representations related to Founders organization and good standing, Founders ownership of subsidiaries and organization and good standing of those subsidiaries, Founders capitalization and Founders authorization of the Merger Agreement) being true and correct as of the closing date as though made as of such date (or, if made as of a specific date, as of such date), except where the failure of such representations and warranties to be so true and correct does not have, and would not reasonably be expected to have, a material adverse effect with respect to Founders, (2) certain representations and warranties related to Founders organization and good standing, Founders ownership of subsidiaries and organization and good standing of those subsidiaries and Founders capitalization being true and correct in all but de minimus respects as of the closing date as though made as of the closing (or, if made as of a specific date, in all but de minimus respects as of such date), and (3) the representations and warranties of Founders related to Founders authorization of the Merger Agreement being true and correct as of the closing date as though made as of such date (or, if made as of a specific date, as of such date) in all material respects;

Founders having performed in all material respects all of the covenants required to be performed by it under the Merger Agreement at or prior to the closing;

the receipt by Old National of a certificate, dated as of the closing date, executed by the chief executive officer or chief financial officer of Founders certifying as to the satisfaction of the conditions described in the preceding two bullet points;

the absence of any change, state of facts, event, development or effect since December 31, 2013, that has had or would reasonably be expected to have a material adverse effect with respect to Founders;



the receipt by Old National from Krieg DeVault LLP of a written opinion, dated as of the closing date, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code;

Old National must have received a letter of tax advice, in a form satisfactory to Old National, from Founders outside, independent certified public accountants to the effect that any amounts that are paid by Founders or Founders Bank & Trust before the effective time of the Merger, or required under Founders' employee benefit plans or the Merger Agreement to be paid at or after the effective time of the Merger, to persons who are disqualified individuals under Section 280G of the Internal Revenue Code with respect to Founders, Founders Bank & Trust, 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; and

Founders' consolidated shareholders' equity (computed in accordance with the Merger Agreement) shall not be less than \$35,000,000 as of the end of the month prior to the effective time of the Merger. As of August 31, 2014, Founders' consolidated shareholders' equity, as adjusted in accordance with the Merger Agreement, was approximately \$40.8 million.

**Table of Contents**

The obligations of Founders to effect the Merger are subject to satisfaction, or waiver, of the following additional conditions:

(1) the representations and warranties of Old National (other than certain representations related to Old National's organization and good standing, Old National's ownership of subsidiaries and good standing and organization of those subsidiaries, Old National's capitalization and Old National's authorization of the Merger Agreement) being true and correct as of the closing date as though made as of such date (or, if made as of a specific date, as of such date), except where the failure of such representations and warranties to be so true and correct does not have, and would not reasonably be expected to have, a material adverse effect with respect to Old National, (2) certain representations and warranties related to Old National's organization and good standing, Old National's ownership of subsidiaries and good standing and organization of those subsidiaries and Old National's capitalization being true and correct in all but de minimus respects as of the closing date as though made as of the closing (or, if made as of a specific date, in all but de minimus respects as of such date), and (3) the representations and warranties of Old National related to Old National's authorization of the Merger Agreement being true and correct as of the closing date as though made as of such date (or, if made as of a specific date, as of such date) in all material respects;

Old National having performed in all material respects all of the covenants required to be performed by it under the Merger Agreement at or prior to the closing;

the receipt by Founders of a certificate, dated as of the closing date, executed by the chief executive officer or chief financial officer of Old National certifying as to the satisfaction of the conditions described in the preceding two bullet points;

the absence of any change, state of facts, event, development or effect since December 31, 2013, that has had or would reasonably be expected to have a material adverse effect with respect to Old National; and

the receipt by Founders from Warner Norcross of a written opinion, dated as of the closing date, to the effect that the Merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

Under the Merger Agreement, a material adverse effect means with respect to Founders and Old National, any event, occurrence, fact, condition or change that (a) is materially adverse to the business, results of operations, financial condition, business, or assets of Founders or Old National and their respective subsidiaries, taken as a whole, or (b) prohibits or materially impairs the ability of Founders or Old National, to consummate the transactions contemplated by the Merger Agreement on a timely basis;

*provided, however*, that, for the purposes of clause (a), a material adverse effect shall not include events, occurrences, facts, conditions or changes arising out of, relating to or resulting from (either alone or in combination):

conditions or changes generally affecting the economy, financial or securities markets;

any outbreak or escalation of hostilities, war (whether or not declared) or military action or any act of terrorism, the occurrence of any natural disaster, or occurrence of any man-made disaster;

general conditions in or changes generally affecting the banking industry or geographic regions in which Founders or Old National and their respective subsidiaries operate;

changes in laws (or interpretations thereof);

changes in GAAP or accounting standards (or interpretations thereof);

compliance with the terms of, or the taking of any action required by, the Merger Agreement;

## **Table of Contents**

the announcement or pendency of the Merger or any other transaction contemplated by the Merger Agreement; and

acts or omissions of

Founders prior to the effective time of the Merger taken at the written request of Old National or with the prior written consent of Old National; or

Old National prior to the effective time of the Merger taken at the written request of Founders or with the prior written consent of Founders.

## **Expenses**

Except as otherwise provided in the Merger Agreement, Founders 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 Founders and Founders Bank & Trust who continue as employees of Old National or any subsidiary substantially the same employee benefits, including severance, on substantially the same terms and conditions as Old National offers to similarly situated officers and employees. Founders and Founders Bank & Trust employees will receive full credit, after the Merger, for all prior service with Founders, Founders Bank & Trust, or their predecessors for purposes of any applicable eligibility and vesting service requirements under any of Old National's employee benefit plans. Founders and Founders Bank & Trust 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 Founders benefit plan.

## **Termination**

The Merger Agreement may be terminated at any time prior to the effective time of the Merger, and, except as described below, whether before or after the receipt of the required Founders shareholder approval, under the following circumstances:

by mutual written consent of Old National and Founders;

by either Old National or Founders:

if any governmental entity has issued an order or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Merger and such order or other action is final and nonappealable, but such termination right is not available to the party seeking to terminate if (a) the failure of Founders, in the case of a termination by Founders, or (b) the failure of Old National,

in the case of a termination by Old National, to perform any of its obligations under the Merger Agreement required to be performed at or prior to the effective time of the Merger, has been a substantial cause of, or a substantial factor that resulted in, the issuance of such an order or the taking of such an action;

if the Merger does not occur before May 30, 2015, except that the right to terminate the Merger Agreement shall not be available to the party seeking to terminate if (a) the failure of Founders, in the case of termination by Founders, or (b) the failure of Old National, in the case of a termination by Old National, to perform any of its obligations of the Merger Agreement required to be performed at or prior to the effective time of the Merger has been a substantial cause of, or a substantial factor that resulted in, the failure of the effective time of the Merger to occur on or before May 30, 2015; or

**Table of Contents**

if the Founders shareholder meeting (including any postponements or adjournments thereof) has concluded and been finally adjourned and the Founders shareholder approval has not been obtained;

by Founders, if Old National has breached the Merger Agreement, such that the conditions to Founders obligations to complete the Merger are not satisfied, and which breach either (A) cannot be cured by May 30, 2015 or (B) if capable of being cured by May 30, 2015, has not been cured within thirty business days following receipt of written notice from Founders of such breach, except in the event that Founders is then in breach of the Merger Agreement, such that the conditions to Old National's obligations to complete the Merger are not satisfied;

by Old National, if Founders has breached the Merger Agreement, such that the conditions to Old National's obligations to complete the Merger are not satisfied, and which breach either (A) cannot be cured by May 30, 2015, or (B) if capable of being cured by May 30, 2015, has not been cured within thirty business days following receipt of written notice from Old National of such breach, except in the event that Old National is then in breach of the Merger Agreement, such that the conditions to Founders' obligations to complete the Merger are not satisfied;

by Old National prior to the receipt of the Founders shareholder approval if the Founders board of directors changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover proposal, if Founders enters into an agreement relating to a takeover proposal, or in the absence of a takeover proposal and only during the period which is ten days before the mailing date of the proxy statement and prospectus and the date of the Founders special meeting, the Founders board of directors fails to publicly reaffirm its recommendation within five business days of a written request by Old National;

by Founders prior to receipt of the Founders shareholder approval, in order to enter into a definitive agreement that constitutes a superior proposal, provided that (A) such agreement has not resulted from Founders' breach of its obligations with respect to acquisition proposals by third parties, and (B) Founders pays the termination fee described below prior to or simultaneously with such termination; or

by Old National if the after-tax cost of all remedial or other corrective actions and measures required by applicable law to be taken with respect to Founders' real property is estimated to exceed, in the aggregate, \$1,500,000, or if the cost of such actions and measures cannot be so reasonably estimated.

**Termination Fee**

Founders is required to pay Old National a \$3,500,000 termination fee if the Merger Agreement is terminated in the following circumstances:

if Old National terminates the Merger Agreement because, prior to the receipt of the Founders shareholder approval, the Founders board of directors changes its recommendation or fails to reject a takeover proposal and reaffirm its recommendation within five business days of public announcement of such takeover

proposal, if Founders enters into an agreement relating to a takeover proposal, or in the absence of a takeover proposal and only during the period which is ten days before the mailing date of the proxy statement and prospectus and the date of the Founders special meeting, the Founders board of directors fails to publicly reaffirm its recommendation within five business days of a written request by Old National;

if Old National terminates the Merger Agreement because Founders has breached the Merger Agreement, such that the conditions to Old National's obligations to complete the Merger are not satisfied, and which either (A) cannot be cured by May 30, 2015 or (B) if capable of being cured by May 30, 2015, has not been cured within thirty business days following receipt of written notice from Old National of such breach, provided that Old National is not then in breach of the Merger

## **Table of Contents**

Agreement, such that the conditions to Founders' obligations to complete the Merger are not satisfied, and (1) any person has made a takeover proposal to Founders on or after the date of the Merger Agreement but prior to the date that the Merger Agreement is terminated, and (2) within twelve months after the date of termination, Founders consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal (except that the references to more than 20% in the definition of takeover proposal will be deemed to be references to more than 50% );

if (A) the Merger Agreement is terminated by Old National or Founders because the Merger does not occur on or before May 30, 2015 or the Merger Agreement is terminated by Old National or Founders because the Founders shareholder meeting has concluded and been finally adjourned and the Founders shareholder approval has not been obtained; (B) any person has made a takeover proposal to Founders on or after the date of the Merger Agreement but prior to (1) the date that the Merger Agreement is terminated, in the event the Merger Agreement is terminated by Founders because the Merger does not occur on or before May 30, 2015, or (2) the Founders shareholder meeting, in the case of a termination because the Founders shareholder meeting has concluded and been finally adjourned and the Founders shareholder approval has not been obtained; and (C) within twelve months after the date of termination, Founders consummates a takeover proposal or enters into a definitive agreement with respect to a takeover proposal (except that the references to more than 20% in the definition of takeover proposal will be deemed to be references to more than 50% );

if Founders terminates the Merger Agreement prior to receipt of the Founders shareholder approval to enter into a definitive agreement that constitutes a superior proposal.

Upon the termination of the Merger Agreement in accordance with its terms and payment of a termination fee by Founders, if applicable, neither party will have any continuing liability to the other party, except for damages arising from a willful or intentional breach of the Merger Agreement or fraud.

## **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 by-laws in existence as of the effective time of the Merger shall remain Old National's articles of incorporation and by-laws following the effective time, until such Articles of Incorporation and By-laws 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 Founders or Founders Bank & Trust is determined, after proper investigation, to be contaminated and the after tax cost to remediate such contamination would be estimated in good faith to exceed \$1.5 million or cannot reasonably be estimated.

## **Effective Time of the Merger**

Unless otherwise mutually agreed to by the parties, the effective time of the Merger is expected to occur on the last business day of the month in which the closing of the Merger occurs. The parties currently anticipate closing the Merger in the first half of 2015.



**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 OCC and the Federal Reserve Board. Old National has filed an application with the OCC for approval and a waiver request with the Federal Reserve Bank

## **Table of Contents**

of St. Louis, acting pursuant to delegated authority from the Federal Reserve Board, requesting a waiver of the application requirements. 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 Founders beneficially owned 217,535 shares, or approximately 20.4% of the outstanding shares of Founders common stock, including shares subject to options currently exercisable but not exercised. In connection with the execution of the Merger Agreement, the directors of Founders each executed a voting agreement pursuant to which the directors 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 approval of the Merger Agreement.

## **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 Founders 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 less liabilities assumed, will be recorded as goodwill.

## **NASDAQ Global Select Market Listing**

Old National common stock currently is listed on the NASDAQ Global Select Market under the symbol ONB. The shares to be issued to the Founders shareholders in the Merger will be eligible for trading on the NASDAQ Global Select Market.

## **No Dissenters' Rights**

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 MBCA. Under the Founders articles of incorporation and the MBCA, holders of Founders common stock will not have dissenters' rights in connection with the Merger.

---

**Table of Contents**

**INTERESTS OF CERTAIN DIRECTORS AND EXECUTIVE OFFICERS OF FOUNDERS IN THE MERGER**

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

**Treatment of Founders Stock-Based Awards**

At the effective time of the Merger, each right of any kind to receive Founders common stock or benefits measured by the value of a number of shares of Founders common stock granted under the Founders stock plans will be converted into an award with respect to a number of shares of Old National common stock equal to the product of (1) the aggregate number of shares of Founders common stock subject to such award, multiplied by (2) the sum of (A) the Exchange Ratio and (B) \$38.00 divided by the Final Purchaser Price (the **Converted Stock-Based Award Ratio** ). Such converted awards shall otherwise continue to have, and be subject to, the same terms and conditions set forth in the applicable Founders stock plan (or any other agreement to which such converted award was subject immediately prior to the effective time of the Merger). The exercise or strike price (if any) per share of Old National common stock applicable to any converted stock-based award shall be equal to (a) the per share exercise price of such award immediately prior to the effective time divided by (b) the **Converted Stock-Based Award Ratio**. All Founders stock awards will fully vest as of the effective time of the Merger.

Notwithstanding the foregoing, by September 8, 2014, any holder may elect and consent to the cash-out of all of the holder's Founders stock options, into an amount of cash for each share of Founders common stock subject to such Founders stock options equal to (a) the sum of (1) the Exchange Ratio multiplied by the Final Purchaser Price and (2) \$38.00 minus (b) the amount of the exercise price per share of such Founders stock options, which amount shall be paid in a lump sum as soon as administratively possible following the effective time of the Merger. Old National has agreed to extend the election period until seven days before the closing date of the Merger; provided that the extension of the election period shall not extend the exercise period of any Founders stock options.

**Existing Employment Agreements with Founders Executive Officers**

Founders has entered into employment agreements with the following executives officers: Ms. Beard, Mr. Conway and Scott W. LaBarge. Old National will enter into Mutual Termination of Employment Agreements with Ms. Beard and Messrs. Conway and LaBarge under which Old National will honor all change in control payment obligations under their Founders employment agreements and those agreements will terminate as of the effective time of the Merger.

Following the completion of the Merger, under her Mutual Termination of Employment Agreement Ms. Beard will be entitled to receive a lump sum severance payment equal to the sum of (1) 24 times her average monthly compensation (base salary and average of last three annual bonuses paid, if any), (2) 0.99 times her annual salary determined immediately before the effective time and (3) two times the annual premium cost (both employer and executive contributions) of her health and dental insurance, to be paid in a lump sum in the first payroll period following the effective time. Under his Mutual Termination of Employment Agreement, Mr. Conway will be entitled to receive a lump sum severance payment equal to the sum of (1) 24 times his average monthly compensation (base salary and average of last three annual bonuses paid, if any), and (2) 1.5 times the annual premium cost (both employer and executive contributions) of his health and dental insurance, to be paid in a lump sum in the first payroll period

following the effective time. Under his Mutual Termination of Employment Agreement, Mr. LaBarge will be entitled to receive a lump sum severance payment equal to the sum of (1) twelve times hi